

CITIZENSHIP OFFICE

INTRODUCTION

The Citizenship Office continues to play its vital role in grinding ni-vanuatuan people as well as expatriates the right to become citizens of the country at the right time and according to the citizenship laws.

This small office continues to carry out its core functions while on the other hand raise government revenue through its various programs such as the capital Investment Immigration Plan fees (CIIP), Honorary Citizenship Program Fees and other minor fees. These fees in total account for more than a billion Vatu of the government's revenue. The current demand for honorary citizenship programs is increasing each year, thus this office needs to be resourced properly to ensure an effective and efficient service is provided to the public. Human resource issues must be addressed also.

This report seeks to analyze and discuss major financial issues of quarter one of 2017, relating to budgeting and spending of the office, revenue and transfer of funds.

SUMMARY OF KEY FINDINGS

Like in 2016, the citizenship office maintains an annual recurrent budget of VT 18,172,844 this year. There was no approved NPP for this year even though submission was made to the ministerial budget committee to increase the operational budget for the office. Table 1 outlines the annual budget and annual expenditure from 2015 to 2017. Last year, the approved NPP and additional supplementary operational budget increased the office's budget VT 18.1 million to 36.6 million. However, the additional budget was a one-off payment thus results in the decrease in this year's budget down to VT 18 million.

Table 2 shows that from the VT 18 million annual budgets for this year, VT 8.3 million was allocated for the first quarter and the office only spent VT 6.4 million. The office also managed to spend within its first quarter budget for last year. However, in 2015 the actual expense went over budget by VT 1.3 million, mainly due to unbudgeted vehicle repairs and printing costs incurred. The office should continue to maintain its spending for future periods.

Table 3 shows the detail report for the budget and actual expenditure by chart of accounts for the first 3 months 2017. Payroll accounts for 20 percent of the first quarter's budget, while 57 percent was operational budget. A total saving of VT 1,828,779 was realised at the end of the first quarter, due to accumulated payroll savings in these first 3 months period. Positions were budgeted for but recruitment was delayed.

Although the overall first quarter budget realized a saving, there were still some unplanned and overspend items incurred in that period. The analysis shows that daily rated wages; sitting allowances, printing communications and office rental were that major unbudgeted expenditures which were always not budgeted for each year. These recurring office expenses must be budgeted for with properly sequenced cash flows to ensure enough funding is made

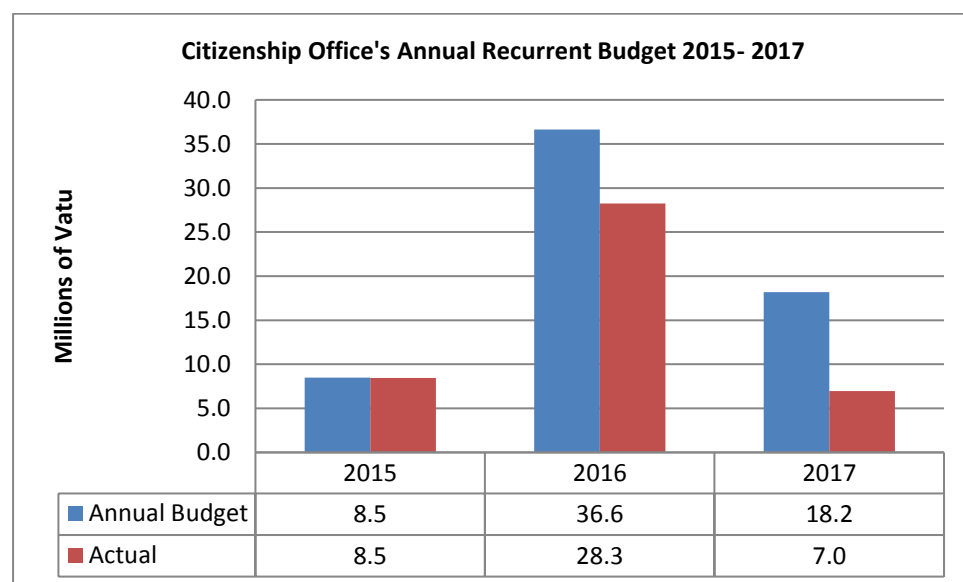
available per period, improving reporting of non-budgeted items and over spend expenses. The analysis shows that the major overspend item was Equipment which was overspent by VT 141,000.

There was a transfer of budget for an amount of VT 4.5 million from payroll to operation to cater for outstanding operational expenses. Less Vehement indicates that the office is spending at a fair rate and keeping within its quarter's ceiling.

As stated above, this office is a revenue generating arm for the government of Vanuatu collecting more than VT 1 billion per year. Table 4 shows the current revenue initiatives since 2014. In the first quarter of this year the office estimated to collect a total revenue of VT 522.9 million however actual revenue figures were above the estimates – VT 555 million. The office collected twice the amount budgeted for in the same period last year. The main revenue initiative was the honorary citizenship program followed by CIIP. It's evident that the figures will increase each year, due to the demand from overseas clients.

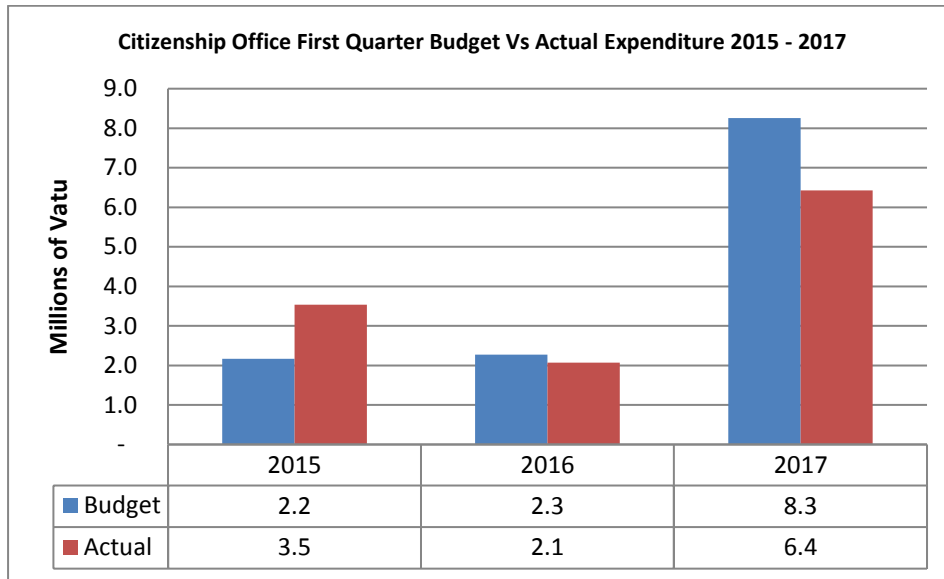
TABLES

TABLE 1: ANNUAL BUDGET VS EXPENDITURE FOR CITIZENSHIP OFFICE FOR THE YEAR 2015 TO 2017



Source: Finance & Treasury

**TABLE 2: BUDGET VS EXPENDITURE FOR CITIZENSHIP OFFICE FOR THE FIRST
QUARTER OF 2015 - 2017**



Source: Finance & Treasury

**TABLE 3: EXPENDITURE FOR CITIZENSHIP OFFICE BY CHART OF ACCOUNTS FOR
QUARTER 1, 2017**

Account	Description	Total	Budget	Under/(Over)
Personnel Expenses				
8AAF	Family Allowance	11,040	44,307	33,267
8AAH	Housing Allowances	179,394	759,231	579,837
8AAP	Home Island Passage Allowances	-	32,307	32,307
8ASP	Provident Fund	60,640	102,726	42,086
8AWD	Daily Rated Wages	435,530	-	(435,530)
8AWP	Permanent Wages	997,980	2,523,873	1,525,893
PAYR	Payroll expenses	-	(450,145)	(450,145)
	Personnel Expenses	1,684,584	3,012,299	1,327,715
Operating Expenses				
8CAS	Sitting Allowances	1,456,916	-	(1,456,916)
8CFV	Vehicles Fuel	49,140	48,000	(1,140)
8CKP	Postage - Communications	-	75,000	75,000
8CKR	Printing - Communications	1,276,554	-	(1,276,554)
8CKS	Stationery - Communications	40,772	449,997	409,225
8CKT	Telephone / Fax - Communications	11,398	2,094	(9,304)
8CNO	Office Rental	1,176,710	-	(1,176,710)
8COA	Audit Fees	-	-	-
8COI	Incidentals	33,880	24,999	(8,881)

8COP	Official Entertainment	82,053	-	(82,053)
8CRB	Buildings Repairs & Maintenance	36,514	-	(36,514)
8CRE	Equipment Repairs & Maintenance	6,143	-	(6,143)
8CRV	Vehicles Repairs & Maintenance	66,492	-	(66,492)
8CZV	Value Added Tax	318,334	-	(318,334)
8EEA	Equipment - Additional General	161,329	20,001	(141,328)
8EEC	Equipment - Computer	26,390	117,129	90,739
8FCB	Bank Charges	-	5,001	5,001
OVER	Overhead expenses	-	4,501,468	4,501,468
	Operating Expenses	4,742,625	5,243,689	501,064
	Total Expenditure	6,427,209	8,255,988	1,828,779

Source: Finance & Treasury

TABLE 4: REVENUE FOR CITIZENSHIP OFFICE FOR QUARTER 1, 2014 -2017

Year	2014		2015		2016		2017	
Revenue	Revenue	Budget	Revenue	Budget	Revenue	Budget	Revenue	Budget
Other Fees (millions of Vatu)	0.1	7.5	5.1	7.5	5.6	7.5	8.9	4.2
Capital Investment Immigration Plan Fees (millions of Vatu)	0.0	0.0	76.8	50.0	0.0	37.5	0.0	37.5
Honorary Citizenship Program Fees (millions of Vatu)	0.0	0.0	0.0	0.0	520.9	225.0	463.5	481.2
Honorary Citizenship Fees (millions of Vatu)	0.0	0.0	0.0	0.0	0.0	0.0	82.6	0.0
Total Revenue and Receipts (millions of Vatu)	0.1	7.5	81.9	57.5	526.4	270.0	555.0	522.9

Source: Finance & Treasury