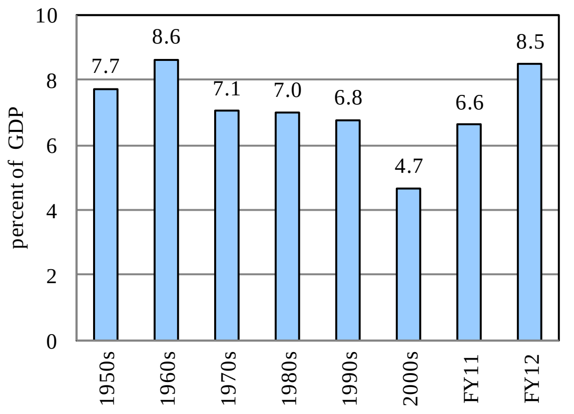
6 Fiscal Policy

6.1 Overview

The impact of fiscal policy continued to be expansionary in FY12. Strong growth in expenditures, primarily driven by the increase in debt servicing, subsidies and development spending, played a major role in pushing up the budget deficit to 8.5 percent of GDP (**Figure 6.1**).[1] The revenue side also contributed to this deficit, as the non-realization of envisaged receipts from the auction of 3G licenses and Coalition Support Fund overshadowed the healthy growth in tax collections. With the drying up of external sources of funding, the burden of financing the deficit fell on domestic sources. This heavy reliance on costly domestic borrowing, in the face of a high budget deficit, has unfavorable implications for the sustainability of Pakistan's public debt.[2]

Figure 6.1: Budget Deficit



Source: Ministry of Finance

Fiscal deficit against the target: The budget deficit for the year was targeted at 4.0 percent of GDP. To achieve this target, the government envisaged: (i) a containment in expenditure growth to only 7.9 percent, against 14.6 percent last year; (ii) a significant increase of 27.4 percent in total revenues, on the back of a high target for FBR tax collection; (iii) receipts from the auction of 3G licenses and Coalition Support Funds; and (iv) a surplus of Rs 125 billion by the provinces. However, the actual outcome was substantially different (**Table 6.1**). The provinces posted a deficit of Rs 39.1 billion;[3] non-tax revenues (specifically 3G licenses and CSF) showed significant shortfalls constraining growth in overall revenues to only 13.9 percent; and expenditures – including payment of Rs 391 billion for PSEs debt consolidation – increased by 25.5 percent.[4] Even after excluding one-off payments, expenditure growth turns out to be 14.2 percent, which is almost double the target growth.

Table 6.1: Deviations from Budget Targets FY12

billion Rupees

	Target	Actual	Shortfall (-) or Excess (+)
Budget Deficit	**851.0**	**1,760.7**	**909.7**
Key revenue items:			
FBR taxes	1,951.7	1,881.5	-70.2
PDL	120.0	60.4	-59.6
3G license & CSF	193.7	9.8	-183.9
Key expenditure items:			
Subsidies	166.4	556.2	389.8
Debt servicing	791.0	889.0	98.1
Provinces deficit	-125.0	39.1	164.1
Remaining budgetary items			-56.0

Source: Ministry of Finance

Although FBR tax collection grew by 20.8 percent during FY12, overall revenues were off target due to: (i) less than expected collection of PDL, which was adjusted downward to accommodate the

[1] This deficit in FY12 includes the one-off payment of Rs 391 billion (1.9 percent of GDP) for PSEs' debt settlement. Excluding the one-off, the budget deficit narrows to 6.6 percent of GDP.

[2] For detail discussion on public debt, please see **Chapter 7** on **Domestic and External Debt**.

[3] In fact, it was clear at the start of the year that provinces will not have the required surplus, and thus the targeted budget deficit was increased to 4.6 percent of GDP.

[4] The PSEs debt, taken over by the federal government, was the result of fiscal slippages in recent years, which had remained unaccounted for.

impact of rising oil prices (urged by the Parliamentary Committees); (ii) non-realization of receipts from 3G auctions; and (iii) sudden stop in CSF receipts. Expenditures, on the other hand, continued to increase because of debt servicing and the surge in subsidies and transfer payments. Specifically, subsidies (including one-off payments) ended up three times higher than the target of Rs 166.4 billion. Development expenditures, on the other hand, were on target with a significant growth of over 44 percent, which is good for long-term real growth.

An unfavorable change in financing mix: Although the country had been facing high budget deficits in the past, the key challenge in recent years has been financing the deficit. In the past, cheaper external financing had been available, which generally covered more than half the total financing requirements. However, receipts from this source have been declining for the past several years and its share has dropped to only 7.3 percent in FY12. The share of non-bank borrowing has also declined in FY12, despite a growth of 12.3 percent compared with 8.3 percent in the previous year. Moreover, a significant contribution to non-bank borrowing came from NBFIs' investments in T-bills, instead of savings mobilized through National Savings Schemes.[5] Thus the domestic banking system has become the major source of deficit financing, which is not only costly, but also carries a high opportunity cost, in terms of crowding-out the private sector. Within the banking system, financing from the central bank increased sharply during the year, which does not bode well for Pakistan's macroeconomic stability. A high budget deficit with such an unfavorable financing mix, is difficult to sustain, particularly given the debt burden the country already carries. The significance of this issue is amply visible from the debt servicing obligations of the federal government, which have surpassed its tax revenues (net of provinces' share) for the first time.

6.2 Key Fiscal Indicators

Despite the widening overall fiscal deficit in FY12, both *revenues* and *primary* deficits narrowed

Table 6.2: Summary of Consolidated Public Finance
billion Rupees

					FY12		FY13
	FY08	**FY09**	**FY10**	**FY11**	**Budget**	**Actual**	**Budget***
Total revenue	1,499.4	1,850.9	2,078.2	2,252.9	2,870.0	2,566.5	3,376.0
Tax revenue	1,050.7	1204.7	1,472.8	1,699.3	2,151.0	2,052.9	2,626.0
Non-tax receipts	448.7	646.2	605.3	553.5	719.0	513.6	750.0
Total expenditure	2,276.6	2,531.3	3,007.2	3,447.3	3,721.0	4,327.2	4,480.0
Current	1,857.6	2,041.6	2,386.0	2,900.8	2,976.0	3,122.5	3,430.0
Development and net lending	423.4	455.7	652.8	514.0	745.0	743.9	1050.0
PSEs debt consolidation						391.0	
Unidentified	-4.4	34.0	-31.6	32.5	0.0	69.8	
Overall deficit	777.2	680.4	929.0	1,194.4	851.0	1,760.7	1,105.0
Financing through:							
External resources	151.3	149.7	188.9	107.7	135.0	128.7	135.0
Internal resources	625.9	530.8	740.2	1,086.7	716.0	1,632.1	971.0
Bank	519.9	305.6	304.6	615.1	304.0	711.7	484.0
Non-bank	106.0	223.8	435.6	471.6	413.0	529.4	487.0
PIB issues for PSEs debt						391.0	
Privatization proceeds	1.7	1.3					
Percent of GDP							
Overall budget deficit	7.6	5.3	6.3	6.6	4.0	8.5	4.7
Revenue deficit	3.5	1.5	2.1	3.6		2.7	
Primary deficit	2.8	0.3	1.9	2.8		2.3	

Source: Ministry of Finance
* Worked out on the basis of information given in Budget in Brief FY13 (page 46)

[5] Change in government policy barred institutional investment in National Savings Schemes from April 2011 onwards.

slightly during the year (**Table 6.2**). However, the revenue deficit of 2.7 percent of GDP in FY12 indicates that the country has to go a long way to achieve the revenue surplus required under the FRDL Act of 2005.[6] Furthermore, a deficit in the revenue balance implies that the government could not mobilize enough resources to finance even its current expenditure. In other words, part of government borrowing is being used to finance current expenses, which cannot contribute to the repayment capacity of the country.

The primary balance (the gap between revenues and non-interest expenditures) has also been negative for the last consecutive eight years.[7] It means that the government is not only borrowing for its debt servicing (non-discretionary spending based on past obligations), but also to finance a portion of its non-interest expenditures. The persistence of these deficits is gradually pushing the country into debt trap.[8]

Cognizant of these issues, the government has been striving to reduce its budgetary deficit to manageable levels. Specifically, the initial budget target has been set at around 4.0 percent of GDP in recent years, reflecting the government intent to pursue fiscal consolidation. However, the actual outcome has been substantially different, indicating challenges in tackling structural imbalances.

6.2.1 Revenues

The revenue receipts (tax and non-tax) for FY12 stood at Rs 2,566.6 billion, which were 89.4 percent of the target for the year. While chronic issues (including the undocumented economy, the provinces' inability to tax the agriculture and services sectors, and the prevalent culture of tax evasion) played their role in this shortfall, the specific factors in FY12 were the non-realization of receipts from CSF and 3G auctions, and below target revenues from the petroleum development levy (PDL). Specifically, the revenue collection target from PDL was Rs 120 billion, but only half of this was

Table 6.3: Composition of Tax and Non-Tax Revenue

billion Rupees

		FY12				
	FY11	**Q1**	**Q2**	**Q3**	**Q4**	**Overall**
Tax revenue	**1,699.3**	**409.0**	**495.7**	**467.0**	**681.3**	**2,052.9**
Direct taxes	594.7	127.6	185.3	156.7	262.3	731.9
Taxes on property	3.8	2.7	0.8	2.0	2.3	7.8
Taxes on goods and services	774.4	204.3	235.0	218.4	277.8	935.5
Taxes on international trade	185.4	42.4	51.8	54.1	69.9	218.2
Petroleum levy	82.7	15.6	4.7	17.9	22.2	60.4
Other taxes	58.2	16.2	18.2	17.9	46.7	99.0
Non-tax revenue	**553.5**	**124.7**	**106.0**	**137.2**	**145.8**	**513.6**
Interest	11.3	1.4	4.7	1.1	5.3	12.5
Dividend	50.6	13.0	4.8	15.2	16.6	49.7
Transfer of SBP profit	181.0	54.0	50.0	50.0	50.0	204.0
Defense	70.7	1.8	2.8	2.7	2.5	9.8
Development surcharge on gas	30.4	5.7	3.2	5.7	8.3	23.0
Discount retained on crude oil	35.9	4.3	6.9	4.6	4.3	20.0
Royalties on gas and oil	59.1	15.0	11.4	18.9	17.6	62.8
Miscellaneous	114.4	29.4	22.1	39.1	41.2	131.8
Total revenue	**2,252.9**	**533.6**	**601.6**	**604.2**	**827.1**	**2,566.5**

Source: Ministry of Finance

[6] FRDL Act 2005 states that the government should generate revenue surplus from 2008 onwards. FY12 is the 6th year in a row that the government has been running the revenue deficit.

[7] The primary deficit is an indicator of increase in the government's debt burden.

[8] It is important to note that the country's ability to sustain these fiscal imbalances has deteriorated in FY12 (for details, please see **Chapter 7**).

collected in FY12. The expected revenues from defense services (including CSF) were Rs 118.7 billion, but due to the absence of any inflows from CSF, actual revenues were Rs 9.8 billion. Similarly, 3G auctions were expected to fetch Rs 75 billion in revenue, but auctions did not take place. Although SBP's profit was Rs 4 billion more than target of Rs 200 billion, and receipts from oil and gas royalties were also higher than the target, these were not enough to compensate for the shortfall in CSF and 3G auctions (**Table 6.3**).

FBR taxes

FBR tax collections (net) recorded a healthy growth of 20.8 percent during FY12. With this growth, FBR's tax-to-GDP ratio has increased from 8.6 percent in FY11 to 9.1 percent in FY12.[9] However, this increase was not enough to achieve the annual target. The actual tax collected during the year stood at 96.4 percent of the target (**Table 6.4**). If the Rs 25 billion collected by the Sindh Revenue Board (through sales tax on services) is also added, target achievement is 97.7 percent, which is still lower than the previous year.

Further details of tax collections reveal that FBR has been tackling the misuse of refunds and rebates during the year. It not only tried to minimize malpractices in sales tax rebates, but also facilitated genuine cases by speedy liquidation of pending refunds. Specifically, it cleared rebate claims of Rs 91.6 billion in case of direct taxes during FY12, compared with Rs 46.7 billion in FY11. In case of sales tax, the volume of rebates declined from Rs 50.8 billion in FY11 to Rs 45.3 billion in FY12. As a result, the ratio of overall rebates and refunds (on all taxes) to total FBR tax collection slightly increased to 7.2 percent by end FY12, compared to 6.4 percent in FY11.

Table 6.4: FBR Tax Collection (Net)
billion Rupees

	Annual target		Net collection		% of annual target		% change YoY	
	FY11	**FY12**	**FY11**	**FY12**	**FY11**	**FY12**	**FY11**	**FY12**
Direct taxes	626.9	743.6	602.5	731.9	96.1	98.4	14.0	21.5
Indirect taxes	960.8	1208.1	955.6	1149.5	99.5	95.2	19.4	20.3
Sales tax	654.6	836.7	633.4	809.3	96.8	96.7	22.4	27.8
FED	132.9	165.0	137.4	122.0	103.4	73.9	13.3	-11.2
Customs	173.3	206.4	184.9	218.2	106.7	105.7	14.5	18.0
Total collection	1,587.7	1,951.7	1,558.0	1,881.5	98.1	96.4	17.3	20.8

Source: Federal Board of Revenue

Direct tax collection

Direct tax collection improved considerably during FY12, with a growth of 21.5 percent, compared with 14.0 percent in the previous year.[10] As a result, its contribution to growth in *total* taxes increased from 32.2 percent in FY11 to 40.0 percent in FY12. This is a favorable outcome towards developing a progressive taxation system. However, Pakistan has to go a long ways as its share of direct taxes in total taxes, is lower compared with many other countries (**Figure 6.2**).

Figure 6.2: Comparative Tax Structure

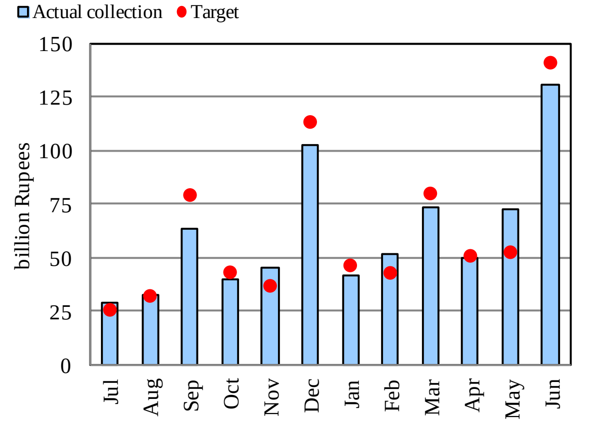
Source: Government Finance Statistics, IMF

[9] Overall tax-to-GDP ratio is 9.9 percent, which includes all federal and provincial taxes.
[10] This was impressive given that inflation was lower in FY12 compared to FY11.

Break-up of direct taxes reveals that more than 80 percent come from voluntary payments and withholding tax, with the latter being mechanical.[11] However, efforts of FBR officials is visible through 'collection on demand' which jumped from Rs 72.2 billion in FY11 to Rs 130 billion in FY12.

The seasonal pattern of direct tax collection in FY12 shows shortfalls at quarter ends; however, FBR attempted to make up for this in subsequent months (**Figure 6.3**). As a result, it was able to achieve 98.4 percent of the target by the end of the year, which was higher than the previous year.

Figure 6.3: Month-wise Direct Tax Targets and Actual Collection



Source: Ministry of Finance and FBR

In Pakistan, income and corporate taxes are the only form of direct taxes; other forms like social contributions and wealth tax are non-existent. In order to upgrade the tax structure in Pakistan, there is a need to expand the base of direct taxes and improve the tax collection machinery to reduce leakages. In our view, the major reasons for low tax compliance are procedural difficulties, tax exemptions and the incentives of tax officials. Currently, only 1 percent of Pakistan's population pays income tax, compared to 3 percent in India and 40 percent in the US.[12]

Indirect tax collection

The collection of indirect taxes continued to follow its growth momentum, and registered a YoY increase of 20.3 percent in FY12; however, it did not meet the target (**Table 6.4**). The major shortfall was in federal excise duties, which was largely due to the removal of special excise duties on manufactured and imported goods, and the withdrawal of federal excise duties on some consumer durables. Moreover, about 50 percent of the collection under this head, comes from cigarettes, beverages and petroleum products; the production of all these items declined during FY12.

Unlike federal excise duties, sales tax collection showed significant growth of 27.8 percent in FY12, compared with 22.4 percent in FY11. This was despite a 100 bps reduction in the sales tax rate, and the transition of the sales tax collection on services from the federal to provincial governments.

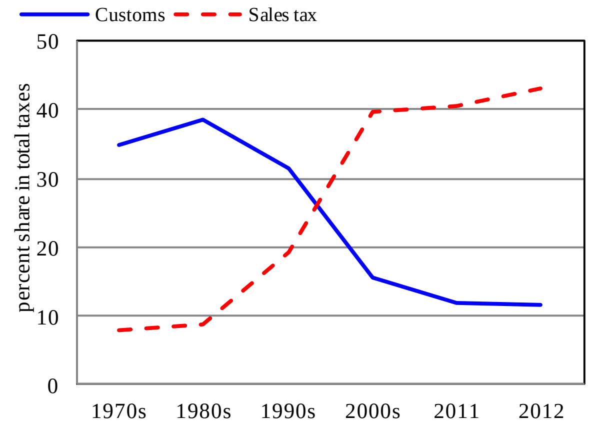
A commodity-wise break-up of sales tax collection suggests that the major contribution to its growth came from domestic sales tax on cement, sugar, natural gas, and fertilizers. While domestic sales tax collection grew by 15.3 percent, sales tax on imports increased by 39.4 percent, primarily due to the removal of exemptions and higher imports of POL products, edible oil, automobile and machinery. Another factor that contributed to the high growth in sales tax was the increased vigilance by FBR over rebates and refunds. Having said this, the bulk of sales tax comes from specific items, which means there is significant potential from documentation and computerization of businesses.

[11] There are three major components of direct taxes in Pakistan: (i) voluntary payments, which include tax payments with returns and advances; (ii) withholding tax, which is amount of tax deducted at source when payments are made in case of salary, contracts, cash withdrawal from banks, interest and dividend payments, telephone bills, etc.; and (iii) collection on demand, which shows the amount of tax recovered by tax officials through audits of tax payers.

[12] See for example www.irs.gov/pub/irs-soi/11infallbulincome.pdf for number of tax returns filed in US and Business Standard, Jan 19, 2011 issue at http://business-standard.com/india/ for a number of Indian tax payers.

Custom duties also grew strongly and contributed Rs 218.2 billion, which was 5.7 percent higher than target. Although custom duties have given way to sales tax as a major contributor to the national exchequer (**Figure 6.4)**, it is still an important policy instrument, both as a source of revenue and as regulator of international trade.

Figure 6.4: Changing Position of Sales Tax and Customs



Source: Federal Board of Revenue

6.2.2 Expenditures

Total expenditures (including one-off payments for PSEs debt settlement) witnessed 25.5 percent growth during FY12. However, if we exclude one-off payments, the total expenditures increased by 14.2 percent, mainly due to sharp rise in debt servicing and public sector development spending. It was the first time in last five years that actual development spending exceeded the target in FY12.[13] Particularly, the provinces prioritized development projects and their development outlays grew by 52.9 percent during the year (**Table 6.5**).

Table 6.5: Break-up of Expenditure

billion Rupees

	FY11	FY12		% Change over	
		Actual	Budget	FY11	FY12 Budget
Total expenditure	**3,447.3**	**3,936.2**	**3,721**	**14.2**	**5.8**
Current expenditure	**2900.8**	**3122.5**	**2976.0**	**7.6**	**4.9**
General public service	1434.0	1472.4	1361.1	2.7	8.2
Interest payments[1]	698.1	889.0	791.0	27.4	12.4
Domestic debt	629.7	821.1	714.7	30.4	14.9
Foreign debt	68.4	67.9	76.3	-0.7	-11.0
Pension	106.6	140.4	96.1	31.7	46.1
Grants	232.1	224.3	295.0	-3.4	-24.0
Others	397.1	218.6	179.0	-44.9	22.2
Defence	450.6	507.2	495.2	12.5	2.4
Others	203.5	175.2	159.7	-13.9	9.7
Provincial	812.7	967.8	960.0	19.1	0.8
Development and net lending	**546.2**	**813.7**	**745.1**	**49.0**	**9.2**
PSDP	461.5	664.8	640.0	44.0	3.9
Federal	215.6	289.3	300.0	34.2	-3.6
Provincial	245.6	375.4	340.0	52.9	10.4
Others[2]	85.0	148.9	105.1	75.3	41.7

[1] These numbers do not match with the amount of interest payments reported in Table 7.1 as: (i) MoF takes actual interest paid on T-bills during the year, while SBP calculates interest payment on accrual basis; and (ii) variation in interest payments on foreign debt is attributed to differences in MoF and SBP definitions of external debt (see Box 7.1 for details).
[2] Includes other development expenditures, net lending, and unidentified expenditure; and excludes one-off payment for debt consolidation.
Source: Ministry of Finance

Current expenditures, on the other hand, showed a subdued growth of 7.6 percent in FY12, compared with 21.6 percent in FY11. However, within current expenditure, domestic debt servicing and pensions increased significantly – by more than 30 percent in the year. While the increase in debt

[13] The government often cuts development expenditure in order to consolidate its overall fiscal balance.

servicing is the result of excessive borrowing from banks, pension increases of 15 to 20 percent, was announced in the FY12 budget to give relief to retired civil and military employees.[14]

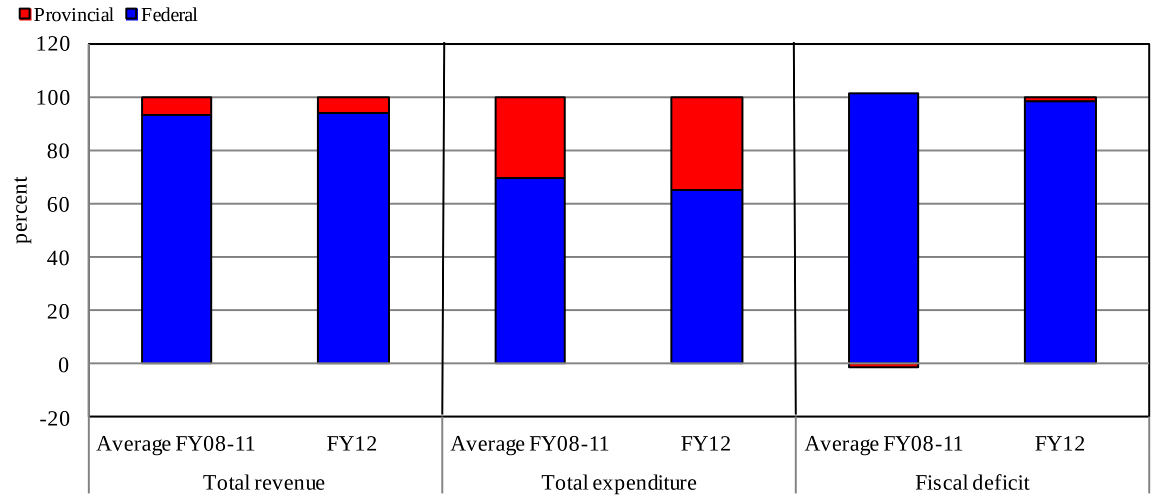
Total interest payments (domestic plus foreign), having a share of 28.5 percent in current expenditure, increased by 27.4 percent in FY12, compared to 8.7 percent in the previous year. The rise in interest payment was entirely driven by a surge in interest paid on the country's domestic debt – interest payments on foreign debt, remained at the same level as in FY11. On the other hand, defence expenditure – another major head of current expenditure with a share of 16.2 percent – increased by 12.5 percent during the year, which is lower than 20.2 percent in FY11.

As discussed earlier, subsidies have become the second largest item in current expenditures after debt servicing; the total volume of subsidies in FY12 actually surpassed the defence budget. During FY12, total subsidies were Rs 556.2 billion, of which 83.2 percent went to power sector and the rest to fertilizer and agriculture commodities.

6.3 Provincial Fiscal Operations

Fiscal operations in Pakistan are traditionally dominated by the federal government. Efforts have been made through the 7th NFC Award and the 18th Amendment, to enhance the role of provincial governments. As shown in **Figure 6.5**, although FY12 was the first full year following the completion of the fiscal devolution process, the share of provinces in revenues and expenditures has not changed much, compared to the period when the federal government dominated Pakistan's fiscal operations.

Figure 6.5: Relative Fiscal Position of Federal and Provincial Governments



Source: Ministry of Finance

Although provincial expenditures have been growing at a CAGR of 21.0 percent during the last four years, their tax effort has not been in line with the understanding reached during the NFC Award. Despite transferring the functions of 17 ministries to provinces, federal expenditure did not fall as: (a) most of the employees of the devolved ministries preferred to stay on the federal payroll rather than opting for the provinces; (b) some new ministries were created in the federal government; and (c) some divisions were upgraded to ministries. Additionally, the federal government agreed to finance the vertical programs over the NFC period.[15]

[14] Of the total pension bill, more than 75 percent goes to retired servants of armed forces.

[15] Vertical programs include projects related to health and population welfare in the provinces, whereby service delivery is the responsibility of the respective province, but finances are provided by the federal government.

As a result, the federal government continued to face pressure on its fiscal balance. The provinces, on the other hand, were unable to support the federal government as had been envisaged in the fiscal devolution process. More specifically, the provinces' share in total expenditure increased from 31.1 percent in FY11 to 34.9 percent in FY12, whereas their share in revenue generation remained almost the same at 6 percent of the total (federal plus provincial) revenues.

Unlike the previous year, when the combined fiscal balance (of all provinces) was in surplus, the provinces showed a deficit in FY12. While the surplus of Rs 134.5 billion in FY11 was due to upward revision in the share of provincial governments to 56 percent in divisible pool (a welcome consequence of 7th NFC Award), the deficit in FY12 was driven by sharp rise in provincial expenditures. However, putting aside what has happened in the last two years, both the 7th NFC Award and 18th Amendments are considered right steps towards greater accountability and efficient decision making in the provision of local services and financing thereof. There is a large theoretical literature, and some empirical evidence, which suggests that decentralization increases economic growth.[16] However, risks associated with decentralized fiscal operations like coordination failure and non-compliance of international agreements – already identified in SBP Annual Report for 2010-11 – still remain.

Of the four provinces, Punjab has a share of 44.5 percent, both in total provincial revenues and in total provincial expenditures. It is followed by Sindh, with a 28.8 percent share in total provincial revenues and a 30.4 percent share in total expenditures. These two provinces drive the whole outcome of provincial fiscal operations. This is why, despite a budget surplus of Rs 19.1 billion in Balochistan, the overall provincial balance was in deficit due to Sindh and Punjab (**Table 6.6**).

Although both Sindh and Punjab displayed efforts to increase revenue, they could not control expenditures. Sindh had to face extra outlays to rehabilitate flood affectees in a large part of the province, while Punjab spent on infrastructure, health, education and food subsidies.

Khyber Pakhtunkhwa (KPK) witnessed a budget deficit of Rs 3.7 billon during FY12, despite being the largest recipient of federal loans and grants (Rs 34.5 billion). The province's own resources (other than grants and transfers from the divisible pool) shrank (-69.7 percent), while its expenditure growth was 30.2 percent during the year. The performance of Balochistan, did not differ from KPK in revenue mobilization; however, its expenditures were well contained. While all other provinces spent on development programs, Balochistan could not keep pace, and therefore witnessed a budget surplus of Rs 19.1 billion.

[16] Some debate on fiscal decentralization can be seen in (i) Darby, J., A. Muscatelli, and G. Roy (2003) Fiscal Decentralization in Europe: A Review of Recent Experience. European Research in Regional Science, 13, 1-32; and (ii) Thiessen V. (2001) Fiscal Decentralization and Economic Growth in High-income OECD Countries; Working Paper 1, European network of Economic Policy Research Institute.

Table 6.6: Summary of Provincial Fiscal Operation
billion Rupees

	Punjab	Sindh	KPK	Balochistan	All
2011-12					
Total revenue	**593.9**	**383.8**	**222.1**	**134.2**	**1334.0**
Share in federal revenue	518.3	285.2	178.9	107.4	1089.9
Provincial taxes	42.1	60.4	3.7	1.0	107.2
Provincial nontax	25.8	12.2	5.0	5.0	48.0
Federal loans/grants	7.6	26.0	34.5	20.8	88.9
Total expenditure	**602.9**	**412.3**	**225.8**	**115.1**	**1356.1**
Current expenditure	445.1	298.1	151.2	86.3	980.6
Development expenditure	157.8	114.2	74.6	28.8	375.4
Overall balance	**-9.0**	**-28.5**	**-3.7**	**19.1**	**-22.1**
*Total financing of deficit **	*-3.1*	*56.1*	*-6.0*	*-7.8*	*39.1*
2010-11					
Total Revenue	**531.0**	**330.7**	**223.8**	**125.9**	**1211.3**
Share in federal revenue	460.8	279.9	157.9	100.7	999.3
Provincial taxes	32.6	27.5	3.5	1.0	64.6
Provincial nontax	24.0	11.5	25.1	1.7	62.3
Federal loans/grants	13.6	11.9	37.2	22.5	85.1
Total expenditure	**482.9**	**310.2**	**173.4**	**110.3**	**1076.8**
Current expenditure	375.5	248.0	121.7	85.9	831.2
Development expenditure	107.4	62.2	51.7	24.3	245.6
Overall balance	**48.1**	**20.5**	**50.3**	**15.6**	**134.5**
*Total financing of deficit **	*-66.1*	*-10.4*	*-35.0*	*-22.4*	*-133.9*

Source: Ministry of Finance
***** The numbers of total financing are different than overall balance due to statistical discrepancies.