

## CITIZENSHIP OFFICE

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### INTRODUCTION

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The Citizenship Office continues to play its vital role in granting ni-vanuatu 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 as government revenue. The current demand for honorary citizenship programs is increasing each year, thus this office needs to be adequately resourced to ensure an effective and efficient service is provided to the public. Human resource issues must be addressed also.

This report will briefly discuss and highlight the major financial issues affecting the citizenship office in the second quarter of this year, and will also recommend ways to properly manage its given recurrent budget for the remaining part of the year.

### SUMARRY OF KEY FINDINGS

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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 from VT 18.1 million to VT 36.6 million. However, the additional budget was a one-off budget. The office has consumed 66 percent of its annual recurrent budget for this year compare to 40 percent in the same period last year. Total spending has increased this year compared to previous years due to high demand of services provided by the office, especially with regards to the citizenship programs. Spending at that rate will definitely lead to an overspending at the end of the year, unless additional fund is injected into the office to meet its operational activities.

Table 2 summaries the budget verses expenditure for the second quarter since 2015 and it shows that the two previous periods' spending were within budget. However, in the second quarter of this year the office overspent its budget by VT 2.1 million due to increased operational expenses that caters for rental and commission sitting cost. An advance release and a virement were requested to transfer budget from the payroll saving cost centre to its operational budget to cater for the excess costs. This spending rate is discouraged as it will train out the office's recurrent budget before the end of the financial year.

Table 3 further details the budget verses expenditure by chart of accounts in the second quarter of this year. As stated above, the overall second budget was overspend by VT 2 million unlike last year, mainly due to unbudgeted operational expenses incurred in order to deliver the services

and meet the high demand for citizenship. Highlighted in red were the major unbudgeted expenditures which related mainly on processing of expatriate citizenships. These unplanned expenses include printing of certificates, office rental for the two office space, sitting allowance for the commission members and screening committee (two sittings per month due to high demand/request for citizenship, daily rated wages, VAT, facilities hire and other allowances. Unplanned expenditures should be minimized in the future to ensure spending is with budget ceiling. In addition, the office overspent mainly on official entertainment which relates to costs for official handing over ceremonies for new citizens, refreshments for commission members and screening committees. Future budget inputs must ensure sufficient budgets is given for each chart of accounts to reduce overspend expenditures that were currently not sufficiently budgeted for.

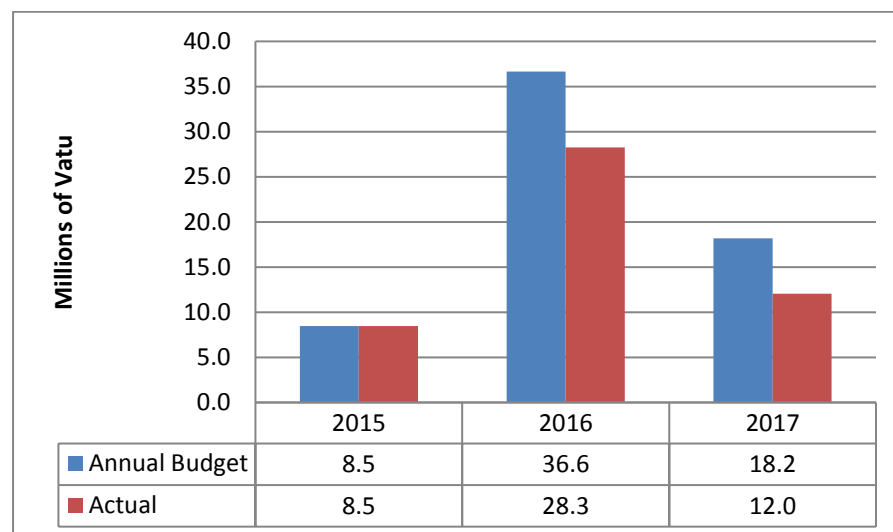
There was a transfer of budget for an amount of VT 700,000 from payroll to operation to cater for outstanding operational expenses. Less virement and budget advance release indicates good budgeting and spending.

Being a major revenue agency for the government, the office raised VT 721.5 million in the second quarter of this year alone against a budget of VT 522.9 million. Last year's figures went up to VT 825.7 million due to a spike in revenue collected through the honorary citizenship program fees. The major revenue items in the second quarter this year was mainly honorary citizenship fees. There is still room for improvements to increase revenue further through better compliance and strengthening of processes, even though the second quarter's budget went over target.

Table 4 shows that the Capital Investment Immigration Plan Fees (CIIP) and honorary citizenship program fees did not raise any revenue in the second quarter of the year, even though they were budgeted for an amount of VT 37.4 million and 481.2 million respectively.

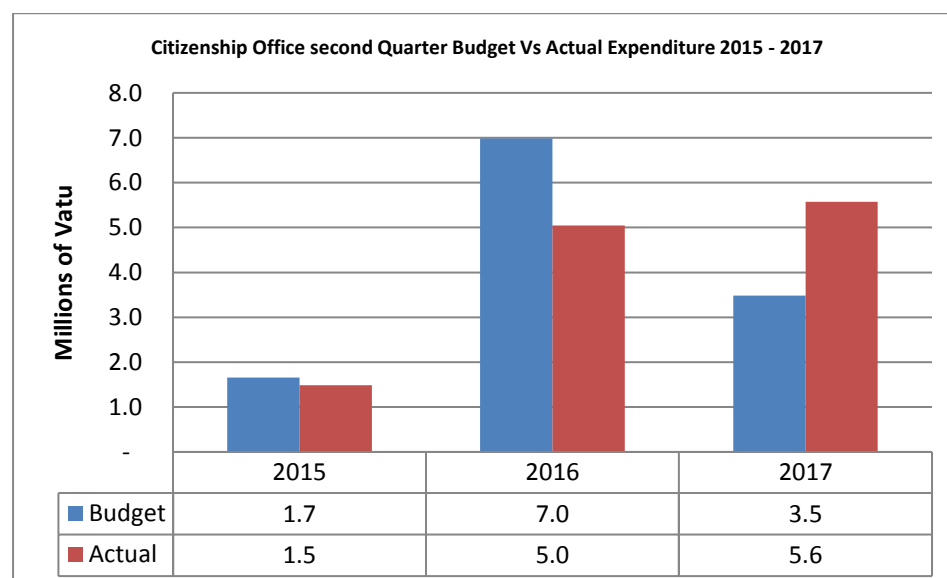
## TABLES

**TABLE 1: ANNUAL BUDGET VS EXPENDITURE FOR CITIZENSHIP OFFICE TO DATE  
(JANUARY – JUNE)**



**Source:** Finance & Treasury

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



**Source:** Finance & Treasury

**TABLE 3: EXPENDITURE FOR CITIZENSHIP OFFICE BY CHART OF ACCOUNTS FOR  
QUARTER 2, 2017**

Account	Description	Total	Budget	Under/(Over)
	<b>Personnel Expenses</b>			
8AAA	Acting Allowances	16,230	-	(16,230)
8AAF	Family Allowances	31,648	51,692	20,044
8AAH	Housing Allowances	195,493	885,771	690,278
8AAO	Other Allowances	152,526	-	(152,526)
8AAP	Home Island Passage Allowances	-	37,692	37,692
8ASP	Provident Fund	83,627	119,848	36,221
8AWD	Daily Rated Wages	301,962	-	(301,962)
8AWP	Permanent Wages	1,484,156	2,944,525	1,460,369
PAYR	Payroll expenses	-	(2,650,441)	(2,650,441)
	<b>Personnel Expenses</b>	<b>2,265,642</b>	<b>1,389,087</b>	<b>(876,555)</b>
	<b>Operating Expenses</b>			
8CAS	Sitting Allowances	625,000	-	(625,000)
8CFV	Vehicles Fuel	47,320	48,000	680
8CIF	Facilities Hire	200,000	-	(200,000)
8CKP	Postage - Communications	6,000	75,000	69,000
8CKR	Printing - Communications	866,876	-	(866,876)
8CKS	Stationery - Communications	101,832	449,997	348,165
8CKT	Telephone / Fax - Communications	24,792	2,094	(22,698)
8CNO	Office Rental	730,644	-	(730,644)
8COI	Incidentals	9,100	24,999	15,899
8COP	Official Entertainment	419,005	50,000	(369,005)
8CRE	Equipment Repairs & Maintenance	-	-	-
8CRV	Vehicles Repairs & Maintenance	-	-	-
8CUE	Electricity Utilities	22,945	-	(22,945)
8CZV	Value Added Tax	226,412	-	(226,412)
8EEA	Equipment - Additional General	-	20,001	20,001
8EEC	Equipment - Computer	26,390	117,129	90,739
8FCB	Bank Charges	-	5,001	5,001
OVER	Overhead expenses	-	1,300,000	1,300,000
	<b>Operating Expenses</b>	<b>3,306,316</b>	<b>2,092,221</b>	<b>(1,214,095)</b>
	<b>Total Expenditure</b>	<b>5,571,958</b>	<b>3,481,308</b>	<b>(2,090,650)</b>

**Source:** Finance & Treasury

**TABLE 4: REVENUE FOR CITIZENSHIP OFFICE FOR QUARTER 2, 2016 -2017**

Account	Description	2016		2017	
		Revenue	Budget	Revenue	Budget
	<b>Revenue</b>				
7NFC	Capital Investment Immigration Plan Fees	57,819,535	37,499,850	0	37,499,850
7NFD	Honorary Citizenship Program Fees	756,463,859	224,999,100	0	481,248,075
7NFF	Honorary Citizenship Fees			718,055,440	0
7NFO	Other Fees	11,471,181	7,499,970	3,462,416	4,186,284
	<b>Revenue</b>	<b>825,754,575</b>	<b>269,998,920</b>	<b>721,517,856</b>	<b>522,934,209</b>
	<b>Total Revenue and Receipts</b>	<b>825,754,575</b>	<b>269,998,920</b>	<b>721,517,856</b>	<b>522,934,209</b>

**Source:** Finance & Treasury