EXAMINATION OF THE COMPONENTS OF THE FISCAL POLICY PAPER FY2024/25 WHICH WAS LAID IN THE HOUSES OF PARLIAMENT ON FEBRUARY 15, 2024

INDEPENDENT AUDITOR'S REPORT
AUDITOR GENERAL'S DEPARTMENT OF JAMAICA
FY2024/2025

AUDITOR GENERAL'S DEPARTMENT
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The Auditor General is appointed by the Governor General and is required by the Constitution, Financial Administration and Audit Act, other sundry acts and letters of engagement, to conduct audits at least once per year of the accounts, financial transactions, operations and financial statements of central government ministries and departments, local government agencies, statutory bodies and government companies. The Auditor General is also required, under the FAA Act, to review the Fiscal Policy Paper, and other provisions of the Fiscal Responsibility Framework.

The Department is headed by the Auditor General, Pamela Monroe Ellis, who submits her reports to the Speaker of the House of Representatives in accordance with Section 122 of the Constitution of Jamaica and Section 29 of the Financial Administration and Audit Act.

This report has been prepared by the Auditor General's Department of Jamaica for presentation to the House of Representatives.

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Document No.:	Date Submitted
AuGD 643 – 1403.1	2024 February 28

Table of Contents

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Auditor General’s Opinion

1. I have examined the components of the Fiscal Policy Paper (FPP) laid by the Minister of Finance and Public Service (MoFPS) before the Houses of Parliament on 15 February 2024 in accordance with the Financial Administration and Audit (FAA) Act. I found that the report met the requirements of the Third Schedule and included the minimum content under the Fiscal Responsibility Statement, Macroeconomic Framework and Fiscal Management Strategy. In addition, the FPP included the Fiscal Risk Statement (FRS) as required by the enhanced fiscal rules.

2. I adhered to the standards issued by the International Association of Supreme Audit Institutions and International Standard on Assurance Engagement (ISAE) 3000 – Assurance Engagements Other than Audits or Reviews of Historical Information issued by the International Auditing and Assurance Standards Board.

My Responsibility

3. Section 48B (6) of the FAA Act requires the Auditor General to examine the components of the Fiscal Policy Paper (FPP) within two weeks after the FPP is laid before both Houses of Parliament[1], and provide a report to the Houses indicating whether: -

   a. **The conventions and assumptions underlying the preparation of the Fiscal Policy Paper comply with the principles of prudent fiscal management specified in Section 48D:**

      i. The Fiscal Responsibility Statement for FY2024/25 highlighted the Minister of Finance’s stated commitment to the principles of prudent fiscal management and the management of fiscal risks, in pursuing the Government’s policy objectives. An important principle of prudent fiscal management is that the budget be based on reasonable revenue projections underpinned by credible macroeconomic assumptions. Further, risks must be identified and realistically assessed to determine appropriate risk mitigating measures, consistent with the achievement of the fiscal targets and Government’s broader policy objectives.

      ii. Accordingly, I reviewed the Fiscal Policy Paper FY2024/25 to ascertain whether the report complied with the principles of prudent fiscal management. Given the established relationship between Tax Revenue and nominal Gross Domestic Product (GDP) and linkages to the economic performance of Jamaica’s trading partners, particularly the USA, I reviewed actual GDP growth relative to forecast and global economic growth to identify whether revenue projections for FY2024/25 and the medium-term, were aligned with GDP. I found that for the five-year period prior to the COVID-19 pandemic, actual Tax Revenue for Jamaica grew at a

[1] The Auditor General is required to review the Fiscal Policy Paper until the Independent Fiscal Commission Act, 2021 comes into operation as per “publication of the notification of assent”.

faster rate than nominal GDP which was impacted by the performance of its main trading partner. On the other hand, due to the impact of the COVID-19 pandemic in FY2020/21, Tax Revenue fell at a faster rate than nominal GDP.

iii. As in previous years, the Fiscal Risk Statement highlighted slower than projected GDP growth as the main risk to Jamaica's fiscal and debt sustainability, given the adverse impact on the fiscal projections, particularly revenue. Having established the link between Jamaica's economic performance and the USA in particular, the report reaffirmed Government's commitment to "monitor developments in the global economy to gauge possible spillover effects" on the Jamaican economy. Other risks identified included inflation, interest rates, exchange rates and contingent liabilities including climate-related risks. In particular, the FPP underscored the Government's Debt Management Strategy as a means of reducing interest rate and exchange rate risks. This involves reliance mainly on the issuance of fixed rate debt instruments to manage interest rate risk, and realigning the debt portfolio towards local currency, to mitigate foreign exchange risk. Numerous external funding sources to mitigate climate-related fiscal risks were also identified and, in some instances, quantified, including the Government's planned issue of another Catastrophe Bond in 2024, following the maturity of the 2023 bond. Given the reasonableness of the macroeconomic assumptions and assessment of the qualitative and quantitative impact of risks, including contingent liabilities, I found that the conventions and assumptions underlying preparation of the Fiscal Policy Paper FY2024/25 complied with the principles of prudent fiscal management.

b. The reasons given, pursuant to subsection (5)(d)(ii) are reasonable having regard to the circumstances:

i. The FPP FY2024/25 summarized Central Government's performance for the period April-December 2023, relative to the original budget, and identified reasons for deviations from targets, in accordance with the requirements of the FAA Act. The report highlighted a lower than programmed fiscal deficit and a larger than projected primary surplus, relative to budget. The report also revealed overperformance in Tax Revenue, Non-Tax Revenue and Grants, whereas there were no receipts for Capital Revenue. Within Tax Revenue, receipts from *Income and Profits* and *International Trade* exceeded budget, whereas collections from *Production and Consumption* were below target. The FPP indicated that the above-budget outturn for *Income and Profits* was largely attributed to higher-than-expected tax inflows from 'Other Companies', based on increased profitability. Additionally, PAYE collections were greater than projected, consistent with the increase in public and private sector wages and employment, whereas 'Tax on Interest' benefitted from higher interest rates. *International Trade* largely reflected higher than projected imports values and stronger than anticipated tourist arrivals. *Production & Consumption* taxes were below budget, mainly reflecting lower SCT (local) due to lower-than-expected production of petroleum and related products. In a context where Tax Revenue inflows were consistent with the quarterly performance of GDP labour market and the external sector, I consider the reasons provided in the FPP for the deviation in Tax Revenue to be reasonable.

ii. The overperformance of Non-Tax Revenue relative to target was attributed to greater than projected inflows from de-earmarked entities, royalties, public sector pension contributions and miscellaneous revenue inflows. The FPP highlighted that Non-Tax Revenue benefited from the performance of the Self-Financing Public Bodies (SFPB) and the implementation of the new compensation system in the public sector. Additionally, stronger than expected Grant receipts were influenced by higher than anticipated disbursements from International Development Partners. In this regard, the explanations provided in the FPP for the deviations in Non-Tax Revenue and Grants were not unreasonable.

c. In keeping with my application of criteria prescribed pursuant to regulations made under Section 50 (1), there are public bodies that do not form part of the specified public sector, and identifying those bodies (if any) which in the preceding financial year formed part of the specified public sector:

The FAA Act requires the Minister, no later than August 31, in every third year, to provide the Auditor General with a list of public bodies that the Minister wishes the Auditor General to consider for certification. In 2022, I certified two entities that met the criteria under Regulations 14(2) of the FAA (FRF) Regulations of not being part of the Specified Public Sector. The next request for certification is anticipated for August 2025.

d. A Public Private Partnership (PPP) involves only minimal Contingent Liabilities.

The Financial Administration and Audit (FAA) Act requires the Auditor General to determine whether a public private partnership (PPP) involves only minimal contingent liabilities accruing to the Government. This assessment only applies to user-pays PPPs as these could present a contingent risk to the Government where a financial obligation materializes. Following the fallout from the COVID-19 pandemic, four of five PPP concessionaires namely, TransJamaica Highway (TJH) and Jamaica North-South Highway, Norman Manley International Airport, Sangster International Airport, submitted claims to the GOJ under the Force Majeure clause and other sections of their respective PPP agreements. Regarding the TJH concessionaire, the FPP FY2024-25 stated that the legal opinion provided to National Road Operating and Constructing Company Limited (NROCC) indicated that the claim submitted by TJH was not valid. For Jamaica North-South Highway, the claim is still under review. The recommended strategy for the two airport concessions was approved, including an extension of the concession period of 12 months for Sangster International Airport and a reduced concession fee for Norman Manley International Airport (NMIA). However, no analysis was provided in the FPP regarding the potential impact of NMIA concession claim on the GOJ.

My Recommendation

4. The FPP should consider including a quantification of projected losses from adjustments to the concession agreements for the NMIA airport for the short- to medium-term to facilitate an analysis of the materialised contingency risk.

Pamela Monroe Ellis, FCCA, FCA
Auditor General

The Fiscal Management Strategy

5. The Fiscal Management Strategy highlighted that for April to December 2023, the performance of the Jamaican economy was positive, as evidenced by real GDP growth over the first and second quarters, labour market improvements and increased international trade. The analysis accredited the country's positive economic performance to a strong rebound from the effects of the COVID-19 pandemic and implementation of policies to mitigate the adverse impact of on-going geopolitical tensions. Accordingly, we reviewed the Central Government's performance for April to December 2023 to ascertain whether, pursuant to subsection (5)(d)(ii), the reasons given for the deviations were reasonable, considering the circumstances.

Primary and Fiscal Balance

6. For April to December 2023, Central Government operations resulted in a primary surplus of $89.0 billion or $26.2 billion (41.6 per cent) above target, and a fiscal deficit of $33.2 billion or $15.1 billion (31.3 per cent) less than targeted. The positive fiscal performance was reflected in higher than budgeted Revenue & Grants, in particular Tax and Non-Tax Revenue, which outweighed the higher than budgeted Expenditure, reflected in Recurrent Expenditure. For FY2023/24 the fiscal balance was estimated at 0.3 per cent of GDP and is expected to be unchanged in FY2024/25, before tapering off over the medium-term. The primary balance as a percentage of GDP was estimated at 6.0 per cent for FY2023/24 and is projected to gradually decline over the medium-term (**Figure 1**). The projected decline in the primary balance is consistent with declining interest costs based on the convergence of the debt stock towards the target of 60 per cent of GDP by FY2027/28.

Figure 1: Fiscal and Primary Balance (as % GDP)

	FY2020/21	FY2021/22	FY2022/23	FY2023/24 Proj	FY2024/25 Proj	FY2025/26 Proj	FY2026/27 Proj	FY2027/28 Proj
Fiscal Balance	(3.1)	0.9	0.3	0.3	0.3	0.0	0.1	0.2
Primary Balance	3.5	6.8	5.8	6.0	5.6	4.9	4.5	4.3

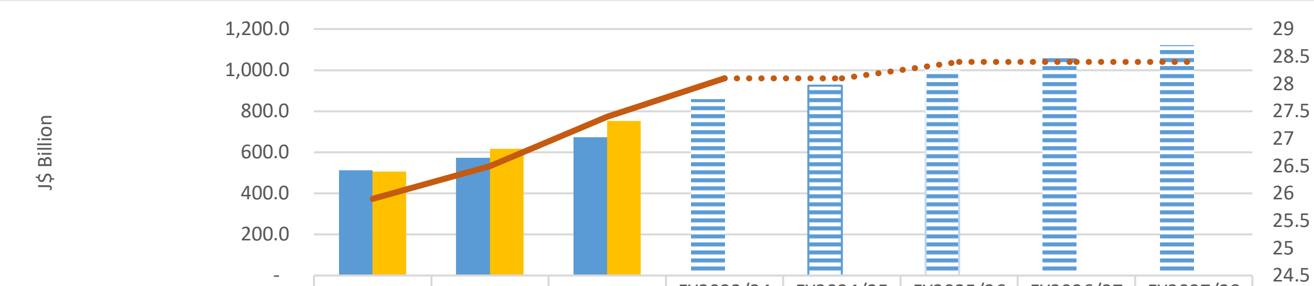
Source: MOFPS

Tax Revenue

7. For April – December 2023, Tax Revenue outperformed targeted inflows by $18.6 billion or 3.3 per cent. Tax Revenue's positive performance was reflected in higher than projected *Income & Profits* and *International Trade,* tempered by lower than targeted *Production & Consumption*. *Income & Profits* reflected higher than targeted PAYE (21.7 percent), Other Companies (12.7 per cent) and Tax on Interest (30.0 per cent). The FPP attributed the strong performance of these categories to increases in employment, wages in the public/private sector, higher profitability within the context of improved economic activity and higher interest rates. The better than targeted outturn for *International Trade* was reflected in stronger performances for Travel Tax, GCT (Imports), and Customs Duty underpinned by greater value from imports and strong performance from the tourism sector. *Production and Consumption* underperformed by *$*12.5 billion (6.3 per cent), mainly reflected in SCT (local) with a shortfall of $7.7 billion (31.7 per cent) due to lower production of petroleum and related products. In a context where the performance of Tax Revenue was consistent with the outturn for GDP, labour market and the external sector, the explanations provided for the deviations were not unreasonable.

8. For FY2023/24, the FPP estimated Tax Revenue as a share of GDP at 28.1 per cent, with a marginal increase to 28.4 per cent over the medium-term **(Figure 2)**.

Figure 2: Tax Revenue (%GDP)



	FY2020/21	FY2021/22	FY2022/23	FY2023/24 Est.	FY2024/25 Proj.	FY2025/26 Proj.	FY2026/27 Proj.	FY2027/28 Proj.
Budgeted Tax Revenue	510.1	572.5	671.5	856.4	924.4	996.2	1,056.5	1,120.5
Actual Tax Revenue	505.7	616.4	752.8					
% (GDP)	25.9	26.5	27.4	28.1	28.1	28.4	28.4	28.4

Sources: MoFPS

Non-Tax Revenue

9. For April-December 2023, Non-Tax Revenue exceeded budget by $13.7 billion (36.0 per cent). The overperformance of Non-Tax Revenue relative to target was attributed to greater than projected inflows from de-earmarked entities, royalties, public sector pension contributions and miscellaneous revenue inflows. The outturn for Non-Tax Revenue benefited from the performance of the Self-Financing Public Bodies and the implementation of the new compensation system in the public sector. In this regard, the explanation provided in the FPP for the deviation in Non-Tax Revenue was not unreasonable.

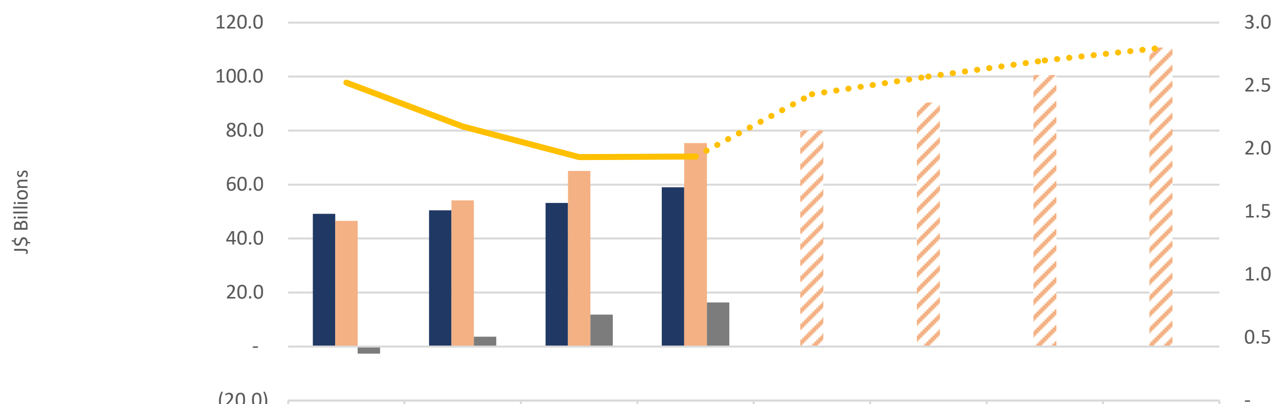
Grants

10. For April – December 2023, Grants totalled $6.0 billion, exceeding budget by $967.3 million (19.2 per cent), and the corresponding period in FY2022/23 by 19.6 per cent. The FPP indicated that the above-budget inflows reflected higher-than-projected disbursements from International Development Partners. The explanation for this deviation is not unreasonable.

Capital Expenditure

11. For April-December 2023, Capital Expenditure was $14.0 billion (27.5 per cent) less than originally budgeted. As was the case for April-December 2022, the FPP attributed this shortfall to slower-than-planned execution of several planned public policy projects. Of note, the lower than budgeted Capital Expenditure for April-December 2023 was reflected in the higher than budgeted Fiscal and Primary Balances. Although Capital spending has increased post COVID-19 pandemic, it is estimated to fall as a per cent of GDP to 1.9 per cent in FY2023/24 **(Figure 3)**. Despite a projected increase to 2.4 per cent FY2024/25, it would still be below the 2.5 per cent of GDP outturn for FY2020/21. Nevertheless, Capital Expenditure is projected, thereafter, to increase steadily to 2.8 per cent of GDP by FY2027/28.

Figure 3: Capital Expenditure for FY2020/21 to FY2027/28



	FY2020/21	FY2021/22	FY2022/23	FY2023/24 Estimate	FY2024/25 Proj.	FY2025/26 Proj.	FY2026/27 Proj.	FY2027/28 Proj.
Actual	49.2	50.5	53.2	59.0				
Budget	46.6	54.2	65.1	75.4	80.0	90.4	100.6	110.6
Deviation from Budget	(2.6)	3.7	11.9	16.3				
% of GDP	2.5	2.2	1.9	1.9	2.4	2.6	2.7	2.8

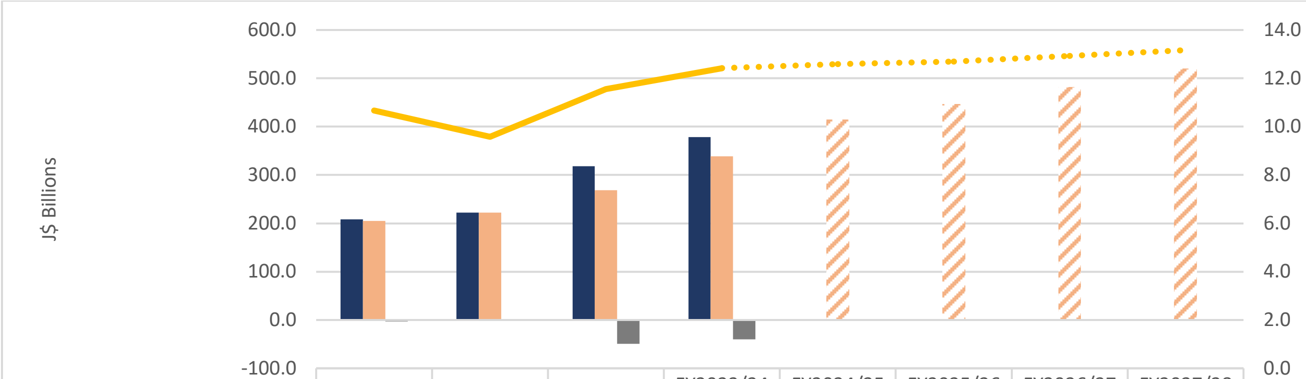
Source: MoFPS

Wages & Salaries

12. For April - December 2023, Wages and Salaries exceeded budget projections by $27.2 billion (10.6 per cent). The FPP indicated that this amount included payments of retroactive amounts and salary increases related to the implementation of the second phase of the Public Sector Compensation Restructure.

13. The FPP highlights the increase of the Wage-to-GDP ratio as a risk to the fiscal accounts based on uncertainty surrounding final settlements, compounded by the protracted nature of wage negotiations. For FY2023/24, it is estimated that Wages and Salaries will exceed planned expenditure by $39.8 billion (11.8 per cent) at end March 2024, attributed to the remaining payments associated with the final phase of the compensation reform. The FPP projects that Wages and Salaries will increase gradually from 12.6 per cent of GDP in FY2024/25 to 13.2 per cent of GDP in FY2027/28.

Figure 4: Wages and Salaries for FY2020/21 to FY2027/28



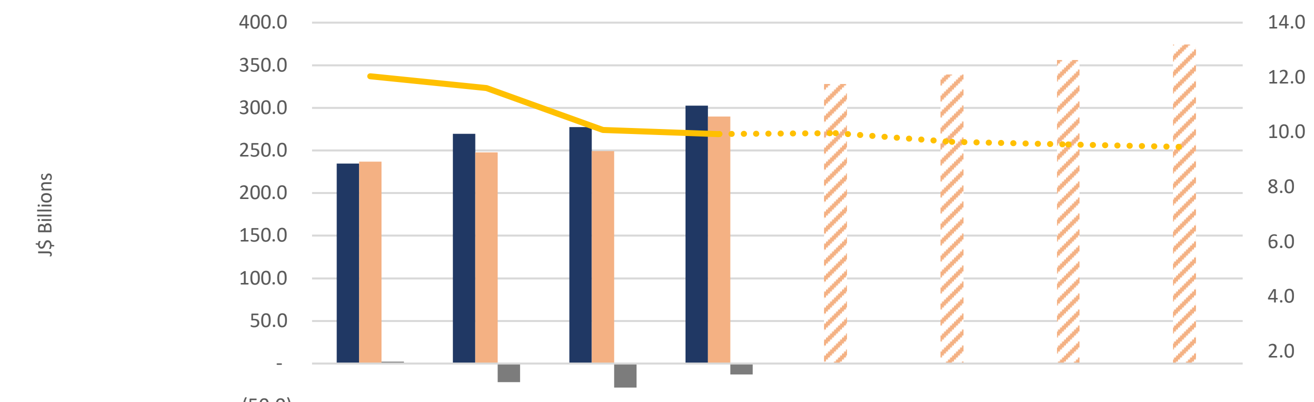
	FY2020/21	FY2021/22	FY2022/23	FY2023/24 Estimate	FY2024/25 Proj.	FY2025/26 Proj.	FY2026/27 Proj.	FY2027/28 Proj.
Actual	208.0	222.5	317.9	378.5				
Budget	205.0	221.9	268.8	338.7	414.2	445.9	481.6	520.2
Deviation from Budget	(3.0)	(0.6)	(49.1)	(39.8)				
% of GDP	10.7	9.6	11.6	12.4	12.6	12.7	12.9	13.2

Source: MoFPS

Recurrent Programmes

14. Programmes expenditure for April to December 2023 was lower than budgeted by $4.4 billion (2.0 per cent), which the FPP attributed to slower-than-planned execution of Programmes although there was no disaggregation to indicate the affected projects. Nonetheless, the FPP estimates that Programmes expenditure for FY2023/24 will exceed the budget by $13.0 billion (4.5 per cent). Over the medium-term, Programmes as a percentage of GDP is projected to marginally decline by FY2027/28.

Figure 5: Programmes for FY2020/21 to FY2027/28



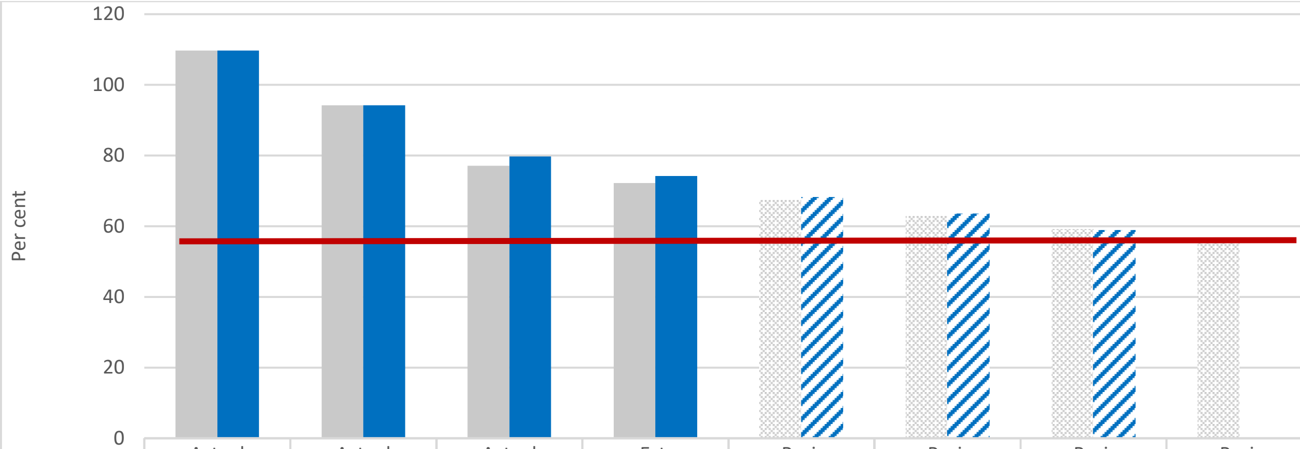
	FY2020/21	FY2021/22	FY2022/23	FY2023/24 Estimate	FY2024/25 Proj.	FY2025/26 Proj.	FY2026/27 Proj.	FY2027/28 Proj.
Actual	234.7	269.6	277.3	302.8				
Budget	236.9	247.8	249.2	289.8	327.8	339.0	355.9	373.8
Deviation from Budget	2.2	(21.8)	(28.1)	(13.0)				
% of GDP	12.0	11.6	10.1	9.9	10.0	9.6	9.6	9.5

Source: MoFPS

Public Debt

15. For FY2023/24, debt-to-GDP is estimated to decline to 72.2 per cent predicated on estimated nominal GDP growth of 10.7 per cent as domestic and external debt are estimated to increase by 5.1 and 5.9 per cent, respectively. The increase in total public debt is tempered by a 169.3 per cent decline in net public bodies debt. Medium-term forecasts reflect a continued downward trend in the debt-to-GDP ratio consistent with the achievement of the legislative target, 60 per cent or lower, a year early in FY2026/27 **(Figure 6)**.

Figure 6: Public Debt (as % GDP)



	Actual 2020/21	Actual 2021/22	Actual 2022/23	Est. 2023/24	Proj. 2024/25	Proj. 2025/26	Proj. 2026/27	Proj. 2027/28
-- Debt to GDP Target								
FPP 2024	109.7	94.2	77.1	72.2	67.3	62.9	59.2	55.4
FPP 2023	109.7	94.2	79.7	74.2	68.2	63.6	58.8	

Source: MoFPS and IMF

16. The FPP identified higher-than-projected depreciation of the Jamaica Dollar (JMD) to the US Dollar (USD) as one of the main risks to the achievement of the medium-term debt target. For the period April - December FY2020/21 to FY2023/24, variations in the value of the JMD relative to the USD accounted for, on average, 65.2 per cent of the changes in the debt servicing costs.[2] Consistent with the principles of prudent fiscal management, the FPP highlighted that to mitigate the impact of foreign currency risk on the public debt portfolio, the GOJ medium term debt strategy seeks to "de-dollarise" the debt and restructure the portfolio towards a greater reliance on domestic debt relative to external debt. Notwithstanding, at end-December 2023, 62.4 per cent of total Central Government Debt was foreign currency denominated. Of note, Jamaica issued its first international JMD-linked bond in November 2023 and the proceeds were used to buyback a portion of the JAMAN global bonds due 2025 and 2028.

Fiscal Risk Assessment

17. Jamaica's economy maintained positive performance towards the achievement of the medium-term target. The Fiscal Risk Statement (FRS) provided an update on the macroeconomic risks, contingent liabilities, and other risks to the economy's fiscal position for FY2024/25. Estimated real GDP growth of 2.0 per cent for FY2023/24 represents an upward revision of 0.4 percentage points since the 2023 FPP. This revision was in line with the Planning Institute of Jamaica's projection of real GDP outturn within a band of 1.5 to 2.5 per cent at end FY2023/24. Consistent with the World Economic Outlook (WEO) January 2024, the FRS's projected real GDP growth for FY2024/25 of 1.8 per cent, which aligns with the IMF's projections for USA real economic growth of 2.1 per cent,

[2] Government of Jamaica Medium Term Debt Management Strategy FY2024/25 – FY2027/28

Latin America and Caribbean region of 1.9 per cent. The outlook in the FRS is for inflation to continue to exceed the target range for the near term to March 2025.

18. The FRS provided extensive coverage of contingent liabilities risk including the addition of the new Climate Change and Fiscal Risks section. The FRS detailed GOJ's current national disaster risk financing portfolio which includes access to funding, lines of credit, and insurance arrangements in the event of severe natural disasters. Further, the Government will seek to issue a new catastrophe bond in 2024 and establish a National Natural Disaster Reserve Fund. Coverage of the quantitative and qualitative impact of the contingent liabilities identified within the FRS aligns with the principles of prudent fiscal management.

State Owned Enterprises

19. The FPP highlighted the continued recovery of some SFPBs in the aftermath of the COVID-19 pandemic and other economic conditions such as oil price volatility. Whereas some SFPBs are truly self-financing, others including Jamaica Urban Transit Company Limited and Student Loans Bureau will continue to receive support (grants) from GOJ. The report indicated that the National Water Commission, Transport Authority, and the National Export Import Bank received grants during FY2023/24 to assist with offsetting costs related to new compensation for employees. Further, the FPP FY2024/25 noted that some public bodies received assistance from GOJ in the form of loans. However, the FPP did not provide complete disclosure of the extent of GOJ support to facilitate better assessment of the fiscal exposure.

20. The FRS indicated that the Government, as part of its risk mitigating strategy, will continue to monitor the domestic arrears of specific public bodies to ensure that such arrears are maintained within the established ceiling of $6.4 billion. However, no disaggregation of the arrears was provided to facilitate an assessment of GOJ's fiscal exposure.

Public Private Partnerships

21. The FPP did not indicate any new public private partnerships for FY2024/25. Following the fallout from the COVID-19 pandemic, four of five PPP concessionaires namely, TransJamaica Highway (TJH) and Jamaica North-South Highway, Norman Manley International Airport, Sangster International Airport, submitted claims to the GOJ under the force majeure clause and other sections of their respective PPP agreements. Regarding TransJamaica Highway concessionaire, the FPP FY2024-25 stated that the legal opinion provided to NROCC indicated that the claim submitted by TJH was not valid. For Jamaica North-South Highway, the claim is still under review. Further, on December 14, 2020, Cabinet approved claims submitted by PAC Kingston Airport Limited, operators of NMIA and MBJ Airports for reliefs under the force majeure clause of the respective concessions. For Sangster International Airport, although the contract period was extended by 12

months, no additional compensation from GOJ was approved. On the other hand, for Norman Manley International Airport, the Concession fee to the GOJ was reduced from 62.0 per cent of gross revenue to 53.2 per cent, which implies less revenue to the GOJ via the Airport Authority of Jamaica, the collecting agency. However, no analysis was provided regarding potential impact on the GOJ from NMIA concession claim.

Reasonableness of the Deviation of the Fiscal Indicators

22. Subsection (5)(d)(ii) of the FAA Act requires that the Minister compares the outcomes of the fiscal indicators with the targets for the previous financial year and gives the reasons for any deviations. Further, Section 48B (6) of the FAA act requires that the Auditor General indicates whether the reasons given pursuant to subsection (5)(d)(ii) are reasonable having regard to the circumstances.

23. In this section, I have reviewed the explanations provided for April to December 2023 as provided in the FPP for FY2024/25. In determining the reasonableness of the explanations provided by the Minister of Finance, the following were undertaken:
    a. A review of the macroeconomic assumptions provided in the Interim Report indicated vis-à-vis the assumptions indicated in the FPP FY2024/25 February 2024;
    b. A review of emerging risks discussed in the FPP FY2024/25 and Debt Management Strategy to determine if any risks has materialized or were excluded from initial projections analysis of supplementary information; and
    c. Confirmation, where possible, of the Minister's explanations with observed data for FY2023/24 (April to December 2023).

24. My comments on variances provided in **Table 2** relate only to material issues presented in the FPP FY2023/24 and by the Ministry of Finance and the Public Service (MoFPS).

Table 2: Summary of the Explanations for Major Fiscal Deviations for April - December 2023 relative to Budget

Item	Provisional April – Dec	Original Budget April - Dec	*Diff*	Diff %	GOJ's Explanation Stated in FPP FY2023/24 Comparing Provisional and Original Budget	Audit Comments	Ministry's Response
TAX REVENUE	581,767.2	563,193.1	18,574.1	3.3%	The positive performance is attributed to higher than programmed outturns from *International Trade* and *Income and Profit*.	Explanation reasonable.	
Income & Profits							
Other Companies	47,246.1	41,939.9	5,306.3	12.7%	Performance attributed to increased profitability amidst improved economic activity during the period.	Explanation reasonable.	
PAYE	95,933.4	78,844.2	17,089.2	21.7%	Performance attributed to increased public/private sector wages and employment.	Explanation reasonable.	
Tax on Interest	24,941.5	19,181.2	5,760.3	30%	The increase was attributed to tighter liquidity conditions and higher interest rates.	Explanation reasonable.	
Production and Consumption							
Other Licenses	795.6	2,023.9	-1,228.4	-60.7%		No explanation provided.	Lower collections for Spectrum Licences than budgeted was a major factor.
Motor Vehicle Licenses	3,792.9	4,510.6	-717.7	-15.9%		No explanation provided.	Further analysis being pursued.
SCT	16,540.1	24,228.8	-7,688.6	-31.7%	Shortfall due to lower production of petroleum and related products.	Explanation reasonable.	
Betting, Gaming and Lottery	5,823.3	6,822.4	-999.1	-14.6%		No explanation provided.	Further analysis being pursued.
Telephone Call Tax	2,173.7	2,666.9	-493.2	-18.5%		No explanation provided.	This tax continued to face challenges/ competition posed by alternate communication platforms such as Whatsapp.

Item	Provisional April – Dec	Original Budget April - Dec	*Diff*	Diff %	GOJ's Explanation Stated in FPP FY2023/24 Comparing Provisional and Original Budget	Audit Comments	Ministry's Response
International Trade							
Stamp Duty	3,017.9	3,285.3	-267.4	-8.1%	Impacted by the contraction in the construction industry.	Explanation reasonable.	
GCT (imports)	92,038.1	89,656.4	2,381.6	2.7%	There was improvement in the GCT imports.	Explanation reasonable.	
Non-Tax Revenue	**51,636.7**	**37,955.1**	**13,681.6**	**36.0%**	Reflected higher-than projected inflows from de-earmarked entities, royalties, public sector pension contributions and miscellaneous revenue flows.	Explanation reasonable.	
Grants	**6,010.7**	**5,043.4**	**967.3**	**19.2%**	Reflected higher-than-expected receipts from International Development Partners.	Explanation reasonable.	