



PRESS RELEASE

PROVISIONAL 2013 FINAL BUDGET OUTCOME

The Minister for Treasury, Hon. Patrick Pruaitch, MP today released the Provisional Final Budget Outcome Report for 2013. The Treasurer indicated that the report is provisional only as there are a lot of gaps in the expenditure reporting that needed to be filled. These resulted from the recent migration to the new Integrated Financial Management System (IFMS) that has some major shortcomings in accurately reconciling expenditure numbers in a timely manner. There is also the time lag in obtaining expenditure reports on project grants. These issues will be addressed and a final budget outcome report will be prepared for Parliament in May. The Report is purposely to inform Parliament and the public on the budget outcome for each fiscal year as required by the Fiscal Responsibility Act, 2006. This improves the accountability and transparency of Government financial operations on a regular basis.

The Treasurer reported that the Provisional 2013 Budget Outcome was a deficit of K3,023.2 million, which is 8.7 per cent of GDP. This is significantly a larger than the K2,736.9 million (7.9 per cent) deficit projected in the revised 2013 Budget.

Total Revenue and Grants outcome for 2013 was K9,832.7 million. This is K649 million (6.0 per cent) lower than the revised 2013 Budget estimate of K10,481.6 million. Compared to the original 2013 Budget of K10,481.9 million, the 2013 outcome is lower by K649 million. This resulted from lower Non Tax Revenue receipts that were lower by K149.3 million (or 35.3 per cent) from the 2013 revised Budget estimate of K534.8 million. The overall shortfall in Total Revenue and Grants from the revised Budget estimate is driven mainly by lower than expected collections of Total Revenue, including an unanticipated shortfall in Non Tax Revenue and a smaller shortfall in Tax Revenue. In addition, lower than expected Grants received from foreign donor agencies also contributed to the shortfall. Compared to the 2012 outcome of K9,566.1 million, Total Revenue and Grants have increased by K167.0 million, primarily reflecting growth in collections in Tax Revenue.

On the expenditure side, the Treasurer reported that the 2013 Total Expenditure and Net Lending was K12,852.5 million which was lower by K178 million (1.4 per cent) compared to the 2013 original budget estimate of K13,030.8 million. This largely reflected a K962 million under-spend in the Development Budget.

Recurrent expenditure totalled K8,018.7 million, which was K783.7 million (10.8 per cent) higher than the original budget estimate. Against the 2013 original budget estimate, the over-spending was mainly driven by a K950 million (20.3 per cent) from the national departments. This over expenditure by national departments arose from goods and services spending of K1,286.3 million (42.6%) higher than the original budget estimate. There was also over-spending on Personal Emoluments by statutory authorities totaling K11 million (4.2%) compared to the original budget estimate.

Development Budget totalled K4,833.8 million. This was K962 million (16.6 per cent) lower than the 2013 original budget estimate. The under spending resulted from less spending in domestic funds (K395.4 million) and the slow draw down on project support grants (K333.5 million).

On Financing, the Treasurer reported that the deficit was financed from both domestic and external sources. There was a concessional Loan draw down of K448.1 million for 2013. This was K106 million higher than the 2012 outcome, and this is K196.6 million or 30.5 per cent lower than the original Budget estimate of K644.7 million. Domestic issuance in 2013 totalled K6,914.6 million which comprised K5,498.9 million in Treasury Bills and K1,415.7 million of Inscribed Stocks. Repayment of principal loans was K4,188 million in 2013 comprising K4,049.8 million of Treasury Bills and K138.3 million of Inscribed Stocks.

The Treasurer revealed that total public debt level stood at K11,880.3 million at the end of 2013, which is higher than the 2013 original Budget estimate by K1,307.7 million and is higher than the 2012 outcome by K3,010.5 million. Domestic debt was K8,844.8 million at the end of 2013. This was K2,726.5 million above the 2012 outcome, K563 million above the original budget estimate and K201.4 million above the 2013 revised estimate. He indicated that the increase in domestic debt level was due to higher than anticipated Treasury Bill issuance to finance the 2013 Budget deficit.

External debt level increased to K3,035.5 million at the end of 2013. The 2013 outcome was K284 million higher than the 2012 outcome, K744.7 million higher than the original 2013 Budget estimate and K187.2 million above the 2013 revised Budget estimate. The increase was due to the increase in net external borrowing for the year less exchange rate gains. Lower than anticipated GDP growth contributed to debt as a percentage of GDP increasing from 27.6 percent in 2012 to 34.3 percent in 2013.

The Minister indicated that the full details of the 2013 Provisional Final Budget Outcome Report can be accessed from the Department of Treasury website.

Endorsed by:



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Hon. Patrick Pruaitch, CMG, MP.
Minister for Treasury

Dated : 31 March, 2014