

2021 FINANCIAL REGULATIONS REVENUE REPORT

MINISTRY OF INTERNAL AFFAIRS.

1. INTRODUCTION

Ministry of Internal Affairs is responsible for improving good governance by ensuring that all provincial headquarters are strengthened in providing coordinated services to the people via Area Council Secretaries and Municipal Wards. Ensuring electoral office, civil status, and passport services provides good identity control for planning and budgeting. And making sure immigration and labour services continue their critical role of border control and protects employment opportunities for Vanuatu citizens. Improving actual security and boarder services and providing better access to those services is a high priority for the ministry. Ministry is also responsible for project planning and implementation for those funded by government agencies and coordinating the implementation of those funded by donors at the local levels. Religious affairs and NGOs operations are closely monitored by the Ministry.

- The Department of Local Authorities is responsible for the administration and supervision of the Provincial and Municipal councils.
- The Department of Immigration's role is to manage immigration matters, regulate the determination of the status of refugees and to ensure that border control is manageable in an effective secure operative basis.
- Labour Department is responsible for developing labour laws for Vanuatu in conjunction with the international labour standards.
- Electoral office supervises the registration of the electors and conducts all elections in Vanuatu.
- The Department of Civil Status is formed and mandated under the laws of the Republic of Vanuatu CAP 60 –Marriage and CAP 61- Registration of vital event such as registration of Births, Marriage, Deaths and Foetal Deaths.
- The Vanuatu Police Force was established to provide law and order and security to the country, its people and properties and development.

This report intends to provides an update on the revenue performance of the Ministry of Internal Affairs (MoIA) for financial year 2021.

The Ministry of Internal Affairs' initial revenue budget for the year 2021 is **VT 1,027 billion** in the form of fees and charges. This is **3 percent** of the total budgeted national revenue. The main contribution to revenue collection is through Registration Charge Recoveries, industrial permit and registration fees.

Table 1.1 outlines the revenue collecting agency or department within the Ministry of Internal Affairs (MoIA) and annual percentage share of revenue budgeted for the ministry.

Table 1.1 Breakdown of revenue collection by Departments within MoIA

Department	Total Ministry % Share of Revenue
Civil Registry Office	19%
Department of Immigration	52%
Department of Labour	17%
Department of Provincial Affairs	0.2%
Electoral Office	0.9%
Internal Affairs Cabinet	2.8%
Vanuatu Police Force	8.12%

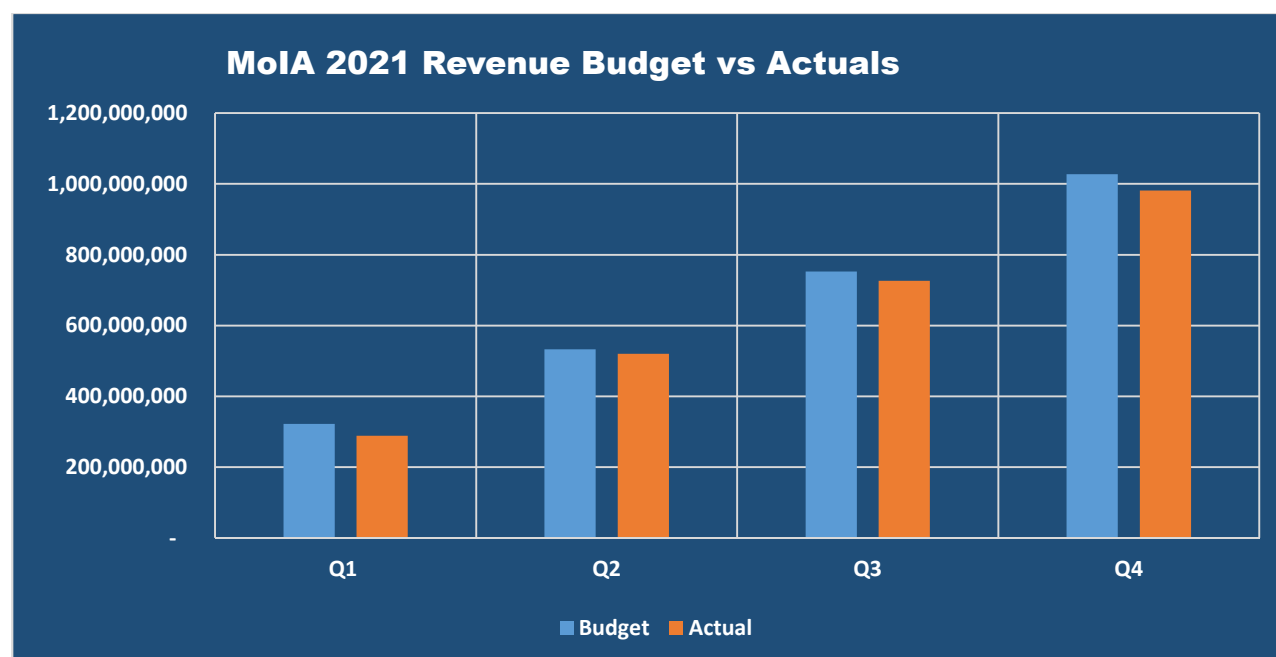
The Department of Immigrations alone collects over **50 percent** of revenue for the Ministry followed by the Civil Registry which collects **19 percent** of their total revenue target.

2. 2021 REVENUE UPDATE:

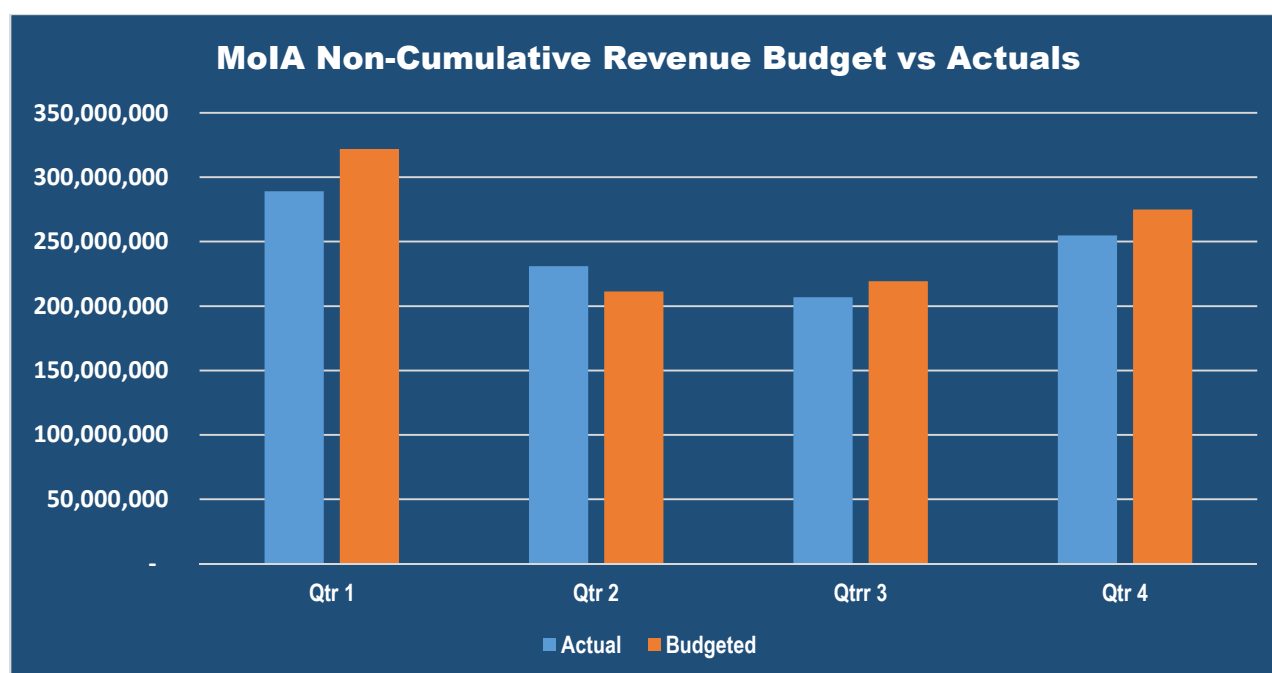
Graph 2.1 below shows cumulative revenue budget for the Ministry of Internal Affairs (MoIA) for each progressive quarter against the actual revenue collected.

At the end of 2021, the Ministry of Internal Affairs (MoIA) collected **VT 981.7 million** which is **95.6 percent** of its budget target.

Graph 2.1. MoIA Cumulative Quarterly Revenue Budget vs Actual



Graph 2.2 MoIA Non-Cumulative Budget vs Actuals



Graph 2.2 depicts the Ministry's non-cumulative quarterly revenue performance.

The non-cumulative chart clearly depicts the revenue collection experienced in each quarter throughout the year. With the exception of quarter 2 and 3 actual revenue grew as forecasted with majority of the revenue collected in the first quarter.

3. GENERAL DISCUSSION: REVENUE COLLECTION BY DEPARTMENTS WITHIN MOIA

Annex 1 of this report provides an overview of the specific revenue collected within MoIA in the full quarters of 2021.

Revenue Collections by individual Departments within MoIA are presented in the following table.

Table 3.1 Brief Summary –2021 Revenue Budget vs Actuals

Department	2021 Revenue Budget	2021 Actual Revenue collection	Variance
Civil Registry Office	75,467,200	189,148,075	113,680,875
Department of Immigration	553,584,600	512,142,730	-41,441,870
Department of Labour	208,449,900	163,206,400	-45,243,500
Department of Provincial Affairs	97,076	1,804,209	1,707,133
Electoral Office	10,000,000	8,751,900	-1,248,100
Internal Affairs Cabinet	46,400,000	27,587,250	-18,812,750
Vanuatu Police Force	133,501,882	79,087,303	-54,414,579
Total	1,027,500,658	981,727,867	-45,772,791.0

3.1 Civil Registry Office

The Department of Civil Status budgeted to collect a total of **VT 75.4 million** in the year 2021 mainly from registration charges and other fees. Actual revenue collected at the end of the year was **VT 189.1 million**. The department actually exceed its Revenue target by some **250%**. Major portion of these revenue relates mainly to activities under the Honorary Citizenship program fees. The other revenue collecting item within this department is for registration fees through birth certificates and other related fees. This department has performed well and above expectation in 2021

3.2 Department of Immigration

The Immigration Department is the highest revenue collecting agency within this Ministry.

In total the Department budgeted to collect **VT 553.6 million** in 2021 but collection was slightly lower than budget target with a final total of only **VT 512 Million**.

Collections from residency permits and passport fees were the main revenue items within this Department both of which also related directly to the Honorary Citizenship Program fees and receipts from passport booklets sales. The Ministry forecasted to collect **VT 125 Million** from Passport fees but ended up exceeding its target by collecting a total of **VT 176.6 Million** in total revenue. This revenue item has performed well in 2021.

Residency permit on the other hand had an initial budget of **VT 388.2 Million** but ended up collecting **VT 247.8 Million** in total revenue. The performance has resulted to the shortfall in the overall department revenue collection targets for financial year 2021.

3.3 Department of Labour

Work permit is the most budgeted item in the Department followed by application charges recoveries (this includes application permit charges, work permit exemption and religious institution work permits), temporary permit, business licenses & registration (this is employment agency application fee) and other fines (spot fines).

The Department's actual revenue collected at the end of 2021 was **VT 163.2 million** against a budget of **VT 208.4 million**, only **78.4 percent** of its revenue budget target.

3.4 Department of Provincial Affairs

The Department of Local Authorities (Provincial Affairs) within the Ministry of Internal Affairs is responsible for overseeing the local government, which comprises six provincial councils and three municipal councils. While the local government can alter the fees charged for various services, it has no authority over the level of taxes.

The Department budgeted to collect **VT 97,076** in total revenue but actual revenue collected was higher than forecast, a total **VT 1.8 Million**.

3.5 Electoral Office

The Vanuatu legislative framework sets out for an independent electoral management body, composed of two separate but inter-related institutions: the Electoral Commission (EC), a policy-making, oversight body, and the Vanuatu Electoral Office (VEO), a corresponding executive, operational arm. The VEO collects Election fees from individuals wishing to contest in different elections.

In 2021, the VEO budgeted to collect an annual budget of **VT10 million** which is mainly from election fees. Actual collections at the end of 2021 was **VT8.6 million**. A few elections occurred in 2021 but the anticipated revenue collection fell short from initial target by approximately 86%.

As required by law, individuals are also required to have no Government debt before they can contest in an election. As such the process ensures that debts owed to the Government are paid.

3.6 Internal Affairs Cabinet

Land Transport Fee collected by the Land transport Authority is recorded under the Internal Affairs Cabinet. The Office of the Public Land Transport Authority controls the operation and management of public land transport in Vanuatu.

The PLTA collects fees from Public Transport Permits, Driver's Permit and Penalty for late Driver's permit. It forecasted to collect **VT46.4 million** in 2021. At the end of the quarter PLTA managed to collect **VT27.6 million**. It is anticipated that a lot more revenue potential still lies under this agency and a stringent compliance plan should be able to bring in additional revenue in particular those who have not been honest in paying their respective fees such as the permit fees etc.

3.7 Vanuatu Police Force

The Vanuatu Police Force (VPF) is mandated by the Police Act with the core function of preserving peace and maintain order, protect life and property, enforce laws and prevent and detect offences and production of offenders before the courts. The Regulations of the Police Act prescribes for fees to be charged for special duties performed.

Police clearance fees is the most budgeted item within VPF, followed by Applications charge recoveries. Traffic fines, driving licenses and firearms licenses are respectively the next most budgeted items. With the high demand of workers in the Regional Seasonal Employment scheme, and high number of Vanuatu citizens travelling overseas, the demand of police clearance applications have increased as portrayed by collections. In 2021, VPF only collected **59.4 per cent** of its revenue target. Most revenue collection were from Police Clearance fees, traffic fines, driving licenses and firearms licenses respectively. Initially the VPF has forecasted to collect **VT 133.5 million** in total revenue however it ended up collecting only **VT 79.1 million** as total revenue. The closure of international borders due to the COVID 19 pandemic has had significant impact on revenue collection from VPF in 2021.

4. CONCLUSION

Overall, the Ministry of Internal Affairs revenue collections has collected **95.6 percent** of its budgeted target in 2021. This is an expected outcome given the ongoing challenges that the COVID 19 has imposed.

The Ministry of internal Affairs and its departments do have a lot of potential in revenue generation given the nature of the services they provides. However, compliance remains one of their biggest challenges. It is felt that if these areas a strengthened, the Ministry should be able to see an ongoing increase in their revenue collections annually.

ANNEX

Department	2021 Revenue Budget	2021 Actual Revenue collection	Variance
Civil Registry Office	75,467,200	189,148,075	113,680,875
Furniture & Fittings Disposal			-
Honorary Citizenship Program Fees		186,302,000	186,302,000
Other Fees			-
Registration Charge Recoveries	75,467,200	2,846,075	- 72,621,125
Department of Immigration	553,584,600	512,142,730	- 41,441,870
Miscellaneous Charges	15,384,600	24,437,600	9,053,000
Honorary Citizenship Program Fees (VERP)	-	25,000	25,000
Honorary Citizenship Program Fees	25,000,000	36,257,000	11,257,000
Other Fees			-
Passport Fees	125,000,000	176,646,000	51,646,000
Residency Permits	388,200,000	274,777,130	- 113,422,870
Department of Labour	208,449,900	163,206,400	- 45,243,500
Equipment Disposals		2,000	2,000
Furniture & Fittings Disposal		11,200	11,200
Other Fines	1,500,000	4,450,000	2,950,000
Application Charges Recoveries	20,793,200	14,550,000	- 6,243,200
Business Licences & Registration	2,996,700	1,273,200	- 1,723,500
Temporary Permit	5,000,000	720,000	- 4,280,000
Work Permits	178,160,000	142,200,000	- 35,960,000
Department of Provincial Affairs	97,076	1,804,209	1,707,133
Equipment Disposals			-
Furniture & Fittings Disposal			-
Other Fees	7,411	4,500	- 2,911
Other Fines		634,449	634,449
Application Charges Recoveries		200,000	200,000
Levies Recoveries		98,260	98,260
Permits Recoveries	89,665	867,000	777,335
Electoral Office	10,000,000	8,751,900	- 1,248,100
Equipment Disposals		75,300	75,300
Election Fees	10,000,000	8,676,600	- 1,323,400
Internal Affairs Cabinet	46,400,000	27,587,250	- 18,812,750
Equipment Disposals			-
Furniture & Fittings Disposal	50,000	46,750	- 3,250
Other Asset Disposals	100,000	43,000	- 57,000
Registration Charge Recoveries	250,000	500,500	250,500
Land Transport Permit Fees	45,000,000	5,000	- 44,995,000

Permit- Selling National Symbol	1,000,000	26,974,000	25,974,000
Miscellaneous Charges		18,000	18,000
Vanuatu Police Force	133,501,882	79,087,303	- 54,414,579
Miscellaneous Charges	-		-
Equipment Disposals	-		-
Furniture & Fittings Disposal	-		-
Repairs Fees	-	3,556	3,556
Other Fees	296,000	466,609	170,609
Other Fines	192,000	182,754	- 9,246
Traffic Fines	11,251,144	13,425,098	2,173,954
Driving Licenses	9,088,604	9,719,982	631,378
Firearms Licenses	5,315,890	8,912,834	3,596,944
Application Charges Recoveries	53,778	119,335	65,557
Testing Charges Recoveries	70,000	26,000	- 44,000
Police Clearance	107,234,466	46,231,135	- 61,003,331
Total	1,027,500,658	981,727,867	- 45,772,791