



FINAL BUDGET OUTCOME

2007

31ST MARCH 2008

INTRODUCTION

The Final Budget Outcome (FBO) Report is released in accordance with the requirements of Section 15 of the *Papua New Guinea Fiscal Responsibility Act 2006*.

The purpose of the FBO Report is to provide a report on the fiscal outcomes for 2007. It aims to provide to Parliament and the public a comparison and explanation of the major variations from the 2007 Budget estimates for total revenue and grants, total expenditure and net lending and the budget balance. It also provides a summary of national government financing activities for the financial year and a summary of the National Government's debt position, together with comparative figures for the previous financial year.

As an addition to the FBO 2007, detailed information on the status of Supplementary Budgets spending has been provided, in line with the information published in the 2008 Volume 1 Budget Document.

The FBO 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 2007 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).

The information presented in this report may not reconcile fully with information published in the Public Accounts as some revenues and expenditures detailed in this report will be reported or classified differently in the Public Accounts. For example, transactions relating to debt are generally reported on a net basis and split into principal and interest components in this report, whereas they are reported on a gross basis in the Public Accounts and not split between principal and interest components.

The information presented in this report is based on the same data used in the preparation of the Public Accounts, however this report is compiled before that data has been subject to independent audit. This report will therefore not include the effects of any adjustments made to the underlying data arising from the audit process.

1.1 CENTRAL GOVERNMENT FISCAL OPERATIONS

The budget outcome for 2007 was a cash surplus of K454.4 million or 2.4 per cent of GDP. This compares with a surplus of K430.2 million (or 2.5 % of GDP) for the 2006 fiscal year. The budget surplus indicates that over the course of the 2007 fiscal year, the total net liabilities of the Government have been reduced by this amount.

The fiscal outcome for 2007 compared to the original 2007 Budget estimates and the revised 2007 Budget estimates published with the 2008 Budget is set out in the following table.¹

Table 1: Budget Balance 2006–2007 (Kina Millions)

	2006 Actuals	2007 Budget	2007 Revised	2007 Outcome
Total Revenue and Grants	6311.4	5421.6	7199.6	7006.6
Total Expenditure and Net Lending	5881.2	5456.6	6878.6	6552.1
Budget Balance	430.2	-35.0	321.0	454.4
% of GDP	2.5%	-0.2%	1.7%	2.4%

Source: Department of Treasury

The budget outcome for 2007 compares with the original budget estimate of a deficit of K35.0 million and the revised estimate published with the 2008 Budget of a surplus of K321.0 million. The higher than expected revenue collections due to exceptionally high commodity prices continued in 2007, resulting in higher expenditure delivered through the supplementary budget in October 2007.

The difference to the revised estimate of K321.0 million is due to higher than expected revenue collections, combined with a slight underspend in Government of PNG (GoPNG) expenditure. A lower than expected utilization of project grants and infrastructure tax credits reduced the revenue and expenditure sides equally, with no net impact on the budget outcome.

1.2 REVENUE

Total Revenue and Grants for 2007 was K7,006.6 million. This was K1,585.0 million higher than the original budget estimate and K193.0 million lower than the revised estimate published in the 2008 Budget.

The increase relative to the original Budget estimate reflects an additional K1,724.0 million in tax revenue (largely mining and petroleum tax) and K83.8 million in non-tax revenue, offset by infrastructure tax credits and grants being K64.8 million and K158.1 million lower than expected.

Table 2: Tax Revenue 2006 – 2007 (Kina Millions)

	2006 Actuals	2007 Budget	2007 Revised	2007 Outcome
Taxes on Income and Profits	3,823.5	3,071.6	4,386.9	4,491.3
Dom. Taxes on Goods and Services	784.3	758.0	940.3	958.5
Taxes on International Trade	337	300.3	366.3	404.1
Total Tax Revenue	4,944.8	4,129.9	5,693.5	5,853.8

Source: Department of Treasury.

¹ Numbers could vary from tables to tables due to rounding.

Tax on income and profits exceeded the original budget estimate by K1,419.7 million (or 46.2 per cent) and exceeded the revised budget estimate published in the 2008 Budget by K104.4 million (or 2.4 per cent).

While almost all revenue heads under this category performed better than anticipated in the 2007 Budget, the major factors underlying the higher outcome were Mining and Petroleum Revenue (K1,041 million higher), company tax (K212 million higher) and personal income tax (K116 million higher). This reflects the effect of continued strong commodity prices, as well as stronger than expected economic activity in 2007.

The outcomes were broadly in line with the revised estimate with the exception of company tax which came in K90.5 million higher than the revised estimate in the 2008 Budget. This was due to unexpectedly high payments from foreign contractors at the end of the financial year.

Domestic taxes on goods and services exceeded the original budget estimate by K200.5 million (or 26.4 per cent) and exceeded the revised budget estimate published in the 2008 Budget by K18.2 million (or 1.9 per cent). The main factors contributing to the higher than expected revenue were higher than expected GST revenue reflecting stronger domestic activity, which resulted in an increased level of imports; and to a lesser extent higher excise collections. The outcomes were broadly in line with the revised estimate.

Taxes on international trade exceeded the original budget estimate by K103.8 million (or 34.6 per cent) and exceeded the revised budget estimate by K37.8 million (or 10.3 per cent). All tax heads under this category performed better than both the original and the revised estimates. This was due to higher log export volumes and prices, as well as higher import duty collections reflecting increased importation of refined fuels at the end of 2007.

Table 3: Non-tax Revenue 2006 – 2007 (Kina Millions)

	2006 Actuals	2007 Budget	2007 Revised	2007 Outcome
Property Income	339.3	242.8	375.2	290.7
<i>Dividend</i>	68.1	73.5	73.5	65.0
<i>Mining and Petroleum Dividend</i>	271.2	169.3	301.7	225.7
Interest and Fees from Lending	0.6	2.6	2.6	0.5
Other Nontax Revenue	88.9	81.8	82.0	119.8
Non-tax Revenue	428.8	327.2	459.8	411.0

Source: Department of Treasury

Non-tax revenue collections exceeded the original budget estimate by K83.8 million (or 25.6 per cent) but came in lower than the revised estimate published in the 2008 Budget by K48.8 million (or 11.0 per cent).

Mining and Petroleum Dividends were K225.7 million, K56.4 million higher than anticipated in the original budget estimate but K76.0 million lower than the revised estimate. This was all from the 15 per cent of the State's share of the Ok Tedi Mining Ltd, which recorded stronger than expected profits on the back of high commodity prices.

Non-mining dividend receipts were K65.0 million in 2007, K8.5 million lower than both the original and the revised Budget estimate. These receipts comprised of K33.0 million from the Bank of PNG and K32.0 million from National Fisheries Authority, of which K10.0 million was a dividend, declared in 2006, but paid in 2007. K0.1 million came from other sources. The expected K25 million dividend from IPBC was not received in 2007.

Other non-tax revenues were K119.8 million in 2007, K38.0 million higher than both the original and revised estimates. This was due to an unexpectedly large payment of Departmental revenues, particularly from the Department of Foreign Affairs.

Reporting and utilization of project support grants and infrastructure tax credits were K292.4 million and K12.4 million lower than the revised estimates. Further detail is provided in Section 1.3

1.3 EXPENDITURE AND NET LENDING

Total expenditure and net lending in 2007 was K6,552.1 million. This was K1,095.5 million higher than the original budget estimate and K326.5 million lower than the revised estimate published in the 2008 Budget. Total GoPNG sourced expenditure (i.e. excluding project grants and infrastructure tax credits) was K1,404 million higher than the original estimate due to the Supplementary Budget, and K21.6 million lower than the revised estimate.

Table 4: Total Expenditure and Net Lending 2006 – 2007 (Kina Millions)

	2006 Actuals	2007 Budget	2007 Revised	2007 Outcome
Recurrent Budget	3696.6	3370.0	3370.0	3497.8
Development Budget	1559.5	1636.6	1718.5	1327.5
Additional Priority Expenditure	625.0	450.0	450.0	405.7
2nd Supplementary Budget	0.0	0.0	1340.0	1321.1
Total Expenditure and Net Lending	5881.1	5456.6	6878.5	6552.1

Source: Department of Treasury.

Recurrent expenditure was K127.8 million higher than both the original and the revised estimate in the 2008 Budget. Compared to the original estimates, this was due to a combination of higher expenditure by national departments, provincial governments and statutory authorities, which more than offset the lower expenditure in interest expenses.

Development expenditure turned out to be K309.1 million lower than the original Budget and K391.0 million lower than the revised figure contained in the 2008 Budget. However, this is largely due to a K304.8 million recorded underspend of project grants and infrastructure tax credits relative to the revised estimate, due to the fact that expenditure reports on a large proportion of these items are yet to be provided by donors. These items can be expected to be revised in the future as these reports are submitted. Nonetheless, there was a K86.2 million underspend of GoPNG funded development expenditure. The 2007 Additional Priority Expenditure and the Supplementary Budget turned out to be K44.3 million and K18.9 million lower than expected.

Recurrent Budget

Total Recurrent Expenditure turned out to be K3,497.8 million which is K127.8 million higher than both the original and revised estimate of the 2007 Budget. The table below sets out the components of the recurrent budget.

Total expenditure on personal emoluments was K1,456.2 million, K63.5 million more than the original Budget, and K32.0 million more than the revised estimate. This was due to the higher than expected personnel emoluments expenditure in provincial departments, which more than offset the lower expenditure incurred by the national departments.

Total expenditure on goods and services was K1,387.0 million, K153.4 million above the original budget estimate and K82.5 million above the revised budget estimate. The higher expenditure in goods and services is reflected in that incurred by national departments.

The total expenditure by Provincial Governments, excluding salaries and wages, was K123.1 million, K2.7 million higher than both the original and revised Budget estimates, due largely to an overspend in administration grants.

Table 5: Recurrent Expenditure 2006 – 2007 (Kina million)

	2006 Actuals	2007 Budget	2007 Revised	2007 Outcome
Personnel Emoluments	1360.5	1392.2	1424.2	1456.2
<i>National Departments</i>	698.0	816.2	848.2	834.7
<i>Provincial Departments</i>	662.5	576.0	576.0	621.6
Goods and Services	1070.5	1233.5	1304.5	1387.0
<i>National Departments</i>	967.9	1112.9	1183.9	1263.7
<i>Provincial Departments</i>	102.6	120.6	120.6	123.3
Supplementary under Recurrent	682.5			
Autonomous Bougainville Govt	46.5	50.7	50.9	50.0
Transfers to CSAs	234.3	221.6	221.6	238.6
Interest Payments and Fees	307.0	475.9	372.8	370.2
Net Lending	-4.2	-4.0	-4.0	-4.1
Recurrent Expenditure	3697.1	3370.0	3370.0	3497.8

Source: Department of Treasury

Expenditure by the Autonomous Bougainville Government totaled K50.0 million, K0.7 million below the original and K0.9 million below the revised budget estimate of K50.7 million and K50.9 million respectively, reflecting a lower than expected drawdown in recurrent grants.

Transfers to Statutory Institutions were K238.6 million in 2007 compared with the original and revised estimates of K221.6 million. This is K17.0 million higher than both the original and revised Budget.

Total interest expense was K370.2 million in 2007, K105.7 million below the original budget estimate of K475.9 million, and K2.6 million below the revised estimate. Domestic interest expenditure turned out to be K106.6 million lower than the original Budget and K0.7 million also lower compared to the revised estimate in the 2008 Budget. External interest turned out to be in line with the revised estimate.

Net lending to statutory authorities were K4.1 million in 2007, compared to the original and revised budget estimate of K4.0 million.

Development Budget

Development expenditure in 2007 was K1,327.5 million, K309.1 million below the Budget estimate of K1,636.6 million and K391.0 million below the revised estimate in the 2008 Budget. This reflects an estimated K292.4 million shortfall in estimated project grants, a K12.4 million shortfall in the reported utilization of infrastructure tax credits, a K60.3 million shortfall in draw downs of concessional land commercial loans, as well as K25.9 million lower than expected domestically funded expenditure compared against the revised estimate in the 2008 Budget. The higher revision made to project support as reflected in the revised budget is due to donors anticipating higher drawdowns than that contained in the original budget. As indicated earlier, project support grants and infrastructure tax credits are expected to be revised.

Table 6: Development Expenditure 2006 – 2007 (Kina Millions)

	2006 Actuals	2007 Budget	2007 Revised	2007 Outcome
Domestic Funds	471.2	509.1	509.1	483.2
Project Support Grants	914.6	879.1	1,013.4	721.0
Infrastructure Tax Credits	23.3	85.4	33.0	20.6
Loans	150.4	163.0	163.0	102.7
<i>Concessional</i>	150.4	163.0	163.0	101.8
<i>Commercial</i>	0	0.0	0.0	1.0
Total Development Budget	1,559.5	1,636.6	1,718.5	1,327.5

Source: Department of Treasury

Supplementary Budgets

Surplus windfall revenues totaling K450.0 million for 2007 were recognized in 2006 and thus a supplementary appropriation for Additional Priority Expenditure (APE) was passed in November of 2006 as part of the 2007 Budget package. The continuous strong mineral and petroleum tax receipts over the course of 2007 were the basis of a second Supplementary Budget passed in October 2007.

Table 7: Additional Priority Expenditure 2007 (Kina Millions)

Project	Department	Amount Allocated	Estimated Expenditure or Cheques for Trust Acc
Election Related/Parliament One Offs	National Parliament	20.0	20.0
Airport Repairs and Upgrade Rehab of Education Infrastructure	Treasury & Finance-Miscellaneous	10.0	10.0
Rehab of Transport Sector Infra	Treasury & Finance-Miscellaneous	150.0	150.0
Rehab of Law & Justice Sector	Treasury & Finance-Miscellaneous	34.0	34.0
NBC Rehab Infra	Treasury & Finance-Miscellaneous	50.0	50.0
Rehab of Strategic District Markets	Treasury & Finance-Miscellaneous	21.0	21.0
Maj Maintenance of Nat Parliament	Treasury & Finance-Miscellaneous	20.0	20.0
NADP	Treasury & Finance-Miscellaneous	10.0	10.0
Phasing of Elections	Treasury & Finance-Miscellaneous	5.0	5.0
Higher Education Sector Infrastructure	Treasury & Finance-Miscellaneous	30.0	0.0
DT Rollout	Treasury & Finance-Miscellaneous	50.0	50.0
Bougainville Infrastructure	Autonomous Bougainville Govt	30.0	15.7
Total		450.0	405.7

Source: Department of Treasury

Table 8: Supplementary Budget 2007 (Kina Millions)

Project	Department	Amount Allocated	Estimated Expenditure or Cheques for Trust Acc
Mirigini Haus	Prime Minister and NEC	4.0	0.1
TRP Committee	Prime Minister and NEC	3.0	0.0
FMIP	Finance	2.0	2.0
POSF	Treasury & Finance-Miscellaneous	250.0	250.0
Court Orders	Treasury & Finance-Miscellaneous	8.5	8.5
Secretary's Advance	Treasury & Finance-Miscellaneous	20.0	20.0
DSIP	Treasury & Finance-Miscellaneous	356.0	356.0
Hospital & Health Care Rehabilitation	Treasury & Finance-Miscellaneous	80.0	80.0
Rehab of Education Infrastructure	Treasury & Finance-Miscellaneous	80.0	80.0
Rehab of Transport Sector Infrastructure	Treasury & Finance-Miscellaneous	257.0	257.0
Rehab of L&J Sector	Treasury & Finance-Miscellaneous	80.0	80.0
NADP	Treasury & Finance-Miscellaneous	40.0	40.0
Institutional Housing Pilot Project	Treasury & Finance-Miscellaneous	15.0	10.0
Housing Development Pilot Project	Treasury & Finance-Miscellaneous	10.0	10.0
Urbanisation Program Pilot Project	Treasury & Finance-Miscellaneous	15.0	15.0
Legal Fees	Attorney General	8.0	8.0
Maritime Boundary Project	Attorney General	5.0	5.0
Election Overruns	Electoral Commission	15.0	15.0
Oro Province Disaster	Provincial & Local Govt Affairs	7.0	7.0
PNGDF Uniforms	Defence	8.0	8.0
Dept of Community Development	Community Development	0.6	0.6
ORD	Office of Rural Development	0.8	0.8
Cocoa Pod Borer	Cocoa Coconut Institute	4.0	4.0
PNG Forest Authority	PNG Nat Forest Authority	3.0	3.0
CAA Staff Entitlements	Civil Aviation Authority	21.0	21.0
Green House Office	Environment and Conservation	1.0	1.0
SSGs	Various Provinces	15.0	11.2
Cocoa Pod Borer	Cocoa Coconut Institute	8.0	7.8
Avian Flu	NAQIA	3.0	0.0
Doctors Back Pay	Health	10.0	10.0
Marienber Comm College	Prime Minister and NEC	3.0	3.0
Murik Lakes Resettlement Project	Prime Minister and NEC	2.1	2.1
Carteret Islands	Autonomous Bougainville Govt	2.0	2.0
Land Development Committee	Lands and Physical Planning	3.0	3.0
Debt Repayment	Finance & Treasury-Public Debt Charges	297.0	297.0
Total		1,637.0	1,618.1

Source: Department of Treasury

Expenditure under the APE totaled K405.7 million, which is K44.3 million below that was appropriated in the Budget. The lower expenditure are from the K30.0 million which was appropriated but not utilized under the Phasing of Election and the lower expenditure under the District Treasury Rollout of K14.3 million. Expenditure on funds allocated under the second Supplementary Budget totaled K1,618.1 million, K18.9 million below the revised estimate of the 2008 Budget.

Status of the Supplementary Budget

Table 9 shows the status of Supplementary Budgets since 2005 right through to 2007 by MTDS sectors. Though some of these aggregated funds were spent directly, the majority of the windfall gains have been re-appropriated through top-up allocation into Trust Accounts for investment purposes reflecting the MTDS priorities. The detailed information on each project by the MTDS is in Appendix 1.

Table 9: Supplementary Budget Appropriation and Expenditure as at 31st December 2007

Sector	Approp (k'million)	Share of Approp (per cent)	Spent (k'million)	Paid into Trust (k'million)	Reallocated to other areas (k'million)	Total (k'million)
Health	387.9	10	30.6	354.3	3.0	387.9
Education	452.9	12	36.8	416.1	0.0	452.9
Law and Justice	333.3	9	44.3	289.0	0.0	333.3
Transport	633.5	17	236.5	397.0	0.0	633.5
Income Earning	140.0	4	24.0	115.0	1.0	140.0
Gas Equity	500.0	13	0.0	500.0	0.0	500.0
Debt Repayment	647.0	17	647.0	0.0	0.0	647.0
Other Non-MTDS	724.9	19	539.8	180.0	4.6	724.4
Total	3,819.5	100.0	1,559.0	2,251.4	8.6	3,819.0

Source: Department of Treasury and Department of Finance

Of the additional funds allocated in the three years, as of 31st December 2007, around 59 per cent has been released into Trust Accounts and 41 per cent has been spent as indicated.

The use of large amount of windfalls revenue to pre-fund public investments necessarily involves a delay in spending due basically to the time taken to develop and implement high-quality spending proposals. Rapid spending could result in wastage through inflationary pressures due to capacity constraints and spreading the expenditure through time could encourage companies bidding for contracts to increase their capacity in anticipation of continued public investments, rather than have the boom and bust of previous commodity cycles.

Trust Accounts

During the recent period of abnormally high revenues, funding for most programs was re-appropriated through additional priority expenditure and the supplementary budgets have been placed in trust accounts.

A total of approximately K2,251.4 million has been appropriated to trust accounts for implementation. Of this, K400.0 million was released in 2005, a total of K568.4 million was released in 2006 under two supplementary budgets within the year, and a total of K1,283.0 million was released in 2007, again under two different supplementary budgets during the year. A third supplementary appropriation act was passed in 2007 for K500.0 million, however, this was only to enable the transfer of funds previously appropriated for an investment in the PNG-Australia Gas Pipeline to a more generalized investment in any gas project.

The purpose of holding funds in these trust accounts is to spread the spending over time to control inflationary pressure on the economy as well as give time to the implementing agencies to properly design implementation strategies to carry out the projects. The table below shows the movements of funds in these trust accounts for the fiscal year 2007.

Table 11: Movements of Funds in Trust Accounts in 2007 (Kina millions)

TNo.	Description	Total Approp	Opening Balance 1-Jan-07	Debits	Credits	Closing Balance 31-Dec-07	Deposits o/standing 31-Dec-07
485	Government's Gas Pipeline Project Equity Trust Acc	500.0	0.0	0.0	500.0	500.0	
514	Agriculture Sector Development Trust Account	80.0	35.0	9.8	5.0	30.2	40.0
515	Airport Repairs and Upgrades Trust Account	30.0	20.0	6.3	10.0	23.7	
516	Kubalia High School Rehabilitation Trust Account	2.0	2.0	0.0	0.0	2.0	
517	Outstanding PBSS (Teachers) Trust Account	45.1	45.1	0.0	0.0	45.3	
518	Education Sector Infrastructure Rehabilitation Trust Ac	230.0	0.0	0.0	150.0	150.1	80.0
519	Higher Education Sector Infrastructure Rehabilitation TA	50.0	0.0	5.5	50.0	44.5	
520	Law and Justice Sector Infrastructure Rehabilitation TA	130.0	0.0	0.0	50.0	50.0	80.0
521	Strategic District Markets Infrastructure Trust Account	20.0	0.0	0.0	20.0	20.0	
522	National Parliament Infrastructure Rehabilitation TA	10.0	0.0	0.0	10.0	10.0	
523	Outstanding PBSS (Police) Trust Account	20.0	20.0	17.0	0.0	3.0	
524	Transport Sector Infrastructure Rehabilitation Trust Acc	332.0	41.0	6.5	291.0	325.6	
525	PNG Gas Development and Commitments Trust Account	15.0	15.0	0.0	0.0	15.0	
526	Resettlement of Volcano Victims Trust Account	20.0	20.0	1.4	0.0	18.6	
527	NBC Infrastructure Rehabilitation Trust Account	21.0	0.0	4.3	21.0	16.7	
528	Hospital and Healthcare Centre Rehabilitation Trust Acc	250.3	170.3	24.3	80.0	227.8	
529	Rehabilitation of Housing for Nurses Trust Account	15.0	15.0	0	0.0	15.0	
530	Rehabilitation of Housing for Police Trust Account	50.0	50.0	2.9	0.0	47.2	
562	Highlands Highway Rehabilitation Trust Account	35.0	35.0	0.0	0.0	35.0	
563	District Services Improvement Trust Account	356.0	0.0	0.0	0.0	0.0	356.0
564	Urbanization Pilots Trust Account	15.0	0.0	0.0	0.0	0.0	15.0
565	Institutional Housing Pilot Trust Account	10.0	0.0	0.0	0.0	0.0	10.0
566	Housing Development Pilot Trust Account	15.0	0.0	0.0	0.0	0.0	15.0
	Total	2,251.4	468.4	76.0	1,187.0	1,579.8	596.0

Source: Department of Finance

Up to the end of 2007, a total of K2,251.4 million has been allocated to trust accounts for various projects. The opening balance as at January 1st 2007 was K468.4 million. Expenditure incurred under these trust accounts for the year was K76.0 million. A total of K1,187.0 million was deposited, whilst cheques raised for trust accounts and are yet to be deposited totaled K596.0 million, resulting in the closing balance of K1,579.8 million as at December 31st 2007.

Following is a summary of expenditure from Supplementary Budget Trust Accounts for the period ending 31 December 2007:

- K24.3 million was spent from the Hospital and Healthcare Centre Rehabilitation Trust Account. The break-up of this expenditure is General Maintenance K16.9 million, Medical Equipment K3.1 million, Vehicles (including Ambulances) K1.4 million, Boats K0.3 million, Other Equipment K0.9 million and Other Expenditure (including Consultancies) K1.7 million.
- K2.9 million has been spent on the maintenance of Police Housing in West New Britain from the Rehabilitation of Housing for Police Trust Account.
- Personal Benefit Payments totaling K17.0 million have been paid to Police Officers from the Outstanding PBSS (Police) Trust Account.
- K6.5 million has been spent from the Transport Sector Infrastructure rehabilitation Trust Account. The break-up of this expenditure is Ports and Jetties K0.8 million and District Feeder Roads K5.7 million.
- K9.8 million has been spent from the Agriculture Sector Development Trust Account. The break-up of this expenditure is Cocoa Projects K8.2 million, Vehicles K0.4 million, Equipment K0.3 million, Tractors K0.2 million, Oil Palm Projects K0.1 million and Other Expenditure K0.6 million.
- K4.3 million has been spent from the National Broadcasting Commission Infrastructure Rehabilitation Trust Account. The break-up of this expenditure is Vehicles K3.1 million, Mobilisation Project Costs K0.3 million and Other Expenditure K0.9 million.

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

1.4 FINANCING

A budget surplus of K454.4 million (or 2.4 per cent of GDP) was achieved in 2007, compared with the original budget deficit estimate of K35.0 million (0.2 per cent of GDP), and the projection of a surplus of K321.0 million or 1.7 per cent of GDP announced in the 2008 Budget.

Net external financing for 2007 saw an outflow of K398.3 million compared with the original budget estimate of an K83.7 million outflow and the revised estimate of a K355.0 million outflow, reflecting lower concessional loans drawdowns and higher amortization than expected at the time of the Budget.

Net domestic financing saw an outflow of K56.1 million compared with the projected inflow of K118.7 million estimated in the 2007 Budget, and a revised estimate of a K34.0 million inflow. This is comprised of a net K70.9 million inflow of funds from Treasury Bill and inscribed stocks, offset by a K127.0 million inflow of net domestic financial assets, (such as a higher Waigani Public Account balance and a reduction in the cheque float). Unfortunately, at the time of printing, the full breakdown of these items is not available, however the Departments of Treasury and Finance will be able to make these details known in the 2007 Public Accounts.

1.5 PUBLIC DEBT

Total public debt level was K6,319.6 million at the end of 2007, K1,056.4 million below the original Budget estimate, and K152.9 million lower than the revised estimate.

This reflects a much larger than expected retirement of external debt as a result of the K297.0 million additional debt retirement financed from the Supplementary Budget and the switch in domestic debt from short-term to long-term maturities. As a result of the fall in debt levels, as well as strong nominal GDP growth, public debt has fallen to 34.1 per cent of GDP in 2007 from the 39.0 per cent of GDP in 2006.

The total amount of domestic debt was K617.7 million lower than the original budget estimate, and K36.2 million higher than the revised estimate. This was due to the higher revenue inflows especially from the mining sector which translated into the amortization of Treasury bills as well as the switching of short-term maturities held especially in Treasury Bills to long-term maturities in Inscribed Stocks.

Table 12: Public Debt 2006 – 2007 (Kina Millions)

	2006 Actual	2007 Budget	2007 Revised	2007 Outcome
Domestic	3100.5	3789.1	3135.2	3171.3
Treasury Bills	1194.0	1591.8	934.2	980.1
Inscribed Stock	1882.8	2179.2	2182.8	2172.8
Other Domestic Debt	23.7	18.1	18.2	18.3
<i>Domestic Debt as a % of GDP</i>	18.0%	21.2%	16.9%	17.1%
External	3631.1	3586.9	3337.3	3148.3
International Agencies	3507.2	3479.5	3234.0	3040.7
Commercial Loans	123.9	107.4	103.3	107.6
Other Loans	0.0	0.0	0.0	0.0
<i>External Debt as a % of GDP</i>	21.0%	20.1%	18.0%	17.0%
Total Public Debt Outstanding	6,731.6	7,376.0	6,472.5	6,319.6
<i>As % of GDP</i>	39.0%	41.2%	34.9%	34.1%

Source: Department of Treasury

Domestic debt increased by K70.9 million from the 2006 level. This was driven especially by the issuance of Inscribed Stocks which were K290 million higher than the 2006 level. Net retirement of Treasury Bills from the 2006 level turned out to be K213.8 million.

The total amount of external debt was K438.7 million lower than the original Budget estimate, and K189.1 million lower than the revised estimate. This reflects the K297.0 million repayment of the external loan, as provided for in the 2007 2nd Supplementary Budget, as well as some favorable exchange rate variations.

External debt declined by K482.9 million compared with the 2006 external debt level of K3,631.1 million. This comprised mostly of the retirement of debt held by international agencies.

Total public debt declined by K327.4 million from the debt level of K6,732.1 million (or 39.5 per cent of GDP) in 2006 to K6,319.0 million (or 34.1 per cent of GDP) in 2007.

FISCAL OUTTURN TABLES

Treasury publishes fiscal outturn reports on a monthly basis. The last report was issued for November 2007. The following tables provide the full year outturn for 2007 consistent with the presentation in the monthly reports. This presentation is consistent with the 1986 GFS cash reporting classification for the Government sector. The variance is relative to the revised estimates as published in the 2008 Budget.

FISCAL OUTTURN 2007

TABLE 1: CENTRAL GOVERNMENT REVENUE & GRANTS (K million)

	2007 Budget	2007 Rev Budget	2007 Outcome	Variance
A. TAX REVENUE	4,129.9	5,693.4	5,853.9	160.5
A1. TAX ON INCOME AND PROFITS	3,071.6	4,386.9	4491.3	104.4
Personal Income Tax	890.3	994.1	1006.9	12.8
Company Tax	511.7	633.2	723.7	90.5
Dividend Withholding Tax	168.1	183.3	199.3	16.0
Interest Withholding Tax	21.9	19.4	19.3	-0.1
Mining and Petroleum Taxes	1,292.8	2,362.0	2,333.9	-28.1
Gaming Tax	106.0	95.2	97.0	1.8
Other: Direct	80.8	99.6	111.2	11.6
A2. DOM. TAXES ON GOODS AND SERVICES	758.0	940.3	958.5	18.2
Excise	309.8	335.8	342.0	6.2
GST	420.0	554.3	557.5	3.2
Mining Levy	25.6	48.0	56.6	8.5
Other: Indirect	2.6	2.2	2.4	0.3
A3. TAXES ON INTERNATIONAL TRADE	300.3	366.3	404.2	37.9
Import Duty	96.9	124.2	135.9	11.7
Export Duty	118.0	152.6	155.2	2.5
Excise duties on Imports	85.4	89.4	113.1	23.6
B. NON-TAX REVENUE	327.2	459.8	411.0	-48.8
B1. PROPERTY INCOME	242.8	375.2	290.7	-84.5
Dividends	73.5	73.5	65.0	-8.5
Mining and Petroleum Dividends	169.3	301.7	225.7	-76.0
B2. INTEREST AND FEES FROM LENDING	2.6	2.6	0.5	-2.2
B3. OTHER NON TAX REVENUE	81.8	82.0	119.8	37.9
B4. ASSETS SALES	0.0	0.0	0.0	0.0
C. TOTAL REVENUE	4,457.1	6,153.2	6,264.9	111.7
% of GDP	24.9%	33.2%	33.8%	0.6%
D. INFRASTRUCTURE TAX CREDIT	85.4	33.0	20.6	-12.4
E. GRANTS	879.1	1013.4	721.0	-292.4
Budgetary Support	0.0	0.0	0.0	0.0
Project Grants	879.1	1013.4	721.0	-292.4
F. TOTAL REVENUE AND GRANTS	5,421.6	7,199.6	7,006.6	-193.0
As % of GDP	30.3%	38.8%	37.8%	-1.0%
G. PRINCIPAL RECEIPTS FROM LENDING	6.0	6.0	4.1	-1.9
H. GROSS BORROWING	2,277.7	1620.0	4,669.6²	3,049.6
I. ASSET SALES	0.0	0.0	0.0	0.0
J. TOTAL RECEIPTS	7,705.3	8,825.6	11,680.3	2,854.7
As % of GDP	43.1%	47.6%	63.0%	15.4%

Source: Treasury

² This number is derived from the CS-DRMS and includes roll-overs through out the year compared to the TMS which nets these out.

TABLE 2: CENTRAL GOVERNMENT EXPENDITURE (K million)

	2007 Budget	2007 Rev Budget	2007 Outcome	Variance
1 RECURRENT BUDGET				
A. NATIONAL DEPARTMENTS	1,929.2	2,032.1	2,098.3	66.2
Personnel Emoluments	816.2	848.2	834.7	-13.5
Total Goods & Services	1,112.9	1,183.9	1,263.7	79.8
General Goods & Services	948.4	944.3	1,050.8	106.5
Education Subsidies	43.0	143.0	148.9	5.9
Arrears Payments	0.0	0.0	1.2	1.2
SAP Payments	69.6	44.6	6.8	-37.8
Court Orders	52.0	52.0	56.0	4.0
B. PROVINCIAL GOVERNMENTS	696.6	696.6	744.8	48.2
Personnel Emoluments	576.0	576.0	621.6	45.6
Staffing Grants	156.4	156.4	183.6	27.2
Teachers Salaries	419.6	419.6	438.0	18.4
Goods & Other Services	63.4	63.4	65.3	1.9
Administration Grants	14.2	14.2	16.1	1.9
Health Function Grant	13.4	13.4	13.4	0.0
Education Subsidies	21.6	21.6	21.6	0.0
Derivation Grants	14.2	14.2	14.3	0.1
Conditional Grants	57.2	57.2	57.9	0.7
Trans/Infra/Maint. Grants	15.3	15.3	15.4	0.1
Local & Village Services Grants	32.5	36.7	37.4	0.7
Town & Urban Services Grants	7.2	3.0	3.0	0.0
Village Courts	2.2	2.2	2.2	0.0
Autonomous Bougainville Govt	50.7	50.9	50.0	-0.9
Police Grant	2.5	2.1	2.1	0.0
Recurrent Grant	48.0	48.6	47.9	-0.7
Establishment Grant	0.0			
Conditional Grants	0.2	0.2	0.0	-0.2
C. TRANSFERS & LOANS TO C.S.A	221.6	221.6	238.6	17.0
D. INTEREST PAYMENT & FEES	475.9	372.8	370.2	-2.6
Domestic	358.8	252.9	252.2	-0.7
External	117.1	119.9	117.9	-2.0
E. NET LENDING TO C.S.A	-4.0	-4.0	-4.1	-0.1
Gross Lending	0.0	0.0	0.0	0.0
Less : Loan Repayments	4.0	4.0	4.1	0.1
F. RECURRENT EXPENDITURE & NET LENDING	3,370.0	3,370.0	3,497.8	127.8
As % of GDP	18.8%	18.2%	18.9%	0.7%

TABLE 2: CENTRAL GOVERNMENT EXPENDITURE (K million) continue

	2007 Budget	2007 Rev Budget	2007 Outcome	Variance
2 DEVELOPMENT BUDGET				
Domestic Funds	509.1	509.1	483.2	-25.9
Project Grants	879.1	1,013.4	721.0	-292.4
Infrastructure Tax Credits	85.4	33.0	20.6	-12.4
Concessional loans	163.0	163.0	101.8	-61.2
Commercial loans	0.0	0.0	1.0	1.0
G. TOTAL DEVELOPMENT BUDGET (PIP)	1,636.6	1,718.5	1,327.5	-391.0
As % of GDP	9.2%	9.3%	7.2%	-2.1%
ADDITIONAL PRIORITY EXPENDITURE	450.0	450.0	405.7	-44.3
SUPPLEMENTARY BUDGET		1,340.0	1,321.1	-18.9
H. TOTAL EXPENDITURE & NET LENDING	5,456.7	6,878.6	6,552.1	-326.5
As % of GDP	30.5%	37.1%	35.3%	-1.8%
I. AMORTISATION	2,242.7	1,941.0	5,124.1	3,183.1
Domestic	1,996.0	1,423.0	4,623.1 ³	3,200.1
External	246.7	518.0	501.0	-17.0
J. LOAN REPAYMENTS	4.0	4.0	4.1	0.1
K. TOTAL PAYMENTS	7,703.4	8,823.6	11,680.3	2,856.7
As % of GDP	43.1%	47.6%	63.0%	15.4%

Source: Treasury

³ This number is derived from the CS-DRMS and includes roll-overs through out the year compared to the TMS which nets these out.

TABLE 3: CENTRAL GOVERNMENT FINANCING (K million)

	2007 Budget	2007 Rev Budget	2007 Outcome	Variance
A. TOTAL REVENUE AND GRANTS	5,421.6	7,199.6	7,006.6	-193.0
B. TOTAL EXPENDITURE AND NET LENDING	5,456.6	6,878.6	6,552.2	-326.4
C. DEFICIT (-) / SURPLUS (+)	-35.0	321.0	454.4	133.4
% of GDP	-0.2%	1.7%	2.4%	0.7%
D. EXTERNAL FINANCING	-83.7	-355.0	-398.2	-43.2
D1. CONCESSIONAL FINANCING	-4.3	-287.0	-207.1	79.9
New Borrowing	163.0	163.0	101.8	-61.2
Less Amortisation	-167.3	-450.0	-308.9	141.1
D2. COMMERCIAL FINANCING	-18.2	-15.0	-14.7	0.3
New Borrowing	0.0	0.0	1.0	1.0
Less Amortisation	-18.2	-15.0	-15.6	-0.6
D3. EXCEPTIONAL FINANCING	-61.2	-53.0	-176.4	-123.4
New Borrowing	0.0	0.0	0.0	0.0
Less Amortisation	-61.2	-53.0	-176.4	-123.4
E. DOMESTIC FINANCING	118.7	34.0	-56.1	-90.1
E1. DOMESTIC MARKET BORROWING (NET)	118.7	34.0	70.8	36.8
New Domestic Borrowing	2,114.7	1,457.0	4,693.9 ⁴	3,236.9
Less Amortisation	-1,996.0	-1,423.0	-4,623.1 ⁵	-3,200.1
E2. OTHER DOMESTIC FINANCING	0.0	0.0	-126.9⁶	-126.9
E3. ASSETS SALES FINANCING	0.0	0.0	0.0	0.0
E4. NET FINANCING	0.0	0.0	0.0	0.0
F. TOTAL FINANCING	35.0	-321.0	-454.3	-133.3
G. GROSS BORROWING	2,277.7	1,620.0	4,669.7	3,049.7
Concessional	163.0	163.0	101.8	-61.2
Commercial	0.0	0.0	1.0	1.0
Exceptional	0.0	0.0	0.0	0.0
Domestic	2,114.7	1,457.0	4,567.0	3,110.0
Financing Gap	0.0	0.0	0.0	0.0

Source: Treasury

⁴ Derived from CS-DRMS and includes gross rollovers in borrowings.

⁵ Derived from CS-DRMS and includes gross rollovers in amortization.

⁶ Includes Government bank account balances and cheque floats.

PART 2

FINAL BUDGET OUTCOME BY AGENCY

REALLOCATIONS 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 new or insufficiently funded services up to the limit of the Secretary's Advance (Section 3 transfers), or reallocated between services subject to an overall limit of ten per cent of the total appropriated for recurrent expenditure (Section 4 transfers).

The following tables reflect the reallocations made through these mechanisms. Details are also provided of payments made from the Secretary's Advance to the end of 2007.

In 2007, some K975.2 million was reallocated through these mechanisms. K616.7 million related to transfers between items within the total appropriation for an agency and K319.5 million related to transfers between agencies. A further K39 million was allocated through the Secretary's advance.

Much of the reallocation between agencies occurred after the annual close of accounts when net savings should have been known. The 2007 close of accounts process identified total underspends of K396 million from a range of sources, of which K305.9 million were determined to be savings available for reallocation.

While total overspends of K275.7 million were also identified, only K235.7 million of these were offset using the savings, including K169.2 million in over-expenditure by National Departments and K65.5 million for Provincial salaries and allowances. A further K82.9 million was transferred to the Department of Finance to pay outstanding claims, from which expenditure of K54.2 million has been identified.

The outcome of the 2007 close of accounts process suggests a net underspend of K37.4 million. However, this does not align with the K107 million FBO overspend. This discrepancy, which may be due to delays in data being loaded into the Treasury Management System, will continue to be investigated by Treasury.

PART 2

FINAL BUDGET OUTCOME BY AGENCY

NATIONAL DEPARTMENTS RECURRENT EXPENDITURE OUTCOME 2007

Division	Agency	2006 Actual	2007 Budget	2007 Revised	2007 Outcome	Variance
201	National Parliament	77,299,200	65,346,200	65,346,200	72,611,200	7,265,000
202	Office of Governor-general	3,835,449	2,314,800	2,314,800	3,227,378	912,578
203	Department of Prime Minister & NEC	62,314,939	48,945,300	48,945,300	48,899,357	-45,943
204	National Statistical Office	3,242,785	3,438,600	3,438,600	4,150,600	712,000
205	Office of Bougainville Affairs	2,100,567	1,233,100	1,233,100	1,292,211	59,111
206	Department of Finance	17,434,765	17,388,100	17,388,100	22,450,932	5,062,832
207	Treasury and Finance - Miscellaneous	1,094,279,047	527,274,000	565,274,000	402,471,768	-162,802,232
208	Department of Treasury	8,352,747	9,192,800	9,192,800	8,692,937	-499,863
209	Registrar for Political Parties	3,596,022	4,380,300	4,380,300	4,010,563	-369,737
212	Information Technology Division	9,987,023	11,827,900	11,827,900	12,789,990	962,090
213	Fire Services	11,534,502	11,072,300	11,072,300	11,911,285	838,985
216	Internal Revenue Commission	37,779,738	40,797,600	40,797,600	40,496,023	-301,577
217	Department of Foreign Affairs and Trade	44,488,965	51,956,400	51,956,400	53,627,821	1,671,421
219	PNG Institute of Public Administration	3,963,591	4,423,600	4,423,600	4,727,614	304,014
220	Department of Personnel Management	14,884,643	8,430,200	8,430,200	11,837,802	3,407,602
221	Public Service Commission	2,448,974	2,429,900	2,429,900	2,849,933	420,033
223	Judiciary Services	36,912,000	38,812,000	38,812,000	38,812,000	0
224	Magisterial Services	20,082,000	21,228,300	21,228,300	21,413,300	185,000
225	Department of Attorney-General	28,285,446	22,675,400	22,675,400	24,587,518	1,912,118
226	Department of Corrective Institutional S	51,565,696	53,350,000	53,350,000	55,108,039	1,758,039
227	Provincial Treasuries	24,450,743	24,075,500	24,075,500	28,508,884	4,433,384
228	Department of Police	161,721,047	167,691,400	167,691,400	232,002,732	64,311,332
229	Department of National Planning and Moni	12,717,627	7,573,300	7,573,300	7,548,962	-24,338
230	Electoral Commission	39,330,000	86,558,600	86,558,600	104,222,128	17,663,528
231	National Intelligence Organisation	2,059,875	2,901,500	2,901,500	3,188,576	287,076
232	Provincial and Local Government Affairs	8,564,310	8,870,000	8,870,000	31,014,270	22,144,270
234	Department of Defence	93,698,885	91,238,700	91,238,700	104,158,706	12,920,006
235	Department of Education	127,019,104	126,351,300	126,351,300	240,599,524	114,248,224
236	Commission for Higher Education	33,810,200	32,732,200	32,732,200	34,476,867	1,744,667
240	Department of Health	112,194,602	129,941,000	129,941,000	123,055,510	-6,885,490
241	Hospital Management Services	185,660,189	171,399,500	171,399,500	194,788,419	23,388,919
242	Department of Community Development	7,593,291	8,159,000	8,159,000	8,615,383	456,383
245	Department of Environment and Conservat	5,808,699	7,968,700	7,968,700	9,281,693	1,312,993
247	Department of Agriculture and Livestock	12,931,731	11,965,700	11,965,700	16,015,583	4,049,883
252	Department of Lands and Physical Plannin	12,762,029	11,561,100	11,561,100	16,943,880	5,382,780
254	Department of Mineral Policy and Geohaza	5,875,779	6,606,200	6,606,200	5,402,101	-1,204,099
255	Department of Petroleum and Energy	10,033,906	9,810,900	9,810,900	9,201,570	-609,330
258	Department of Information and Communic	3,516,717	1,962,200	1,962,200	2,794,224	832,024
259	Department of Transport	15,755,640	16,210,900	16,210,900	16,470,995	260,095
261	Department of Commerce And Industry	7,799,880	7,412,500	7,412,500	6,533,497	-879,003
262	Department of Industrial Relations	5,914,839	6,414,100	6,414,100	8,052,242	1,638,142
263	National Tripartite Consultative Council	453,931	506,600	506,600	350,459	-156,141
264	Department Of Works and Implementation	43,284,000	41,087,600	41,087,600	43,977,833	2,890,233
267	Office of Rural Development	1,274,960	2,559,900	2,559,900	4,096,974	1,537,074
268	Central Supply & Tenders Board	827,196	1,060,700	1,060,700	1,102,851	42,151
		2,469,447,279	1,929,135,900	2,032,135,900	2,098,372,134	66,236,234

Source: Department of Treasury

(a) Figures do not include 2007 Supplementary expenditure and Additional Priority Expenditure data.

STATUTORY AUTHORITIES RECURRENT EXPENDITURE OUTCOME 2007

Division	Agency	2006 Actual	2007 Budget	2007 Revised	2007 Outcome	Variance
502	Office of the Auditor-General	8,932,300	11,000,000	11,000,000	11,000,000	0
503	Ombudsman Commission	9,400,000	11,000,000	11,000,000	11,000,000	0
505	National Research Institute	2,464,500	2,489,100	2,489,100	2,488,900	-200
506	National Training Council	890,361	2,227,200	2,227,200	1,913,700	-313,500
507	National Economic & Fiscal Commission	856,939	1,145,600	1,145,600	836,999	-308,601
508	National Gaming Control Board	3,686,400	3,699,200	3,699,200	3,699,200	0
510	Legal Training Institute	757,300	975,200	975,200	975,200	0
512	University of Papua New Guinea	30,849,851	30,382,300	30,382,300	30,423,429	41,129
513	University of Technology	29,878,800	29,000,000	29,000,000	29,000,000	0
514	University of Goroka	10,352,620	11,088,600	11,088,600	11,090,316	1,716
515	University of Vudal	6,931,800	5,791,100	5,791,100	5,791,100	0
516	Papua New Guinea Sports Commission	2,550,000	4,075,500	4,075,500	4,375,500	300,000
517	National Narcotics Bureau	81,934	1,625,400	1,625,400	1,625,380	-20
518	PNG Maritime College	2,462,000	2,521,000	2,521,000	2,521,000	0
519	National Aids Council Secretariat	4,125,400	5,436,300	5,436,300	5,436,300	0
520	Institute of Medical Research	2,888,200	3,036,600	3,036,600	3,036,600	0
521	National Youth Commission	1,717,700	1,347,800	1,347,800	1,347,800	0
522	Constitutional and Law Reform Commissio	1,736,810	1,717,000	1,717,000	2,030,337	313,337
525	National Broadcasting Commission	12,464,600	12,654,200	12,654,200	13,133,500	479,300
526	National Maritime Safety Authority	1,300,100	1,313,000	1,313,000	1,313,000	0
530	Investment Promotion Authority	1,886,700	1,464,200	1,464,200	1,464,200	0
531	Small Business Development Corporation	2,384,900	2,135,900	2,135,900	2,135,900	0
532	National Institute Of Standards & Indust	1,356,800	1,382,300	1,382,300	1,382,300	0
533	Industrial Centers Development Corporati	1,397,400	1,411,400	1,411,400	1,411,400	0
539	National Museum and Art Gallery	3,351,800	3,099,700	3,099,700	2,460,400	-639,300
541	National Housing Corporation	206,000	208,100	208,100	208,100	0
542	National Cultural Commission	4,367,400	3,008,100	3,008,100	3,008,100	0
550	Cocoa Coconut Institute Ltd	17,728,600	4,775,900	4,775,900	8,775,900	4,000,000
553	Fresh Produce Development Company	2,818,000	2,846,200	2,846,200	2,846,200	0
557	PNG National Forest Authority	29,059,000	24,207,900	24,207,900	35,207,900	11,000,000
558	Tourism Promotion Authority	8,268,900	8,149,600	8,149,600	8,149,600	0
562	National Agriculture Research Institute	6,219,500	6,281,700	6,281,700	6,281,700	0
563	National Agriculture Quarantine & Inspec	2,267,300	2,742,000	2,742,000	6,492,000	3,750,000
565	Civil Aviation Authority	17,291,100	15,174,000	15,174,000	11,487,200	-3,686,800
567	National Road Authority	0	829,400	829,400	2,874,808	2,045,408
569	Independent Consumer and Competition Commission	1,400,518	1,377,500	1,377,500	1,359,297	-18,203
		234,331,533	221,619,000	221,619,000	238,583,266	16,964,266

Source: Department of Treasury

(a) Figures do not include 2007 Supplementary expenditure and Additional Priority Expenditure data.

PROVINCIAL GOVERNMENTS RECURRENT EXPENDITURE OUTCOME 2007

Division	Agency	2006 Actual	2007 Budget	2007 Revised	2007 Outcome	Variance
571	Fly River Provincial Government	32,720,298	35,104,100	35,104,100	34,201,112	-902,988
572	Gulf Provincial Government	18,721,920	20,182,600	20,182,600	18,919,889	-1,262,711
573	Central Provincial Government	41,239,709	37,808,100	37,808,100	42,422,511	4,614,411
574	National Capital District	2,803,200	2,955,300	2,955,300	2,955,300	0
575	Milne Bay Provincial Government	40,051,318	37,629,700	37,629,700	38,953,935	1,324,235
576	Oro Provincial Government	24,114,143	22,677,400	22,677,400	23,719,059	1,041,659
577	Southern Highlands Province	68,040,663	58,280,300	58,280,300	64,079,419	5,799,119
578	Enga Provincial Government	42,425,417	39,970,600	39,970,600	42,311,707	2,341,107
579	Western Highlands Provincial Government	60,037,314	48,979,000	48,979,000	58,557,183	9,578,183
580	Simbu Provincial Government	44,426,000	37,814,400	37,814,400	40,518,779	2,704,379
581	Eastern Highlands Provincial Government	59,990,786	47,775,300	47,775,300	57,544,381	9,769,081
582	Morobe Provincial Government	68,039,076	70,457,700	70,457,700	68,212,320	-2,245,380
583	Madang Provincial Government	45,261,859	40,087,700	40,087,700	47,138,658	7,050,958
584	East Sepik Provincial Government	50,471,097	40,971,000	40,971,000	50,089,181	9,118,181
585	Sandaun Provincial Government	31,623,344	32,069,600	32,069,600	30,567,768	-1,501,832
586	Manus Provincial Government	15,465,353	14,748,700	14,748,700	15,415,104	666,404
587	New Ireland Provincial Government	28,449,392	25,247,800	25,247,800	25,563,155	315,355
588	East New Britain Provincial Government	44,350,777	48,214,900	48,214,900	45,332,935	-2,881,965
589	West New Britain Provincial Government	38,243,039	35,631,800	35,631,800	38,330,810	2,699,010
590	Autonomous Bougainville Government	46,961,282	50,709,500	50,709,500	52,242,597	1,533,097
		803,435,987	747,315,500	747,315,500	797,075,803	49,760,303

Source: Department of Treasury

(a) Figures do not include 2007 Supplementary expenditure and Additional Priority Expenditure data.

NATIONAL DEPARTMENTS DEVELOPMENT EXPENDITURE OUTCOME 2007 (a)

Division	Agency	2006 Actual	2007 Budget	2007 Revised	2007 Outcome	Variance
201	National Parliament	3,700,000	0	0	0	0
202	Office Of Governor-General	2,140,000	0	0	150,000	150,000
203	Department of Prime Minister & NEC	1,700,000	0	0	0	0
204	National Statistical Office	1,316,100	2,000,000	2,000,000	2,750,000	750,000
206	Department of Finance	15,000,000	-14,213,500	-14,213,500	4,921,887	19,135,387
207	Treasury and Finance - Miscellaneous	0	17,213,500	17,213,500	2,800,000	-14,413,500
220	Department of Personnel Management	1,996,414	0	0	1,532,661	1,532,661
229	Department of National Planning And Moni	25552405	-422,817,000	-422,817,000	50,243,362	473,060,362
230	Electoral Commission	0	550,329,900	550,329,900	0	-550,329,900
232	Provincial and Local Government Affairs	1,000,000	-7,528,500	-7,528,500	500,000	8,028,500
234	Department of Defence	1,999,229	14,715,600	14,715,600	2,763,493	-11,952,107
235	Department of Education	2,977,481	-75,711,800	-75,711,800	6,651,116	82,362,916
236	Commission for Higher Education	0	88,099,800	88,099,800	50,447	-88,049,353
240	Department of Health	2,500,000	-100,371,800	-100,371,800	11,400,000	111,771,800
242	Department of Community Development	3,931,934	107,232,400	107,232,400	5,965,087	-101,267,313
245	Department of Environment and Conservat	1,910,000	13,939,400	13,939,400	1,920,000	-12,019,400
247	Department of Agriculture and Livestock	4,434,000	-2,728,300	-2,728,300	3,743,460	6,471,760
252	Department of Lands and Physical Plannin	499,560	8,428,300	8,428,300	-700,171	-9,128,471
254	Department of Mineral Policy and Geohaza	5,826,497	-20,506,600	-20,506,600	7,455,633	27,962,233
255	Department of Petroleum and Energy	66,216,000	34,481,600	34,481,600	42,024,896	7,543,296
258	Department of Information and Communic	1,307,458	31,300,000	31,300,000	23,434,451	-7,865,549
259	Department of Transport	56,482,000	6,200,000	6,200,000	-17,683,180	-23,883,180
261	Department of Commerce and Industry	957,958	2,800,000	2,800,000	139,536,298	136,736,298
264	Department of Works And Implementation	268,865,000	97,000,000	97,000,000	64,443,108	-32,556,892
267	Office of Rural Development	53,890,282	27,250,000	27,250,000	0	-27,250,000
		524,202,318	357,113,000	357,113,000	353,902,548	-3,210,452

Source: Department of Treasury

(a) The 2007 revised, outcome and variance figures reflect domestically funded expenditure. Final donor expenditure is not available at the time of publication.

STATUTORY AUTHORITIES DEVELOPMENT EXPENDITURE OUTCOME 200(a)

Division	Agency	2006 Actual	2007 Budget	2007 Revised	2007 Outcome	Variance
505	National Research Institute	0	0	0	0	0
506	National Training Council	300,000	300,000	300,000	718,500	418,500
512	University of Papua New Guinea	1,000,000	0	0	-575,767	-575,767
513	University of Technology	1,000,000	0	0	0	0
514	University of Goroka	1,000,000	5,000,000	5,000,000	5,000,000	0
515	University of Vudal	1,000,000	2,700,000	2,700,000	2,700,000	0
519	National Aids Council Secretariat	2,800,000	12,544,000	12,544,000	12,544,000	0
520	Institute of Medical Research	0	1,948,000	1,948,000	1,948,000	0
529	National Media Council	0	0	0	0	0
530	Investment Promotion Authority	1,000,000	450,000	450,000	450,000	0
531	Small Business Development Corporation	1,000,000	500,000	500,000	500,000	0
532	National Institute Of Standards & Industry	1,000,000	800,000	800,000	800,000	0
533	Industrial Centers Development Corporati	1,000,000	500,000	500,000	500,000	0
540	National Water and Sewerage Board	11,818,000	7,000,000	7,000,000	7,000,000	0
541	National Housing Corporation	2,000,000	1,000,000	1,000,000	1,000,000	0
542	National Cultural Commission	1,200,000	0	0	0	0
543	Rural Development Bank	6,000,000	6,000,000	6,000,000	6,000,000	0
546	PNG Power Limited	6,300,000	1,000,000	1,000,000	300,000	-700,000
548	PNG Harbours Board	17,000,000	6,000,000	6,000,000	3,300,000	-2,700,000
550	Cocoa Coconut Institute Ltd	1,000,000	1,600,000	1,600,000	-10,200,000	-11,800,000
551	PNG National Fisheries Authority	4,414,000	0	0	0	0
552	PNG Oil Palm Research Association	0	0	0	0	0
553	Fresh Produce Development Company	1,100,000	800,000	800,000	750,000	-50,000
554	PNG Coffee Industry Corporation	1,800,000	1,100,000	1,100,000	930,000	-170,000
557	PNG National Forest Authority	500,000	1,500,000	1,500,000	-500,000	-2,000,000
558	Tourism Promotion Authority	500,000	4,175,000	4,175,000	4,175,000	0
562	National Agriculture Research Institute	900,000	900,000	900,000	900,000	0
563	National Agriculture Quarantine & Inspec	0	500,000	500,000	500,000	0
565	Civil Aviation Authority	15,500,000	0	0	0	0
566	PNG Cocoa Board	0	0	0	0	0
568	Livestock Development Corporation	0	2,500,000	2,500,000	2,500,000	0
		81,132,000	58,817,000	58,817,000	41,239,733	-17,577,267

Source: Department of Treasury

(a) The 2007 revised, outcome and variance figures reflect domestically funded expenditure. Final donor expenditure is not available at the time of publication.

PROVINCIAL GOVERNMENT DEVELOPMENT EXPENDITURE OUTCOME 2007(a)

Division	Agency	2006 Actual	2007 Budget	2007 Revised	2007 Outcome	Variance
571	Fly River Provincial Government	19,100,000	14,420,000	14,420,000	13,720,000	-700,000
572	Gulf Provincial Government	8,950,000	5,550,000	5,550,000	5,300,000	-250,000
573	Central Provincial Government	4,250,000	1,950,000	1,950,000	1,200,000	-750,000
574	National Capital District	1,000,000	1,000,000	1,000,000	1,000,000	0
575	Milne Bay Provincial Government	1,250,000	1,250,000	1,250,000	1,250,000	0
576	Oro Provincial Government	750,000	750,000	750,000	500,000	-250,000
577	Southern Highlands Province	27,950,000	13,950,000	13,950,000	13,450,000	-500,000
578	Enga Provincial Government	7,500,000	6,500,000	6,500,000	6,500,000	0
579	Western Highlands Provincial Government	2,000,000	2,000,000	2,000,000	1,750,000	-250,000
580	Simbu Provincial Government	1,750,000	1,750,000	1,750,000	1,750,000	0
581	Eastern Highlands Provincial Government	2,250,000	3,250,000	3,250,000	3,250,000	0
582	Morobe Provincial Government	2,500,000	3,000,000	3,000,000	2,200,000	-800,000
583	Madang Provincial Government	1,750,000	1,750,000	1,750,000	1,500,000	-250,000
584	East Sepik Provincial Government	2,850,000	4,350,000	4,350,000	4,250,000	-100,000
585	Sandaun Provincial Government	2,250,000	2,750,000	2,750,000	2,500,000	-250,000
586	Manus Provincial Government	500,000	500,000	500,000	500,000	0
587	New Ireland Provincial Government	10,750,000	7,450,000	7,450,000	7,450,000	0
588	East New Britain Provincial Government	28,254,000	6,250,000	6,250,000	6,250,000	0
589	West New Britain Provincial Government	750,000	750,000	750,000	750,000	0
590	Autonomous Bougainville Government	24,000,000	14,000,000	14,000,000	14,000,000	0
		150,354,000	93,170,000	93,170,000	89,070,000	-4,100,000

Source: Department of Treasury

(a) The 2007 revised, outcome and variance figures reflect domestically funded expenditure. Final donor expenditure is not available at the time of publication.

DETAILS OF EXPENDITURE FROM AND REALLOCATIONS THROUGH SECRETARY'S ADVANCE

The funds available in Secretary's Advance totaled K40.0 million in 2007. This included K20.0 million from the original appropriation and K20.0 million appropriated under the Supplementary budget. Out of the K40.00 million a total of K39.02 million was expended.

Division		2007 Budget	2007 Outcome
207	Original Appropriation	20,000,000	
	Supplementary Budget	20,000,000	
	Total Funds Available From Secretary's Advance	40,000,000	
	Additional Expenditure		
	As published in 2007 MYEFO		
	<i>Defence Force Investigation</i>		611,600
	<i>FIFA Presidential Visit</i>		300,000
	<i>Department of Finance Investigation</i>		2,270,900
	<i>Department of Finance Investigation</i>		2,000,000
	<i>Additional funding for the Pacific Balance Fund Investigation</i>		1,000,000
	<i>Consultancy Payments</i>		834,100
	<i>Additional funding for the Deputy Prime Minister's Office</i>		300,000
	<i>Eradication of Newcastle Disease</i>		2,750,000
	<i>Mining Audit Cases Legal challenge</i>		3,600,000
	<i>Implement NEC Decision No 27/06</i>		500,000
	<i>Manam Resettlement Authority</i>		
	<i>Manam Humanitarian Implementation Committee</i>		2,000,000
	<i>Jackson's Airport Land Rental Payment</i>		470,000
	<i>Customary Land Purchase (Governor General House)</i>		704,000
	<i>Funeral Expenses</i>		106,600
	<i>Financial Management Implementation Program</i>		2,500,000
	<i>National Housing Policy Taskforce</i>		500,000
	<i>Lawsuit in New York</i>		1,000,000
	<i>Social Economic Implementation</i>		300,000
	<i>Rationalisation of Fire Emergency Services</i>		630,000
	<i>Department of Police – Overtime for Security Operations</i>		115,000
	<i>Peace Negotiation</i>		200,000
	<i>Outstanding Power Bill Payments</i>		312,000
	<i>Replacement of Trade & Commerce Secretary's Official Vehicle</i>		160,000
			23,164,200

	Post 2007 MYEFO		
	<i>Department of Attorney General – Court Circuits and Utility Bills</i>		1,000,000
	<i>Additional funding for the Office of Governor-General</i>		215,000
	<i>Public Service Commission – Outstanding power bill</i>		303,200
	<i>Department of Foreign Affairs and Trade – Purchase of new Pass Ports</i>		450,000
	<i>National Broadcasting Commission - Outstanding utilities bills</i>		479,300
	<i>Department of Police – Outstanding bill from the 2007 Election</i>		181,600
	<i>East Awin payment</i>		76,900
	<i>Additional travel funding for the Minister for Foreign Affairs, Trade and Immigration</i>		181,700
	<i>National Intelligence Organisation Security for the Prime Minister</i>		50,000
	<i>Additional Operational expense funding for the Minister for Justice and Attorney-General</i>		100,000
	<i>Duke of Gloucester Visit</i>		900,000
	<i>Department of Foreign Affairs and Trade Investigation into Migration</i>		50,000
	<i>Additional funding for travel and utilities for the Minister of Agriculture and Livestock</i>		200,000
	<i>Additional operational expense funding for the Minister for Health</i>		50,000
	<i>PBS/TMS Stabilisation</i>		1,700,000
	<i>Petromin – Catering for NW Moran Development Forum and MOA Reviews</i>		850,000
	<i>Department of Prime Minister and NEC Caretaker Government</i>		86,000
	<i>Support towards Kickboxing</i>		500,000
	<i>Funeral Expenses for the late Mr Ilagi</i>		100,000
	<i>Catering for the 2008 Budget Dinner</i>		158,100
	<i>Department of Police Over expenditure</i>		50,000
	<i>Land Compensation</i>		673,200
	<i>LNG Project Office</i>		500,000
	<i>Oro Province Disaster</i>		7,000,000
			15,855,000

PART 3

APPENDICES

APPENDIX 1: DETAIL ON THE SUPPLEMENTARY BUDGETS FROM 2005-2007

The Status of the Supplementary Budget allocation by MTDS Sector as at 31st December 2007 is hereby detailed. This presentation shows each Project within each Sector and;

- Approp – is the amount that was appropriated.
- Spent as Indicated – is the amount that was spent through the normal budget process.
- Paid Into Trust – represents cheques raised for deposits into trust accounts; and
- Total – is the sum of Spent as Indicated and Paid Into Trust columns.

Health Sector

	Approp	Spent as Indicated	Paid Into Trust	Total
2006 SUPPLEMENTARY BUDGET (AUGUST 2006)				
MTDS Priorities	95.9	8.9	85.0	95.9
Hospital Rehabilitation Plan	70.0	0.0	70.0	70.0
Nurse Housing	15.0	0.0	15.0	15.0
District Health Improvement	8.9	8.9	0.0	8.9
Bird Flu Preparation	2.0	0.0	0.0	2.0
Total	95.9	8.9	85.0	95.9
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)				
Health Sector	110.0	9.7	100.3	110.0
<i>Church health workers</i>	9.7	9.7	0.0	9.7
<i>Other health</i>	100.3	0.0	100.3	100.3
Total	110.0	9.7	100.3	110.0
2007 SECOND SUPPLEMENTARY BUDGET (OCTOBER 2007)				
Additions to Spending	13.0	10.0	0.0	13.0
<i>Doctor's Back-Pay</i>	10.0	10.0	0.0	10.0
<i>Avian Flu - NAQIA Funding⁷</i>	3.0	0.0	0.0	3.0
District Infrastructure Funding	89.0	0.0	89.0	89.0
<i>District Health Improvement Program</i>	89.0	0.0	89.0	89.0
Public Infrastructure Maintenance Funds	80.0	0.0	80.0	80.0
<i>Health</i>	80.0	0.0	80.0	80.0
Total	182.0	10.0	169.0	182.0
Grand Total	387.9	28.6	354.3	387.9

Education Sector

	Approp	Spent as Indicated	Paid Into Trust	Total
2006 SUPPLEMENTARY BUDGET (AUGUST 2006)				
MTDS Priorities	8.9	8.9	0.0	8.9
<i>District Education Improvement</i>	8.9	8.9	0.0	8.9
Meeting Obligations	40.0	14.9	25.1	40.0
<i>PBSS (teachers)</i>	40.0	14.9	25.1	40.0
Non-MTDS Priorities	12.0	10.0	2.0	12.0
<i>Emergency School Maintenance</i>	7.0	7.0	0.0	7.0
<i>Bana High School</i>	3.0	3.0	0.0	3.0
<i>Kubalia High School</i>	2.0	0.0	2.0	2.0
Total	60.9	33.8	27.1	60.9
<i>Continue next page</i>				

⁷ K3.0 million allocated for Avian Flu has lapsed.

	Approp	Spent as Indicated	Paid Into Trust	Total
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)				
PBSS payments (teachers)	20.0	0.0	20.0	20.0
Total	20.0	0.0	20.0	20.0
2007 ADDITIONAL PRIORITY EXPENDITURE (November 2006)				
Education Infrastructure	200.0	0.0	200.0	200.0
<i>Higher education</i>	50.0	0.0	50.0	50.0
<i>Other education</i>	150.0	0.0	150.0	150.0
Total	200.0	0.0	200.0	200.0
2007 SECOND SUPPLEMENTARY BUDGET (OCTOBER 2007)				
Additions to Spending	3.0	3.0	0.0	3.0
Marienberg Community College	3.0	3.0	0.0	3.0
District Infrastructure Funding	89.0	0.0	89.0	89.0
District Education Improvement Program	89.0	0.0	89.0	89.0
Public Infrastructure Maintenance Funds	80.0	0.0	80.0	80.0
<i>Education</i>	80.0	0.0	80.0	80.0
Total	172.0	3.0	169.0	172.0
Grand Total	452.9	36.8	416.1	452.9

Law and Justice Sector

	Approp	Spent as Indicated	Paid Into Trust	Total
2006 SUPPLEMENTARY BUDGET (AUGUST 2006)				
MTDS Priorities	58.5	33.5	25.0	58.5
Police Housing	25.0	0.0	25.0	25.0
Judiciary - Court House Upgrade	9.0	9.0	0.0	9.0
Police Pay	8.0	8.0	0.0	8.0
Southern Highlands Security Situation	8.0	8.0	0.0	8.0
Improved conditions for State lawyers	3.0	3.0	0.0	3.0
Land mediation for resource projects	2.5	2.5	0.0	2.5
Juvenile Detention Facilities	2.0	2.0	0.0	2.0
Border Facilities Upgrade	1.0	1.0	0.0	1.0
Meeting Obligations	20.0	0.0	20.0	20.0
PBSS (police)	20.0	0.0	20.0	20.0
Non-MTDS	2.8	2.8	0.0	2.8
Leadership Tribunals	2.8	2.8	0.0	2.8
Total	81.3	36.3	45.0	81.3
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)				
Law and Justice Sector	25.0	0.0	25.0	25.0
<i>Police Housing</i>	25.0	0.0	25.0	25.0
Total	25.0	0.0	25.0	25.0
2007 ADDITIONAL PRIORITY EXPENDITURE (November 2006)				
Law and Justice infrastructure	50.0	0.0	50.0	50.0
Total	50.0	0.0	50.0	50.0
2007 SECOND SUPPLEMENTARY BUDGET (OCTOBER 2007)				
Additions to Spending	8.00	8.0	0.0	8.00
<i>Outstanding Legal Fees</i>	8.0	8.0	0.0	8.0
District Infrastructure Funding	89.0	0.0	89.0	89.0
<i>District Law and Justice Program</i>	89.0	0.0	89.0	89.0
Public Infrastructure Maintenance Funds	80.0	0.0	80.0	80.0
<i>Law and Justice</i>	80.0	0.0	80.0	80.0
Total	177.0	8.0	169.0	177.0
Grand Total	333.3	44.3	289.0	333.3

Income Earning Opportunities Sector

	Approp	Spent as Indicated	Paid Into Trust	Total
2006 SUPPLEMENTARY BUDGET (AUGUST 2006)				
MTDS Priorities	25.0	10.0	15.0	25.0
Gas Project Business Development	15.0	0.0	15.0	15.0
Cocoa Pod Outbreak	10.0	10.0	0.0	10.0
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)				
Agriculture Projects	35.0	0.0	35.0	35.0
Total	35.0	0.0	35.0	35.0
<i>Continue next page</i>				

	Approp	Spent as Indicated	Paid Into Trust	Total
2007 ADDITIONAL PRIORITY EXPENDITURE (November 2006)				
District markets	20.0	0.0	20.0	20.0
Agriculture Projects	5.0	0.0	5.0	5.0
Total	25.0	0.0	25.0	25.0
2007 SECOND SUPPLEMENTARY BUDGET (OCTOBER 2007)				
Approved Programs	40.0	0.0	40.0	40.0
NADP	40.0	0.0	40.0	40.0
Additions to Spending	15.0	14.0	0.0	15.0
Cocoa Pod Borer	12.0	11.0	0.0	12.0
N Forest Authority - Impact Projects ⁸	3.0	3.0	0.0	3.0
Total	55.0	14.0	40.0	55.0
Grand Total	140.0	24.0	115.0	140.0

Transport Sector

	Approp	Spent as Indicated	Paid Into Trust	Total
2006 SUPPLEMENTARY BUDGET (AUGUST 2006)				
MTDS Priorities	235.5	215.5	20.0	235.5
Highlands Highway	70.0	70.0	0.0	70.0
District Transport Inf. Project	44.5	44.5	0.0	44.5
Airport Rehabilitation	30.0	10.0	20.0	30.0
Gurney Airport	2.0	2.0	0.0	2.0
Road & Bridge Maintenance	22.0	22.0	0.0	22.0
Commodity Roads Improvement	20.0	20.0	0.0	20.0
ADB Navigational Aids	7.4	7.4	0.0	7.4
Gazelle Restoration	9.6	9.6	0.0	9.6
Gobe-Semberigi	10.0	10.0	0.0	10.0
Buka Ring Road	10.0	10.0	0.0	10.0
Napa Napa Road Link	5.0	5.0	0.0	5.0
District Vessels	5.0	5.0	0.0	5.0
Total	235.5	215.5	20.0	235.5
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)				
Transport Sector	76.0	0.0	76.0	76.0
Highlands Highway	35.0	0.0	35.0	35.0
National Roads	21.0	0.0	21.0	21.0
Provincial Roads	20.0	0.0	20.0	20.0
Total	76.0	0.0	76.0	76.0
2007 ADDITIONAL PRIORITY EXPENDITURE (November 2006)				
Transport Sector Infrastructure	44.0	0.0	44.0	44.0
District Roads	20.0	0.0	20.0	20.0
Ports and jetties	14.0	0.0	14.0	14.0
Wewak airport	10.0	0.0	10.0	10.0
Total	44.0	0.0	44.0	44.0
2007 SECOND SUPPLEMENTARY BUDGET (OCTOBER 2007)				
Approved Programs	21.00	21.0	0.0	21.00
CAA	21.0	21.0	0.0	21.0
Major Improvements in Infrastruct	257.0	0.0	257.0	257.0
Lae Roads	25.0	0.0	25.0	25.0
Lae Port	145.0	0.0	145.0	145.0
Wewak Wharf	37.0	0.0	37.0	37.0
Central City	30.0	0.0	30.0	30.0
Wewak Town Roads	10.0	0.0	10.0	10.0
Port Moresby Wharf	10.0	0.0	10.0	10.0
Total	278.0	21.0	257.0	278.0
Grand Total	633.5	236.5	397.0	633.5

⁸ This has lapsed at the end of 2007.

Gas Equity

	Approp	Spent as Indicated	Paid Into Trust	Total
2005 SUPPLEMENTARY BUDGET				
<i>Gas Pipeline Equity</i>	400.0	0.0	400.0	400.0
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)				
<i>Gas Project Equity</i>	100.0	0.0	100.0	100.0
Grand Total	500.0	0.0	500.0	500.0

Debt Repayment

	Approp	Spent as Indicated	Paid Into Trust	Total
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)				
<i>Debt repayment</i>	100.0	100.0	0.0	100.0
2007 SECOND SUPPLEMENTARY BUDGET (OCTOBER 2007)				
<i>Nambawan Superannuation Limited</i>	250.0	250.0	0.0	250.0
<i>Debt repayment</i>	297.0	297.0	0.0	297.0
Grand Total	647.0	647.0	0.0	647.0

Other Non MTDS

	Approp	Spent as Indicated	Paid Into Trust	Total
1ST 2006 SUPPLEMENTARY BUDGET (AUGUST 2006)				
MTDS Priorities	22.0	22.0	0.0	22.0
Economic Projects Power Upgrade	8.0	8.0	0.0	8.0
Provincial Economic Impact	7.0	7.0	0.0	7.0
Rural Electrification	4.0	4.0	0.0	4.0
Economic Projects Water Upgrade	3.0	3.0	0.0	3.0
Meeting Obligations	112.8	112.8	0.0	112.8
Outstanding MOA projects	36.0	36.0	0.0	36.0
Secretary's Advance	20.0	20.0	0.0	20.0
Additional SSGs	19.0	19.0	0.0	19.0
Outstanding DDP	13.9	13.9	0.0	13.9
Outstanding BRF	10.0	10.0	0.0	10.0
Outstanding Court Orders	5.0	5.0	0.0	5.0
O/S SDDG	4.9	4.9	0.0	4.9
O/S DSG	4.0	4.0	0.0	4.0
Non-MTDS	49.1	48.6	0.0	49.1
District Treasury Rollout	22.0	22.0	0.0	22.0
Politicians Allowances	6.0	6.0	0.0	6.0
Manam Resettlement Requiremts	4.0	4.0	0.0	4.0
Members Retirement Benefits	3.7	3.7	0.0	3.7
Col into Finance	3.7	3.7	0.0	3.7
Pacific Balanced Fund investigation	2.5	2.0	0.0	2.5
National Urbanisation Policy	2.5	2.5	0.0	2.5
Intra Govt Info system	1.5	1.5	0.0	1.5
Disabled Rehab Support	1.1	1.1	0.0	1.1
Events Council Overrun	0.7	0.7	0.0	0.7
Moruata House - Lift Modernisation	0.6	0.6	0.0	0.6
Moitaka Wildlife Feasibility Study	0.5	0.5	0.0	0.5
PAC Additional Funding	0.3	0.3	0.0	0.3
Total	183.9	183.4	0.0	183.9
2ND 2006 SUPPLEMENTARY BUDGET (NOVEMBER 2006)				
Water scoping Studies	9.0	9.0	0.0	9.0
Equity into SOEs	130.0	130.0	0.0	130.0
Public service sign on	25.0	0.0	0.0	25.0
Volcano victims	20.0	0.0	20.0	20.0
Total	184.0	139.0	20.0	184.0
1ST 2007 SUPPLEMENTARY BUDGET (November 2006)				
District Finance Rollout	30.0	30.0	0.0	30.0
NBC infrastructure	21.0	0.0	21.0	21.0
Bougainville infrastructure	20.0	20.0	0.0	20.0
Maintenance of Parliament	10.0	0.0	10.0	10.0
Phasing of election #	30.0	0.0	0.0	30.0
Parliament one offs	20.0	20.0	0.0	20.0
Total	131.0	70.0	31.0	131.0

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	Approp	Spent as Indicated	Paid Into Trust	Total
2007 SECOND SUPPLEMENTARY BUDGET (OCTOBER 2007)				
Approved Programs	17.4	17.4	0.0	17.4
Provincial Disaster Fund	7.0	7.0	0.0	7.0
Maritime Boundary Project	5.0	5.0	0.0	5.0
Technical Rapid Response	3.0	3.0	0.0	3.0
Greenhouse Office	1.0	1.0	0.0	1.0
Office of Rural Development	0.8	0.8	0.0	0.8
Community Development	0.6	0.6	0.0	0.6
Additions to Spending	79.6	75.1	0.0	79.6
2007 National Election - cost o/run	15.0	15.0	0.0	15.0
Secretary's Advance	20.0	19.2	0.0	20.0
SSGs	15.0	11.2	0.0	15.0
Defence Force - New Uniforms	8.0	8.0	0.0	8.0
Court Orders	8.5	8.5	0.0	8.5
Murik Lakes Resettlement Project	2.1	2.1	0.0	2.1
Carteret Island Resettlement	2.0	2.0	0.0	2.0
Mirigini and Morata Haus Refurb.	4.0	4.0	0.0	4.0
FMIP Funding Gap	2.0	2.0	0.0	2.0
Land Development Committee	3.0	3.0	0.0	3.0
District Infrastructure Funding	89.0	0.0	89.0	89.0
District Water Supply Program	89.0	0.0	89.0	89.0
Major Improvements in Infrastruc	40.0	0.0	40.0	40.0
Institutional Housing - pilot projects	10.0	0.0	10.0	10.0
Urbanisation - pilot projects	15.0	0.0	15.0	15.0
Housing Development - pilot proj	15.0	0.0	15.0	15.0
Total	226.0	92.4	129.0	226.0
Grand Total	724.9	484.8	180.0	724.9

APPENDIX 2: EXPENDITURE REPORT ON VARIOUS TRUST ACCOUNTS

Province	Supplier	Description	Expenditure *
1	HOSPITAL AND HEALTHCARE CENTRE REHABILITATION TRUST ACCOUNT		
Central	Ella Motors	Kupiano - Purchase of Ambulance	100,134
Central	Ella Motors	Kupiano - Purchase of two banana boats (2 x dinghy, 2 x OBM)	37,829
Central	Boroko Motors	Provincial Health - Purchase - Troop Carrier	87,885
East New Britain	GRA	Butuwin, Tapo and Molot - General Maintenance	400,000
East New Britain	GRA	Keraveta District Health - General Maintenance/ New Facility	500,000
East New Britain	GRA	Lassul Health Centre - Relocation	2,700,000
East New Britain	GRA	Nonga Hospital - General Maintenance of wards	500,000
East New Britain	Meddent	Nonga Hospital - Item 13 - Electrocardiogram	11,256
East New Britain	Premier Biomedical	Nonga Hospital - Item 15 - Film Processor, Bench top	17,690
East New Britain	Meddent	Nonga Hospital - Item 18 - Infant Warmer	56,670
East New Britain	Meddent	Nonga Hospital - Item 21 - Operating Table	68,532
East New Britain	Meddent	Nonga Hospital - Item 22 - Oxygen Set (Pin Index)	1,748
East New Britain	Premier Biomedical	Nonga Hospital - Item 23 - Pulse Oximeter	8,235
East New Britain	GRA	Palmal District Health - General Maintenance	500,000
East New Britain	GRA	Pomio facilities, Matong, Sivauna, Viosopuna & Mungo - General Maintenance	525,000
East New Britain	CEO St Mary's Hospital	Vunapope Hospital - General Maintenance of wards	500,000
East New Britain	Premier Biomedical	Vunapope Hospital - Item 29 - Ultrasound Scanner Medium	72,226
East New Britain	Boroko Motors	Vunapope Hospital - Purchase - Ambulance	153,789
East Sepik	Eltech Engineering Services	Maprik - Replace 150KVA Electric Generator Set	285,629
East Sepik	Ela Motors	Provincial Health - Purchase Vehicle for Outreach Activities	86,270
Eastern Highlands	CEO Goroka Hospital	Goroka Hospital - Hospital Redevelopment including staff housing	9,900
Eastern Highlands	PNG IMR	PNG IMR - Staff Housing Maintenance	100,000
Enga	Boroko Motors	Kandep Health Centre - Purchase - Troop Carrier	90,745
Enga	Immanuel Lutheran Hospital	Mambisanda Hospital - General Maintenance & Upgrading	622,563
Enga	Premier Biomedical	Wabag Hospital - Item 11 - Defibrillator Monitor	37,504
Enga	Premier Biomedical	Wabag Hospital - Item 12 - Dental Chair Complete	73,433
Enga	Premier Biomedical	Wabag Hospital - Item 9 - General Centrifuge	14,511
Gulf	Eltech Engineering Services	Kerema Hospital - Replace 200KVA Electric Generator Set	342,742

Province	Supplier	Description	Expenditure *
Gulf	Ela Motors	Provincial Health - Purchase of Health Boat for Outreach Activities	43,804
Madang	Devine Word University	Divine Word Uni, Madang - Faculty of Health Science Administration Building	500,000
Madang	Premier Biomedical	Gaubin Health Centre - Item 28 - Ultra Sound Scanner, Basic	43,139
Madang	Gaubin Lutheran Hospital	Gaubin Hospital - Hospital Redevelopment	148,820
Madang	Melanesian Foundation	Josephstaal - Material supplied to US Navy which undertook maintenance work on good will visit.	150,000
Madang	Melanesian Foundation	Josephstaal / Miak HC - Material supplied to US Navy which undertook maintenance work on good will visit.	199,500
Madang	Premier Biomedical	Modilon Hospital - Item 29 - Purchase of Ultrasound Scanner, Medium	72,226
Madang	Boroko Motors	Modilon Hospital - Purchase - Troop Carrier	90,745
Manus	CEO Lorengau Hospital	Lorengau Hospital - General Maintenance of Wards	400,000
Manus	Meddent	Lorengau Hospital - Item 35 - Laryngoscope Set, Complete	2,586
Manus	Meddent	Lorengau Hospital - Item 36 - Monitor, Patient	29,051
Manus	CEO Lorengau Hospital	Lorengau Hospital - Maintenance of Staff Housing	50,000
Milne Bay	CEO Alotau Hospital	Alotau Hospital - New staff houses and maintenance of staff houses	500,000
Milne Bay	Milne Bay Prov Administration	Misima, Esa'ala, Salamo, Budoya, Louisia, Wataluma, Kiriwina and Vivigani District centres - General Maintenance	800,000
Milne Bay	Milne Bay Prov Administration	Provincial Health - Purchase of Health Boat for Outreach Activities	80,000
Morobe	South Pacific Bank Waigani	Angau Hospital - (a) Purchase Radiotherapy Simulator with x-ray system and mechanical system @ K1,300,000. (b) Mould room equipment @ K 122,000. © QA tools @ K60,000.	78,705
Morobe	Tropical Projects Ltd	Angau Hospital - Hospital Redevelopment	11,026
Morobe	Department of Works	Angau Hospital - Hospital Redevelopment	29,619
Morobe	Hornibrook NGI Ltd	Angau Hospital - Hospital Redevelopment - Temp Wards	538,393
Morobe	Premier Biomedical	Angau Hospital - Item 14 - Film Processor Automatic Large (quantity = 2 @ K120,000 each)	80,929
Morobe	MDS NORDION	Angau Hospital - Purchase Cobalt Machine (includes installation)	434,525
Morobe		Angau Hospital - Purchase Cobalt Machine (includes installation)	1,100,000
Morobe	Daikin PNG Ltd	Angau Hospital - Replace A & E Air Con System	99,728
Morobe	Daikin PNG Ltd	Angau Hospital - Replace Main theatre Air Con System	99,936
Morobe	Trade Corp International	Augau Hospital - Lease of containers to ship equipment	4,412
Morobe	Boroko Motors	Provincial Health - Purchase - Troop Carrier	90,745
NCD	National St John's Ambulance	Gerehu Hospital - Part Payment of Project	500,000
NCD	Boroko Motors	Laloki Hospital - Purchase - Ambulance	149,609

Province	Supplier	Description	Expenditure *
NCD	CEO Laloki Hospital	Laloki Psychiatric Hospital - General Maintenance of Wards / Renovations & extensions of staff houses	18,290
NCD	CEO Laloki Hospital	Laloki Psychiatric Hospital - General Maintenance of Wards / Renovations & extensions of staff houses	75,239
NCD	Number Wan Haus	Morata Clinic - General Maintenance	34,684
NCD	Terence Karo Architects	Morata, Tokarara, Badili, Gordons, Kilakila & Lawes Road Urban Clinics - General Maintenance	16,500
NCD	Number Wan - (Morata Clinic refurb)	Morata, Tokarara, Badili, Gordons, Kilakila & Lawes Road Urban Clinics - General Maintenance	51,973
NCD	Number Wan Hus M'tce	Morata, Tokarara, Badili, Gordons, Kilakila & Lawes Road Urban Clinics - General Maintenance - 10% Retention payment	9,625
NCD	Premier Biomedical	POM General Hospital - Item 11 - Defibrillator Monitor	37,504
NCD	Premier Biomedical	POM General Hospital - Item 14 - Film Processor Automatic Large (quantity = 2 @ K120,000 each)	80,929
NCD	Meddent	POM General Hospital - Item 21 - Operating Table (quantity = 3 @ K67,344.50 each)	205,596
NCD	Premier Biomedical	POM General Hospital - Item 37 - ENT Operating Microscope	115,380
NCD	CEO Port Moresby General Hospital	POM General Hospital - Open heart surgery contribution / Installation of donated cat-scan machine	300,000
NCD	Kenmore Ltd	POM General Hospital - Replace & improve aircon unit for Accident & Emergency Suite	41,361
NCD	Kenmore Ltd	POM General Hospital - Replace, upgrade & improve aircon unit for Obstetric & Gynaecology Theatre	50,733
NCD	Brian Bell & Company Ltd	POM General Hospital - Replacement of 1 x 75 KG Cycle Waste Incinerator Unit	244,317
NCD	Kenmore Ltd	POM General Hospital - Supply, install & commission 1 x 100% Fresh Air Unitary Package Ducted aircon unit for CSSD	65,935
NCD	Daikin PNG Ltd	POM General Hospital - Supply, install & commission 1 x Package Ducted aircon unit for Main Operating Theatre Suite	48,622
NCD	PNG Air Conditioning	POM General Hospital - Supply, install & commission 100% Fresh Air Package Ducted aircon unit for ICU	26,620
NCD	Kenmore Pty Ltd	POM General Hospital - Supply, install & commission 100% Fresh Air Package Ducted aircon unit for ICU	59,385
NCD	Daikin PNG Ltd	POM General Hospital - Supply, install & commission 100% Fresh Air Package Ducted aircon unit for Main Operating Theatre	101,357
NCD	Kenmore Ltd	POM General Hospital - Supply, Install & commission 100% Fresh Air Unitary Package Ducted aircon unit for ICU	62,430
North Solomons	Meddent	Buka Hospital, ARB - Item 25 - Suction Pump	9,898
Sandaun	Premier Biomedical	Vanimo Hospital - Item 28 - Ultra Sound Scanner, Basic	43,139
Sandaun	Ela Motors	Vanimo Hospital - Purchase of Ambulance	61,544

Province	Supplier	Description	Expenditure *
Simbu	Premier Biomedical	Kundiawa Hospital - Item 15 - Film Processor Bench top	17,690
Southern Highlands	CEO Mendi Hospital	Mendi Hospital - Maintenance of Wards	500,000
West New Britain	Premier Biomedical	Kimbe Hospital - Item 28 - Ultra Sound Scanner, Basic	61,627
West New Britain	CEO Kimbe Hospital	Kimbe Hospital - Staff House Maintenance	150,000
West New Britain	Boroko Motors	Provincial Health - Purchase - Troop Carrier	91,735
Western	Beltek Chemicals	Daru Hospital - Item 16 - Blood Storage Fridge	13,070
Western	Premier Biomedical	Daru Hospital - Item 28 - Ultra Sound Scanner, Basic	43,139
Western	Laurabada Shipping	Daru Hospital - Purchase Health Boat for Outreach Activities (3 x dinghy's, 3 x OBM, 3 x Trailers)	15,128
Western	Ella Motors	Daru Hospital - Purchase Health Boat for Outreach Activities (3 x dinghy's, 3 x OBM, 3 x Trailers)	78,995
Western Highlands	CEO Mt Hagen Hospital	Mt. Hagen Hospital - Complete Hospital redevelopment	5,000,000
NGO's	Anglicare Stopaids PNG	Anglicare - General Maintenance and Purchase of Equipment	200,000
NGO's	Meddent	Anglicare - Item 26 - Digital Thermometer (quantity = 5)	510
NGO's	Meddent	Anglicare - Item 4 - Autoclave Bench top	18,416
NGO's	National Catholic Aids	Catholic HIV Plan - Contributions towards funding of the Catholic HIV/Aids	445,000
NGO's	National Catholic Aids	Catholic HIV Plan - Contributions towards funding of the Catholic HIV/Aids	555,000
NGO's	Pacso	PACSO - Support PACSO NGO HIV Coordination	500,000
NGO's	Boroko Motors	St. John Ambulance - Purchase - Ambulance x 2	299,219
NGO's	Ella Motors	St. John Ambulance - Purchase of Ambulances x 2	100,134
Others	SMEC	CWIT + Contract Admin Costs	94,306
Others	ZD Systems	Number plates for all vehicles purchased i.e. 40 pairs	3,190
Others	Qld Consultancy Project Partners	Pop/ANGAU Master Plan	36,004
Others	Qld Consultancy Project Partners	Pop/ANGAU Master Plan	75,000
TOTAL EXPENDITURE HOSPITAL AND HEALTHCARE CENTRE REHABILITATION TRUST ACCOUNT			24,291,013
2 REHABILITATION OF HOUSING FOR POLICE TRUST ACCOUNT			
West New Britain	FM Building and Maintenance	Maintenance of Police Houses (Mobilisation Fee and Progressive Payments)	2,861,966
TOTAL EXPENDITURE POLICE HOUSING REHABILITATION TRUST ACCOUNT			2,861,966
3 OUTSTANDING PBSS (POLICE) TRUST ACCOUNT			
N/A	Police	Personal Benefit Payments	17,000,000
TOTAL EXPENDITURE OUTSTANDING PBSS (POLICE) TRUST ACCOUNT			17,000,000

	Province	Supplier	Description	Expenditure *
4	TRANSPORT SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT			
	Pomio	Stocks and Partners	Tol and Uvol Wharves	840,000
	Rigo	SMEC PNG Ltd	Kokebagu - Wiga Road Central Province	6,820
	Rigo	Seseska Consultants	Road Rehabilitation - Kokebagu - Wiga Road Central Province	4,388,086
	Kandep	Kaystar Construction	Kandep Road Maintenance	1,260,000
	TOTAL EXPENDITURE TRANSPORT SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT			6,494,906
5	AGRICULTURE SECTOR DEVELOPMENT TRUST ACCOUNT			
	Aitape	Aitape Holdings Limited	Cocoa Project	768,700
	Popondetta	Norsam Limited	Oil Palm	123,620
		Ela Motors		346,000
	Maprik Open	Rural Development Bank		3,300,000
	Kundiawa/Gembogl Open	Rural Development Bank		1,200,000
	Ambunti Drekkir	Rural Development Bank		2,900,000
	Bogia District	K&N Morris Malai Small Engine Repair Services		90,000
	Bogia District	Wadu Construction	Fermentaries	90,000
	Bogia District	Blueline Diesel	Chain Saw	10,166
	Bogia District	Blueline Diesel	3 x Tractor	231,456
	Bogia District	Farmset Limited	Lucas Sawmill	66,919
	Bogia District	Ela Motors	Outboard Motors	92,400
	Bogia District	Ela Motors	Toyota Dyna	96,118
	TOTAL EXPENDITURE AGRICULTURE SECTOR DEVELOPMENT TRUST ACCOUNT			9,315,379
6	NBC INFRASTRUCTURE REHABILITATION TRUST ACCOUNT			
		Freeway Motors Vehicles		3,126,845
		NBC Operating Account	Reimbursement - PNG 2007 General Elections Equipment	909,584
		NBC Operating Account	Survey Mobilisation Costs (NBC)	300,206
	TOTAL EXPENDITURE NBC INFRASTRUCTURE REHABILITATION TRUST ACCOUNT			4,336,635

Province	Supplier	Description	Expenditure *
7		NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED TO DATE	
		RESETTLEMENT OF VOLCANO VICTIMS TRUST ACCOUNT	
		AIRPORT REPAIRS AND UPGRADE TRUST ACCOUNT	
		HIGHER EDUCATION SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT	
8		NO EXPENDITURE TO DATE	
		STRATEGIC DISTRICT MARKET INFRASTRUCTURE TRUST ACCOUNT	
		NATIONAL PARLIAMENT INFRASTRUCTURE REHABILITATION TRUST ACCOUNT	
		KUBALIA HIGH SCHOOL REHABILITATION TRUST ACCOUNT	
		HIGHLANDS HIGHWAY REHABILITATION TRUST ACCOUNT #	
		GOVERNMENT'S GAS COMMERCIALISATION TRUST ACCOUNT	
		EDUCATION SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT	
		REHABILITATION OF HOUSING FOR NURSES TRUST ACCOUNT	
		PNG GAS PROJECT DEVELOPMENT AND COMMITMENTS TRUST ACCOUNT	
		OUTSTANDING PBSS (TEACHERS) TRUST ACCOUNT	
		LAW AND JUSTICE SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT	

* The Expenditure Summaries contained in this report have not been reconciled back the Bank Balances as at 31 December 2007. Variances are the result of interest income, bank fees and timing differences.

Expenditure incurred in Department of Works Operating Account and reimbursed in January 2008 - Project Details not Available.