



MID YEAR ECONOMIC AND FISCAL OUTLOOK REPORT

2008

INTRODUCTION

The Mid Year Economic and Fiscal Outlook Report (MYEFO) is released in accordance with the requirements of Sections 9 and 15 of the Papua New Guinea Fiscal Responsibility Act 2006.

The purpose of the MYEFO Report is to provide updated fiscal information (especially for the current financial year) to allow the Parliament and the public to assess developments against that set out in the 2008 Budget.

The MYEFO contains the following:

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The MYEFO essentially covers central government fiscal operations in what is known as the Government sector. Consistent with the 1986 Government Finance Statistics (GFS) cash reporting framework, the Government sector is defined as covering all units performing government functions, that is, the implementation of public policy through the provision of primarily non-commercial services and the transfer of income, supported mainly by compulsory levies on other institutional sectors.

Government owned or controlled units, which sell industrial or commercial goods and services to the public on a large scale, are excluded from the Government sector and are classified separately as non-financial public enterprises. Government owned and or controlled financial institutions are also classified separately from the Government sector as public financial institutions.

The financial information presented in this report is based on the same reporting standards as the 2008 Budget. Generally, this follows the cash reporting standards originally laid down in the 1986 'Manual of Government Finance Statistics' published by the International Monetary Fund (IMF).

PART 1

THE MID YEAR ECONOMIC AND FISCAL OUTLOOK

1.1 THE ECONOMIC OUTLOOK

Economic Activity

The PNG economy is expected to grow by a very strong 7.3 per cent in 2008 – the highest growth rate since 1993. This is significantly higher than the Budget forecast of 6.6 per cent, although there has been a slight downward revision from the 7.6 per cent forecast in the 2009 Budget Strategy paper, due to lower projected gold production at some mines.

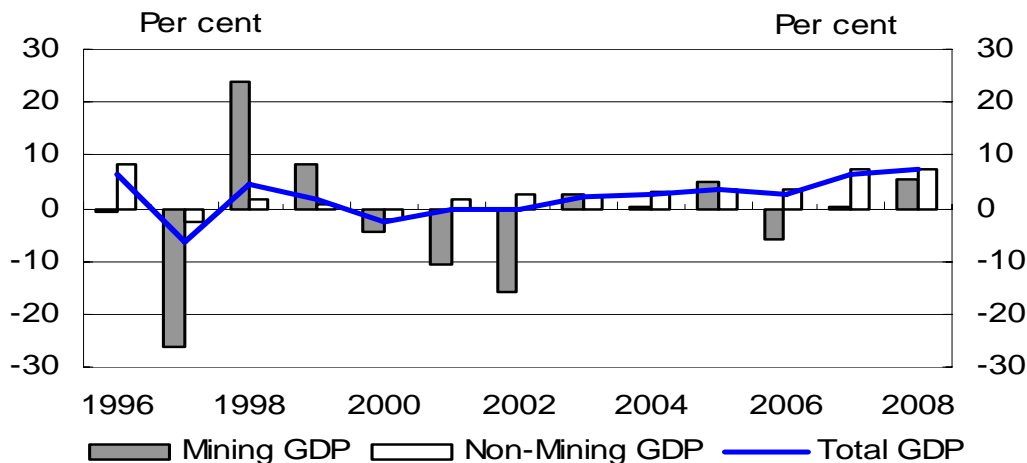
The upward revision since Budget is due to higher than projected growth in the communication sector, in line with the continued stronger than expected expansion of mobile phone services; higher than projected cash crop production in the agricultural sector, as well as a broad based increase in economic activity in other non-mining sectors.

The robust Gross Domestic Product (GDP) growth in 2008 is broad based and mainly driven by the non-mining sectors. The mining and quarrying sector is also expected to expand, largely due to higher production from Ok Tedi. While the natural decline in the oil sector is expected to be temporarily arrested in 2008, due to increased workovers in existing fields in order to take advantage of high prices, this will not be sufficient to prevent the natural decline in oil production in later years.

Growth in the mining sector is expected to be around 6.9 per cent in 2008, due to increased production in Ok Tedi as well as the commencement of the (smaller) Simberi and Sinivit gold mines. Projected growth has been revised down slightly since the 2008 Budget due to lower production estimates from Porgera and Lihir, although this is partially offset by higher production expected from Ok Tedi.

Non-mining GDP growth is expected to remain high, at a very strong 7.5 per cent in 2008, driven by a continuation of growth in the transport, storage and communication sectors; and more robust growth in the agriculture, forestry and fishing sector. Projected growth has been revised up from the 6.5 per cent forecast in the 2008 Budget, due to increased growth in the communications sector, as well as wholesale and retail, and finance, real estate and business services.

Chart 1: Mining, Non-Mining and Total GDP Growth



Source: Department of Treasury

The acceleration in growth for the transport, storage and communication sector is mainly being driven by the communication sector through the continued expansion of mobile phone services, where subscriber numbers are now estimated to be around a million, substantially up from less than 100,000 in 2006.

The construction sector is expected to grow at a very strong rate in 2008, with continued strong demand from both the private and public sectors. However growth is expected to return to more moderate levels in the future. This is due to the sector operating at full capacity, which means that any further growth will have to come from increased capacity, rather than increased utilization of spare resources which has allowed the exceptionally strong growth over recent years.

Growth in the agriculture, forestry and fishing sector is expected to accelerate in 2008, to around 5.2 per cent. This is due to increased production of copra, copra oil, and coffee. Projected growth has been revised up since the Budget forecast of 4.9 per cent, due to upward revisions to coffee and copra oil production, which was partly offset by downward revision to tea and logs.

The higher prices for palm oil, cocoa, and coffee are supporting additional production. This is particularly the case for coffee, where higher prices have brought out a significant supply response from producers, with more than 1 million bags of coffee now expected to be produced in 2008. This strength is also due to the biennial production pattern of coffee, but it still represents a major step up in coffee production, relative to the past 2 years. This comes despite the closure of the Highlands Highway in April 2008, which is reported to have had only a minor impact on coffee production, due to the fact that the beans can be stored for a longer period.

Other non-mineral sectors, such as wholesale and retail trade, manufacturing, finance, real estate and business sectors and community, social and personal services are continuing to grow strongly supported by low interest rates and increased business confidence in line with macroeconomic stability. Growth in wholesale and retail trade, finance, real estate and business services sectors have been accompanied by high employment and lending growth.

Strong economic growth has also been supported by a favorable combination of the terms of trade (the price of exports relative to the price of imports), low interest rates, high money supply and credit growth, as well as increased Government spending.

Commodity Prices

The prices of PNG's major export commodities have increased to historically high levels in the first half of 2008. Agricultural commodity prices have increased significantly through the year to June 2008 with copra oil, palm oil, cocoa and coffee prices up by 64.7 per cent, 46.6 per cent, 54.5 per cent and 25.8 per cent respectively.

The prices of PNG's major mineral exports of gold, copper and oil have been extremely high. They have risen well above the 2008 Budget forecasts, and are expected to remain at elevated levels through the remainder of 2008. This is anticipated to continue to provide a major source of stimulus to the economy, through increased mineral tax revenues – to the extent that they are translated into increased Government spending – with further spillovers to the non-mineral sectors. With the continued resilience of commodity prices, the value of PNG's exports is expected to remain at exceptionally high levels, resulting in a large trade surplus.

Chart 2: Prices of Palm Oil & Copra Oil

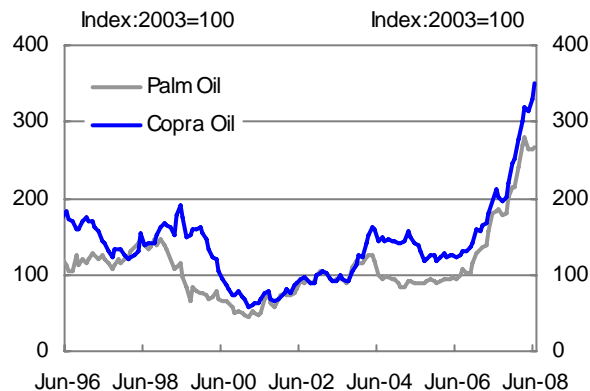
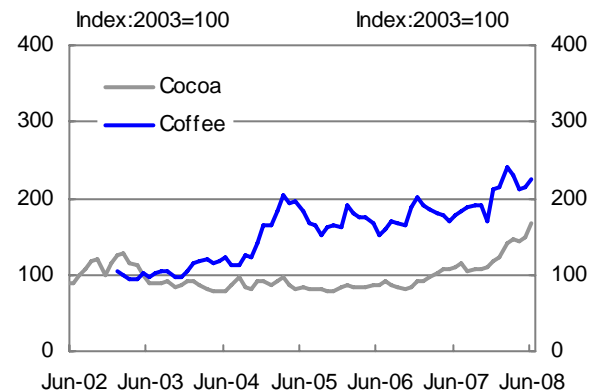


Chart 3: Prices of Cocoa & Coffee



Source: Eco Reuters

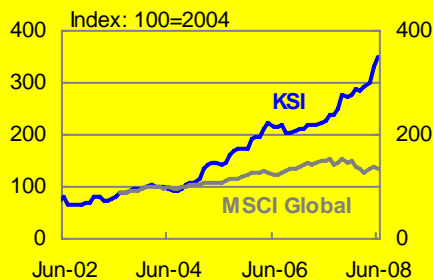
The commodity price boom is expected to continue to provide stimulus for increased domestic activity, particularly in the construction and business services sectors. This is also anticipated to continue to support domestic economic growth in the outer years as the work on maintenance and rehabilitation of public infrastructure is carried out, through the District Services Improvement Program and Additional Priority Expenditure as announced in the 2008 Budget. However, this will be limited by the lack of spare capacity within the key industries - particularly building and construction – which are already using all available resources.

Another factor underlying the strength in domestic demand has been the massive increase in asset prices (see Box 1). This has resulted in increased consumption and investment activity throughout the economy.

Box 1: Asset Prices and Economic Activity

Over the past few years there has been a remarkable run-up in PNG asset prices. Both equity and housing prices have continued to grow at exceptional rates, in direct contrast to the sharp declines that have been witnessed in global markets. The Morgan Stanley Capital Index (MSCI) Global share index has fallen 14 per cent from its peak, and by substantially more in some countries.

Chart 4: KSI versus MSCI Global



The PNG equity market, represented by the Kina Securities Index (KSI), has increased by an extremely large 60 per cent in the past year, and has more than tripled since 2004 (Chart 4). This has flowed through to direct share owners, as well as those who hold the assets indirectly through superannuation funds, which returned allocated growth rates in excess of 30 per cent last year.

To the extent that the run-up in equity values has been due to improved fundamentals – such as higher commodity prices, increased activity and improved profit margins, both now and expected – this is a very encouraging development. However, there appears to be some signs of overvaluation and speculative excess in some areas of the relatively small and illiquid PNG market. Any rapid fallout from such possible excesses presents a risk to the broader economy, and means that the oversight and regulatory roles of the Security Exchange & Port Moresby Stock Exchange are taking on increasing importance.

The increase in equity prices has been

accompanied by a substantial increase in housing prices over the past few years, with some reports that prices have more than doubled since 2005.

This appears to have been largely driven by the fundamental factors of increased demand for housing (including high population growth, higher incomes and increased availability of credit), combined with a constrained supply from shortage of land available for development, and the fact that most construction companies are currently operating at or near full capacity, leaving little room for increased residential construction. Commercial property prices are also reported to have grown very strongly over recent years. The high levels of confidence also appears to have increased with the prospect of an extremely large LNG project proceeding, as this will increase demands on construction firms, as well as increase the number of people seeking residential and office accommodation.

Higher asset prices will tend to increase economic activity through a number of channels. The first is through the wealth effect, where higher net wealth results in increased consumption expenditure. Increased wealth can be tapped into via increased borrowing and/or reduced savings, as well as through the sale of the asset.

The second channel is through increased investment activity, as the value of existing assets increase above the replacement cost of creating the asset. For instance, with the large increase in housing prices, it becomes more expensive to purchase an existing home than it would be to buy land and build the home. This should result in increased construction activity. Similar arguments also apply to business activity and the prices reflected by the share market.

Of course, these actions will tend to bid up the price of the input factors – for example the price of land and building activity in the case of houses, which over time will tend to equalize the cost of production and the price of the asset.

Inflation

Inflation has picked up significantly, and is continuing to rise in 2008. Official figures released from the National Statistics Office confirm that headline and underlying measures of CPI have converged at a higher level, with the headline inflation rate up by 7.5 per cent and the underlying 7.9 per cent through the year to March 2008. Annual inflation is forecast to be an uncomfortably high 11.5 per cent in 2008.

This is more than double the budget forecast of 5.2 per cent and reflects the continued build up of substantial inflationary pressures, which will need to be contained if macroeconomic stability is to continue into the future. It is also higher than the 2009 Budget Strategy Paper (BSP) forecast of 8.1 per cent due to the higher than expected outcome in March 2008 as well as increases expected in June 2008 (Chart 5).

Chart 5: Headline & Underlying Inflation

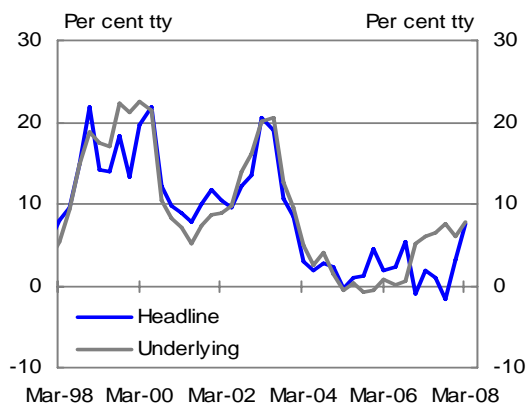
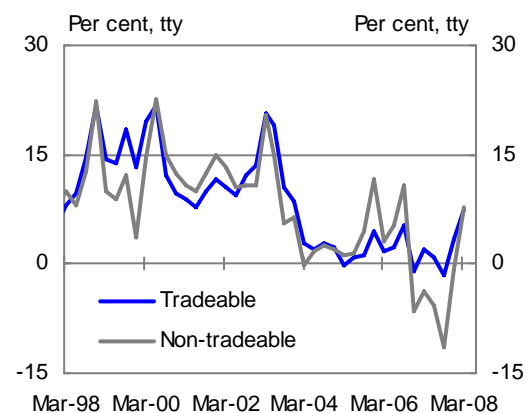


Chart 6: Tradeable & Non-tradeable inflation



Source: NSO, Department of Treasury

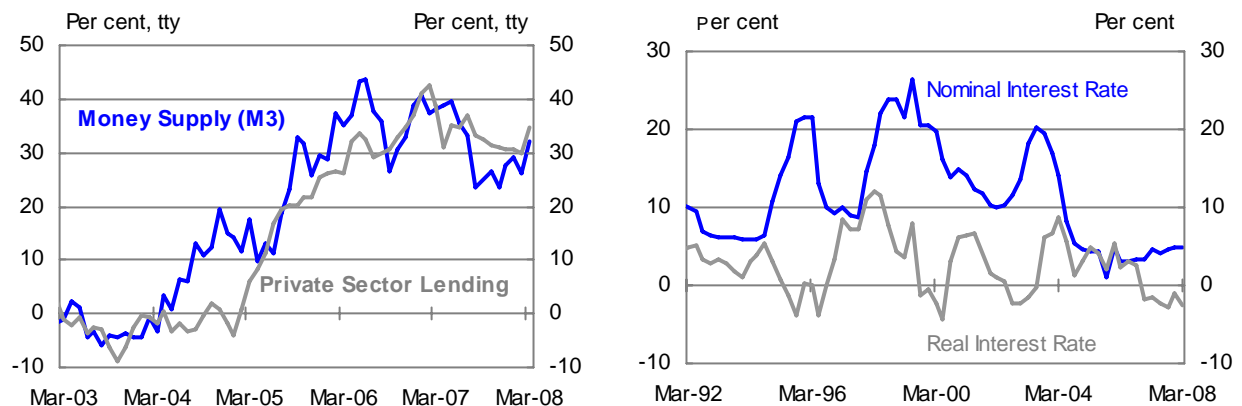
The increase in inflation is broad based, with two-thirds of the subgroups in the CPI recording above trend increases in the March quarter 2008. It is due to both higher imported inflation, for example, higher fuel and rice prices, and higher domestically generated, or non-tradeable inflation. Both of these measures were running at around 8 per cent in the year to March 2008 (Chart 6).

PNG's economy continues to benefit from the extremely high level of commodity prices. While the gains from high commodity prices have translated into successive years of strong economic growth, it has also become a major source of inflation, providing much of the stimulus that is driving up prices in the economy. This is in addition to the very strong domestic demand, money and credit growth and the slight depreciation of the kina over the past two years (when measured against the currencies of major trading partners). The major factors driving higher inflation are:

- A massive terms of trade shock due to an almost doubling of export prices since 2005. While this has increased purchasing power, it has not increased the productive capacity of the economy. As proceeds from the commodity price boom are used to purchase domestic goods and services (as against increased imports) this creates inflationary pressures.

- Increased government expenditure, which is the main channel through which the commodity price boom feeds into the economy, as it utilizes the higher mineral revenues. Over recent years, the impact has been minimal, with the Government recording significant Budget surpluses since 2004, and setting aside around K3 billion in trust funds, to be used smoothly over time. However, the funds in trust represent a large amount of potential stimulus to the economy, so will need to be released carefully over the next few years in order to prevent creating substantial inflationary pressure.
- Very rapid private sector expansion, due to improved business confidence, relatively low interest rates and high profitability. The private sector has been growing strongly for a number of years now, with consistently strong employment growth of almost 10 per cent since the beginning of 2006, and near record rates of non-mining GDP growth. However, this expansion is taking place in an economy that is now facing significant capacity constraints, and is resulting in skill shortages, higher wage demands and an increased willingness to pass higher prices onto consumers.
- The lagged effects of the depreciation of the exchange rate, which has fallen slightly by 4 per cent against the import trade weighted index (TWI) since 2005. This trend has reversed recently, with the Kina appreciating 3.9 per cent against the TWI, and by more than 10 per cent against the US\$ over the past year, however the Kina has depreciated by 0.8 per cent against the Australian dollar.
- Very strong money supply and credit growth, both of which have increased by more than 30 per cent over the past year (Chart 7). This is related to the very low real interest rates (the real cost of borrowing, which incorporates the impact of inflation on the interest rate), which have continued to fall as inflation has risen (Chart 8). It appears that lending will continue to grow, with new lending commitments up 29.5 per cent over the year to March 2008. While part of the growth of money supply is due to the Bank of PNG's build up of foreign exchange reserves, it appears that the majority of this – but not all – is being sterilized through the issuance of Central Bank Bills.

Chart 7: Money Supply & Private Credit Growth **Chart 8: Nominal & Real Interest rates**



Source: Bank of PNG

All of these factors point to substantial upside risks to the inflation outlook, especially if policy is not tightened significantly. However, not all prices are increasing. For instance, the price of mobile phone calls, which although not officially included in the CPI basket

represents a growing share of household consumption, is reported to have fallen by as much as half over the past year.

Monetary policy is also beginning to react to increased inflation, with the indicator Kina Facility Rate (KFR) raised marginally by 25 basis points in June 2008 and the recent appreciation of the Kina on a Trade Weighted Basis - this is likely to help stem some but not all of the inflationary pressure. Given that inflation has risen, monetary and credit growth are at very high rates, real interest rates are negative and the economy is growing strongly, monetary policy should be tightened further.

It will be important that both monetary and fiscal policy operate in a coherent and restraining manner, in order to prevent higher inflation being built into expectations, which could result in a wage-price spiral, and threaten the macro-economic stability that has been the foundation of the strong economic growth experienced over recent years.

Table 1: Economic Forecasts

	2007 EST.	2008 BUDGET	2008 MYEFO
Economic Growth (%)			
GDP	6.5	6.6	7.3
Non-Mining GDP	7.3	6.5	7.5
Inflation (%)			
Year average	0.9	5.2	11.5
Interest Rate (%)			
T/Bills	5.0	6.0	6.25
3 year I/S	5.7	6.0	6.0
Mineral Prices			
Gold (US\$/oz)	697.0	662.0	808.0
Copper (US\$/lb)	3.23	2.45	3.61
Oil (Kutubu: US/bbl)	72.3	61.9	108

Source: Department of Treasury

World Economic Outlook

The international environment that PNG is linked to has deteriorated markedly over the last year. It was around this time last year that the sub-prime mortgage crisis emerged in the United States. Since that time, there has been a huge amount of turmoil and weakness on world financial markets. Share markets in many countries have declined markedly and finance has been much harder to raise on world markets, as risk is being repriced.

In the past, this repricing of risk, which translates into significantly higher interest rates could have affected PNG significantly. However, the halving of public debt over the past 5 years, as well as the rebalancing of the debt portfolio towards domestic and longer maturity debt – which has resulted in improvements to PNG’s credit rating – has so far shielded the PNG economy from the worst of these impacts.

The IMF's global economic growth forecast for 2008 has been revised down from 4.8 per cent in the October 2007 World Economic Outlook (WEO), to 4.1 per cent in the July 2008 WEO update, and the growth forecast for emerging and developing economies has been revised down from 7.4 per cent to 6.9 per cent. The US dollar has continued to weaken considerably over the last year against many other major currencies and this has been reflected to some extent in the price of commodities such as oil that are expressed in US dollars.

Over the same period, commodity prices have continued to boom, especially the price of oil and the price of some foods, which has resulted in global inflation rising. The IMF's 2008 inflation forecast for advanced economies has been revised up from 2.0 per cent in the September 2007 WEO, to 3.4 per cent in the July 2008 WEO update, while the inflation forecast for emerging and developing economies has been revised up from 6.4 per cent to 9.7 per cent. While commodity prices are higher, the risks to the WEO have increased markedly over the last year.

1.2 THE FISCAL OUTLOOK

With projected commodity prices for 2008 at historically high levels, continued strong growth in the non-mineral economy and higher expected inflation, revenues for 2008 are now projected to be substantially higher than they were in 2007. This is a marked improvement on what was expected in the 2008 Budget which, given the large amount of uncertainty regarding commodity prices, took an appropriately conservative view regarding revenue collections. However, the 2008 Budget highlighted that it was possible for commodity prices to be higher in 2008 than projected at Budget time.

Chart 9: Copper Price

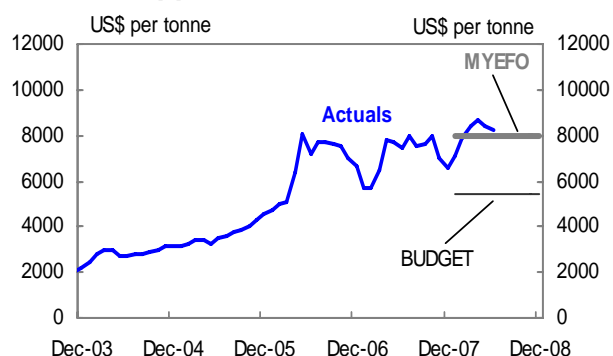
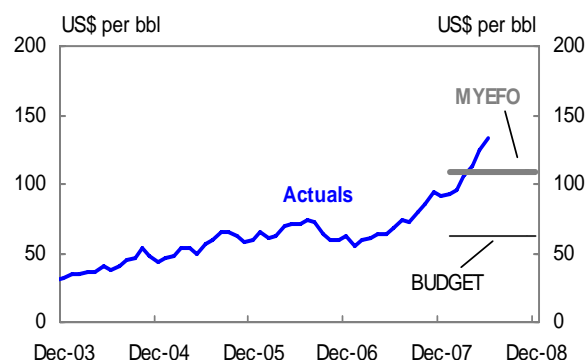


Chart 10: Oil Price



Source: Eco Reuters

The updated fiscal estimates for 2008 compared to the 2008 Budget are set out in the following table. These projections are made on the basis of no policy changes.

Table 2: Budget Balance 2007 - 2008 (Kina Millions)

	2007 Actual	2008 Budget	2008 MYEFO
Total Revenue and Grants	7006.6	7201.6	8648.7
Total Expenditure and Net Lending	6552.2	6999.2	7031.6
Deficit (-)/Surplus (+)	454.4	202.4	1617.1
% of GDP	2.4%	1.0%	7.3%

Source: Department of Treasury

The expected budget position for 2008 is a cash surplus of K1,617.0 million or 7.3 per cent of GDP. This is K1,414.6 million higher than the estimated surplus of K202.3 million at the time of the 2008 Budget.

The higher than anticipated surplus is due to higher than estimated revenue collections, which are expected to continue throughout 2008. This is largely due to higher commodity price projections, and the revisions to the economic parameters discussed above and is based on expenditure continuing on a no-policy change basis. While there is likely to be a Supplementary Budget in 2008, the shape and content of this is yet to be decided and appropriated, and is therefore not included in the MYEFO. Updated details on the projected surplus will be provided upon announcement of the 2008 Supplementary Budget.

The increase in revenue is also attributed to the large upward revision to inflation, which is expected to result in higher revenue collections, although this should not be confused with higher purchasing power of the revenue as increased inflation reduces the real value of revenue collections.

Table 3 provides a reconciliation of the MYEFO budget balance estimates with those at the 2008 Budget, showing the effect of policy decisions and parameter and other variations.

Table 3: Reconciliation of Budget Balance 2008 (Kina Millions)

	2008
2008 Budget Balance	202.3
% of GDP	1.0%
<i>Changes between 2008 Budget and MYEFO</i>	
<i>Effect of policy decisions(a)</i>	
Revenue	-11.7
Expenditure	0.0
<i>Total policy decisions</i>	-11.7
<i>Effect of forecast and other variations</i>	
Revenue	1458.7
Expenditure	-32.2
<i>Total forecast and other variations</i>	1426.5
2008 MYEFO Budget Balance	1617.0
% of GDP	7.3%

(a) Excluding the public debt net interest effect of policy measures.

Source: Department of Treasury

The net effect of Government policy decisions since the 2008 Budget has been to reduce the budget balance. However, this has been more than offset by the effect of changes to forecasts and other variations which has resulted in an estimated surplus of K1,617.0 million in 2008.

The main policy decision since the Budget that has impacted on revenue is a:

- Reduction of K11.7 million in Domestic Excise duties on fuel. While the full year effect of the reduction in excise tax rates is estimated to be around K35 million, this will only affect collections in 2008 for the remaining four months of the year.

There were no main policy decisions since the Budget that have impacted on expenditure. However, the following expenditures were undertaken from savings within the Budget:

- K3.0 million - pay increase to PNGDF members
- K7.5 million - pay increase to Department of Correctional Institutional Services employees
- K0.35 million - Highlands Highway rehabilitation payment following Simbu landslide.

The main changes to the forecasts and other variations since the Budget that have impacted on revenue are:

- Higher copper, oil and gold prices, which have significantly increased expected Mining and Petroleum Tax (MPT) collections, as well as Mining dividend payments. However, the upward revision has been partially offset by lower projected production volumes, the appreciation of the Kina as well as higher than projected costs.
- Increased economic activity and inflation, with nominal non-mining GDP growth revised up from 11.3 per cent to 17.5 per cent in 2008, resulting in higher GST, company and income tax revenues.

The main variations since the Budget that have impacted on expenditure that are not from policy decisions are:

- Interest payments lower by K17.3 million due to lower debt levels.
- Grants are K49.6 million higher, due to a slight depreciation of the Kina against the Australian dollar, which has increased the Kina value of grants.

1.3 REVENUE

Total Revenue and Grants for 2008 are now estimated at K8,648.7 million, a K1,447.1 million upward revision from the estimate published in the 2008 Budget.

Similar to past years, commodity price volatility and unpredictability represent the key swing factor and risks to the revenue forecasts. Unexpected increases in commodity prices – particularly oil prices – are responsible for around 80 per cent of the overall upward revision to Total Revenue and Grants. Other revisions to tax revenues, due to increased economic activity and higher inflation are responsible for around 10 per cent of the upward revision, while the remainder is due to higher donor grants and increased non-mining dividend receipts.

The increase relative to the Budget estimate reflects an additional K1,288.9 million in tax revenue and K108.6 million in non-tax revenue. The bulk of the increase is due to higher than anticipated mining and petroleum receipts, as well as higher collections of non-mineral taxes – particularly income tax, company tax and GST. The increase in non-tax revenues is mainly due to higher than expected dividend payments from the Government's 15 per cent share in Ok Tedi, as well as the late payment of the 2006 IPBC dividend.

Table 4: Tax Revenue 2007 - 2008 (Kina Millions)

	2007 Actual	2008 Budget	2008 MYEFO
Tax on Income and Profits	4491.3	4142.0	5372.8
Dom. Taxes on Goods and Services	958.5	987.3	1009.6
Taxes on International Trade	404.2	387.4	423.2
Tax Revenue	5853.9	5516.7	6805.6

Source: Department of Treasury.

Tax revenues in 2008 have been revised up by K1,288.9 million to K6,805.6 million. In the first five months of 2008, total collections of tax revenues were K2,047.3 million, around 8 per cent below the trend collection, based on the updated MYEFO forecasts.

As noted above, the major factor behind the upward revision to tax revenue is due to the K1,037.5 million upward revision in MPT, reflecting higher price projections for oil, copper and gold relative to Budget. This would have been higher still, but for lower production volumes amongst key mines, higher production costs across the board, and an appreciation of the exchange rate against the US\$, all of which reduce profitability and hence MPT collections.

In the first 5 months of 2008, MPT collections totaled K667.0 million. While this is around 13 per cent below trend, the bulk of collections are expected at the end of July 2008, and in November 2008, when companies pay their second and third installments of MPT.

Apart from MPT, taxes on income and profits have been revised up K1230.8 million relative to the 2008 Budget estimates. This is largely due to higher than expected collections of Income and Company taxes from high economic activity and increased inflation. Higher Dividend Withholding Taxes, are due to increased profitability of resource companies. In the first 5 months of 2008, K62.0 million of these revenues have been collected, around 18 per cent below trend.

Domestic taxes on goods and services in 2008 have been revised up by K22.3 million to K1,009.6 million, due to increased economic activity and higher inflation. In the first 5 months of 2008, collections were K348.3 million, 14 per cent below trend, although this was largely a reflection of late GST payments (made in the following month).

Taxes on International Trade has been revised up by K35.8 million to K423.2 million in 2008 due to higher than projected imports, in line with higher than expected economic activity. This was partially offset by a downward revision of export duty, in line with a downward revision to exports of logs. In the first five months of 2008, collections were K188.5 million, around 15 per cent above trend.

Non-tax revenue collections are expected to exceed the 2008 Budget estimate by K108.6 million. Mining and Petroleum Dividends are expected to be higher by K79.7 million, due mainly to the higher than expected profits from Ok Tedi, arising from higher commodity prices, as well as the K5 million dividend payment from Petromin for 2007. Non-mining dividend receipts have been revised up from the Budget, however this is due to the late payment of the 2006 IPBC dividend, which was previously expected in 2007.

Table 5: Non-tax Revenue 2008 (Kina Millions)

	2007 Actual	2008 Budget	2008 MYEFO
Property Income	290.7	388.3	493.0
Non Mining Dividends	65.0	128.5	153.5
Mining and Pet. Dividends	225.7	259.8	339.5
Interest and Fees from Lending	0.5	5.0	9.0
Other Non Tax Revenue	119.8	94.2	94.1
Total	411.0	487.5	596.1

Source: Department of Treasury

1.4 EXPENDITURE AND NET LENDING

Total expenditure and net lending in 2008 is estimated to be K7,031.6 million. This is K32.4 million higher than the 2008 budget estimate.

Development expenditure is expected to be K49.6 million above the Budget estimate. This is due to slight depreciation of the kina against the Australian dollar, which was partially offset by a K17.1 million downward revision of interest expenditure.

Table 6: Total Expenditure and Net Lending 2007 - 2008 (Kina Millions)

	2007 Actual	2008 Budget	2008 MYEFO
Recurrent Expenditure	3497.8	3636.1	3619.0
Development Expenditure	1327.5	1887.1	1936.7
Additional Priority Expenditure	405.7	1476.0	1476.0
2007 Supplementary Budget	1321.1		
Total Expenditure & Net Lending	6552.1	6999.2	7031.6

Source: Department of Treasury

Total recurrent expenditure is estimated to be K3,619.0 million in 2008. This is K17.1 million less than estimated at Budget, due to a downward revision to interest expense. In the first five months of 2008, there had been K1,427.9 million of recurrent expenditure, 10.4 per cent above trend.

Of the K7,031.6 million, the total expenditure by national departments is expected to be K2,262.3 million, same as appropriated at Budget. In the first five months of 2008, National Department expenditure was K868.6 million, 13.5 per cent above trend¹. Of this, salaries and wages were K362.6 million, 9.3 per cent above trend. This is due to restructure of some departments and the implementation of industrial awards for doctors, nurses and community health workers. Goods and services expenditures were K506.0 million, 16.8 per cent above trend.

Total expenditure by Provincial Governments is expected to be K723.7 million, about the same as appropriated at Budget. In the first five months of 2008, Provincial Government expenditures were K324.8 million, 28.3 per cent above trend. Of this, wages and salary expenditures were K230.8 million, 17.1 per cent above trend. This is due to the back payment associated with reinstatement of some officers and awarding of large backlog claims.

Goods and services expenditures for Provincial Governments were K53.5 million, 60.4 per cent above trend. This reflects the transfer of funds from the National to Provincial Governments rather than the actual expenditure on goods and services by provinces as most provinces are yet to provide full expenditure records.

Total expenditure by the Autonomous Bougainville Government is expected to be K54.0 million, the same as appropriated at budget. In the first five months of 2008, expenditure was K28.1 million, 17.6 per cent above trend.

Transfers to Statutory Authorities are expected to be K226.8 million in 2008, the same as estimated at Budget. In the first five months of 2008, expenditure was K111.9 million, 21.5 per cent above trend.

¹ The K895.6 million is comparable to the National Department expenditure to 31 May 2008 as shown on page 29. The difference between the two numbers is the inclusion of total debt charges on page 29.

Total interest expense for 2008 is estimated to be K356.2 million, compared to the Budget estimate of K373.5 million. The lower than previously estimated interest expense is partly due to the reduction in the stock of public debt arising from the K454.4 million Budget surplus in 2007 and a higher projected surplus in 2008 which, on a no policy change basis, would reduce both public debt and interest expense. To the extent that there is a supplementary budget appropriation, the interest savings will be reduced. In the first five months of 2008, interest expenditure was K96.4 million, 39.9 per cent below trend.

Net lending to Commercial Statutory Authorities (CSA) is expected to be K4.0 million in 2008, the same as at Budget.

Development expenditure in 2008 is expected to be K1,936.7 million, K49.6 million above the Budget estimate of K1,887.1 million. This reflects a slight depreciation of the Kina against the Australian dollar, which has increased the Kina value of grants. In the first five months of 2008, development expenditure was K332.9 million. This is largely because donors have not provided updated expenditure reports. Domestic financed Development Expenditure is 2.3 per cent above trend.

Table 7: Development Expenditure 2007 - 2008 (Kina Millions)

	2007 Actual	2008 Budget	2008 MYEFO
Domestic Funding	483.2	526.7	526.7
Donor Project Grants	721.0	1,123.7	1173.3
Infrastructure Tax Credit	20.6	73.7	73.7
Loans	102.8	163.0	163.0
<i>Concessional</i>	<i>101.8</i>	<i>163.0</i>	<i>163.0</i>
<i>Commercial</i>	<i>1.0</i>	<i>0.0</i>	<i>0.0</i>
Total Development Expenditure	1327.6	1887.1	1936.7

Source: Department of Treasury

1.5 ADDITIONAL INVESTMENT/PRIORITY EXPENDITURE

There was K1,476 million of Additional Investment/Priority Expenditure appropriated in the 2008 Budget. In the first five months of 2008, K116.5 million has been released, with K27.0 million paid into trust, and K89.5 million used for direct payments. The balance of K1,359.5 million has yet to be released in the remainder of 2008.

Table 8: Additional Priority Expenditure 2008 (Kina Millions)

Project	Department	Amount Allocated	Est.Exp/ Cheques into trust
Additional Investment Expenditure		1,030.00	
District Services Improvement Programs	Tsy & Finance Misc	534.0	
State Equity in Gas Project/s	Tsy & Finance Misc	100.0	
Konebada Petroleum Park Infrastructure	Tsy & Finance Misc	50.0	
National Infrastructure Dev. Program	Tsy & Finance Misc	196.0	22.0
Nambawan Superannuation - Liability Reduction	Tsy & Finance Misc	150.0	
Additional Priority Expenditure		446.1	
Outstanding Memoranda of Agreement	Tsy & Finance Misc	55.0	49.5
National roads maintenance (Additional to Development Budget)	Tsy & Finance Misc	50.0	
New Government aircraft	Tsy & Finance Misc	40.0	
Rural electrification	Tsy & Finance Misc	30.0	
Tertiary institutions infrastructure	Tsy & Finance Misc	30.0	
Land reform program	Tsy & Finance Misc	28.0	
Public servant housing	Tsy & Finance Misc	27.0	27.0
Lae roads	Tsy & Finance Misc	25.0	
Maritime Boundaries	Tsy & Finance Misc	25.0	
ICT policy	Tsy & Finance Misc	20.0	5.0
Central City	Tsy & Finance Misc	20.0	
Technical schools maintenance	Tsy & Finance Misc	20.0	
Misima mine closure	Tsy & Finance Misc	20.0	
Border development	Tsy & Finance Misc	20.0	10.0
Madang Marine Park	Tsy & Finance Misc	15.0	
Cooperative societies	Tsy & Finance Misc	10.0	
South Bougainville feeder roads	ABG	4.1	
Lutheran University	Tsy & Finance Misc	3.0	3.0
Buka – Arawa road	ABG	3.0	
Bougainville Regional Office	ABG	1.0	
TOTAL		1476.0	116.5

Source: Department of Treasury

As of 31 May 2008, a cheque of K27.0 million has been raised for the Public Servants Housing but has not yet been deposited into the Institutional Housing Pilot trust account. The K89.5 million of direct expenditure was used in the following way:

- The K22.0 million from the National Infrastructure Development Program was used to fund the rehabilitation of the Highlands Highway in Simbu province after the landslide (K20 million) and for road maintenance in Manus (K2 million).
- The K49.5 million for outstanding Memoranda of Agreement was used to fund the Simberigi – Gobe Road (K27.5 million) and the Homa – Tari Road (K9.0 million), and as a contribution towards the Petroleum Exploration Joint Venture under the Hides MOA (K3.0 million). The remainder was provided to the Governor of Southern Highlands province for a range of ongoing projects.
- The K5.0 million for the ICT policy was used for consultancy and advisory services associated with the development of the policy.
- The K10.0 million for Border Development was transferred to the Sandaun Free Trade Zone Corporation.
- The K3.0 million for the Lutheran University was transferred to the Tertiary Education Study Assistance Scheme.

1.6 STATUS OF SUPPLEMENTARY BUDGETS AND ADDITIONAL PRIORITY EXPENDITURE

Table 9 shows the status of Supplementary Budgets since 2006 right through to 2008 by MTDS sectors. Though some of these aggregated funds were spent directly, the majority of the windfall gains have been appropriated through top-up allocation into Trust Accounts for investment purposes reflecting the MTDS priorities.

Table 9: Supplementary Budget Appropriation and Additional Priority Expenditure by sector as at 31st May 2008 (Kina Millions unless specified)

Sector	Approp	Share of Approp (%)	Spent	Paid into Trust	Reallocated to other areas	Yet to be released	Lapsed	Total
Health	476.9	9%	28.6	354.3	5.0	89.0	0.0	476.9
Education	594.9	11%	36.8	416.1	3.0	139.0	0.0	594.9
Law and Justice	422.3	8%	44.3	289.0	0.0	89.0	0.0	422.3
Transport	824.6	15%	236.5	397.0	0.0	191.1	0.0	824.6
Income Earning	257.0	5%	24.0	115.0	1.0	117.0	0.0	257.0
Gas Equity	600.0	11%	0.1	500.0	0.0	99.9	0.0	600.0
Debt Repayment	997.0	18%	647.0	0.0	0.0	350.0	0.0	997.0
Other Non-MTDS	1350.8	24%	549.3	207.0	81.6	512.9	0.5	1350.8
Total	5523.5	100%	1566.5	2278.4	90.6	1587.9	0.5	5523.5

Source: Department of Treasury and Department of Finance

Of the additional funds allocated in the three years, as at 31st May 2008, around 41.2 per cent has been released into Trust Accounts, 28.4 per cent has been directly spent as indicated, 1.6 per cent has been reallocated to other areas, and 28.7 per cent is yet to be released.

1.7 STATUS OF TRUST ACCOUNTS

A total of K3,364.3 million has been appropriated to Trust Accounts for implementation of budget priority expenditure projects.

The purpose of holding funds in these Trust Accounts is to spread the spending over time to control inflationary pressure in the economy, as well as give time to the implementing agencies to properly design implementation strategies to carry out the projects.

Table 10 shows the movements of funds in these Trust Accounts for the period 1 January to 31 May 2008.

Of the K3,364.3 million allocated to Trust Accounts, as at 31 May 2008, K2,251.4 million has been released by Department of Treasury in Trust Accounts. The remaining K1,112.9 million relates to the 2008 Budget and will be released by Department of Treasury as required or as funds became available over the remainder of 2008.

The opening balance of all the Supplementary Budget Trust Accounts as at 01 January 2008 was K1,579.8 million. Deposits for the period 01 January – 31 May 2008 totaled K597.3 million which comprises K596.0 million deposits outstanding from 31 December 2007 plus interest received totaling K1.3 million. Supplementary Budget Trust Accounts at 31 May 2008 was K2,076.0 million.

Following is a summary of expenditure from Supplementary Budget Trust Accounts for the period 1 January – 31 May 2008:

- **K8.2 million was spent from the Airport Repairs and Upgrade Trust Account.** No financial or project reporting has been provided by the Implementing Agency, Civil Aviation Authority of PNG, to Department of Finance since the inception of this Trust Account therefore no details of expenditure can be provided in this report.
- **K0.3 million was spent from the Kubalia High School Rehabilitation Trust Account** for the infrastructure rehabilitation of Kubalia High School.
- **K0.9 million was spent from the Education Sector Infrastructure Rehabilitation Trust Account** for infrastructure rehabilitation of District Schools.
- **K16.1 million was spent from the Higher Education Sector Infrastructure Rehabilitation Trust Account.** The break-up of this expenditure is General Repairs and Maintenance K11.4 million, Equipment K3.9 million (including Generators) and Buses K0.8 million.
- **K3.4 million was spent from the National Parliament Infrastructure Rehabilitation Trust Account** for the purchase of a new Generator for Parliament House.
- **K3.0 million was transferred from the Outstanding PBSS (Police) Trust Account** to the Royal PNG Constabulary Communication and Infrastructure Trust Account following the settlement of all outstanding PBSS payments in 2007.
- **K16.1 million was spent from the Transport Sector Infrastructure Rehabilitation Trust Account.** The break-up of this expenditure is District Feeder Roads K5.9 million, Lae City Roads Project K3.0 million, Provincial Roads K2.6 million, National Roads K2.9 million and Ports and Jetties K1.7 million.

Table 10: Movement of Funds in Trust Accounts from 1 January to 31 May 2008 (Kina millions)

TNO	Description	Total Approp.	Opening Balance as at 1-Jan-08	Credits¹	Debits²	Closing Balance as at 31-May-08	Deposits Outstanding as at 31-May-08³
485	Govt's Gas Pipeline Project Equity Trust A/C	600.0	500.0	-	-	500.0	-
514	Agriculture Sector Development Trust A/C	108.0	30.2	40.1	0.2	70.1	-
515	Airport Repairs and Upgrades Trust A/C	30.0	23.7	-	8.2	15.5	-
516	Kubalia High School Rehabilitation Trust A/C	2.0	2.0	-	0.3	1.7	-
517	Outstanding PBSS (Teachers) Trust A/C	45.1	45.3	0.1	-	45.3	-
518	Education Sector Infrastructure Rehabilitation Trust A/C	250.0	150.1	80.3	0.9	229.5	-
519	Higher Education Sector Infrastructure Rehabilitation Trust A/C	80.0	44.5	-	16.1	28.4	-
520	Law & Justice Sector Infrastructure Rehabilitation Trust A/C	130.0	50.0	80.2	-	130.2	-
521	Strategic District Markets Infrastructure Trust A/C	20.0	20.0	-	-	20.0	-
522	National Parliament Infrastructure Rehabilitation Trust A/C	10.0	10.0	-	3.4	6.6	-
523	Outstanding PBSS (Police) Trust A/C	20.0	3.0	-	3.0	-	-
524	Transport Sector Infrastructure Rehabilitation Trust A/C	377.0	325.6	0.2	15.5	310.3	-
525	PNG Gas Development and Commitments Trust A/C	15.0	15.0	-	4.2	10.8	-
526	Resettlement of Volcano Victims Trust A/C	20.0	18.6	-	1.7	17.0	-
527	NBC Infrastructure Rehabilitation Trust A/C	21.0	16.7	-	-	16.7	-
528	Hospital and Healthcare Centre Rehabilitation Trust A/C	250.3	227.8	0.3	10.5	217.6	-
529	Rehabilitation of Housing for Nurses Trust A/C	15.0	15.0	-	-	15.1	-
530	Rehabilitation of Housing for Police Trust A/C	50.0	47.2	0.1	0.2	47.1	-
562	Highlands Highway Rehabilitation Trust A/C	35.0	35.0	-	31.0	4.0	-
563	District Services Improvement Trust A/C	890.0	-	356.0	4.0	352.0	-
564	Urbanization Pilots Trust A/C	15.0	-	15.0	-	15.0	-
565	Institutional Housing Pilot Trust A/C	37.0	-	10.0	2.3	7.7	27.0
566	Housing Development Pilot Trust A/C	15.0	-	15.0	-	15.0	-
581	Cooperative Societies Establishment Trust A/C	10.0	-	-	-	-	-
582	Madang Marine Park Development Trust A/C	15.0	-	-	-	-	-
583	Rural Electrification Trust A/C	30.0	-	-	-	-	-
584	Konebada Petroleum Park Trust A/C	50.0	-	-	-	-	-
585	National Infrastructure Devt. Program Trust A/C	195.9	-	-	-	-	-
586	Land Reform Program Trust A/C	28.0	-	-	-	-	-
	TOTAL	3,364.3	1,579.8	597.3	101.1	2,075.6	27.0

¹ Credits – payments made into trust.

² Debits – payments made out of trust.

³ Deposits Outstanding – cheques raised against appropriation but not yet deposited into trust.

- **K4.2 million was spent from the PNG Gas Development and Commitments Trust Account** for business development grants to incorporated companies of landowners.
- **K1.7 million was spent from the Resettlement of Volcano Victims Trust Account.** No financial or project reporting has been provided by the Implementing Agency, East New Britain Provincial Government, to the Department of Finance since the inception of this Trust Account therefore no details of expenditure can be provided.
- **K10.0 million was spent from the Hospital and Healthcare Centre Rehabilitation Trust Account.** The break-up of this expenditure is New Construction K3.7 million, General Maintenance K1.0 million, Medical Equipment K2.4 million, Vehicles (including Ambulances) K1.8 million and Other Expenditure (including Consultancies) K1.1 million.
- **K0.2 million was spent from the Rehabilitation of Housing for Police Trust Account** for a Consultancy.
- **K31.0 million was spent from the Highlands Highway Rehabilitation Trust Account.** No further information was provided by the Department of Finance.
- **K4.0 million was spent from the District Service Improvement Program Trust Account.** The break-up of this expenditure is Yangoru Saussia – Rural Electrification K3.0 million, Tari Pori – Law and Justice K0.5 million, Tambul – Nebilyer – Health K0.4 million and Other Administration Expenditure K0.1 million.

As at the time of this report, the first K4.0 million to each of the 89 Districts has been transferred from the main DSIP bank account to each of the District's subsidiary DSIP bank accounts.

- **K2.3 million was spent from the Institutional Housing Pilot Trust Account.** The break-up of this expenditure is New Public Servant Accommodation K2.2 million and General Maintenance K0.1 million.
- There was no expenditure for the period 1 January – 31 May 2008 for the following Trust Accounts:
 - Government's Gas Pipeline Project Equity Trust Account
 - Outstanding PBSS (Teachers) Trust Account
 - Law and Justice Sector Infrastructure Trust Account
 - Strategic District Markets Infrastructure Trust Account
 - NBC Infrastructure Rehabilitation Trust Account
 - Rehabilitation of Housing for Nurses Trust Account
 - Urbanisation Pilots Trust Account
 - Housing Development Pilot Trust Account
 - Cooperative Societies Establishment Trust Account
 - Madang Marine Park Development Trust Account
 - Rural Electrification Trust Account
 - Konebada Petroleum Park Trust Account
 - National Infrastructure Development Program Trust Account
 - Land Reform Program Trust Account

Further detail of expenditure from Trust Accounts is provided in Appendix 2.

1.8 FINANCING

Assuming no policy change, the budget surplus is expected to be K1,617.0 million in 2008, compared with the original estimate of K202.3 million, which means that the total financing requirement for 2008 will be negative K1,617.0 million.

On this basis, external financing would be expected to be negative K1,690.3 million, as the surplus will be used to repay external debt, in line with the Debt Strategy, while domestic financing would be K73.3 million. However, as noted above, these estimates are made on the basis of no-policy change, and therefore do not incorporate the impact of a potential supplementary Budget, which would significantly alter both the financing and public debt estimates. Further details will be provided upon the release of the Supplementary Budget.

1.9 PUBLIC DEBT

Total public debt outstanding is expected to be K4,702.1 million which is 21.1 per cent of GDP compared to the original budget estimate of K6,270.1 million or 31.8 per cent of GDP. This estimate is made on a no policy change basis, and does not incorporate the effect of a potential Supplementary Budget. Any further expenditure appropriations over the rest of the year will increase the total public debt levels shown in Table 11.

Table 11: Public Debt (Kina,Millions)

	2007 Estimate	2008 Budget	2008 MYEFO
Domestic	3173.3	3211.8	3246.7
Treasury Bills	980.2	815.5	862.0
Inscribed Stock	2174.8	2382.8	2371.0
Other Domestic debt	18.3	13.6	13.6
<i>Domestic debt as % GDP</i>	<i>17.0%</i>	<i>16.3%</i>	<i>14.6%</i>
External	3145.8	3058.2	1455.4
International Agencies	3038.1	2969.6	1451.5
Commercial Loans	107.6	88.6	3.9
Other Loans	0	0	0
<i>External debt as % GDP</i>	<i>16.8%</i>	<i>15.5%</i>	<i>6.5%</i>
Total Public Debt Outstanding	6319.1	6270.1	4702.1
<i>As % GDP</i>	<i>33.8%</i>	<i>31.8%</i>	<i>21.1%</i>

Source: Department of Treasury and BPNG

1.10 RISKS TO THE MID YEAR ECONOMIC AND FISCAL OUTLOOK

The forward estimates of revenues and expenditures in this report incorporate assumptions and judgments based on information available at the time of publication. A range of factors may influence the final budget outcome for 2008. For example, revenue can be significantly affected by changes in commodity prices and production levels due to supply disruptions and other changes to economic conditions. Volatile commodity prices in particular represent the key risk to the revenue forecast which could be in either direction. Expenditure forecasts could vary due to underspends, new appropriations, changes under standing appropriations and the realization of certain contingent liabilities.

Given the stimulus provided by the commodity boom, combined with increased levels of government expenditure and excess liquidity in the financial system, inflation – which has already increased to uncomfortably high levels – is likely to be even higher than currently expected if policies are not adopted to contain inflationary pressure. A substantial increase in inflation would threaten the stable macroeconomic environment that PNG has enjoyed over recent years.

The very large increase in PNG asset prices – to the extent that they do not represent improved fundamental changes in value present some risk to the broader economic outlook, given the potential for financial market fallout to impact on real activity.

The world economic outlook is facing unusual pressures with very high oil prices, rising inflation, declining asset prices, turmoil in financial markets and a weakening of economic growth. While there are always risks around the outlook, the current levels of uncertainty and risk are higher than they have been for some time, and most of the risks appear to have increased on the downside. This could easily spill over into weaker commodity prices, and lower tax revenues.

Contingent liabilities differ from fiscal risks in that they are generally more readily quantifiable and clearly defined. Contingent liabilities are defined as costs the Government will have to face if a particular event occurs. They include loan guarantees, non-loan guarantees, warranties, indemnities, uncalled capital and letters of comfort.

For all the above reasons some degree of uncertainty is attached to estimates of both revenues and expenses. While MYEFO estimates are prepared with the benefit of knowing some revenue outcomes for the early months of the Budget year, which in general tend to reduce forecast errors, substantial uncertainties nevertheless remain.

1.11 2008 AND BEYOND

The upgraded economic and fiscal forecasts for 2008 and the commodity price assumptions that underlie them will impact on 2008 and beyond. Economic and fiscal projections for the period 2008 to 2013 will be updated in the 2009 Budget. These projections will incorporate updated forecasts and decisions taken by the Government concerning the 2009 Budget Strategy Paper.

1.12 FISCAL OUTURN TABLES

TABLE 1: CENTRAL GOVERNMENT REVENUE & GRANTS
(Kina, Million)

	2008 Budget	2008 MYEFO	Variance	May Outturn	May Trend	Variance
A. TAX REVENUE	5,516.7	6,805.6	1,288.9	2,047.3	2,217.2	-169.9
A1. TAX ON INCOME AND PROFITS	4,142.0	5,372.8	1,230.8	1,510.6	1,646.8	-136.3
Personal Income Tax	1,053.7	1,086.2	32.5	456.6	470.0	-13.4
Company Tax	699.7	777.9	78.2	244.8	247.0	-2.2
Dividend Withholding Tax	195.5	260.0	64.5	62.0	75.3	-13.2
Interest Withholding Tax	21.4	21.9	0.5	7.6	8.4	-0.7
Mining and Petroleum Taxes	2,011.8	3,049.3	1,037.5	667.0	767.9	-100.9
Gaming Tax	86.5	93.8	7.3	34.3	37.9	-3.5
Other: Direct	73.4	83.7	10.3	38.2	40.3	-2.1
A2. DOM. TAXES ON GOODS AND SERV	987.3	1,009.6	22.3	348.3	406.5	-58.2
Excise	368.3	346.0	-22.3	145.2	138.3	6.9
GST	600.8	648.2	47.4	190.0	258.2	-68.2
Mining Levy	15.0	12.0	-3.0	11.4	5.8	5.6
Other: Indirect	3.2	3.4	0.2	1.7	4.2	-2.5
A3. TAXES ON INTERNATIONAL TRADE	387.4	423.2	35.8	188.5	163.9	24.6
Import Duty	132.7	149.8	17.1	64.8	56.8	8.0
Export Duty	155.2	150.0	-5.2	66.9	59.3	7.6
Excise duties on Imports	99.5	123.5	24.0	56.8	47.8	9.0
B. NON-TAX REVENUE	487.5	596.1	108.6	72.0	89.2	-17.2
B1. PROPERTY INCOME	388.3	493.0	104.7	40.7	56.4	-15.7
Dividends	128.5	153.5	25.0	0.0	13.5	-13.5
Mining and Petroleum Dividends	259.8	339.5	79.7	40.7	42.9	-2.2
B2. INTEREST AND FEES FROM LENDING	5.0	9.0	4.0	0.1	1.7	-1.6
B3. OTHER NON TAX REVENUE	94.2	94.1	-0.1	31.2	31.1	0.1
B4. ASSETS SALES	0.0	0.0	0.0	0.0	0.0	0.0
C. TOTAL REVENUE	6,004.2	7,401.7	1,397.5	2,119.3	2,306.4	-187.0
% of GDP	30.4%	33.2%	0.0	9.5%	10.4%	0.0
D. INFRASTRUCTURE TAX CREDIT	73.7	73.7	0.0	12.4	10.7	1.7
E. GRANTS	1123.7	1173.3	49.6	0.0	174.1	-174.1
Budgetary Support	0.0	0.0	0.0	0.0	0.0	0.0
Project Grants	1123.7	1173.3	49.6	0.0	174.1	-174.1
F. TOTAL REVENUE AND GRANTS	7,201.6	8,648.7	1,447.1	2,131.8	2,491.2	-359.4
As % of GDP	36.5%	38.8%	2.3%	9.6%	11.2%	0.0
G. PRINCIPAL RECEIPTS FROM LENDING	4.0	4.0	0.0	2.0	1.0	0.9
H. GROSS BORROWING	1793.9	1407.1	-386.8	-135.1	-160.4	25.3
I. ASSET SALES	0.0	0.0	0.0	0.0	0.0	0.0
J. TOTAL RECEIPTS	8,999.5	10,059.8	1,060.3	1,998.6	2,331.9	-333.2
As % of GDP	45.6%	45.2%	-0.5%	9.0%	10.5%	0.0

Source: Department of Treasury

TABLE 2: CENTRAL GOVERNMENT EXPENDITURE
(Kina, Million)

	2008 Budget	2008 MYEFO	Variance	May Outturn	May Trend	Variance
1 RECURRENT BUDGET						
A. NATIONAL DEPARTMENTS	2,262.3	2,262.3	0.0	868.6	765.1	103.5
Personnel Emoluments	932.1	932.1	0.0	362.6	331.8	30.8
Total Goods & Services	1,330.2	1,330.2	0.0	506.0	433.2	72.7
General Goods & Services	1,079.3	1,079.3	0.0	401.3	348.2	53.2
Education Subsidies	143.0	143.0	0.0	74.0	44.8	29.2
Arrears Payments	0.0	0.0	0.0	0.0	0.0	0.0
SAP Payments	55.9	55.9	0.0	3.3	21.8	-18.5
Court Orders	52.0	52.0	0.0	27.3	18.5	8.9
B. PROVINCIAL GOVERNMENTS	723.5	723.7	0.2	324.8	253.2	71.6
Personnel Emoluments	596.8	596.8	0.0	230.8	197.1	33.7
Staffing Grants	166.3	166.3	0.0	83.6	64.3	19.3
Teachers Salaries	430.5	430.5	0.0	147.3	132.9	14.4
Goods & Other Services	65.8	65.9	0.1	53.4	33.3	20.2
Administration Grants	15.5	15.5	0.0	12.5	6.3	6.2
Health Function Grant	14.5	14.5	0.0	11.9	7.2	4.6
Education Subsidies	21.7	21.7	0.0	17.7	12.9	4.8
Derivation Grants	14.1	14.1	0.0	11.4	6.9	4.5
Conditional Grants	60.9	60.9	0.0	40.6	22.8	17.8
Trans/Infra/Maint. Grants	16.7	16.7	0.0	13.0	9.0	4.1
Local & Village Services Grants	30.9	30.9	0.0	22.9	12.0	10.9
Town & Urban Services Grants	11.1	11.1	0.0	2.9	0.8	2.1
Village Courts	2.2	2.2	0.0	1.7	1.0	0.7
AUTONOMOUS BOUGAINVILLE GOVT	54.0	54.0	0.0	28.1	23.9	4.2
Police Grant	2.2	2.2	0.0	2.2	0.9	1.4
Recurrent Grant	51.5	51.5	0.0	25.9	23.0	2.9
Conditional Grant	0.3	0.3	-0.1	0.0	0.0	0.0
C. TRANSFERS & LOANS TO C.S.A	226.8	226.8	0.0	111.9	92.1	19.8
D. INTEREST PAYMENT & FEES	373.5	356.2	-17.3	96.4	160.4	-64.0
Domestic	275.3	274.6	-0.7	55.7	114.6	-58.9
External	98.2	81.6	-16.6	40.7	45.9	-5.1
E NET LENDING TO C.S.A	-4.0	-4.0	0.0	-2.0	-1.7	-0.3
Gross Lending	0.0	0.0	0.0	0.0	0.0	0.0
Less : Loan Repayments	4.0	4.0	0.0	2.0	1.7	0.3
F. RECURRENT EXPENDITURE & NET LENDING	3,636.1	3,619.0	-17.1	1,427.9	1,293.0	135.0
As % of GDP	18.4%	16.2%	-2.2%	6.4%	5.8%	0.0
2 DEVELOPMENT BUDGET						
Domestic Funds	526.7	526.7	0.0	320.3	313.0	7.3
Project Grants	1,123.7	1,173.3	49.6	0.0	256.3	-256.3
Infrastructure Tax Credits	73.7	73.7	0.0	12.4	12.5	-0.1
Concessional loans	163.0	163.0	0.0	0.2	52.5	-52.3
Commercial loans	0.0	0.0	0.0	0.0	0.0	0.0
G. TOTAL DEVELOPMENT BUDGET (PIP)	1,887.1	1,936.7	49.6	332.9	634.3	-301.5
As % of GDP	9.6%	8.7%	-0.9%	1.5%	2.8%	0.0
ADDITIONAL PRIORITY EXPENDITURE	1476.0	1476.0	0.0	27.0	23.9	3.1
H. TOTAL EXPENDITURE & NET LENDING	6,999.2	7,031.6	32.4	1,787.8	1,951.2	-163.4
As % of GDP	35.5%	31.6%	-3.9%	8.0%	8.8%	0.0
I. AMORTISATION	1996.3	3024.2	1,027.9	208.9	379.6	-170.7
Domestic	1553.0	1553.0	0.0	106.6	240.3	-133.7
External	443.3	1471.2	1,027.9	102.3	139.3	-37.0
J. LOAN REPAYMENTS	4.0	4.0	0.0	2.0	1.7	0.3
K. TOTAL PAYMENTS	8,999.5	10,059.8	1,060.3	1,998.7	2,332.5	-333.9
As % of GDP	45.6%	45.2%	-0.5%	9.0%	10.5%	0.0

Source: Department of Treasury

TABLE 3: CENTRAL GOVERNMENT FINANCING
(Kina, Million)

	2008 Budget	2008 MYEFO	Variance	May Outturn	May Trend	Variance
A. TOTAL REVENUE AND GRANTS	7,201.6	8,648.7	1,447.1	2,131.8	2,491.2	-359.4
B. TOTAL EXPENDITURE AND NET LENDING	6,999.2	7,031.6	32.4	1,787.8	1,951.2	-163.4
C. DEFICIT (-) / SURPLUS (+)	202.4	1,617.0	1,414.6	344.0	540.0	-196.0
% of GDP	1.0%	7.3%	6.2%	1.5%	2.4%	0.9%
D. EXTERNAL FINANCING	-279.3	-1307.2	-1,027.9	-102.1	-114.7	12.6
D1. CONCESSIONAL FINANCING	-210.3	-1238.4	-1,028.1	-57.6	-94.1	36.5
New Borrowing	163.0	163.0	0.0	0.2	24.3	-24.2
Less Amortisation	-373.3	-1401.4	-1,028.1	-57.8	-118.5	60.7
D2. COMMERCIAL FINANCING	-15.0	-14.7	0.3	-8.3	-7.2	-1.0
New Borrowing	1.0	0.9	-0.1	0.0	0.3	-0.3
Less Amortisation	-16.0	-15.6	0.4	-8.3	-7.5	-0.8
D3. EXCEPTIONAL FINANCING	-54.0	-54.1	-0.1	-36.2	-13.3	-22.9
New Borrowing	0.0	0.0	0.0	0.0	0.0	0.0
Less Amortisation	-54.0	-54.1	-0.1	-36.2	-13.3	-22.9
E. DOMESTIC FINANCING	76.9	-309.8	-386.7	-241.9	-425.3	183.5
E1. DOMESTIC MARKET BORROWING (NET)	77.0	76.8	-0.2	275.4	102.3	173.1
New Domestic Borrowing	1630.0	1629.8	-0.2	382.0	342.6	39.4
Less Amortisation	-1553.0	-1553.0	0.0	-106.6	-240.3	133.7
E2. OTHER DOMESTIC FINANCING (b)	-0.1	-386.6	-386.5	-517.2	-527.6	10.3
E3. ASSETS SALES FINANCING	0.0	0.0	0.0	0.0	0.0	0.0
E4. NET FINANCING	0.0	0.0	0.0	0.0	0.0	0.0
F. TOTAL FINANCING	-202.4	-1617.0	-1,414.6	-344.0	-540.0	196.0
G. GROSS BORROWING	1793.9	1407.1	-386.8	-135.1	-160.4	25.3
Concessional	163.0	163.0	0.0	0.2	24.3	-24.2
Commercial	1.0	0.9	-0.1	0.0	0.3	-0.3
Exceptional	0.0	0.0	0.0	0.0	0.0	0.0
Domestic	1629.9	1243.2	-386.7	-135.3	-185.0	49.7
Financing Gap	0.0	0.0	0.0	0.0	0.0	0.0

Source: Department of Treasury

PART 2

MID YEAR EXPENDITURE ESTIMATES BY AGENCY

2.1 REVENUE DECISIONS SINCE THE 2008 BUDGET

Since the Budget, the Government has made decisions that have revenue and expenditure implications for agencies in 2008.

The following revenue decisions has been taken by the Government since the 2008 Budget:

- Reduction of the excise rate on diesel fuel from 6 toea per litre to 4 toea per litre with effect from 1 September 2008;
- Reduction of the excise rate on unleaded petrol from 61 toea per litre to 40 toea per litre with effect from 1 September 2008; and
- Abolishment of the excise tax on zoom of 31 toea per litre with effect from 1 September 2008.

If legislation for this measure cannot be passed prior to the scheduled start date of 1 September 2008, the start date will need to be delayed until legislation is passed.

Table 15: Revenue Decision since the 2008 Budget (Kina Millions)

	2008 MYEFO
Domestic excise reduction	-11.7
Total	-11.7

Source: Department of Treasury

2.2 FUNDED EXPENDITURE DECISIONS SINCE THE 2008 BUDGET

The following expenditure decisions have been taken by the Government since the 2008 Budget:

- A pay increase to PNGDF members costing K3.5 million; and
- A pay increase for Department of Correctional Institutional Services employees costing K7.3 million.

Table 16: Funded Expenditure Decisions since the 2008 Budget (Kina Millions)

AGENCY	2008 MYEFO
Funded New Expenditure	
Department of Defence	3.5
Department of Correctional Institutional Services	7.3
Total	10.8
Funded New Expenditure	
Offsetting Savings	
Department of Treasury(Division 207)	-3.5
Department of Treasury(Division 207)	-7.3
Total Offsetting Savings	-10.8

Source: Department of Treasury

2.3 2008 BUDGET EXECUTION

The issue of warrants by the Department of Treasury governs the rate and timing of expenditure by agencies. In managing the issue of warrants, Treasury must balance the management of the Government's overall cash requirement with the requirement of agencies for cash to deliver their authorized programs.

As of 31 May 2008, a total of K5,384 million of warrants have been issued from both the Recurrent and the Development Budget. This represents 70.3 per cent of the recurrent and development appropriations of K7,660 million for 2008.

Some K2,370 million of the warrants issued from the Recurrent Budget are for debt servicing. Excluding debt servicing, a total of K3,014 million warrants have been used up to 31 May 2008 from the full year recurrent and development appropriations. This represents 57.0 per cent of the total non-debt servicing appropriation for 2008.

To 31 May 2008, warrants issued from the Recurrent Budget totaled K4,930 million. This figure includes debt servicing and represents 69.3 per cent of the 2008 recurrent appropriation of K7,113 million. Excluding debt servicing, K2,560 million of warrants have been issued, from the Recurrent Budget, representing 54.0 per cent of the non-debt recurrent appropriation of K4,743 million.

To 31 May 2008, warrants issued from the domestically funded Development Budget totaled K454.2 million. This figure represents 83.0 per cent of the 2008 development appropriation of K547.1 million.

The large proportion of warrants issued to 31 May 2008 reflects the revised arrangements by Treasury for the early release of warrants in 2008. This new arrangement is being trialed in 2008 as a means of assisting National Departments, Statutory Authorities and Provincial Governments with their effective implementation of Government programs.

The tables on pages 29 – 34 provide the amounts of warrants issued to agencies up to 31 May 2008.

2.4 REALLOCATION OF APPROPRIATED FUNDS

Sections 3 and 4 of the annual appropriation Acts provide that, in certain circumstances, there may be a reallocation of funds appropriated to agencies at the discretion of the Secretary of the Treasury.

In practice, this discretion allows unexpended appropriation to be reallocated through the Secretary's Advance to meet the cost of unbudgeted expenditure that is urgent, unavoidable and unforeseen, up to the limit of the Secretary's Advance (Section 3 transfers), or reallocated between services subject to an overall limit of 10 per cent of the total appropriation for recurrent expenditure (Section 4 transfers).

To 31 May 2008, K252.1 million has been reallocated through these mechanisms. K241.4 million has related to transfers between items within the total appropriation for an agency. A further K10.7 million has been allocated through the Secretary's Advance.

The MYEFO estimate in the tables below reflect the reallocations made through these mechanisms up to 31 May 2008. Details of payments made from the Secretary's Advance up to 31 May 2008 are in the table on page 35.

NATIONAL DEPARTMENTS RECURRENT EXPENDITURE MYEFO 2008

Div	National Department	2007 Outcome	2008 Budget	Warrants issued 31-May-08	Expenditure to 31-May-08	2008 MYEFO	Variance
201	National Parliament	85,611,200	72,304,200	32,000,000	31,000,000	72,304,200	-
202	Governor-General	3,296,000	3,486,000	3,228,700	2,209,199	3,486,000	-
203	Prime Minister & NEC	60,516,000	48,830,100	40,411,500	17,736,070	48,830,100	-
204	Statistics Office	4,222,700	3,969,800	3,439,900	2,376,992	3,969,800	-
205	Bougainville Affairs	1,263,900	1,416,100	970,600	398,224	1,416,100	-
206	Finance	19,490,300	18,384,700	12,484,500	7,565,390	18,384,700	-
207	Treasury & Finance Misc.	2,468,462,000	2,189,454,500	351,934,200	194,370,166	2,189,454,500	-
208	Treasury	8,765,200	9,506,700	8,570,700	3,970,370	9,506,700	-
209	ORPP	4,132,900	4,961,300	4,332,200	2,515,196	4,961,300	-
212	I.C.T.D	12,698,700	14,602,800	7,879,400	3,913,571	14,602,800	-
213	Fire Services	11,937,000	14,953,400	11,822,900	4,920,533	14,953,400	-
216	Internal Revenue	39,343,500	43,598,400	32,512,300	13,821,019	43,598,400	-
217	Foreign Affairs & Trade	57,318,500	71,825,900	65,333,900	49,120,674	71,825,900	-
219	PNG Inst. of Public Admin.	4,728,000	5,553,700	4,270,500	2,025,445	5,553,700	-
220	Personnel Management	11,841,800	11,110,300	10,432,600	2,760,001	11,110,300	-
221	Public Service Commission	2,863,300	3,402,900	3,042,100	1,455,146	3,402,900	-
222	Public Solicitor	-	2,000,000	1,015,000	23,515	2,000,000	-
223	Judiciary Services	38,812,000	44,000,000	17,500,000	17,500,000	44,000,000	-
224	Magisterial Services	21,413,300	23,867,300	10,800,000	9,000,000	23,867,300	-
225	Attorney-General	37,945,800	32,225,200	21,606,000	12,240,012	32,225,200	-
226	Correctional Instit	54,995,000	55,227,000	43,840,700	22,250,408	55,227,000	-
227	Provincial Treasuries	24,683,300	24,325,800	21,792,300	8,951,824	24,325,800	-
228	Police	234,731,400	182,030,400	148,395,500	82,648,431	182,030,400	-
229	National Planning & Monitoring	7,664,000	8,662,000	6,556,250	4,816,015	8,662,000	-
230	Electoral Commission	105,613,000	53,840,400	37,906,400	14,797,259	53,840,400	-
231	N.I.O	3,189,600	3,000,000	2,546,700	1,792,844	3,000,000	-
232	Prov. & Local Gov't Affairs	38,046,500	9,139,000	6,225,600	3,406,142	9,139,000	-
234	Defence	113,331,300	95,037,400	75,832,800	44,321,143	95,037,400	-
235	Education	233,905,400	129,207,500	223,815,400	99,393,041	129,207,500	-
236	Higher Education Commission	34,458,700	33,804,700	37,455,300	21,743,376	33,804,700	-
237	UNESCO	-	750,000	593,300	160,280	750,000	-
240	Health	134,721,700	157,338,100	137,378,100	49,199,335	157,338,100	-
241	H.M.S	193,662,300	213,638,300	164,576,800	99,976,614	213,638,300	-
242	Community Development	9,315,900	8,535,100	6,870,700	3,615,420	8,535,100	-
243	NVS	-	1,100,000	473,000	475,100	1,100,000	-
245	Environment & Conservation	10,216,900	9,621,900	7,689,500	3,016,750	9,621,900	-
247	Agriculture & Livestock	13,489,400	12,005,900	10,338,500	6,043,390	12,005,900	-
252	Lands	16,927,400	12,702,400	11,116,700	5,244,374	12,702,400	-
254	(DMPGM)	6,300,000	5,911,500	5,176,700	1,538,968	5,911,500	-
255	Petroleum and Energy	9,006,600	10,322,300	9,399,200	4,940,895	10,322,300	-
258	Inform. & Comm.	2,793,800	2,200,000	6,711,700	948,671	2,200,000	-
259	Transport	16,052,900	16,859,500	13,093,800	4,292,989	16,859,500	-
261	Commerce & Industry	6,871,200	7,430,000	6,479,800	4,290,214	7,430,000	-
262	Industrial Relations	1,373,300	8,162,300	7,189,800	3,075,293	8,162,300	-
263	Tripartite	344,100	938,800	716,000	320,357	938,800	-
264	Works & Implementation	41,562,700	50,120,300	46,549,000	20,821,394	50,120,300	-
267	Rural Development	4,820,800	5,086,300	5,738,100	1,644,063	5,086,300	-
268	CS & TB	1,099,800	1,854,200	1,263,300	575,831	1,854,200	-
299	T & F - Debt Charges	2,895,542,000	2,369,819,800	2,369,819,800	305,366,916	2,369,819,800	-
Sub-Total Nat. Departments		7,109,381,100	6,108,124,200	4,059,127,750	1,198,588,860	6,108,124,200	-

STATUTORY AUTHORITIES RECURRENT EXPENDITURE MYEFO 2008

Div	Statutory Authorities	2007 Outcome	2008 Budget	Warrants issued 31-May-08	Expenditure to 31- May- 08	2008 MYEFO	Variance
502	Auditor - General	11,000,000	11,226,600	4,100,000	3,900,000	11,226,600	-
503	Ombudsman	11,000,000	11,500,000	4,630,000	4,780,000	11,500,000	-
505	N.R.I.	2,489,100	2,913,000	1,027,800	1,027,800	2,913,000	-
506	N.T.C.	2,227,200	2,249,500	787,600	727,600	2,249,500	-
507	Economic & Fiscal Commission	1,145,600	1,207,100	496,100	487,946	1,207,100	-
508	NGCB	3,699,200	-	-	-	-	-
510	L.T.I.	975,200	1,317,400	499,600	499,600	1,317,400	-
512	U.P.N.G.	30,382,300	32,131,500	13,933,400	13,933,400	32,131,500	-
513	UNITECH	29,000,000	29,933,800	13,300,000	13,300,000	29,933,800	-
514	University of Goroka	11,088,600	11,600,000	4,706,700	4,706,700	11,600,000	-
515	University of Vudal	5,791,100	6,849,000	2,728,100	2,728,100	6,849,000	-
516	PNG Sports Commision	4,375,500	2,759,900	1,083,400	983,400	2,759,900	-
517	Narcotics Bureau	1,625,400	1,641,700	1,178,200	774,700	1,641,700	-
518	PNG Maritime	2,521,000	2,680,100	1,080,300	1,350,100	2,680,100	-
519	AIDS COUNCIL	5,436,300	5,490,700	2,043,400	2,043,400	5,490,700	-
520	I.M.R.	3,036,600	3,300,000	1,265,600	965,600	3,300,000	-
521	N.Y.C	1,347,800	1,500,000	586,200	586,200	1,500,000	-
522	C.L.R.C	1,717,000	1,738,400	639,400	641,369	1,738,400	-
525	N.B.C.	13,133,500	13,800,000	5,977,600	5,855,200	13,800,000	-
526	N.M.S.A	1,313,000	1,500,000	745,500	745,500	1,500,000	-
530	I.P.A.	1,464,200	1,700,000	1,117,700	1,117,700	1,700,000	-
531	S.B.D.C	2,135,900	2,200,000	922,300	922,300	2,200,000	-
532	N.I.S.I.T	1,382,300	1,993,000	866,700	866,700	1,993,000	-
533	I.C.D.C	1,411,400	1,425,500	916,500	916,500	1,425,500	-
539	National Museum	3,159,700	3,500,000	1,627,000	1,627,000	3,500,000	-
541	N.H.C.	208,100	210,200	114,400	84,300	210,200	-
542	N.C.C.	3,008,100	3,538,200	1,233,100	1,193,100	3,538,200	-
550	C.C.I Ltd	15,775,900	5,073,700	2,074,200	9,071,400	5,073,700	-
553	F.P.D.C	2,846,200	3,124,700	1,366,200	1,366,200	3,124,700	-
557	Forest Authority	35,207,900	24,450,000	13,681,800	13,463,600	24,450,000	-
558	T.P.A	8,149,600	8,950,000	3,509,400	3,509,400	8,950,000	-
562	N.A.R.I.	6,281,700	7,044,500	3,419,300	3,469,600	7,044,500	-
563	Agr. Quarantine & Inspection	6,492,000	3,387,300	1,518,900	2,518,900	3,387,300	-
565	C.A.A	29,746,000	12,200,000	10,610,200	10,610,200	12,200,000	-
567	NRA	2,829,400	837,700	402,600	409,640	837,700	-
569	I.C.C.C	1,377,500	1,800,000	744,500	744,600	1,800,000	-
Sub-Total Stat. Authorities		264,780,300	226,773,500	104,933,700	111,927,755	226,773,500	-

PROVINCIAL GOVERNMENTS RECURRENT EXPENDITURE MYEFO 2008

Div	Provincial Governments	2007 Outcome	2008 Budget	Warrants issued 31-May-08	Expenditure to 31- May- 08	2008 MYEFO	Variance
571	Western P.G.	33,956,200	37,078,800	37,078,800	10,771,763	37,078,800	-
572	Gulf P.G.	19,134,500	22,256,100	22,256,100	8,865,435	22,256,100	-
573	Central P.G.	42,462,300	40,406,600	39,023,000	15,597,464	40,406,600	-
574	NCDC	2,955,300	2,957,900	2,957,900	2,860,500	2,957,900	-
575	Milne Bay P.G.	39,039,800	39,316,400	37,702,000	16,195,182	39,316,400	-
576	Oro P.G.	23,730,100	23,275,800	23,275,800	9,291,303	23,275,800	-
577	S.H.P.	64,165,000	59,124,500	59,124,500	32,150,708	59,124,500	-
578	Enga P.G.	42,291,400	40,686,600	40,686,600	21,369,527	40,686,600	-
579	W.H. P.G.	58,593,900	50,812,900	50,812,900	19,686,884	50,812,900	-
580	Simbu P.G.	40,561,900	39,471,400	39,471,400	21,325,709	39,471,400	-
581	E.H. P.G.	57,605,500	49,234,500	49,234,500	27,586,991	49,234,500	-
582	Morobe P.G.	68,286,200	73,365,100	73,365,100	32,888,285	73,365,100	-
583	Madang P.G.	47,188,800	40,615,600	37,634,300	14,312,161	40,615,600	-
584	East Sepik P.G.	49,646,200	43,193,100	40,459,500	18,527,537	43,193,100	-
585	Sandaun P.G.	30,606,400	33,368,000	31,961,700	13,974,962	33,368,000	-
586	Manus P.G.	15,464,100	15,082,900	15,082,900	6,619,124	15,082,900	-
587	New Ireland P.G.	25,651,700	26,639,500	26,639,500	12,462,996	26,639,500	-
588	E.N.B. P.G.	48,117,600	49,668,300	49,668,300	20,772,449	49,668,300	-
589	W.N.B. P.G.	38,363,900	37,357,200	37,357,200	19,950,145	37,357,200	-
590	A.B.G.	42,422,400	54,000,000	51,940,000	28,331,116	54,000,000	-
Sub-Total Prov. Governments		790,243,200	777,911,200	765,732,000	353,540,241	777,911,200	-

NATIONAL DEPARTMENTS DEVELOPMENT EXPENDITURE MYEFO 2008

Div	National Departments	2007 Outcome	2008 Budget	Warrants 31-May-08	Expenditure 31-May-08	2008 MYEFO	Variance
201	Parliament	2,810,100	-	-	-	-	-
202	Governor-General	150,000	-	-	-	-	-
203	Prime Minister & NEC	5,777,000	4,600,000	2,050,000	17,097	4,600,000	-
204	Statistics Office	4,802,600	2,000,000	1,000,000	1,012,439	2,000,000	-
206	Finance	21,131,700	10,000,000	9,000,000	591,598	10,000,000	-
208	Treasury	-	400,000	137,700	40,146	400,000	-
217	Foreign Affairs & Trade	-	-	-	-	-	-
220	Personnel Management	1,532,900	5,000,000	3,385,000	262,926	5,000,000	-
229	National Planning & Monitoring	476,878,400	40,300,000	32,010,000	29,766,621	40,300,000	-
230	Electoral Commission	6,687,100	-	-	-	-	-
232	Prov. & Local Gov't Affairs	14,715,600	1,500,000	1,500,000	655,396	1,500,000	-
234	Defence	3,000,000	6,000,000	6,000,000	1,170,761	6,000,000	-
235	Education	85,399,900	13,800,000	13,800,000	2,464,374	13,800,000	-
236	OHE	50,500	-	-	-	-	-
240	Health	115,671,800	42,433,300	18,000,000	12,000,000	42,433,300	-
242	Community Development	14,404,100	3,000,000	2,375,000	696,531	3,000,000	-
245	Environment & Conservation	1,920,000	2,200,000	800,000	-	2,200,000	-
247	Agriculture & Livestock	8,369,400	-	-	-	-	-
252	Lands	2,299,900	2,500,000	1,000,000	-	2,500,000	-
254	(DMPGM)	33,301,400	-	-	-	-	-
255	Petroleum and Energy	42,059,700	40,500,000	52,660,200	43,560,580	40,500,000	-
258	Inform. & Comm.	-	800,000	800,000	28,000	800,000	-
259	Transport	12,039,000	12,800,000	12,800,000	9,800,000	12,800,000	-
261	Commerce & Industry	2,799,000	1,500,000	1,500,000	702,269	1,500,000	-
264	Works & Implementation	301,477,100	125,700,000	147,700,000	125,917,746	125,700,000	-
267	Rural Development	108,450,000	28,250,000	27,250,000	27,000,000	28,250,000	-
Sub-total National Departments		1,265,727,200	343,283,300	333,767,900	255,686,484	343,283,300	-

STATUTORY AUTHORITIES DEVELOPMENT EXPENDITURE MYEFO 2008

Div	Statutory Authorities	2007 Outcome	2008 Budget	Warrants 31-May-08	Expenditure 31-May-08	2008 MYEFO	Variance
505	N.R.I.	2,718,600	-	-	-	-	-
506	N.T.C.	42,830,900	300,000	300,000	300,000	300,000	-
512	U.P.N.G.	1,817,000	2,500,000	1,700,000	500,000	2,500,000	-
513	UNITECH	-	2,000,000	2,000,000	400,000	2,000,000	-
514	University of Goroka	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	-
515	University of Vudal	3,176,200	3,700,000	3,700,000	1,100,000	3,700,000	-
516	PNG Sports Commission	-	700,000	700,000	300,000	700,000	-
519	AIDS COUNCIL	88,027,500	17,000,000	17,000,000	9,500,000	17,000,000	-
520	I.M.R.	5,157,800	1,000,000	1,000,000	1,000,000	1,000,000	-
525	N.B.C.	-	-	-	-	-	-
529	National Media Council	8,258,600	-	-	-	-	-
530	I.P.A.	450,000	-	-	-	-	-
531	S.B.D.C	890,100	1,000,000	650,000	650,000	1,000,000	-
532	N.I.S.I.T	800,000	800,000	800,000	690,000	800,000	-
533	I.C.D.C	500,000	2,000,000	1,800,000	1,000,000	2,000,000	-
535	M.R.A	-	11,700,000	11,674,000	2,950,000	11,700,000	-
540	Nat. Water Board	11,773,700	8,600,000	8,600,000	6,600,000	8,600,000	-
541	N.H.C.	1,000,000	2,000,000	1,000,000	-	2,000,000	-
543	Rural Development Bank	6,000,000	-	-	-	-	-
546	PNG Power	1,000,000	2,000,000	-	-	2,000,000	-
548	PNG H.B	6,000,000	4,000,000	4,000,000	2,000,000	4,000,000	-
550	C.C.I Ltd	1,954,700	1,300,000	600,000	600,000	1,300,000	-
551	Fisheries	4,854,700	2,000,000	2,000,000	2,000,000	2,000,000	-
552	PNG Oil Palm Research Ass.	295,600	-	-	-	-	-
553	F.P.D.C	2,282,100	1,820,000	1,320,000	1,120,000	1,820,000	-
554	PNG C.I.C	3,110,200	1,100,000	1,100,000	1,100,000	1,100,000	-
557	Forest Authority	1,500,000	1,000,000	1,000,000	500,000	1,000,000	-
558	T.P.A	4,175,000	2,400,000	1,650,000	1,600,000	2,400,000	-
559	PNG O.P.I.C	-	500,000	-	-	500,000	-
562	N.A.R.I.	6,903,500	1,200,000	1,180,000	900,000	1,200,000	-
563	Agr. Quarantine & Inspection	500,000	500,000	-	-	500,000	-
566	PNG Cocoa Board	35,500	-	-	-	-	-
568	L.D.C	2,500,000	1,000,000	1,000,000	900,000	1,000,000	-
Sub-total Stat. Authorities		213,511,700	77,120,000	69,774,000	40,710,000	77,120,000	-

PROVINCIAL GOVERNMENT DEVELOPMENT EXPENDITURE MYEFO 2008

Div	Provincial Governments	2007 Outcome	2008 Budget	Warrants 31-May-08	Expenditure 31-May-08	2008 MYEFO	Variance
571	Western P.G.	19,820,000	22,298,000	1,250,000	250,000	22,298,000	-
572	Gulf P.G.	6,050,000	5,170,000	4,420,000	-	5,170,000	-
573	Central P.G.	1,950,000	2,850,000	1,500,000	500,000	2,850,000	-
574	NCDC	1,000,000	2,000,000	1,000,000	-	2,000,000	-
575	Milne Bay P.G.	1,250,000	3,250,000	3,000,000	500,000	3,250,000	-
576	Oro P.G.	750,000	1,750,000	1,000,000	250,000	1,750,000	-
577	S.H.P.	15,150,000	15,832,000	9,582,000	8,832,000	15,832,000	-
578	Enga P.G.	8,544,600	9,000,000	1,250,000	1,500,000	9,000,000	-
579	W.H. P.G.	2,148,900	3,000,000	1,450,000	250,000	3,000,000	-
580	Simbu P.G.	1,750,000	2,750,000	1,000,000	1,000,000	2,750,000	-
581	E.H. P.G.	3,250,000	5,250,000	1,800,000	500,000	5,250,000	-
582	Morobe P.G.	8,361,500	4,500,000	2,000,000	1,000,000	4,500,000	-
583	Madang P.G.	1,750,000	3,750,000	1,000,000	-	3,750,000	-
584	East Sepik P.G.	13,982,300	5,250,000	2,050,000	750,000	5,250,000	-
585	Sandaun P.G.	2,750,000	3,450,000	2,200,000	1,250,000	3,450,000	-
586	Manus P.G.	500,000	1,500,000	1,250,000	250,000	1,500,000	-
587	New Ireland P.G.	8,950,000	12,630,000	4,000,000	-	12,630,000	-
588	E.N.B. P.G.	21,206,000	3,750,000	2,500,000	1,000,000	3,750,000	-
589	W.N.B. P.G.	750,000	1,750,000	1,000,000	-	1,750,000	-
590	A.B.G.	67,479,500	17,000,000	7,400,000	6,400,000	17,000,000	-
Sub-total Prov. Governments		187,392,800	126,730,000	50,652,000	24,232,000	126,730,000	-

DETAILS OF EXPENDITURE FROM AND REALLOCATIONS THROUGH SECRETARY'S ADVANCE

An amount of K20.0 million was appropriated to Secretary's Advance in the 2008 Budget. The following table sets out the allocations made from the Secretary's Advance from 1 January 2008 up to 31 May 2008.

Division		2008 Budget	2008 MYEFO
207	Original Appropriation	20,000,000	
	Total Funds Available From Secretary's Advance	20,000,000	
	DPM - funding for Reform Task Group for rolling out of government and administrative reforms		1,000,000
	Australian PM Official visit to PNG		3,200,000
	Settlement of lease/rental payment to a citizen in Central Province		534,000
	Commission of Inquiry - 2006 riots in Honiara and Solomon Islands		1,000,000
	Foreign Affairs and Trade Foreign Policy Review consultation at Alotau		91,700
	Funding to replace the Department of Treasury's stolen 15 seater support vehicle		79,000
	IPA - PNG-China symposium in Port Moresby in June 08		155,000
	Purchase of Governor-General's support vehicle		330,000
	Funding for three additional annual NEC meetings		831,000
	January 2008 consultancy fee for the joint review on the Enhanced Cooperation Program		200,000
	Implementation of the 2008 Workplan by the National Planning Committee Technical Advisory Team		1,470,000
	Purchase of new vehicle for Secretary, Department of Provincial and Local Government Affairs		144,000
	For the roll-out of District Service Improvement Program funding by the office of Rural Development		1,656,200
	Total Funds spent from Secretary's Advance as at 31 May 2008		10,690,900

PART 3

APPENDICES

APPENDIX 1: DETAILS ON SUPPLEMENTARY BUDGETS & ADDITIONAL PRIORITY EXPENDITURES FROM 2005 - 2008

BALANCES AS AT 31 MAY 2008 (KINA MILLIONS)

HEALTH

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2006 SUPPLEMENTARY BUDGET (AUGUST 2006)							
MTDS Priorities	95.9	8.9	2.0	85.0	0.0	0.0	95.9
Hospital Rehabilitation Plan	70.0	0.0	0.0	70.0	0.0	0.0	70.0
Nurse Housing	15.0	0.0	0.0	15.0	0.0	0.0	15.0
District Health Improvement	8.9	8.9	0.0	0.0	0.0	0.0	8.9
Bird Flu Preparation	2.0	0.0	2.0	0.0	0.0	0.0	2.0
Total	95.9	8.9	2.0	85.0	0.0	0.0	95.9
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
Health Sector	110.0	9.7	0.0	100.3	0.0	0.0	110.0
<i>Church health workers</i>	9.7	9.7	0.0	0.0	0.0	0.0	9.7
<i>Other health</i>	100.3	0.0	0.0	100.3	0.0	0.0	100.3
Total	110.0	9.7	0.0	100.3	0.0	0.0	110.0
2007 SUPPLEMENTARY BUDGET (OCTOBER 2007)							
Additions to Spending	13.0	10.0	3.0	0.0	0.0	0.0	13.0
<i>Doctor's Back-Pay</i>	10.0	10.0	0.0	0.0	0.0	0.0	10.0
<i>Avian Flu - NAQIA Funding</i>	3.0	0.0	3.0	0.0	0.0	0.0	3.0
District Infrastructure Funding	89.0	0.0	0.0	89.0	0.0	0.0	89.0
<i>District Health Improvement Program</i>	89.0	0.0	0.0	89.0	0.0	0.0	89.0
Public Infrastructure Maintenance Funds	80.0	0.0	0.0	80.0	0.0	0.0	80.0
<i>Health</i>	80.0	0.0	0.0	80.0	0.0	0.0	80.0
Total	182.0	10.0	3.0	169.0	0.0	0.0	182.0
2008 BUDGET							
District Services Improvement Programs	89.0	0.0	0.0	0.0	0.0	89.0	89.0
Grand Total	476.9	28.6	5.0	354.3	0.0	89.0	476.9

EDUCATION

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2006 SUPPLEMENTARY BUDGET (AUGUST 2006)							
MTDS Priorities	8.9	8.9	0.0	0.0	0.0	0.0	8.9
<i>District Education Improvement</i>	8.9	8.9	0.0	0.0	0.0	0.0	8.9
Meeting Obligations	40.0	14.9	0.0	25.1	0.0	0.0	40.0
<i>PBSS (teachers)</i>	40.0	14.9	0.0	25.1	0.0	0.0	40.0
Non-MTDS Priorities	12.0	10.0	0.0	2.0	0.0	0.0	12.0
<i>Emergency School Maintenance</i>	7.0	7.0	0.0	0.0	0.0	0.0	7.0
<i>Bana High School</i>	3.0	3.0	0.0	0.0	0.0	0.0	3.0
<i>Kubalia High School</i>	2.0	0.0	0.0	2.0	0.0	0.0	2.0
Total	60.9	33.8	0.0	27.1	0.0	0.0	60.9
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
<i>PBSS payments (teachers)</i>	20.0	0.0	0.0	20.0	0.0	0.0	20.0
Total	20.0	0.0	0.0	20.0	0.0	0.0	20.0
2007 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
<i>Education Infrastructure</i>	200.0	0.0	0.0	200.0	0.0	0.0	200.0
<i>Higher education</i>	50.0	0.0	0.0	50.0	0.0	0.0	50.0
<i>Other education</i>	150.0	0.0	0.0	150.0	0.0	0.0	150.0
Total	200.0	0.0	0.0	200.0	0.0	0.0	200.0
2007 SUPPLEMENTARY BUDGET (OCTOBER 2007)							
Additions to Spending	3.0	3.0	0.0	0.0	0.0	0.0	3.0
<i>Marienbergl Community College</i>	3.0	3.0	0.0	0.0	0.0	0.0	3.0
District Infrastructure Funding	89.0	0.0	0.0	89.0	0.0	0.0	89.0
<i>District Education Improvement Program</i>	89.0	0.0	0.0	89.0	0.0	0.0	89.0
Public Infrastructure Maintenance Funds	80.0	0.0	0.0	80.0	0.0	0.0	80.0
<i>Education</i>	80.0	0.0	0.0	80.0	0.0	0.0	80.0
Total	172.0	3.0	0.0	169.0	0.0	0.0	172.0
2008 BUDGET							
<i>District Services Improvement Programs</i>	89.0	0.0	0.0	0.0	0.0	89.0	89.0
<i>Tertiary Institutions Infrastructure</i>	30.0	0.0	0.0	0.0	0.0	30.0	30.0
<i>Technical Schools Maintenance</i>	20.0	0.0	0.0	0.0	0.0	20.0	20.0
<i>Lutheran University (Note 3)</i>	3.0	0.0	3.0	0.0	0.0	0.0	3.0
Total	142.0	0.0	3.0	0.0	0.0	139.0	142.0
Grand Total	594.9	36.8	3.0	416.1	0.0	139.0	594.9

LAW AND JUSTICE

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2006 SUPPLEMENTARY BUDGET (AUGUST 2006)							
MTDS Priorities	58.5	33.5	0.0	25.0	0.0	0.0	58.5
Police Housing	25.0	0.0	0.0	25.0	0.0	0.0	25.0
Judiciary - Court House Upgrade	9.0	9.0	0.0	0.0	0.0	0.0	9.0
Police Pay	8.0	8.0	0.0	0.0	0.0	0.0	8.0
Southern Highlands Security Situation	8.0	8.0	0.0	0.0	0.0	0.0	8.0
Improved conditions for State lawyers	3.0	3.0	0.0	0.0	0.0	0.0	3.0
Land mediation for resource projects	2.5	2.5	0.0	0.0	0.0	0.0	2.5
Juvenile Detention Facilities	2.0	2.0	0.0	0.0	0.0	0.0	2.0
Border Facilities Upgrade	1.0	1.0	0.0	0.0	0.0	0.0	1.0
Meeting Obligations	20.0	0.0	0.0	20.0	0.0	0.0	20.0
PBSS (police)	20.0	0.0	0.0	20.0	0.0	0.0	20.0
Non-MTDS	2.8	2.8	0.0	0.0	0.0	0.0	2.8
Leadership Tribunals	2.8	2.8	0.0	0.0	0.0	0.0	2.8
Total	81.3	36.3	0.0	45.0	0.0	0.0	81.3
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
Law and Justice Sector	25.0	0.0	0.0	25.0	0.0	0.0	25.0
Police Housing	25.0	0.0	0.0	25.0	0.0	0.0	25.0
Total	25.0	0.0	0.0	25.0	0.0	0.0	25.0
2007 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
Law and Justice infrastructure	50.0	0.0	0.0	50.0	0.0	0.0	50.0
Total	50.0	0.0	0.0	50.0	0.0	0.0	50.0
2007 SUPPLEMENTARY BUDGET (OCTOBER 2007)							
Additions to Spending	8.00	8.0	0.0	0.0	0.0	0.00	8.00
Outstanding Legal Fees	8.0	8.0	0.0	0.0	0.0	0.0	8.0
District Infrastructure Funding	89.0	0.0	0.0	89.0	0.0	0.0	89.0
District Law and Justice Program	89.0	0.0	0.0	89.0	0.0	0.0	89.0
Public Infrastructure Maintenance Funds	80.0	0.0	0.0	80.0	0.0	0.0	80.0
Law and Justice	80.0	0.0	0.0	80.0	0.0	0.0	80.0
Total	177.0	8.0	0.0	169.0	0.0	0.0	177.0
2008 BUDGET							
District Services Improvement Programs	89.0	0.0	0.0	0.0	0.0	89.0	89.0
Grand Total	422.3	44.3	0.0	289.0	0.0	89.0	422.3

TRANSPORT

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2006 SUPPLEMENTARY BUDGET (AUGUST 2006)							
MTDS Priorities	235.5	215.5	0.0	20.0	0.0	0.0	235.5
Highlands Highway	70.0	70.0	0.0	70.0	0.0	0.0	70.0
District Transport Infrastructure Project	44.5	44.5	0.0	15.0	0.0	0.0	44.5
Airport Rehabilitation	30.0	10.0	0.0	20.0	0.0	0.0	30.0
Gurney Airport	2.0	2.0	0.0	0.0	0.0	0.0	2.0
Road and Bridge Maintenance	22.0	22.0	0.0	0.0	0.0	0.0	22.0
Commodity Roads Improvement	20.0	20.0	0.0	0.0	0.0	0.0	20.0
ADB Navigational Aids	7.4	7.4	0.0	0.0	0.0	0.0	7.4
Gazelle Restoration	9.6	9.6	0.0	0.0	0.0	0.0	9.6
Gobe-Semberigi	10.0	10.0	0.0	0.0	0.0	0.0	10.0
Buka Ring Road	10.0	10.0	0.0	0.0	0.0	0.0	10.0
Napa Napa Road Link	5.0	5.0	0.0	0.0	0.0	0.0	5.0
District Vessels	5.0	5.0	0.0	0.0	0.0	0.0	5.0
Total	235.5	215.5	0.0	0.0	0.0	0.0	215.5
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
Transport Sector	76.0	0.0	0.0	76.0	0.0	0.0	76.0
Highlands Highway	35.0	0.0	0.0	35.0	0.0	0.0	35.0
National Roads	21.0	0.0	0.0	21.0	0.0	0.0	21.0
Provincial Roads	20.0	0.0	0.0	20.0	0.0	0.0	20.0
Total	76.0	0.0	0.0	76.0	0.0	0.0	76.0
2007 ADDITIONAL PRIORITY EXPENDITURE (NOV. 2006)							
Transport Sector Infrastructure	44.0	00.0	0.0	0.0	0.0	0.0	44.0
District Roads	20.0	10.0	0.0	20.0	0.0	0.0	20.0
Ports and Jetties	14.0	0.0	0.0	14.0	0.0	0.0	14.0
Wewak Airport	10.0	0.0	0.0	10.0	0.0	0.0	10.0
Total	44.0	0.0	0.0	44.0	0.0	0.0	44.0
2007 SUPPLEMENTARY BUDGET (OCTOBER 2007)							
Approved Programs	21.0	21.0	0.0	20.0	0.0	0.0	21.0
CAA	21.0	21.00	0.0	0.0	0.0	0.0	21.0
Major Improvements in Infrastructure	257.0	0.0	0.0	257.0	0.0	0.0	257.0
Lae Roads	25.0	10.0	0.0	25.0	0.0	0.0	25.0
Lae Port	145.0	10.0	0.0	145.0	0.0	0.0	145.0
Wewak Wharf	37.0	0.0	0.0	37.0	0.0	0.0	37.0
Central City	30.0	0.0	0.0	30.0	0.0	0.0	30.0
Wewak Town Roads	10.0	0.0	0.0	10.0	0.0	0.0	10.0
Port Moresby Wharf	10.0	0.0	0.0	10.0	0.0	0.0	10.0
Total	278.0	21.0	0.0	257.0	0.0	0.0	278.0

TRANSPORT (CONT'D)

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2008 BUDGET							
District Services Improvement Programs	89.0	0.0	0.0	0.0	0.0	89.0	89.0
National Road Maintenance	50.0	0.0	0.0	0.0	0.0	50.0	50.0
Lae Roads	25.0	0.0	0.0	0.0	0.0	25.0	25.0
Central City	20.0	0.0	0.0	0.0	0.0	20.0	20.0
South Bougainville Feeder Roads	4.1	0.0	0.0	0.0	0.0	4.1	4.1
Buka/Arawa Road - pre-funding	3.0	0.0	0.0	0.0	0.0	3.0	3.0
Total	191.1	0.0	0.0	0.0	0.0	191.1	191.1
Grand Total	824.6	236.5	0.0	397.0	0.0	191.1	824.6

INCOME EARNING OPPORTUNITIES

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2006 SUPPLEMENTARY BUDGET (AUGUST 2006)							
MTDS Priorities	25.0	10.0	0.0	15.0	0.0	0.0	25.0
Gas Project Business Development	15.0	0.0	0.0	15.0	0.0	0.0	15.0
Cocoa Pod Outbreak	10.0	10.0	0.0	0.0	0.0	0.0	10.0
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
Agriculture Projects	35.0	0.0	0.0	35.0	0.0	0.0	35.0
Total	35.0	0.0	0.0	35.0	0.0	0.0	35.0
2007 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
District markets	20.0	0.0	0.0	20.0	0.0	0.0	20.0
Agriculture Projects	5.0	0.0	0.0	5.0	0.0	0.0	5.0
Total	25.0	0.0	0.0	25.0	0.0	0.0	25.0
2007 SUPPLEMENTARY BUDGET (OCTOBER 2007)							
Approved Programs	40.0	0.0	0.0	40.0	0.0	0.0	40.0
NADP	40.0	0.0	0.0	40.0	0.0	0.0	40.0
Additions to Spending	15.0	14.0	1.0	0.0	0.0	0.0	15.0
Cocoa Pod Borer	12.0	11.0	1.0	0.0	0.0	0.0	12.0
National Forest Authority - Impact Projects	3.0	3.0	0.0	0.0	0.0	0.0	3.0
Total	55.0	14.0	1.0	40.0	0.0	0.0	55.0
2008 BUDGET							
District Services Improvement Programs	89.0	0.0	0.0	0.0	0.0	89.0	89.0
NADP	28.0	0.0	0.0	0.0	0.0	28.0	28.0
Total	117.0	0.0	0.0	0.0	0.0	117.0	117.0
Grand Total	257.0	24.0	1.0	115.0	0.0	117.0	257.0

GASEQUITY

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2005 SUPPLEMENTARY BUDGET							
<i>Gas Pipeline Equity</i>	400.0	0.0	0.0	400.0	0.0	0.0	400.0
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
<i>Gas Project Equity</i>	100.0	0.0	0.0	100.0	0.0	0.0	100.0
2008 BUDGET							
<i>State Equity in Gas Project/s</i>	100.0	0.0	0.0	0.0	0.0	100.0	100.0
Grand Total	600.0	0.0	0.0	500.0	0.0	100.0	600.0

DEBT REPAYMENT

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
<i>Debt repayment</i>	100.0	100.0	0.0	0.0	0.0	0.0	100.0
2007 SUPPLEMENTARY BUDGET (OCTOBER 2007)							
<i>Nambawan Superannuation Limited</i>	250.0	250.0	0.0	0.0	0.0	0.0	250.0
<i>Debt repayment</i>	297.0	297.0	0.0	0.0	0.0	0.0	297.0
2008 BUDGET							
<i>Nambawan Superannuation - Liability Reduction</i>	150.0	0.0	0.0	0.0	0.0	150.0	150.0
<i>Debt Repayment / Safety Margin</i>	200.0	0.0	0.0	0.0	0.0	200.0	200.0
Grand Total	997.0	647.0	0.0	0.0	0.0	350.0	997.0

OTHER (NON-MTDS)

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2006 SUPPLEMENTARY BUDGET (AUGUST 2006)							
MTDS Priorities	22.0	22.0	0.0	0.0	0.0	0.0	22.0
<i>Economic Projects Power Upgrade</i>	8.0	8.0	0.0	0.0	0.0	0.0	8.0
<i>Provincial Economic Impact</i>	7.0	7.0	0.0	0.0	0.0	0.0	7.0
<i>Rural Electrification</i>	4.0	4.0	0.0	0.0	0.0	0.0	4.0
<i>Economic Projects Water Upgrade</i>	3.0	3.0	0.0	0.0	0.0	0.0	3.0
Meeting Obligations	112.8	112.8	0.0	0.0	0.0	0.0	112.8
<i>Outstanding MOA projects</i>	36.0	36.0	0.0	0.0	0.0	0.0	36.0
<i>Sec Advance</i>	20.0	20.0	0.0	0.0	0.0	0.0	20.0
<i>Additional SSGs</i>	19.0	19.0	0.0	0.0	0.0	0.0	19.0

OTHER (NON-MTDS) - CONT'D

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
Outstanding DDP	13.9	13.9	0.0	0.0	0.0	0.0	13.9
Outstanding BRF	10.0	10.0	0.0	0.0	0.0	0.0	10.0
Outstanding Court Orders	5.0	5.0	0.0	0.0	0.0	0.0	5.0
O/S SDDG	4.9	4.9	0.0	0.0	0.0	0.0	4.9
O/S DSG	4.0	4.0	0.0	0.0	0.0	0.0	4.0
Non-MTDS	49.1	48.6	0.0	0.0	0.5	0.0	49.1
District Treasury Rollout	22.0	22.0	0.0	0.0	0.0	0.0	22.0
Politicians Allowances	6.0	6.0	0.0	0.0	0.0	0.0	6.0
Manam Resettlement Requirements	4.0	4.0	0.0	0.0	0.0	0.0	4.0
Members Retirement Benefits	3.7	3.7	0.0	0.0	0.0	0.0	3.7
Col into Finance	3.7	3.7	0.0	0.0	0.0	0.0	3.7
Pacific Balanced Fund investigation	2.5	2.0	0.0	0.0	0.5	0.0	2.5
National Urbanisation Policy	2.5	2.5	0.0	0.0	0.0	0.0	2.5
Intra Govt Info system	1.5	1.5	0.0	0.0	0.0	0.0	1.5
Disabled Rehab Support	1.1	1.1	0.0	0.0	0.0	0.0	1.1
Events Council Overrun	0.7	0.7	0.0	0.0	0.0	0.0	0.7
Moruata House - Lift Modernisation	0.6	0.6	0.0	0.0	0.0	0.0	0.6
Moitaka Wildlife Feasibility Study	0.5	0.5	0.0	0.0	0.0	0.0	0.5
PAC Additional Funding	0.3	0.3	0.0	0.0	0.0	0.0	0.3
Total	183.9	183.4	0.0	0.0	0.5	0.0	183.9
2006 SUPPLEMENTARY BUDGET (NOVEMBER 2006)							
Water scoping Studies	9.0	9.0	0.0	0.0	0.0	0.0	9.0
Equity into SOEs	130.0	130.0	0.0	0.0	0.0	0.0	130.0
Public service sign on	25.0	0.0	25.0	0.0	0.0	0.0	25.0
Volcano victims	20.0	0.0	0.0	20.0	0.0	0.0	20.0
Total	184.0	139.0	25.0	20.0	0.0	0.0	184.0
2007 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
District Finance Rollout	30.0	30.0	0.0	0.0	0.0	0.0	30.0
NBC infrastructure	21.0	0.0	0.0	21.0	0.0	0.0	21.0
Bougainville infrastructure	20.0	20.0	0.0	0.0	0.0	0.0	20.0
Maintenance of Parliament	10.0	0.0	0.0	10.0	0.0	0.0	10.0
Phasing of election (Note 1)	30.0	0.0	30.0	0.0	0.0	0.0	30.0
Parliament one offs	20.0	20.0	0.0	0.0	0.0	0.0	20.0
Total	131.0	70.0	30.0	31.0	0.0	0.0	131.0
2007 SUPPLEMENTARY BUDGET (OCTOBER 2007)							
Approved Programs	17.4	17.4	0.0	0.0	0.0	0.0	17.4
Provincial Disaster Fund	7.0	7.0	0.0	0.0	0.0	0.0	7.0
Maritime Boundary Project	5.0	5.0	0.0	0.0	0.0	0.0	5.0
Technical Rapid Response	3.0	3.0	0.0	0.0	0.0	0.0	3.0
Greenhouse Office	1.0	1.0	0.0	0.0	0.0	0.0	1.0

OTHER (NON-MTDS) - CONT'D

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
Office of Rural Development	0.8	0.8	0.0	0.0	0.0	0.0	0.8
Community Development	0.6	0.6	0.0	0.0	0.0	0.0	0.6
Additions to Spending	79.6	75.1	4.6	0.0	0.0	0.0	79.6
2007 National Election - cost overruns	15.0	15.0	0.0	0.0	0.0	0.0	15.0
Secretary's Advance	20.0	19.2	0.8	0.0	0.0	0.0	20.0
SSGs	15.0	11.2	3.8	0.0	0.0	0.0	15.0
Defence Force - New Uniforms	8.0	8.0	0.0	0.0	0.0	0.0	8.0
Court Orders	8.5	8.5	0.0	0.0	0.0	0.0	8.5
Murik Lakes Resettlement Project	2.1	2.1	0.0	0.0	0.0	0.0	2.1
Carteret Island Resettlement	2.0	2.0	0.0	0.0	0.0	0.0	2.0
Mirigini and Morata Haus Refurbishment	4.0	4.0	0.0	0.0	0.0	0.0	4.0
FMIP Funding Gap	2.0	2.0	0.0	0.0	0.0	0.0	2.0
Land Development Committee	3.0	3.0	0.0	0.0	0.0	0.0	3.0
District Infrastructure Funding	89.0	0.0	0.0	89.0	0.0	0.0	89.0
District Water Supply Program	89.0	0.0	0.0	89.0	0.0	0.0	89.0
Major Improvements in Infrastructure	40.0	0.0	0.0	40.0	0.0	0.0	40.0
Institutional Housing - pilot projects	10.0	0.0	0.0	10.0	0.0	0.0	10.0
Urbanisation - pilot projects	15.0	0.0	0.0	15.0	0.0	0.0	15.0
Housing Development - pilot projects	15.0	0.0	0.0	15.0	0.0	0.0	15.0
Total	226.0	92.4	4.6	129.0	0.0	0.0	226.0
2008 BUDGET							
Additional Investment Expenditure	334.9	0.0	22.0	0.0	0.0	312.9	334.9
District Services Improvement Programs	89.0	0.0	0.0	0.0	0.0	89.0	89.0
National Infrastructure Development Program (Note 2)	195.9	0	22	0	0	173.9	195.9
Konebada Petroleum Park Infrastructure	50.0	0.0	0.0	0.0	0.0	50.0	50.0
Additional Priority Expenditure	291.0	64.5	0.0	27.0	0.0	199.5	291.0
Outstanding MOAs	55.0	49.5	0.0	0.0	0.0	5.5	55.0
Government Aircraft	40.0	0.0	0.0	0.0	0.0	40.0	40.0
Rural Electrification	30.0	0.0	0.0	0.0	0.0	30.0	30.0
Land Reform Program	28.0	0.0	0.0	0.0	0.0	28.0	28.0
Public Servant Housing	27.0	0.0	0.0	27.0	0.0	0.0	27.0
Maritime Boundaries	25.0	0.0	0.0	0.0	0.0	25.0	25.0
ICT Policy	20.0	5.0	0.0	0.0	0.0	15.0	20.0
Misima Mine Closure	20.0	0.0	0.0	0.0	0.0	20.0	20.0
Border Development	20.0	10.0	0.0	0.0	0.0	10.0	20.0
Madang Marine Park	15.0	0.0	0.0	0.0	0.0	15.0	15.0
Cooperative Societies	10.0	0.0	0.0	0.0	0.0	10.0	10.0
Bougainville Regional Office	1.0	0.0	0.0	0.0	0.0	1.0	1.0
Total	625.9	64.5	22.0	27.0	0.0	512.4	625.9
Grand Total	1,350.8	549.3	81.6	207.0	0.5	512.4	1,350.8
GRAND TOTAL	5,523.5	1,566.5	90.6	2,278.4	0.5	1,587.5	5,523.5

APPENDIX 2: EXPENDITURE REPORT ON TRUST ACCOUNTS TO MAY 31 2008

Trust Accounts	Supplier	Description	Expenditure 1/2/
1	GOVERNMENT'S GAS PIPELINE PROJECT EQUITY TRUST ACCOUNT		
	NO EXPENDITURE FOR THE PERIOD		
2	AGRICULTURE SECTOR DEVELOPMENT TRUST ACCOUNT		
	NO EXPENDITURE FOR THE PERIOD		
3	AIRPORT REPAIRS AND UPGRADES TRUST ACCOUNT		
	NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD		
4	KUBALIA HIGH SCHOOL REHABILITATION TRUST ACCOUNT		
	East Sepik	SBA Construction Limited	Yangoru-Sausia District - Rehabilitation of Kubalia High School - 1st Installment
			275,560
	TOTAL EXPENDITURE KUBALIA HIGH SCHOOL REHABILITATION TRUST ACCOUNT		275,560
5	OUTSTANDING PBSS (TEACHERS) TRUST ACCOUNT		
	NO EXPENDITURE FOR THE PERIOD		
6	EDUCATION SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT		
	Southern Highlands	Nipa Kutubu Development Foundation	Nipa Kutubu District School Maintenance
			933,300
	TOTAL EXPENDITURE EDUCATION SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT		933,300

Trust Account	Supplier	Description	Expenditure 1/2/
7	HIGHER EDUCATION SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT		
PNG University of Technology	ANZ Bank Ltd (AFC Group Australia)	Purchase of Fibre Optic Internet Cabling	149,653
PNG University of Technology	BNBM PNG LTD	Purchase of Material for Bulolo Forestry College	8,510
PNG University of Technology	Boinamo Enterprises Ltd	Maintenance of Lae School of Nursing	475,000
PNG University of Technology	Bowmans	Purchase of Material for Bulolo Forestry College	24,806
PNG University of Technology	Brian Bell & Co. Ltd	Purchase of Plastic Chairs	48,663
PNG University of Technology	Cummins Ltd	Replace Sandover Building Genset	255,288
PNG University of Technology	Daikin	Replace Air conditioner at UOT Duncanson Hall	106,578
PNG University of Technology	Daikin	Replace Sandover Building Air conditioner	163,915
PNG University of Technology	Ela Motors	Replacement of 3 x Buses	380,400
PNG University of Technology	Gie 2000 Ltd	Maintenance of 6 x Staff Houses (1st and 2nd Payments)	63,888
PNG University of Technology	Gie 2000 Ltd	Maintenance of 4 x Staff Houses - UOT (1st and 2nd Payments)	48,255
PNG University of Technology	Gie 2000 Ltd	General Maintenance to Staff Houses (20% Advance)	24,200
PNG University of Technology	Hube Building Contractors	Maintenance of Brown, Gold Lodges	120,888
PNG University of Technology	Hube Building Contractors	Refurbishment to Female Laundry (20% Advance)	10,516
PNG University of Technology	Hube Building Contractors	Maintenance of 5 x HCH Staff Houses	147,716
PNG University of Technology	Hube Building Contractors	Maintenance of 4 x HCH Staff Houses	113,335
PNG University of Technology	Huon Electrical	Repair and Replace Electrical Switch Boards	15,941
PNG University of Technology	Niugini Builders	Maintenance of Civil Engineering Building (1st and 2nd Payments)	298,239
PNG University of Technology	Niugini Builders	Maintenance of Duncanson Hall 1st and 2nd Payments)	113,100
PNG University of Technology	Niugini Builders	Maintenance of Agriculture Building (1st and 2nd Payments)	143,397
PNG University of Technology	Niugini Communications Services	Pmt for repair damage telephone cables - UOT	49,458
PNG University of Technology	Noka Builders	Maintenance of Mech. Engineering Building (1st, 2nd and 3rd Payments)	166,886
PNG University of Technology	Noka Builders	Maintenance to Staff Houses (1st, 2nd and 3rd Payments)	78,832
PNG University of Technology	Noka Builders	Maintenance of Sandover Building (1st, 2nd and 3rd Payments)	146,922
PNG University of Technology	Noka Builders	Replace Roof - Poroman house	167,472
PNG University of Technology	Noka Builders	Maintenance of Student Mess (1st and 2nd Payments)	13,572
PNG University of Technology	Regional Eng. & Construction Ltd	Replace Roof - Hetura Building	173,968
PNG University of Technology	Regional Engineering & Constn Ltd	Maintenance of UOT Library (1st and 2nd Payments)	344,366
PNG University of Technology	Regional Engineering & Constn Ltd	Maintenance of Applied Science Building	303,744
PNG University of Technology	Sawinbori Communication & Cabling	Fixing Damaged Telephone/Internet Lines	31,270
PNG University of Technology	South Pacific Air Conditioning	Replace Air conditioner at UOT Library (75% Advance)	301,314
PNG University of Technology	St. Old Boys Organisation	Purchase of Tables and Computer Workstations	370,937
PNG University of Technology	Superservice Hardware	Purchase of Material for Bulolo Forestry College	85,910
PNG University of Technology	TE PNG Limited	Purchase of Theatre Seating Stools	214,553
PNG University of Technology	Unitech Dev.& Consultancy Ltd	Maintenance of Math's and Computer Buildings (1st and 2nd Payments)	332,006
PNG University of Technology	Unitech Dev.& Consultancy Ltd	Maintenance of Electrical Engineer Building (1st and 2nd Payments)	158,761
PNG University of Technology	Unitech Dev.& Consultancy Ltd	Maintenance of Lodges 7, 8 and 9	121,500
PNG University of Technology	Unitech Dev.& Consultancy Ltd	Maintenance of Female Sub-warden Rooms (1st and 2nd Payments)	31,559
PNG University of Technology	Unitech Dev.& Consultancy Ltd	General Maintenance to Staff Houses (1st and 2nd Payments)	58,626

Trust Account	Supplier	Description	Expenditure 1/2/
PNG University of Technology	Unitech Dev.& Consult. Ltd	General Maintenance to Staff Houses (1st and 2nd Payments)	75,692
PNG University of Technology	Vugar Limited	Maintenance of Lodges 1, 2 and 3 (1st, 2nd and 3rd Payments)	136,294
PNG University of Technology	Vugar Limited	Maintenance of Lodges 4, 5 and 6 (1st and 2nd Payments)	79,096
PNG University of Technology	Vugar Limited	Maintenance of Laundry (20% Advance)	5,225
PNG University of Technology	Waiyum Building Construction	Replace Roof Purple, Green and Blue	37,177
PNG University of Technology	Waiyum Building Contractors	Maintenance of Red, Purple Lodges	88,130
PNG University of Technology	Waiyum Building Contractors	Maintenance of Blue, Green Lodges	89,180
PNG University of Technology	Waiyum Building Contractors	Maintenance of Brown, Gold and Red	52,274
PNG University of Technology	Waiyum Building Contractors	Maintenance of Gold, Red Lodges	15,153
University of Goroka	Gold Bell Construction	Maintenance of Student Mess	269,343
University of Goroka	Gold Bell Construction	UOG Sewerage Pond Upgrading (Mobilisation Payment)	36,213
University of Goroka	Gold Bell Construction	Renovation Establishment Fees - UOG	10,000
University of Goroka	Shorncliffe (PNG) Ltd	advance prmt to UOG road maintenance	42,958
University of Goroka	UMW Niugini Ltd	advance prmt to supply, install and commission	324,388
University of PNG	2-Vees General Contractors	Repair Leaking Roof - Staff Houses	48,204
University of PNG	2-Vees General Contractors	Maintenance to Yaram Hall - G Block	51,011
University of PNG	2-Vees General Contractors	Maintenance of Talaigu Dorm	61,482
University of PNG	3K Construction	Maintenance of Staff Houses - K36	28,463
University of PNG	3K Construction Ltd	Maintenance of UPNG Staff Houses	52,156
University of PNG	3K Construction Ltd	Maintenance of UPNG Staff Houses	80,618
University of PNG	Benson Plumbing and Constrn	Maintenance of Student Hall - Blue Dorm	81,900
University of PNG	Benson Plumbing and Constrn	Maintenance of Staff Flats - E1-7 and E1-8	74,388
University of PNG	Benson Pumbing & Constr.Ltd	Maintenance of UPNG Staff Houses	70,684
University of PNG	Benson Pumbing & Constr.Ltd	Maintenance of UPNG Staff Houses	70,684
University of PNG	Brian Bell Co.Ltd	Replacing Student Mess Equipments	480,728
University of PNG	Coastal Maint. Const. Ltd	Maintenance to Yaram Hall - E Block	56,992
University of PNG	Coastal Maint. Const. Ltd	Maintenance of Staff Flats - E1-1 and E1-2	78,708
University of PNG	Coastal Maint. Const. Ltd	Maintenance of UPNG Staff Houses	78,622
University of PNG	Datec PNG Ltd	Payment for Computer Systems Uniforce UPNG	13,810
University of PNG	Ela Motors	Replace 3 x Buses UPNG	378,000
University of PNG	Eltech Engineering Serv. Ltd	Replace Tauram Genset	373,409
University of PNG	Eltech Engineering Serv. Ltd	Electrical Repairs - Luavi Dorm UPNG	59,963
University of PNG	Eltech Engineering Servi. Ltd	Replace Air conditioners at Tauram Campus	290,554
University of PNG	Eltech Engineering Serv. Ltd	2 x Gensets for Building Estate and Water pump	206,453
University of PNG	Eltech Engineering Serv. Ltd	Replacing Chillers at Somare Library	648,102
University of PNG	Gabsy Plumbing & Const. Ltd	Maintenance to Yaram Hall - F Block	34,117
University of PNG	Gabsy Plumbing & Const. Ltd	Maintenance of Staff Flats - K/40	77,784
University of PNG	Gabsy Plumbing & Const. Ltd	Maintenance of UPNG Staff Houses	77,783
University of PNG	Goldie Tech Investment Ltd	Refurbish UPNG Executive House - HRH 5	208,530
University of PNG	Goldie Tech Investment Ltd	Electrical Repairs to Tuag Dorm	21,450
University of PNG	Goldie Tech Investment Ltd	Replace 3 x Gensets at UPNG	1,500,521
University of PNG	Goldie Tech Investment Ltd	Maintenance of Lasitewa Dormitory	64,172

Trust Account	Supplier	Description	Expenditure 1/2/
University of PNG	Goldie Tech Investment Ltd	Maintenance of Toa 1, 2 and 3 Dorm	69,873
University of PNG	Goldie Tech Investment Ltd	Maintenance of HRH Executive House	74,564
University of PNG	Gopa Construction	Replace Leaking Roof - Houses	50,599
University of PNG	Gopa Construction	Renovations of Hetura Dormitory	73,981
University of PNG	Gula Construction Ltd	Replace Leaking Roof - Houses D-6, D-7 and D-8	50,895
University of PNG	Gula Construction Ltd	Maintenance of Staff Flats - E1-3 and E1-4	78,708
University of PNG	Gula Construction Ltd	Maintenance of UPNG Staff Houses	77,783
University of PNG	Gula Construction Ltd	Maintenance to Student Resident Temu Building	50,964
University of PNG	Gula Construction Ltd	Maintenance of UPNG Staff Houses	77,783
University of PNG	Hela Convenient Builders Ltd	Maintenance to Yaram Hall - C Block	57,319
University of PNG	Hela Convenient Builders Ltd	Maintenance of Staff Flats - E1-11 and E1-12	77,336
University of PNG	Hela Convenient Builders Ltd	Maintenance of UPNG Staff Houses - J13, K18, K19, F1 and F6	74,539
University of PNG	Hela Convenient Builders Ltd	Maintenance of Kapandu Dormitory	82,905
University of PNG	Hela Convenient Builders Ltd	Electrical Repairs - UPNG	110,558
University of PNG	Hiritano Electrical	Electrical Repairs to Staff Houses	53,384
University of PNG	Kaina Enterprises	Maintenance to Yaram Hall - D Block	43,705
University of PNG	Kaina Enterprises	Maintenance of Toa 5 and 6 Dorms	44,486
University of PNG	Kalaovaona Const. Ltd	Replace Leaking Roof - Houses D-2 and D-3	49,355
University of PNG	Kalaovaona Const. Ltd	Maintenance of UPNG Staff Houses	104,180
University of PNG	Kapokomia Construction	Replace Leaking Roof - Houses F-2, F3 and F4	63,754
University of PNG	Kapokomia Construction	Replace Leaking Roof - Houses F-5 and F6	42,750
University of PNG	Magi-Tech Electrical	Electrical Repairs to B, C, D and E Flats	39,313
University of PNG	Micro Cleaning & Pest Control	Refund of Retention Fees - Waigani Campus	9,790
University of PNG	Micro Cleaning & Pest Control	Pest Treatments UPNG dormitories	88,110
University of PNG	Micro Cleaning & Pest Control	Pest Treatment to Library Building	30,800
University of PNG	Navumauli Building Maint.	Maintenance of Staff Flats - E1-9 and E1-10	77,336
University of PNG	Navumauli Building Maint.	Maintenance to Yaram Hall - J Block	52,596
University of PNG	Navumauli Building Maint.	Maintenance of UPNG Staff Houses	55,469
University of PNG	Navumauli Building Maint.	Maintenance of UPNG Staff Houses	55,469
University of PNG	Otheniel Construction Ltd	Maintenance of UPNG Staff Houses - F - Lot 2 and 5	61,333
University of PNG	Otheniel Construction Ltd	Maintenance of Staff Houses - K14, K15 and K16	42,694
University of PNG	Pang Coe Limited	Maintenance to Yaram B Block	52,790
University of PNG	Pang Coe Limited	Maintenance of Niomuro Dormitory	77,254
University of PNG	Pang Coe Limited	Maintenance of DMK Dorms	45,483
University of PNG	Promark Construction Ltd	Maintenance to Yaram Hall - H Block	57,047
University of PNG	Promark Construction Ltd	Maintenance of Staff Flats - K23, K24 and K39	31,625
University of PNG	Promark Construction Ltd	Maintenance of UPNG Staff Houses	49,320
University of PNG	Quality Reno.Maint.Cotr	Maintenance of Inter. Village Dormitory D-E-F Blocks	38,603
University of PNG	Quality Reno.Maint.Cotr	Maintenance of Staff Flats - E1-5 and E1-6	74,453
University of PNG	Quality Reno.Maint.Cotr	Maintenance to Yaram Hall - I Block	43,555
University of PNG	Quality Reno.Maint.Cotr	Maintenance of Staff Flats - J4 and J9	34,672

Trust Account	Supplier	Description	Expenditure 1/2/
University of PNG	Quality Reno.Maint.Cotr	Maintenance of Staff Flats - K10 and K12	35,089
University of PNG	Quality Reno.Maint.Cotr	Maintenance of Inter. Village Dormitory A-B-C Blocks	19,272
University of PNG	Quality Reno.Maint.Cotr	Maintenance of UPNG Staff Houses	69,761
University of PNG	R&I Plumbing Constrn Ltd	Replace Leaking Roof - Houses	51,975
University of PNG	R&I Plumbing Constrn Ltd	Replacement of Roofing Iron B-3, B-11 and 16	48,510
University of PNG	Rad - Tel PNG Ltd	UPNG Uniforce Radio Systems	42,968
University of PNG	Terro Cleaning & Pest Control	Payment of Release of Retention - Taurama Campus	1,840
University of PNG	Terro Cleaning & Pest Control	Pest Treatments UPNG Dormitories	16,558
University of PNG	Trade Link International Ltd	Replacement of Sheet Vinyl to Planning Office	22,128
University of PNG	Vams Building Maint. Constr.	Maintenance of Staff Flats - K6 and K8	27,990
University of PNG	Vams Building Maint. Constr.	Maintenance of Staff Houses - K4 and K5	35,089
University of PNG	Vams Building Maint. Constr.	Maintenance of UPNG Staff Houses	30,666
University of PNG	Vias Construction Ltd	Maintenance to Yaram A Block	34,629
University of PNG	Vias Construction Ltd	Maintenance of UPNG Staff Houses	79,977
University of Vudal	AP Engineering Limited	Various Maintenance	806,485
TOTAL EXPENDITURE HIGHER EDUCATION SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT			16,144,417
8	LAW AND JUSTICE SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT		
	NO EXPENDITURE FOR THE PERIOD		
9	STRATEGIC DISTRICT MARKETS INFRASTRUCTURE TRUST ACCOUNT		
	NO EXPENDITURE FOR THE PERIOD		
10	NATIONAL PARLIAMENT INFRASTRUCTURE REHABILITATION TRUST ACCOUNT		
NCD	T.M. Electrical and Refrigeration Limited	Generator	3,399,000
TOTAL EXPENDITURE NATIONAL PARLIAMENT INFRASTRUCTURE REHABILITATION TRUST ACCOUNT			3,399,000
11	OUTSTANDING PBSS (POLICE) TRUST ACCOUNT		
N/A	Police	Transfer to New Trust Account - Royal PNG Constabulary Communication and Infrastructure Trust Account	3,031,244
TOTAL EXPENDITURE OUTSTANDING PBSS (POLICE) TRUST ACCOUNT			3,031,244
12	TRANSPORT SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT		
Kagua	Kagerasn Sawmill & Constrn	District Feeder Roads - Kagua	600,000
Dei	Pena Civil & Building Constrn	District Feeder Roads - Dei	518,383
Simbu/Karamui	Kurah Construction	District Feeder Roads - Simbu/Karamui	1,650,000
Rigo	Seseka Consultants Limited	District Feeder Roads - Rigo	1,880,086
Kandep	Kaystar Consultation Limited	District Feeder Roads - Kandep	840,000
Madang	Shorncliffe	National Roads - Madang	1,611,131
Madang	Shorncliffe	National Roads - Madang	1,243,312
Madang	Shorncliffe	Provincial Roads - Madang	2,021,119
Wapenamanda	Slaby Construction Limited	Provincial Roads - Wapenamanda	599,400

Trust Account	Supplier	Description	Expenditure 1/2/
N/A	PNG Quality Services Limited	Ports and Jetties - 4 Boats at request Prime Minister	1,760,000
Southern Highlands	Kagerasn Sawmilling & Const.	District Feeder Roads - Southern Highlands	400,000
Lae	Dekenai Constructions	Lae City Roads Project	3,000,000
N/A	Moore Printing Limited	Continuous Cheque Leaves (for all subsidiary accounts)	17,171
TOTAL EXPENDITURE TRANSPORT SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT			16,140,603
13	PNG GAS DEVELOPMENT AND COMMITMENT TRUST ACCOUNT		
	Namo Aporo Landowners Association		2,000,000
	Yiamo Gira Investment Limited		2,200,000
TOTAL EXPENDITURE PNG GAS DEVELOPMENT AND COMMITMENT TRUST ACCOUNT			4,200,000
14	RESETTLEMENT OF VOLCANO VICTIMS TRUST ACCOUNT		
NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			
15	NBC INFRASTRUCTURE REHABILITATION TRUST ACCOUNT		
NO EXPENDITURE FOR THE PERIOD			
16	HOSPITAL AND HEALTHCARE CENTRE REHABILITATION TRUST ACCOUNT		
East New Britain	Premier Biomedical	Nonga Hospital - Pulse Oximeter	3,529
East New Britain	Premier Biomedical	Nonga Hospital - Film Processor, Bench top	7,582
East New Britain	Premier Biomedical	Vunapope Hospital - Ultrasound Scanner Medium	30,954
East New Britain	GRA	Rabaul Urban Clinic - GOPNG contribution to Donor funded project	100,000
East New Britain	GRA	Butuwin - New STI Clinic	600,000
East New Britain	GRA	Butuwin - New STI Clinic	400,000
East Sepik	Ela Motors	Provincial Health - Purchase Vehicle for Outreach Activities	96,306
Eastern Highlands	Ela Motors	Goroka Hospital - Purchase - Troop Carrier	96,306
Enga	Premier Biomedical	Wabag Hospital - Centrifuge General	6,219
Enga	Premier Biomedical	Wabag Hospital - Monitor Defibrillator	16,073
Enga	Premier Biomedical	Wabag Hospital - Dental Chair Complete	31,471
Enga	Ela Motors	Provincial Health - Purchase Vehicle for Outreach Activities	96,306
Enga	Boroko Motors	Kandep Health Centre - Purchase - Troop Carrier	96,306
Gulf	Ela Motors	Kerema Health Division - Purchase - Vehicle	96,306
Madang	Ela Motors	Modilon - Purchase of new ambulance	100,134
Madang	Premier Biomedical	Gaubin Health Centre - Ultra Sound Scanner, Basic	18,488
Madang	Premier Biomedical	Modilon Hospital - Ultrasound Scanner Medium	30,954
Madang	Melanesian Foundation	Dist. Health, Madang – Constn. of 1st Stage Health Centre Mamus (Hagahai)	200,000
Madang	Melanesian Foundation	Basamuk VCT & HC - Constn of 1st Stage Health Centre Mamusi (Hagahai)	250,000
Madang	G - Man Building Construction	Modilon Hospital - Replacement Picket Fence	425,731
Milne Bay	Ela Motors	Alotau Hospital - Purchase of Ambulance	100,134
Morobe	Ela Motors	Wau Health Centre - Purchase of Ambulance	100,134

Trust Account	Supplier	Description	Expenditure 1/2/
Morobe	Premier Biomedical	Angau Hospital - Film Processor Automatic Large x 2	34,684
Morobe	CMS Alphatech	Angau Hosp. – Purch. Radiotherapy Simulator with xray & mech. Systems	306,967
Morobe	Regional Engineering & Const	Angau Hosp. – Purch. Radiotherapy Simulator with xray & mech. Systems	71,810
Morobe	Hornibrook NGI Ltd	Angau Hospital - 4 New Wards & Ablution Blocks	261,084
Morobe	Hornibrook NGI Ltd	Angau Hospital - 4 New Wards & Ablution Blocks	602,726
Morobe	Belltek Laboratory	Angau Hosp. – Purch. Radiotherapy Simulator with xray & mech. Systems	554,210
Morobe	Braun Memorial Hospital	Braun Hospital - Hospital Redevelopment	166,106
Morobe	Hornibrook NGI Ltd	Angau Hospital - 4 New Wards & Ablution Blocks	1,608,239
Morobe	Regionall Eng. & Const. Ltd	Angau Hosp. – Purch. Radiotherapy Simulator with x-ray & mech. systems	161,536
Morobe	Premier Biomedical	Angau Hospital - Film Processor Automatic Large x 2	57,806
Morobe	Belltek Laboratory	Angau Hosp. – Purch. Radiotherapy Simulator with x-ray & mech. systems	554,210
NCD	Premier Biomedical	Port Moresby General Hospital - Monitor Defibrillator	16,073
NCD	Premier Biomedical	Port Moresby General Hospital - Film Processor Automatic Large x 2	34,684
NCD	Premier Biomedical	Port Moresby General Hospital - Operating Microscope - ENT	57,572
NCD	CEO Laloki Hospital	Laloki Psych. Hosp. – Gen. Maint. of Wards/Renovation & ext of staff houses	27,500
NCD	Terence Karo Architects	Morata, Tokarara, Badili, Gordons, Kilakila & Lawes Road Urban Clinics	38,115
NCD	Terance Karo Architects	Port Moresby General Hospital - Renovate - Antenatal Clinic & Labour Ward	43,890
NDoH	Boroko Motors	Medical Supplies - Purchase of 3.5 Ton Truck for Area Medical Stores	77,230
New Ireland	Ela Motors	Kavieng Hospital - Purchase of Ambulance	100,134
New Ireland	Maiah Builders	Kavieng Hosp. – Repl. of 50kg/Cycle Medical Waste Incinerator - Shed	23,963
North Solomons	Ela Motors	Buka Hospital - Purchase of Ambulances x 2	200,268
Others	SMEC	Project Management - CWIT + Contract Admin Costs	304,485
Others	SMEC	Project Management - CWIT + Contract Admin Costs	629,097
Sandaun	Premier Biomedical	Vanimo Hospital - Ultra Sound Scanner, Basic	18,488
Sandaun	CEO Vanimo Hospital	Vanimo Hospital - General Maintenance of wards	200,000
Simbu	Premier Biomedical	Kundiawa Hospital - Film Processor, Bench top	7,582
Simbu	Ela Motors	Provincial Health - Purchase - Troop Carrier	96,306
Southern Highlands	Ela Motors	Tari District Health - Purchase of Ambulance	100,134
Southern Highlands	Ella Motors	Mendi Hospital - Purchase Vehicle for Outreach Activities	96,306
Southern Highlands	PNG Construction Ltd	Tari Hospital & staff houses, District Health - General Redevelopment	3,000
Southern Highlands	PNG Construction Ltd	Mendi Hospital - Hospital Redevelopment	31,914
Southern Highlands	PNG Construction Ltd	Mendi Hospital - Hospital Redevelopment	3,750
Southern Highlands	PNG Construction Ltd	Tari Hospital & staff houses, District Health - General Redevelopment	19,170
Southern Highlands	Premier Biomedical Eng.	Mendi Hospital - Equipment	255,353
Southern Highlands	Arman Larmer Surveys	Mendi Hospital - Hospital Redevelopment	20,339
West New Britain	Ela Motors	Kimbe Hospital - Purchase of Ambulance	100,134
Western	Premier Biomedical	Daru Hospital - Ultra Sound Scanner, Basic	18,488
Western Highlands	Ela Motors	Mt. Hagen Hospital - Purchase - Troop Carrier - Kudjip	96,306
Western Highlands	Ela Motors	Mt. Hagen Hospital - Purchase - Troop Carrier	96,306
Western Highlands	Premier Biomedical	Mt. Hagen Hospital - Film Processor X Ray	57,806
TOTAL EXPENDITURE HOSPITAL AND HEALTHCARE			10,056,704

Trust Account	Supplier	Description	Expenditure 1/2/	
17	REHABILITATION OF HOUSING FOR NURSES TRUST ACCOUNT			
	NO EXPENDITURE FOR THE PERIOD			
18	REHABILITATION OF HOUSING FOR POLICE TRUST ACCOUNT			
	NCD	Kramer Group Limited	NCD - Police Housing Project Management Services	159,500
	TOTAL EXPENDITURE POLICE HOUSING REHABILITATION TRUST ACCOUNT		159,500	
19	HIGHLANDS HIGHWAY REHABILITATION TRUST ACCOUNT			
	NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			
20	DISTRICT SERVICE IMPROVEMENT PROGRAM TRUST ACCOUNT			
	All Districts	Moore Printing Limited	Continuous Cheque Leaves (500 Cheque Leaves per District)	60,796
	Tambul Nebilyer District	Ela Motors	Purchase of 4 Ambulances (Health)	409,354
	Tari Pori District	Ela Motors	Purchase of Landcruiser (Law and Justice)	125,552
	Tari Pori District	Tari Pori District Treasury	Operating Account	404,448
	Yangoru Saussia District	PNG Power	Settle Tribal Fighting and Conflict in the Tari Pori District (Law and Justice)	404,448
	All Districts	Bank of South Pacific	Passam Wingei Rural Electrification and Power Generator (Rural Electrification and Communication)	3,000,000
	All Districts	Bank of South Pacific	Bank Fees	2,951
	All Districts	Bank of South Pacific	Interest	-16,664
	TOTAL EXPENDITURE DISTRICT SERVICE IMPROVEMENT PROGRAM TRUST ACCOUNT		3,986,437	
21	URBANISATION PILOTS TRUST ACCOUNT			
	NO EXPENDITURE FOR THE PERIOD			
22	INSTITUTIONAL HOUSING PILOT TRUST ACCOUNT			
	NCD	Nambawan Super Limited	NCD Purchase of Devon Lodge	2,200,000
	NCD	Amanana Enterprises Limited	NCD Maintenance of June Valley Primary School	90,000
	TOTAL EXPENDITURE INSTITUTIONAL HOUSING PILOT TRUST ACCOUNT		2,290,000	
23	HOUSING DEVELOPMENT TRUST ACCOUNT			
	NO EXPENDITURE FOR THE PERIOD			

* The Expenditure Summaries contained in this report have not been reconciled back the Bank Balances as at 31 May 2008. Variances are the result of interest income, bank fees and timing differences on the presentation of cheques.