



# **GOVERNMENT OF SOLOMON ISLANDS**

## **2021 Final Budget Outcome**

**July, 2022**

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## MINISTER'S FORWARD

This is the eighth year of providing a Final Budget Outcome report in accordance with Section 52 (1-b) of the *Public Financial Management Act 2013*.

This document provides a full overview to the National Parliament on the execution of the 2021 Budget. It provides advice to citizens, parliamentarians, donor partners and other stakeholders on actual revenues and expenditures against the budget for 2021. However, the release of the report has been delayed due to the additional effort and time required to reconcile and accurately map out the payroll expenditure data in the FMIS system as a result of the switch over from AX to D365 in October 2021. Furthermore, Treasury had to conduct a reconciliation exercise of undisbursed payments in the system from last year that were returned to ministries early this year, either to be cancelled or be sourced from within this year's budget.

The 2021 budget ended with a deficit of \$15.5 million which is similar to the \$95 million deficit in 2020 compared to a surplus of \$94.6 million in 2019. The utmost commitment of the government to protect its people from COVID-19 and its impacts, maintain macro-fiscal stability and keep the domestic economy afloat whilst accelerate recovery were the principal contributing factors to this performance. In the continuous fight against COVID-19 and to ensure services to be carried out by the government Ministries, additional supplementary approved by the government was funded from savings identified in the appropriation. The government correspondingly secured further resources from revenue improvements and measures in compliance and tax administration to support its obligations in 2021.

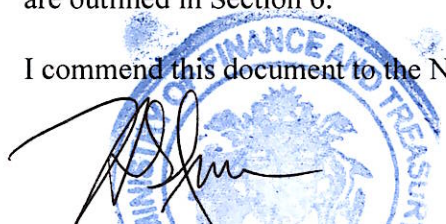
The 2021 fiscal year was a trying and challenging year for the National Government in its fight to protect its citizens from the importation of COVID-19, ensure the economy remained afloat while working towards its recovery in unprecedented situations like the global pandemic and the November unrest; and simultaneously making sure key social and essential services continued to be delivered to the people of Solomon Islands.

The total revised budget estimate was \$4,597 million, an increase of approximately \$44 million (1 per cent) from \$4,553 million in 2020. The 2021 budget implementation was high as the National Government was committed to keeping the economy afloat while taking necessary measures to effectively contain the pandemic from community transmission.

The overall domestic revenue for 2021 was above the projected estimate by \$32.4 million, or 1 per cent above the revised revenue of \$3,002 million. The 2021 budget execution was fairly close to the revised budget estimates by 85 per cent, or \$677.8 million less than the revised budget. The consolidated recurrent budget estimate was executed below the revised budget of \$3,018.9 million by 9 per cent (or \$276.4 million). Correspondingly, the Development expenditures implementation were approximately 83 per cent with an underspent funding of \$167.4 million (or 17 per cent).

This report also brings to the attention of the Public Accounts Committee, in accordance with Section 102 (4) of the Constitution, the spending and variances in expenditures at Head level. These are outlined in Section 6.

I commend this document to the National Parliament.



Hon. Harry Kuma, MP  
Minister for Finance and Treasury

## 1 INTRODUCTION

The 2021 Final Budget Outcome (FBO) has been prepared in accordance with Section 52 (1) (b) of the Public Financial Management Act 2013 (the Act).

It is required that this report must be released within four months after the end of the financial year giving overview of the 2021 budget execution to managers, ministers and the general public. It is therefore based on yet to be audited accounts and nominal figures. The FBO provides the best possible account of actual budget performance made available at this point in time, but is not expected to substantially change for subsequent audit purposes.

The report is designed to closely match the presentation of the Annual Budget, as required under the Act, and provides a summary of expenditure and revenue outcomes against the budget. It provides a summary of the execution of the 2021 Budget in comparison to prior fiscal years, 2020 and 2019. In future documents, this will be a key area of examination - with the intention that trends from prior years can be presented and the underlying issues identified in order to continuously and successively improve the execution of Solomon Islands Government Budgets.

The source data for all the summary tables were extracted from the Financial Management Information Systems (Microsoft Dynamics - D365) and the Budget Entry and Reporting Tool (BERT). These figures were all in nominal terms and not have been officially examined (unaudited). Year to Date (YTD) Actual expenditures reported on works, goods and services that were paid through the payment system. Key information can be found in the Summary Tables 1 to 9, and Attachment A and B provides final budget outcome for 2020 and 2019 for a comparative basis.

## 2 KEY POINTS

- The real GDP growth for 2021 was -0.2 per cent. This was a fall of 1.2 percentage points from the projected growth of 1 per cent and 3.6 point rise from 2020 and 3 per cent below the real GDP estimates for 2019.
- The 2021 fiscal year ended with a deficit of \$15.5 million against a revised budget deficit of \$479.3 million compared to a \$95 million deficit in 2020.
- Total SIG revenue collection was \$32.4 million (or 1 per cent) above the revised estimates of \$3,002 million. Revenue collection from Inland Revenue was above its revised projections while Customs and Excise and non-tax revenue from other ministries, were below their projections.
- A supplementary budget of \$423.3 million was approved by Parliament in 2021, which includes, \$324.3 million advance warrants, \$4.5 million contingency warrants and \$94.4 million for additional supplementary expenditures.
- Total consolidated expenditure for 2021 was \$3,919.3 million of the revised budget of \$4,597 million which represents a spending of approximately 85 per cent. This was 15 per cent (or \$677.8 million) below the revised budget.
- The Recurrent Budget expenditure by Government Ministries and Agencies was spent within their appropriations of \$2,742.4 million. This represents an underspending of \$276.4 million (or 9.2 per cent) from the revised budget of \$3,018.9 million.
- Ministries that recorded overspending in their recurrent budget were, Ministry of Public Service by \$0.4 million and Ministry of Rural Development by \$1.8 million (or 9.7 per cent).
- The Donor Budget Support spending was \$438.4 million (or 64 per cent), contrariwise underspent \$246.4 million (or 36 per cent) of the revised budget of \$684.8 million.
- The Development Budget including donor funded spending for 2021 was \$814.9 million (or 83 per cent) which indicates underspending of \$167.4 million (or 17 per cent) of the revised budget of \$982.3 million.
- The COVID-19 Preparedness and Response Plan and Economic Stimulus Package were allocated \$147.6 million and \$118.9 million respectively in 2021.
- The total consolidated virement accounted for \$227.7 million, which represents 5 per cent of the consolidated revised budget of \$4,597 million. This is a reduction of around \$110.2 million (or 33 per cent) from \$338 million that were reallocated through virement provision in 2020.
- And note that the payroll expenditures at the ministry level is not reported due to some interface issues that yet to be fixed from Aurion to the new financial system- D365 Microsoft.



### 3 ECONOMY- YEAR IN REVIEW

#### **Global Economy Update**

Adverse developments since the October World Economic Outlook mean that the global economy is entering 2022 in a weaker position than anticipated. News of the Omicron variant led to increased mobility restrictions and financial market volatility at the end of 2021. Supply disruptions have continued to weigh on activity. Meanwhile, inflation has been higher and more broad-based than anticipated, particularly in the United States. Adding to these pressures, the retrenchment in China's real estate sector appears to be more drawn out and the recovery in private consumption is weaker than previously expected.

**Downside surprises in the second half of 2021:** Supply disruptions continued into the fourth quarter of 2021, hindering global manufacturing - especially in Europe and the United States. A resurgence in COVID-19 cases (particularly in Europe) also held back a broader recovery. In China, disruptions from COVID-19 outbreaks, interruptions to industrial production from power outages, declining real estate investment, and a faster-than-expected withdrawal of public investment all contributed to a second - half slowdown. Although there were signs of a global turnaround in November with a pickup in international trade and upside surprises for services activity and industrial production data - this only partially offset earlier decline.

**Global growth set to moderate and inflation to persist longer** global growth is estimated at 5.9 per cent in 2021 and is expected to moderate to 4.4 per cent in 2022, half a percentage point lower than in the October 2021 World Economic Outlook (Figure 1). The baseline incorporates anticipated effects of mobility restrictions, border closures, and health impacts from the spread of the Omicron variant. These vary by country depending on susceptibility of the population, the severity of mobility restrictions, the expected impact of infections on labour supply, and the importance of contact - intensive sectors. These impediments are expected to weigh on growth in the first quarter of 2022. The negative impact is expected to fade starting in the second quarter, assuming that the global surge in Omicron infections abates and the virus does not mutate into new variants that require further mobility restrictions.

#### **Domestic Economy Update**

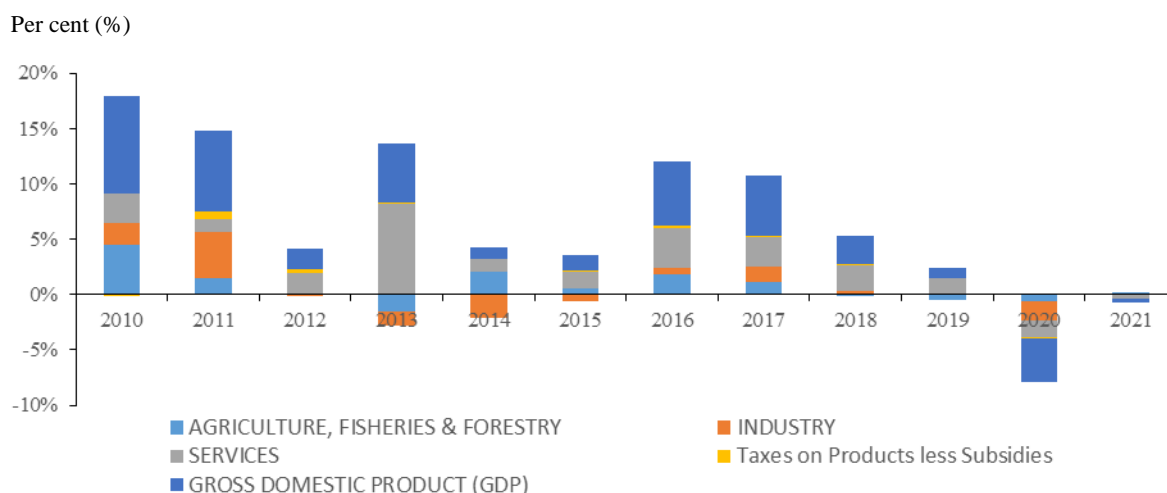
The recent unrest and riots in Honiara is already evident and represents one of the largest economic shocks that Solomon Islands has experienced since 2006. The widespread looting and burning of shops and properties have endangered the lives of many innocent individuals and families, including indigenous Solomon Islanders.

Initially, Solomon Islands real GDP 2021 was estimated to be of around 1 per cent, this was based on the assumption that the economy might slowly pull itself out of the tranches of COVID-19 in line with recovery in the domestic economy as restrictions relaxes. By December 2021, Ministry of Finance & Treasury has revised down its real GDP growth to around - 0.2 per cent from 1 per cent. This is a fall of -1.2 percentage points. This reflected the contraction in key sectors such as wholesale and trade, construction, manufacturers, financial intermediation, public administration and other business services as a result of the November riots and lootings.

Contributions to growth for 2021:

- Primary Sector - 0.18 percentage points;
- Industry Sector - 0.01 percentage points;
- Service Sector - 0.4 percentage points.

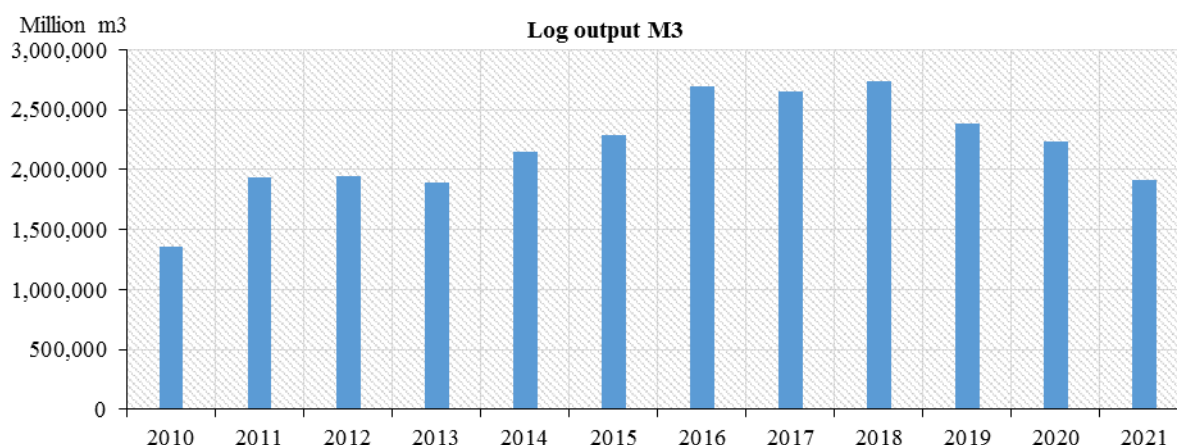
**Figure 1: SI Sector Contribution to Growth Rate**



**Logging activities continues to be one of the key export commodities, but its contribution to growth is expected to continue to decline over the medium term as log exports move to more sustainable levels.** The supply disruption caused by COVID-19 pandemic and new variants led to increased mobility restrictions has contributed to declining in logging activity in 2021, as log volumes dropped by 14.4 per cent in 2021 compared to the same period in year 2020.

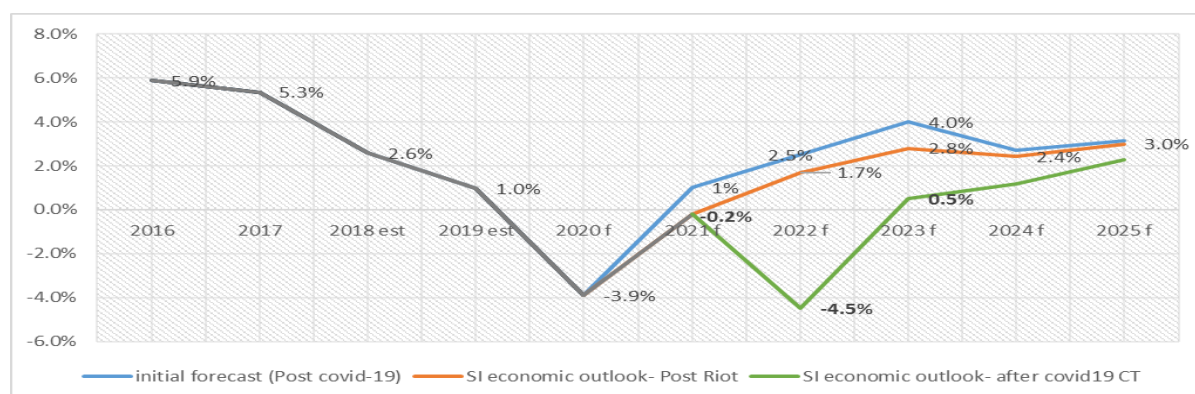
The total volume of log exports for 2021 recorded around 1.9 million cubic meters, with downward pressure on the price of logs compared to 2020 driven by reduced demand and also slowing down of the sector.

**Figure 2: Log output M3**



**Figure 3** shows that Solomon Islands estimated growth for 2021 has contracted with each estimates delivered throughout the year, from 1 per cent in 2021 initial forecast to -0.2 per cent in end of 2021. The declined growth for the domestic economy was driven by the disruption of the recent riot, hindering key domestic industry and service sector especially the manufacturing productions and wholesale and trading's which contributing to the slowdown.

**Figure 3: Solomon Islands Real Economic Growth**



The November Civil Unrest resulted in subsequent decline in disposable income and Government tax collections, higher unemployment rates and lower foreign demand for goods exported. The impact of COVID-19 pandemic continued negatively affecting the financial & insurance activities, construction, manufacturing, real estate, business service and other services, and technical activities in 2021.

Fishing activities has been improved and was estimated to be positive in 2021 due to high fish catches align with high export demand from major market both domestic and international align with the relaxed of international border across the world.

The agriculture sector is estimated a moderate grow this year based on strong performance for copra and strong informal sector driven by buoyant international demand, higher expected informal activities and increased support from the Government to local farmers.

The health, public administration and education sectors were estimated to contribute positively to the economy in 2021, reflecting increased allowances and allocation for testing, screening and other COVID-19 related expenditures.

News of Omicron variant and recent riot in November 2021 has affected business turnover and investment. Major construction projects (including major infrastructure projects) were on hold or moving slowly due to material and foreign labour shortages while other planned private sector projects were delayed. Government is also scaling back and reprioritising expenditure as a result of lower projected revenue collections in 2021.

The COVID-19 pandemic continued delivered a significant shock to commodity markets but, its impact has varied in magnitude for different types of commodities. This contrasts with the previous global recession in 2008 - 09, when almost all commodity prices saw large, and persistent, declines.

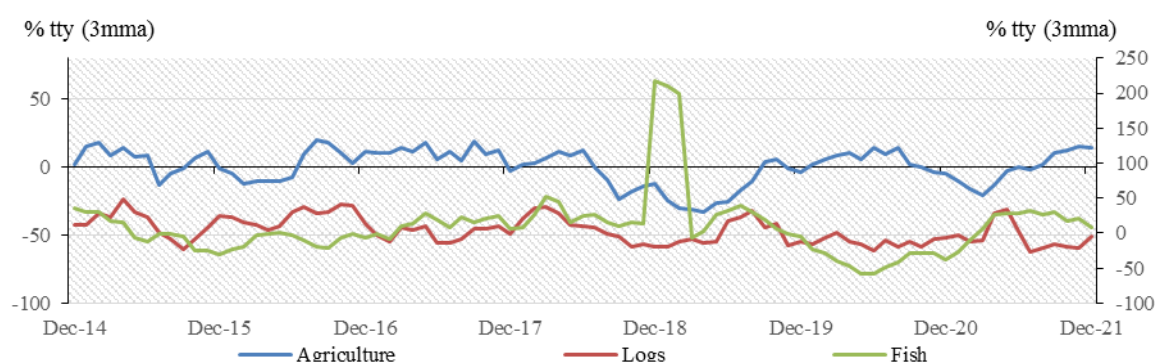


Almost all commodity prices surged up in the end of 2021 following steep declines in 2020 due to the COVID-19 pandemic. Coconut oil and crude palm oil increased by 61 per cent to 1627 USD/mt and 49 per cent to 1133 USD/mt in 2021. The price of fuel also increased by 67 per cent to 74 USD/mt, while the price of cocoa have marginal increased by 2 per cent compared to year 2020.

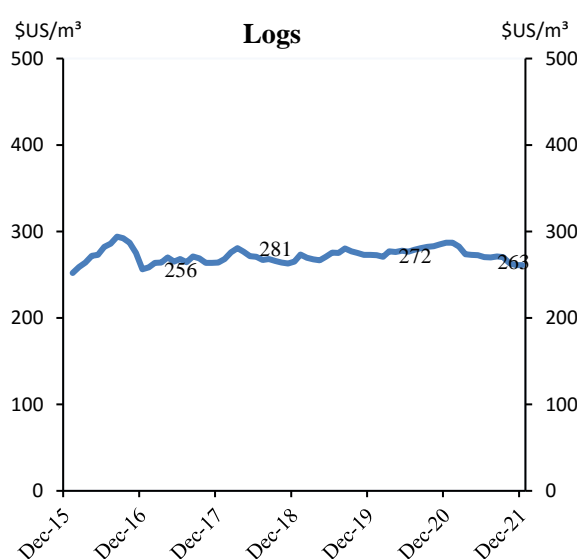
On the downside, the price of fish and logs were decreased in 2020 by 7 per cent and 1 per cent to an average of 1380 USD/mt from average of 64 USD and to average of 275 USD/m<sup>3</sup> from average 277 USD/m<sup>3</sup> in 2020.

On volume of production, total agricultural commodities slightly increased by 0.2 per cent to 562461 tonnes from 56175 tonnes in 2021 despite a marginal decline growth in cocoa (declining by -4 per cent to 3896 tonnes), Palm oil (declined by 11 per cent to 32679 tonnes) and Palm Kernel oil (dropped by 10 per cent to 3250 tonnes in 2021). As expected fish productions increased by 17 per cent to 28420 tonnes, while log productions declined by 14 per cent to 1.9 million cubic from 2.23 in 2020.

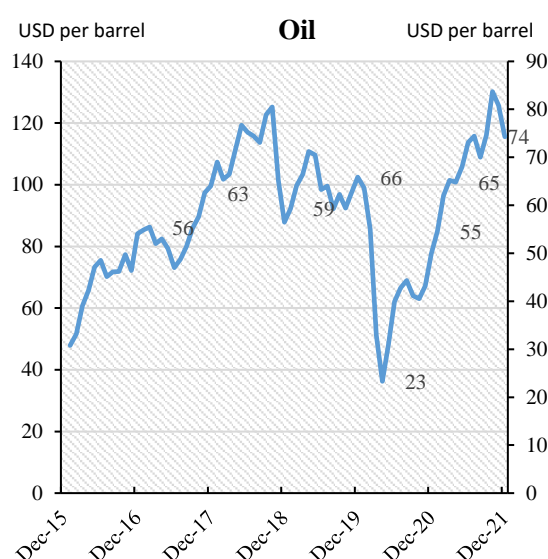
**Figure 4, 5 and 6: Commodity Productions and Prices**



## Logs



## Oil (Brent)

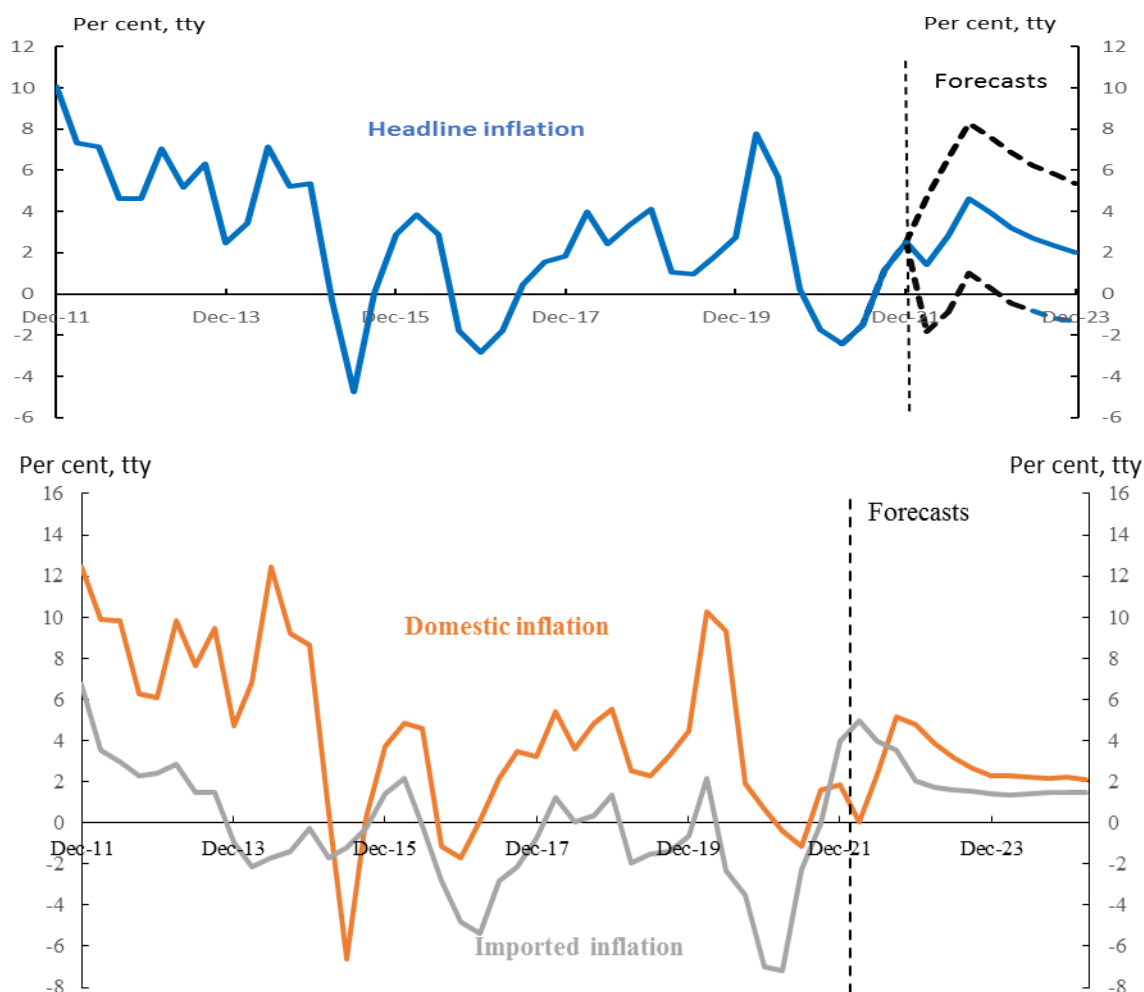


## Inflation

Inflation is the measure of the change in prices for goods and services in Solomon Islands. **In 2021, through the year, compared to the same month in 2020, the National CPI rose 3.5 per cent.**

The Solomon Islands inflation rate for the month of December 2021 calculated on a 3 months moving average basis was +2.5 per cent. The corresponding inflation rates for imported items was 4.0 per cent, while other (domestic) items inflation rate was +1.9 per cent. At the end of the calendar year, the annual inflation rate ending December 2021 dropped -0.1 per cent compared to 3.0 per cent in 2020.

**Figure 7 & 8: Inflation**



## Underlying Inflation

The Solomon Islands underlying rates of inflation based on a 3 months moving average was observed between +1.0 per cent and +2.5 per cent for December 2021.

## Component Inflation by CPI Town

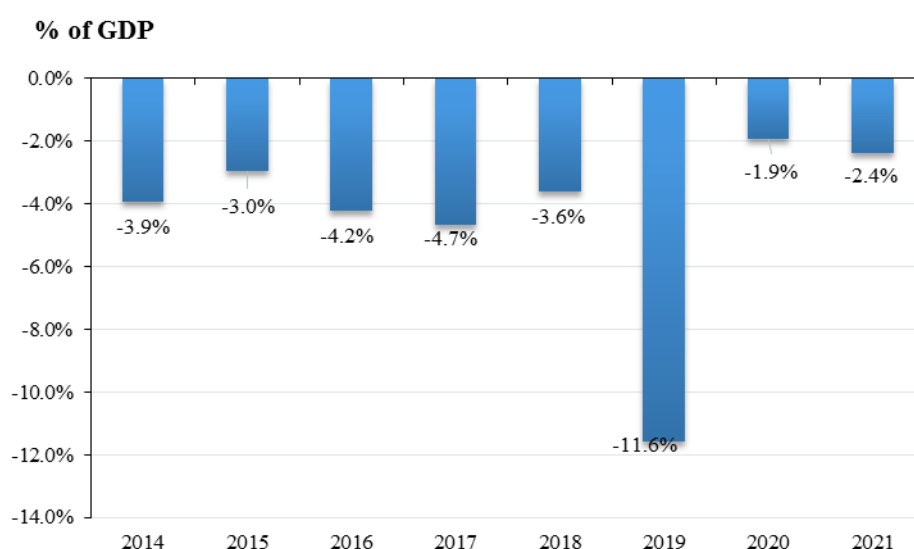
The headline inflation rates for the respective provincial towns calculated on a 3 months moving average basis were; Honiara: (+2.8 per cent); Auki: (+1.5 per cent); Gizo: (+8.4 per cent); and Noro: (-1.5 per cent). By the end of the calendar year, their

corresponding annual inflation rates were: Honiara: (+0.1 per cent); Auki: (+0.6 per cent); Gizo: (+8.2 per cent); and Noro: (-4.7 per cent).

### Balance of Payment

The impact of global pandemic has markedly affected the Solomon Islands economy, resulting in a sharp decline in commodities exports (particularly log, palm oil and P/K oil and cocoa) and tourism which were negatively impact the economy and produce a weaker external position. Despite the lingering external vulnerabilities, copra, fish and other key exports have been relatively strong throughout 2021. **The Current Account Deficit is estimated to be around -2 per cent of GDP in 2021.** The impact of COVID-19 has disrupted the productions of export commodities and the supply chain in import and will place significant pressure on foreign reserves over the near term. The level of official reserves was around \$5,527 million; with import cover of 12.2 months as at the end of October, 2021.

*Figure 9: Solomon Islands Current Account Deficit*



### Export

Total export in 2021 was around \$2140 million SBD, which is 31 per cent lower than 2020. This is due to lower exports of logs, cocoa, palm oil and PK oil, and mineral productions. However, copra productions and fish catches increased due to combination of base related effects, higher price and steady demand.

### Imports

Total imports increased by 20 per cent to \$29 million SBD in 2021 from \$3,323 million SBD in 2020. All categories of imports dropped, primarily driven by machinery & transport equipment, fuels and basic manufacturers. The reduction in machinery & transport equipment were due to subdue to private and public construction activities.

## 4 FISCAL OVERVIEW

***The 2021 fiscal year ended with a deficit of \$15.5 million against a revised budgeted deficit of \$479.3 million compared to \$95 million deficit in 2020. Table 1 provides an overview of the fiscal situation for 2021.***

Total domestic revenue collection was \$3,034.4 million in 2021. This is 1 per cent (or \$32.4 million) higher than the revised budget of \$3,002 million compared to 3.7 per cent (or \$110.3 million) higher than the revised budget of \$3,020.7 million in 2020. Revenue collection from Inland Revenue was favourable by 2.2 per cent (\$38 million) above its projected collections. Conversely, Customs and non-tax revenue receipts from Other Ministries were below projections respectively by 0.2 per cent (or \$1.6 million) and 1 per cent (or \$3.9 million).

Expenditures on Recurrent Payroll was above the revised budget of \$1,293 million by 4 per cent (or \$54.3 million) compared to 4 per cent (or \$51.1 million) above the revised budget of \$1,284.2 in 2020. Recurrent Other Charges together with Debt Servicing, in contrast, performed under budget by 19.2 per cent (or \$330.8 million) which lagged behind the underspending of 14.7 per cent (or \$329.4 million) in 2020.

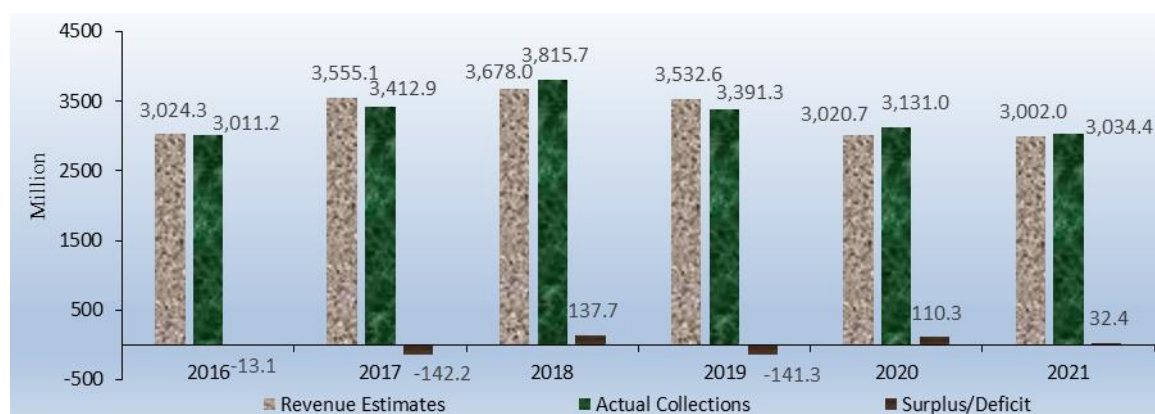
The consolidated development budget was executed at 83 per cent (or \$814.9 million) of the revised budget of \$938 million in 2021 compared to 82.2 per cent (or \$514.1 million) of the \$625.1 million revised budget in 2020. The key development budget expenditures and achievements for 2021 are outlined in [Table 8](#) and [Section 8](#).

## 5 REVENUE

***Total domestic or Solomon Islands Government (SIG) revenue receipt was above the revised budget estimates in 2021. This was represented by \$32.4 million (or 1 per cent) above the revised budget of \$3,002 million, corresponding to the higher actual collections in 2020 by \$110.3 million (or 3.7 per cent). This comprised of collections of Inland Revenue being slightly above the revised budget.***

[Table 2](#) provides a breakdown of key domestic revenue sources between Inland Revenue, Customs, Other Revenue and Budget Support. [Table 3](#) provides an overview of the revenue collection by Ministries for 2020. Receipts for key revenue heads are outlined below.

***Figure 10: Domestic revenue estimates against actual collections from 2016 - 2021.***



## Inland Revenue

***Total Inland Revenue (IRD) receipts were \$1,782.8 million for 2021. This was \$38 million (or 2.2 per cent) above the revised estimate of \$1,744.7 million which is an excess of \$47.2 million (or 2.7 per cent) from the actual collections of \$1,735.5 million in 2020.*** Overall, there were shortfalls in expected earnings for company and withholding taxes and license revenue, however, the higher than expected earnings for goods, personal, sales and withholding taxes resulted in an eventual surplus in collections for IRD.

- Collection from goods taxes was \$38.2 million (or 5.9 per cent) above the revised budget of \$647 million. This is approximately \$57 million (9.1 per cent) higher than the actual collection of \$628.2 in 2020.
- Total withholding tax receipt was approximately \$301.6 million, \$17.3 million above the revised estimate of \$284.3 million and \$17.6 million (or 6.2 per cent) higher than actual receipts of \$284 million. The likely factor for this result was the improvements in compliance and enforcement of withholding tax obligations.
- Sale Tax receipt was \$74.3 million. This is higher (by \$1.7 million) than the 2021 revised budget estimate of \$72.6 million and \$1.4 million (or \$2 per cent) above \$72.8 million collected in 2020.
- Personal Tax collection was \$408.1 million, an increase of around \$2.6 million (or 0.6 per cent) against the 2021 revised projection of \$405.5 million and was \$1.8 million (or 0.4 per cent) higher than the actual collections of \$406.4 million in 2020. The rise in personal tax actual collection possibly resulted from the higher than expected collection PAYE- Government and other personal taxes.
- Collection for Company Tax was \$283.9 million, which was \$18.3 million (or 6 per cent) less than the 2021 revised budget estimate of \$302.2 million and was \$29.3 million (9.3 per cent) lower than actual collections of \$313.2 million in 2020.
- Stamp duty receipt was around \$2.4 million (or 17.7 per cent) below the revised budget estimate and was \$0.6 million (or 5.4 per cent) lower than actual collections \$11.8 million in 2020.
- License Revenue actual collection was \$1 million (or 5.3 per cent) lower than the revised budget projection of \$19.6 million and \$0.6 million (or 3.3 per cent) below the actual collections of \$19.2 million in 2020.

The overall increase of the total IRD revenue in 2021 can be ascribed to the improved compliance measures by Inland Revenue Division. One added measure is the implementation of the Joint Task Force between Customs and the Inland Revenue Division. On the other hand, lower than expected inflationary pressures could have had a dampening effect on tax revenue collections, domestically. Outcome contraction in global economic activity, coupled with a drop in world energy and commodity prices are also factors that could be responsible for the fall in IRD revenue collections.

## Customs Revenue

***Revenue collection for Customs and Excise was \$866.1 million in 2021. This was \$1.6 million (or 0.2 per cent) below the 2021 revised budget estimate of \$867.7 million. Collections in 2021, however, were \$89.2 million (or 3.6 per cent) lower than actual collections of \$955.2 million in 2020.*** Overall, excise and export duty, and fees and charges were collected slightly below the 2021 revised budget estimate while import duty collections



were higher than its revised projection for 2021. Although continuous establishment of more stringent controls by Customs are implemented, impacts from COVID-19 border restrictions and disruptions, and the reduction of massive production of Solomon Islands logs have had unfavourable effect on revenue collection for Customs and Excise in 2021.

Customs tax collections included:

- Import duty receipt was \$272.6 million. This is \$20.3 million (8 per cent) higher than the revised budget estimate of \$252.3 million and approximately \$17.1 million (or 6.7 per cent) higher than the actual collection of \$255.5 million in 2020. A rise in import duty revenue reflects an anticipated growing domestic demand which can be hypothesized that consumers are purchasing internationally than in the previous year due to the emergent relaxation of COVID-19 restrictions overseas.
- Export duty collection was \$383.9 million. This is \$5.6 million (or 1.4 per cent) lower than the revised budget estimate of \$389.6 million. In comparison to 2020, this is a shortfall of \$90.1 million (or 19 per cent) against actual collections of \$474 million. This is primarily due to the gradual trend of slowing production volumes of Solomon Island logs; and border disruptions and weak global trend demand due to COVID-19.
- Excise duties totalled to \$202.1 million, which was \$16.1 million (or 7.4 per cent) below the 2021 revised budget estimate of \$218.2 million and \$18.5 million (or 8.4 per cent) less was earned when comparing 2020 excise duty collections of \$220.5 million.
- Fees, charges and other collection was \$7.5 million which were marginally below the 2021 revised budget by \$0.2 million (or 2.3 per cent) and collected above the 2020 actual collections by \$2.3 million (or 44.5 per cent).

## Other Revenue

***Other Government ministries' revenue receipts was \$385.6 million which was slightly lower than the revised budget estimates of \$389.6 million by \$3.9 million (or 1 per cent) – a decrease of \$54.7 million (or 12.4 per cent) compared to the revenue receipts of \$440.3 million in 2020.*** Nonetheless, there were Ministries that have strengthened their non-tax collections compliance in order to enhance their performance during the COVID-19 pandemic.

Ministry of Fisheries and Marine Resources collected a total of \$296.4 million, which was \$34.8 million (or 13 per cent) higher than the revised budget approximate of \$261.6 million. This is 26.6 million (3.2 per cent) less than the \$323 million of receipts collected in 2020.

Several other Ministries have correspondingly contributed to collection of non-tax receipts above their revised 2021 estimates. They include Ministry of: Health and Medical Services by \$6.6 million (or 1094 per cent); Forestry and Research by \$0.8 million (or 60 per cent); Police, National Security and Correctional Services by \$0.9 million (or 142 per cent); Lands and Housing and Survey by \$0.6 million (or 6 per cent); Culture and Tourism by \$0.04 million (or \$36 per cent); National Judiciary by 0.4 million (or 73 per cent); and Rural Development by \$0.01 million.

Government Agencies that collected below their revised budget include: Ministry of Agriculture and Livestock by \$2 million (or 21 per cent); Office of the Auditor General by

\$109 million (or 85 per cent); Ministry of Education and Human Resources by \$5 million (or 99 per cent); Finance and Treasury by \$11.2 million (or 47 per cent); Infrastructure Development by \$4.9 million (or 30 per cent); Office of the Prime Minister and Cabinet by \$0.1 million (97 per cent); Commerce, Industries, Labour and Immigration by \$3.5 million (12 per cent); Communication and Aviation by \$14.4 million (or 97 per cent); Justice and Legal Affairs by \$0.4 million (or 39 per cent); Home Affairs by \$2 million (or 34 per cent); Mines, Energy and Rural Electrification by \$2.4 million (or 49 per cent); and Environment, Climate Change, Meteorology and Disaster Management by \$0.2 million (or 39 per cent).

### **Budget Support**

*Total receipts from Donor Support (budget support and development included) were \$246.4 million (or 22 per cent) lower than the revised budget of \$ 1,115.8 million. This is an increase of \$105 million (or 13.7 per cent) from the actual collections of \$764.4 million in 2020.* A key reason for the significant increase in revenue was of the fact that there were some ministries with financial agreement that attached to their implementation plan utilized the advanced warrants provisions in 2020.

Noted that the Revised Budget and Actual collections of \$869.4 million were inclusive of \$90 million from People's Republic of China (PRC), \$101.6 million for Economic Stimulus Package (ESP) initiatives, \$341 million for Development Bond, and \$336.8 million received from other donor partners through an advance warrant provision.

## **6 EXPENDITURE**

*Consolidated Government Expenditures in 2021 were \$3,919.3 million, which is \$677.8 million (or 14.7 per cent) below the revised Budget estimate of \$4,597 million compared to \$562.6 million (or 12 per cent) below the revised Budget of \$4,553 million in 2020.* That said, total expenditures in 2021 is 85.3 per cent compared to 88 per cent in 2020 and 89 per cent in 2019. Domestic expenditures on Recurrent Other Charges including Debt Servicing was around 81 per cent of the revised budget, 104 per cent for Payroll budget, 60 per cent for Donor Budget Support and approximately 83 per cent for Development budget (incl. donor funded-PRC).

### **Domestic Funded Recurrent Expenditure (Ledger 2)**

Total domestic funded recurrent expenditures<sup>1</sup> were below the revised budget estimates by \$276.4 million (or 9.2 per cent). Actual expenditures were \$2,742.4 million against a revised budget estimate of \$3,018.4 million. Similarly, in 2020 recurrent expenditure were below the revised estimate of \$3,529.5 million by \$278.3 million (or 7.9 per cent). Table 4 provides an overview of SIG's domestic expenditure (Recurrent Expenditure) through Ledger 2.

It is important to note that the 2021 revised budget column of Domestic Funded Recurrent (Table 4), Donor Support (Table 7) and, Development Budget (Table 8) includes the

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<sup>1</sup> Domestic recurrent expenditures- Ledger 2 and Table 4 are inclusive of payroll and other charges

Contingency and Advance Warrant provisions that were utilized in 2021 and regularized through the 2021 Supplementary Appropriation Act 2020.

The 2021 Supplementary Appropriations Act 2021 was approved purposely to support ministries responsible to implement the SIG COVID-19 related operations, additional funding to cater for vital infrastructures and flagship projects, and ongoing key government policy initiatives and pressures. However, Supplementary is not ideal, as it often demonstrates poor ministries internal budget coordination and planning, costings, budget allocation and implementations at the ministry level. Expenditures pressures could be well managed within the appropriation if ministries adhered to budget guidelines and instructions during the formulation of the budget.

The specific requirements for considering Contingency Warrants (CW) are prescribed in the PFM Act Sections 58 (1 - 4) as being for additional or unbudgeted expenditures for Ministries that are ‘urgent, unforeseen and cannot be delayed without detrimental effects to the public interests and, issued from the consolidated fund. CW ceilings were approved during the budget formulation process and formalized in the Appropriation Act annually to cater for any additional and unforeseen expenditures outside of the approved budget annually.

An Advance Warrant (AW) in the other hand in accordance with Section 60 (1 - 3) of the PFM Act is the disbursement of monies which form part of the Consolidated Fund. Generally, donor support funding that is received after the budget formulation process during the following financial year are captured through AW in order for the Solomon Islands Government (SIG) to expend these funds through the consolidated fund.

In 2021, there were two (2) approved supplementary appropriations. The first one “2020 Supplementary Appropriation Act 2021” was to regularize the additional expenditures that were already authorised by the Minister for Finance and Treasury under the provisions in the 2019 Appropriation Act 2020 through contingency warrants and advance warrants. The second is the “2021 Supplementary Appropriation Act 2021” that accounted approximately \$423.3 million. Of which Government agencies that utilized donor support funding through the provision for an AW was totalled to \$324.3 million and \$4.5 million through CW expenditures. The supplementary also appropriated an additional expenditures of \$94.4 million to support its implementing ministries in delivering much needed services to the people.

These expenditures explained for the total variances from the Original to Revised Budget in the Recurrent and Development Budgets (Table 4, 7 & 8). A summary provided below are for expenditures that were committed through the domestically funded Recurrent Budget.

- \$10,032,301 under the Ministry of Education and Human Resources Development had increased the revised budget to \$1073.3 million. This amount provides additional funding through supplementary to cater for outstanding sitting allowances for exam markers in 2020, outstanding bills for travel related costs for those schools that participated in the recent 2021 Secondary Schools Sport Carnival in Honiara, teachers annual leave fares and water bills under Education sector (Head 05);

- \$101,927,126 under the Ministry of Finance and Treasury had increased the revised budget to \$244.5 million. This amount provides additional funding through the AW collectively funded by Asian Development Bank (ADB) grant and SIG COVID-19 Development Bond to fund the Economic stimulus package payments (Head 06);
- \$1,224,018 under the Office of the Governor General had increased the revised budget to \$6.2 million. This amount provides additional funding through the supplementary to cater for house rental, electricity, telephone and faxes, outstanding maintenance works, fuel, medical assessment, printing/photocopying and other travel related costs for the Governor General's annual leave in 2021 (Head 08);
- \$21,200,000 under the Ministry of Health and Medical Services had increased the revised budget to \$448.8 million. This amount provides additional funding of \$16,200,000 through the Supplementary to cater for the budget shortfall expected for electricity under Headquarter, National Referral Hospital, Honiara City Council, Kilu'ufi, Malu'u and Gizo including water, telephone and faxes and \$5,000,000 through variation from the MHMS development budget provided to cater for telephone and faxes bills for the remainder of the year under Ministry of Health and Medical Service (Head 09);
- \$1,000,000 under the Ministry of Infrastructure Development had increased the revised budget to \$55.8 million. This amount provides additional funding through the supplementary to cater for the picket fencing and compacting of ground at the new test lane site at Ministry of Infrastructure Development (Head 10);
- \$3,519,978 under the National Parliament had increased the revised budget to \$94.5 million. This amount provides additional funding of \$2,733,247 through CW and to meet the cost of provincial inquiry towards Public Health Emergency Bill (PHEB) 2021 and also for the cost for the upgrade of the Chamber Sound System. Also \$786,731 of funding transferred through supplementary provision to meet the budget shortfall towards the MPs Health and Care Scheme for Members of Parliament as required under the Memorandum of Agreement (MOA) (Head 12);
- \$331,466 under the Ministry of Forestry and Research has increased the revised budget to \$24.3 million. This amount was transferred through supplementary to responsible ministries to support them for the monitoring of log shipments, training and performance of logging company employees, resource owners and investigation of issues related to logging activities (Head 13);
- \$350,000 under the Office of the Prime Minister and Cabinet had increased the revised budget to \$78.6 million. This amount provides additional funding through CW to meet the cost of Hon. Titus Fika's funeral and repatriation costs under OPMC (Head 14);
- \$14,189,865 under the Ministry of Police National Security and Correctional Services had increased the revised budget to \$280.6 million. This amount provides additional funding through the supplementary to cater for CSSI/RSIPF public servants annual leave fares, water, telephone costs, outstanding and ongoing CSSI house rental costs and maintenance of motor vehicles (Head 16);
- \$30,891,578 under the Ministry of Lands, Housing and Survey had increased the revised budget to \$49.7 million. This amount of funding was provided by SIG

Development Bond through AW to purchase of 50 Houses from Metro Polis Pacific at Mamara Housing Estate (Head 18).

- \$987,225 under the Ministry of Fisheries and Marine Resources had increased the revised budget to \$22.9 million. This amount provides additional funding through Supplementary to cater for the outstanding and ongoing public servants house rental costs and also COVID-19 related expenditures under Fisheries Offshore Division (Head 23);
- \$1,517,885 under Ministry of Public Service had increased the revised budget to \$27.7 million. This amount of funding transferred to ministries responsible to cater for the security cost, outstanding and ongoing public servants house rental costs, defamation claim cost file by former Permanent Secretary against MPS (High Court decision), supply and installation costs of two (2) water tanks and air conditioning for IPAM plus renovation works to ministry houses' at Tasahe B through supplementary for support (Head 24);
- \$3,323,803 under the Ministry of Justice and Legal Affairs had increased the revised budget to \$36.7 million. This amount provides additional funding through Supplementary to cater for the outstanding bills for electricity from 2015 to 2020 and also furniture costs to Attorney General's office at Panatina Plaza (Head 25);
- \$5,355,097 under the National Judiciary had increased the revised budget to \$33.1 million. This amount provides additional funding through Supplementary to cater for the outstanding bills for public servants house rental and office rental at Gizo, utility costs for water and power, Court of Appeal allowances, court circuits travel related costs for High Court Judges and Local Court, including ongoing maintenance of air condition (Head 29);

In 2021 as shown in Table 4, out of the thirty-two Government Ministries and Agencies, Ministries that were reported to overspend from their revised budget allocations are reported below. Most of these over spending were derived from the payroll expenditures as other charges were restricted from being spent without an available budget in the financial system.

- Ministry of Public Service overspent by \$0.4 million (or 1.6 per cent) from its total revised budget of \$27.7 million.
- Ministry of Rural Development overspent by \$1.8 million (or 9.7 per cent) from the total its revised budget of \$18.4 million.

These cases of overspending at the Ministry level are hereby reported to the Public Accounts Committee, with the variance explanation above, as required by Section 102 (4) of the Constitution. The key reason that overspending is occurring is due to the difficulty in managing the control of expenditures on payroll at the Head level. This is due to the necessary operational requirement to delegate a range of payroll expenditure controls to the Ministry, while limited ability at the Ministry of Finance and Treasury and through the Human Resource Management system to subsequently limit spending on payroll that was not budgeted for.



There were number of ministries that executed the recurrent budget within their budget allocation. However, there were also Ministries that executed or expended their budgets at a higher rate compared to other Ministries as outlined in Table 4.

### ***Payroll***

Total Payroll spending was 104 per cent, inversely expenditure across some ministries were more than the revised Budget by \$54.3 million (or 4 per cent) as represented by actual expenditure of \$1,347.4 million against a revised Budget of \$1,293 million in 2021. This is approximately 0.9 per cent (or \$12 million) increased from \$1,335.3 million payroll actuals in 2020. Table 5 provides the details of payroll expenditure.

These ministries namely, Office of the Solomon Islands Electoral, Ombudsman and Auditor General and Ministry of Agriculture, Finance, Forestry, Police, Commerce, Mines National Judiciary and Pensions and Gratuities spent below their total revised payroll budget allocations of \$272.7 million by 3.8 per cent (or \$10.3 million).

The other ministries not mentioned above were overspent by 6.3 per cent (or \$64.6 million) of their total revised budget of \$1,020.4 million. This is an area of concern, largely because the payroll components of COVID-19 fiscal responses were not initially budgeted under payroll allocation but had to be transferred to payroll as and when required, which resulted in by-passing the normal budget controls in the payroll system. Ministries are therefore encourage to make sure to properly cost out their payroll budgets to avoid over spending at Head Level.

Payroll expenditures also revealed \$2.4 million increases from the Original to Revised budget in 2021. These amendments were discussed in detail from the above section “Domestic Funded Recurrent Expenditure (Ledger 2)” under the adjustments explanation for Ministry of Education, National Parliament and National Judiciary. This funding was appropriated through the supplementary and contingency provisions purposely for sitting allowances (\$0.67 million), MPs allowances (\$0.68 million) and Court of Appeal allowances (\$1.05 million).

### ***Other Charges***

Total Other Charges expenditure by all Ministries were below the revised budget by \$330.8 million (or 19.2 per cent). This was represented by an actual expenditures of \$1,395.1 million than the revised other charges budget of \$1,725.9 million. Total other charges spending is approximately 80.1 per cent of the revised budget. Table 6 details other charges expenditures<sup>2</sup>.

As shown in Table 6, on average all ministries executed around 79.8 per cent of their revised budget appropriation (*as defined by execution of 54.4 per cent and up*).

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<sup>2</sup> Note that the other charges totals includes National Debt Servicing

Other Charges expenditure is restricted by the procurement system to ensure that expenditure does not exceed the budget and evidently other charges execution was within the budget.

### **Donor Funded Recurrent Budget and General Budget Support (Ledger 3)**

***Total donor funded Budget expended was under revised budget estimates by \$229.1 million (or 40 per cent). Actual expenditures were \$336.8 million (or 60 per cent) against a revised Budget estimate of \$565.9 million which show a growth in expenditure by 56.3 per cent than \$215.4 million implemented in 2020. In absolute terms, spending in 2021 was \$121.4 million higher than in 2020. Table 7 provides a summary of Donor Budget Support Expenditure through Ledger 3.***

The 2021 donor funded expenditures for most programs were well below their revised Budgets except for National Parliament is fully implemented. Ministries still require improvements in management of appropriated and non-appropriated donor budget support, planning and provision of annual cash flow requirements in order for their budgets to be effectively implemented.

To highlight some of the issues faced, Ministry of National Planning and Development Coordination (MNPDC) and Ministry of Finance and Treasury (MoFT) expected to receive donor partner budget support indicative estimates when the SIG budget submissions are due to MoFT so that they could form part of the Budget Strategy and fiscal estimates that presented to Caucus, Cabinet, and then Parliament. This information is usually shared out to ministries during the Annual Budget Launch (June - August) every year. However, ministries responsible sometimes did not comply due to receiving late financial agreement from their donor partners resulted delays in the implementation awaiting AW to be processed in the course of the financial year.

Ministries that under spent their revised Budget support by half their appropriations or below are as follows;

- National Judiciary underspent by \$0.5 million (or 96 per cent) from its revised budget \$0.5 million
- Ministry of Home Affairs underspent by \$5.6 (or 89 per cent) from its revised budget \$6.3 million
- Ministry of Public Service was 88 per cent (or \$1.1 million) underspent from its revised budgeted line items of \$1.3 million.
- Ministry of Agriculture and Livestock Development underspent by \$7.1 million (or 87 per cent) from its revised Budget of \$8.2 million.
- Ministry of Education and Human Resources Development reported to underspend by \$72.9 million (or 59 per cent) from the revised Budget of \$124.2 million.

The increase of \$307.3 million from the Original to Revised appropriations for Donor Support were due for the following explanations. All of these budget revisions were made possible through an Advance Warrant provision.

- \$3,640,351 Budget Support funded by the MFAT towards the by-election of South Choiseul Constituency and other provincial bye election under the Office of the Solomon Islands Electoral Commission (Head 01);
- \$852,050 Budget Support funded by the ADB towards the cost for the COVID-19 Western Border Response Plan 2021 and to meet the SIG COVID-19 Preparedness and Response Plan for the proposed lockdown on the 29 - 31 August 2021 under the Ministry of Agriculture and Livestock (Head 03);
- \$180,123 Budget Support funded by the MFAT for payment of PAC assistance and also to support to intern allowance for 6 months and for the payment for the SIOAG continuity of operations during the COVID-19, for LTE Wi-Fi, sim card and private APN - FX Broadband Interface Development and monthly recurring rental for 8 users for a period of 1-year under the Office of the Auditor General (Head 04);
- \$60,013,385 Budget Support collectively funded by the DFAT, ADB and MFAT towards payment for the remaining soccer players stranded in UK and shortfall payments to SAL and the cost of their repatriation, and for additional support for schools infrastructure related activities such as building classrooms and dormitories, school grants, and to implement SISEE related activities in Schools, ELF, NEAD and LRD and basic education related activities in SCR, LRD and increased support to schools under the Ministry of Education and Human Resources Development (Head 05);
- \$82,542,772 Budget Support collectively funded by the DFAT, ADB and MFAT towards repatriation of SIG students studying in Philippines, assist Customs and Excise Division (CED) for the cost of salaries including other related costs for the new graduates and payment of outstanding office rental of CED to Tongs Company. Also to assist IRD with IRD graduate program and new vehicles needed. Then funding for the FMIS system upgrade and also funding to assist with SOE recapitalization for namely Solomon Water, Solomon Airlines and Solomon Islands Maritime Authority under the Ministry of Finance and Treasury (Head 06);
- \$784,929 Budget Support funded by PRC for Project Services to cater for the payment of two (2) Tractors in support to the Project “Solomon Islands Enhancing Capacities for Agriculture Trade” under the Ministry of Foreign Affairs and External Trade (Head 07);
- \$60,784,813 Budget Support collectively funded by the DFAT, MFAT, ROC, ADB, PRC and SIG COVID-19 Domestic Development Bond for payment to consultant on medical and Public Health Specialist focusing on the COVID-19 responses, payment for contract to Hatanga Ltd for the CT scan project, purchases of Vaccines and security services, support to convert the TB ward at NRH into an isolation centre, funds for COVID-19 funds and other related activities, funds for COVID-19 vaccination roll out and operations and logistics and funds to meet the SIG COVID-19 Preparedness and Response Plan for the proposed lockdown on the 29 - 31 August 2021 under the Ministry of Health and Medical Services (Head 09);
- \$7,582,822 Budget Support under the Ministry of Infrastructure Development was provided by ADB for COVID-19 work done at Quarantine Sites on the Western

Border, funds for selected shipping agents to receive subsidizes for schedules to uneconomical zones and funds to meet the SIG COVID-19 Preparedness and Response Plan for the proposed lockdown on the 29 - 31 August 2021 under the Ministry of Infrastructure Development (Head 10);

- \$513,197 Budget Support under the National Parliament was provided by UNDP to implement on its Pacific Parliamentary Effectiveness Initiative project phase 2 (Head 12);
- \$22,105,025 Budget Support under the Office of the Prime Minister and Cabinet was funded by the Government of the Peoples Republic of China (PRC) and MFAT to cater for the funding of National Development Fund (NDF) projects, support for Seghe Hospital Project, expenses for and official funeral of Late Paul Tovua, to support Foueda Community Water Sanitation project, and NDF support for thirty nine (39) MPs for the purpose of constituency projects and NDF support for Gizo/Kolombangara and East Guadalcanal Constituency projects (Head 14);
- \$20,028,031 under the Ministry of Police National Security and Correctional Services was provided by ADB and World Bank purposely for the COVID 19 response plan, to meet the cost for the COVID-19 Western Border Operation Separation (RSIPF) and Response Plan (RSIPF and CSSI) and also to meet the cost of the SIG COVID-19 Preparedness and Response Plan for the proposed lockdown on the 29 - 31 August 2021 and also there was reduction of \$5,099,400 through supplementary as there was duplication in posting during the budget proper as the funding has already been uploaded as advance warrant during the interim budget (Head 16);
- \$593,100 Budget Support under the Ministry of Commerce, Industry, Labour and Immigration was provided by ADB towards the Multi-Agency Budget to meet the cost for the COVID-19 Western Border Response Plan 2021 (Head 21);
- \$738,848 Budget Support under the Ministry of Fisheries and Marine Resources was provided by ADB towards the Multi-Agency Budget to meet the cost for the COVID-19 Western Border Response Plan 2021. (Head 23);
- \$1,271,676 under the Ministry of Public Service was funded by Australia Government (DFAT) to enhance capacity in the SIG within the Ministry of Public Service (Head 24);
- \$1,465,361 Budget Support under Ministry of Justice and Legal Affairs was provided by MFAT to meet payments for office rental and other related costs for moving to a new office space for office of the Department of Public Prosecution (ODPP) (Head 25);
- \$5,560,696 Budget Support under Ministry of Home Affairs was provided by UNICEF and MFAT to facilitate and implement legislation review on Birth, Death and Marriage Act so that training and management frameworks and tools for its application is developed and implemented within the Division of Civil Registration and also funding to support good governance and inclusion within the Ministry of Home Affairs (Head 26);

- \$503,437 Budget Support under National Judiciary was provided by Papua New GUNIEA Government to meet the costs of the Magistrate Court funding support needs and their travels within National Judiciary. (Head 29);
- \$5,249,180 Budget Support under Ministry of Women, Youth and Family Affairs was provided by ADB and MFAT to support Youth empowerment in nine (9) Provinces as well as in Honiara and employ some youth at Youth @work in Honiara and to meet the SIG COVID-19 Preparedness and Response Plan for the proposed lockdown on the 29 - 31 August 2021 within the Ministry of Women, Youth and Family Affairs (Head 30) and;
- \$32,934,167 Budget Support funded by ADB for the quarantine sites management operational costs and to settle outstanding arrears and other COVID-19 related activities, to meet the cost for the COVID-19 Western Border Response Plan 2021, to meet the SIG COVID-19 Preparedness and Response Plan for the proposed lockdown on the 29 - 31 August 2021, and also to meet the cost of the COVID-19 ongoing operations and the repatriation for the management of the quarantine sites under the Ministry of Environment, Conservation and Meteorology (Head 32).

#### Consolidated Development Budget (Ledger 4)

***The domestic and donor funded development budget was under spend by \$167.4 million (or 17 per cent). It was reported that in 2021, actual expenditures were \$814.9 million (or 83 per cent) of the revised budget of \$982.3 million. Table 8 outlines expenditure in the Development Budget and Section 8 provides some updates on the actual implementation status of some of the major development projects.***

Development expenditures across all projects were below their revised Budgets, executing at an average of 65.6 per cent. Implementing Ministries still require improvements in project management, planning and provision of annual cash flow requirements in order for their budgets to be effectively implemented. Nevertheless, the overall development budget execution, in 2021 was higher by \$300.8 million (or 58.5 per cent) than \$514.1 million implemented in 2020.

There were four (4) Ministries required to revise their development appropriation through the supplementary budget in 2021 to support them on emerging pressures and ongoing commitments. It is an evolving area of concern when the development Budget is well under-utilized but, still there were Ministries pursued additional funds to increase their budgets but did deliver as expected from their original budgets. This raises serious questions about the way in which supplementary budget processes are treated by Ministries, suggesting that there is a view that you should 'have a go' even if you have no need. Otherwise, in the second half of 2021, expenditures were picked up as Ministries prioritized the implementation of COVID-19 related activities in order to protect the health and wellbeing of the people and focus on economic growth initiatives to keep the economy afloat in the midst of uncertainty.

The increases of \$44.3 million from the Original to Revised appropriations for Development Budget were due to the following budget adjustments or additions;



- Ministry of Health and Medical Services decreased its revised Budget from \$44.8 million to \$39.8 million. The funding of \$5 million was transferred to Ministry of Health and Medical Services Recurrent budget to cater for telephone and faxes bills for the remainder of the year under Ministry of Health and Medical Service through Supplementary by variation (Head 09);
- Ministry of Infrastructure Development increased its revised budget from \$100.0 million to \$139.0 million. The funding of \$31,000,000 through supplementary was provided to cater for the National Transportation Initiative program, commencement work on MAL Biosecurity Vapour Heat Treatment at Henderson Airport, including CEMA revitalization and recapitalization repairs and maintenance of former buying centres. \$8,000,000 was transferred from Development Bond in 2020 towards NTF to build 3 bridges in West Guadalcanal within the Ministry of Infrastructure Development through AW (Head 10);
- Ministry of Police National Security and Correctional Services increased their revised budget from \$10.0 million to \$11.8 million. The funding of \$1.75 million was provided through CW to cater for payment to FAMOA trustees during the ground breaking ceremony for the development of the patrol boat outpost at Shortland Islands in the Western Border (Head 16); and
- Ministry of Commerce, Industry and Employment increased its revised budget from \$25 million to \$33.5 million. The funding of \$8.5 million was transferred through Supplementary to cater for CEMA revitalization and recapitalization (Head 21).

### **COVID-19 BUDGET**

COVID-19 had declared by World Health Organisation (WHO) as a Global Pandemic on 12 March 2020. As a result, in March 25<sup>th</sup> within the same year, His Excellency the Governor General declared a State of Public Emergency to be effective in Solomon Islands which has been granted several extensions to-date.

COVID-19 impacts continue to threaten lives, properties and services since then. Thus, in 2021, the National Government in its effort to fight and content the spread of the virus came up with two objectives; to protect our people from the spread of COVID-19 and to keep the economy afloat and accelerate the economic recovery process by implementing these two strategic policies;

1. COVID-19 Preparedness and Response Plan
2. Economic Stimulus Package

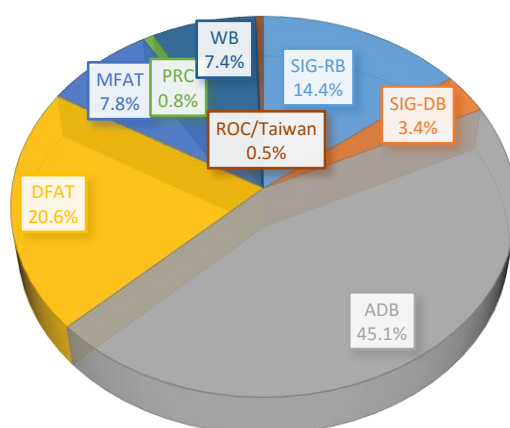
### ***COVID-19 Preparedness and Response Plan***

This plan is part of the numerous measures put in place by the Government to contribute to the health, social and economic security of the people of Solomon Islands during the COVID-19 pandemic. It coordinated through the National Disaster Operation Committee (N-DOC) under the Ministry of Environment, Climate Change and Disaster Management and requires a whole-of- government sector approach. It integrated a range of outputs and activities of the six N-DOC Sector Committees including Coordination and Safety and Security.

The funding for this plan is coordinated through these sector committees and implemented by the responsible ministries and agencies. It is believed that through the Government commitment, general public moral behaviour and donor partner's financial support have contributed towards the delayed onset of a community transmission in 2021.

The total budget allocation for the plan is \$147.6 million. That is approximately 3.2 per cent of the total consolidated expenditures of \$4,597.1 million in 2021. Of which, among other development partners, Asian Development Bank (ADB) is the highest contributor with 45.1 per cent (or \$66.6 million). Solomon Islands Government (SIG) contributed 14.4 per cent (or \$21.3 million) and 3.4 per cent (or \$5 million) for recurrent and development expenditures respectively. The chart (figure 11) below shows the contributions of SIG and various donor partners in implementing the COVID-19 Preparedness and Response Plan and other related disaster preparedness and relief programs in 2021.

**Figure 11: Funding agencies contribution towards COVID-19 in 2021**



### **COVID-19 Economic Stimulus Package**

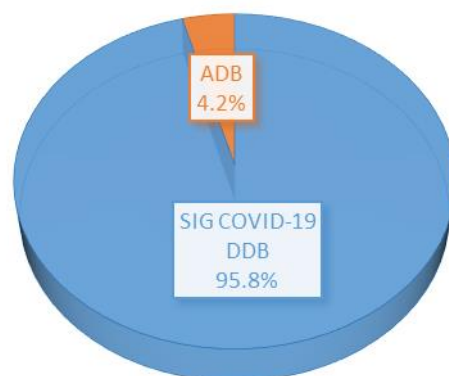
The Economic Stimulus Package (ESP) aimed to address the impacts of COVID-19 Pandemic in Solomon Islands economy, businesses and households and as well as to mitigate the medium to long-term investments in key sectors such as productive, resource and infrastructure initiatives. The package also extended to support the State Own Enterprises (SOEs) and provision of grants to various public and private entities.

The COVID-19 Stimulus Package is coordinated by the Oversight and Implementing Committees within the Office of the Prime Minister and Cabinet and managed by the Ministry of Finance and Treasury to ensure that the overall desired outcomes of the package are achieved.

The package is funded by the National Government own resources, raised domestically through the issue of bonds, and from the budget support and other assistance provided by development partners.

Figure 12 showed the agencies that supported the implementation of COVID-19 Stimulus Package. SIG contributed 95.8 per cent (or \$113.9 million) sourced from the COVID-19 Domestic Development Bond and Asian Development Bank (ADB) provided 4.2 per cent (or \$5 million). That being said, it accounted for 2.6 per cent of the total consolidated budget allocation of \$4,597.1 million.

**Figure 12: Funding agency contributions to COVID-19 ESP in 2021.**



## **7 ISSUES AND CHALLENGES WITH THE EXECUTION OF THE 2021 BUDGET**

The 2021 Budget was the second Appropriation that was administered by the Democratic Coalition Government for Advancement (DCGA). It was framed from a top-down approach based on two overall objectives of the National Government’s Policy Redirection Priorities; ‘to protect our citizens from the spread of COVID-19’ and ‘keep our domestic economy afloat and accelerate recovery to mitigate the effects of the COVID-19 in the short to medium term’. Thus, despite the challenging and hard times that we all crossed through in 2021, the Government continues to take an orderly and practical steps to efficiently allocate its scarce resources in delivering much needed services to the people.

### *The 2021 revenue projections revised*

As a result of the global pandemic impacts on the Solomon Islands’ economy, the 2021 domestic revenue projection was revised down by \$6.6 million (or 0.2 per cent) to \$3,002.0 million from an original estimated \$3,008.6 million. Despite the revenue downturn, SIG was continued to strengthen its tax administration and compliance measures including collection of identified tax and duties arrears during the year.

### *Policy redirection priorities*

Furthermore, the Government had redirected its core business and investments in areas that stimulate growth or bring additional revenue potential particularly in the productive and resources sectors. The policy redirection aimed to ensure adequate resources were targeted to support programs that encourage economic activities and investments where growth can be accelerated to recover the effects of the COVID-19 in our domestic economy.

### *November civil unrest*

The fourth quarter in any year is a critical time to boost revenue gains that would financially support outstanding services and to end a fiscal year in a high note. However, from November 23<sup>rd</sup> to 25<sup>th</sup>, it was so happened that protestors in Honiara attacked several businesses. Public properties, services and lives of many innocent individual and families were endangered as business houses located in China Town, Kukum, Ranadi KGV, Burns Creek, Lunga and Henderson were looted and burnt down. Social infrastructures such as schools (Honiara High & Chung Wah) and Police Stations (Kukum & Naha) and commercial building, the Bank of South Pacific, Ranadi Branch were also burnt down. One can say, it was the largest man-made fiscal and economic shock Solomon Islands ever experienced since 2006. There is no official figure available to verify the total costs of these losses but, it is obvious to say that the net estimated value would be in millions of dollars. The multiplier effects would presumably impacted heavily on infrastructure, trading and revenue losses for individual households, business houses and economy which in turn impaired service delivery to the people of Solomon Islands.

#### *Financial management and budget execution*

During the course of the year, SIG had faced with the cash flow challenges. Based on the key policy redirection priorities above, the government had prioritized the execution of the development budget in 2021 resulted in expenditures being incurred a little quicker than the budgeted cash inflows anticipated. This focus in development budget in turned put SIG revenue collection under more pressure compared to the same period in previous financial years.

Nevertheless, MOFT with the support from revenue collection agencies, donor partners and implementing ministries, essential services were provided without disruptions and enhanced by appropriate measures to ensure these funding mismatch are addressed promptly. These measures include a range of budget expenditure controls (i.e. implementing agencies must provide annual procurement plan to MOFT), donor support initiatives and traditional debt raising from the domestic money market. These important revenue measures had to some extent successfully cleared significant amounts of development and recurrent budget arrears in 2021.

#### *Budget Adjustment provisions*

Processing of CW, AW, Virement and Supplementary budget were not allowed in the first four months of the 2021 financial year. Virement were strictly scrutinized and processed only for critical and genuine payments that cannot be delayed or deferred. Advance warrant was not allowed however, there were exceptions for some ministries who have ongoing projects with financial agreement that had funding available and that are required to immediately implement their work plans in the first quarter of the year.

#### *Supplementary Budget*

In line to section 51 (a - b) of the PFM Act, there was a supplementary budget namely, the 2021 Supplementary Appropriation Act 2021 (NO. 2 OF 2021) had passed by the National Parliament on 29<sup>th</sup> day of September 2021. The supplementary budget collectively called for an additional \$423.3 million, which includes \$4.5 million for CW, and \$324.3 million for AW and additional supplementary expenditure is totalled to \$94.4 million. These expenditures were

for various priority activities such as ongoing support to ministries responsible for the implementation of the SIG COVID-19 Preparedness and Response Plan against the COVID-19 pandemic, Economic Stimulus Package, development programs, clear outstanding arrears and so forth.

The total additional budget support of \$324.3 million received by SIG from its Development Partners through AW were fully funded but, was not included in the 2021 Appropriation Act 2021. A Contingency Warrant was budgeted for and so its expenditures were within the 2021 budget framework. The supplementary variation expenditures were being offset through efficiency savings within the 2021 appropriation.

### *Budget Reforms*

As an ongoing reforms since 2018, the establishment of Budget committees specifically the Ministry Budget Committee (MBC), Budget Coordination Committee (BCC) and the Budget Strategic Committee (BSC) partly contributed to the Government approach to maintain fiscal stability in 2021.

MBC is a committee that established within the implementing ministries and agencies. Its mandates were to coordinate internally and prepare budget as required through an activity based budgeting and outputs as a focus for budget decision making and in-year adjustments. Also to prepare, review and execute the budget in compliance with the budget strategy and policy objectives and financial instructions that were issued throughout the year. This committee is liaised with the BCC to ensure any emerging pressures were dealt with in a timely manner. Up until the present time, almost every Government Ministries and Agencies have had a working and active MBC.

BCC is a committee that set up within the central ministries such as MOFT, MNPDC, MPS and OPMC. They are a technical body to coordinate the budget strategy and annual budget submissions and provide objective assessments and recommendations in line with the priorities and framework that Cabinet approves. This committee performed a pivotal role during this unprecedented times to coordinates with line ministries and providing advices/recommendations to BSC on the financial position of the government and pressures raised by ministries.

A third Budget Committee is the BSC which compromised of the Permanent Secretaries of the central ministries. This committee liaised with the BCC and provided strategic advices/recommendations to their responsible Ministers' and after that, forwarded to Cabinet to make informed decision on the budget allocation prior to the government key policies and obligations.

Apart from the national policy objectives and other budget strategy documents, to make sure these budget committees have enough information to make a good decision a "Baseline Template" was introduced and shared during the budget process to support ministries properly prepare their baseline budgets aligning to their work plans/activities and also outputs expected to be delivered. Ministries were also encouraged to reprioritize their budget needs within the baseline and demonstrate the value for money activities.



## 8 2021 DEVELOPMENT BUDGET EXECUTION AND KEY ACHIEVEMENTS

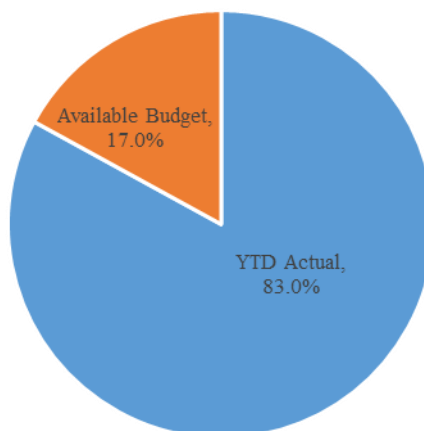
Solomon Islands local economy continued to be adversely impacted by the effects of the COVID-19 pandemic. The 2021 financial year continued to encounter the challenges that the pandemic had imposed on the domestic economy resulting in low implementation of tangible development programmes funded under the 2021 development budget.

The 2021 development budget funded a total of 64 development programmes inclusive of PRC's support to constituency development programme under Ministry of Rural Development. The 2021 development budget was appropriated in Parliament in April 2021 with a total estimate of \$938 million.

Given the short timeframe for implementation and the ongoing cash flow challenges, most of the development programmes implementation was delayed and even never executed. The development programmes funded under 2021 development budget comprises of sixty (60) ongoing and four (4) new ones.

Nonetheless, the execution rate for the 2021 development budget at the end of financial year was at 81.2 per cent, a decrease by approximately 1 per cent compared to 2020 disbursement rate.

**Figure 13. 2021 Development Budget year to date expenditures**

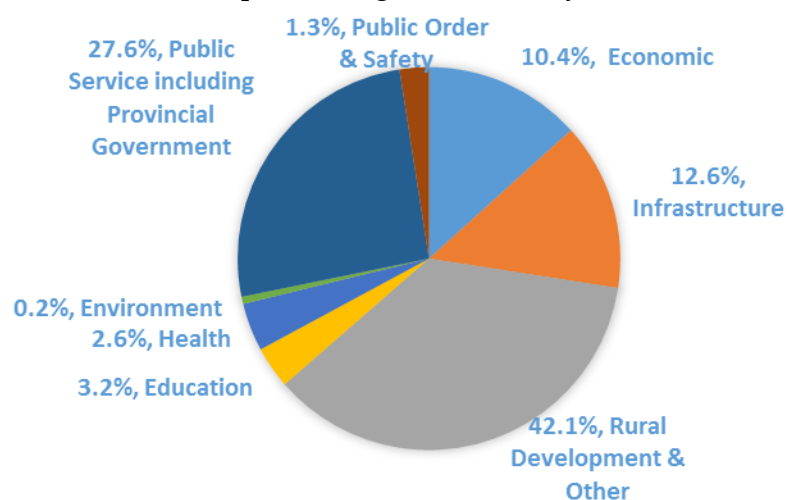


The total of 64 development programmes (including the PRC support) were implemented by the government ministries and agencies. The funding allocation for each ministries/agencies varies as this was determined by the government's priorities for the 2021 financial year. Ministry of Public Service, Ministry of Foreign Affairs, Office of the Governor General and Office of the Auditor General have no allocation under the 2021 development budget. Ministry of Rural Development account for the highest allocation with a total of \$342 million whilst Ministry of Justice and Ministry of Traditional Governance account for the lowest, a total of \$1 million respectively.

Sector allocations for 2021 development budget shows that the Rural Development and other social sector account for the highest percentage of 42 per cent followed by the Public Service

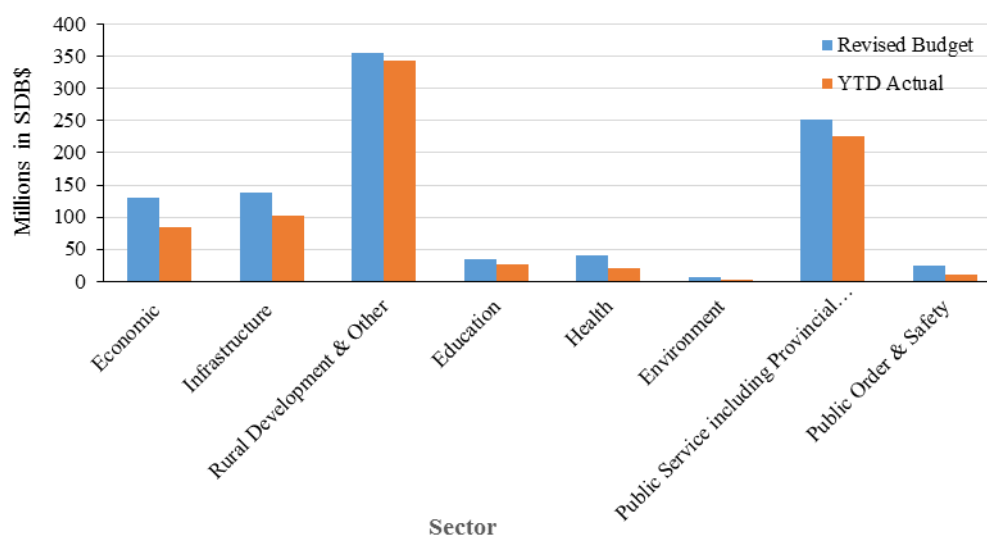
including Provincial Government sector at a rate of 27 per cent. Environment and Disaster sector accounted for the lowest allocation of less than 1 per cent.

**Figure 14. 2021 Revised Development Budget Allocation by Sector**



The expenditure report by sectors recorded Rural Development with the highest execution with 96.6 per cent, seconded by Public Service including Provincial Government by 89 per cent and followed by Education sector with 74.1 per cent. Infrastructure recorded 73.9 per cent, Economic sector by 65 per cent and Health sector implemented 52.4 per cent. The disbursement rates for the other sectors namely Public Order and Safety and Environment were below average at 44.7 per cent and 29.2 per cent respectively.

**Figure 15. 2021 Development budget expenditure by sector**



Some of the key achievements and progress made from 2021 development budget execution are as follows;

- Sape farm pack house construction was progressed well in 2021. Despite the disruptions caused by the COVID-19, it is anticipated to be fully completed in 2022.

- 2023 Pacific games preparation continues to progress with the constructions of major infrastructures; implementation of minor works and sites groundworks also continues. In 2021, the High Performance Centre at Ranadi was officially opened and recruitment of personals to fill positions in preparation for the 2023 Games hosting in Solomon Islands is moving ahead as well.
- Preparatory works commenced for SINU infrastructures (Ex-malaria lab & School of Nursing office complex) in 2021.
- Works on site (construction) is progressing well for the Mamara Tasivarongo industrial and commercial estate development project despite COVID-19. Preparation works also commenced in 2021 for a police station on site.
- Preparatory work for solar farm for the fresh water fish (Tilapia) hatchery commenced in 2021 as well as the construction of 10 ponds for the juveniles.
- With regards to Education Infrastructure program, the Construction work on school projects with the help of communities still in progress and support towards classrooms and specialised laboratories. The 2021 budget allocation for this program was mainly for ongoing and outstanding contractual commitments.
- Kukum Highway phase two (2) site preparation works commenced in 2021 after signing of the agreement in early 2021. Implementation of the high way construction to cover from Fisheries headquarters to the International Terminal in Henderson.
- CT scan project at National Referral Hospital completed in 2021. The equipment has arrived in country in 2022 given the border closure situation. New state of art should improve service at National Referral Hospital and provide early diagnosis for patients.
- Construction of projects under Primary Health Care program targeting clinics and mini hospital in provinces throughout the country is ongoing. Construction of Manuopo clinic is progressing but timeline for completion in 2021 is disrupted by COVID-19, thus, work will continue in 2022.

#### Key issues and challenges;

- Line Ministries not coordinating their programme of activities through their budget committee leading to poor submissions and lack of prioritisation of which activities to deliver against the limited funding allocation.
- Planning process not legislated leaving gaps and compliance issues when it comes to budget preparation in ensuring Medium Term Development Plans (MTDP) rolling plan is linked and priorities in the programmes feeds into the annual budget.
- Incomplete and inconsistent donor data leaves gaps in terms of tracking programmes and its contribution towards the achievement of the NDS.
- A clear definition of development budget or expenditure is still lacking resulting in continuously funding ongoing programmes that are recurrent in nature and should be shifted and funded under recurrent budget. Thus, development budget is always given low priority when it comes to resource allocation from the overall fiscal envelope for each year.

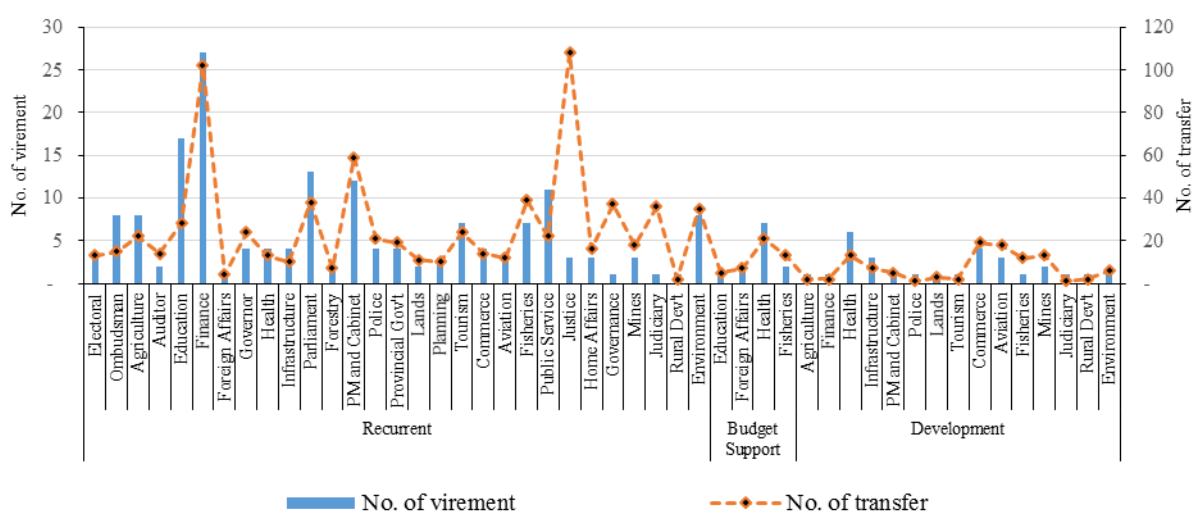
- Reporting is still a major ongoing issue for the development budget. Lack of seriousness and commitment from implementing ministries and agencies to provide, result in very poor submission of biannual reports for the 64 programmes funded by 2021 development budget. Less than a half of the total program reports for the first six months were submitted with the final biannual report recording no submission.
- Coordination of Development budget programmes from line Ministries in line with its priorities from MTDP and budget is not connected or linked properly. For instance, the MTDP preparation process often done prior to finalisation of annual development budget. This resulted in gap between MTDP and approved annual budget.
- Compliance remains an ongoing challenge for most ministries especially when preparing Medium Term Development Plans (MTDP) and Annual Development Budget bid proposals and reporting documents as required under the PFM Act 2013.
- Unforeseen circumstances like the implications of the COVID-19 has brought in urgent priorities putting pressure on the budget and the need to reprioritise. This has affected the implementation of programmes and projects.

## 9 SUMMARY OF VIREMENTS

The Provisions for virements are stipulated in the PFM Act Section 53 and 54 (1 - 6). It is a movement of budgetary resources within a Government ministry or agency's programs, policy areas, expenditure categories or line items. The virement provision permits flexibility for ministries to move funds across priorities within their Budget appropriations at the head level in Ledger 2, 3 and 4 respectively but, not between Heads or Ledgers. It allows for adjustments within Other Charges, or Payroll or Development Budget projects without affecting the total budget for each Head.

Table 9 explained the number of transfers that were approved and processed through the virement provision in 2021. The record shows a total of two hundred and ten (210) applications and nine hundred and twenty five (925) transfers that were done between the account codes which totalled to \$227.7 million. This represent approximately 11 per cent (or \$110 million) decreased from total fund transferred and 64 per cent (or 1,238 virement applications) increased from 2020 level. For further information, attached in table 9 is the virement report from 2018 up to 2021.

**Figure 16. The number of virements versus transfers made between the accounts codes by Ministry in 2021.**



### *Recurrent Budget Virement*

The 2021 recurrent budget recorded a total of one hundred and eighty two (182) virement applications with eight hundred and nineteen (819) transfers within various account codes were facilitated and processed. That is approximately \$154.7 million (or 67.9 per cent) of the total \$227.7 million transferred through the virement provision.

Ministry of Finance and Treasury recorded the highest with twenty seven (27) virement applications, Ministry of Education recorded seventeen (17), National Parliament registered thirteen (13), Office of the Prime Minister and Cabinet reordered twelve (12) and Ministry of Public Service registered a total of eleven (11) virements. The other remaining ministries recorded less than (10) each for the financial year, 2021. The virement application indicates the annual operation plan were changed from the original planned activities and of which adjustments is required in order to progress implementation of the operational budget.

Ministries that have had more than twenty (20) fund movements or transfers and above \$5 million and accounted for \$117.6 million or (76 per cent) of the total recurrent virement are;

- Head 06, Ministry of Finance and Treasury with approximately \$95 million with a total of one hundred and two (102) transfers between its account codes and,
- Head 05, Ministry of Education and Human Resources Development with twenty eight (28) transfers between its account codes totalled to \$22.6 million.

All other Ministries appears to have less or more than ten (20) transfers with less than \$5 million accounted for \$37.1 million or (24 per cent) of the total recurrent fund transfers.

### *Donor Budget Support Virement*

The Donor Budget Support also recorded a total of twelve (12) virement applications and forty six (46) fund transfers within various account codes. That said is equivalent to \$28.9 million (or 12.7 per cent) of the consolidated funds transferred through the virement provision.

Head 05, Ministry of Education recorded the highest with one (1) virement applications that worth \$17 million, seconded by Ministry of Fisheries with two (2) totalled to \$6.1 million, Ministry of Health and Medical Service recorded seven (7) equalled to \$5.3 million and Ministry of Foreign Affairs and External Trade registered two(2) which add up to \$0.5 million.

#### *Development Budget Virement*

The 2021 development budget also recorded a number of virement applications from the implementing ministries and agencies. A total of 28 virement applications were received and all were approved for \$44.1 million or (19.4per cent) of the consolidated funds transferred through the virement provision.

Ministry of Health recorded the highest with six (6) virement applications, Ministry of Commerce recorded four (4) and Ministry of Infrastructure Development and Communication and Aviation recorded three (3). The other remaining ministries recorded one (1) each for the 2021 financial year, except Ministry of Mines with a virement record of two (2). The virement application indicates that scope of activities were changed from the original planned activities which were prioritised for implementation in the 2021 financial year. The monitoring and evaluation report will provide further details of programme implementation outputs and tangible deliverables on the ground.

Ministries that have had more than ten (10) fund movements or transfer and above \$5 million are;

- Head 09, Ministry of Health with \$8.6 million with a total of thirteen (13) transfers between its account codes
- Head 22, Ministry of Commerce with 18 transfers between its account codes totalled to \$8.0 million.

Ministries that had less than ten (10) fund transfers or movements and above \$5 million are;

- Head 31, Ministry of Rural Development with \$12 million from a total of two (2) transfers between its account codes
- Head 10, Ministry of Infrastructure Development with \$5.1 million from a total of seven (7) transfers between its account codes

All other Ministries seems to have less than ten (10) transfers with less than \$2 million except for Head 21, Ministry of National Planning with \$3.9 million from a total of nineteen (19) transfers between its account codes.

The report revealed some Ministries transferred fund due to the COVID-19 that affect their original annual operation plan, while other ministries use virements as an alternative to correct their budget allocation after the budget is passed. In some instances, the virement provision is utilized in order to cater for unexpected programmes due to changes or switch of the National Government priorities and policies. Government Ministries and Agencies also use virements when incorrect accounting codes are used for certain payments.



The number of virement that were processed in 2021 portrayed a slowing trend compared to other past years. That being said, total number of virement applications on average is decelerating by 19 per cent and fund transferred at 2 per cent from year 2018 to 2021.

Presumably, the decreasing trend is due to MBC within the Ministries were active and did a proper budget planning by allocating resources to the priority areas of spending during budget formulation and mid-year budget review in 2021. In some instances, the virement provision is utilized in order to cater for unexpected programmes due to changes or switch of the National Government priorities and policies. Government Ministries and Agencies also use virements when incorrect accounting codes are used for certain payments.

In connection, virement is also decreased due to the interim budget was executed within the first four months of the year which restricting ministries from doing virement. Thus, gave ample time to Ministries to streamline their annual work plans against the appropriation for the remaining eight months.

It was unfortunate that in the past financial years including 2021, virement provision reports were still not being published as required under the Public Financial Management Act, Section 54 (6) and this needs to be addressed in 2022.

## **10 2021 BUDGET MANAGEMENT MEASURES AND IMPLEMENTATION**

Pursuant to section 44 (1) (2) of the Public Financial Management (PFM) Act 2013, *the Ministry of Finance and Treasury is responsible for the preparation, management and monitoring of the budget process and procedures in accordance with the PFM Act and the subsidiary legislation.* As such, in recognising the importance of coordination across Government, the BCC which comprises of officers from MOFT, MNPDC, MPS and OPMC is committed to assisting and supporting Ministries across Government to improve the effective execution of the 2021 National Budget.

The government has faced with an unprecedented fiscal situation and that had initiated the implementation of the 2021 budget in more challenging and difficult manner. That to say, it disrupted most of the government key policy priorities and planned activities in 2021. To guide ministries in implementing their Budget appropriations, finance circulars were issued to ministries and had been enforced for the remainder of the budget year. These instructions were assumed to have contributed to the expenditures outcomes and services delivery in 2021.

Unlike in the previous financial years where financial circulars were regularly issued to government stakeholders, last year SIG had been tiptoed around some unexpected issues. Financial reminders to all SIG ministries and statutory agencies of their responsibilities to adhere to the PFM Act, Financial Instructions, Budget Policy Objectives and Strategy and, in providing guidelines/rules on why and how responsible officers should comply and perform according to the economy situations were shared through an electronic mail to responsible accountable and accounting officers.

Though, on 20<sup>th</sup> April 2021, a first Finance Circular 01/2021 - “*Submission of 2021 Procurement Plans*” was distributed to SIG ministries accountable, accounting and procurement officers reminding them of their roles in the PFMA 2013 to prepare a procurement plans and provide to MOFT particularly to Treasury division. It also remind implementing agencies on the format of the procurement plan as prescribed in the Procurement and Contract Administration Manual 2013, Section 2.1 and in Annex 1. The circular further emphasized on the content of the procurement plan to make ensure;

- I. Contracts are properly packaged, taking into consideration the principles of economy and efficiency,
- II. With properly prepared cost estimates,
- III. Assigning of appropriate procurement method, and
- IV. That the key procurement milestone dates are realistic.

A follow-up Finance Circular 03/2021 - “*Submission of Annual Procurement Plan (APP) 2021*” was issued on July. It instructed ministries that failure to submit their 2021 APP by 19<sup>th</sup> July 2021 would risk delays to payment processes. It further warned that given the cash flow issues being experienced in SIG, MOFT had prioritized procurement and payment processes in accordance with the APPs that had been submitted. Those Ministries that have not forwarded their APPs to MOFT anticipated delays or holds on payments until such time as an APPs is received.

## 11 CONCLUSION

The 2021 fiscal year has been a challenging and difficult one for the Nation and the Solomon Islands Government. The continuous battle against COVID-19 has brought new challenges to our economy and further pressures with the November riot impacting many businesses in the capital, Honiara. Despite such adversities, cooperative endeavours to keep our people safe from COVID-19 and unceasing support for opportunities have established foundation for our economy to stay afloat and work towards its recovery.

The Solomon Islands Government (including donor partners’ support) collected total revenue of \$3.9 billion which is 5.2 per cent lower than the estimated amount of \$4.1 billion with shortage of \$214 million. In contrast, the Solomon Islands Government have expended approximately \$3.9 billion (or 85.3 per cent) of the 2021 revised budget of \$4.6 billion. In the midst of challenges faced and posed by the COVID-19 pandemic, the riots in November and minimal impact from the Russia - Ukraine conflict, the staggering performance demonstrated the National Government committed to administer and execute the 2021 Budget.

With regard to domestic revenue, collections from tax and non-tax collection sources performed reasonably well above their revised budget by \$32.4 million (or 1.1 per cent). The overall collection in 2019 and 2020 for Customs and Excise and Inland Revenue performed strongly than in 2021. Non-tax collection from Ministry of Fisheries and Marine Resources had excelled by \$34.8 million (or 13 per cent).

Total expenditures across the recurrent budget was close enough to the original budget by 91 per cent compared to 92 per cent in 2020 and 93 per cent in 2019. The execution of the Donor Partners Budget Support was 60 per cent and Development Budget projects (including donor funded) by 83 per cent. Under performance by the donor support and development budgets is an ongoing issue that assumed to be resulted from continual capacity constraints and lack of project management and design. Payroll overspent by 4 per cent in 2021, similarly to 4 per cent in 2020 compared to 1.3 per cent less than expected in 2019.

The budget variations in revenues and expenditures against original estimates were incurred through the budgetary provisions such as Advance and Contingency Warrants and additional and/or reduction in the Head of Expenditures from the Supplementary Appropriation within and across Ministries. These provisions were utilized as per specified in the PFM Act 2013 and often, there are ongoing issues that required to be addressed during the execution of the Budgets. Of which, considerations are to be limited to expenditures that were not funded through the budget and inline to the policy of the ruling government in order to improve the management in the execution of the budget. That having been said will demonstrates better budget discipline and credibility of the National Budget.

## 12 SUMMARY TABLES

**TABLE 1: FINAL BUDGET OUTCOME - FISCAL POSITION**

	2021 Budget Estimates (a)	2021 Revised MYBR	2021 Revised Estimates (b)	2021 Actuals (c)	"Variance" (c-b)
	\$m	\$m	\$m	\$m	\$m
<b>CONSOLIDATED BUDGET</b>					
<b>FUNDING</b>					
<b>REVENUE</b>					
<b>Domestically Sourced Revenue</b>					
Inland Revenue	1,743.7	1,744.7	1,744.7	1,782.8	38.0
Customs and Excise	832.4	867.7	867.7	866.1	(1.6)
Other Ministries	432.4	389.6	389.6	385.6	(3.9)
<b>Total Domestically Source Revenue</b>	<b>3,008.5</b>	<b>3,002.0</b>	<b>3,002.0</b>	<b>3,034.4</b>	<b>32.4</b>
<b>Grants and Budget Support</b>					
Donor funded recurrent	258.5	258.5	565.9	336.8	(229.1)
Economic Stimulus Package	12.0	12.0	118.9	101.6	(17.3)
Donor funded development	90.0	90.0	90.0	90.0	-
Development Bond	341.0	341.0	341.0	341.0	-
<b>Total Externally Sourced Funding</b>	<b>701.5</b>	<b>701.5</b>	<b>1,115.8</b>	<b>869.4</b>	<b>(246.4)</b>
<b>TOTAL REVENUE</b>	<b>3,710.0</b>	<b>3,703.5</b>	<b>4,117.8</b>	<b>3,903.8</b>	<b>(214.0)</b>
<b>CONSOLIDATED EXPENDITURE</b>					
<b>Recurrent Budget</b>					
Payroll	1,290.6	1,290.6	1,293.0	1,347.4	54.3
National Debt Servicing	84.9	84.9	84.9	80.8	(4.1)
Other Charges (incl. ESP)	1,447.6	1,447.6	1,641.0	1,314.3	(326.7)
<b>Total Recurrent Budget</b>	<b>2,823.1</b>	<b>2,823.1</b>	<b>3,018.9</b>	<b>2,742.4</b>	<b>(276.4)</b>
<b>Budget Support (including on-lends and grants)</b>	<b>270.5</b>	<b>270.5</b>	<b>684.8</b>	<b>438.4</b>	<b>(246.4)</b>
Sector Budget Support	258.5	258.5	565.9	336.8	(229.1)
<b>Economic Stimulus Package</b>	<b>12.0</b>	<b>12.0</b>	<b>118.9</b>	<b>101.6</b>	<b>(17.3)</b>
<b>Total Development Budget</b>	<b>938.0</b>	<b>938.0</b>	<b>982.3</b>	<b>814.9</b>	<b>(167.4)</b>
Donor Funded Development	90.0	90.0	90.0	90.0	-
SIG Funded Development	848.0	848.0	892.3	724.9	(167.4)
Contingency Warrant Provision	20.0	20.0	30.0	25.2	(4.8)
<b>TOTAL CONSOLIDATED EXPENDITURE</b>	<b>4,039.0</b>	<b>4,039.7</b>	<b>4,597.1</b>	<b>3,919.3</b>	<b>(677.8)</b>
<b>Fiscal Position</b>	<b>(329.0)</b>	<b>(336.1)</b>	<b>(479.3)</b>	<b>(15.5)</b>	<b>463.8</b>

**TABLE 2: FINAL BUDGET OUTCOME- SUMMARY OF REVENUE**

Revenue Type	2021 Budget Estimate	2021 Revised MYBR	2021 Revised Estimate (b)	2021 Actuals (c)	Variance (c-b)
	\$m	\$m	\$m	\$m	\$m
<b>OTHER REVENUE</b>					
Fees, charges and other	149.7	134.9	134.9	179.5	54.9
License Revenue	282.7	254.7	254.7	206.1	(36.8)
<b>Total</b>	<b>432.4</b>	<b>389.6</b>	<b>389.6</b>	<b>385.6</b>	<b>(3.9)</b>
<b>INLAND REVENUE</b>					
Company Tax	270.1	302.2	302.2	283.9	(18.3)
Goods Tax	654.0	647.0	647.0	685.1	38.2
License Revenue	19.2	19.6	19.6	18.6	(1.0)
Personal Tax	435.9	405.5	405.5	408.1	2.6
Sales Tax	74.1	72.6	72.6	74.3	1.7
Stamp Duty	9.2	13.5	13.5	11.1	(2.4)
Withholding Tax	281.2	284.3	284.3	301.6	17.3
<b>Total</b>	<b>1,743.7</b>	<b>1,744.7</b>	<b>1,744.7</b>	<b>1,782.8</b>	<b>38.0</b>
<b>CUSTOMS AND EXCISE REVENUE</b>					
Excise Duty	187.7	218.2	218.2	202.1	(16.1)
Export Duty	410.6	389.6	389.6	383.9	(5.6)
Fees, charges and other	4.2	7.6	7.6	7.5	(0.2)
Import Duty	229.9	252.3	252.3	272.6	20.3
<b>Total</b>	<b>832.4</b>	<b>867.7</b>	<b>867.7</b>	<b>866.1</b>	<b>(1.6)</b>
Domestic Revenue Total	<b>3,008.5</b>	<b>3,002.0</b>	<b>3,002.0</b>	<b>3,034.4</b>	<b>32.4</b>
<b>GRANTS AND BUDGET SUPPORT</b>					
Donor funded recurrent	258.5	258.5	565.9	336.8	(229.1)
ESP support	12.0	12.0	118.9	101.6	(17.3)
Donor funded development	90.0	90.0	90.0	90.0	-
External development financing	341.0	341.0	341.0	341.0	-
<b>Budget Support Revenue Total</b>	<b>701.5</b>	<b>701.5</b>	<b>1,115.8</b>	<b>869.4</b>	<b>(246.4)</b>
<b>REVENUE TOTAL</b>	<b>3,710.0</b>	<b>3,703.5</b>	<b>4,117.8</b>	<b>3,903.8</b>	<b>(214.0)</b>

**TABLE 3: FBO – SUMMARY OF TOTAL DOMESTIC REVENUE**

Head Of Expenditure		2021 Budget Estimates (a)	2021 Revised MYBR	2021 Revised Estimates (b)	2021 Actuals (c)	"Variance" (c-b)
		\$m	\$m	\$m	\$m	\$m
03	Agriculture and Livestock Development	11.0	9.9	9.9	8.0	(2.0)
04	Office of the Auditor General	2.4	2.2	2.2	0.3	(1.9)
05	Education & Human Resources Development	5.6	5.1	5.1	0.1	(5.0)
06	Finance and Treasury	26.3	23.7	23.7	12.5	(11.2)
09	Health and Medical Services	0.7	0.6	0.6	7.2	6.6
10	Infrastructure Development	18.1	16.3	16.3	11.4	(4.9)
13	Forestry & Research	1.5	1.3	1.3	2.1	0.8
14	Office of the Prime Minister and Cabinet	0.1	0.1	0.1	0.00	(0.1)
16	Police, Nat. Security & Correctional Services	0.7	0.6	0.6	1.5	0.9
18	Lands, Housing and Survey	10.3	9.2	9.2	9.8	0.6
20	Culture and Tourism	0.1	0.1	0.1	0.2	0.0
21	Commerce, Industries, Labour and Immigration	34.1	30.8	30.8	27.2	(3.5)
22	Communication & Aviation	16.5	14.8	14.8	0.5	(14.4)
23	Fisheries and Marine Resources	290.3	261.6	261.6	296.4	34.8
25	Justice and Legal Affairs	1.3	1.1	1.1	0.7	(0.4)
26	Home Affairs	6.6	6.0	6.0	4.0	(2.0)
28	Mines, Energy & Rural Electrification	5.5	5.0	5.0	2.5	(2.4)
29	National Judiciary	0.6	0.6	0.6	1.0	0.4
31	Rural Development	-	-	-	0.0	0.0
32	Environment, Climate Chng, Disaster Mgmt & Met.	0.7	0.6	0.6	0.4	(0.2)
<b>Total</b>		<b>432.4</b>	<b>389.6</b>	<b>389.6</b>	<b>385.6</b>	<b>(3.9)</b>



**TABLE 4: FBO – SUMMARY OF TOTAL RECURRENT EXPENDITURE (L2)**

Head Of Expenditure		2021 Budget Estimates (a) \$m	2021 Revised Estimates (b) \$m	2021 Actuals (c) \$m	"Variance" (c-b) \$m
01	Solomon Islands Electoral Office	5.9	5.9	3.9	(2.0)
02	Office of the Ombudsman	4.8	4.8	3.8	(1.0)
03	Agriculture and Livestock Development	32.0	32.0	31.5	(0.5)
04	Office of the Auditor General	6.2	6.2	4.2	(2.0)
05	Education & Human Resources Development	1,063.3	1,073.3	958.5	(114.8)
06	Finance and Treasury	142.6	244.5	213.9	(30.6)
07	Foreign Affairs and External Trade	53.4	53.4	45.4	(8.0)
08	Office of the Governor General	5.0	6.2	5.6	(0.6)
09	Health and Medical Services	427.6	448.8	437.9	(10.9)
10	Infrastructure Development	54.9	55.9	46.5	(9.3)
11	National Debt Servicing	84.9	84.9	80.8	(4.1)
12	National Parliament	91.0	94.5	94.1	(0.4)
13	Forestry & Research	24.0	24.3	17.3	(7.0)
14	Office of the Prime Minister and Cabinet	78.2	78.6	72.9	(5.6)
15	Pensions and Gratuities	16.1	16.1	16.1	(0.0)
16	Police, Nat. Security & Correctional Services	266.4	280.6	258.8	(21.8)
17	Provincial Gov't & Institutional Strengthening	101.2	101.2	99.2	(2.0)
18	Lands, Housing and Survey	18.8	49.7	30.8	(18.9)
19	National Planning and Development Coordination	5.3	5.3	5.0	(0.3)
20	Culture and Tourism	25.2	25.2	22.4	(2.9)
21	Commerce, Industries, Labour and Immigration	42.3	42.3	35.3	(7.1)
22	Communication & Aviation	45.2	45.2	35.7	(9.4)
23	Fisheries and Marine Resources	22.0	23.0	19.7	(3.3)
24	Public Service	26.2	27.7	28.2	0.4
25	Justice and Legal Affairs	33.5	36.8	35.9	(0.9)
26	Home Affairs	14.4	14.4	10.4	(4.0)
27	Traditional Governance, Peace and Ecclesiastical Affairs	25.9	25.9	23.9	(2.0)
28	Mines, Energy & Rural Electrification	15.8	15.8	14.2	(1.7)
29	National Judiciary	27.8	33.1	29.9	(3.3)
30	Women, Youth and Children's Affairs	9.8	9.8	9.5	(0.3)
31	Rural Development	18.4	18.4	20.2	1.8
32	Environment, Climate Chng, Disaster Mgmt & Met.	34.5	34.5	31.1	(3.4)
<b>Total</b>		<b>2,822.5</b>	<b>3,018.4</b>	<b>2,742.5</b>	<b>(276.0)</b>

**TABLE 5: FBO – SUMMARY OF TOTAL PAYROLL EXPENDITURE (L2)**

Head Of Expenditure		2021 Budget Estimate (a) \$m	2021 Revised Budget (b) \$m	2021 Actuals (c) \$m	"Variance" (c-b) \$m
01	Solomon Islands Electoral Office	1.4	1.4	1.4	(0.0)
02	Office of the Ombudsman	1.9	1.9	1.9	0.0
03	Agriculture and Livestock Development	14.6	14.6	14.2	(0.4)
04	Office of the Auditor General	2.4	2.4	2.0	(0.5)
05	Education & Human Resources Development	555.8	556.4	592.5	36.0
06	Finance and Treasury	35.0	35.0	33.3	(1.7)
07	Foreign Affairs and External Trade	6.2	6.2	6.7	0.4
08	Office of the Governor General	1.9	1.9	2.0	0.1
09	Health and Medical Services	253.5	253.5	265.0	11.5
10	Infrastructure Development	9.9	9.9	11.6	1.8
12	National Parliament	42.4	43.1	45.6	2.6
13	Forestry & Research	11.7	11.7	9.4	(2.3)
14	Office of the Prime Minister and Cabinet	36.9	36.9	38.9	1.9
15	Pensions and Gratuities	16.1	16.1	16.1	(0.0)
16	Police, Nat. Security & Correctional Services	138.7	138.7	137.1	(1.6)
17	Provincial Gov't & Institutional Strengthening	25.6	25.6	26.6	1.0
18	Lands, Housing and Survey	7.7	7.7	7.9	0.2
19	National Planning and Development Coordination	2.7	2.7	3.1	0.4
20	Culture and Tourism	3.0	3.0	3.3	0.3
21	Commerce, Industries, Labour and Immigration	12.9	12.9	12.0	(0.9)
22	Communication & Aviation	12.7	12.7	11.7	(1.0)
23	Fisheries and Marine Resources	8.9	8.9	9.4	0.6
24	Public Service	17.5	17.5	19.5	2.0
25	Justice and Legal Affairs	15.9	15.9	16.9	1.0
26	Home Affairs	2.3	2.3	2.5	0.2
27	Traditional Governance, Peace and Ecclesiastical Affairs	3.7	3.7	3.8	0.1
28	Mines, Energy & Rural Electrification	6.5	6.5	5.9	(0.6)
29	National Judiciary	17.6	18.7	17.5	(1.2)
30	Women, Youth and Children's Affairs	2.4	2.4	2.8	0.4
31	Rural Development	12.5	12.5	16.2	3.7
32	Environment, Climate Chng, Disaster Mgmt & Met.	10.0	10.0	10.7	0.6
<b>Total</b>		<b>1,290.6</b>	<b>1,293.0</b>	<b>1,347.4</b>	<b>54.3</b>

**TABLE 6: FBO – SUMMARY OF OTHER CHARGES EXPENDITURE (L2)**

Head Of Expenditure		2021 Budget Estimate (a) \$m	2021 Revised Budget (b) \$m	2021 Actuals (c) \$m	"Variance" (c-b) \$m
01	Solomon Islands Electoral Office	4.5	4.5	2.6	(2.0)
02	Office of the Ombudsman	3.0	3.0	2.0	(1.0)
03	Agriculture and Livestock Development	17.4	17.4	17.4	(0.0)
04	Office of the Auditor General	3.7	3.7	2.2	(1.5)
05	Education & Human Resources Development	507.5	516.9	366.0	(150.9)
06	Finance and Treasury	107.6	209.5	180.5	(28.9)
07	Foreign Affairs and External Trade	47.6	47.6	38.7	(8.9)
08	Office of the Governor General	3.0	4.3	3.5	(0.7)
09	Health and Medical Services	174.1	195.3	172.9	(22.4)
10	Infrastructure Development	45.0	46.0	34.9	(11.1)
11	National Debt Servicing	84.9	84.9	80.8	(4.1)
12	National Parliament	48.6	51.4	48.4	(3.0)
13	Forestry & Research	12.3	12.6	7.9	(4.7)
14	Office of the Prime Minister and Cabinet	41.3	41.7	34.1	(7.6)
16	Police, Nat. Security & Correctional Services	127.7	141.9	121.7	(20.1)
17	Provincial Gov't & Institutional Strengthening	75.6	75.6	72.6	(3.0)
18	Lands, Housing and Survey	11.1	42.0	22.9	(19.2)
19	National Planning and Development Coordination	2.6	2.6	1.9	(0.7)
20	Culture and Tourism	22.2	22.2	19.0	(3.2)
21	Commerce, Industries, Labour and Immigration	29.4	29.4	23.2	(6.2)
22	Communication & Aviation	32.5	32.5	24.1	(8.4)
23	Fisheries and Marine Resources	13.1	14.1	10.2	(3.9)
24	Public Service	8.7	10.2	8.7	(1.5)
25	Justice and Legal Affairs	17.6	20.9	19.0	(1.9)
26	Home Affairs	12.1	12.1	8.0	(4.1)
27	Traditional Governance, Peace and Ecclesiastical Affairs	22.2	22.2	20.1	(2.1)
28	Mines, Energy & Rural Electrification	9.3	9.3	8.3	(1.0)
29	National Judiciary	10.2	14.5	12.4	(2.1)
30	Women, Youth and Children's Affairs	7.4	7.4	6.7	(0.7)
31	Rural Development	5.9	5.9	4.1	(1.9)
32	Environment, Climate Chng, Disaster Mgmt & Met.	24.4	24.4	20.4	(4.1)
<b>Total</b>		<b>1,532.5</b>	<b>1,725.9</b>	<b>1,395.1</b>	<b>(330.8)</b>

**TABLE 7: FBO – SUMMARY OF TOTAL RECURRENT BUDGET SUPPORT  
EXPENDITURE (L3)**

Head Of Expenditure		2021 Budget Estimate (a) \$m	2021 Revised Budget (b) \$m	2021 Actuals (c) \$m	"Variance" (c-b) \$m
01	Solomon Islands Electoral Office	0.00	3.64	3.61	(0.03)
03	Ministry of Agriculture and Livestock Development	7.31	8.16	1.07	(7.09)
04	Office of the Auditor General	0.00	0.18	0.17	(0.01)
05	Education & Human Resources Development	64.16	124.17	51.24	(72.93)
06	Finance and Treasury	0.00	82.54	69.06	(13.48)
07	Foreign Affairs & External Trade	3.50	4.28	3.73	(0.56)
09	Health and Medical Services	157.71	218.49	109.76	(108.73)
10	Infrastructure Development	0.00	7.58	6.69	(0.89)
12	National Parliament	0.00	0.51	0.51	(0.00)
14	Office of the Prime Minister and Cabinet	0.00	22.11	20.40	(1.71)
16	Police, Nat. Security and Correctional Services	9.84	29.87	20.29	(9.59)
21	Ministry of Commerce, Industry, Labour and Immigration	0.00	0.59	0.36	(0.23)
23	Fisheries and Marine Resources	14.65	15.39	10.50	(4.88)
24	Public Service	0.00	1.27	0.16	(1.12)
25	Ministry of Justice	0.00	1.47	0.87	(0.60)
26	Home Affairs	0.72	6.28	0.69	(5.59)
29	National Judiciary	0.0	0.50	0.02	(0.49)
30	Ministry of Women, Youth and Family Affairs	0.65	5.90	5.24	(0.67)
32	Environment, Climate Chng, Disaster Mgmt & Met	0.00	32.93	32.39	(0.54)
<b>Total</b>		<b>258.5</b>	<b>565.9</b>	<b>336.8</b>	<b>(229.1)</b>

**TABLE 8: FBO – SUMMARY OF DEVELOPMENT EXPENDITURE (L4)**

Head Of Expenditure		2021 Budget Estimate (a) \$m	2021 Revised Budget (b) \$m	2021 Actuals (c) \$m	"Variance" (c-b) \$m
<b>Economic</b>		<b>122.2</b>	<b>130.7</b>	<b>84.9</b>	<b>(45.8)</b>
03	Agriculture and Livestock Development	25.0	25.0	16.0	(9.0)
13	Forestry & Research	10.6	10.6	7.8	(2.8)
20	Culture and Tourism	10.0	10.0	5.1	(4.9)
21	Commerce, Industries, Labour and Immigration	25.0	33.5	27.2	(6.3)
22	Communication & Aviation	24.8	24.8	15.0	(9.8)
23	Fisheries & Marine Resources	15.0	15.0	6.3	(8.7)
28	Mines, Energy & Rural Electrification	11.8	11.8	7.5	(4.3)
<b>Infrastructure</b>		<b>100.0</b>	<b>139.0</b>	<b>102.7</b>	<b>(36.3)</b>
10	Infrastructure Development	100.0	139.0	102.7	(36.3)
<b>Rural Development &amp; Other</b>		<b>355.0</b>	<b>355.0</b>	<b>343.0</b>	<b>(12.0)</b>
18	Lands, Housing & Survey	10.0	10.0	3.3	(6.7)
30	Women, Youth & Children's Affairs	3.0	3.0	3.0	0.0
31	Rural Development	342.0	342.0	336.7	(5.3)
<b>Education</b>		<b>34.8</b>	<b>34.8</b>	<b>25.7</b>	<b>(9.0)</b>
05	Education & Human Resource Management	34.8	34.8	25.7	(9.0)
<b>Health</b>		<b>44.8</b>	<b>39.8</b>	<b>20.9</b>	<b>(18.9)</b>
09	Health & Medical Services	44.8	39.8	20.9	(18.9)
<b>Environment</b>		<b>6.0</b>	<b>6.0</b>	<b>1.7</b>	<b>(4.2)</b>
32	Environment, Climate Chng, Disaster Mgmt & Met	6.0	6.0	1.7	(4.2)
<b>Public Service including Provincial Government</b>		<b>252.8</b>	<b>252.8</b>	<b>225.1</b>	<b>(27.7)</b>
06	Finance & Treasury	10.0	10.0	3.3	(6.7)
12	National Parliament	1.5	1.5	1.4	(0.1)
14	Office of the Prime Minister & Cabinet	201.4	201.4	187.7	(13.7)
17	Provincial Gov't & Institutional Strengthening	31.5	31.5	26.8	(4.7)
19	Ministry of Development Planning and Aid Coordination	8.4	8.4	5.9	(2.5)
<b>Public Order &amp; Safety</b>		<b>22.5</b>	<b>24.3</b>	<b>10.8</b>	<b>(13.4)</b>
16	Police, Nat. Security & Correctional Services	10.0	11.8	6.4	(5.3)
25	Justice and Legal Affairs	1.0	1.0	0.7	(0.3)
26	Ministry of Home Affairs	5.5	5.5	0.3	(5.2)
27	Ministry of Traditional Governance, Peace and Ecclesiastical Affairs	1.0	1.0	0.8	(0.2)
29	National Judiciary	5.0	5.0	2.6	(2.4)
<b>Total</b>		<b>938.0</b>	<b>982.3</b>	<b>814.9</b>	<b>(167.4)</b>

**TABLE 9: OVERVIEW OF VIREMENT – (L2, L3 & L4)**

Head, Ledger 2	Total number of virement 2018	Total number of virement 2019	Total number of virement 2020	Total number of virement 2021	Total Funds Moved 2018 (\$m)	Total Funds Moved 2019 (\$m)	Total Funds Moved 2020 (\$m)	Total Funds Moved 2021 (\$m)
01	0	13	16	3	-	1.9	2.2	0.3
02	3	4	9	8	0.4	0.2	0.4	0.5
03	11	28	32	8	1.6	1.2	1.1	0.9
04	23	10	21	2	0.4	0.3	0.4	0.3
05	32	16	24	17	31.8	34.3	63.7	95.0
06	211	124	220	27	32.2	25.6	24.7	22.6
07	20	2	4	1	2.1	1.2	1.3	0.3
08	22	50	22	4	1.4	2.4	0.2	0.3
09	43	147	38	4	5.3	12.0	16.5	2.4
10	26	20	17	4	4.8	3.0	7.8	0.7
12	29	14	29	13	2.1	3.2	1.7	3.6
13	57	53	39	2	1.3	2.0	0.9	0.3
14	97	42	30	12	10.3	5.0	7.2	3.9
16	104	82	72	4	15.3	9.2	17.7	1.2
17	2	40	11	4	0.1	4.2	5.1	4.8
18	16	31	10	2	2.9	2.2	1.0	1.2
19	19	7	3	3	0.9	0.3	0.1	0.1
20	69	48	11	7	10.0	3.0	0.6	3.3
21	141	143	110	4	2.8	3.1	4.7	2.6
22	4	15	16	3	0.4	1.5	2.7	2.2
23	12	43	88	7	0.1	0.5	0.7	0.6
24	17	15	25	11	0.6	0.4	1.2	0.9
25	51	83	59	3	0.7	2.1	0.3	1.1
26	13	18	25	3	2.3	1.4	1.6	0.6
27	63	53	36	1	1.1	2.5	2.0	0.8
28	100	91	5	3	2.4	1.2	0.0	0.3
29	62	114	89	1	1.6	3.0	2.2	0.7
30	18	5	0	0	0.6	0.3	-	-
31	0	6	2	1	-	0.2	0.2	0.0
32	81	59	69	8	3.8	2.8	2.9	3.0
<b>Ledger 2 Sub Total</b>	<b>1,346</b>	<b>1,376</b>	<b>1,132</b>	<b>170</b>	<b>139.1</b>	<b>130.1</b>	<b>171.3</b>	<b>154.7</b>
Head, Ledger 3								
05	10	8	6	1	9.2	8.3	2.9	17.0
06	5	12	1	0	2.2	2.0	0.1	-
07	7	0	3	2	0.6	-	0.0	0.5
09	28	28	10	7	4.0	7.0	9.7	5.3
23	14	22	1	2	2.8	1.1	0.2	6.1
32	0	9	3	0	-	0.4	0.2	-
<b>Ledger 3 Sub Total</b>	<b>64</b>	<b>79</b>	<b>24</b>	<b>12</b>	<b>18.6</b>	<b>18.7</b>	<b>13.0</b>	<b>28.9</b>
Head, Ledger 4								
03	48	65	14	1	1.6	2.8	3.3	0.1
04	0	2	0	0	-	0.2	-	-
06	39	46	23	1	2.3	10.1	3.1	0.7
09	21	12	19	6	4.6	3.4	12.1	8.6
10	9	14	4	3	0.7	10.4	6.0	5.1
12	4	0	0	0	0.4	-	-	-
13	10	13	23	0	0.8	0.7	2.5	-
14	2	5	55	1	0.6	0.7	77.3	0.4
16	13	8	3	1	2.5	1.5	0.4	1.5
18	8	16	0	1	0.4	2.6	-	0.4
19	1	6	0	0	0.2	0.4	-	-
20	0	9	1	1	-	0.5	1.0	1.0
21	3	53	25	4	0.8	3.2	2.6	4.0
22	0	13	26	3	-	6.7	9.3	8.0
23	10	41	78	1	0.6	2.2	5.7	0.8
25	0	2	0	0	-	0.4	-	-
26	0	8	0	0	-	0.3	-	-
27	3	0	0	0	0.4	-	-	-
28	51	58	18	2	2.6	3.6	2.1	0.9
29	1	4	0	1	0.4	0.6	-	0.1
30	0	6	0	0	-	0.2	-	-
31	8	3	2	1	53.3	35.7	28.0	12.0
32	37	16	1	1	1.0	1.1	0.2	0.4
<b>Ledger 4 Sub Total</b>	<b>268</b>	<b>400</b>	<b>292</b>	<b>28</b>	<b>73.1</b>	<b>87.2</b>	<b>153.6</b>	<b>44.1</b>
<b>Grand Total</b>	<b>1,678</b>	<b>1,855</b>	<b>1,448</b>	<b>210</b>	<b>230.8</b>	<b>236.0</b>	<b>338.0</b>	<b>227.7</b>



## Attachment A

### 2020 FINAL BUDGET OUTCOME - FISCAL POSITION

	2020 Original Budget (a)	2020 Revised Budget (b)	2020 YTD Actuals (c)	"Variance" (c-b)
	\$m	\$m	\$m	\$m
<b><u>CONSOLIDATED BUDGET FUNDING</u></b>				
<b>REVENUE</b>				
<b>Domestically Sourced Revenue</b>				
Inland Revenue	2048.0	1677.6	1735.5	57.9
Customs and Excise	976.3	902.1	955.2	53.1
Other Ministries	545.8	441.0	440.3	-0.7
<b>Total Domestically Source Revenue</b>	<b>3,570.0</b>	<b>3,020.7</b>	<b>3,131.0</b>	<b>110.3</b>
<b>Grants and Budget Support</b>				
Budget Support (Ledger 3)	211.0	368.4	368.4	0.0
Economic Stimulus Package	0.0	306.0	306.0	0.0
Donor Fund Development	90.0	90.0	90.0	0.0
Development Bond	70.0	0.0	0.0	0.0
<b>Total Externally Sourced Funding</b>	<b>371.0</b>	<b>764.4</b>	<b>764.4</b>	<b>0.0</b>
<b>TOTAL REVENUE</b>	<b>3,941.0</b>	<b>3,785.1</b>	<b>3,895.4</b>	<b>110.3</b>
<b><u>CONSOLIDATED EXPENDITURE</u></b>				
<b>Recurrent Budget</b>				
Payroll	1,284.2	1,284.2	1,335.3	51.1
National Debt Servicing	82.7	120.7	104.4	-16.3
Other Charges	1,715.8	2,124.6	1,811.4	-313.1
<b>Total Recurrent Budget</b>	<b>3,082.7</b>	<b>3,529.5</b>	<b>3,251.2</b>	<b>-278.3</b>
<b>Budget Support (including on-lends and grants)</b>				
Sector Budget Support (L3)	211.0	368.4	215.4	-153.0
<b>Economic Stimulus Package</b>	<b>0.0</b>	<b>306.0</b>	<b>204.8</b>	<b>-101.2</b>
<b>Total Development Budget</b>	<b>627.2</b>	<b>625.1</b>	<b>514.1</b>	<b>-111.0</b>
Donor Funded Development	90.0	90.0	90.0	0.0
SIG Funded Development	537.2	535.1	424.1	-111.0
<b>Contingency Warrant Provision</b>	<b>20.0</b>	<b>30.0</b>	<b>9.6</b>	<b>-20.4</b>
<b>TOTAL CONSOLIDATED EXPENDITURE</b>	<b>3,940.9</b>	<b>4,553.0</b>	<b>3,990.4</b>	<b>-562.6</b>
<b>Fiscal Position</b>	<b>0.0</b>	<b>(767.9)</b>	<b>(95.0)</b>	<b>-452.3</b>

## Attachment B

### 2019 FINAL BUDGET OUTCOME - FISCAL POSITION

	2019 Original Budget (a) \$m	2019 Revised Budget (b) \$m	2019 YTD Actuals (c) \$m	"Variance" (c-b) \$m
<b>CONSOLIDATED BUDGET</b>				
<b>FUNDING</b>				
<b>REVENUE</b>				
<b>Domestically Sourced Revenue</b>				
Inland Revenue	2044.0	1986.5	1821.8	(164.7)
Customs and Excise	1096.6	1063.0	1088.8	25.8
Other Ministries	502.2	483.1	480.6	(2.4)
<b>Total Domestically Source Revenue</b>	<b>3642.8</b>	<b>3532.6</b>	<b>3391.3</b>	<b>(141.3)</b>
<b>Externally Sourced Funding</b>				
Budget Support (Recurrent)	213.0	314.0	314.0	0.0
Domestic Borrowing	0.0	0.0	0.0	0.0
Donor Funding (Consolidated Development)	70.0	187.8	187.8	0.0
<b>Total Externally Sourced Funding</b>	<b>283.0</b>	<b>501.8</b>	<b>501.8</b>	<b>0.0</b>
<b>TOTAL REVENUE</b>	<b>3926.0</b>	<b>4034.4</b>	<b>3893.1</b>	<b>(141.3)</b>
<b>CONSOLIDATED EXPENDITURE</b>				
<b>Recurrent Budget</b>				
Payroll	1243.0	1247.6	1231.4	(16.2)
National Debt Servicing	78.3	78.3	64.9	(13.4)
Other Charges	1828.0	1921.4	1736.3	(185.2)
<b>Total Recurrent Budget</b>	<b>3149.0</b>	<b>3247.4</b>	<b>3032.6</b>	<b>(214.8)</b>
<b>Budget Support</b>	<b>213.0</b>	<b>314.0</b>	<b>197.1</b>	<b>(116.9)</b>
Sector Budget Support-L3	213.0	314.0	197.1	(116.9)
<b>Total Consolidated Development Budget</b>	<b>545.0</b>	<b>697.2</b>	<b>568.7</b>	<b>(128.4)</b>
<b>SIG Funded Development</b>	<b>475.0</b>	<b>509.4</b>	<b>451.0</b>	<b>(58.3)</b>
<b>Donor Funded Development</b>	<b>70.0</b>	<b>187.8</b>	<b>117.7</b>	<b>(70.1)</b>
<b>Contingency Warrant Provision</b>	<b>19.0</b>	<b>2.0</b>	<b>0.0</b>	<b>(2.0)</b>
<b>TOTAL CONSOLIDATED EXPENDITURE</b>	<b>3926.0</b>	<b>4260.5</b>	<b>3798.4</b>	<b>(462.1)</b>
<b>FISCAL POSITION</b>	<b>0.0</b>	<b>(226.2)</b>	<b>94.6</b>	<b>320.8</b>