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Analysis of Kamchatka Krai's budget for 2021

Abstract: Kamchatka Krai is a peripheral and isolated from the main territory of the Far East region with a unique natural resource potential. It is one of the least developed and economically developed Russian Federation regions located in the Far East. The main challenges and problems facing Kamchatka are the growth of global and interregional competition, the dependence of the region on external supply of goods and resources that provide basic life processes, low infrastructural security of fishing and transport and communication activities, weak involvement of Kamchatka in the world markets of goods and services. In this regard, an annual overview analysis of the budget of the region is necessary in order to draw correct conclusions on the trends of its development. The study subject was the economy of the Kamchatka Krai. The study object was the 2021 Kamchatka Krai's budget. The study's purpose was to analyse 2021 Kamchatka Krai's budget. Logical, analytical, comparative, historical, and statistical methods were used to achieve the study purpose and solve the tasks. In the course of the study, materials of All-Russian and regional normative legal acts, the works of researchers in socio-economic transformations of the Russian Federation regions were used. The author concludes that the actual revenue figure in the regional budget exceeded the projected one in 2021. The actual amount of expenses became less than expected. According to the results of the budget execution, a budget deficit was planned, but there is a surplus in reality. The main share of budget revenues in 2021 was made up of gratuitous receipts. Their amount exceeds the indicator of the previous year. The second place in the formation of the budget is occupied by tax revenues. The main expenditures in 2021 and 2020 were directed to the national economy, education, social policy, housing and communal services and healthcare. In 2021, expenses became less than revenues.

Keywords: Kamchatka Krai, budget, tax revenues, non-tax revenues, budget expenditures.



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Анализ бюджета Камчатского края за 2021 год

Аннотация: Камчатский край является периферийным и изолированным от основной территории Дальнего Востока регионом, обладающим уникальным природно-ресурсным потенциалом. Это

один из наименее освоенных и экономически развитых субъектов Российской Федерации, расположенных на Дальнем Востоке. Основными вызовами и проблемами, стоящие перед Камчаткой, можно выделить рост глобальной и межрегиональной конкуренции, зависимость региона от внешнего снабжения товарами и ресурсами, обеспечивающими базовые процессы жизнедеятельности, низкая инфраструктурная обеспеченность рыбопромышленной и транспортно-коммуникационной деятельности, слабая включенность Камчатки в мировые рынки товаров и услуг. В связи с этим, необходим ежегодный обзорный анализ бюджета региона, чтобы сделать корректные выводы по тенденциям его развития. Предметом исследования была экономика Камчатского края. Объектом исследования был бюджет Камчатского края за 2021 год. Целью исследования был анализ бюджета Камчатского края за 2021 год. Для достижения цели исследования и решения задач были использованы логический, аналитический, сравнительный, исторический и статистический методы. В ходе исследования были использованы материалы всероссийских и краевых нормативных правовых актов, а также труды исследователей в области социально-экономических трансформаций регионов Российской Федерации. Автор делает вывод, что В 2021 году в краевом бюджете фактический показатель доходов превысил прогнозируемый. Фактический же объём расходов оказался меньше предполагаемого. По итогам исполнения бюджета планировался дефицит бюджета, однако в реальности имеет место его профицит. Основную долю в доходах бюджета в 2021 году составили безвозмездные поступления. Их сумма превышает показатель предшествующего года. Второе место в формировании бюджета занимают налоговые доходы. Основные расходы в 2021 и 2020 годах были направлены на национальную экономику, образование, социальную политику, жилищно-коммунальное хозяйство и здравоохранение. В 2021 году расходы оказались меньше доходов.

Ключевые слова: Камчатский край, бюджет, налоговые доходы, неналоговые доходы, бюджетные расходы.



Introduction

Kamchatka Krai is a peripheral and isolated from the main territory of the Far East region with a unique natural resource potential. It is one of the least developed and economically developed Russian Federation's regions located in the Far East.

The main challenges and problems facing Kamchatka can be distinguished:

- growth of global and interregional competition;
- uncertainty of the regional and Far Eastern policy of the Russian Federation;
- Kamchatka's weak involvement in the world markets of goods and services;
- geographical and transport remoteness of the region from the basic communications and markets of the country;
- dependence of the region on external supply of goods and resources that provide basic life processes;
- low infrastructural security of fishing and transport and communication activities;
- low population density against the background of migration uncertainty and a shortage of modern qualified personnel;
- the energy isolation of the region and the high cost of energy supply to its economy and social sphere.

In this regard, an annual overview analysis of the region's budget is necessary to draw correct conclusions on the trends of its development.

The study subject was the Kamchatka Krai's economy.

The study object was the 2021 Kamchatka Krai's budget.

The study's purpose was to analyse the 2021 Kamchatka Krai budget.

Based on the study purpose, the following tasks were developed:

- give a general description of the Kamchatka Krai;
- analyse the projected and actual characteristics of the Kamchatka Krai's budget revenues in 2021;
- analyse the projected and actual characteristics of Kamchatka Krai's budget expenditures in 2021;
- make a conclusion on the state of the 2021 Kamchatka Krai's budget.

Logical, analytical, comparative, historical, and statistical methods were used to achieve the study purpose and solve tasks.

In the course of the study, materials of All-Russian and regional normative legal acts, the works of researchers in socio-economic transformations of the Russian Federation regions were used.

The results of the study

General characteristics of the Kamchatka Krai

Kamchatka Krai is a subject of the Russian Federation, located on the Kamchatka peninsula, including Karaginsky Island and the Commander Islands, and is part of the Far Eastern Federal District. This entity was formed in July 2007 by the merger of the Kamchatka Region and the Koryak Autonomous Okrug. It borders the Chukotka Autonomous Okrug in the north, the Sakhalin Oblast in the south, and the Magadan Oblast in the northwest. It is washed by the waters of the Pacific Ocean from the east.

The Kamchatka Krai area is 464.3 thousand square kilometers (2.7% of the Russian Federation area). The population was 312,700 people by the end of 2021, the density is 0.7 people per 1 sq. km, i.e., 13 times lower than in the Russian Federation as a whole. Residents are placed unevenly on the territory of the subject from 0.02 to 500.6 people per 1 sq. km. The majority of the population lives in the cities of Petropavlovsk-Kamchatsky, Yelizovo, Vilyuchinsk and the valleys of the Avacha and Kamchatka rivers. The City of Petropavlovsk-Kamchatsky is the administrative center, an international sea port and airport of the Kamchatka Krai.

It is necessary to highlight some features of the Kamchatka Krai, which certainly affect the financial and economic development of this subject, the planning and execution of its budget. Kamchatka is a peninsula that is part of the Pacific Fire Belt, which includes volcanoes, so there are constantly processes of relief changes, e.g., the formation of mountains, which result in volcanic eruptions and earthquakes. The climate of the peninsula is more severe than in the European part of Russia. Thus, the combination of climatic and physical-geographical features leads to such natural phenomena as typhoons, tsunamis, landslides, mudslides, and snow avalanches, as well as large amounts of precipitation. Another feature is the strong remoteness

of the region from the most developed Russian Federation parts, which indicates the need to create conditions for expanding ties with other subjects of the state. According to Article 13 of the Charter of the Kamchatka Krai (*The Charter of the Kamchatka Krai, 2008*), the Constitution of the Russian Federation, federal constitutional laws, federal laws, other regulatory legal acts of the Russian Federation, the Charter of the Kamchatka Krai, laws and other regulatory legal acts constitute the legal basis for the activities of the highest official, public authorities, Kamchatka Krai state bodies, contracts and agreements of this subject. The highest official of the subject is the governor, who is elected for a term of 5 years (cannot hold office for more than 2 consecutive terms). The Kamchatka Krai state authorities include the Legislative Assembly of the Kamchatka Krai, the Kamchatka Krai Government and judicial authorities.

According to the Resolution of the Government of the Kamchatka Krai No. 436-P dated December 19, 2008, *On Approval of the Regulations on the Ministry of Finance of the Kamchatka Territory*, the Ministry of Finance of the Kamchatka Krai is the executive body of state power of this subject, which performs the following functions on its territory:

- development and implementation of regional policy;
- regulatory legal regulation in budget process in the Kamchatka Krai and in contract system in procurement of goods, works, services to meet the needs of the Kamchatka Krai;
- internal state financial control;
- regulation of the contract system in procurement (*On the Approval of the Regulations..., 2008*).

One of the tasks of the Ministry is “drafting and organising the execution of the regional budget, preparation of Kamchatka Krai’s budget reports, reporting on the execution of the Kamchatka Krai’s consolidated budget and the budget of the territorial state extra-budgetary fund” (*On the Approval of the Regulations..., 2008*).

It is worth noting that from September 2001 to January 2008, the financial body was called the Department of Finance and Budget Policy of the administration of the Kamchatka Region.

To analyse the 2021 Kamchatka Krai budget, it was necessary to study Kamchatka Krai Law No. 109, dated June 21, 2022 (*On the Execution of the Regional Budget for 2021, 2022*), Kamchatka Krai Law No. 521 dated November 26, 2020 (*On the Regional Budget for 2021 and for the Planning Period..., 2020*), Kamchatka Krai Law No. 521 dated November 26, 2020 (*On the Execution of the Regional Budget for 2020, 2021*).

Analysis of projected and actual characteristics of 2021 Kamchatka Krai’s budget revenues

It is worth noting that the law on the regional budget for 2021, as well as for the planning period of 2022 and 2023, was adopted by the Legislative Assembly of the Kamchatka Krai on November 24, 2020, and the last changes were made to it on December 17, 2021.

So, according to the forecast, the total revenue of the regional budget was supposed to be 99,451,275.76 thousand rubles, in fact, the regional budget received income in the amount of 100,306,316.06 thousand rubles.

The projected total expenditure of the regional budget amounted to 103,400,184.91 thousand rubles. In fact, during the execution of the budget, expenses amounted to 99,476,720.98 thousand rubles.

The budget deficit was supposed to be in the amount of 3,948,909.15 thousand rubles (excluding the approved number of gratuitous receipts). In fact, revenues exceed expenditures (budget surplus) by 829,595.08 thousand rubles.

The actual total 2021 Kamchatka Krai's budget revenue amounted to 100,306.32 million rubles, which exceeds the 2020 figure of 9,2038.99 million rubles by 8,267.32 million rubles, or approximately 8.24%.

Income consists of: tax income, non-tax income and gratuitous income. In the previous year, the tax revenues of the budget were distributed as follows: tax revenues in the amount of 24,354.25 million rubles, including arrears and recalculations on canceled taxes, fees and other mandatory payments, non-tax revenues in the amount of 979.04 million rubles, gratuitous receipts in the amount of 66,705.70 million rubles. In 2021, the budget tax revenues amounted to 28,204.83 million. Rubles, including arrears and recalculations on canceled taxes, fees and other mandatory payments, non-tax revenues amounted to 1,353.72 million rubles, gratuitous receipts amounted to 70,747.77 million rubles. The graph shows the income ratio in 2020 and 2021 (*Figure 1*).

If to consider it in shares, then in 2021 tax revenues amounted to 28.12%, which is an increase of 1.66% compared to 2020 (the share of tax revenues was 26.46%). Non-tax revenues have an insignificant share in 2021 Kamchatka Krai's budget – only 1.35% (this indicator did not differ much and amounted to 1.06% in 2020). And the share of gratuitous receipts in 2021 compared to 2020 (72.48%), on the contrary, decreased to 70.53%, i.e., by 1.95%. The diagram shows the share of each type of income in the total budget income of the region in 2021 (*Figure 2*).

The main tax revenues are:

- personal income tax (16,403.81 million rubles),
- corporate income tax (4928.63 million rubles),
- property tax (2,899.79 million rubles).

It is worth remembering that the corporate property tax rates are established by the law of the Russian Federation region, but cannot exceed 2.2%. In the Kamchatka Krai, the tax rate on the enterprise's property is 2.2%. To understand the size of the tax and its role in the formation of budget revenues, it is necessary to turn to the economic activity of the region. Kamchatka is the leader in terms of the extraction of aquatic biological resources, therefore, the share of enterprises engaged in the extraction and breeding of fish is large. Currently, there are about 800 enterprises operating in the Kamchatka Krai, performing this activity. Agriculture and forestry occupy the second place in the structure of the region's economy.

Non-tax revenues have relatively changed characteristics compared to 2020. Income from the use of state and municipal property in 2021 amounted to 135.47 million rubles. This figure was 206.38 million rubles in 2020. Revenues from the provision of paid services and compensation of state costs are equal to 724.72 million rubles (such non-tax income amounted to 335.01 million rubles in 2020), which demonstrates a significant gain (about 53.8%). The payment of fines, sanctions, and damages brought 334.86 million rubles to the budget in 2021, which also exceeded the 2020 indicator, which was 273.64 million rubles.

Speaking of gratuitous receipts, it is worth noting that such receipts from other budgets of the Russian Federation budgetary system are approximately equal (59,939.15 million rubles in

2021, 58,177.52 million rubles in 2020). In turn, gratuitous receipts from state (municipal) organisations have changed. They amounted to 700.16 million rubles in 2021 and only 337.33 million rubles in 2020, i.e., in 2021, this type of gratuitous income exceeded last year's figure by 362.83 million rubles, or 51.8%. However, the share of gratuitous receipts in 2021 (70.53%) was less than in 2021 (72.48%). This is due, among other things, to the fact that the budget received more revenue in total in 2021.

Analysis of projected and actual characteristics of 2021 Kamchatka Krai's budget expenditures

In 2021, the Kamchatka Krai budget of the was executed for expenditures in the amount of 99,476.72 million rubles, which exceeds last year's indicator (94,176.32 million rubles) by 5,300.4 million rubles or 5.33%.

In 2021, the main expenses went to:

- the national economy (27,408.64 million rubles),
- education (16,249.68 million rubles),
- social policy (15,661.77 million rubles),
- housing and communal services (14,114.69 million rubles),
- healthcare (10,449.5 million rubles).

In 2020, the same areas took the leading positions.

It is necessary to consider the specific weight of each category of expenses in their total volume in 2021. Expenditures on solving national issues amounted to 3.46% (3,441.43 million rubles), about 0.02% (17.96 million rubles) for national defense, 1.34% (1,330.27 million rubles) for national security and law enforcement, 27.55% (27,408.64 million rubles) for the national economy, 14.19% (14,114.69 million rubles) for housing-utilities, 0.72% (713.1 million rubles) for environmental protection, 16.34% (16,249.68 million rubles) for education, 1.02% (1,011.42 million rubles) for culture and cinematography, 10.5% (10,499.5 million rubles) for healthcare, 15.74% (15,661.77 million rubles) for social policy, 2.01% (1,999.47 million rubles) for physical culture and sports, 0.1% (100.15 million rubles) for mass media, 0.22% (219.48 million rubles) for servicing state and municipal debt, 6.74% (6,709.16 million rubles) for inter-budgetary transfers of a general nature to the budgets of the Russian Federation's budgetary system. These data are clearly presented in the diagram (*Figure 3*).

Expenditures on solving national issues decreased by 10.27% compared to 2020 (3,835.13 million rubles). Spending on national defense in 2021 increased by 6.63% (16.77 million rubles in 2020). Spending on national security and law enforcement decreased by 10.54% in 2021 (1,487.02 million rubles in 2020). In 2021, the number of expenditures on the national economy is 7.67% higher than last year, equal to 25,306.96 million rubles. Expenditures on housing and communal services also increased by 4.77% (13,441.64 million rubles in 2020). The amount of environmental protection expenses has increased significantly – by 38.73%, or 276.14 million rubles. Spending on education increased slightly in 2021 (15,810.54 million rubles in 2020) – by 2.7%, as well as on culture and cinematography – by 3.08%. Healthcare expenses increased by 13.53% compared to the previous year (9079.1 million rubles in 2020). The number of expenditures on social policy also increased by 9.15%, on physical culture and sports – by 6.69%,

on mass media – by 31.6%, on servicing state and municipal debt – by 45.18%. And expenditures on inter-budgetary transfers of a general nature to the budgets of the Russian Federation budgetary system in 2021 decreased by 790.19 million rubles or by 10.54%.

It is worth paying attention to the percentage of execution of each expenses category in 2021:

- national issues – 82.3%,
- national defense – 98.9%,
- national security and law enforcement – 99.3%,
- national economy – 97.4%,
- housing and communal services – 93.5%,
- environmental protection – 98.8%,
- education – 99.3%,
- culture and cinematography – 99.6%,
- healthcare – 89.0%,
- social policy – 98.7%,
- physical culture and sports – 99.7%,
- mass media – 100%,
- servicing of state and municipal debt – 98.5%,
- inter-budgetary transfers of a general nature to the Russian Federation budgetary system budgets – 99.7%.

In 2021, part of Kamchatka Krai's expenses was directed to the implementation of various state programmes. It is necessary to highlight some of them with an indication of the number of expenses for each:

- 4.18 million rubles for Kamchatka Krai's state programme *Development of Healthcare of the Kamchatka Krai*, 98.2% of execution;
- 4.32 million rubles for Kamchatka Krai's state programme *Development of Education in the Kamchatka Krai*, 99.9% of execution;
- 3.72 million rubles for Kamchatka Krai's state programme *Development of Culture in the Kamchatka Krai*, 100% execution;
- 4.18 million rubles for Kamchatka Krai's state programme *Social Support of Citizens in the Kamchatka Krai*, 96.3% of execution;
- 4.11 million rubles for Kamchatka Krai's state programme *Employment Promotion of the Kamchatka Krai Population*, 100% execution;
- 3.88 million rubles for Kamchatka Krai's state programme *Development of Physical Culture and Sports in the Kamchatka Krai*, 90.1% of execution;
- 7.59 million rubles for Kamchatka Krai's state programme *Development of the Economy and Foreign Economic Activity of the Kamchatka Krai*, 100% execution;
- 3.96 million rubles for Kamchatka Krai's state programme *Development of agriculture and Regulation of Agricultural Products, Raw Materials and Food Markets of the Kamchatka Krai*, 99.6% of execution;

- 4.26 million rubles for Kamchatka Krai's state programme *Development of the Kamchatka Krai Fisheries Complex*, 97.9% of execution;
- 13.66 million rubles for Kamchatka Krai's state programme *Information Society in the Kamchatka Krai*, 100% of execution;
- 110.1 million rubles for Kamchatka Krai's state programme *Public Finance Management of the Kamchatka Krai*, 99.6% of execution.

In 2021, expenses were less than revenues by 829.6 million rubles, which indicates a budget surplus. In the preceding 2020, expenditures, on the contrary, exceeded revenues by 2,137.33 million rubles, therefore, there is a budget deficit.

Conclusion

Having analysed 2021 Kamchatka Krai's budget comparing to 2020, the following conclusions can be drawn.

In 2021, the actual revenue figure in the regional budget exceeded the forecast by 855.04 million rubles. The actual volume of expenses became less than the estimated 3,923.46 million rubles. According to the results of the budget execution, a budget deficit was planned, but there is a surplus in reality.

The main 2021 budget revenues share was made up of gratuitous receipts. Their amount exceeds the indicator of the previous year. However, the share has decreased compared to 2020, but only slightly (the share of 2021 gratuitous receipts is 70.53%, and 72.48% in 2020). The second place in the formation of the budget is occupied by tax revenues. Their share was 28.12%. Non-tax revenues occupy only 1.35% of the total 2021 Kamchatka Krai's budget revenues.

The main expenditures in 2021 and 2020 were directed to the national economy, education, social policy, housing and communal services, and healthcare. In 2021, expenses became less than revenues. Analysing the percentages of execution of at least state programmes, it is seen that not all programmes are executed at 100% although the percentage of execution of each is quite high. Consequently, it can be assumed that it was the unspent funds that made up the budget surplus. Again, do not forget that the actual budget revenues exceeded the estimated ones, which may indicate the effectiveness of budget execution in 2021.



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Appendix

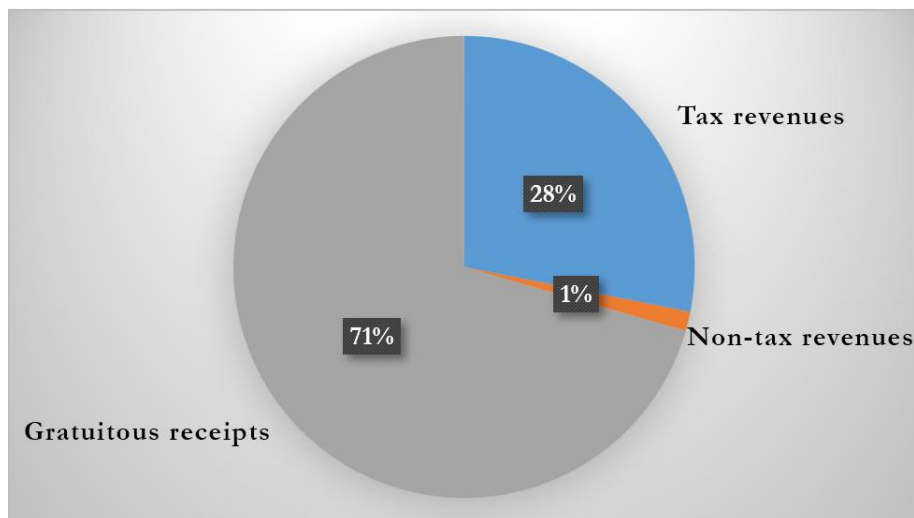


Figure 1. Kamchatka Krai's budget revenues for 2020 and 2021 (in mln. of rub.)

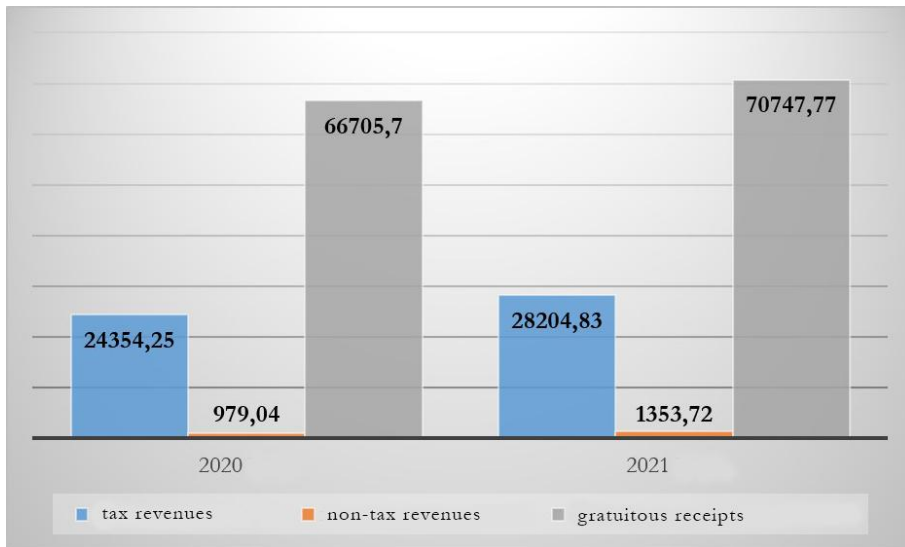


Figure 2. The share of various types of income in 2021 Kamchatka Krai's budget

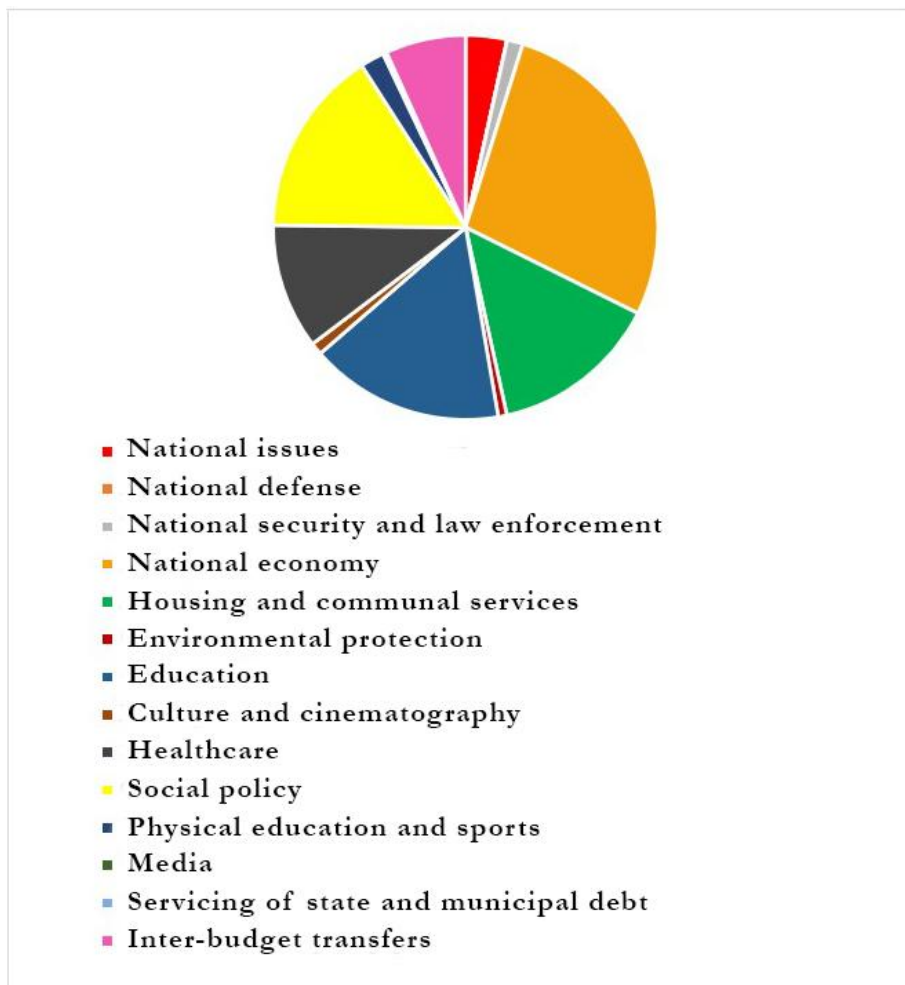


Figure 3. The share of each category of expenses in the total amount of 2021 Kamchatka Krai's expenses