

MINISTRY OF LANDS AND NATURAL RESOURCES

INTRODUCTION

The portfolio of the Ministry of Lands and Natural Resources includes:

1. Cabinet
2. Executive Management and Corporate Services
3. Land Management
4. Water Resources
5. Land Valuation Services
6. Geology & Mines

The Ministry's guiding principle is to manage land and natural resources in a sustainable and equitable manner for the social and economic well-being of the citizens of the country.

The Ministry's recurrent expenditure budget increased from VT271,843,973 in 2016 to VT325,976,946 in 2017, indicating an increase of 20%. In addition, with supplementary budget allocated, the total budget increased to VT333,976,946. Furthermore, the revenue projection of 2017 is at VT 631,850,767, slightly lower by 0.2% when compared to revenue target in 2016. This document reports on the financial management performance of this Ministry, specifically focusing on expenditure and revenue collection against budget allocations.

SUMMARY OF KEY FINDINGS

Expenditure Trends

With **75%** of the year lapsed, the Ministry's overall **expenditure amounts to 67.7%** of its annual budget. Given the current expenditure trend, the Ministry is likely to come in on budget with remaining 32.3% to be spent in the fourth quarter of 2017.

The Chart of Accounts breakdown (Table 1) reveals that many accounts have overspent (light grey) and spending without a budget (light red). It may be noted that mostly the same accounts that overspent in 2016, also overspent in 2017. Given this, it is advised that the Ministry adjust and reconsider their budget allocations to these accounts for the following year to accommodate the recurrently higher expenditure on these accounts.

Payroll Expenditure

The table below shows the respective budgets in respect to payroll budget spent by end of the third quarter. Payroll has spent 98.8% or VT147 millions of its quarter one budget and 68.7% of its total payroll budget indicating a 44.1% when compared to total 2017 annual budget.

There are few unbudgeted accounts under the payroll account which have to be considered to allow for future budget control. There are five accounts shown in the table below that indicated no allocated budget. However, four of the accounts have already incurred spending by the end of the second quarter;

Description	Total spending at end of QTR 2
Other Allowances	333,170
Special Allowances	-
Contract Wages	778,574
Leave expense	1,897,036
Overtime Wages	1,258,271
Total Unbudgeted Spending	4,267,051

A sum of VT4.26 million was incurred under unbudgeted accounts. This indicated 2.9% of quarter three budget, 2.0% of total annual payroll budget and 1.3% of total budget (*payr+over*). Otherwise, payroll budget is not over spent in terms of total payroll spending to date.

The table below shows the two accounts that indicated overspending of their respective quarterly and annual budgets. These two accounts were also indicated overspending in the previous quarter (QTR2).

Description	Total spending at end of QTR 3	Overspent amount	2017 Annual Budget	% of 2017 Annual Budget Spent
Acting Allowances	5,611,168	5,362,712	340,000	1650.3%
Home Island Passage Allowances	646,562	317,725	450,000	143.7%
Totals	4,344,498	-3,949,506	790,000	550%

According to the table above, most overspending came from Acting Allowances with an excess amount of VT5.3 million followed by Acting allowances with VT317,725. Both accounts accounted an excess amount of VT3.9 million.

Operational Expenditure

Operational expenses by the end of the third quarter reached 24% of total annual budget with VT 80.4 million. This indicated 67.3% of total operation budget used. In terms of overspending, there were ten accounts being over spent at the end of the third quarter. This indicated similar ten accounts that were over spent in the second quarter.

The following accounts that indicated significant overspendings were:

Account	Description	Total spending at end of QTR 3	QTR 3 Budget	Under/(Over)	2017 Annual Budget	% of 2017 Annual Budget Spent
8CCL	Local Courses	140,956	56,403	(84,553)	75,200	187.4%
8CET	Other Fees	324,821	21,825	(302,996)	29,100	1116.2%
8CGR	Transport - Freight	885,293	330,741	(554,552)	441,000	200.7%
8CGS	Storage - Freight	87,508	33,750	(53,758)	45,000	194.5%
8CKS	Stationery - Communications	4,032,792	2,349,567	(1,683,225)	3,132,753	128.7%
8COP	Official Entertainment	867,136	165,042	(702,094)	220,053	394.1%
8COU	Uniforms	1,473,035	195,003	(1,278,032)	260,000	566.6%
8EBR	Buildings - Renovation	1,222,878	-	(1,222,878)	500,000	244.6%
8EEC	Equipment - Computer	1,808,072	-	(1,808,072)	1,000,000	180.8%
8EFO	Furniture - Office Furniture	1,520,439	51,750	(1,468,689)	69,000	2203.5%

In regards to the table above, it shows that a total of VT9.15 million was made in total of overspending accounts. This indicated an increase of around VT3.49 million when compared to the second quarter overspending amount. Table above shows that Equipment Computer being the highest since the second quarter with VT1.8 million followed by stationary-communications with VT1.68 million. These accounts in the overspending list should be considered more carefully as they are more frequently incurred expenses throughout a quarter.

In addition, another result of in-efficient budgeting is the spending on unbudgeted accounts. Third quarter transactions on some of the unbudgeted accounts are depicted below;

Description	Total spending at end of QTR 3
Local Accommodation	674,279
Other Charges - Freight	5,175
International Medical Treatment	3,383,088
Local Medical Treatment	37,200
Equipment Hire	118,897
Facilities Hire	1,111,793
Court Costs	570,778
Termination Payment	2,558,548
Houses Repairs & Maintenance	362,425
Roads Repairs & Maintenance	4,800
Vehicle Servicing	20,888
Other Suppliers	422,784
Lighting Utilities	8,311
Water Utilities	(209,478)
Equipment - Photocopiers	100,889
Infrastructure - Electricity	-
Infrastructure - Water Supply	1,494,494
Vehicle - Replacement	4,588,890
Bank Charges	22,650
Total Unbudgeted Expenses	15,276,411

The large amounts of over-expenditures on certain accounts and the significant unbudgeted expenditures indicate an inadequate budget preparation for the operations section. In particular, given that unbudgeted expenditure incurred in 2017 was very similar to that in 2016, it is strongly advised that the Ministry reconsider the budget allocations to these accounts to accommodate higher expenditure. It appears that some of the unbudgeted expenditures listed above are a necessary expenditure to ensure the efficient functioning of the Ministry and should therefore be included in the budget.

The total spending done on unbudgeted accounts was around VT15.27 million at the end of the third quarter.

Expenditure by Programme

Figure 1 below shows total expenditure by programme at the end of quarter 3. In fact, total average spending at end Q3 indicated that all cost centres are still on track with 69% of respective annual budget spent.

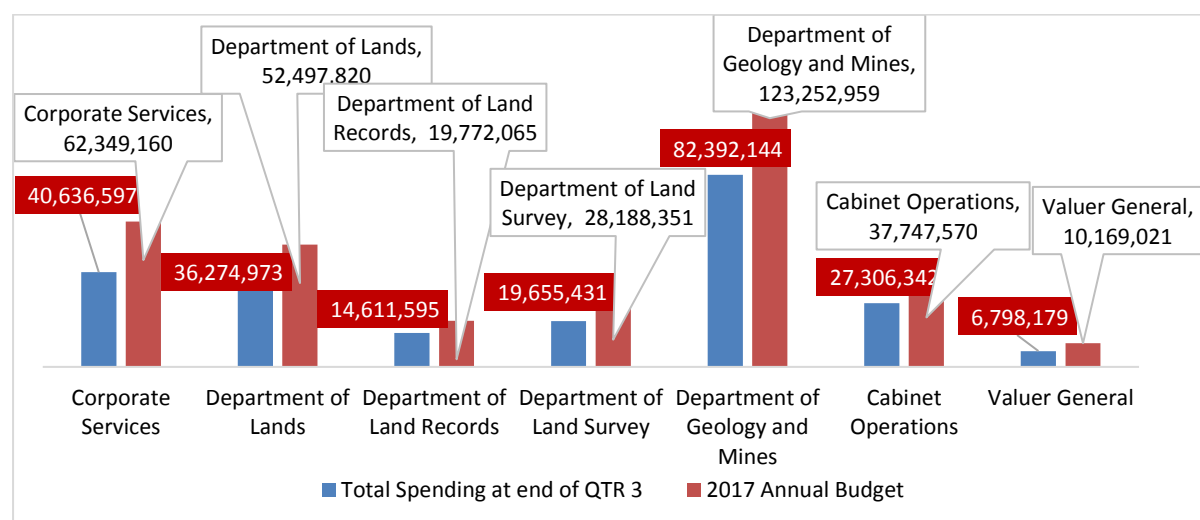


Figure 1 Total Expenditure by the end of Q3 by Cost Centre; illustrating total spending at end of the third quarter against annual budget under each programmes. For source data, see **Table 2**.

Figure 2 below: Percentage of Budget spent in the first quarter and the remaining budget

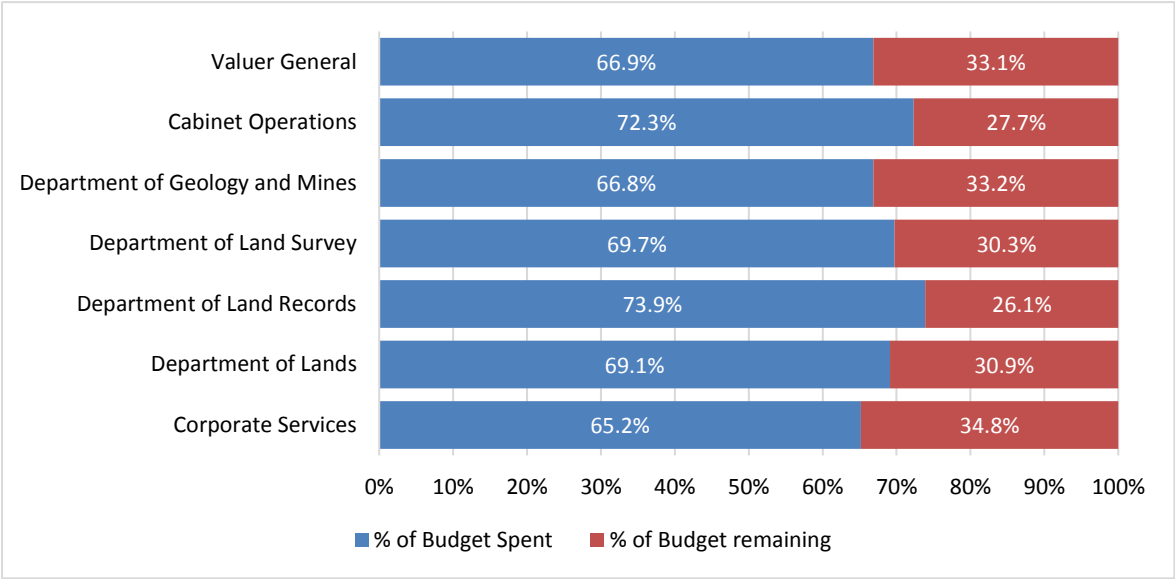


Figure 2 percentage of Total Expenditure by the end of Q3 by Cost Centre against remaining budget under each programmes. For source data, see **Table 2**.

According to budget spent, all cost centres are within the third quartile with an average of 69%. The department of Geology and mines has the largest remaining budget with of around VT40 million as well the largest budget share of the Ministry of Lands and Natural Resources. (See fig 3)

Figure 3 Annual Budget Share in percentage

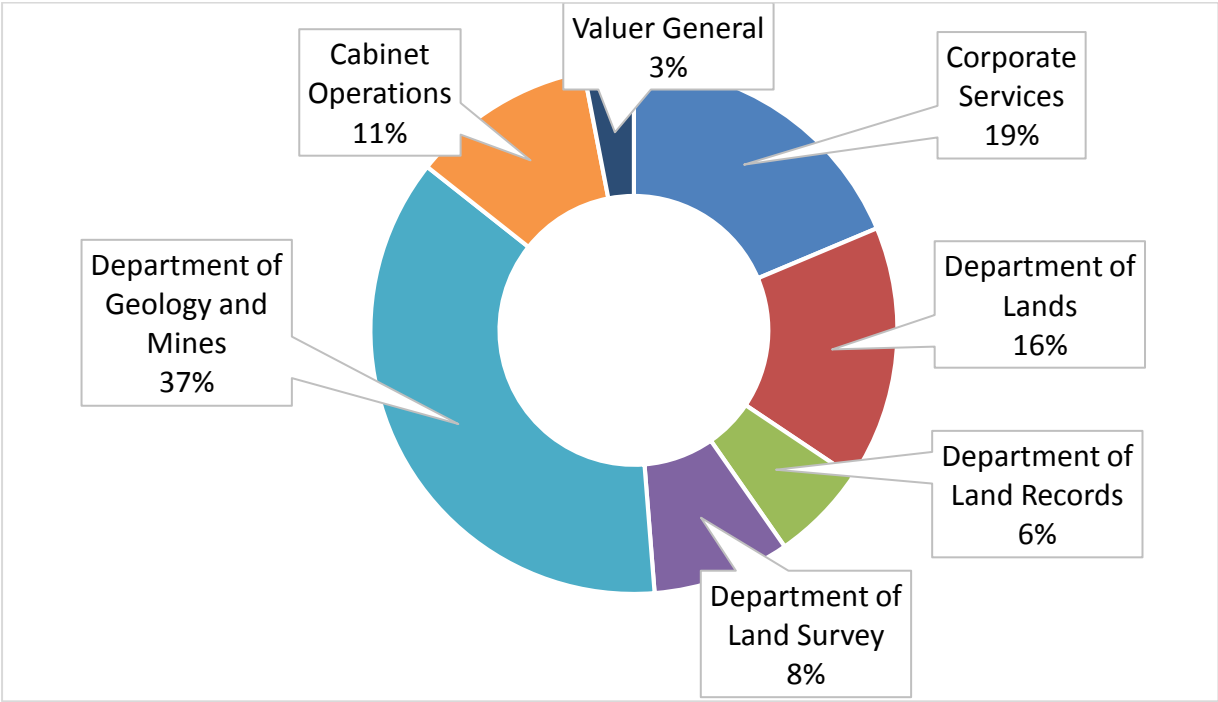


Figure 3 Annual Budget share by cost centres, for source data, see **Table 2**.

According to budget share, the department of Geology and Mines absorbs the largest budget by 37% followed by corporate services with 19% while the value General has the least budget share of only 3%.

The department of Geology and Mines carries the largest budget due to the merging of the Water department total budget (*payr & over*) from Public Works Department (PWD) to sustain the increase in human resource and operations of the water unit beginning this year.

Revenue Trends

The 2017 revenue budget has decreased from VT 632 million in 2016 to VT 631 million in 2017. With 75% of the year gone, the Ministry's revenue by the end of the third quarter registered (VT427.5 million) which constitutes around 67.7% of the annual expected revenue (see Table 3).

By comparison, at the same point in time in 2016, the Ministry had collected 72% or (VT 402 million) of its total revenue. This should be noted that the Ministry of Lands and Natural Resources had performed well in the collection compared to the corresponding quarter of 2016. At the given rate, it appears that the Ministry will meet its annual revenue target.

Figure 4 depicts four major revenue accounts that collected revenue at the end of the third quarter. Based on the figure below, revenues were dominated by Land Registration registering VT331 million, followed by Land Rent with VT61 million, Other fees with VT1.9 million and Other fees with only VT11,000.

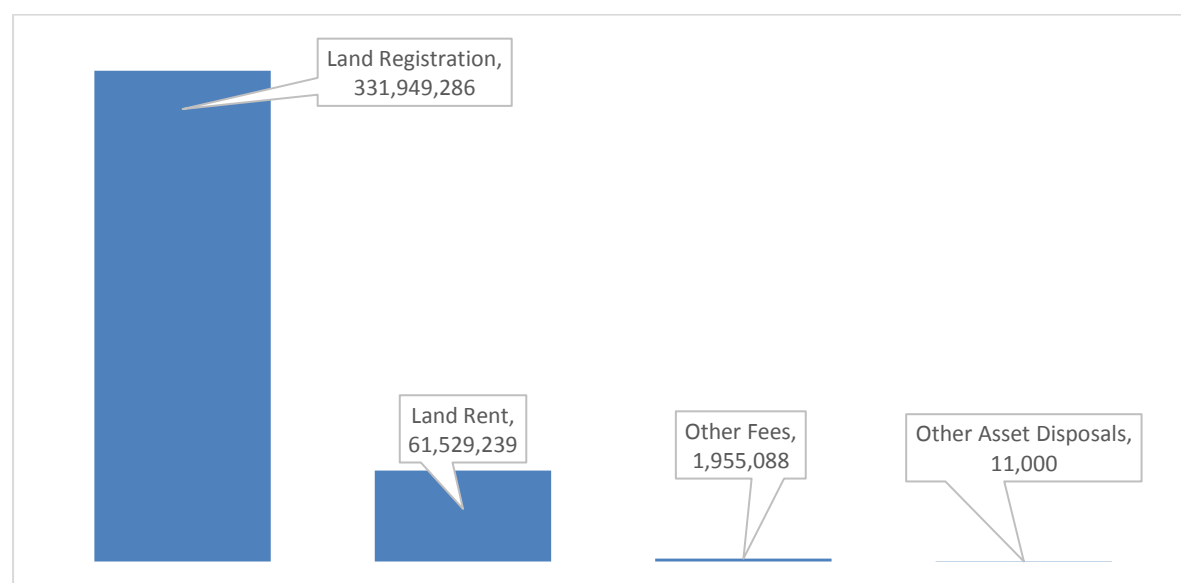


Figure 4 Revenue collected by the end of Q3; For source data see **Table 3**.

Virements

The Ministry committed virement of a total of VT10.8 million worth of transfers of funds by end of the third quarter of 2017. *For further details refer to Table 4.*

Tables

Table 1: Expenditure by Chart of Account

Account	Description	Total spending at end of QTR 3	QTR 3 Budget	Under/(Over)	2017 Annual Budget	% of 2017 Annual Budget Spent
	Personnel Expenses					
8AAA	Acting Allowances	5,611,168	248,456	(5,362,712)	340,000	1650.3%
8AAB	Responsibility Allowance	93,513	146,150	52,637	200,000	46.8%
8AAF	Family Allowance	1,887,853	2,304,503	416,650	3,153,550	59.9%
8AAG	Gratuitie Allowances	385,737	-	(385,737)	3,348,914	11.5%
8AAH	Housing Allowances	17,559,720	17,147,763	(411,957)	23,465,352	74.8%
8AAO	Other Allowances	333,170	-	(333,170)	-	
8AAP	Home Island Passage Allowances	646,562	328,837	(317,725)	450,000	143.7%
8AAS	Special Allowances	-	-	-	-	
8ASP	Provident Fund	4,961,192	5,076,474	115,282	6,946,778	71.4%
8AWC	Contract Wages	778,574	-	(778,574)	-	
8AWL	Leave expense	1,897,036	-	(1,897,036)	-	
8AWO	Overtime Wages	1,258,271	-	(1,258,271)	-	
8AWP	Permanent Wages	111,817,651	124,213,228	12,395,577	169,976,076	65.8%
PAYR	Payroll expenses	-	(438,264)	(438,264)	6,561,000	0.0%
	Personnel Expenses	147,230,447	149,027,147	1,796,700	214,441,670	68.7%
	Operating Expenses					
8CAB	Subsistence Allowances	4,038,000	1,781,622	(2,256,378)	2,375,500	170.0%
8CAS	Sitting Allowances	165,000	26,253	(138,747)	35,000	471.4%

8CBL	Local Accommodation	674,279	-	(674,279)	-	
8CCL	Local Courses	140,956	56,403	(84,553)	75,200	187.4%
8CES	Security Services	1,483,334	-	(1,483,334)	1,800,000	82.4%
8CET	Other Fees	324,821	21,825	(302,996)	29,100	1116.2%
8CFV	Vehicles Fuel	3,938,829	5,017,329	1,078,500	6,689,770	58.9%
8CGO	Other Charges - Freight	5,175	-	(5,175)	-	
8CGR	Transport - Freight	885,293	330,741	(554,552)	441,000	200.7%
8CGS	Storage - Freight	87,508	33,750	(53,758)	45,000	194.5%
8CHI	International Medical Treatment	3,383,088	-	(3,383,088)	-	
8CHL	Local Medical Treatment	37,200	-	(37,200)	-	
8CIE	Equipment Hire	118,897	-	(118,897)	-	
8CIF	Facilities Hire	1,111,793	-	(1,111,793)	-	
8CIV	Vehicles Hire	102,666	142,497	39,831	190,000	54.0%
8CJO	Office Cleaning	717,789	786,330	68,541	1,048,430	68.5%
8CKD	Advertising - Communications	501,503	888,624	387,121	1,434,830	35.0%
8CKM	Advertising and Marketing	-	73,890	73,890	98,520	0.0%
8CKP	Postage - Communications	119,328	170,433	51,105	227,250	52.5%
8CKR	Printing - Communications	1,009,480	1,118,772	109,292	1,491,688	67.7%
8CKS	Stationery - Communications	4,032,792	2,349,567	(1,683,225)	3,132,753	128.7%
8CKT	Telephone / Fax - Communications	689,684	101,232	(588,452)	1,407,744	49.0%
8CMG	General - Materials	1,448,676	3,505,032	2,056,356	4,673,389	31.0%
8CMO	Office - Materials	82,225	891,000	808,775	1,187,996	6.9%
8CNT	Other Rental	86,671	-	(86,671)	1,800,000	4.8%
8COC	Court Costs	570,778	-	(570,778)	-	
8COF	Refunds	3,725	60,174	56,449	80,229	4.6%
8COI	Incidentals	721,958	2,287,476	1,565,518	16,831,815	4.3%
8COP	Official Entertainment	867,136	165,042	(702,094)	220,053	394.1%
8COT	Termination Payment	2,558,548	-	(2,558,548)	-	
8COU	Uniforms	1,473,035	195,003	(1,278,032)	260,000	566.6%
8CRB	Buildings Repairs & Maintenance	1,119,015	-	(1,119,015)	1,500,000	74.6%
8CRE	Equipment Repairs & Maintenance	653,425	598,086	(55,339)	797,444	81.9%

8CRH	Houses Repairs & Maintenance	362,425	-	(362,425)	-	
8CRR	Roads Repairs & Maintenance	4,800	-	(4,800)	-	
8CRV	Vehicles Repairs & Maintenance	2,027,503	3,686,895	1,659,392	4,915,856	41.2%
8CRW	Vehicle Servicing	20,888	-	(20,888)	-	
8CSO	Other Suppliers	422,784	-	(422,784)	-	
8CTI	International Travel	247,859	258,588	10,729	1,844,790	13.4%
8CTL	Local Travel	3,390,438	4,105,512	715,074	5,474,014	61.9%
8CUE	Electricity Utilities	20,476,792	16,689,933	(3,786,859)	27,416,903	74.7%
8CUL	Lighting Utilities	8,311	-	(8,311)	-	
8CUW	Water Utilities	(209,478)	-	209,478	-	
8CWL	Local Workshops	-	108,747	108,747	145,000	0.0%
8CZV	Value Added Tax	7,410,605	7,422,975	12,370	9,897,350	74.9%
8EBR	Buildings - Renovation	1,222,878	-	(1,222,878)	500,000	244.6%
8EEA	Equipment - Additional General	462,217	136,503	(325,714)	4,982,000	9.3%
8EEC	Equipment - Computer	1,808,072	-	(1,808,072)	1,000,000	180.8%
8EEP	Equipment - Photocopiers	100,889	-	(100,889)	-	
8EER	Equipment - Replacement General	96,419	309,753	213,334	413,000	23.3%
8EES	Equipment - Specialised	1,812,332	337,500	(1,474,832)	3,450,000	52.5%
8EFO	Furniture - Office Furniture	1,520,439	51,750	(1,468,689)	69,000	2203.5%
8EIE	Infrastructure - Electricity	-	-	-	-	
8EIW	Infrastructure - Water Supply	1,494,494	-	(1,494,494)	-	
8EVR	Vehicle - Replacement	4,588,890	-	(4,588,890)	-	
8FCB	Bank Charges	22,650	-	(22,650)	-	
OVER	Overhead expenses	-	1,439,000	1,439,000	1,439,000	0.0%
	Operating Expenses	80,444,814	55,148,237	(25,296,577)	119,535,276	67.3%
	Total Expenditure	227,675,261	204,175,384	(23,499,877)	333,976,946	68.2%

Source: Smart-Stream Vision Report

Table 2: Expenditure by Cost Centre

Code	Description	Total Spending at end of QTR 3	QTR 3 Budget	Under/(Over)	2017 Annual Budget	% of 2017 Annual Budget Spent
M09	Ministry of Lands, Mines & Water Resources					
65	Corporate Services					
6502	Executive Management	8,368,376	8,251,235	(117,141)	12,243,933	68.3%
6503	Corporate Services Unit	11,349,120	14,342,584	2,993,464	17,855,310	63.6%
6504	Land Reform Package	10,477,969	(3,600,000)	(14,077,969)	17,051,992	61.4%
6505	Human Resource Management	1,666,122	1,834,797	168,675	3,154,101	52.8%
6506	Information Technology	8,775,010	8,061,632	(713,378)	12,043,824	72.9%
65	Corporate Services	40,636,597	28,890,248	-11,746,349	62,349,160	65.2%
66	Department of Lands					
660	Department of Lands	-	-	-	-	
6601	Urban & Rural Lands Unit	22,889,114	19,422,578	(3,466,536)	31,578,665	72.5%
6603	Santo Office	7,566,484	7,635,468	68,984	11,953,971	63.3%
6604	Enforcement & Compliance	5,819,375	5,998,563	179,188	8,965,184	64.9%
66	Department of Lands	36,274,973	33,056,609	-3,218,364	52,497,820	69.1%
67	Department of Land Records					
6701	Land Records Unit	14,611,595	13,123,382	(1,488,213)	19,772,065	73.9%
67	Department of Land Records	14,611,595	13,123,382	-1,488,213	19,772,065	73.9%
68	Department of Land Survey					

6801	Land Survey Unit	19,655,431	18,138,549	(1,516,882)	28,188,351	69.7%
68	Department of Land Survey	19,655,431	18,138,549	-1,516,882	28,188,351	69.7%
69	Department of Geology and Mines					
6901	Geology & Mines - Minerals	11,927,636	9,705,960	(2,221,676)	18,153,161	65.7%
6902	Geology & Mines - Geo. Research	2,184,057	-	(2,184,057)	3,000,000	72.8%
6903	Geology & Mines - Rural Water Supply	15,988,727	16,128,605	139,878	29,880,707	53.5%
6904	Water Analysis	6,269,612	6,635,519	365,907	9,226,552	68.0%
6905	Sanma Water Supply Services	28,286,113	28,470,914	184,801	38,256,666	73.9%
6906	Penama Water Supply Services	5,157,597	5,233,236	75,639	7,246,326	71.2%
6907	Malampa Water Supply Services	7,238,042	7,286,077	48,035	9,569,255	75.6%
6908	Tafea Water Supply Services	5,340,360	5,524,813	184,453	7,920,292	67.4%
69	Department of Geology and Mines	82,392,144	78,985,124	-3,407,020	123,252,959	66.8%
95	Cabinet Operations					
9501	Cabinet Operations	27,306,342	25,380,007	(1,926,335)	37,747,570	72.3%
95	Cabinet Operations	27,306,342	25,380,007	-1,926,335	37,747,570	72.3%
96	Valuer General					
9601	Valuer General	6,798,179	6,601,465	(196,714)	10,169,021	66.9%
96	Valuer General	6,798,179	6,601,465	-196,714	10,169,021	66.9%
M09	Ministry of Lands, Mines & Water Resources	227,675,261	204,175,384	-23,499,877	333,976,946	68.2%
	REPORT TOTAL	227,675,261	204,175,384	-23,499,877	333,976,946	68.2%

Source: Smart-Stream Vision Report

Table 3: Revenue Collection

	Description	Revenue	Budget	Over/(Under)	Cash Received	2017 Budget	% of Revenue Collected
	Revenue						
7NDE	Equipment Disposals	67,839	0	67,839	67,839	0	
7NDT	Other Asset Disposals	11,000	2,399,994	(2,388,994)	11,000	3,200,000	0.3%
7NFO	Other Fees	1,985,088	19,919,916	(17,934,828)	1,955,088	26,560,000	7.4%
7NOA	Application Charges Recoveries	0	8,249,967	(8,249,967)	2,000	11,000,000	0.0%
7NOO	Other Recoveries	20,000	0	20,000	20,000	0	
7NOP	Permits Recoveries	350,000	0	350,000	350,000	0	
7NOT	Testing Charges Recoveries	0	2,827,341	(2,827,341)	0	3,769,800	0.0%
7NOU	Other User Charges Recoveries	39,801	0	39,801	3,200	0	
7NOW	Water Charges Recoveries	42,073,091	0	42,073,091	32,120,600	0	
7TLP	Prospector Licences & Registration	0	14,812,443	(14,812,443)	0	19,750,000	0.0%
7TPG	Land Registration	331,601,929	314,463,213	17,138,716	331,949,286	419,285,967	79.2%
7TPP	Land Premiums	(625,490)	16,113,690	(16,739,180)	(613,075)	21,485,000	-2.9%
7TPR	Land Rent	138,166,068	95,099,616	43,066,452	61,529,239	126,800,000	48.5%
7TVA	Value Added Tax	27,799	0	27,799	121,839	0	
	Revenue	513,717,125	473,886,180	39,830,945	427,517,016	631,850,767	67.7%
	Total Revenue and Receipts	513,717,125	473,886,180	39,830,945	427,517,016	631,850,767	67.7%

Source: Smart-Stream Vision Report

Table 4: Virements

Period	Vired Out				Vired In				Amount
	Fund	Department	Activity	Account	Fund	Department	Activity	Account	
Jan-Sept	2	6505	MLBB	PAYR	2	6604	MLEG	PAYR	210000
Jan-Sept	2	6505	MLBB	PAYR	2	6801	MLEA	PAYR	20000
Jan-Sept	2	6505	MLBB	PAYR	2	6601	MLED	PAYR	25000
Jan-Sept	2	6505	MLBB	PAYR	2	6601	MLEC	PAYR	100000
Jan-Sept	2	6505	MLBB	PAYR	2	6503	MLBB	PAYR	500000
Jan-Sept	2	6502	MLBA	PAYR	2	6503	MLBB	PAYR	200000
Jan-Sept	2	6503	MLBB	PAYR	2	6503	MLBB	OVER	150000
Jan-Sept	2	6502	MLBA	PAYR	2	6503	MLBB	OVER	1000000
Jan-Sept	2	6506	MLBB	OVER	2	6506	MLBB	PAYR	27000
Jan-Sept	2	6503	MLBB	PAYR	2	6506	MLBB	PAYR	100000
Jan-Sept	2	6503	MLBB	PAYR	2	9501	MLAA	PAYR	150000
Jan-Sept	2	6503	MLBB	PAYR	2	6604	MLEG	PAYR	200000
Jan-Sept	2	6503	MLBB	PAYR	2	6601	MLED	PAYR	100000
Jan-Sept	2	6502	MLBA	PAYR	2	6601	MLED	PAYR	100000
Jan-Sept	2	6502	MLBA	PAYR	2	6601	MLEC	PAYR	200000

Jan-Sept	2	6502	MLBA	PAYR	2	6601	MLEB	PAYR	200000
Jan-Sept	2	6504	MLBB	OVER	2	6701	MLEF	PAYR	400000
Jan-Sept	2	6504	MLBB	OVER	2	6604	MLEG	PAYR	600000
Jan-Sept	2	6504	MLBB	OVER	2	6601	MLEC	PAYR	600000
Jan-Sept	2	6504	MLBB	OVER	2	6904	MLGB	PAYR	1000000
Jan-Sept	2	6504	MLBB	OVER	2	9501	MLAA	PAYR	1000000
Jan-Sept	2	6601	MLEC	OVER	2	6601	MLEC	PAYR	90000
Jan-Sept	2	6603	MLEC	PAYR	2	6503	MLBB	OVER	100000
Jan-Sept	2	6604	MLEG	OVER	2	6604	MLEG	PAYR	216000
Jan-Sept	2	6601	MLED	OVER	2	6601	MLED	PAYR	28000
Jan-Sept	2	6601	MLEC	OVER	2	6601	MLEC	PAYR	105000
Jan-Sept	2	6903	MLGA	OVER	2	6903	MLGA	PAYR	25000
Jan-Sept	2	6908	MLGA	PAYR	2	6503	MLBB	OVER	650000
Jan-Sept	2	6906	MLGA	PAYR	2	6503	MLBB	OVER	150000
Jan-Sept	2	6904	MLGB	PAYR	2	6503	MLBB	OVER	700000
Jan-Sept	2	6901	MLFA	PAYR	2	6503	MLBB	OVER	250000

Jan-Sept	2	6903	MLGA	OVER	2	6903	MLGA	PAYR	143000
Jan-Sept	2	6908	MLGA	PAYR	2	6905	MLGA	PAYR	100000
Jan-Sept	2	6904	MLGB	PAYR	2	6903	MLGA	PAYR	160000
Jan-Sept	2	6904	MLGB	PAYR	2	6907	MLGA	PAYR	250000
Jan-Sept	2	6908	MLGA	PAYR	2	6907	MLGA	PAYR	100000
Jan-Sept	2	6906	MLGA	PAYR	2	6907	MLGA	PAYR	150000
Jan-Sept	2	6905	MLGA	PAYR	2	6907	MLGA	PAYR	450000
Jan-Sept	2	9501	MLAA	OVER	2	9501	MLAA	PAYR	242000
Jan-Sept	2	9601	MLHA	OVER	2	9601	MLHA	PAYR	75000
TOTAL									10,866,000

Source: Smart-Stream Vision Report