

2022 FINANCIAL REGULATIONS REVENUE REPORT

MINISTRY OF INTERNAL AFFAIRS

1. INTRODUCTION

The Ministry of Internal Affairs (MoIA) is responsible for putting in place the major policies concerning the internal administration of the country. It aims at improving governance by ensuring that all provincial headquarters are providing coordinated services to the people via Area Council Secretaries and Municipal Wards. Among its roles, it has to ensure that the electoral office, the civil status, and the passport services provide good identity control for planning and budgeting. Another one of its tasks is making sure that immigration and labour services continue their critical role of border control. Improving security and border services as well as providing better access to those services is also high priority for the Ministry. It is also responsible for government-funded project planning and implementation and for the coordination and implementation of those funded by donors at the local levels. Religious affairs and NGOs operations are closely monitored by the Ministry.

The Ministry is composed of the following departments:

- The Department of Local Authorities which is responsible for the administration and supervision of the Provincial and Municipal councils;
- The Department of Immigration which is in charge of the immigration status regulations and of making sure that the border controls are effective and secure; The Labour Department is ensuring the new labour laws are compliant with the international labour standards;
- The Electoral office supervises the registration of the electors and conducts all elections in Vanuatu;
- The Department of Civil Status is registering all the legal events such as registration of Births, Marriages, Deaths and Foetal Deaths, under the laws of the Republic of Vanuatu CAP 60 –Marriage and CAP 61;
- The Vanuatu Police Force was established to enforce law and order and to maintain security to the country, its people and properties and development.

The following report aims at analysing the Ministry's revenue performance in the financial year 2022.

The Ministry of Internal Affairs' initial revenue budget for the year 2022 was **VT 1.18 billion**. This is **3.4 percent** of the total budgeted national revenue. The major contribution to this revenue is Residency permits, followed by Passport fees, Work permits and Honorary Citizenship Program Fees which makes it different from last year.

Table 1. Describes the percentage of revenue attributed to each department of the Ministry for the year 2022.

Table 1. Breakdown of revenue collection by Departments within MoIA

Department	2022 Revenue Budget (in VT)	Total Ministry % Share of Revenue
Department of Immigration	170,125,952	50.26%
Department of Labour	97,055,866	25.90%
Vanuatu Police Force	38,015,634	11.11%
Civil Registry Office	20,439,534.68	8.66%
Internal Affairs Cabinet	24,942,136	3.81%
Electoral Office	1,503,638	0.25%
Department of Provincial Affairs	28,571	0.01%

From this table we can see that the Department of Immigrations is the main contributor to the annual revenue as it collects over **50 percent** of it, followed by the Department of Labour which collects **26 percent** of the total revenue target.

2022 REVENUE UPDATE:

Figure 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 2022, the Ministry of Internal Affairs (MoIA) collected **VT 1.025 billion** which is **86.8 percent** of its budget target.

Figure 1. MoIA Cumulative Quarterly Revenue Budget vs. Actual

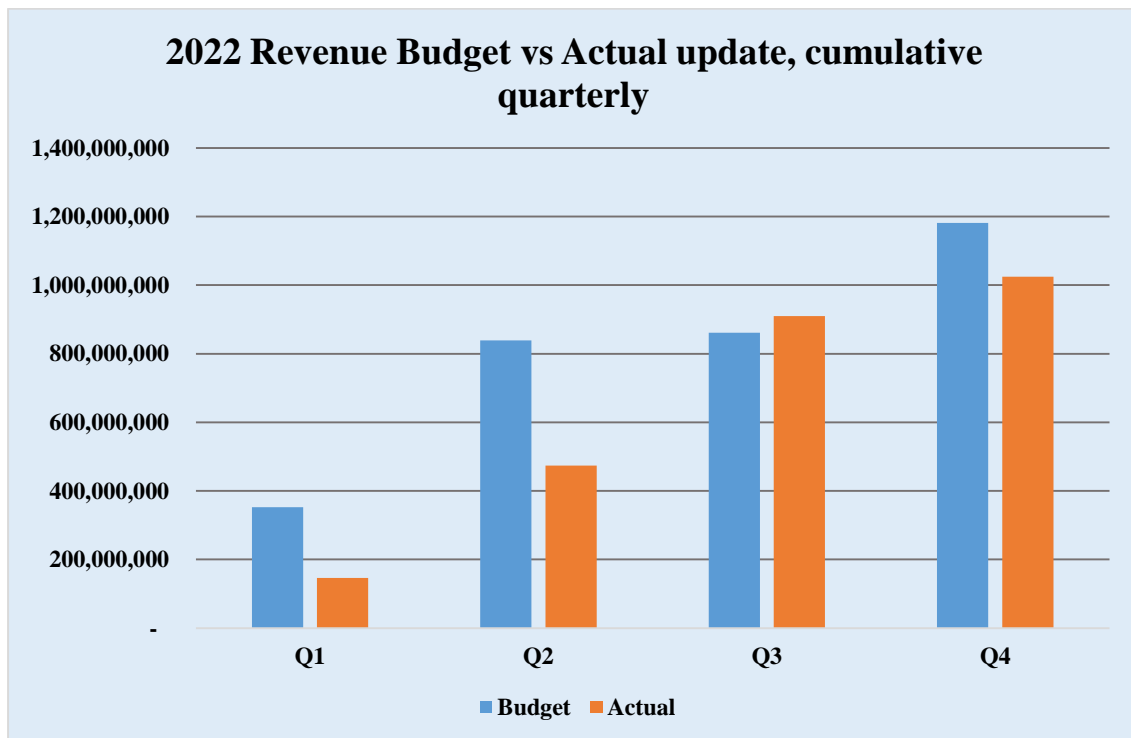


Figure 2. MoIA non-cumulative Quarterly Revenue Budget vs. Actual

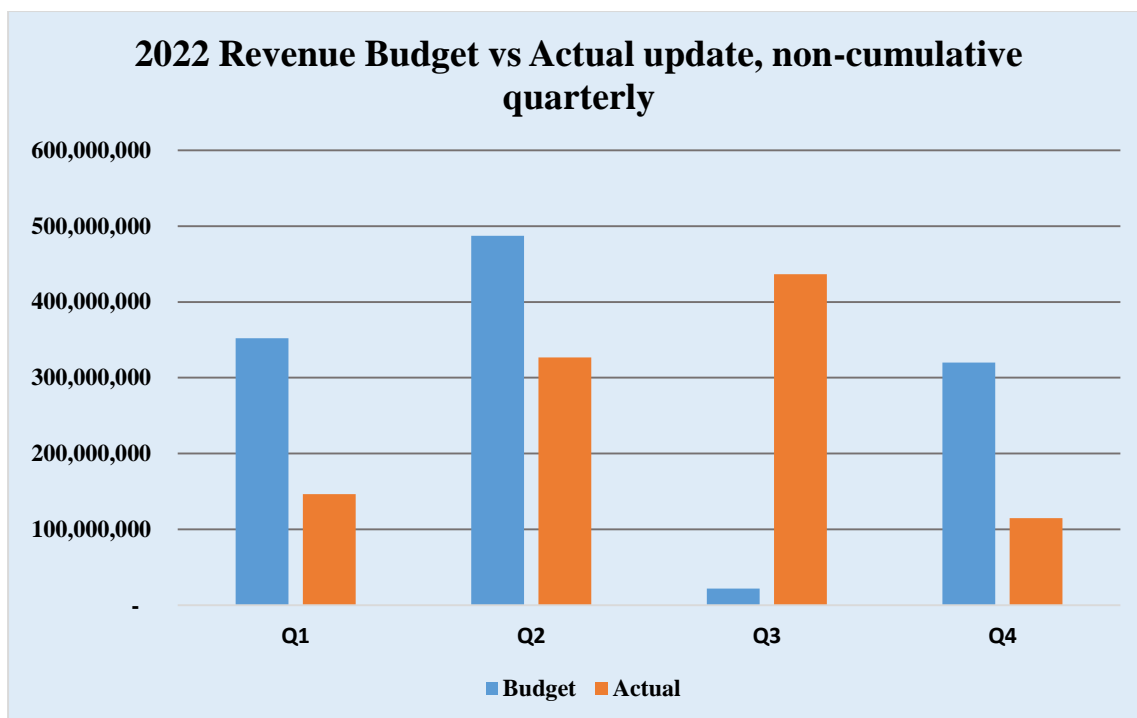


Figure 2. Depicts the Ministry’s non-cumulative quarterly revenue performance. As opposed to last year, the actual revenue is different from the budget. While the budget was expecting inflows on the first, second and fourth quarters of the year, the actual revenue was the highest in the third one.

2. 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 2022 financial year.

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

Table 2. Brief Summary – 2022 Revenue Budget vs. Actuals

Department	2022 Annual Revenue Budget	2022 Actuals	Variance	Percentage of Annual Revenue Budget collected
Civil Registry Office	102,266,026	124,632,644	22,366,618	122%
Department of Immigration	593,584,600	590,401,173	-3,183,427	99%
Department of Labour	305,900,000	178,838,665	-127,061,335	58%

Department of Provincial Affairs	98,144	812,968	714,824	828%
Electoral Office	3,000,000	26,861,950	23,861,950	895%
Internal Affairs Cabinet	45,000,000	32,680,547	-12,319,453	73%
Vanuatu Police Force	131,214,762	70,525,923	-60,688,839	54%
Total	1,181,063,532	1,024,753,870	-156,309,662	87%

2.1 Civil Registry Office

The Department of Civil Status had a budget of **VT 102.3 million** in the year 2022. However, the actual revenue collected at the end of the year was **VT 124.6 million**. The department exceeded its predicted Revenue target by **22 percent**. The major part of this revenue is derived from the Honorary Citizenship program fees, which represents **91 percent** of it. The other item collecting a significant amount of revenue is the Registration Charge recovery, although it is way less significant than the Honorary Citizenship program. To conclude, the department has performed well and above expectation in 2022.

2.2 Department of Immigration

The Department of Immigration is the one collecting the biggest share of the revenue of the Ministry. In total, the Department's budget was set to **VT 593.6 million** in 2022 which was slightly overestimated by **VT 3 million**. Collections from residency permits and passport fees were the main revenue items within this Department, both of which are related directly to the Honorary Citizenship Program fees and receipts from passport booklets sales. The two sources of revenue were well budgeted as the actual amounts are very close to what was predicted. They respectively raised **VT 385 million** and **VT 154.6 million**. Passport fees were slightly lower than during the previous year, while Residency permits surpassed the 2021 revenue by **VT 137.2 million**.

The 2022 collection has resulted in a **VT 3 million** shortfall in the overall department actual revenue for financial year 2022.

2.3 Department of Labour

Work permits is the most important revenue category of the Department as it brought in **81 percent** of the actual revenue. It is followed by Application Charges Recoveries -

which includes application permit charges, work permit exemption and religious institution work permits -, temporary permit, business licenses and registration (this is employment agency application fee) and other fines (spot fines).

The Department's actual revenue collected at the end of 2022 was of **VT 178.8 million** against a budget of **VT 305.9 million**, which represents only **58.5 percent** of the expected revenue.

2.4 Department of Provincial Affairs

The Department of Local Authorities (Provincial Affairs) of the Ministry of Internal Affairs is responsible for overseeing the local governments, which are divided in six provincial councils and three municipal councils. While the local governments can alter the fees charged for various services, it has no authority over the level of taxes. The Department planned to collect **VT 98,144** in total but the actual revenue was about **8 times higher** than the forecast, with a total of **VT 812,968**. Still, this department is the smallest one in terms of revenue.

2.5 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) which is the operational arm of the EC. The VEO collects Election fees from individuals wishing to stand for different elections. In 2022, the VEO was predicted to collect an annual budget of **VT 3 million** which would mainly rely on election fees. Actual collections at the end of 2022 reached **VT 26.9 million**.

2.6 Internal Affairs Cabinet

The Public Land Transport Authority (PLTA) is part of the Internal Affairs Cabinet and controls the operation and management of public land transport in Vanuatu, and it collects driver's permits fees and penalties. It is also the agency collecting the largest share of the revenue for the Cabinet through Land Transport Permit Fees (88 percent of the revenue). The whole department is forecasted to collect **VT 45 million** in 2022. At the end of the

year, the Cabinet managed to collect **VT 32.7 million**. It is possible that a lot more revenue potential still lies under this agency and a stronger compliance plan should be able to bring in additional revenue, in particular from those who have not been honest in paying their respective fees such as the permit fees.

2.7 Vanuatu Police Force

The Vanuatu Police Force (VPF) is mandated in the Police Act CAP 105 with the core functions of preserving peace and maintaining order, protecting life and property, enforcing laws and preventing and detecting offences and production of offenders before the courts. The Regulations of the Police Act prescribe for fees to be charged for special duties performed.

Police clearance fees by far the category bringing the most revenue within VPF. Traffic Fines and Driving licenses are respectively the next most budgeted items. With the high demand of workers in the Regional Seasonal Employment scheme, and the high number of Vanuatu citizens travelling overseas, the demand for police clearance documents have recently increased. In 2022, the VPF only collected **53.7 percent** of its target budget. Initially the VPF has forecasted to collect **VT 131.2 million** in total revenue however it ended up collecting only **VT 70.5 million** as total revenue, which is only about half of the predicted revenue.

CONCLUSION

Overall, the Ministry of Internal Affairs revenue collections has collected **95.6 percent** of its budgeted target in 2022. This is an expected outcome given the persistent challenges that the COVID 19 has imposed.

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

ANNEX

Department	2022 Revenue Budget	2022 Actual	Variance	Percentage of Annual Revenue Budget collected
Civil Registry Office	102,266,026	124,632,644	22,366,618	122%
Honorary Citizenship Program Fees	72,805,081	113,629,415	40,824,334	156%
Furniture & Fittings Disposal		1,500	1,500	
Police Clearance	-	100,000	100,000	
Registration Charge Recoveries	29,460,945	10,901,729	- 18,559,216	37%
Department of Immigration	593,584,600	590,401,173	- 3,183,427	99%
Miscellaneous Charges	15,384,600	5,350,000	- 10,034,600	35%
Furniture & Fittings Disposal	-	6,100	6,100	
Honorary Citizenship Program Fees (VERP)	-	10,000	10,000	
Honorary Citizenship Program Fees	25,000,000	31,641,027	6,641,027	127%
Other Fines	-	12,441,000	12,441,000	
Passport Fees	155,000,000	154,638,518	- 361,482	100%
Fishing Licences & Registration	-	850,000	850,000	
Residency Permits	398,200,000	385,020,528	- 13,179,472	97%
Application Charges Recoveries		400,000	400,000	
Work Permits		24,000	24,000	
Prospector Licences & Registration		20,000	20,000	
Department of Labour	305,900,000	178,838,665	- 127,061,335	58%
Equipment Disposals			-	
Furniture & Fittings Disposal		50,600	50,600	
Other Asset Disposals		40,000	40,000	
Other Fines		2,420,000	2,420,000	
Spot Fine	1,900,000		- 1,900,000	0%
Application Charges Recoveries	-	19,153,253	19,153,253	
Permits Recoveries	204,000,000		- 204,000,000	0%
Business Licences & Registration	-	5,378,468	5,378,468	
Temporary Permit	-	6,830,000	6,830,000	
Work Permits	100,000,000	144,606,344	44,606,344	145%
Inspections Recoveries		20,000	20,000	

Prospector Licences & Registration		80,000	80,000	
Residency Permits		260,000	260,000	
Department of Provincial Affairs	98,144	812,968	714,824	828%
Miscellaneous Contributions	-		-	
Furniture & Fittings Disposal	-	1,800	1,800	
Other Fees	7,493	65,217	57,724	870%
Application Charges Recoveries	-	528,560	528,560	
Permits Recoveries	90,651	217,391	126,740	240%
Electoral Office	3,000,000	26,861,950	23,861,950	895%
Election Fees	3,000,000	26,861,950	23,861,950	895%
Internal Affairs Cabinet	45,000,000	32,680,547	- 12,319,453	73%
Miscellaneous Charges			-	
Equipment Disposals		20,000	20,000	
Furniture & Fittings Disposal		32,200	32,200	
Land Transport Permit Fees	45,000,000	28,787,223	- 16,212,777	64%
National Symbols		3,763,124	3,763,124	
Registration Charge Recoveries		78,000	78,000	
Vanuatu Police Force	131,214,762	70,525,923	- 60,688,839	54%
Equipment Disposals	-		-	
Police Clearance	106,622,826	40,290,432	- 66,332,394	38%
Other Fees	296,000	516,091	220,091	174%
Repairs Fees	-		-	
Other Fines	192,000	98,887	- 93,113	52%
Traffic Fines	10,783,144	13,758,019	2,974,875	128%
Driving Licenses	7,881,124	10,032,580	2,151,456	127%
Firearms Licenses	5,315,890	5,698,590	382,700	107%
Application Charges Recoveries	53,778	53,324	- 454	99%
Testing Charges Recoveries	70,000	78,000	8,000	111%
Total	1,181,063,532	1,024,753,870	-156,309,662	87%