



# **FINAL BUDGET OUTCOME**

**2006**

## 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 2006. It aims to provide to Parliament and the public a comparison and explanation of the major variations from the 2006 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.

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

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

The financial information presented in this report is based on the same reporting standards as the 2006 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 fiscal outcome for 2006 compared to the original 2006 Budget estimates and the revised 2006 Budget estimates published with the 2007 Budget is set out in the following table.

**Table 1: Budget Balance 2005–2006 (Kina Millions)**

	2005 Actual	2006 Budget	2006 Revised	2006 Outcome
Total Revenue and Grants	5326.8	4739.3	6161.8	6311.4
Total Expenditure and Net Lending	5319.2	4829.3	6161.8	5881.2
Deficit (-)/Surplus (+)	+7.6	-90.0	0.0	430.2
% of GDP	+0.1%	-0.6%	0.0%	+2.5 %

Source: Department of Treasury.

The budget outcome for 2006 was a cash surplus of K430.2 million or 2.5% of GDP. This compares with a surplus of K7.6 million for the 2005 fiscal year.

The budget outcome for 2006 compares with the original budget estimate of a deficit of K90.0 million and the revised estimate published with the 2007 Budget of a balanced budget. The surplus outcome is largely due to higher than estimated revenue collections continuing throughout 2006. This was largely due to higher than expected mineral and petroleum tax revenues, stemming from higher than expected prices on PNG's commodity exports. The higher revenue collections were largely matched by higher than anticipated expenditure delivered through two supplementary budgets in 2006.

## 1.2 REVENUE

Total Revenue and Grants for 2006 was K6,311.4 million. This was K1,572.1 million higher than the original budget estimate and K149.6 million higher than the revised estimate published in the 2007 Budget.

The increase relative to the original Budget estimate reflects an additional K1,497.3 million in tax revenue and K202.2 million in non-tax revenue, partially offset by infrastructure tax credits being K47.8 million lower than expected.

**Table 2: Tax Revenue 2006 (Kina Millions)**

	2005 Actual	2006 Budget	2006 Revised	2006 Outcome
Tax on Income and Profits	2770.9	2468.3	3644.1	3823.5
Dom. Taxes on Goods and Services	657.3	700.3	760.1	784.3
Taxes on International Trade	315.9	278.9	320.7	337.0
<b>Tax Revenue</b>	<b>3744.0</b>	<b>3447.6</b>	<b>4725.0</b>	<b>4944.8</b>

Source: Department of Treasury.

Tax on income and profits exceeded the original budget estimate by K1,355.2 million (or 55%) and exceeded the revised budget estimate published in the 2007 Budget by K179.3 million (or 5%). While almost all tax heads under this category performed better than anticipated, the main factor underlying the higher outcome was the very large increase in mining and petroleum taxes, which came in K1,126.4 million higher than the original budget estimate, reflecting sharply higher commodity prices than anticipated at the time of the 2006 Budget. The higher prices also resulted in a surge in dividend withholding tax, due to higher profitability in the mining and petroleum sector. The other main contributors were company and personal income taxes.

Domestic taxes on goods and services exceeded the original budget estimate by K84.0 million (or 12%) and exceeded the revised budget estimate published in the 2007 Budget by K24.2 million (or 3%). The main factors contributing to the higher than expected revenue were higher excise collections arising from higher domestic production of refined petroleum products, and higher than expected GST revenue reflecting stronger domestic activity.

Taxes on international trade exceeded the original budget estimate by K58.1 million (or 21%) and exceeded the revised budget estimate by K16.3 million (or 5%). The main factors contributing to the higher than expected revenue were higher export duty collections, due to higher log export volumes and prices, as well as higher import duty collections reflecting increased domestic demand.

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

	2005 Actual	2006 Budget	2006 Revised	2006 Outcome
Property Income	188.2	145.0	290.1	339.3
Non Mining Dividends	50.0	48.5	81.0	68.1
Mining and Pet. Dividends	138.2	96.5	209.1	271.2
Interest and Fees from Lending	0.5	3.8	3.8	0.6
Other Non Tax Revenue	90.7	77.8	77.8	88.9
<b>Total</b>	<b>279.4</b>	<b>226.6</b>	<b>371.1</b>	<b>428.8</b>

Source: Department of Treasury

Non-tax revenue collections exceeded the original budget estimate by K202.2 million (or 89%) and exceeded the revised estimate published in the 2007 Budget by K57.1 million (or 15%).

Mining and Petroleum Dividends were K271.2 million, K174.7 million higher than anticipated in the original budget estimate and K62.1 million higher than the revised estimate. This reflects the receipts from the National Government's 15 per cent interest in the Ok Tedi mine, which was significantly more profitable than anticipated.

Non-mining dividend receipts were K68.1 million in 2006, K19.6 million higher than the original Budget estimate, but K13.0 million lower than the revised estimate. These receipts comprised of K25 million from IPBC, K10.0 million from National Fisheries Authority and K32.7 million from the Bank of PNG, of which K17.6 million was a dividend declared in 2005, but paid in 2006. K0.4 million came from other sources.

### 1.3 EXPENDITURE AND NET LENDING

Total expenditure and net lending in 2006 was K5,881.2 million. This was K1,051.9 million higher than the original budget estimate and K280.6 million lower than the revised estimate published in the 2007 Budget.

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

	2005 Actual	2006 Budget	2006 Revised	2006 Outcome
Recurrent Expenditure	3447.7	3142.1	3824.6	3696.6
Development Expenditure	1871.5	1687.2	1687.2	1559.5
Additional Priority Expenditure			650.0	625.0
<b>Total Expenditure &amp; Net Lending</b>	<b>5319.2</b>	<b>4829.3</b>	<b>6161.8</b>	<b>5881.2</b>

Source: Department of Treasury.

The additional K554.4 million in recurrent expenditure over the original budget estimate mainly reflects the Government's K682.5 million Supplementary Budget in August 2006. Apart from this, there were some significant areas of lower than anticipated expenses, particularly in interest payments and national department expenditure, which more than offset higher than anticipated expenditure by provincial governments.

Total expenditure on personal emoluments was K1,360.5 million, K10.2 million more than the original Budget, and K14.8 million less than the revised estimate. This was due to lower than expected expenditure in national departments, as well as slightly lower than expected expenditure on provincial staffing grants. This was offset by higher than expected expenditure on teachers' salaries.

Total expenditure on goods and services by the national government was K967.9 million, K16 million above the original budget estimate, and K23.8 million below the revised budget estimate. This was due to lower than expected expenditure on general goods and services, which was partly offset by higher than expected expenditure on arrears and court orders – which were largely financed through savings identified and then reallocated in the close of accounts process.

The total expenditure by Provincial Governments, excluding salaries and wages, was K102.6 million, K7.8 million higher than both the original and revised Budget estimates, due largely to an overspend in administration grants.

Total expenditure by the Autonomous Bougainville Government was K46.5 million, K5.7 million above the original and revised budget estimate of K40.8 million, reflecting higher than expected drawdown in recurrent grants.

Transfers to Statutory Institutions were K234.3 million in 2006 compared with the original and revised estimates of K211.2 million, with the difference primarily reflecting transfers of funding from Division 207 to particular statutory authorities for activities over which they have oversight.

Total interest expense was K307.0 million in 2006, K190 million below the original budget estimate of K497 million, and K125.2 million below the revised estimate. This was due to lower than budgeted interest expense for domestic debt of K197.5 million, offset slightly by higher than budgeted payments on external debt of K7.5 million.

The lower than anticipated interest expenditure was due to two key factors: lower debt volumes and lower yields. The increase in government revenue above expectations translated into lower issuance of Treasury Bills, which meant that actual interest expense was lower than anticipated at budget.

The lower than budgeted interest rates and yields were largely due to excess liquidity in PNG's financial markets. The lower yields on Treasury Bills and inscribed stock caused interest expense to fall below the revised budget estimate.

Additionally, yields on Inscribed Stock were below coupon rates, producing a K50 million premium which under the GFS cash accounting system was recognised in the year of issuance and reduced interest expense. Under an accrual accounting system the premium would be spread over the life of the Inscribed Stock (for example under accrual accounting a K50 million premium on 10 year stock would reduce interest expense by K5 million a year for 10 years, instead of making a single reduction of K50 million in the first year).

Net lending to CSAs was K4.2 million in 2006, compared to the original and revised budget estimate of K4.0 million.

The stronger than expected mineral and petroleum tax receipts in the course of 2006 were the basis of two extraordinary appropriations – the Supplementary Budget in August 2006 and the Additional Priority Expenditure in November 2006. Expenditure under the Supplementary Budget appropriation was K682.0 million in 2006, K0.5 million lower than the appropriation of K682.5 million.

The Additional Priority Expenditure appropriation of K650.0 million was fully utilised, in the sense that amounts were disbursed to the appropriate expenditure heads for which they were ear-marked. The exception to this was the K25 million appropriated for the public service sign on bonus, which, in the absence of a pay agreement, lapsed at the end of the year to be subsumed in the close of accounts process.

To date, K248.7 million of the Additional Priority Expenditure has been released, with K100 million going towards repayment of expensive debt, K130 million used as an equity injection into State-owned enterprises, K9.7 million paid to church health workers and K9 million used for water supply scoping studies. The remaining funds are yet to be used for actual expenditure, and are in trust accounts, awaiting approval of appropriate implementation plans in order to ensure the spending is as effective as possible.

Development expenditure in 2006 was K1,559.5 million, K127.7 million below the Budget estimate of 1687.2. This reflects an estimated K79.4 million shortfall in estimated project grants, a K47.8 million shortfall in the reported utilisation of infrastructure tax credits, as well as a K12.6 million shortfall in draw downs of concessional loans, which were offset by K12.1 million higher than expected domestically funded expenditure.

**Table 5: Development Expenditure 2006 (Kina Millions)**

	2005 Actual	2006 Budget	2006 Revised	2006 Outcome
Domestic Funding	431.8	459.1	459.1	471.2
Donor Project Grants	1283.1	994.0	994.0	914.6
Infrastructure Tax Credit	20.3	71.1	71.1	23.3
Loans	134.3	163.0	163.0	150.4
<i>Concessional</i>	134.3	163.0	163.0	150.4
<i>Commercial</i>	2.0	0.0	0.0	0.0
<b>Total Development Expenditure</b>	<b>1,871.5</b>	<b>1,687.2</b>	<b>1,687.2</b>	<b>1559.5</b>

Source: Department of Treasury

## 1.4 FINANCING

A budget surplus of K430.2 million was achieved in 2006, compared with the original budget deficit estimate of K90.0 million, and the projection of a balanced budget announced with the 2007 Budget.

Net external financing for 2006 saw an outflow of K220.1 million compared with the original budget estimate of a K123.9 million outflow and the revised estimate of a K223.6 million outflow, reflecting increased external loan amortisation.

Net domestic financing saw an outflow of K310.2 million compared with the projected inflow of K213.9 million estimated in the 2006 Budget, and a revised estimate of a K123.6 inflow. This large turnaround reflects the significantly higher than expected Budget surplus in 2006, which resulted in a substantially lower than expected total financing requirement.

The net financing requirement in 2006 was minus 530.2 million, compared to the original Budget estimate of K90 million, and the revised estimate of minus K100 million (corresponding to the K100 million of Additional Priority Expenditure used for repayment of expensive debt). The difference was due to the unexpected Budget surplus of K430.2 million.

## 1.5 PUBLIC DEBT

Total public debt level was K6,798.9 million at the end of 2006, K884.6 million below the original Budget estimate, and K542.1 million below the revised estimate. This reflects a much larger than expected retirement of domestic debt, and slightly lower repayments of external debt, as well as some favorable exchange rate variations. As a result of the fall in debt levels, as well as strong nominal GDP growth due to high commodity prices, public debt has fallen below 40 per cent of GDP, for the first time since 1982.

The total amount of domestic debt was K554.1 million lower than the original budget estimate, and K483.6 million lower than the revised estimate. The explanation for the much lower domestic debt level than anticipated is the higher revenue inflows especially from the mining sector which translated into the amortization of Treasury bills.

**Table 6: Public Debt 2006 (Kina Millions)**

	<b>2005 Actual</b>	<b>2006 Budget</b>	<b>2006 Revised</b>	<b>2006 Outcome</b>
<b>Domestic</b>	<b>3513.3</b>	<b>3740.9</b>	<b>3670.4</b>	<b>3186.8</b>
Treasury Bills	1902.7	1846.2	1767.5	1267.4
Inscribed Stock	1571.2	1875.2	1879.2	1900.3
Other Domestic Debt	39.4	19.5	23.7	19.1
<i>Domestic Debt (as a % of GDP)</i>	<i>22.9%</i>	<i>23.5%</i>	<i>21.3%</i>	<i>18.5%</i>
<b>External</b>	<b>3936.6</b>	<b>3942.6</b>	<b>3670.6</b>	<b>3612.1</b>
International Agencies	3805.6	3800.2	3547.1	3497.7
Commercial Loans	131.0	142.4	123.5	114.4
Other Loans	0.0	0.0	0.0	0.0
<i>External Debt as a (% of GDP)</i>	<i>25.7%</i>	<i>24.8%</i>	<i>21.3%</i>	<i>20.9%</i>
<b>Total Public Debt Outstanding</b>	<b>7449.9</b>	<b>7683.5</b>	<b>7341.0</b>	<b>6798.9</b>
<i>As % of GDP</i>	<i>48.6%</i>	<i>48.4%</i>	<i>42.5%</i>	<i>39.4%</i>

Source: Department of Treasury

Compared to the 2005 domestic debt level, domestic debt declined by K326.5 million, driven especially by retirement of Treasury Bills totaling K635.3 million, which more than offsets the new issuances of Inscribed Stocks totaling K329.1 million.

The total amount of external debt was K330.5 million lower than the level estimated at the original Budget, and K58.5 million lower than the level estimated in the revised estimate. This reflects the K100 million repayment of the ADB loan, as provided for in the 2006 Additional Priority Expenditure, as well as some favorable exchange rate variations.

Compared with the 2005 external debt level, external debt declined by K324.5 million, which is comprised mostly of the retirement of external debt held by international agencies.

Total public debt declined by K651.0 million from the debt level of K7,449.9 million (or 48.6 per cent of GDP) in 2005 to K6,798.9 million (or 39.4 per cent of GDP) in 2006.



## **FISCAL OUTTURN TABLES**

Treasury publishes fiscal outturn reports on a monthly basis. The last report was issued for November 2006. The following tables provide the full year outturn for 2006 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 2007 Budget.

## FISCAL OUTTURN 2006

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

	2005 Actuals	2006 Budget	2006 Revised	2006 Outcome	Variance
<b>A. TAX REVENUE</b>	<b>3,744.0</b>	<b>3,447.5</b>	<b>4,725.0</b>	<b>4,944.8</b>	219.8
<b>A1. TAX ON INCOME AND PROFITS</b>	<b>2,770.8</b>	<b>2,468.3</b>	<b>3,644.2</b>	<b>3,823.5</b>	179.3
Personal Income Tax	841.0	846.9	878.6	907.0	28.4
Company Tax	516.5	457.7	477.7	550.6	72.9
Dividend Withholding Tax	154.7	145.2	176.3	200.9	24.6
Interest Withholding Tax	17.9	25.9	18.2	22.1	3.9
Mining and Petroleum Taxes	1076.8	820.1	1,900.6	1946.5	45.9
Gaming Tax	91.9	98.2	101.0	104.0	3.0
Other: Direct	72.1	74.3	91.8	92.4	0.6
<b>A2. DOM. TAXES ON GOODS AND SERVICES</b>	<b>657.3</b>	<b>700.3</b>	<b>760.1</b>	<b>784.3</b>	24.2
Excise	255.9	269.4	304.2	324.1	19.9
GST	326.2	359.6	390.2	401.1	10.9
Mining Levy	73.1	70.3	62.8	56.1	-6.7
Other: Indirect	2.1	1.0	2.9	3.0	0.1
<b>A3. TAXES ON INTERNATIONAL TRADE</b>	<b>315.9</b>	<b>278.9</b>	<b>320.7</b>	<b>337.0</b>	16.3
Import Duty	101.1	67.2	89.5	90.4	0.9
Export Duty	136.3	122.4	150.0	162.6	12.6
Excise duties on Imports	78.5	89.3	81.2	84.0	2.8
<b>B. NON-TAX REVENUE</b>	<b>279.4</b>	<b>226.6</b>	<b>371.7</b>	<b>428.8</b>	57.1
<b>B1. PROPERTY INCOME</b>	<b>188.2</b>	<b>145.0</b>	<b>290.1</b>	<b>339.3</b>	49.2
Dividends	50.0	48.5	81.0	68.1	-13.0
Mining and Petroleum Dividends	138.2	96.5	209.1	271.2	62.1
<b>B2. INTEREST AND FEES FROM LENDING</b>	<b>0.5</b>	<b>3.8</b>	<b>3.8</b>	<b>0.6</b>	-3.2
<b>B3. OTHER NON TAX REVENUE</b>	<b>90.7</b>	<b>77.8</b>	<b>77.8</b>	<b>88.9</b>	11.1
<b>B4. ASSETS SALES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	0.0
<b>C. TOTAL REVENUE</b>	<b>4,023.4</b>	<b>3,674.1</b>	<b>5,096.7</b>	<b>5,373.5</b>	276.9
% of GDP	26.2%	23.1%	29.5%	31.1%	1.6%
<b>D. INFRASTRUCTURE TAX CREDIT</b>	<b>20.3</b>	<b>71.1</b>	<b>71.1</b>	<b>23.3</b>	-47.8
<b>E. GRANTS</b>	<b>1283.1</b>	<b>994.0</b>	<b>994.0</b>	<b>914.6</b>	-79.4
Budgetary Support	0.0	0.0	0.0	0.0	0.0
Project Grants	1283.1	994.0	994.0	914.6	-79.4
<b>F. TOTAL REVENUE AND GRANTS</b>	<b>5,326.8</b>	<b>4,739.3</b>	<b>6,161.8</b>	<b>6,311.4</b>	149.6
As % of GDP	34.7%	29.8%	35.7%	36.5%	0.9%
<b>G. PRINCIPAL RECEIPTS FROM LENDING</b>	<b>2.7</b>	<b>4.0</b>	<b>4.0</b>	<b>4.2</b>	0.2
<b>H. GROSS BORROWING</b>	<b>1521.7</b>	<b>1383.1</b>	<b>1292.8</b>	<b>1183.3</b>	-109.5
<b>I. ASSET SALES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	0.0
<b>J. TOTAL RECEIPTS</b>	<b>6,851.2</b>	<b>6,126.4</b>	<b>7,458.6</b>	<b>7,498.9</b>	40.3
As % of GDP	44.7%	38.6%	43.2%	43.4%	0.2%

Source: Treasury

TABLE 2: CENTRAL GOVERNMENT EXPENDITURE (K million)

	2005 Actuals	2006 Budget	2006 Revised	2006 Outcome	Variance
<b>1 RECURRENT BUDGET</b>					
<b>A. NATIONAL DEPARTMENTS</b>	<b>2,233.1</b>	<b>1,692.1</b>	<b>2,428.6</b>	<b>2,347.8</b>	-80.8
Personal Emoluments	690.5	740.2	754.4	698.0	-56.4
Total Goods & Services	1142.6	951.9	991.7	967.9	-23.8
General Goods & Services	904.0	783.2	823.0	786.6	-36.4
Education Subsidies	40.9	43.0	43.0	42.4	-0.6
Arrears Payments	36.2	5.0	5.0	33.9	28.9
SAP Payments	104.5	68.7	68.7	30.3	-38.4
Court Orders	57.0	52.0	52.0	74.7	22.7
Gas Project Acquisition	400.0				
Supplementary Budget			682.5	682.0	-0.5
<b>B. PROVINCIAL GOVERNMENTS</b>	<b>632.5</b>	<b>704.9</b>	<b>715.8</b>	<b>765.2</b>	49.4
<b>Personal Emoluments</b>	<b>543.4</b>	<b>610.1</b>	<b>620.9</b>	<b>662.5</b>	41.6
Staffing Grants	162.5	193.4	202.4	191.3	-11.1
Teachers Salaries	380.9	416.7	418.5	471.2	52.7
<b>Goods &amp; Other Services</b>	<b>54.6</b>	<b>57.9</b>	<b>57.9</b>	<b>65.1</b>	7.2
Administration Grants	11.8	11.8	11.8	21.3	9.5
Health Function Grant	11.8	12.5	12.5	11.5	-1.0
Education Subsidies	19.8	21.2	21.2	20.6	-0.6
Derivation Grants	11.2	12.4	12.4	11.7	-0.7
<b>Conditional Grants</b>	<b>34.5</b>	<b>36.9</b>	<b>37.0</b>	<b>37.5</b>	0.5
Trans/Infra/Maint. Grants	12.7	13.0	13.0	14.4	1.4
Local & Village Services Grants	15.4	16.9	16.9	16.5	-0.4
Town & Urban Services Grants	6.4	7.1	7.1	6.6	-0.5
Village Courts					
<b>Autonomous Bougainville Govt</b>	<b>45.3</b>	<b>40.8</b>	<b>40.8</b>	<b>46.5</b>	5.7
Police Grant	5.0	2.0	2.0	2.0	0.0
Recurrent Grant	40.3	38.8	38.8	44.5	5.7
<b>C. TRANSFERS &amp; LOANS TO C.S.A</b>	<b>206.7</b>	<b>211.2</b>	<b>211.2</b>	<b>234.3</b>	23.1
<b>D. INTEREST PAYMENT &amp; FEES</b>	<b>332.8</b>	<b>497.0</b>	<b>432.2</b>	<b>307.0</b>	-125.2
Domestic	216.1	384.6	319.8	187.1	-132.7
External	116.7	112.4	112.4	119.9	7.5
<b>E. NET LENDING TO C.S.A</b>	<b>-2.7</b>	<b>-4.0</b>	<b>-4.0</b>	<b>-4.2</b>	-0.2
Gross Lending	0.0	0.0	0.0	0.0	0.0
Less : Loan Repayments	2.7	4.0	4.0	4.2	0.2
<b>F. RECURRENT EXPENDITURE &amp; NET LENDING</b>	<b>3,447.7</b>	<b>3,142.1</b>	<b>3,824.6</b>	<b>3,696.6</b>	-128.0
As % of GDP	22.5%	19.8%	22.1%	21.4%	-0.7%

**TABLE 2: CENTRAL GOVERNMENT EXPENDITURE (K million)**

	2005 Actuals	2006 Budget	2006 Revised	2006 Outcome	Variance
<b>2 DEVELOPMENT BUDGET</b>					
Domestic Funds	431.8	459.1	459.1	471.2	12.1
Project Grants	1283.1	994.0	994.0	914.6	-79.4
Infrastructure Tax Credits	20.3	71.1	71.1	23.3	-47.8
Concessional loans	134.3	163.0	163.0	150.4	-12.6
Commercial loans	2.0	0.0	0.0	0.0	0.0
<b>G. TOTAL DEVELOPMENT BUDGET (PIP)</b>	<b>1,871.5</b>	<b>1,687.2</b>	<b>1,687.2</b>	<b>1,559.5</b>	<b>-127.7</b>
As % of GDP	12.2%	10.6%	9.8%	9.0%	-0.7%
<b>ADDITIONAL PRIORITY EXPENDITURE</b>			650.0	625.0	-25.0
<b>H. TOTAL EXPENDITURE &amp; NET LENDING</b>	<b>5,319.2</b>	<b>4,829.3</b>	<b>6,161.8</b>	<b>5,881.2</b>	<b>-280.6</b>
As % of GDP	34.7%	30.4%	35.7%	34.1%	-1.6%
<b>I. AMORTISATION</b>	<b>1529.3</b>	<b>1293.1</b>	<b>1392.8</b>	<b>1625.5</b>	<b>232.7</b>
Domestic	1229.8	1006.2	1006.2	1255.0	248.8
External	299.5	286.9	386.6	370.5	-16.1
<b>J. LOAN REPAYMENTS</b>	<b>2.7</b>	<b>4.0</b>	<b>4.0</b>	<b>4.2</b>	<b>0.2</b>
<b>K. TOTAL PAYMENTS</b>	<b>6,851.2</b>	<b>6,126.4</b>	<b>7,558.6</b>	<b>7,510.9</b>	<b>-47.7</b>
As % of GDP	44.7%	38.6%	43.8%	43.5%	-0.3%

Source: Treasury

TABLE 3: CENTRAL GOVERNMENT FINANCING (K million)

	2005 Actuals	2006 Budget	2006 Revised	2006 Outcome	Variance
<b>A. TOTAL REVENUE AND GRANTS</b>	<b>5,326.8</b>	<b>4,739.3</b>	<b>6,161.8</b>	<b>6,311.4</b>	149.6
<b>B. TOTAL EXPENDITURE AND NET LENDING</b>	<b>5,319.2</b>	<b>4,829.3</b>	<b>6,161.8</b>	<b>5,881.2</b>	-280.6
<b>C. DEFICIT (-) / SURPLUS (+)</b>	<b>7.6</b>	<b>-90.0</b>	<b>0.0</b>	<b>430.2</b>	430.3
% of GDP	0.05%	-0.6%	0.0%	2.5%	2.5%
<b>D. EXTERNAL FINANCING</b>	<b>-163.2</b>	<b>-123.9</b>	<b>-223.6</b>	<b>-220.1</b>	3.5
<b>D1. CONCESSIONAL FINANCING</b>	<b>-83.5</b>	<b>-39.6</b>	<b>-139.3</b>	<b>52.8</b>	192.1
New Borrowing	134.3	163.0	163.0	150.4	-12.6
Less Amortisation	-217.8	-202.6	-302.3	-97.6	204.7
<b>D2. COMMERCIAL FINANCING</b>	<b>-18.4</b>	<b>-17.8</b>	<b>-17.8</b>	<b>-16.6</b>	1.2
New Borrowing	2.0	0.0	0.0	0.0	0.0
Less Amortisation	-20.4	-17.8	-17.8	-16.6	1.2
<b>D3. EXCEPTIONAL FINANCING</b>	<b>-61.3</b>	<b>-66.5</b>	<b>-66.5</b>	<b>-256.3</b>	-189.8
New Borrowing	0.0	0.0	0.0	0.0	0.0
Less Amortisation	-61.3	-66.5	-66.5	-256.3	-189.8
<b>E. DOMESTIC FINANCING</b>	<b>155.6</b>	<b>213.9</b>	<b>123.6</b>	<b>-310.2</b>	-433.8
<b>E1. DOMESTIC MARKET BORROWING (NET)</b>	<b>268.6</b>	<b>213.9</b>	<b>123.6</b>	<b>-326.5</b>	-450.1
New Domestic Borrowing	1498.4	1220.1	1129.8	928.4	-201.4
Less Amortisation	-1229.8	-1006.2	-1006.2	-1255.0	-248.8
<b>E2. OTHER DOMESTIC FINANCING</b>	<b>-113.0</b>	<b>0.0</b>	<b>0.0</b>	<b>16.4</b>	16.3
<b>E3. ASSETS SALES FINANCING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	0.0
<b>F. NET FINANCING</b>	<b>-7.6</b>	<b>90.0</b>	<b>-100.0</b>	<b>-530.2</b>	-430.3
<b>G. GROSS BORROWING</b>	<b>1521.7</b>	<b>1383.1</b>	<b>1292.8</b>	<b>1095.3</b>	-197.6
Concessional	134.3	163.0	163.0	150.4	-12.6
Commercial	2.0	0.0	0.0	0.0	0.0
Exceptional	0.0	0.0	0.0	0.0	0.0
Domestic	1385.4	1220.1	1129.8	944.8	-185.0
Financing Gap	0.0	0.0	0.0	0.0	0.0

Source: Treasury

## **PART 2**

# **FINAL BUDGET OUTCOME BY AGENCY**

### **REALLOCATIONS OF APPROPRIATED FUNDS**

The annual appropriation Act for recurrent expenditure provides in Sections 3 and 4 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 services 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 2006.

In 2006, some K1,248.6 million was reallocated through these mechanisms. K973 million related to transfers between items within the total appropriation for an agency. However K221.8 million related to transfers between agencies. A further K53.8 million was allocated through the Secretary's advance.

Much of the reallocation occurred after the annual close of accounts when savings were known. In 2006, savings of K99.6 million were identified in the close of accounts process, with notable sources of these savings including: fewer than expected retrenchments in 2006 (K33.5 million); lapsing of the one-off sign-on bonus provided in the event of a public sector pay agreement in 2006; and lower than expected purchases of medicines by the Department of Health (K13.1 million). These savings were reallocated to a number of areas, including Department of Finance for arrears and court orders (K24 million and K11.4 million respectively), unpaid utility bills across many agencies (K13 million), outstanding SSGs for the Southern Highlands (K10 million) and to the Department of National Planning and Monitoring for outstanding MoA commitments (K10 million).

**NATIONAL DEPARTMENTS RECURRENT EXPENDITURE OUTCOME 2006**

Division	Agency	2005 Actual	2006 Budget	2006 Revised	2006 Outcome	Variance
201	National Parliament	61,037,100	59,499,200	75,799,000	77,299,200	1,500,200
202	Office of the Governor-General	2,365,125	2,100,900	3,779,000	3,835,449	56,449
203	Department of the Prime Minister & NEC	59,449,290	49,677,600	61,509,000	62,314,939	805,939
204	National Statistical Office	3,183,526	3,428,300	3,428,300	3,242,785	-185,515
205	Bougainville Peace and Restoration Office	2,152,885	1,974,700	2,053,000	2,100,567	47,567
206	Department of Finance	10,715,407	15,481,400	16,447,000	17,434,765	987,765
207	Department of Finance & Treasury – Miscellaneous	964,481,882	1,743,502,000	620,682,000	1,094,279,047	473,597,047
208	Department of Treasury	8,035,074	8,777,300	9,458,000	8,352,747	-1,105,253
209	Office of the Registrar for Political Parties	3,436,382	4,006,900	4,007,000	3,596,022	-410,978
212	Information Technology Division	5,251,335	11,823,200	12,228,000	9,987,023	-2,240,977
213	PNG Fire Services	8,714,830	10,674,300	10,795,000	11,534,502	739,502
216	Internal Revenue Commission	37,694,408	38,316,800	38,507,000	37,779,738	-727,262
217	Department of Foreign Affairs & Immigration	47,600,404	46,091,300	47,973,000	44,488,965	-3,484,035
219	PNG Institute of Public Administration	4,583,261	4,413,500	4,414,000	3,963,591	-450,409
220	Department of Personal Management	50,291,735	7,716,200	14,917,000	14,884,643	-32,357
221	Public Service Commission	1,663,427	2,176,200	2,340,000	2,448,974	108,974
223	Judiciary Services	31,601,587	35,000,000	36,912,000	36,912,000	0
224	Magisterial Services	18,144,300	19,533,000	20,082,000	20,082,000	0
225	Department of Attorney General	34,162,026	20,825,700	30,495,000	28,285,446	-2,209,554
226	Department of Correctional Services	55,214,055	50,995,500	51,096,000	51,565,696	469,696
227	Provincial Treasuries	26,094,822	23,602,700	23,602,700	24,450,743	848,043
228	Department of Police	137,124,126	150,753,700	166,654,000	161,721,047	-4,932,953
229	Department of National Planning & Rural Development	7,441,092	9,500,000	11,350,000	12,717,627	1,367,627
230	Electoral Commission	27,854,794	35,033,200	32,233,000	39,634,695	7,401,695
231	National Intelligence Organisation	2,137,352	2,014,800	2,014,800	2,059,875	45,075
232	Department of Provincial & Local Government Affairs	11,527,771	8,849,300	9,149,000	8,564,310	-584,690
234	Department of Defence	94,201,439	89,489,300	89,489,400	93,698,885	4,209,485
235	Department of Education	114,344,641	124,115,200	124,415,000	127,019,104	2,604,104
236	Office of Higher Education	33,110,124	32,421,100	33,906,000	33,810,200	-95,800
240	Department of Health	120,710,595	125,000,000	122,799,000	112,194,602	-10,604,398
241	Hospital Management Services	140,978,950	161,131,800	172,198,000	185,660,189	13,462,189
242	Department of Community Development	6,310,491	6,877,500	8,003,000	7,593,291	-409,709
245	Department of Environment & Conservation	5,084,784	5,674,400	5,674,400	5,808,699	134,299
247	Department of Agriculture & Livestock	11,789,943	11,660,600	12,020,000	12,931,731	911,731
252	Department of Lands & Physical Planning	11,337,906	12,181,800	14,374,000	12,762,029	-1,611,971
254	Department of Mining	5,817,874	6,425,000	6,425,000	5,875,779	-549,221
255	Department of Petroleum & Energy	8,603,050	10,368,000	10,368,000	10,033,906	-334,094
258	Department of State Enterprises & Information	1,734,461	1,870,200	3,563,000	3,516,717	-46,283
259	Department of Transport	16,199,352	16,186,900	16,537,000	15,755,640	-781,360
261	Department of Trade & Industry	8,500,029	7,303,900	7,569,000	7,799,880	230,880
262	Department of Industrial Relations	7,713,934	5,962,500	6,213,000	5,914,839	-298,161
263	National Tripartite Consultative Council	410,106	409,200	409,000	453,931	44,931
264	Department of Works & Implementation	41,886,946	40,804,000	40,804,000	43,306,722	2,502,722
267	Office of Rural Development		0	2,300,000	1,274,960	-1,025,040
268	Central Supply & Tenders Board	810,993	960,200	960,200	827,196	-133,004

Source: Department of Treasury

**STATUTORY AUTHORITIES RECURRENT EXPENDITURE OUTCOME 2006**

Division	Agency	2005 Actual	2006 Budget	2006 Revised	2006 Outcome	Variance
502	Auditor General's Office	8,570,300	8,932,300	8,932,300	8,932,300	0
503	Ombudsman Commission	9,035,600	9,400,000	9,400,000	9,400,000	0
505	National Research Institute	2,409,100	2,464,500	2,464,500	2,464,500	0
506	National Training Council	703,700	720,000	720,000	890,361	170,361
507	National Economic & Fiscal Commission	1,108,700	1,134,300	1,134,300	856,939	-277,361
508	National Gaming Control Board	3,854,000	3,385,300	3,385,300	3,686,400	301,100
510	Legal Training Institute	737,400	757,300	757,300	757,300	0
512	University of Papua New Guinea	30,078,300	29,784,500	29,784,500	30,849,851	1,065,351
513	University of Technology	29,116,400	28,578,800	28,578,800	29,878,800	1,300,000
514	University of Goroka	10,349,400	10,351,100	10,351,100	10,352,620	1,520
515	University of Vudal	5,604,400	5,733,800	5,733,800	6,931,800	1,198,000
516	PNG Sports Commission	2,410,100	2,550,000	2,550,000	2,550,000	0
517	National Narcotics Bureau	1,449,004	1,609,300	1,609,300	81,934	-1,527,366
518	PNG Maritime College	2,260,100	2,462,000	2,462,000	2,462,000	0
519	National Aids Council Secretariat	1,500,000	4,125,400	4,125,000	4,125,400	400
520	Institute of Medical Research	2,401,100	2,888,200	2,888,200	2,888,200	0
521	National Youth Commission	1,461,582	1,437,800	1,588,000	1,717,700	129,700
522	Constitutional & Law Reform Commission		1,700,000	1,700,000	1,736,810	36,810
525	National Broadcasting Commission	10,708,700	11,964,600	11,964,600	12,464,600	500,000
526	National Maritime Safety Authority		1,300,000	1,300,000	1,300,100	100
530	Investment Promotion Authority	1,837,00	1,886,600	1,886,600	1,886,700	100
531	Small Business Development Corporation	2,114,800	2,114,800	2,114,800	2,384,900	270,100
532	National Institute of Standards & Industrial Technology	870,100	1,356,700	1,356,700	1,356,800	100
533	Industrial Centres Development Corporation	1,365,800	1,397,400	1,397,400	1,397,400	0
539	National Museum & Art Gallery	5,500,000	3,069,000	3,069,000	3,351,800	282,800
541	National Housing Commission	200,600	206,000	206,000	206,000	0
542	National Cultural Commission	2,900,000	2,978,300	4,129,000	4,367,400	238,400
550	Cocoa Coconut Institute	4,621,800	4,728,600	17,729,000	17,728,600	-400
553	Fresh Produce Development Company (Ltd)	2,754,300	2,818,000	2,818,000	2,818,000	0
557	National Forest Authority	23,427,100	23,968,200	27,968,000	29,059,000	1,091,000
558	Tourism Promotion Authority	8,908,400	8,068,900	8,268,900	8,268,900	0
562	National Agriculture Research Institute	6,079,100	6,219,500	6,219,500	6,219,500	0
563	Nat. Agriculture Quarantine & Inspection Authority	1,512,400	1,547,300	2,267,000	2,267,300	300
565	Civil Aviation Authority	19,116,559	17,291,100	17,291,100	17,291,100	0
567	National Road Authority	350,300	821,200	821,200	0	-821,200
569	Independent Consumer and Competition Commission	1,688,158	1,400,000	1,400,000	1,400,518	518

Source: Department of Treasury



**PROVINCIAL GOVERNMENTS RECURRENT EXPENDITURE OUTCOME 2006**

Division	Agency	2005 Actual	2006 Budget	2006 Revised	2006 Outcome	Variance
571	Western Provincial Government	28,567,577	36,888,200	36,888,200	32,720,298	-4,167,902
572	Gulf Provincial Government	17,772,282	21,325,600	22,168,000	18,721,920	-3,446,080
573	Central Provincial Government	27,185,674	38,878,200	39,751,000	41,239,709	1,488,709
574	National Capital District	2,625,500	2,803,200	2,803,200	2,803,200	0
575	Milne Bay Provincial Government	31,115,714	37,568,800	43,099,000	40,051,318	-3,047,682
576	Oro Provincial Government	19,662,174	23,031,100	23,682,000	24,114,143	432,143
577	Southern Highlands Provincial Government	54,090,635	60,066,100	61,597,000	68,040,663	6,443,663
578	Enga Provincial Government	37,571,528	39,427,000	40,412,000	42,425,417	2,013,417
579	Western Highlands Provincial Government	47,747,719	51,593,700	51,593,700	60,037,314	8,443,614
580	Simbu Provincial Government	36,888,323	40,461,400	40,461,400	45,125,548	4,664,148
581	Eastern Highlands Provincial Government	47,897,195	53,446,200	55,377,000	59,990,786	4,613,786
582	Morobe Provincial Government	59,211,606	69,777,300	69,777,300	68,039,076	-1,738,224
583	Madang Provincial Government	41,358,574	40,064,100	40,865,000	45,261,859	4,396,859
584	East Sepik Provincial Government	42,089,724	40,723,200	42,290,000	50,471,097	8,181,097
585	Sandaun Provincial Government	27,602,987	31,656,200	32,483,000	31,623,344	-859,656
586	Manus Provincial Government	13,908,210	15,955,800	15,955,800	15,465,353	-490,447
587	New Ireland Provincial Government	24,350,456	27,545,400	27,545,400	28,449,392	903,992
588	East New Britain Provincial Government	40,394,378	40,165,400	41,165,000	44,350,777	3,185,777
589	West New Britain Provincial Government	33,001,058	33,670,900	34,519,000	38,243,039	3,724,039
590	Autonomous Bougainville Government	45,262,887	40,789,200	40,789,200	46,961,282	6,172,082

Source: Department of Treasury

**NATIONAL DEPARTMENTS DEVELOPMENT EXPENDITURE OUTCOME 2006 (a)**

Division	Agency	2005 Actual	2006 Budget	2006 Revised	2006 Outcome	Variance
201	National Parliament	0	2,503,900	3,700,000	3,700,000	0
203	Department Of Prime Minister & NEC	401,134,800	127,252,200	2,140,000	2,140,000	0
204	National Statistical Office	0	1,400,000	1,700,000	1,700,000	0
206	Department Of Finance	23,085,700	32,467,800	2,480,200	1,877,311	-602,889
207	Treasury And Finance - Miscellaneous	0	0	15,000,000	15,000,000	0
216	Internal Revenue Commission	1,500,000	0	0	0	0
217	Department Of Foreign Affairs	0	1,000,000	900,000	0	-900,000
220	Department Of Personal Management	9,651,200	2,000,000	2,000,000	1,996,414	-3,586
221	Public Service Commission	280,600	0	0	0	0
223	Judiciary Services	300,000	0	0	0	0
226	Department Of Corrective Institutional S	273,200	0	0	0	0
228	Department Of Police	5,000,000	0	0	0	0
229	Department Of National Planning And Monitoring	425,422,600	488,578,900	272,500,100	250,552,405	-21,947,695
230	Electoral Commission	7,357,300	7,110,000	0	0	0
232	Provincial And Local Government Affairs	14,169,600	2,903,300	0	1,000,000	1,000,000
234	Department Of Defence	290,900	2,000,000	2,000,000	1,999,229	-771
235	Department Of Education	100,478,300	108,067,000	3,000,000	2,977,481	-22,519
240	Department Of Health	117,650,800	108,911,600	2,500,000	2,500,000	0
242	Department Of Community Development	21,404,600	6,800,000	3,450,000	3,931,934	481,934
245	Department Of Environment And Conservation	1,222,600	2,652,000	1,900,000	1,910,000	10,000
247	Department Of Agriculture And Livestock	3,452,700	4,500,000	2,800,000	2,703,288	-96,712
252	Department Of Lands And Physical Planning	264,600	500,000	500,000	499,560	-440
254	Department Of Mining	9,804,621	43,663,800	5,900,200	5,826,497	-73,703
255	Department Of Petroleum And Energy	11,754,600	17,174,000	55,300,000	64,999,344	9,699,344
258	State Enterprises, Information And Comm.	183,300	0	1,307,500	1,307,458	-42
259	Department Of Transport	25,352,500	28,220,800	14,900,000	14,899,760	-240
261	Department Of Trade And Industry	1,799,600	2,792,600	1,300,000	957,958	-342,042
263	National Tripartite Consultative Council	200,000	0	0	0	0
264	Department Of Works And Implementation	332,028,439	341,922,300	227,199,800	233,229,347	6,029,547
267	Office Of Rural Development	27,250,000	0	55,050,000	53,890,282	-1,159,718

Source: Department of Treasury

(a) The 2006 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 2006(a)**

Division	Agency	2005 Actual	2006 Budget	2006 Revised	2006 Outcome	Variance
505	National Research Institute	0	2,161,400	0	0	0
506	National Training Council	39,091,200	53,019,700	300,000	300,000	0
512	University Of Papua New Guinea	1,057,100	2,969,000	1,000,000	1,000,000	0
513	University Of Technology	12,540,000	1,000,000	1,000,000	1,000,000	0
514	University Of Goroka	12,700,000	1,000,000	1,000,000	1,000,000	0
515	University Of Vudal	780,000	1,705,600	1,000,000	1,000,000	0
519	National Aids Council Secretariat	10,546,900	32,277,800	2,978,000	2,800,000	-178,000
520	Institute Of Medical Research	10,546,900	2,370,000	0	0	0
527	Eda Ranu	0	1,000,000	1,000,000	1,000,000	0
528	National Roads Safety Council	0	300,000	300,000	300,000	0
529	National Media Council	0	3,377,000	0	0	0
530	Investment Promotion Authority	2,500,000	1,000,000	1,000,000	1,000,000	0
531	Small Business Development Corporation	2,257,100	1,933,800	1,000,000	1,000,000	0
532	National Institute Of Standards & Industry	800,000	1,000,000	1,000,000	1,000,000	0
533	Industrial Centers Development Corporation	2,000,000	1,000,000	1,000,000	1,000,000	0
540	National Water and Sewerage Board	9,774,000	22,500,000	5,500,000	5,500,000	0
541	National Housing Corporation	830,000	2,000,000	2,000,000	2,000,000	0
542	National Cultural Commission	0	1,000,000	1,200,000	1,200,000	0
543	Rural Development Bank	6,000,000	6,000,000	6,000,000	6,000,000	0
546	PNG Power	0	2,300,000	6,300,000	6,300,000	0
548	PNG Harbours Board	0	17,000,000	17,000,000	17,000,000	0
550	Cocoa Coconut Institute	1,900,000	1,000,000	1,075,000	1,000,000	-75,000
551	PNG National Fisheries Authority	9,915,100	7,975,100	2,000,000	2,000,000	0
552	PNG Oil Palm Research Association	485,000	185,000	0	0	0
553	Fresh Produce Development Company	3,455,600	2,884,100	1,100,000	1,100,000	0
554	PNG Coffee Industry Corporation	2,541,000	2,812,800	1,800,000	1,800,000	0
557	PNG National Forest Authority	13,021,300	4,017,000	500,000	500,000	0
558	Tourism Promotion Authority	1,610,000	500,000	500,000	500,000	0
562	National Agriculture Research Institute	9,647,600	8,250,100	900,000	900,000	0
565	Civil Aviation Authority	14,516,600	6,000,000	15,500,000	15,500,000	0
566	PNG Cocoa Board	70,000	81,000	0	0	0
568	Livestock Development Corporation	0	393,600	0	0	0

Source: Department of Treasury.

(a) The 2006 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 2006(a)**

Division	Agency	2005 Actual	2006 Budget	2006 Revised	2006 Outcome	Variance
571	Fly River Provincial Government	3,400,000	11,000,000	11,000,000	19,100,000	8,100,000
572	Gulf Provincial Government	9,450,000	7,750,000	7,750,000	8,950,000	1,200,000
573	Central Provincial Government	4,110,000	4,250,000	4,250,000	4,250,000	0
574	National Capital District	1,000,000	1,000,000	1,000,000	1,000,000	0
575	Milne Bay Provincial Government	1,550,000	5,218,800	1,250,000	1,250,000	0
576	Oro Provincial Government	750,000	750,000	750,000	750,000	0
577	Southern Highlands Provincial Government	52,880,000	8,250,000	16,950,000	27,950,000	11,000,000
578	Enga Provincial Government	6,700,000	8,439,000	7,500,000	7,500,000	0
579	Western Highlands Provincial Government	2,000,000	2,000,000	2,000,000	2,000,000	0
580	Simbu Provincial Government	1,750,000	1,750,000	1,750,000	1,750,000	0
581	Eastern Highlands Provincial Government	2,450,000	2,250,000	2,250,000	2,250,000	0
582	Morobe Provincial Government	3,350,000	13,298,100	2,500,000	2,500,000	0
583	Madang Provincial Government	1,750,000	1,750,000	1,750,000	1,750,000	0
584	East Sepik Provincial Government	8,281,500	17,229,900	2,850,000	2,850,000	0
585	Sandaun Provincial Government	1,750,000	2,250,000	2,250,000	2,250,000	0
586	Manus Provincial Government	2,880,900	500,000	500,000	500,000	0
587	New Ireland Provincial Government	8,850,000	10,750,000	10,750,000	10,750,000	0
588	East New Britain Provincial Government	16,037,500	28,287,900	14,850,000	14,850,000	0
589	West New Britain Provincial Government	750,000	750,000	750,000	750,000	0
590	Bougainville Provincial Government	27,690,000	36,276,300	24,000,000	24,000,000	0

Source: Department of Treasury

(a) The 2006 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 the Secretary's Advance totalled K41.057 million in 2006. This included K20.0 million from the original appropriation, K20.0 million appropriated under the Supplementary budget plus K1.057 million recouped from the ACP/EU funding under the Foreign Affairs Department. Out of the K41.057 million a total of K40.229 million was expended.

Unspent funds from the appropriation for BPNG Liquidity Management (K15 million) were also reallocated through the Secretary's Advance. In total, K53.8 million of the K56.1 million available was spent in 2006.

### ALLOCATION OF FUNDS FROM SECRETARY'S ADVANCE IN 2006

Division	2006 Budget	2006 Outcome
207 <b>Original Appropriation</b>	20,000,000	
<b>Supplementary Budget</b>	20,000,000	
<b>Savings :</b>		
(BPNG Liquidity Management)	15,000,000	
Unused ACP/EU funds recouped by Treasury	1,057,000	
<b>Total Funds Available From Secretary's Advance</b>	<b>56,057,000</b>	
<b>Additional Expenditure</b>		<b>53,809,700</b>
Comprising:		
<b>Urgent Unanticipated Items</b>		<b>14,140,000</b>
<i>Security for by-elections (Police allowances)</i>		<i>5,000,000</i>
<i>Avian Flu Response</i>		<i>3,120,000</i>
<i>Cocoa Pod Borer Infestation</i>		<i>3,000,000</i>
<i>Development of ICT policy and strategy</i>		<i>1,500,000</i>
<i>Maintenance and Repair of Sogeri NHS</i>		<i>300,000</i>
<i>Ad hoc committee on Hela</i>		<i>300,000</i>
<i>Deputy Prime Minister's office</i>		<i>200,000</i>
<i>Customs Modernisation</i>		<i>190,000</i>
<i>To support the YWCA</i>		<i>50,000</i>
<i>Cater for Boys Scout Guides</i>		<i>50,000</i>
<i>To assist SIL</i>		<i>50,000</i>
<i>Other</i>		<i>380,000</i>
<b>Items Overlooked in the 2006 Budget</b>		<b>11,950,000</b>
<i>District Finance Office Roll-out</i>		<i>5,000,000</i>
<i>Assistance to Solomon Islands Government</i>		<i>3,000,000</i>
<i>Funding for ICCC Inquiries</i>		<i>1,550,000</i>
<i>Renovation of Government House</i>		<i>800,000</i>
<i>Printing of Financial Management Manual &amp; 2003 Accounts</i>		<i>750,000</i>
<i>Other</i>		<i>850,000</i>
<b>Outstanding Obligations (including Compensation Payments)</b>		<b>9,906,300</b>
<i>Outstanding MOA commitments</i>		<i>3,900,000</i>

<i>Pre March 2003 Arrears</i>	3,000,000
<i>Land compensation payment: Sirinumu Dam Landowners</i>	1,170,000
<i>Land compensation payment: Jackson's Airport</i>	500,000
<i>Defence underpayment of 60 per cent State share</i>	220,000
<i>National Tripartite Consultative Council outstanding council members appointment fees</i>	125,200
<i>Cater for SGS outstanding payment for 2005.</i>	491,100
<i>Koiari LLG Special Purpose Authority additional funding</i>	500,000
<b>National Department Budget Over-runs</b>	<b>7,475,000</b>
<i>National Parliament: shortfall in operations</i>	3,000,000
<i>Land Acquisition Claims Administration</i>	1,600,000
<i>National Broadcasting Commission salary overrun</i>	500,000
<i>University of Papua New Guinea salary overrun</i>	1,053,200
<i>Other</i>	1,321,800
<b>Investigations</b>	<b>3,988,400</b>
<i>Sambra Haus Inquiry</i>	1,600,000
<i>Porgera Investigation</i>	600,000
<i>Pacific Balanced Fund Investigation</i>	500,000
<i>SHP Investigation</i>	500,000
<i>Investigation into the WODP</i>	400,000
<i>Defence Board of Inquiry-Moti case</i>	388,400
<b>International Travel</b>	<b>1,440,000</b>
<i>Governor General's overseas travel</i>	600,000
<i>Agriculture Minister's Travel to China</i>	360,000
<i>CIS Minister's travel to Melanesian Arts Festival</i>	100,000
<i>Other</i>	380,000
<b>Conferences/Festivals etc</b>	<b>3,640,000</b>
<i>PNG participation at Melanesian Arts Festival</i>	1,150,000
<i>Hosting of 37th Pacific Islands Forum</i>	1,000,000
<i>Budget overrun: ACP-EU meeting</i>	940,000
<i>APCC meeting in Madang</i>	270,000
<i>PNG Participation at Pacific Youth Festival</i>	150,000
<i>Public Service Conference</i>	50,000
<i>PNG contribution to Emerging Pacific Leaders Dialogue</i>	50,000
<i>Hosting Chinese delegation to PNG</i>	30,000
<b>Additional Vehicles</b>	<b>800,000</b>
<i>Replacement vehicle for Prime Minister</i>	600,000
<i>Other</i>	200,000
<b>Donations</b>	<b>470,000</b>
<i>PNG Medical Symposium</i>	200,000
<i>Anglicare</i>	100,000
<i>Zifasing</i>	100,000
<i>PNG Under 20 basketball team</i>	70,000

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