



PERFORMANCE REPORT – 2011
DEPARTMENT OF FISCAL POLICY
THE GENERAL TREASURY

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Vision

**To Ensure the Establishment of a
Sustainable Fiscal Policy
Framework**

Mission

**Formulation and Implementation of
Fiscal Policies
Within the Broad Developmental
Framework of the Government**

Functions

- Formulation and implementation of fiscal policy and medium term fiscal strategy by co-ordinating with public, private and international agencies,
- Formulation of tax policy and related statutes other than the Customs Duty and the Special Commodity Levy,
- Management and review of fiscal out-turn and fiscal performance, including government revenue and receipts
- Implementation of requirements under Fiscal Management (Responsibility) Act No.03 of 2003, including all reporting.

1. Fiscal Policy in 2011 – Overview

The improvement in the government fiscal operations was further consolidated in 2011 as well by containing the overall budget deficit at 6.9 percent of GDP compared to the target of 6.8 percent announced in the Budget 2011. The budget deficit was reduced to 8.0 percent of GDP in 2010 from the high deficit of 9.9 percent in 2009. This improvement was supported by the continued expansion in the domestic economy. The consolidation in government fiscal operations has been achieved in the midst of comprehensive tax policy reforms proposed in the Budget 2011.

Tax reforms in 2011 were implemented with the view of simplifying the country's tax system, broadening the tax base and improving compliance. The new tax system has been designed to be development friendly and equitable with a positive impact on both taxpayers as well as the government revenue in the medium term on a sustainable basis. It has replaced the operation of multiple taxation. The creation of an enabling environment to support savings in the hands of taxpayers and investment by both domestic and foreign investors to sustain higher economic growth are also objectives of these reforms.

As the year 2011 progressed, certain other revisions were also introduced to the tax system. Accordingly, a full waiver of the importation of milk powder and petrol was granted in January and April 2011, respectively. The excise duty on importation of hybrid vehicles, trishaws and petrol motor vehicles with the engine capacity below 1,600cc was increased. The maximum age limit of motor vehicles eligible for import was reduced from three and half years to two years in April 2011. In addition, excise duty on liquor and cigarettes was increased in January and October 2011. The rates applicable under the Special Commodity Levy (SCL) for certain commodities were revised based on the international commodity prices, domestic price concerns as well as to deal with enhanced domestic supply of certain items from time to time to support the domestic agriculture while bringing certain new items into the SCL.

In 2011, the total government revenue increased by 14.4 percent to Rs.935 billion, in comparison to the Rs.817 billion in 2010. Out of this total revenue, Rs.813 billion is from the tax revenue and Rs.122 billion is from non-tax revenue. However, the total revenue as a percentage of GDP marginally decreased from 14.6 percent in 2010 to 14.3 percent in 2011.

Current expenditure in 2011 increased by 7.4 percent to Rs.1,006.6 billion over 2010. As a percent of GDP, it accounted for 15.4 percent in comparison to 16.7 percent recorded in the previous year. Expenditure on salaries and wages for public servants, including those in the Provincial Council system, and security services, increased by 8 percent to Rs.319.6 billion in 2011 in comparison to an increase of 6.3 percent in 2010. This increase was due to the combined effect of the provision of all public servants with a special allowance equivalent to 5 percent of their basic salary and the increase of monthly cost of living allowance (COLA) by Rs.600 for the non-staff grade category of public sector employees from January 2011 and for the staff grade category from July 2011. The expenditure on salaries and wages accounted for 4.9 percent of GDP in 2011. Interest payments increased to Rs.356.7 billion in 2011 from Rs.352.6 billion in 2010 and accounted for 5.5 per cent of GDP. Domestic interest payments at Rs.288.1 billion accounted for 4.4 percent of GDP. Interest payments on foreign debt increased by 23.6 percent to Rs.68.6 billion in 2011 from Rs.55.5 billion in 2010 mainly reflecting the decline in concessional foreign financing and the gradual transformation of the cost structure of the foreign debt towards market based financing. However, reflecting the fact that a bulk of high cost debt is in domestic form, the total interest on foreign debt accounted to 19 percent of the total interest payments.

The expenditure on government social welfare schemes increased to Rs.41.7 billion in comparison to Rs.34.4 billion in 2010. Key items in this category included payments to disabled soldiers (Rs.13.3 billion), Samurdhi cash grants (Rs.9 billion) and relief assistance of Rs.649 million for displaced persons due to the severe floods in early 2011. Meanwhile, the assistance to state owned enterprises and public corporations amounted to Rs.45 billion in 2011. The continued decline in defence related procurement also helped reduce current expenditure. Accordingly, the non interest recurrent expenditure as a per cent of GDP declined to 9.9 percent in 2011 from 10.4 percent in 2010.

Keeping to the commitment of maintaining annual public investment at 6 percent of GDP, the government spent Rs.407.6 billion as public investment in 2011. This accounted for 6.2 percent of GDP. Main focus in the public investment was on the development of roads and construction of highways with other strategic areas, including power & energy, ports, airports, bridges, irrigation, water supply and sanitation. Emphasis was also placed on the development of infrastructure in the emerging regions by implementing projects in a number of areas, including access roads, electricity distribution network, community water supply and minor irrigations to reduce economic disparity among the regions and to rebuild the infrastructure in the conflict affected provinces. The reconstruction of the irrigation facilities and roads, which were damaged due to the severe floods that occurred in the early part of 2011, was also undertaken on a priority basis. Important landmarks in the public investment programme in 2011 include the commissioning of the phase I of 300 MW Norochcholai Coal Power project as well as the phase I of Southern expressway connecting Colombo and Galle.

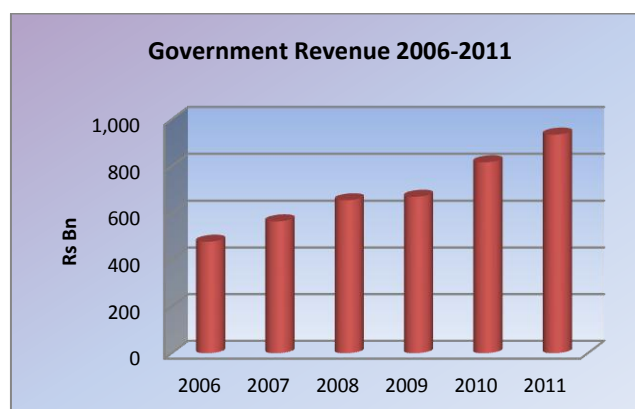
The deficit in the revenue account, the gap between the total current expenditure and total revenue, declined to Rs.71.8 billion in 2011 from Rs.119.8 billion in the previous year as a result of the lower growth in the current expenditure than the growth in the revenue. As a percentage of GDP, the revenue deficit declined to 1.1 percent from 2.1 percent in 2010. The overall budget deficit in 2011 was Rs.450.2 billion and accounted to 6.9 percent of GDP compared to 8.0 percent recorded in 2010. In financing the budget deficit, Rs.256.3 billion (57 percent) was obtained as net borrowings from domestic sources mainly reflecting the shortfall in the revenue. There was Rs.193.9 billion (43 percent) of net financing from foreign sources.

The government debt totaled to Rs.5,133.4 billion by end 2011 consisting of Rs.2,804.1 billion of domestic debt and Rs.2,329.3 billion of foreign debt. Total debt accounted for 78.5 percent of GDP in 2011 in comparison to 105.6 percent recorded in 2002. This was a result of the containment of the budget deficit at 6.9 percent of GDP in 2011 in comparison to 8.0 percent in 2010 as well as the higher growth in GDP than the growth in debt in 2011. Although the total domestic debt increased by Rs.238.4 billion in 2011, as a percentage of GDP, it declined to 42.9 percent from 45.8 percent in 2010. Of the total domestic debt, Rs.2,105.9 billion or about 75.1 percent was with the maturity periods from medium to long term. The balance Rs.698.2 billion or 24.9 percent was with a short term maturity period.

Total foreign debt increased by Rs.304.7 billion in 2011 reflecting the borrowings from foreign sources as well as the impact of the depreciation of the rupee viz. a viz. major foreign currencies during the latter part of 2011. However, as a percentage of GDP, it declined to 35.6 percent in 2011 from 36.1 percent in 2010. About 57 percent of the government foreign debt was on concessional terms and conditions. With the borrowings of Rs.109.5 billion (US\$ 1,000 million) through international sovereign bond, the share of non-concessional loans in the total foreign debt amounted to 43 percent in 2011.

1.1 Government Revenue

Total revenue of the government in 2011 grew by 14.4 percent to Rs.935 billion, in comparison to the budgetary target of Rs.963 billion. As a percentage of GDP, total revenue decreased slightly to 14.3 percent in 2011 from 14.6 percent in the previous year. Improved domestic economic activity and the enhanced imports helped increase the revenue although there was a negative impact on the revenue from imports due to the continuation of tax concessions granted on certain items, including petroleum products, in the midst of rising international prices. Among the major taxes, the revenue from income taxes grew by 16 percent in 2011 with the support of the growth in corporate and non-corporate income taxes and ESC. The revenue from import related taxes recorded significant increases (except that from Cess) compared to the previous year reflecting, particularly the growth in import of motor vehicles. The revenue from excise duties and import duties increased to 2.8 percent and 1.2 percent of GDP, respectively. The revenue from Value Added Tax (VAT) declined to 3.3 percent of GDP. This was due to the reduction of VAT rate from 20 percent to 12 percent on major revenue items such as liquor, cigarettes and motor vehicles and corresponding increase of the excise duty rates related to those items to maintain the revenue buoyancy. In addition, a part of VAT revenue shifted to an Investment Fund Account (IFA) as a result of the reduction in VAT on financial services from 20 percent to 12 percent.



1.2 Variance Analysis of Government Revenue - 2011

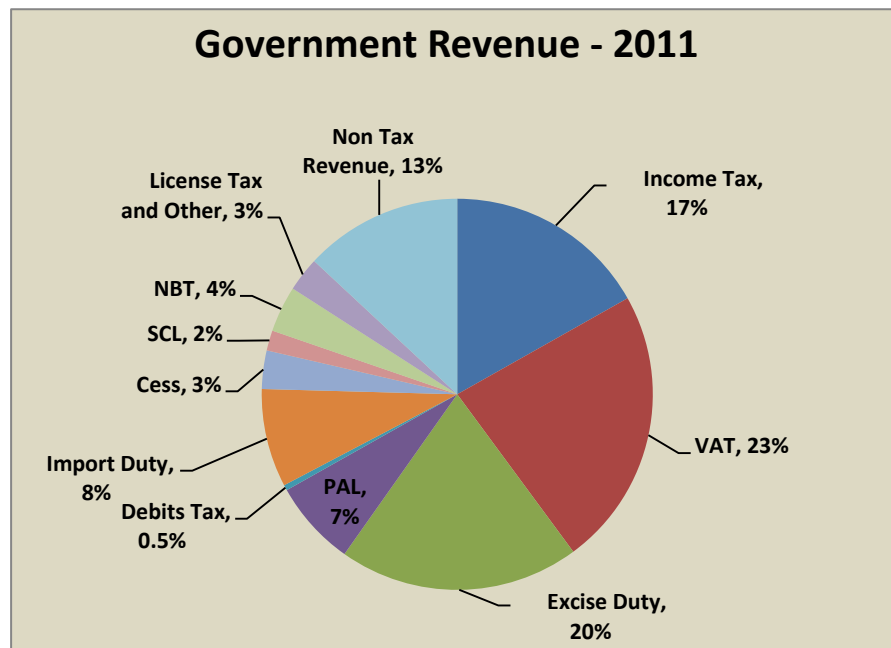
Item	2010	2011	Reasons
Income Tax	135,623	157,310	Corporate and non-corporate income tax revenue has increased with the enhanced economic activities due to the revival of the economy. The revenue from Economic Service Charge (ESC) increased due to higher turnover in business activities. Even though the total Withholding Tax (WHT) on interest has increased purely due to increased WHT revenue from interest on government securities, a decline could be witnessed in WHT on other areas owing to lower interest rates, reduction of WHT rate and granting of ESC payers with exemption for WHT on specified fees. The revenue from PAYE declined reflecting the impact of additional exemption of Rs.100,000 granted on wage income, reduced tax rates and the expansion of income tax slabs despite the wage and employment increases in 2011.
VAT	219,990	215,420	The revenue from VAT on imports increased reflecting increased imports to support domestic economic activity. However, the revenue from domestic VAT declined mainly due to reduction in VAT on financial services and new exemptions granted, including that for education sector etc.
Excise Tax	129,864	186,010	The positive impact of the upward rate revisions in November 2010 as well as January and October 2011 mainly contributed to increase the excise duty on cigarettes. The increase of excise duty on liquor, increased production and opening up of new markets in North and East areas resulted in an increase in the revenue from excise duty on liquor.
Import Duty	64,164	76,010	Increase in imports, particularly the motor vehicle imports due to the lowering of the effective tax rates, as well as the improvement of domestic economic activities helped achieve this. However, the provision of import duty concessions for a number of items such as petroleum reduced the revenue that would otherwise have been collected from this source.

Ports and Airports Development Levy(PAL)	49,632	66,028	PAL revenue increase was mainly due to the increased imports, including Petroleum products, motor vehicles, mechanical appliances etc. and the fewer number of exemptions provided under this levy.
Nation Building Tax (NBT)	46,022	35,667	The 2011 number represents only 2/3 of the total revenue from NBT. The overall revenue from NBT including the transfers to Provincial Councils (PCs) increased by 16 percent in 2011. The increase came from domestic NBT mainly contributed to this increase reflecting enhanced trade and tourism related activities. However, exemptions granted to the Telecommunications sector and sub-contractors in construction industry etc. affected negatively on the revenue from this source. Meanwhile, the NBT on imports declined mainly due to the lowering of the NBT rate.
Other Taxes	79,452	76,202	Removal of Cess on certain imported items, removal of Regional Infrastructure Development Levy and Social Responsibility Levy were mainly attributable to the decline in the revenue from other sources.
Non Tax Revenue	92,532	122,165	The increase in revenue from sales and charges, including fines and fees as well as profits and dividends, interest income and profit transfers by the Central Bank were mainly contributed to this increase.
Total Revenue	817,279	934,812	

2. Performance - Year 2011

2.1 Review of the progress of Government revenue while maintaining a proper co-ordination with all departments engaged in revenue collection

The government revenue in 2011 was Rs.935 billion which was an increase of 14.4 percent compared to Rs.817 billion 2010. Out of the total Government revenue, Rs.813 billion was tax revenue while the non-tax revenue amounted to Rs.122 billion.



2.2 Summary of Government Revenue

	<i>Rs. Million</i>	
	2010	2011
Tax Revenue	724,747	812,647
Income Tax	135,624	157,309
Value Added Tax	219,990	215,420
VAT -Local	120,412	103,110
VAT- Import	99,578	112,310
Excise Duty	129,864	186,010
Liquor	36,654	55,286
Tobacco/Cigarettes	40,675	49,623
Petroleum	28,038	22,470
Motor Vehicles	21,199	52,835
Other	3,298	5,798
Stamp Duty	4,439	-
Ports and Airports Development Levy	49,632	66,028
Debits Tax	10,843	4,232
Import Duty	64,165	76,010
Cess	29,752	29,662
Special Commodity Levy	10,173	15,622
Nation Building Tax	46,022	35,667
License Tax and Other	24,245	26,686
Non Tax Revenue	92,532	122,166
Interest/Rent	10,065	13,427
Profits and Dividends	31,301	34,351
Sales and Charges	22,925	37,293
Social Security Contribution	11,120	12,628
Central Bank Profit Transfers	15,000	22,000
Other	2,122	2,468
Total Revenue	817,279	934,812

2.3 Amendments to the legislations as per the policy decisions taken by the government from time to time

2.3.1 Gazette Notifications published during the year 2011, by this department are as follows;

(i) Excise (Special Provisions) Act

- Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 1702/19 of 2011.04.21) - To amend tax rates on the importation of low Cylinder Capacity motor vehicles and high cylinder capacity hybrid-motor vehicles in order to streamline such imports and to improve Government revenue.
- Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 1706/3 of 2011.05.16) - To Introduce necessary amendments to increase the tax on limousine vehicles.
- Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 1708/21 of 2011.06.01) - To exempt Excise (Special Provisions) Duty on selected excisable articles specified in the Schedule I and grant specific concessions from the payment of Excise (Special Provisions) Duty on the specified excisable articles in the Schedule II of the Gazette.
- Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 1728/10 of 2011.10.19) - To increase the Excise (Special Provisions) Duty on Cigarettes.
- Excise (Special Provisions) Act, No. 13 of 1989 (Gazette Notification No. 1733/1 of 2011.11.21) - To exempt electric motor bicycles and polymers of ethylene in primary forms from the payment of Excise (Special Provisions) Duty.

(ii) Cess

- Export Development Act, No. 40 of 1979 (Gazette Notification No. 1695/31 of 2011.03.04) - To adjust the prevailing Cess of Rs.8/= per kg to Rs.12/= or 2% of the F.O.B. whichever is higher, on export of natural rubber, to commensurate with rising international prices.
- Export Development Act, No. 40 of 1979 (Gazette Notification No. 1712/23 of 2011.07.01) - Due to delay in submitting the Gazette No. 1695/31 to the Parliament, this Gazette was re-published.
- Export Development Act, No. 40 of 1979 (Gazette Notification No. 1733/5 of 2011.11.21) - To exempt the Cess on export of scrap/waste generated by enterprisers registered under BOI or Customs Manufacture-in-Bond, or a scheme under Temporary Importation for Export Processing (TIEP), to increase/impose Cess on export of raw, rubber and low value added mineral exports to encourage local value addition.
- Export Development Act, No. 40 of 1979 (Gazette Notification No. 1733/6 of 2011.11.21) - To exempt the Cess on importation of goods for specified projects of national interest thereby facilitating the implementation of development projects, to reduce the upfront cost of local manufacturers by way of reduction/removal of Cess on a variety of raw material, to reduce Cess on such imports to enhance the availability of branded products of personal use at affordable prices and to increase the Cess on import of some items that could be locally manufactured.

(iii)Excise Ordinance

- Excise Notification No. 931, 932, 933 and 934 (Gazette Notification No. 1687/18 of 2011.01.05) - To amend the Excise Duty on liquor, molasses, Palmyra, coconut and processed arrack, country made foreign spirits and malt liquor.

- Excise Notification No. 935 (Gazette Notification No. 1689/20 of 2011.01.21)
-To grant special approval for serving liquor (which have been produced according to acceptable standards) to hotels approved by the Sri Lanka Tourism Development Authority in order to maintain the international standards and compliance by such hotels.
- Excise Notification No. 936 (Gazette Notification No. 1708/16 of 2011.05.31)
- To grant special approval for serving liquor (which have been produced according to acceptable standards) to hotels approved by the Sri Lanka Tourism Development Authority, facilitate international standards/compliance by such hotels.
- Excise Notification No. 937 (Gazette Notification No. 1711/8 of 2011.06.21)
- To grant permission to export undenatured, potable and bottled liquor meant for sales, on permits issued by Commissioner General of Excise on payment of excise duty or on furnishing a Bond or Bank guarantee for export of such article on a duty free basis.
- Excise Notification No. 938 (Gazette Notification No. 1711/9 of 2011.06.21)
- To amend the Excise duty on spirit (Ethyl Alcohol) to be used in the manufacture of medicinal preparations and for approved industrial and other use.
- Excise Notification No. 939, 940, 941 and 942 (Gazette Notification No. 1728/12 of 2011.10.19) - To amend the Excise duty on liquor, molasses, Palmyra, coconut and processed arrack, country made foreign spirits and malt liquor.
- Excise Notification No. 943 (Gazette Notification No. 1728/23 of 2011.10.20)
- To amend the Excise duty on spirit (Ethyl Alcohol) to be used in the manufacture of medicinal preparations and for approved industrial and other use.

- Excise Notification No. 944 (Gazette Notification No. 1733/2 of 2011.11.21) - To amend the annual license fee for the manufacture of drugs, cosmetics, Ayurvedic products etc. using ethyl alcohol.
- Excise Notification No. 945 (Gazette Notification No. 1733/3 of 2011.11.21) - To amend the Excise duty on spirit (Ethyl Alcohol) to be used in the manufacture of medicinal preparations and for approved industrial and other use.
- Excise Notification No. 946 (Gazette Notification No. 1733/4 of 2011.11.21) - To introduce a lower Excise duty on locally produced wine.

(iv) Ports and Airports Development Levy

- Finance Act, No. 11 of 2002 (Gazette Notification No. 1689/2 of 2011.01.17) - To exempt the importation of dairy animals for breeding purposes and milking machines, machinery and parts under selected HS Codes from the payment of Ports and Airports Development Levy with effect from 18th January 2011.
- Ports and Airports Development Levy Act, No. 18 of 2011 (Gazette Notification No. 1703/1 of 2011.04.25) – To exempt the importation of samples in relation to business worth not more than Rs.25,000/- from the payment of Ports and Airports Development Levy with effect from 26th April 2011.
- Ports and Airports Development Levy Act, No. 18 of 2011 (Gazette Notification No. 1733/17 of 2011.11.22) - To exempt the importation of selected articles used by disabled persons, timber logs, certain types of yarn and fabric from the payment of Ports and Airports Development Levy with effect from 22nd November 2011 .

(v) Income Tax

- Notice under Section 217, Inland Revenue Act, No. 10 of 2006 (Gazette Notification No. 1728/13 of 19.10.2011) - To expand the coverage of deposits in Regional Development Funds and Government Securities in the scope of investment of the Pension Funds, Gratuity Funds or Savings Funds which are approved by the Commissioner General of Inland Revenue.
- Order under Section 16(2) (c), Inland Revenue Act, No. 10 of 2006 (Gazette Notification No. 1735/26 of 07.12.2011) - To qualify “Samaposha” manufactures using locally produced grains such as corn, rice, soya and green gram and sold on or after the April 01st, 2006, for the purpose of section 16 (I) (c) of the Inland Revenue Act, No. 10 of 2006.

(vi) Orders made under the Registered Stock and Securities Ordinance (Chapter 420)

- Registered Stock and Securities Ordinance (Gazette Notification No. 1694/19 of 25.02.2011) -To announce the revised date for redeeming the Registered Stocks considering the current market developments (Government loan amounting to Rs.18,823,586,000)
- Registered Stock and Securities Ordinance (Gazette Notification No. 1694/20 of 25.02.2011) – To announce the revised date for redeeming the Registered Stock considering the current market developments (Government loan amounting to Rs.2,400,000)
- Registered Stock and Securities Ordinance (Gazette Notification No. 1694/21 of 25.02.2011) - To announce the revised date for redeeming the Registered Stocks considering the current market developments (Government loan amounting to Rs.5,680,000)

(vii) Order made under the Tax Default (Special Provisions) Act, No. 16 of 2010

- Order made under Section 1 of the Tax Default (Special Provisions) Act, No. 16 of 2010 (Gazette Notification No. 1699/44 of 31.03.2011) – Since it is required under the Act that the effective date of the Recovery of Default Tax (Special Provisions) Act, No. 16 of 2010 be published by a gazette notification, this gazette notification is published determining the effective date of the Act as 01st April 2011.

(viii) Notice under the Finance Act

- Order under Section 26, Finance Act, No. 11 of 2004 (Gazette Notification No. 1717/20 of 04.08.2011) - To specify the period for which a domestic Public Switched Telephone Network (PSTN) operator be eligible to claim two thirds of the Telecommunication Development Charge (TDC) Fund.
- Orders made under Sections 22 and 26, Finance Act, No. 11 of 2004 (Gazette Notification No. 1738/15 of 29.12.2011) - To revise the International Telecommunication Operators Levy on incoming/outgoing international calls.

(ix) Gazettes Notifications under Fiscal Management (Responsibility) Act No. 03 of 2003.

- Fiscal Management (Responsibility) Act, No. 3 of 2003 (Gazette Notification No. 1712/20 of 30.06.2011) - To publish the Mid Year Fiscal Position Report - 2011.
- Fiscal Management (Responsibility) Act, No. 3 of 2003 (Gazette Notification No. 1733/7 of 21.11.2011) - To publish the Fiscal Management Report - 2012

2.3.2. Acts amendments published in the year 2011 by this department are as follows;

- Value Added Tax (Amendment) Act, No. 9 of 2011.
- Nation Building Tax (Amendment) Act, No. 10 of 2011
- Economic Service Charge (Amendment) Act, No. 11 of 2011
- Strategic Development Projects (Amendment) Act, No.12 of 2011
- Provincial Councils (Transfer of Stamp Duty) Act, No. 13 of 2011
- Debits Tax (Repeal) Act, No. 14 of 2011
- Finance (Amendment) Act, No. 15 of 2011
- Regional Infrastructure Development Levy (Repeal) Act, No. 16 of 2011
- Excise (Special Provisions) (Amendment) Act, No. 17 of 2011
- Ports and Airports Development Levy Act, No. 18 of 2011
- Excise (Amendment) Act, No. 20 of 2011
- Telecommunications Levy Act, No 21 of 2011
- Inland Revenue (Amendment) Act, No 22 of 2011
- Tax Appeal Commission Act, No. 23 of 2011

2.4 In year 2011, several Cabinet memorandums were submitted by the Hon. Minister of Finance and Planning in respect of fiscal policy matters. Further, observations were also submitted to the Cabinet Memorandums submitted by the Cabinet of Ministers in relation to the Fiscal Policy issues which need to submit the observations of Hon. Minister of Finance and Planning.

2.5 Submission of draft bills related to different taxes and gazette notifications to the Parliament and their follow up actions.

- Co-ordination with the Department of Legal Affairs – Ministry of Finance & Planning, Legal Draftsman’s Department, Hon. Attorney-General, Commissioner General of Inland Revenue, Government Printer and the Parliament in respect of amendments made to the tax legislations.
- Relevant gazette notifications related to the revision of different tax/charges in the year 2011 have been published.

2.6 Review of all revenue sources, collection and preparation of revenue data, supervision of revenue estimates and cash flow position.

- The revenue estimates for the year 2012 have been prepared with the consultation of the respective Revenue Departments.
- Four Fiscal Policy Committee meetings were held (on quarterly basis) with the participation of the Secretary to the Treasury, Deputy Secretaries to the Treasury, Department Heads of the Treasury / Heads of the Revenue Collection Departments and other relevant institutions.
- The progress of the revenue collection was monitored through monthly revenue reports and collection of special information while the analyses of the revenue performance required for the policy decisions were also made.

2.7 Publication of relevant reports in terms of Fiscal Management (Responsibility) Act, No 03 of 2003.

- **Annual Report - 2010**

The Final Budget Position Report is required to submit to the Parliament and issue for the general public before the expiry of five months from the end of the financial year. Accordingly, the Annual Report 2010 was published in May 2011.

- **Mid-Year Fiscal Position Report – 2011**

The report is required to be issued annually on the last day of June of the relevant year or before the expiry of 6 months of passing the Appropriations Bill whichever comes later. Accordingly, the Mid Year Fiscal Position Report for the year 2011 was published in June, 2011.

- **Fiscal Management Report – 2012**

Fiscal Management Report 2012, consisting Fiscal Strategy Statement under the Section 4,5 and 6; and Budget, Economy and Fiscal Position Report 2012 under the Section 7,8 and 9; of Fiscal Management (Responsibility) Act, No. 03 of 2003 was published in November, 2011.

3. Administration and Accounts

3.1 Organizational Structure

The Department of Fiscal Policy consists of an approved cadre of 65. Accordingly, the following staff serves in the Department.

Details of the Staff – 2011 (as at 31.12.2011)

Designation	Approved Carder	Present Carder	Vacant
Director General– SLAS	01	01*	-
Additional Director General - SLAS	01	-	01
Director SLAS	02	01	01
SLPS	01	01	-
Senior Economist	01	-	01
Deputy Dir. / Assistant Dir. - SLAS	09	06*	03
Deputy Director - SLPS	02	01	01
Deputy Dir. / Assistant Dir. - SLAcS	01	01	-
Assistant Director - SLPS	02	02	-
Economist	01	-	01
Statistician	01	-	01
Administrative Officer	01	-	01
Translator	02	01	01
Research Assistant	06	04	02
Development Assistant	06	02	04
Public Management Assistant	13	11	02
Driver	06	02	04
OES	09	07	02
Total	65	40	25

* Three officers from the Central Bank of Sri Lanka were working in this Department as the Director General, a Deputy Director and an Assistant Director.

Further, this department also receives the service of a Tax Advisor who is seconded from the Department of Inland Revenue.

3.2 Human Resource Development

The department staff has provided with the opportunity to improve their skills and ability through the participation in both local and foreign training. The efficiency gained by such activities is expected to help improve the productivity of the department. The information on the local and overseas training provided to the staff in 2011 is as follows;

3.2.1 Local Training

Name	Designation	Program & the Institute	Duration
Mr. N.D.Y.C. Weerasinghe	Deputy Director	Comprehensive Seminar on International Financial Reporting Standards - Chartered Accountants' Institute of Sri Lanka	20 th – 24 th June
Mrs. H.P.A. Priyashanthi	Assistant Director	Macroeconomic Modeling for Monetary Policy and Economic Management - CBS	01 st -05 th August
Miss K.A.H.C. Pubudusiri	Assistant Director	Macroeconomic Analysis for Bankers and Financial Professionals - CBS	15 th - 18 th August
		Growth Accounting & Real Sector Forecasting –“Miloda” Institute	05 th November
Mrs. M.A.C.N. Perera	Assistant Director	International Dimensions of Macroeconomic Policy -CBS	04 th - 07 th January
Mr. A.W.M.A.A. Thilakaratna	Assistant Director	Certificate Course in International Relations & Strategic Studies - Bandaranaike Diplomatic Training Institute	June, 2011 – September, 2011
		Administrative Law and Development of Human Resources –The Institute for Construction Training and Development	06 th September

Mrs. S.W.C. Jayamini	Assistant Director	Diploma in Public Procurement & Contract Administration (DIPPCA) - AFS	Six months period from September, 2011
Mrs. H.M. Dayani Kumari	Development Assistant	Using Internet & E-mail at the Workplace -CBS	20 th – 27 th July
Mr. M. Manjula Gunawardene	Management Assistant	Supply Chain Management and Material Stores Management - ICTAD	8 th August
Mrs. Gayani L. Jayasuriya	Management Assistant	Government Payroll Management System - AFS	01 st – 06 th August
Mr. K.H. Walakularachchi	Management Assistant	Office Automation using Information – “Miloda” Institute	06 th September - 04 th October
Mr. J.H. Liyanagama	Management Assistant	Office Automation using Information – “Miloda” Institute	06 th September - 04 th October
Mrs. W.N. Damayanthi	Management Assistant	Supply Chain Management and Material Stores Management - ICTAD	08 th August
Mr. Palitha Sendanayake	OES	Material Stores Management - ICTAD	10 days from 08 th April

3.2.2 Foreign Training

Name	Designation	Program & the Country	Duration
Mr. K.M.M. Siriwardana	Director General	Steering Committee Meeting on Development of Pre-disaster Natural Hazard Loss Estimation Strategy - Thailand	10 th – 11 th February
Mr. D.A.P. Abeysekara	Director	Knowledge Sharing Programme - South Korea	27 th November – 06 th December
Mr. N.D.Y.C. Weerasinghe	Deputy Director	Executive Training programme for Staff of the Ministry of Finance and Planning organized by the Fiscal Management Efficiency Project - 'Public Finance' at the LEE Kuan Yew School of Public, National University of Singapore - Singapore	31 st July – 06 th August
		ADB Training Course on Regional Economic and Financial Monitoring - Indonesia	04 th – 24 th September
Mr. M.K.C. Senanayake	Assistant Director	Ph.D. Programme in Economics at the University of New South Wales - Australia	11 th January 2011 – 04 th December 2014
Mrs. S.W.C. Jayamini	Assistant Director	Mid Career Training Program - India (Offered by SLIDA)	17 th June – 15 th August
Miss. K.A.H.C. Pubudusiri	Assistant Director	Master of Arts in Policy Economics, Centre for Development Economics, Williams College - USA	12 th August 2010 – 30 th June 2011
Mr. A.W.M.A.A. Thilakarathna	Assistant Director	67 th Session of the UNESCAP Commission - Thailand	19 th – 25 th May
Miss. J.M. Indrani Perera	Research Assistant	Macroeconomic Management and Financial Sector Issues (IMMF) - India	17 th – 28 th January

Mrs. H.M. Shayama Kumari	Development Assistant	NEDA's Seminar on Debt Management and Fiscal Issues - Thailand	10 th – 14 th July
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3.3 Financial Administration

Provisions have been made to this department for the year 2011 under the budget estimates Head of 238, Programme 1, Project 1 and the utilization of such provisions is as follows;

3.3.1 Utilization of Budgetary Provisions 2011

Description of Expenditure	2011 Estimates (Rs.)	2011 Net Provisions (Rs.)	2011 Actual Expenditure (Rs.)
Recurrent Expenditure	134,600,000	133,900,000	125,153,980.90
Personal Emoluments	23,050,000	24,400,000	20,195,157.74
Traveling Expenses	600,000	1,100,000	818,656.04
Supplies	1,900,000	2,005,000	1,896,167.27
Maintenance Expenses	2,050,000	2,070,000	1,053,389.93
Contract Services	106,800,000	104,125,000	101,017,027.10
Transfers & Others	200,000	200,000	173,582.77
Capital Expenditure	550,000	1,250,000	915,707.25
Reconstruction and Improvements	100,000	100,000	51,991.25
Acquisitions	250,000	700,000	525,796.00
Skill Development	200,000	450,000	337,920.00
Total	135,150,000	135,150,000	126,069,688.10

3.3.2. Advance Account of Public Servants

The details of the advance account of the Public Servants of this department for the year 2011 are given below.

Description	Approved Limit (Rs.)	Actual Limit (Rs.)
Maximum Expenditure Limit	3,140,000.00	1,749,498.00
Minimum Receipt Limit	1,200,000.00	1,162,568.01
Maximum Debt Balance Limit	8,000,000.00	7,656,814.13

3.3.2. Audit Queries

Four (4) audit queries from the Department of Management Audit - Ministry of Finance & Planning and two (2) audit queries from the Auditor General's Department, received in year 2011 have been answered.