

No. of 2008

Appropriation (National Development Expenditure 2009) Bill 2008

EXPLANATORY NOTES FOR MEMBERS OF THE NATIONAL PARLIAMENT

APPROPRIATION (NATIONAL DEVELOPMENT EXPENDITURE 2009) BILL 2008 FOR THE YEAR ENDING 31 DECEMBER 2009

The purpose of the Appropriation (National Development Expenditure 2009) Bill 2008 is to provide K2,595,399,200 for national development expenditure for the year ending 31 December 2009, as required under Section 209 (2) (b) (ii) of the Constitution as amended.

The sum of K2,595,399,200 is to implement projects in the following sectors:

<u>SECTORS</u>	<u>KINA</u>
Administration	631.8 million
Economic	223.7 million
Infrastructure	592.8 million
Law and Order *	86.3 million
Social	434.1 million
Provinces**	626.7 million
<u>Total</u>	<u>2,595.4 million</u>

* Note 1: Funding for the Law and Justice Sector Program is appropriated through the Department of National Planning and Monitoring. Therefore, K86.3 million of the funding appropriated under the Administration Sector should be transferred to Law and Order Sector agencies over the course of the year.

** Note 2: Funding for the District Services Improvement Program (K356 million) and the National Agriculture Development Plan (K80 million) will be appropriated through the 2009 Development Budget into Trust Accounts. Previously, this funding has been appropriated through the Recurrent Budget.

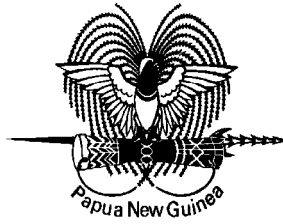
The sources of finance for the development projects are:

<u>FINANCING SOURCE</u>	<u>KINA</u>
Domestic	
Government of PNG	1,385.9 million
Tax Credit	40.0 million
Concessional Loans	195.0 million
Donor Grants	974.5 million
<u>Total</u>	<u>2,595.4 million</u>

An amount of K479 million has been appropriated to Provinces and agencies but will be paid immediately into Trust Accounts as per Schedule 2 of the Act.

Other Government decisions totaling K137 million have been funded in the Budget under various agencies, including:

- K30 million to the Southern Highlands Provincial Government for Memoranda of Agreement payments;
- K30 million to the Gulf Provincial Government for Memoranda of Agreement payments;
- K20 million for the National Development Bank for use in financing a project line of credit facility (part of the National Agriculture Development Plan);
- K20 million for the establishment of Business Growth Centres;
- K10 million to the New Ireland Provincial Government for Memoranda of Agreement payments;
- K10 million for the Kerema-Malalaua Road;
- K7 million for the Tambul-Tomba Road;
- K5 million for the Kokopau-Tinputz Road; and
- K5 million for the Manus Provincial Road.



INDEPENDENT STATE OF PAPUA NEW GUINEA

No. of 2008

Appropriation (National Development Expenditure 2009) Bill 2008

ARRANGEMENT OF CLAUSES

1. National Development Expenditure of K2,595,399,200.
2. Appropriation.
3. Adjustment of appropriation as between services.
4. Impact of changes by donors.
5. Direction to be available to Auditor-General.



INDEPENDENT STATE OF PAPUA NEW GUINEA

A BILL

for

AN ACT

entitled

Appropriation (National Development Expenditure 2009) Act 2008

Being an Act to grant and apply out of the Consolidated Revenue Fund a sum for National Development expenditure for the year ending 31 December 2009 and to appropriate the supplies granted for that year.

MADE by the National Parliament.

1. NATIONAL DEVELOPMENT EXPENDITURE OF K2,595,399,200

Subject to authorisation from the Minister, the Secretary for Treasury may issue out of the Consolidated Revenue Fund and apply for National Development expenditure for the year ending 31 December 2009 the sum of K2,595,399,200.

Where additional grant funding is received from donors in the year ending 31 December 2009, these amounts may be issued out of the Consolidated Revenue Fund and be applied to National Development expenditure in that year with the approval of the Minister. All such amounts must be itemized by project and reported to the Parliament as part of the Final Budget Outcome.

2. APPROPRIATION

Sums granted by the Act out of the Consolidated Revenue Fund for National Development expenditure for the financial year ending 31 December 2009 are appropriated for the approved projects to be implemented by Agencies expressed in the Schedule in relation to the financial year ending 31 December 2009.

3. ADJUSTMENT OF APPROPRIATION AS BETWEEN PROJECTS

Where there is insufficient appropriation to meet Government expenditure:

- (a) the Secretary for Treasury may direct the re-allocation of any unexpended appropriation under development expenditure to other development expenditure;

- (b) in the event that there are agreed savings identified under any other Appropriation Acts of 2009 the Secretary for Treasury may direct the re-allocation of these unexpended amounts to development expenditure;
- (c) the total amount of all re-allocations authorised under this section shall not exceed a sum of K138,900,000; and
- (d) where an amount appropriated under Division 229 is being transferred to the agency responsible for delivering the activity for which the amount is appropriated, this transfer will not count towards the total identified in Section 3(c).

4. IMPACT OF CHANGES BY DONORS

K1,169,500,000 is expected to be funded from grants (K974,500,000) from donors and concessional loans (K195,000,000). In the event that funds are not forthcoming for a project, those funds cannot be issued from the Consolidated Revenue Fund.

Where an amount of funding, provided by a donor agency, is re-allocated to another program by that donor without a request from the PNG Government, this amount will not be considered to count towards the re-allocation limit identified in Section 3(c). However, the donor agency must report this circumstance to the Secretary for Treasury, who must ensure that all such transfers are reported to the Parliament as part of the Final Budget Outcome.

5. DIRECTION TO BE AVAILABLE TO AUDITOR-GENERAL

A copy of each direction under Section 3 shall be made available to the Auditor-General as soon as practicable after the end of each quarter of the financial year ending 31 December 2009.

6. DIRECTION FOR EXPENDITURE APPROPRIATED TO TRUSTS

K479 million of the amount appropriated in this Act is to be immediately transferred from the Divisions where they have been appropriated to Trust Accounts identified for the approved projects expressed in Schedule 2 in order that the sums can be paid into Trust Accounts under Section 16 of the *Public Finances (Management) Act 1995*. Where a Trust Account specified in Schedule 2 does not exist, a new trust account is to be established by the Minister for Finance under Section 15 of the *Public Finances (Management) Act 1995* and the transfer will take place immediately on the establishment of the Trust Account. In the event that the amounts expressed Schedule 2 are not transferred, the appropriation will lapse and the amounts will be returned to the Consolidated Revenue Fund. These funds cannot be utilized or transferred for any other purpose.

The K356 million directed to the District Services Improvement Program Trust Account must be split equally, with an amount of K4 million to be allocated and expended in each of the 89 districts. The funds should be used for the development or purchase of district housing and office buildings.

The K80 million directed to the National Agriculture Development Plan Trust Account must be used solely for the purpose of funding smallholder agriculture projects.

Appropriation (National Development Expenditure 2009)

SCHEDULE 1

Estimates of Expenditure for the Year ending 31 December 2009

Div.	Summary	Kina
201	National Parliament	2,345,600
203	Department of the Prime Minister & NEC	2,462,900
206	Department of Finance	15,176,500
208	Department of Treasury	700,000
217	Department of Foreign Affairs, Trade & Immigration	1,428,400
220	Department of Personnel Management	53,500,000
229	Department of National Planning & Monitoring	551,991,600
230	Electoral Commission	10,947,600
232	Department of Provincial & Local Government Affairs	64,422,500
234	Department of Defence	25,180,000
235	Department of Education	160,571,100
236	Office of Higher Education	1,000,000
240	Department of Health	131,281,700
242	Department of Community Development	25,501,700
245	Department of Environment & Conservation	4,358,500
247	Department of Agriculture & Livestock	8,592,600
252	Department of Lands & Physical Planning	5,870,600
254	Department of Mineral Policy & Geohazard Management	4,055,100
255	Department of Petroleum & Energy	8,800,000
258	Department of Information & Communication	5,000,000
259	Department of Transport	13,725,800
261	Department of Commerce & Industry	10,000,000
264	Department of Works & Implementation	469,122,500
267	Office of Rural Development	28,250,000
506	National Training Council	40,497,100
512	University of Papua New Guinea	1,388,200
513	University of Technology	2,000,000
516	PNG Sports Foundation	8,776,400
517	National Narcotics Bureau	1,700,000
519	National Aids Council Secretariat	52,657,200
520	Institute of Medical Research	7,352,900
521	National Youth Commission	1,500,000
524	Independent Public Business Corporation	36,881,900
525	National Broadcasting Corporation	7,987,600
526	National Maritime Safety Authority	1,000,000
528	National Road Safety Council	1,000,000
530	Investment Promotion Authority	1,800,000
531	Small Business Development Corporation	3,000,000

532	National Institute of Standards & Industrial Testing	2,000,000
533	Industrial Centres Development Corporation	20,000,000
535	Mineral Resource Authority	71,084,300
540	National Water & Sewerage Board	56,800
541	National Housing Commission	8,000,000
542	National Cultural Commission	1,500,000
543	National Development Bank	20,000,000
548	PNG Ports Limited	10,000,000
550	PNG Cocoa Coconut Institute	4,000,000
551	PNG National Fisheries Authority	16,528,100
553	Fresh Produce Development Agency	5,172,600
557	PNG National Forest Authority	7,200,000
558	Tourism Promotion Authority	5,266,300
559	Oil Palm Industry Corporation	6,956,900
562	National Agriculture Research Institute	18,541,000
563	National Agriculture Quarantine & Inspection Authority	500,000
571	Western Provincial Government	25,000,000
572	Gulf Provincial Government	42,750,000
573	Central Provincial Government	30,850,000
574	National Capital District	14,000,000
575	Milne Bay Provincial Government	20,250,000
576	Oro Provincial Government	9,750,000
577	Southern Highlands Provincial Government	73,750,000
578	Enga Provincial Government	38,000,000
579	Western Highlands Provincial Government	35,000,000
580	Simbu Provincial Government	29,250,000
581	Eastern Highlands Provincial Government	47,550,000
582	Morobe Provincial Government	42,551,400
583	Madang Provincial Government	26,750,000
584	East Sepik Provincial Government	38,450,000
585	Sandaun Provincial Government	18,750,000
586	Manus Provincial Government	14,000,000
587	New Ireland Provincial Government	29,630,000
588	East New Britain Provincial Government	36,250,000
589	West New Britain Provincial Government	11,250,000
590	Autonomous Bougainville Government	42,985,800

Grand Total

K2,595,399,200

Appropriation (National Development Expenditure 2009)

SCHEDULE 2

Immediate Transfer of Funds Appropriated in this Act from Divisions identified in the Budget Books to Specified Trust Accounts for the year ending 31 December 2009

SUMMARY	KINA
<i>District Services Improvement Program Trust Account</i>	356,000,000
<i>National Agriculture Development Program Trust Account</i>	80,000,000
<i>National Stadium Trust Account</i>	20,000,000
<i>Transport Sector Infrastructure Trust Account (Central City Subsidiary)</i>	10,000,000
<i>Housing Development Pilot Trust Account</i>	8,000,000
<i>Land Reform Trust Account</i>	5,000,000
Amount to be Transferred from Division 229	K479,000,000