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PRESS RELEASE

Vote on Account 2025

The Minister of Finance, Planning and Economic Development submitted a Vote on Account to the Parliament on the 5th of December 2024 to seek authorisation for public expenditure in the first 4 months of 2025. Under normal circumstances, the Parliament would approve the annual Appropriations Bill and Budget for the forthcoming year. However, this year due to the dissolution of Parliament on the 24th of September, it was not possible for Parliament to review and approve a full budget for 2025 prior to the end of 2024.

In such an instance, a Vote on Account is a mechanism by which Parliament approves funds for the continuity of public services and ongoing projects for up to 4 months of the following year until a full budget is passed. The legal provision for a Vote on Account is in subsection 23 (1) of the Public Financial Management Act. No. 44 of 2024.

Estimated expenditure for the 4 months period January-April 2025 comprises;

Budget Item	Amount (Rs. Billion)
Primary Recurrent Expenditure (Excluding Interest)	1,000
Capital Expenditure	425
General Debt Service (Interest + Capital)	1,175
Gross Debt Issuance for Debt Restructuring*	3,000
Total Expenditure Including Debt Service	5,600
Estimated Revenue	1,600
Borrowing Limit	4,000

Note: In the process of restructuring international bonds, the government would issue new bonds which are provided in exchange for existing bonds held by creditors. The gross value of the new restructured bonds is estimated at Rs. 3 trillion. This amount of Rs. 3 trillion was previously approved by Parliament in the 2024 budget. Since the debt exchange is taking place in December of 2024, in the event there is some requirement for the settlements relating to the* *exchange to be executed in early 2025, the same allocation is provided in the Vote on Account 2025 as well. If the bond exchange and full settlement is concluded in 2024, the Rs. 3 trillion would not be required in 2025.*

Primary expenditure excludes interest cost and includes government expenditure on public sector salaries (Rs. 420 billion), pensions (Rs. 149 billion), essential welfare payments (Rs. 233 billion), provision of public services, including healthcare (close to Rs. 200 billion), education (Rs. 206 billion)[1], public transport, and maintenance of infrastructure, such as roads and irrigation. Capital expenditure provides for funding required to continue with work on ongoing development projects. General debt service includes the regular interest cost and capital repayments on past government debt.

The government's focus on public welfare is evidenced by the substantial allocations for priority welfare initiatives, including Aswesuma (Rs. 80 billion), medical supplies for hospitals (Rs. 65 billion), school nutrition (Rs. 11.3 billion), fertilizer subsidies (Rs. 16.5 billion), and education related welfare expenditure (Rs. 16 billion), such as school text books, uniforms and shoes, sanitary napkins for school girls, Mahapola and Bursary.

Capital expenditure during the Vote on Account period is focused on ongoing initiatives, including allocations for healthcare related capital spending (Rs. 23 billion), road and public transport (Rs. 206 billion), education related capital expenditure (Rs. 28 billion), and agriculture and irrigation (Rs. 38 billion). Several public sector digitisation initiatives are also funded through the Vote on Account, including the e-NIC project, government revenue digitisation projects, E-Grama Niladari project, among others. Large scale development projects, including the Central Expressway (Rs. 64 billion), Port Access elevated highway project (Rs. 10.5 billion) are also provided with allocations to continue work.

The full year budget for 2025 is expected to be presented to Parliament and approved during the first quarter of 2025. The full year budget will incorporate the expenditure incurred during the Vote on Account period as well.

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[1] Allocations for healthcare (nearly Rs. 200 billion) and education (Rs. 206 billion) include salary allocations and relevant capital expenditure.