

AN ANALYSIS ON TOWNSHIP DEVELOPMENT ORGANIZATION'S BUDGET IN MANDALAY REGION*

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Abstract

This paper analyses on Township Development Organization's Budget in Mandalay Region and focuses on the expenditures on the public works for Mandalay Region. The objective of this study is to analyse the revenue and expenditure of the Mandalay Region especially capital expenditure on public works programme. Secondary data were collected and descriptive method is used in this study. Township Development Organization spent revenues which were collected from respective Townships on public works, such as roads, bridges, urban water supply, rubbish collection, street lamps, sewerages and drainage system. By studying, It can be seen that the most budget earning Townships are Meikhtilar, Pyin Oo Lwin, Kyaukse, Myingyan and Nyaung-U. Meikhtilar Township is the most revenue source region in Mandalay Region and the second is Pyin Oo Lwin. In fiscal year 2012-2013 to 2016-2017, the Township Development Organization has successfully carried out totally 4469 public works programmes in Mandalay region. These includes 1599 programme for road and road related works, 619 bridges, 94 programmes for canals, 2042 programmes for public utilities and 115 programmes for office expenditures and totally 4469 work programmes in Mandalay region. If Township Development Organization could collect more revenues, it could implement more and better public works for regional development. Although the development organizations rely on their own revenue for development programmes, other than the fiscal year 2012-2013 and rest fiscal years, the budget disparity between the revenues and expenditures for regional development programme of Mandalay region.

Keywords: Mandalay Region, Township Development Organization, budget

Introduction

Township Development Organization became one and only organizations under the administration of State and region government bodies' accordance with section 188, 2008 State's constitution. The Development Organization, being not under the Departments of Union Ministries, has to emphasize more on Urban Management Programmes at present. The corresponding State and Region Hluttaws have enacted regional development

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organizations laws and the development Organizations have to carry out accordingly in their respective regions. According to Section.188, the Region or State Hluttaw shall have the right to enact laws for the entire or any part of the Region or State related to matters prescribed in Schedule Two of the Region or State Hluttaw Legislative List. According to Section.254, the Region or State shall collect the taxes and revenues listed in Schedule Five in accord with law and deposit them in the region or State fund and The Region or State has the right to expend the Region or State fund in accord with the law. Although the specific areas prescribed under Schedule 2 are meant as a means of distributing the duties of the Union government to State and region government, they are also relatively broad, covering eight categories, including: the finance and planning sector; the economic sector; the agriculture and livestock breeding sector; the energy, electricity ,mining and forestry sector; the industrial sector; the transport, communication and construction sector; the social sector; and the management sector. The Union of Myanmar Development Organizations were first organized under the British colonial administration with 1874 Municipal Act,1884 Municipal Act and 1887 Upper Burma Municipal Act. Then, in 1898, Municipal Act that covered and was entitled for the whole country was enacted and observed.1898 Municipal Act was valid and had been observed in its origin form for 93 years, until 1993 when it has been amended and re-devised completely.1898 Municipal Act was replaced by 1993 Development Organization Act, enacted in 1993.Then, in 1997, 1993 Act was amended. The main amendment was the transference of the authoritative responsibilities of the Development Organization from the General Administrative Directorate to the newly formed Development Directorate, under the Ministry of Border Affairs. Since that time on ward, the Development Directorate has been taken the responsibilities for the Development of both the urban and rural region.

Rationale of the Study

The 2008 Constitution legally allocated duties, responsibilities and authorities to the Union Government, Sub-Union level Government and State/Region Governments. The Development Committee has the authority to make decisions, and most of the members are elected by the local, native people. The development organizations are carrying out the fundamental

public services such as provision of water supply, municipal sewerage, rubbish collection, construction of roads and bridges, street lamps and drainage system. In addition, issuing of licences and permits for economic businesses in Townships, collection of taxes and service bills, conducting invitation for tender for regional ferry businesses and collecting road utilization fees in the region. The development organization plays a critical role in the development of region. Therefore, this study focused on the budget of the development organizations in implementing the regional development programme.

Objectives of the Study

The objectives of the study are;

- (1) To analyze the Township Development Organization budget in Mandalay Region
- (2) To examine the expenditures on public works programme in Mandalay Region.

Method and Scope of the Study

This study mainly use descriptive method. The secondary data and information are collected from Mandalay Region Development Affairs Organizations and from library and articles from websites. The scope of this study focused on the activities and budget of Township Development Organizations of Mandalay from fiscal year 2012-2013 to 2016-2017.

The Responsibilities of the Development Organizations

The Responsibilities of the Development Organizations are legally enacted and these include carrying our public services and regional economic management in the urban regions.

- (a) Public Service Programmes are drawing urban plans, water resources, sewerage system, rubbish collection, prevention and preparation for natural disasters, street lamps, roads, bridges and drainage system, homeless people, pet and animals' control, parks, swimming pools,

public conveniences and recreation centres, road and traffic rules, nomination of roads/streets and addresses etc.

- (b) Duties Concerning with Regional Economic Businesses Management are privately owned markets, roadside stalls, small-scale loan businesses, bakeries, confectioneries and restaurants, businesses in hazardous condition etc.

The revenues and expenditures of the Development Organization

As for the Township Development Organizations, the revenues are raised through levying taxes from business, service bills and license charges, and these revenue resources are re-used for Urban Development. Development Organization Departments do not achieve funds from the Union Government; there are three sources of revenues,

- (1) Collecting service fees from residences and business/industries
- (2) License fees from businesses and industries and
- (3) Public Tender license fees collected from some businesses and industries.

Revenue

Revenue means tax revenue, current revenue and capital revenue. Tax revenue includes property tax and wheel tax. Property tax includes building and land tax, road lamp tax, water tax, rubbish and sanitation tax, commission for collection of land tax. Current revenues include various license fees and fine fees. Capital revenues include resale of investment assets, acquisition of specific funds owned by liquidated organizations and revenue acquired from investment appraisals.

Expenditure

There are two kinds of expenditure accounts-capital expenditure and current expenditure including staff-salaries, allowances and basic public building expenditure. Current Expenditures are; (1) annual salaries, expenses, honorariums, and T.A (Travelling allowance), DA (Daily allowance), (2) Expenditures on labour services, expenditure transaction, (3) Maintenance

expenditure, pension salaries, lump-sum pensions etc. Capital Expenditures are; (1) The expenditures on setting up projects that need capital investment (e.g. constructing roads, supplementary asphalt roads paving, mending roads etc., (2) Other expenditures on setting up projects that need capital investment-bridge construction, construction of sewerage ditches, water supply programme, electricity, buildings, maintenance of parks, painting, purchasing dustbins, office stationary and equipment, office vehicle and garbage truck, etc.

Findings

In Mandalay Region Development Organization, there are (22) Townships, (170) wards, (1375) village tracts and (4538) villages. Since 2011, after the State and Region Governments were formed the Development Organization has taken responsibilities only for the urban region. The responsibility for rural area development programmes have been handed over to Rural Area Development Department, under the Ministry of Livestock, fishery and Rural Areas Development. The Development Organizations that previously took the responsibility for the whole Townships especially for the urban region, and the Department of Rural Area Development takes responsibility for the rural areas. Village tracts and wards are carried out by the General Administration Department. Some Development Organization programmes carried out the village tracts bordered with urban areas. The Development Organizations can specifically designate some regions that are commercially established and need development service facilities in the village tract as "Development Areas". The Township Development Organizations mainly achieve funds from businesses in urban regions and these revenue sources are spent just for urban region development programmes.

Revenue of Mandalay Region Development Organizations from the fiscal 2012-2013 to 202016-2017 is shown in Figure (1).

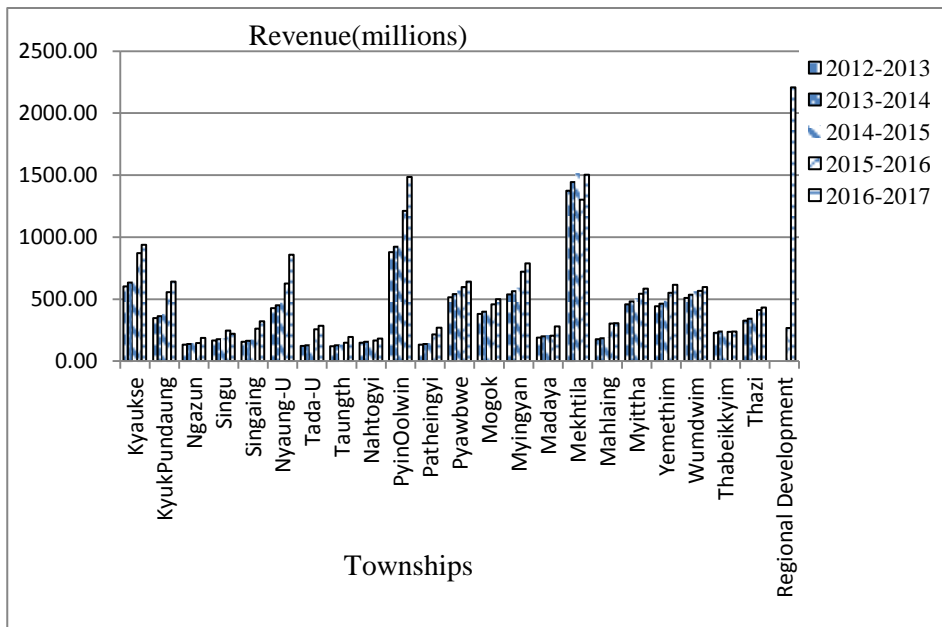


Figure 1: Revenue of Mandalay Region Development Organization from fiscal year 2012-2013 to 2016- 2017

Source: Mandalay Region Development Organization

Mandalay Region Development Organizations have the authority to execute development programmes only for the wards (in towns and cities). For the development programmes for rural areas, village tracts, Directorate of rural Area Development take the responsibility. Therefore, the fund sources for the development Organizations basically come from wards in urban regions. According to the number of wards, the revenues of Townships are different. Mostly the more the wards in Township, the more the revenues can bring from these Townships. But some Townships have few wards but the revenues from these Townships can bring more, because of the location of economic activities.

According to Figure (1), Meikhtilar Township is the most revenue source region of Mandalay Region but is organized with (14) wards. Because Meikhtila is the commercial and centre areas in Mandalay Region, the convergence area of Shan State and Dried Zone (Mandalay, Magway and

Sagaing) in Myanmar. Due to its location and transportation, flows of trade are easier than the other Townships. The total revenue earned by Meikhtilar Townships was Kyats 1375.00 millions in 2012-2013, Kyats 1444.00 millions in 2013-2014, Kyats 1516.2 millions in 2014-2015, kyats 1302.00 millions in 2015-2016 and Kyats 1502.00 millions in 2016-2017.

Pyin Oo Lwin Township is organized with (21) wards. As it is a hilly region, most residents are farmers, livestock breeders and civil servant. It was also very near to Mandalay, so road transportation and communication systems is developed. As there are many tour attraction areas in Pyin Oo Lwin, is the second top revenue contributor in Mandalay Region accounting for Kyats 1486.07 millions in 2016-2017.

Kyaukse is organized with (10) wards and is the third most revenue contributor to the development organization budget. Many people are engaged in agriculture businesses and trade. The total revenue earned by Kyaukse Township was Kyats 937.57 millions in 2016-2017.

Myingyan Township is organized with (19) wards. It stands for the fourth position of revenue contribution. The surrounding Townships of Myingyan are mainly engaged in crop cultivation and trade in agricultural products. The total revenue earned by Myangyan Townships increase year by year from 2012-2013 to 2016-2017 up to Kyats 788.995 in millions.

Nyaung-U is organized with (17) wards. The major economic development of Naung-U is based on businesses related to travel industry and hotel industry. There are many tour attraction areas in Naung-U especially Bagan. Many travelers over the world visit Bagan ancient city. Total revenues of Naung-U are Kyats 858.678 millions in 2016-2017.

Taungtha, Tada U, Patheingyi, Natogyi, Singu and Thapeikkyim are the Townships that contribute smaller funds because these townships are organized with small wards and are not commercial areas. The sources of revenue directly depend on the development of Townships.

On the other hand, the total expenditures spent by Township Development Organizations in Mandalay Region from fiscal year 2012-2013 to 2016-2017 are shown in Figure (2).

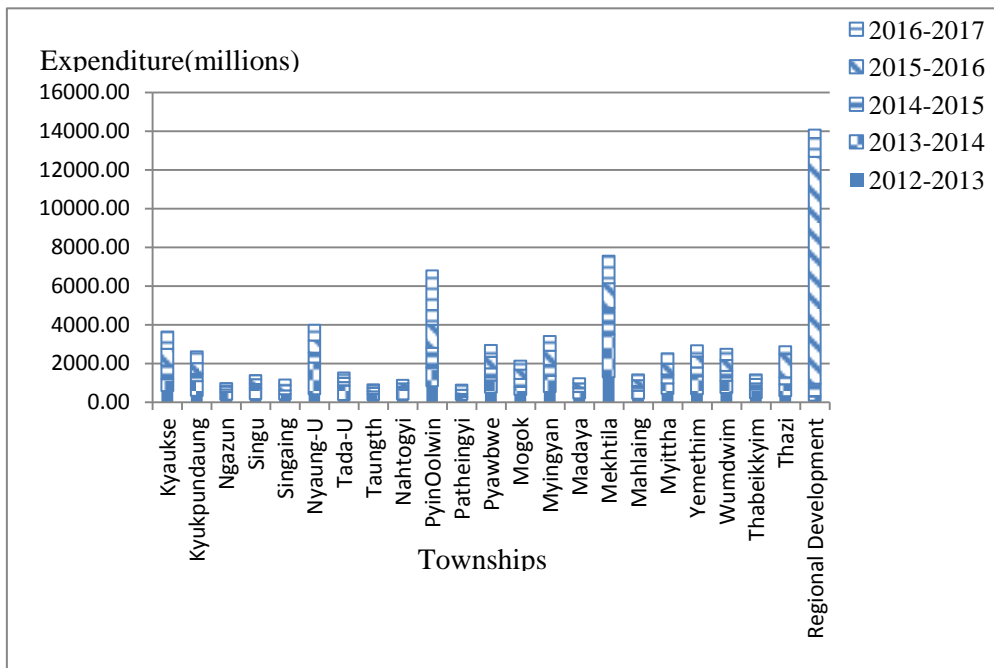


Figure 2: Expenditures of Township Development Organizations in Mandalay Region from Fiscal 2012-2013 to 2016-2017

Source: Mandalay Region Development Organization

According to Figure (2), the expenditures are high in Meikhtila, Myingyan, Pyin Oo Lwin in and Kyaukse. In these Townships, have high revenue but also high expenditures and social services. And the rest of Townships' expenditures are low.

In fiscal year 2012-2013 and 2013-2014, rural water distribution and rural earth roads were implemented. In fiscal year 2015-2016 and 2016-2017, the Mandalay Region Development Organization spent expenditures for bridges, ditches, urban water distribution, parks, painting, garbage bins, and office use vehicles and so on.

In fiscal year 2015-2016 and 2016-2017, when the Mandalay Region Development Organization spent on new buildings, tar necessary for the region and garbage bins, leads to higher and higher expenditures.

Comparison between current expenditure and capital expenditure

Comparison between the current expenditure and capital expenditure of Mandalay Region Development Organization are shown in Table (1).

Table 1: Comparison between current expenditure and capital expenditure from Fiscal Year 2012-2013 to 2016-2017 (Kyats in Million)

No.	Fiscal Year	Current expenditure	Percent	Capital expenditure	Percent	Total
1	2012-2013	3435.68	42.76	4600.11	57.24	8035.80
2	2013-2014	2399.81	15.89	12707.70	84.11	15107.52
3	2014-2015	3006.25	29.84	7067.70	70.16	10073.96
4	2015-2016	5621.01	47.94	6104.87	52.06	11725.89
5	2016-2017	5860.68	41.07	8408.27	58.93	14268.96

Source: Mandalay Region Development Organization

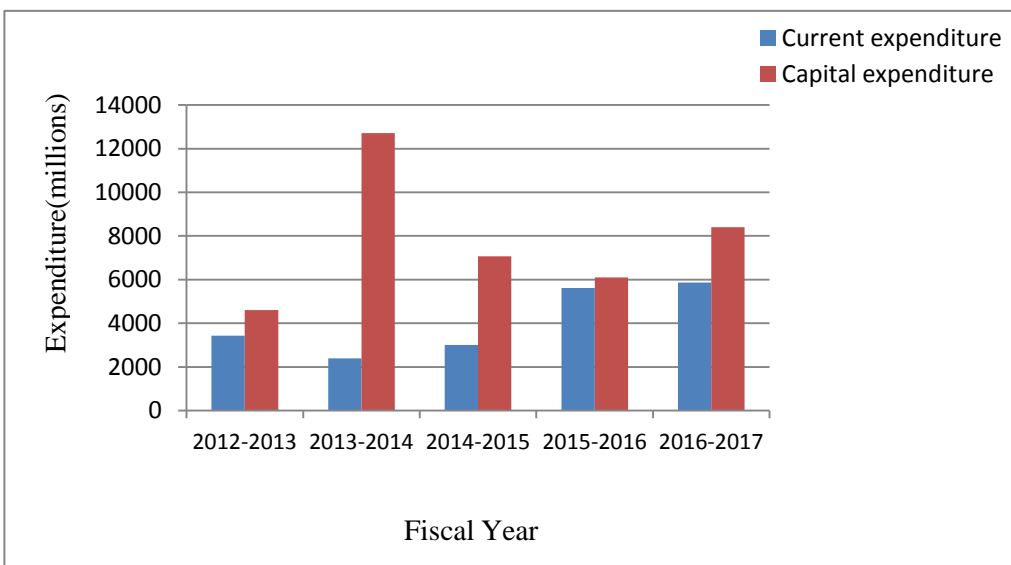


Figure 3: Comparison between the current expenditure and capital expenditure from Fiscal Year 2012-2013 to 2016-2017

Source: Mandalay Region Development Organization

According to Table(1) and Figure(3) ,current expenditure was the lowest in fiscal year 2013-2014 and second lowest in fiscal year 2014-2015.It can be seen that capital expenditures are the most in fiscal year 2013-2014 and 2016-2017 and the lowest expenditures are in fiscal year 2015-2016.

Capital expenditure and Public Works

The department of public works accounts for a large proportion of state and region expenditure, being responsible for constructing and building public infrastructure. Public works and the ministry of construction choose expenditures according to the nature and size of projects, with the Union government focusing on larger infrastructure projects, such as those that cross state and region boundaries, while Public Works focuses on smaller projects, such as those that connect Townships and villages. Generally, specific projects are selected by either the ministry of construction, state or region cabinets, or state or region hluttaws. Public works of Mandalay Region Development Organization from the fiscal year 2012-2013 to 2016-2017 are shown in Table(2) and Figure(4).

Table 2: Public Works of Mandalay Region Development Organization from Fiscal Year 2012-2013 to 2016-2017

No.	Services	Fiscal Years					Total
		2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	
1	Road	322	403	219	262	393	1599
1.1	Asphalt	48	110	79	114	132	483
1.2	Adding layers	55	51	45	50	111	312
1.3	Smooth stone roads	172	176	76	76	85	585
1.4	Ground roads	14	41	11	2	0	68
1.5	Renovations	33	25	8	20	65	151
2	Bridges	105	139	91	107	177	619
3	Canals	1	9	9	41	34	94
4	Public	302	329	366	291	751	2042

No.	Services	Fiscal Years					Total
		2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	
	Utility						
4.1	Urban water supply	160	118	173	199	211	861
4.2	Rural water supply	141	179	0	0	0	320
4.3	Electricity	1	1	17	32	18	72
4.4	Buildings	0		9	11	13	33
4.5	Parks painting	0	11	17	45	18	91
4.6	Garbage bins	0	20	150	4	491	665
5	Office expenditure	0	0	48	21	46	115
5.1	Office stationary and equipment	0	0	13	13	24	50
5.2	Office vehicle	0	0	35	8	22	65
	Total	730	883	733	722	1401	4469

Source: Mandalay Region Development Organization

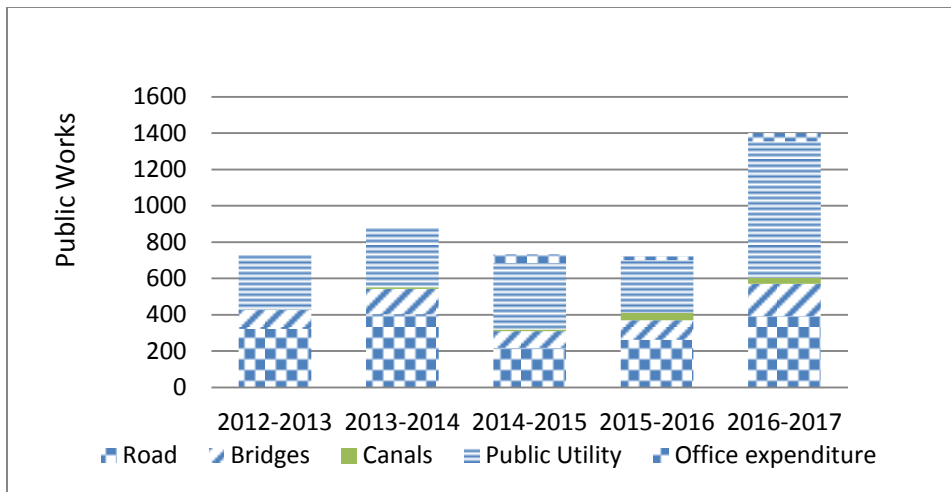


Figure 4: Public Works of Mandalay Region Development Organization from Fiscal Year 2012-2013 to 2016-2017

Source: Mandalay Region Development Organization

According to Table(2) and Figure(4), in the 2012-2013 fiscal year, Townships Development Organizations spent 3513.57 Kyats million on 48 asphalt roads, 55 supplementary layers, 172 smooth stone roads, 14 ground streets and 33 roads renovation. There were expenditures on other constructions such as 105 bridges, 1 canal, 160 city water supply systems, 141 rural water supply system and (1) electricity supply programme, accounted for 402 in total, spending 1086.54 Kyats millions. Thus it can be found that Township Development Organization spent 4600.11 kyats million on 730 construction programmes, in fiscal year 2012-2013.

In fiscal year 2013-2014, Township Development Organization spent 8636.54 kyats million on construction projects 110 asphalt roads 52 supplementary layers, 176 smooth stone roads, 41 ground streets and 25 roads maintenance and also spent 4071.17 kyats millions on other construction projects such as 139 bridges, 9 canals, 118 urban water supply, 179 rural water supply, 4 electricity supply programmes, 11 buildings, 20 parks painting. It can also be seen that Township Development Organizations spent 12707.71 kyats millions on 883 construction programmes in fiscal year 2013-2014.

In fiscal year 2014-2015, Township Development Organization spent 3824.58 kyats in million on construction projects 79 asphalt roads 45 supplementary layers, 76 smooth stone roads, 11 ground streets and 8 roads maintenance and also spent 3243.12 kyats millions on other construction projects such as 91 bridges, 9 canals, 173 urban water supply, 17 electricity supply programmes, 9 buildings, 20 parks painting. It can also be seen that Township Development Organizations spent 7067.70 kyats millions on 733 construction programmes in fiscal year 2014-2015.

In fiscal year 2015-2016, Township Development Organization spent 3125.06 kyats million on construction projects 144 asphalt roads 50 supplementary layers, 76 smooth stone roads, 2 ground roads and 20 roads renovations and also spent 2979.81 kyats millions on other construction projects such as 107 bridges, 41 canals, 199 urban water supply, 32 electricity supply programmes, 11 buildings, 45 parks painting, 4 garbage bins, 13 office equipment, 8 office vehicle. It can also be seen that Township Development Organizations totally spent 6104.87 kyats millions on 722 construction programmes in fiscal year 2015-2016.

In fiscal year 2016-2017, Township Development Organization spent 4015.84 kyats million on construction projects 132 asphalt roads 111 supplementary layers, 85 smooth stone roads, 65 roads maintenance and also spent 4392.43 kyats millions on other construction projects such as 177 bridges, 34 canals, 211 urban water supply, 18 electricity supply programmes, 13 buildings, 18 parks painting, 491 garbage bins, 24 office equipment, 22 office vehicles. It can also be seen that Township Development Organizations spent in total 8408.27 kyats millions on 1401 construction programmes in fiscal year 2016-2017.

During the fiscal year from 2012-2013 to 2016-2017, Township Development Organizations in Mandalay Regions have successfully carried out public service works such as roads, bridges, canals, public utilities and office expenditures. During these years, Township Development Organizations in Mandalay Region have carried out 1599 programmes for road and road related works, totally 619 bridges, 94 programmes for canals, 2042 programmes for public utilities and 115 programmes for office expenditures and totally 4469 work programmes in Mandalay region.

Mandalay Region Development Organization Budget

The nature of the Development Organizations' revenue and expenditure are to generate revenue from the respective regions and spend it for these region development programmes. To fulfill the needs of local people, there are various conditions of levying revenue and expenditure by the Township Development Organization in Mandalay Region. During from fiscal year 2012-2013 to 2016-2017, the revenue and expenditure of Mandalay Region Development Organization are shown in Table (3).

Table 3: Budget of Mandalay Region Development Organization (Kyats in millions)

No.	Fiscal Year	Revenue	Expenditure	Surplus and Deficit
1	2012-2013	8365.00	8035.79	+329.20
2	2013-2014	8784.31	15107.51	-6323.20
3	2014-2015	9223.96	10073.96	-850.00
4	2015-2016	10856.48	11725.89	-869.41
5	2016-2017	14268.96	14268.96	-

Source: Mandalay Region Development Organization

According to Table(3), it can be seen that other than the fiscal year 2012-2013 , total expenditures are larger than revenues in fiscal year 2013-14, 2014-15 and 2015-16.This is because the region hluttaw representatives from respective constituencies claimed for Township Development requirements that were not included in the annual budget. Thus, Region Government fulfilled their supplemental development programme. Therefore, Mandalay Region Government takes responsibility for the management to gap between budget surpluses and deficits.

Conclusion

After studying the revenue and expenditure of Mandalay Development Organization, it is found that the most budget earning Townships were Meikhtilar, Pyin Oo Lwin, Kyaukse, Myingyan and Nyaung-U. Meikhtilar Township is the most revenue source region in Mandalay Region but is organized with (14) wards. Because of Meikhtila is the commercial and centre areas in Mandalay Region, the convergence area of Shan State and Dry Zone (Mandalay, Mgway and Sagaing) in Myanmar. Pyin Oo Lwin is the second top revenue contributor in Mandalay Region accounting for Kyats 1486.07 millions in 2016-2017. Kyaukse is the third highest revenue contributor to the development organization budget. Many people are engaged in agriculture businesses and trade. Myingyan Township stands for the fourth position of revenue contribution. The surrounding Townships of Myingyan mainly engaged in crop cultivation and then trade their agricultural products. And then the major economic development of Naung-U is based on businesses related to travel industry and hotel industry. There are many tour attraction areas in Naung-U especially Bagan. Many travelers over the world visit to Bagan ancient city. Total revenues of Naung-U are Kyats 858.678 millions in 2016-2017.

Moreover, the expenditures of Meikhtila, Myingyan, Kyaykse, PyinOoLwin were larger than the other Townships. In fiscal years 2015-2016 and 2016-2017, the Mandalay Region Development Organization spent expenditures for construction of new building, paving the road and for tar necessary for the region garbage bins. Furthermore, by studying the budget of Mandalay Development Organization, other than the fiscal year 2012-2013 , total expenditures are larger than total revenues in fiscal years 2013-14, 2014-15 and 2015-16. This is because the region Hluttaw representatives from respective constituencies claimed for Township Development requirements that were not included in the annual budget. During the five fiscal years, Township Development Organizations in Mandalay Region have carried out 1599 programmes for road and road related constructions, 619 bridges, 94 programmes for canals, 2042 programmes for public utilities and 115 programmes for office expenditures and total of 4469 work programmes in Mandalay region. In order to accomplish more public welfare works, the

development organizations should find ways and means of increasing revenue through people's cooperation. And the Township Development Organization should keep the good situation of achieving revenues increase year by year without causing burdens to people.

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