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# *Ministry of Lands and Natural Resources*

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## 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

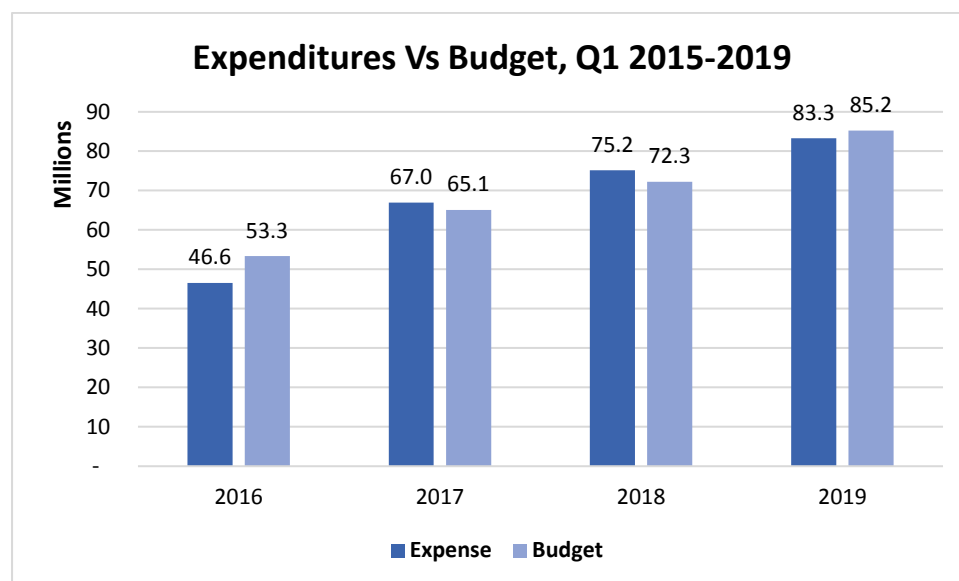
The Ministry's guiding principle is to manage land and natural resources in a sustainable and equitable manner for the social and economic well-being of the citizens of the country. The ministry of lands and natural resources oversees the functions of the department of water, Geology and mines and the office of the Valuer General. It also works in collaboration with other ministries, such as the ministry of internal affairs through the port Vila municipal council, to deal with land issues. The main focal areas are on: ensuring there are fair dealing in lands. Ensuring that the rights of custom owners to their lands, and its developments, are fully recognized and protected.

The Ministry's recurrent expenditure budget decreased from VT456.1million in 2018 to VT 412.0million in 2019. Furthermore, the revenue projection for 2019 is VT895.6million and it appears to be more than the VT645.0million projection in 2018. This document reports on the financial management performance of this Ministry, specifically focusing on expenditure and revenue collection against budget allocations for the First quarter of 2018.

## SUMMARY OF KEY FINDINGS

### EXPENDITURE TRENDS

With 25% of the year lapsed, the ministry overall expenditure amounts to **20%** of its annual budget. Given the current expenditure trend, the ministry is likely to come in on budget. In comparison last year by the end of Q1, the ministry spend 17% of its quarter budget. Figure 1 also shows that in, 2017 and 2018 by the end of quarter one the ministry also overspent its budget with largest overspendings in 2018 by VT2.9million. While 2016 and 2019 have seen underspending respectively at VT6.7million and VT1.9million.

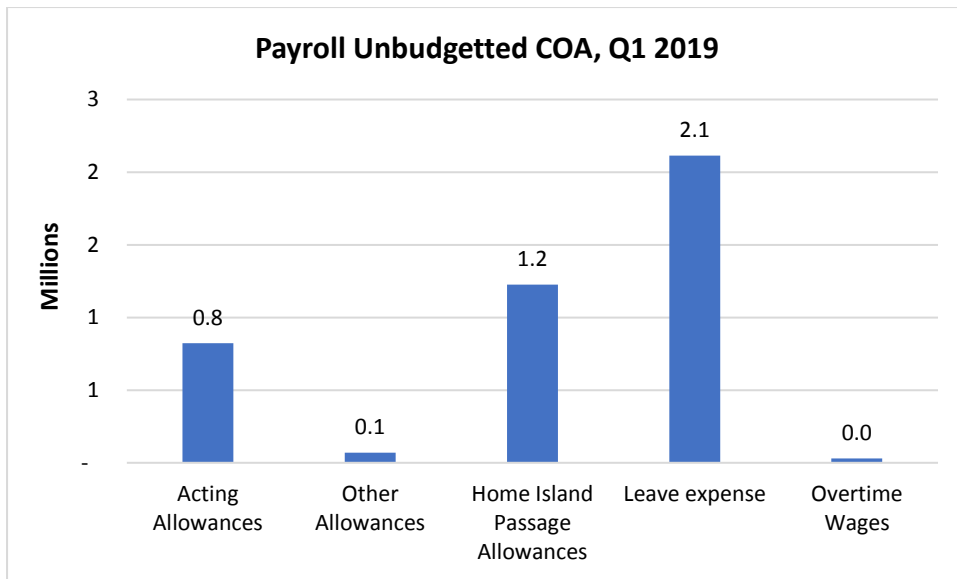


*Figure 1: Expenditure versus Budget Q1, 2015-2019*

The chart of accounts breakdown (Table 1) reveals overspending accounts (light yellow) and accounts are spending without a budget (light red). Given this, it is advisable 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**

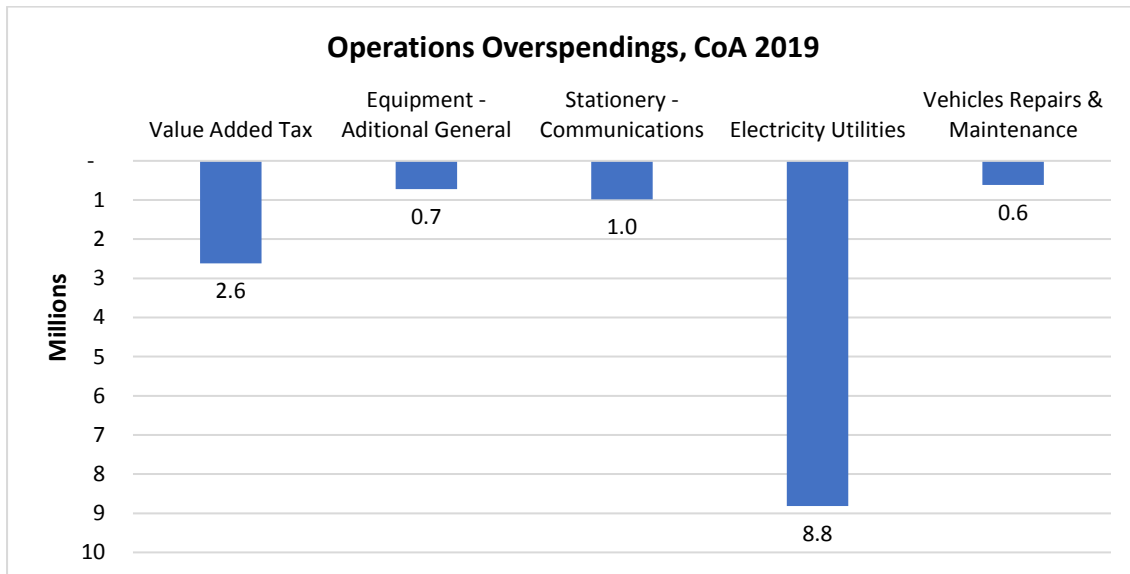
**Payroll** has spent 21% of its annual budget. Interestingly, there are five payroll accounts that have not been budgeted for but have been spending anyways. These accounts are Leave allowances, Home island claim allowances, other allowances, Acting and Overtime allowances. [Figure 2](#) shows that leave expenses and Home island claims allowances are the two main accounts, which have significant larger spending.



*Figure 2: Payroll unbudgeted COA Q1 2019*

### **Operational expenditure**

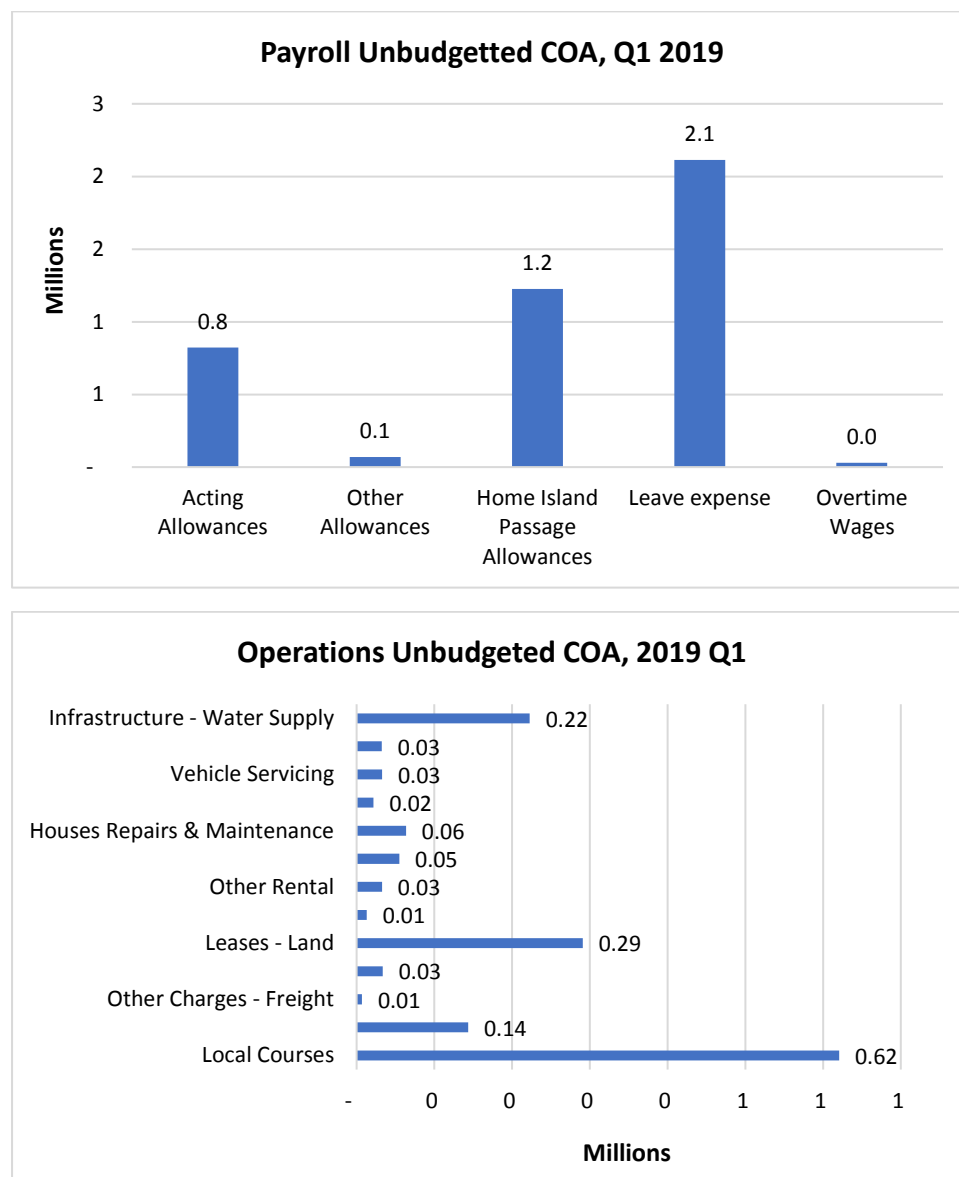
**Operational expenses** by the end of Q1 reached 11% of their annual budget with VT 20.2million expended. However, overspendings of Q1 budget totals to VT12.6million. The major accounts significantly overspent include security services, electricity utilities, VAT, equipment specialized and vehicle replacement as shown on *Figure 3* with two major overspendings of VT8million incurred by electricity utilities and VT2.6million by VAT.



*Figure 3: Operations Overspending CoA, Q1 2019*

A budget amount of VT0.5million of unbudgeted expenditure contributed to the large amounts of over- expenditure on certain accounts and the significant, unbudgeted expenditures indicate an inadequate budget preparation for the operations section. In particular, given that unbudgeted expenditure incurred 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

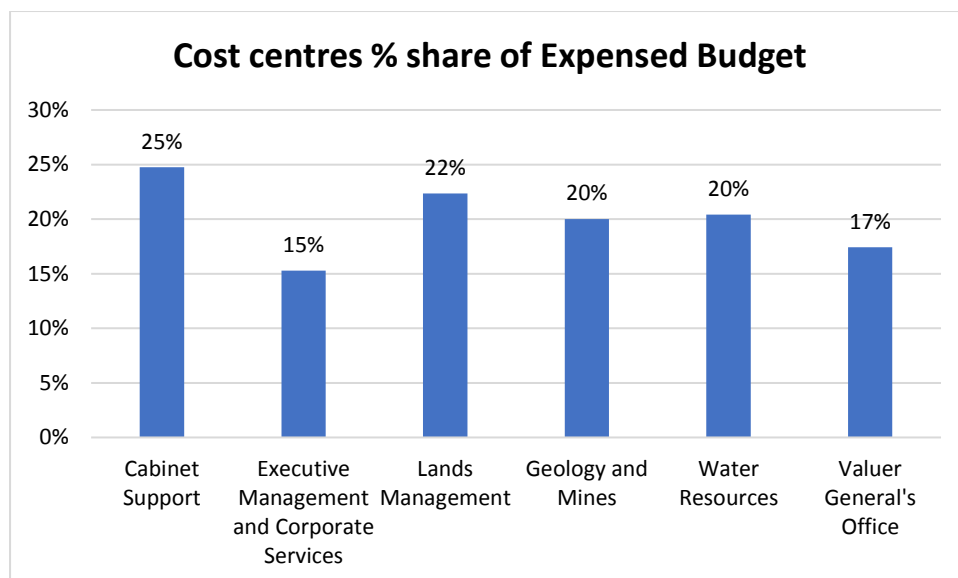
expenditures shown on *Figure 4* below (e.g. Houses repairs & maintenance) are necessary expenditure to ensure the efficient functioning and safety of the Ministry and should therefore be included in the budget.



*Figure 4: Operations Unbudgetted CoA Q1, 2019*

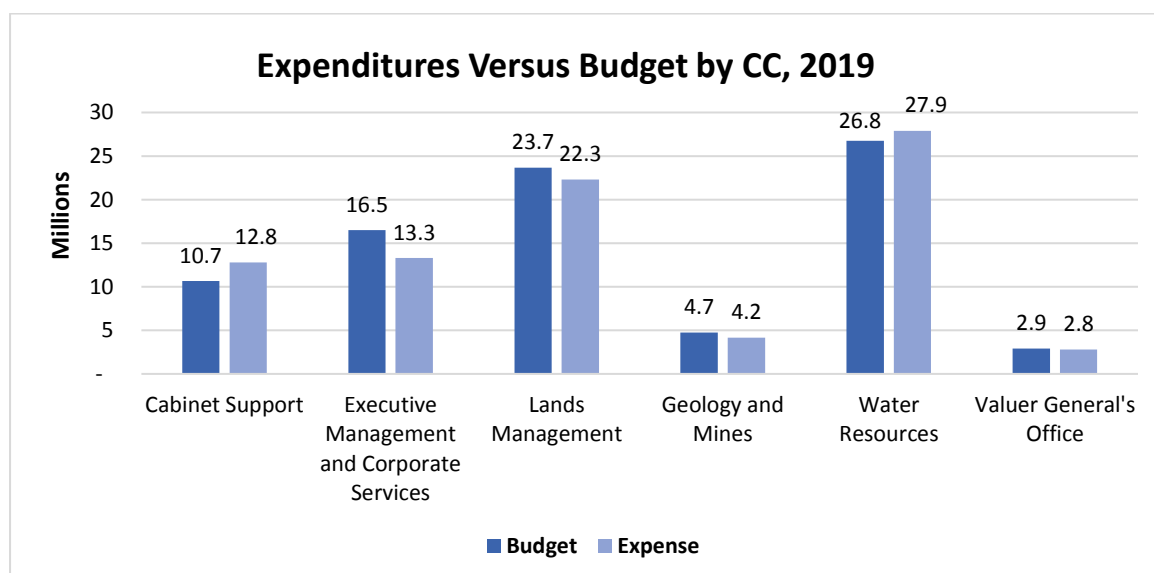
### Expenditure by programme

Figure 5 below shows the percentage share of expenditure by programme in the total budget 2019 by the end of Q1. Percentages displayed show much of the total budget for 2019 that has been spent by the end of Q1. Only Cabinet and Water Resources overspent their Q1 budget by VT2.1million and VT1.1million.



*Figure 5: Expenditure vs Budget by programme, Q1 2019*

Compared to total expenditures by cost centres at the end of Q1 2019, Valuer General's Office (97%), Executive Management and Corporate Services (81%), Lands Management (94%) Geology and Mines (88%) and Cabinet Support (120%) and water Resources (104%) have all significantly spent larger percentage of their budget. This might give rise to the need of reconsidering preference to increase allocated budgets in these cost centres slightly to accommodate for the larger expenditures therein.



*Figure 6: Total Expenditure by the end of Q3 by cost centres. For source data see Table2.*

## REVENUE TRENDS

The 2019 revenue budget has increased from VT 645.0million in 2018 to VT 895.6million in 2019. With 25% of the year gone by the ministry's revenue to date (VT130.6million) amounts to **15%** of the annual forecasted budget (see Table 3).

By comparison, at the same point in time in 2018, the ministry had collected a substantial 22% of its total budget (VT645.0million). Given rate of 58% collection of total budget revenue at the end of Q1, it appears that the ministry collection towards its annual revenue target is slow.

Figure 2 depicts that the revenues are dominated by lands registrations, which make up a remarkable 72% of the total revenue of VT117.7million at end of Q1, although Water charges recoveries collects 83% of its Q1 budget the revenue stands at VT164.2million.

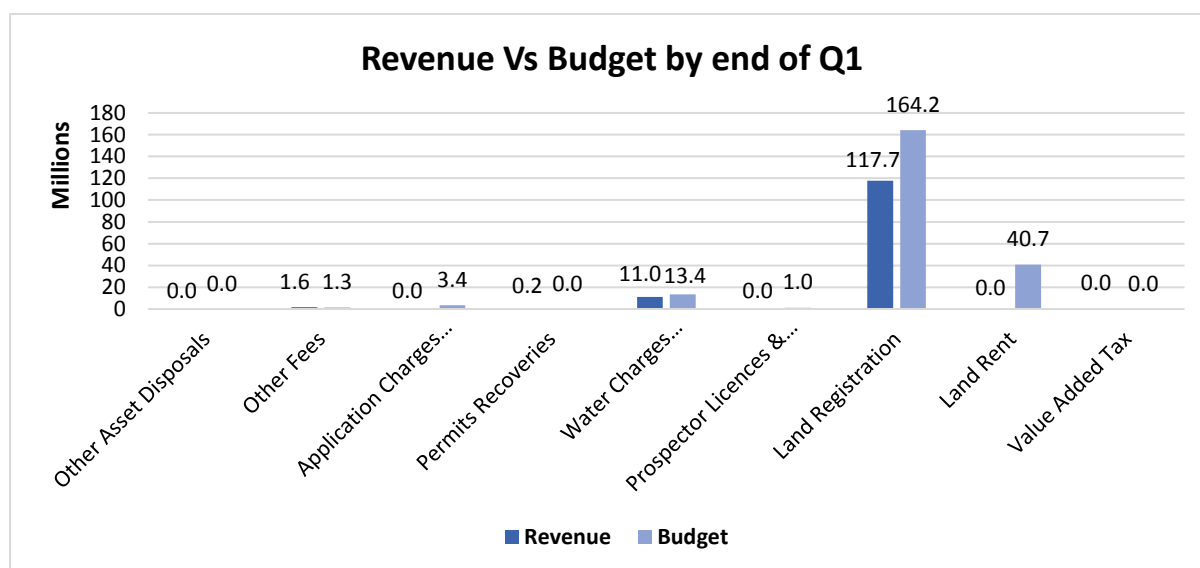


Figure 7: Revenue collected by the end of Q1; source data see Table 3

## VIREMENT

The ministry interestingly committed no virements up to the end of Q1 2016. In comparison, the ministry committed VT1.4 million of virements by the end of Q1 of 2019 and the fund were vired from payroll accounts to other payroll accounts. While 2018 saw transfer amongst operations account in the total of VT1.8million, 2017 saw mostly payroll Virement with total cost of VT0.7million (Table 4) and the Virement was between operations accounts.

## TABLES

**Table 1: EXPENDITURE BY CHART OF ACCOUNTS**

Account	Description	Actual Q1	Budget Q1	Under/(Over)	Annual 2019 Budget	% of 2019 Budget spent
	<b>Personnel Expenses</b>					
8AAA	Acting Allowances	822,900	-	(822,900)	-	
8AAB	Responsibility Allowance	18,015	-	(18,015)	120,000	15%
8AAF	Family Allowance	573,841	265,836	(308,005)	1,152,000	50%
8AAG	Gratuitie Allowances	-	-	-	6,688,346	-
8AAH	Housing Allowances	5,534,549	2,409,225	(3,125,324)	25,082,700	22%
8AAO	Other Allowances	70,000	-	(70,000)	-	
8AAP	Home Island Passage Allowances	1,226,710	-	(1,226,710)	-	
8AAS	Special Allowances	-	-	-	-	
8ASP	Provident Fund	2,000,759	2,324,442	323,683	10,072,632	20%
8AWC	Contract Wages				1,330,000	-
8AWL	Leave expense	2,113,501	-	(2,113,501)	-	
8AWO	Overtime Wages	29,500	-	(29,500)	-	
8AWP	Permanent Wages	47,839,761	57,845,430	10,005,669	273,518,320	17%
PAYR	Payroll expenses	-	-	-	-	
	<b>Personnel Expenses</b>	<b>60,229,536</b>	<b>62,844,933</b>	<b>2,615,397</b>	<b>317,963,998</b>	<b>19%</b>
	<b>Operating Expenses</b>					
8CAB	Subsistence Allowances	963,100	1,217,925	254,825	5,471,696	18%
8CAS	Sitting Allowances	10,000	9,999	(1)	40,000	25%
8CCL	Local Courses	620,605	-	(620,605)	-	
8CDC	Compensation Damages	-	249,999	249,999	1,000,000	0%
8CEC	Consultants Fees	143,478	-	(143,478)	-	
8CES	Security Services	434,846	699,996	265,150	2,800,000	16%
8CET	Other Fees	15,447	44,775	29,328	179,100	9%
8CFV	Vehicles Fuel	801,986	2,241,324	1,439,338	8,965,320	9%
8CGO	Other Charges - Freight	7,010	-	(7,010)	-	
8CGR	Transport - Freight	359,777	261,171	(98,606)	1,044,676	34%
8CGS	Storage - Freight	288,372	7,500	(280,872)	30,000	961%
8CHL	Local Medical Treatment	33,700	-	(33,700)	-	
8CHT	Other Medical Treatment	-	-	-	-	
8CIE	Equipment Hire	25,652	162,501	136,849	650,000	4%
8CIF	Facilities Hire	40,000	12,501	(27,499)	50,000	80%
8CIV	Vehicles Hire				300,000	0%
8CJO	Office Cleaning	303,843	282,324	(21,519)	1,129,294	27%
8CKD	Advertising - Communications	90,783	332,496	241,713	1,330,000	7%
8CKM	Advertising and Marketing				-	
8CKP	Postage - Communications	-	114,999	114,999	460,000	0%

8CKR	Printing - Communications	262,277	295,299	33,022	1,181,211	22%
8CKS	Stationery - Communications	983,914	486,192	(497,722)	2,094,766	47%
8CKT	Telephone / Fax - Communications	153,097	485,742	332,645	1,942,972	8%
8CLL	Leases - Land	290,870	-	(290,870)	-	
8CLS	Survey Cost - Land	13,044	-	(13,044)	-	
8CMG	General - Materials	8,896	922,323	913,427	3,689,311	0%
8CMO	Office - Materials	347,831	275,001	(72,830)	1,100,000	32%
8CNT	Other Rental	32,610	-	(32,610)	-	
8COF	Refunds	54,818	-	(54,818)	-	
8COI	Incidentals	124,995	82,500	(42,495)	870,000	14%
8COP	Official Entertainment	369,700	211,752	(157,948)	987,500	37%
8COU	Uniforms	318,393	140,001	(178,392)	560,000	57%
8CRB	Buildings Repairs & Maintenance	378,321	824,997	446,676	4,100,000	9%
8CRE	Equipment Repairs & Maintenance	474,565	202,872	(271,693)	811,490	58%
8CRH	Houses Repairs & Maintenance	63,523	-	(63,523)	-	
8CRM	Maintenance Contrac	-	-	-	-	
8CRR	Roads Repairs & Maintenance	21,739	-	(21,739)	-	
8CRV	Vehicles Repairs & Maintenance	617,985	297,876	(320,109)	1,341,510	46%
8CRW	Vehicle Servicing	32,877	-	(32,877)	-	
8CSF	Food - Suppliers	32,435	-	(32,435)	-	
8CSO	Other Suppliers	-	92,394	92,394	369,576	0%
8CTI	International Travel	60,000	-	(60,000)	950,000	6%
8CTL	Local Travel	1,578,026	1,758,387	180,361	7,283,576	22%
8CUE	Electricity Utilities	8,818,546	8,427,645	(390,901)	33,710,709	26%
8CUW	Water Utilities				-	
8CZV	Value Added Tax	2,615,738	974,163	(1,641,575)	3,896,628	67%
8EBR	Buildings - Renovation	-	-	-	350,000	0%
8EEA	Equipment - Additional General	720,696	62,499	(658,197)	250,000	288%
8EEC	Equipment - Computer	188,257	-	(188,257)	250,000	75%
8EEP	Equipment - Photocopiers	-	129,498	129,498	517,990	0%
8EER	Equipment - Replacement General	(8,813)	-	8,813	-	
8EES	Equipment - Specialised	24,824	170,001	145,177	680,000	4%
8EFO	Furniture - Office Furniture	96,926	147,498	50,572	590,000	16%
8EIW	Infrastructure - Water Supply	222,747	-	(222,747)	-	
8EVA	Vehicle - Additional Vehicle	-	-	-	-	
8EVR	Vehicle - Replacement	-	772,497	772,497	3,090,000	0%
OVER	Overhead expenses	-	-	-	-	
	<b>Operating Expenses</b>	<b>23,037,436</b>	<b>22,396,647</b>	<b>(640,789)</b>	<b>94,067,325</b>	<b>24%</b>
	<b>Total Expenditure</b>	<b>83,266,972</b>	<b>85,241,580</b>	<b>1,974,608</b>	<b>412,031,323</b>	<b>20%</b>



**Table 2: EXPENDITURE BY COST CENTRES**

Code	Description	Final Budget to end of Q1	Total Expenditures	Under/ (Over)	Final Budget 2019	% of Total Budget Spent
<b>M09</b>	<b>Ministry of Lands, Mines &amp; Water Resources</b>					
<b>MLA</b>	<b>Cabinet Support</b>					
9501	Cabinet Operations	10,651,506	12,781,482	(2,129,976)	51,647,976	25%
<b>MLA A</b>	<b>Portfolio Coordination</b>	<b>10,651,506</b>	<b>12,781,482</b>	<b>(2,129,976)</b>	<b>51,647,976</b>	25%
<b>MLA</b>	<b>Cabinet Support</b>	<b>10,651,506</b>	<b>12,781,482</b>	<b>(2,129,976)</b>	<b>51,647,976</b>	<b>25%</b>
<b>MLB</b>	<b>Executive Management and Corporate Services</b>					
6502	Executive Management	3,765,683	3,457,509	308,174	18,467,430	19%
6503	Corporate Services Unit	41,253	40,995	258	165,000	25%
<b>MLB A</b>	<b>Executive Management</b>	<b>3,806,936</b>	<b>3,498,504</b>	<b>308,432</b>	<b>18,632,430</b>	19%
6503	Corporate Services Unit	2,722,460	2,285,457	437,003	12,565,255	18%
6504	Land Reform Package	5,554,302	3,224,471	2,329,831	22,217,294	15%
6505	Human Resource Management	1,084,056	1,181,320	(97,264)	19,275,860	6%
6506	Information Technology	3,341,631	3,122,736	218,895	14,355,424	22%
<b>MLB B</b>	<b>Corporate Services</b>	<b>12,702,449</b>	<b>9,813,984</b>	<b>2,888,465</b>	<b>68,413,833</b>	14%
<b>MLB</b>	<b>Executive Management and Corporate Services</b>	<b>16,509,385</b>	<b>13,312,488</b>	<b>3,196,897</b>	<b>87,046,263</b>	<b>15%</b>
<b>MLE</b>	<b>Lands Management</b>					
6503	Corporate Services Unit	62,013	18,795	43,218	248,050	8%
6801	Land Survey Unit	7,108,422	7,008,743	99,679	30,521,800	23%
<b>MLE A</b>	<b>Land Survey</b>	<b>7,170,435</b>	<b>7,027,538</b>	<b>142,897</b>	<b>30,769,850</b>	23%
6503	Corporate Services Unit	27,555	17,990	9,565	110,211	16%
6601	Urban & Rural Lands Unit	2,245,341	2,129,871	115,470	9,563,176	22%
<b>MLE B</b>	<b>Land Use Planning</b>	<b>2,272,896</b>	<b>2,147,861</b>	<b>125,035</b>	<b>9,673,387</b>	22%
6503	Corporate Services Unit	33,501	14,945	18,556	134,000	11%
6601	Urban & Rural Lands Unit	1,833,120	1,952,932	(119,812)	7,762,288	25%
6603	Santo Office	3,167,901	2,363,549	804,352	13,560,656	17%
<b>MLE C</b>	<b>Lease Management</b>	<b>5,034,522</b>	<b>4,331,426</b>	<b>703,096</b>	<b>21,456,944</b>	20%
6601	Urban & Rural Lands Unit	2,560,542	2,364,311	196,231	10,426,510	23%
<b>MLE D</b>	<b>Land Valuation</b>	<b>2,560,542</b>	<b>2,364,311</b>	<b>196,231</b>	<b>10,426,510</b>	23%

6701	Land Records Unit	5,068,075	4,854,349	213,726	20,853,845	23%
<b>MLE F</b>	<b>Land Registry</b>	<b>5,068,075</b>	<b>4,854,349</b>	<b>213,726</b>	<b>20,853,845</b>	23%
6604	Enforcement & Compliance	1,570,272	1,579,993	(9,721)	6,656,184	24%
<b>MLE G</b>	<b>Enforcement &amp; Compliance</b>	<b>1,570,272</b>	<b>1,579,993</b>	<b>(9,721)</b>	<b>6,656,184</b>	24%
<b>MLE</b>	<b>Lands Management</b>	<b>23,676,742</b>	<b>22,305,478</b>	<b>1,371,264</b>	<b>99,836,720</b>	<b>22%</b>
<b>MLF</b>	<b>Geology and Mines</b>					
6503	Corporate Services Unit	48,753	10,435	38,318	195,000	5%
6901	Geology & Mines - Minerals	4,686,570	4,152,264	534,306	20,600,168	20%
<b>MLF A</b>	<b>Mines and Minerals</b>	<b>4,735,323</b>	<b>4,162,699</b>	<b>572,624</b>	<b>20,795,168</b>	20%
<b>MLF</b>	<b>Geology and Mines</b>	<b>4,735,323</b>	<b>4,162,699</b>	<b>572,624</b>	<b>20,795,168</b>	<b>20%</b>
<b>MLG</b>	<b>Water Resources</b>					
6503	Corporate Services Unit	39,927	36,855	3,072	159,706	23%
6903	Geology & Mines - Rural Water Supply	8,590,241	5,288,089	3,302,152	56,613,805	9%
6905	Sanma Water Supply Services	8,393,535	11,402,326	(3,008,791)	38,165,295	30%
6906	Penama Water Supply Services	1,877,982	1,609,864	268,118	8,888,640	18%
6907	Malampa Water Supply Services	2,165,550	3,335,469	(1,169,919)	9,407,506	35%
6908	Tafea Water Supply Services	2,431,945	3,232,934	(800,989)	9,478,899	34%
<b>MLG A</b>	<b>Water Resources</b>	<b>23,499,180</b>	<b>24,905,537</b>	<b>(1,406,357)</b>	<b>122,713,851</b>	20%
6904	Water Analysis	3,012,732	2,479,825	532,907	12,838,528	19%
6909	Drilling Unit	249,999	506,710	(256,711)	1,000,000	51%
<b>MLG B</b>	<b>Water Resource Management</b>	<b>3,262,731</b>	<b>2,986,535</b>	<b>276,196</b>	<b>13,838,528</b>	22%
<b>MLG</b>	<b>Water Resources</b>	<b>26,761,911</b>	<b>27,892,072</b>	<b>(1,130,161)</b>	<b>136,552,379</b>	<b>20%</b>
<b>MLH</b>	<b>Valuer General's Office</b>					
9601	Valuer General	2,906,713	2,812,753	93,960	16,152,817	17%
<b>MLH A</b>	<b>Land Valuation Services</b>	<b>2,906,713</b>	<b>2,812,753</b>	<b>93,960</b>	<b>16,152,817</b>	17%
<b>MLH</b>	<b>Valuer General's Office</b>	<b>2,906,713</b>	<b>2,812,753</b>	<b>93,960</b>	<b>16,152,817</b>	<b>17%</b>
<b>M09</b>	<b>Ministry of Lands, Mines &amp; Water Resources</b>	<b>85,241,580</b>	<b>83,266,972</b>	<b>1,974,608</b>	<b>412,031,323</b>	20%
	<b>Grand Total</b>	<b>85,241,580</b>	<b>83,266,972</b>	<b>1,974,608</b>	<b>412,031,323</b>	<b>20%</b>

**Table 3: REVENUE**

Account	Description	Revenue by Q1	Budget by Q1	Over/(Under)	2019 Annual Budget	% of Annual Revenue Budget collected
	<b>Revenue</b>					
7NDT	Other Asset Disposals	5,600	0	5,600	0	
7NFO	Other Fees	1,634,939	1,290,822	344,117	5,163,300	32%
7NOA	Application Charges Recoveries	0	3,377,511	(3,377,511)	13,510,100	0%
7NOP	Permits Recoveries	150,000	0	150,000	0	
7NOW	Water Charges Recoveries	11,028,730	13,362,420	(2,333,690)	53,449,900	21%
7TLP	Prospector Licences & Registration	0	1,016,295	(1,016,295)	4,065,200	0%
7TPG	Land Registration	117,693,307	164,197,743	(46,504,436)	656,793,600	18%
7TPR	Land Rent	0	40,673,088	(40,673,088)	162,693,000	0%
7TVA	Value Added Tax	49,389	0	49,389	0	
	<b>Revenue</b>	<b>130,561,965</b>	<b>223,917,879</b>	<b>(93,355,914)</b>	<b>895,675,100</b>	<b>15%</b>
	<b>Total Revenue and Receipts</b>	<b>130,561,965</b>	<b>223,917,879</b>	<b>(93,355,914)</b>	<b>895,675,100</b>	<b>15%</b>

Source: Smart –Stream Vision Report

**Table 4: VIREMENT**

Year	Vired Out				Vired In				Amount
	Fund	Department	Activity	Account	Fund	Department	Activity	Account	
2019	2	6503	MLBB	PAYR	2	9601	MLHA	PAYR	125,479
2019	2	6503	MLBB	PAYR	2	6601	MLED	PAYR	149,394
2019	2	6502	MLBA	PAYR	2	6908	MLGA	PAYR	163,333
2019	2	6502	MLBA	PAYR	2	6701	MLEF	PAYR	284,101
2019	2	6502	MLBA	PAYR	2	9501	MLAA	PAYR	200,000
2019	2	6903	MLGA	PAYR	2	9501	MLAA	PAYR	402,283
2019	2	6907	MLGA	PAYR	2	6908	MLGA	PAYR	84,030
2018	2	6504	MLBB	OVER	2	6506	MLBB	OVER	1,860,000
2017	2	6908	MLGA	PAYR	2	6907	MLGA	PAYR	100,000
2017	2	6906	MLGA	PAYR	2	6907	MLGA	PAYR	150,000
2017	2	6905	MLGA	PAYR	2	6907	MLGA	PAYR	450,000
2015	2	6506	MLBB	OVER	2	6505	MLBB	OVER	14,597,303
<b>Total</b>									<b>18,565,923</b>