

No. of 2014

Supplementary (Appropriation) Bill 2014

EXPLANATORY NOTES FOR MEMBERS OF THE NATIONAL PARLIAMENT

SUPPLEMENTARY (APPROPRIATION) BILL 2014

FOR THE YEAR ENDING 31 December 2014

The purpose of the *Supplementary (Appropriation) Bill 2014* is to provide a sum of K1,070,000,000 savings for the year ending 31 December 2014, as required under Section 209 (2) (c) of the Constitution as amended. These savings are funded from the *Appropriation (General Public Service Expenditure 2014) Act 2013*, in part through reductions to the Operational Expenditure of K154,000,000 and reductions to the Capital Expenditure of K472,000,000. Further to this Trust Accounts managed through Finance have been rationalized to provide further savings of K444,000,000.

The *Supplementary (Appropriation) Bill 2014* has three parts:

Part I is the additional appropriation required of K250,000,000 to be immediately transferred to the Department of Prime Minister and NEC (Division 203) and later credited to the 2015 South Pacific Games trust account for additional expenditure outlined in the 2014 Supplementary Budget.

K629,300,000 for additional expenditure to be undertaken in 2014 comprising of :

- K60,000,000 to cater for Lae City Roads;
- K75,000,000 to cater for National Capital District Roads;
- K40,000,000 for PNG Power Policy Submission: Supply and Reliability;
- K250,000,000 for replacement of Personnel Emoluments payroll over-run; and
- K204,300,000 for Additional Interest Costs above 2014 Budget estimates.

The remaining K190,700,000 in savings will be used to offset further unexpected expenditure and maintain the Governments fiscal parameters.

Part II reduces the appropriations as offset savings from the following 2014 Budget items by a total of K1,070,000,000:

- K472,000,000 is retained from various capital investment projects from the 2014 capital expenditure;
- K444,000,000 is reduced as a portion of Government agencies balances held in Trust in 2014;
- K154,000,000,000 of uncommitted operational expenditure is recalled as savings from various Government agencies

Part III re-appropriates the following item into Trust to allow expenditure to occur past the end of the 2014 financial year.

- K250,000,000 to the 2015 South Pacific Games Trust Account.

The remaining K629,300,000 will be appropriated to the following agencies to expand 2014 expenditure.

- K40,000,000 to be appropriated to the Department of Treasury administered 'Division 207' to cater for PNG Power Policy Submission: Power Supply and Reliability;
- K250,000,000 to be appropriated to the Department of Treasury administered 'Division 207' to cater for the Replacement of Personnel Emolument appropriations;
- K204,300,000 to be appropriated to the Department of Treasury administered 'Division 207' to cater for additional interest costs above the 2014 budget estimates; and
- K60,000,000 and K75,000,000 are to be appropriated to the Department of Works for the Lae City Roads and National Capital District Roads Projects respectively.



Draft of 17/11/2014

No. of 2014

Supplementary (Appropriation) Bill 2014

ARRANGEMENT OF CLAUSES

PART I – 2014 SUPPLEMENTARY BUDGET.

1. Grant of K1,070,000,000
2. Appropriation.
3. Adjustment of Appropriation between services.
4. Direction for additional Expenditure.

PART II – REDUCTION OF 2014 APPROPRIATION.

5. Reduction in Appropriation – Operational Expenditure.
6. Reduction in Appropriation – Capital Expenditure.
7. Reduction in a portion of agencies funds held in Trust.

**PART III – TRANSFER TO TRUST AND OTHER
GOVERNMENT AGENCIES FROM 2014 ITEMS.**

8. Grant of K879,300,000
9. Appropriation.
10. Direction for reducing funds from Trust.
11. Direction for reducing expenditure from other Government Agencies.

PART VI – RETENTION OF REMAINING 2014 SAVINGS

1. Grant of K190,700,000.
2. Appropriation.

Schedule 1
Schedule 2
Schedule 3
Schedule 4
Schedule 5
Schedule 6
Sechedule 7



A BILL

for

AN ACT

entitled

Supplementary (Appropriation) Bill 2014

Being an Act to grant and appropriate out of the Consolidated Revenue Fund an additional sum for expenditure for the year ending 31 December 2014 and to reduce the appropriations contained in the *Appropriation (General Public Service Expenditure 2014) Act 2013*.

MADE by the National Parliament.

PART I – 2014 SUPPLEMENTARY BUDGET.

1. GRANT OF K1,070,000,000.

Subject to authorization from the Minister for Treasury, the Secretary for Treasury may issue out of the Consolidated Revenue Fund and apply for additional expenditure for the year ending 31 December 2015 the sum of K1,070,000,000.

2. APPROPRIATION.

Sums granted by this Act out of the Consolidated Revenue Fund for additional expenditure for the year ending 31 December 2015 are appropriated for the approved purposes to the Agencies identified in the Schedule 1 of this Act.

3. ADJUSTMENT OF APPROPRIATION BETWEEN SERVICES.

Where there are insufficient funds or no appropriation to meet expenditure for a particular activity, the Secretary for Treasury may direct the re-allocation of any unexpended appropriation under this Act through the Secretary's Advance, provided that doing so does not contravene the directions contained in Section 4.

4. DIRECTION FOR ADDITIONAL EXPENDITURE.

- (a) K250,000,000 of the amount appropriated in Section 1 must be immediately transferred to Trust accounts identified in Schedule 2, for the approved purposes expressed in this section.

- (b) K629,300,000 of the amount appropriated in section 1 must be transferred to Agencies identified in Schedule (3).
- (c) The funds in the Trust Account cannot be utilized or transferred for any other purpose and in the event that the amounts expressed in Schedule 2 are not transferred as directed by this section, the appropriation shall lapse and the amounts will be returned to the Consolidated Revenue Fund.
- (d) The approved purposes for which funds are transferred to the trust funds and other government agencies for specific government expenditure as specified in Schedule 2 and 3 are:
 - i. K250,000,000 to the Department of Prime Minister and National Executive Council (Division 203) to cater for the preparations of the 2015 South Pacific Games;
 - ii. K60,000,000 to the Department of Works (Division 264) for the Lae City Roads,
 - iii. K75,000,000 to the Department of Works (Division 264) for the National Capital District Roads;
 - iv. K40,000,000 to Treasury and Finance Miscellaneous (Division 207) to cater for PNG Power Supply Policy Submission: Power Supply and Reliability;
 - v. K250,000,000 to Treasury and Finance Miscellaneous (Division 207) to cater for the replacement of Personnel Emolument allocation; and
 - vi. K204,300,000 to Treasury and Finance Miscellaneous (Division 207) to cater for additional interest costs.

PART II – REDUCTION OF 2014 APPROPRIATION.

5. REDUCTION OF APPROPRIATION – OPERATIONAL EXPENDITURE.

The *Appropriation (General Public Service Expenditure 2014) Act 2013* is amended to reduce the operational expenditure appropriation by K154,000,000, in accordance with the details set out in Schedule 4, referencing Schedule 1 details as (a) Treasury and Finance (Misc) items.

6. REDUCTION OF APPROPRIATION – CAPITAL EXPENDITURE

The *Appropriation (General Public Service Expenditure 2014) Act 2013* is amended to reduce the capital expenditure appropriation by K472,000,000, in accordance with details set out in Schedule 4, referencing Schedule details as (b) Selected Capital Projects.

7. REDUCTION IN BALANCE OF – TRUST ACCOUNTS.

The balance held in Trust is amended and recalled to adjust the governments overall aggregate expenditure to maintain the government's fiscal parameters. In accordance with details set out in Schedule 4, referencing details as (c) Selected Trust Accounts.

PART III – TRANSFER FROM TRUSTS AND OTHER GOVERNMENT AGENCIES TO 2014 EXPENDITURE ITEMS.

8. GRANT OF K1,070,000,000

Subject to authorization from the Treasurer, the Secretary for Treasury may issue out of the Consolidated Revenue Fund and apply for additional expenditure for the year ending 31 December 2014 the sum of K1,070,000,000.

9. APPROPRIATION.

Sums granted by this Act out of the Consolidated Revenue Fund for the year ending 31 December 2014 are appropriated for the approved purposes to the Agencies in Schedule 5,6 and 7.

10. DIRECTION FOR EXPENDITURE FUNDED FROM TRUST.

The K250,000,000 appropriated in section 8 is to be immediately transferred to the Trust Account identified for the approved project expressed in Schedule 6.

- (a) These funds cannot be utilized or transferred for any other purpose and in the event that the amounts expressed in Schedule 6 are not transferred, the appropriation will lapse and the amounts will be returned to the Consolidated Revenue Fund
- (b) The approved purposes for which funds are transferred to the trust funds as specified in Schedule 6 are:

2015 South Pacific Games Preparation.

11. DIRECTION FOR EXPENDITURE FUNDED FROM OTHER GOVERNMENT AGENCIES

- (a) The K135,000,000 appropriated in section 8 is to be immediately transferred to the Department of Works for approved purpose as expressed in Schedule 7
- (b) The K494,300,000 appropriated in section 7 is to be immediately transferred to its specific holding activity held under the Department of Treasury and Finance (Miscellaneous) Division 207.

SCHEDULE 1.

Estimates of Expenditure in PART I of this Act for the year ending 31 December 2014.

(a) Selected Operational Expenditure

DIVISION	SUMMARY	KINA
Division 207		54,000,000
	Department of Police	15,000,000
	Department of Defence	15,000,000
	Department of Works	17,500,000
	Department of Prime Minister & NEC	10,000,000
	Department of Education	15,000,000
	Department of Health	10,000,000
	Other Various Operational Expenditure	17,500,000
Total 207	Department of Treasury and Finance (Miscellaneous)	154,000,000

(b) Selected Capital Projects

DIVISION	SUMMARY	KINA
	Department of Works	243,000,000
	Hospital Management services	54,000,000
	Office of Higher Education	23,700,000
	Department of Trade & Industry	20,000,000
	Investment Promotion Business Corporation	10,000,000
	Mineral Resource Authority	10,400,000
	National Development Bank	10,000,000
	Provinces	20,000,000
	Other Various Capital Expenditure	80,900,000
Total	Capital Projects	472,000,000

(c) Selected Trust Accounts

DIVISION	SUMMARY	KINA
	Correctional Services Development Project GoPNG	20,000,000
	Health Sector Improvement Program Parent trust	60,000,000
	Department of Justice and Attorney General Pilon	3,000,000
	Works Suspense Outside main Project Acc	90,000,000
	Plant and Transport Board (PTB)	6,000,000
	Provincial Towns Water supply and Sanitation	10,000,000
	Comm. Water Transport Fund – GoPNG	10,000,000
	Education Capacity Prog. Imprest Trust	10,000,000

Work Permit Trust Account	6,000,000
Seized Goods proceeds	5,000,000
National Planning Committee Task Force	20,000,000
Log Export Levy Development Levy Trust	80,000,000
Log Export Development Levy w/h Trust Acc	10,000,000
Transport Sector Program	20,000,000
Law and Justice Serv. Ausaid	5,000,000
PNG Immigration and Citizen Service Trust	5,000,000
Trade Skills Scholarship TA	3,000,000
Central Malalau Highway	9,000,000
Customs Technology Infrastructure Development	10,000,000
Tuition Fee Education Trust Account	30,000,000
Customs Revenue Administration	5,000,000
Value Added Tax	30,000,000
Total Trust Accounts	444,000,000

SCHEDULE 2

Immediate Transfer of Funds Appropriated to a specific Trust for the year ending 31 December 2014

SUMMARY	KINA
<i>2015 South Pacific Games Authority Trust</i>	<i>250,000,000</i>
<i>Total Amount transferred to the Trust</i>	<i>250,000,000</i>

SCHEDULE 3

Immediate Transfer of Funds Appropriated to other Government Agencies for the year ending 31 December 2015

SUMMARY	KINA
<i>Amount transferred to the Department of Works</i>	<i>135,000,000</i>
<i>Amount transferred to Division 207 Treasury and Finance (Miscellaneous)</i>	<i>494,300,000</i>
Total Amount transferred	629,300,000

SCHEDULE 4

A Reduction of *Appropriation (General Public Service Expenditure 2014) Act 2013*. Details of activities funded from Operational Expenditure, Capital Expenditure and funds held in Trust are attached at Schedule 1.

SUMMARY	KINA
<i>Various Operational Expenditure</i>	<i>154,000,000</i>
<i>Various Capital Expenditure</i>	<i>472,000,000</i>
<i>Various Funds held in Trust</i>	<i>444,000,000</i>
Total Reduction in Appropriation	1,070,000,000

SCHEDULE 5

Reduction of *Appropriation (General Public Service Expenditure 2014) Act 2013*. Details of activities funded from the Capital Expenditure are attached at Schedule 1 (b) Selected Capital Projects.

DIVISION	SUMMARY	KINA
	<i>229 National Capital Projects</i>	<i>472,000,000</i>
	Total Reduction in Appropriation	355,400,000

SCHEDULE 6

Immediate Transfer of Funds Appropriated in Part III of this Act to Specified Trust for the year ending 31 December 2014

DIVISION	SUMMARY	KINA
	<i>2015 South Pacific Games Authority Trust</i>	<i>250,000,000</i>
	Amount to be transferred to Trust	250,000,000

SCHEDULE 7

Estimates of Expenditure as set out in PART III for the year ending 31 December 2014

DIVISION	SUMMARY	KINA
207	<i>Department of Treasury and Finance (Miscellaneous)</i>	<i>494,300,000</i>
264	<i>Department of Works</i>	<i>135,000,000</i>
Total Appropriation		629,300,00