



MID YEAR ECONOMIC AND FISCAL OUTLOOK REPORT

2009

INTRODUCTION

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

The purpose of the MYEFO Report is to provide updated fiscal information (especially for the current financial year) to allow the Parliament and the public to assess developments against that set out in the 2009 Budget.

The MYEFO contains the following:

- Part 1: The Mid Year Economic and Fiscal Outlook
 - 1.1 The Economic Outlook
 - 1.2 The Fiscal Outlook
 - 1.3 Revenue
 - 1.4 Expenditure and Net Lending
 - 1.5 Status of Supplementary Budgets
 - 1.6 Status of Trust Accounts
 - 1.7 Financing
 - 1.8 Public Debt
 - 1.9 Risks to the Mid Year Economic and Fiscal Outlook
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The MYEFO essentially covers central government fiscal operations in what is known as the Government sector. Consistent with the 1986 Government Finance Statistics (GFS) cash reporting framework, the Government sector is defined as covering all units performing government functions, that is, the implementation of public policy through the provision of primarily non-commercial services and the transfer of income, supported mainly by compulsory levies on other institutional sectors.

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

The financial information presented in this report is based on the same reporting standards as the 2009 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.

PART 1

THE MID YEAR ECONOMIC AND FISCAL OUTLOOK

1.1 THE ECONOMIC OUTLOOK

Overview

Gross Domestic Product (GDP) growth is expected to moderate slightly in 2009 following strong economic growth in the past few years. This is in an environment of the worst global recession in the post-World War II era which has driven advanced economies into deep recession, and has substantially slowed growth or seen contraction in emerging and developing economies. Recent economic data suggest that the worst of the global recession may possibly be over, with some international forecasters such as the International Monetary Fund (IMF) upgrading their forecasts of global recovery in 2010.

To date, the PNG economy has been quite resilient given such a challenging environment. This has been assisted by the continued strength in some industries reflecting the benefits from recent microeconomic reforms and the Government's fiscal prudence during the past few years of very strong commodity prices. The Government's fiscal position provides some flexibility in dealing with any further negative shocks that may still arise from the global recession.

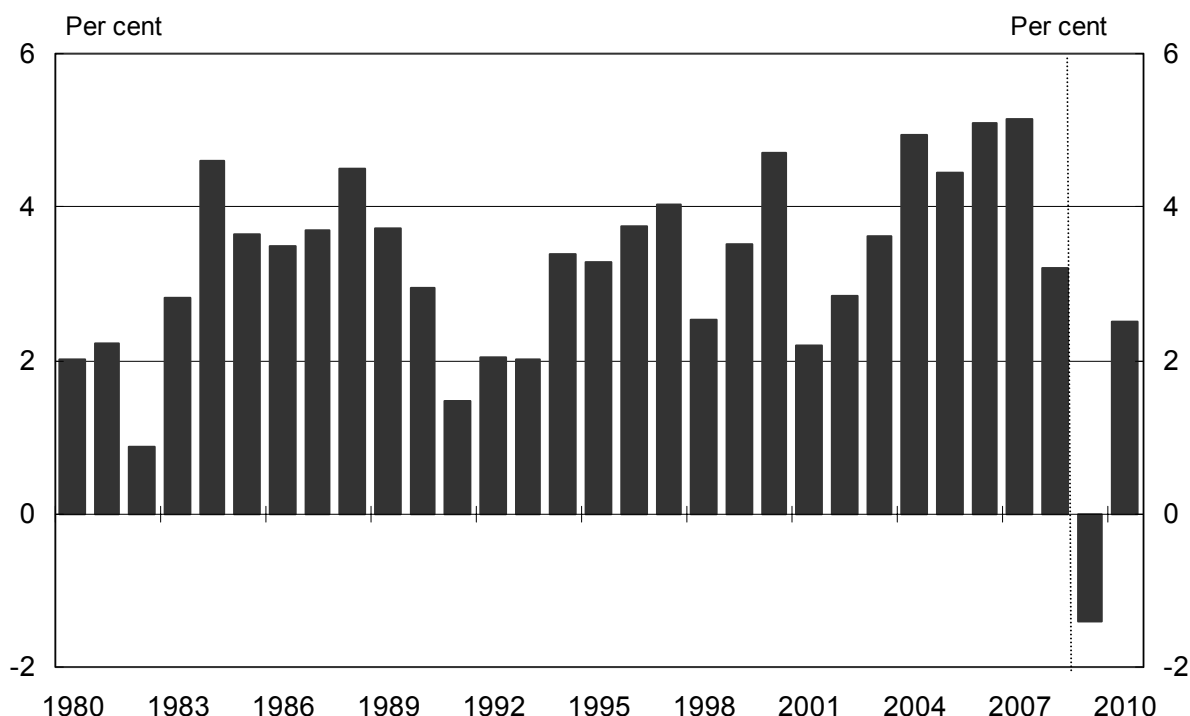
The Outlook for the International Economy

The world economy will continue to have a moderating influence on the PNG economy in 2009, with the global recession projected to be deeper than previously thought. The effects from this will continue to be felt through low global demand for PNG exports, impacting both export volumes and prices. The non-mineral sector has proven resilient to global events to date, with growth only moderating slightly. In large part, this can be attributed to the Government's microeconomic reforms, in particular reforms to the communication and transport industry.

Recent data suggest that the significant contraction in the world economy in 2009 may have bottomed out and the worst may be over. A number of international forecasters now anticipate a global recovery in 2010, although still below potential growth. A global recovery in 2010 and beyond will be important in sustaining the strong economic growth seen in PNG over the past few years.

The IMF in its July 2009 Update to the World Economic Outlook (WEO) projected the global economy to begin pulling out of the current deep recession, but the recovery is expected to be uneven and sluggish. The world economy is now estimated to contract by 1.4 per cent in 2009, revised down from a projected contraction of 1.3 per cent in the April 2009 WEO. In 2010, world economic growth is expected to pick up and grow by 2.5 per cent, revised up from 2.1 per cent.

Chart 1: World Economic Growth



Source: International Monetary Fund, World Economic Outlook

Advanced economies are still not expected to show a pick up in economic activity until the second half of 2010, contracting by 3.8 per cent in 2009 before growing by 0.6 per cent in 2010. Emerging and developing economies, on the other hand, are projected to regain growth momentum during the second half of 2009, albeit with notable regional differences. In aggregate, emerging and developing economies are projected to grow by 1.5 per cent in 2009 and 4.7 per cent in 2010.

Public interventions taken by a number of countries appear to have contributed to mitigating the severity of the global recession. Despite these somewhat more positive signs, the IMF stresses that the global recession is not over and although risks have moderated, they remain to the downside.

Global inflation continues to ease with the continued weakness of the global economy. Inflation in advanced economies is forecast to decline to 0.1 per cent in 2009 down from 3.4 per cent in 2008. In emerging and developing countries, inflation has moderated significantly and is forecast at 5.3 per cent in 2009, down from 9.3 per cent in 2008. In 2010, global inflation is expected to remain subdued, held back by significant excess capacity.

At the same time, commodity prices have rebounded ahead of an expected recovery, reflecting improved market sentiments, US dollar depreciation and commodity-specific factors. In the oil market, prices have responded to perceptions that market dynamics are shifting from significant oversupply to more balanced conditions due to improving demand prospects and also Organisation of Petroleum Exporting Countries (OPEC) observance of lower production quotas.

Commodity Prices

The latter half of 2008 saw a dramatic slowdown in global economic activity, as the problems in the financial sector began to work its way into the real sector across a number of economies. As a result, international demand declined rapidly and with it commodity prices, which fell massively below their peaks in 2008. Commodity price movements have remained extremely volatile but have recovered from low points reached in the December quarter 2008 and March quarter 2009, although a lot of uncertainty remains. The global economy remains weak and fragile, but the prospect of a somewhat better outlook has seen commodity markets strengthen from low levels and look a little more settled.

As a result of the subsiding risk and more optimism surrounding the outlook for the global economy to recover in 2010, commodity prices moved higher in the June quarter 2009. The prices of PNG's major mineral exports of gold and copper have traded higher than expected in the first half of 2009. Oil prices have been very volatile and have averaged around \$US 51 per barrel in the first half of 2009, below the Budget assumption of \$US 55 per barrel. While overall commodity prices are better than expected at budget time, lower mineral and petroleum taxes are expected due to lower volumes of production and one-off factors.

Chart 2: Oil price

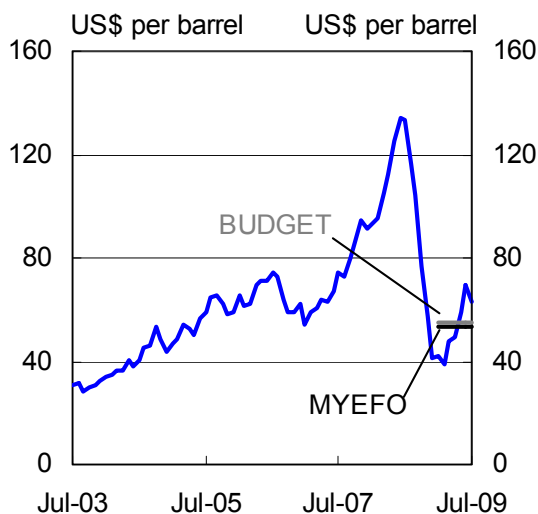
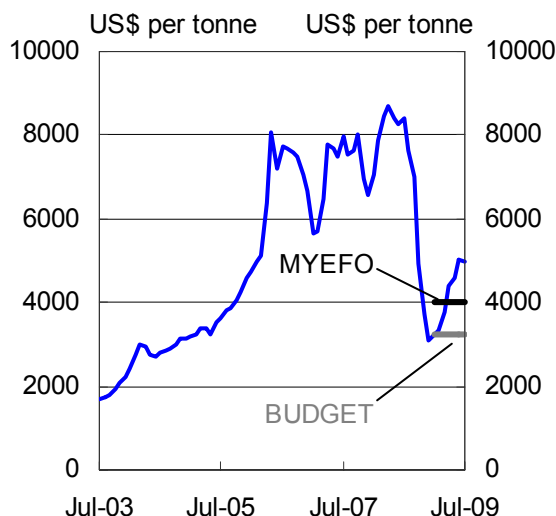
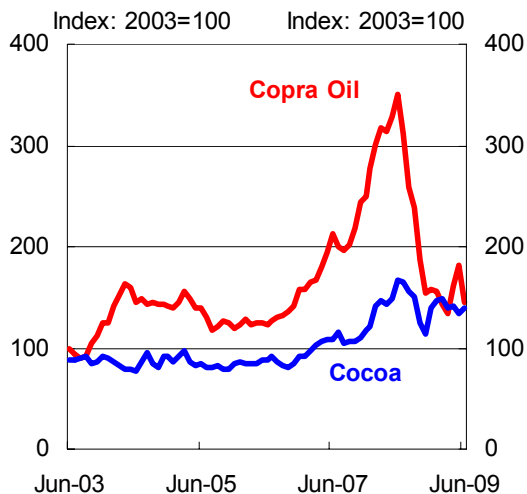
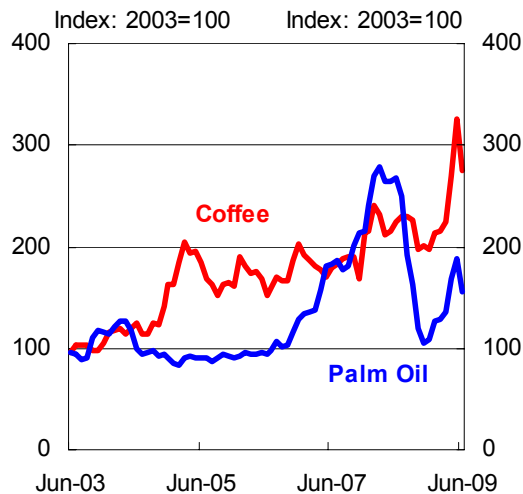


Chart 3: Copper price



Source: Eco Reuters, PNG Treasury

Through the year to June 2009, the price of copra oil, palm oil and cocoa have decreased by 59 per cent, 42 per cent and 16 per cent respectively. This is despite some pick up of prices in the June quarter 2009. The price of coffee remains strong and rose by 20 per cent in the year to June 2009. Overall, lower agricultural prices are expected to translate into slightly lower growth in the agriculture sector compared to 2008.

Chart 4: Prices of Copra Oil and Cocoa**Chart 5: Prices of Palm Oil and Coffee**

Source: International Monetary Fund, World Economic Outlook

The Outlook for the Domestic Economy

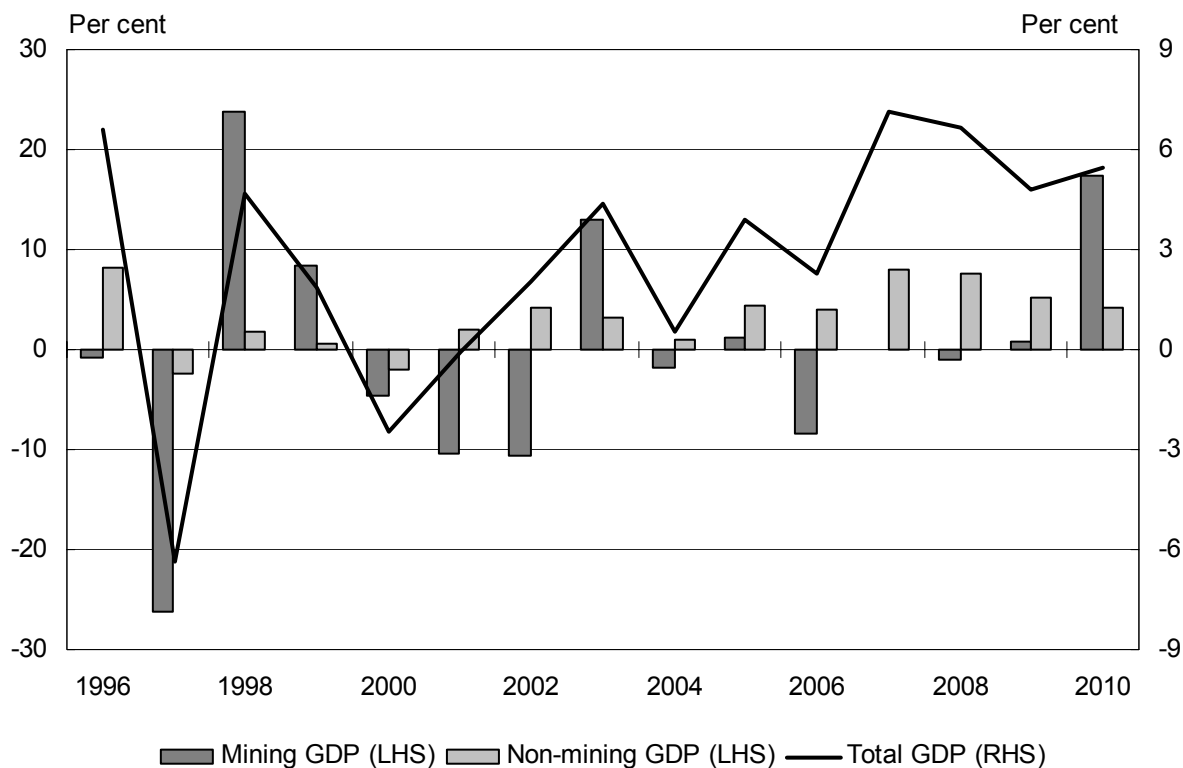
Economic growth in PNG is expected to moderate slightly in 2009 after two years of very strong economic growth - this is despite the negative impact of the global recession (see Box 1). The economy is now expected to grow by a robust 4.8 per cent in 2009. This is lower than the Budget forecast of 6.2 per cent, although revised up from the 2010 Budget Strategy Paper (BSP) forecast of 3.9 per cent. This upward revision since BSP is due to: continued strength in the communication and construction industries; some improvement in the international and commodity price outlook from low recessionary levels; and some additional activity generated by the recently announced early works on the LNG project which are expected to commence in the second half of 2009.

The slight downward revision to the growth forecast since Budget is largely driven by projected downgrades in production from major mines of Ok Tedi and Porgera and some mild easing in growth across a number of the non-mining industries.

The mining sector is expected to record a slight contraction of around 0.1 of a percentage point in 2009 with production from Ok Tedi and Porgera projected to be significantly lower than forecast at Budget. Ok Tedi has experienced some difficulties with one of its processing plants, with maintenance work in June resulting in some loss of production. Porgera has also revised production down due to heavy machinery problems. This is expected to be partially offset by increased production from Lihir and the commencement of the Hidden Valley Gold mine.

Non-mining GDP growth is expected to moderate to 5.3 per cent in 2009, which is slightly lower than forecast at Budget. This is largely driven by lower than anticipated production in the agriculture, forestry and fisheries sector, partially offset by stronger growth in the transport, storage and communication sector.

Chart 6: Economic Growth: 1996 – 2010



Source: Department of Treasury

Growth in the agriculture, forestry and fishing sector is expected to ease in 2009 to around 2.7 per cent due to lower production in coffee, cocoa and copra. In recent years, coffee has experienced higher levels of production, breaking from the usual biannual coffee production patterns. However, growers expect the biannual season pattern to return in 2009. Cocoa production is expected to be lower largely due to the cocoa pod borer, which have affected the cocoa industry in East New Britain. Copra production is expected to decline due to lower prices and unfavourable weather conditions.

Growth in transport, storage and communication is expected to continue to grow strongly in 2009, after very strong growth in the past two years. This has been driven by the rapid expansion in the communication industry and growth forecasts in this sector have been revised up significantly since Budget from 15.0 per cent to 21.5 per cent in 2009.

Activity in the construction sector is expected to remain strong. Businesses continue to prepare for the PNG LNG project, with both commercial and residential construction being underway. The LNG early works will soon commence and this is anticipated to slightly increase activity in the latter half of 2009. The direct impact of the early works will see the building of access roads, bridges and camp sites. In addition, the project is also committed to building training facilities in PNG.

Growth in the other non-mineral sectors such as wholesale and retail trade, manufacturing and community, social and personal services are also expected to moderate slightly from Budget. However, a small rebound in activity is expected to occur in these sectors and others in the latter half of the year with some flow-on benefits arising from the LNG early works. These include the greater need for transport and storage services arising from the movement of people and equipment and additional needs for accommodation and hospitality.

Table 1: Economic Forecasts

	2008 ACTUAL	2009 BUDGET	2009 MYEFO
Economic Growth (%)			
GDP (est)	6.6	6.2	4.8
Non-Mining GDP (est)	7.5	5.6	5.3
Inflation (%)			
Year average	10.6	6.1	7.2
Interest Rate (%)			
T/Bills	5.9	7.0	8.0
3 year I/S	7.6	6.0	8.2
Mineral Prices			
Gold (US\$/oz)	871.7	600.0	820.0
Copper (US\$/lb)	3.2	1.5	1.8
Oil (Kutubu: US\$/bbl)	97.0	55.0	53.0

Source: Department of Treasury

Other indicators of some moderation in economic growth in 2009 include developments in the labour market. While employment increased by 1.7 per cent in the March quarter 2009, in through-the-year terms growth has been moderating since its peak of 11.8 per cent in September 2007 to be 6 per cent in the year to March 2009 (see Chart 7). Another factor contributing to the moderation in employment growth has been capacity constraints in the labour market, following strong employment growth in the past few years.

Chart 7: Employment Growth (through-the-year)

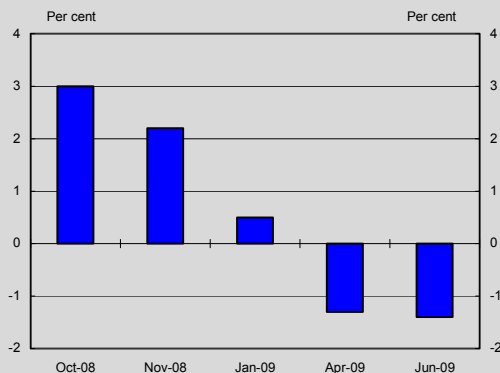
Source: Bank of PNG Employment Index, Quarterly Economic Bulletin, March 2009

Box 1: The PNG economy in the face of the global recession

2009 is an extremely challenging time for the global economy, with most economies either slowing or contracting.

The International Monetary Fund (IMF) in its July 2009 World Economic Outlook (WEO) update has forecast global activity to contract by 1.4 per cent in 2009. The IMF describes this as the “deepest post-World War recession by far” and acknowledges that significant uncertainties remain, with risks weighed to the downside. Chart 1 shows the progressive downward revisions to IMF world economic growth forecast for 2009 and highlights the dramatic economic impact associated with what started as a global financial crisis.

Chart 8: Revisions to IMF World Economic Growth Forecast for 2009

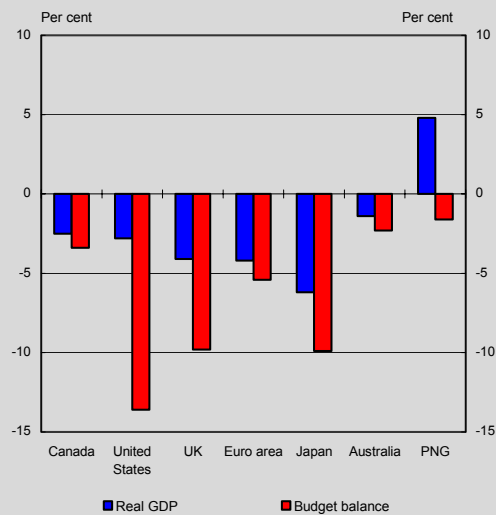


Source: IMF, World Economic Outlook and Updates

A number of economies have contracted and have adopted an expansionary fiscal stance to combat further economic deterioration. This has resulted in significant budget deficits.

Although the global recession has deepened, the PNG economy is expected to grow at a robust rate of 4.8 per cent in 2009 and 5.3 per cent in 2010. Chart 2 shows that PNG does not require further fiscal stimulus as the economy is performing relatively well in this environment.

Chart 9: Economic and Fiscal Outlook for Selected Economies - 2009



Source: IMF, April-09 World Economic Outlook and PNG Treasury

Further expansionary fiscal policies would add to demand and existing inflationary pressures. This would make the economy more vulnerable to the possibility of further negative shocks via higher government debt levels and a weakened external accounts position.

The PNG economy is in a relatively good position to weather the storm. During the commodity price boom the PNG Government has been able to strengthen its fiscal position through adhering to the Medium-Term Fiscal Strategy 2008-12. As a result, part of the commodity windfall has been saved through the build up of funds in trust accounts and reduced public debt. This has provided a stronger and more flexible position for dealing with the global recession.

With the economy expected to grow at robust rate over the forecast period, it is vital that the Government continues to adhere to the medium-term frameworks that have so far helped to shield the economy from the global financial fallout.

Inflation

In 2008, inflation rose significantly to be at 10.6 per cent following a number of years of low and stable inflation. The rise in inflation has been primarily driven by the terms of trade boom, the impact of increased government expenditure, rapid private sector expansion and the strong growth in monetary aggregates. Although the headline inflation figures suggest that inflation began to be a problem in 2008, peaking at 12.9 per cent in the year to the September quarter 2008, the underlying inflation measure shows that inflationary pressures have been building up for some time due to strong domestic activity (Chart 10).

Chart 10: Headline and Underlying Inflation

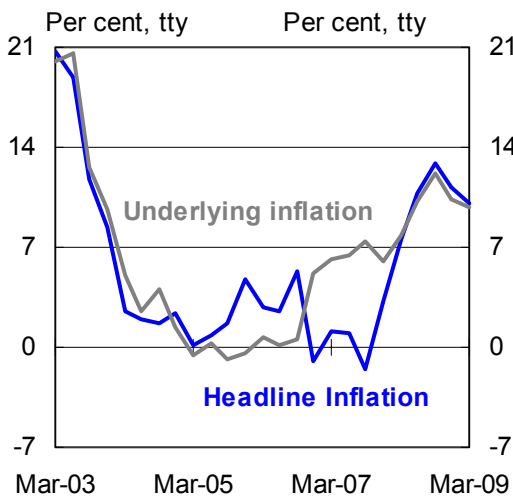
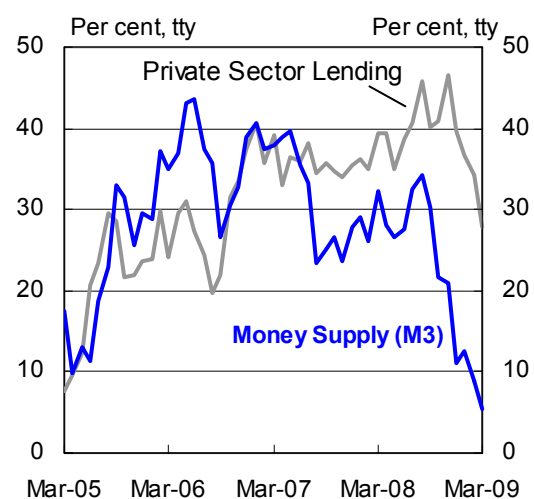


Chart 11: Credit and Money Supply growth



Source: National Statistics Office, Department of Treasury and Bank of PNG

In response to the worrying inflation situation, monetary policy was tightened in late 2008 and credit growth eased to be 28.0 per cent and money supply growth fell sharply to be 5.4 per cent in the year to the March quarter 2009 (Chart 11). The appreciation of the Kina against the US and especially the Australian dollar in the second half of 2008 also contributed to the easing of the inflationary pressures (Chart 12).

Chart 12: Exchange rate developments

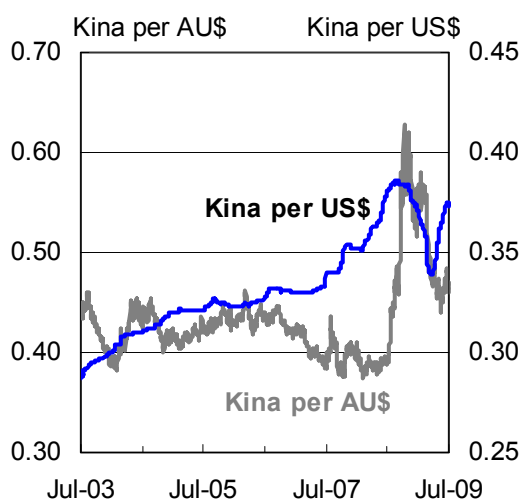
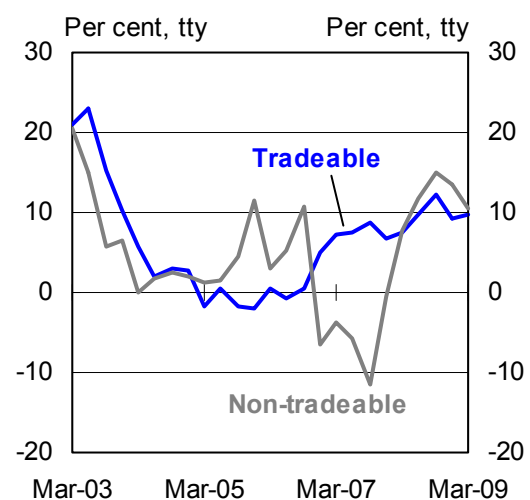


Chart 13: Tradeable and Non-tradeable inflation



Source: Bank of PNG Quarterly Economic Bulletin, March 2009 and Department of Treasury

Chart 13 shows that the strong exchange rate appreciation, particularly against the major trading partner Australia, only had a small moderating influence on imported inflation. This would suggest that the benefits from the exchange rate appreciation were not fully passed onto consumers but instead were used to increase profit margins.

The most recent CPI outcome of a 2.1 per cent rise in the March quarter 2009 and by 10.2 per cent in the year to the March quarter 2009, shows that inflationary pressure remains persistent. The increase in CPI inflation in the year to the March quarter 2009 was largely driven by the increase in the prices of expenditure items such as drinks, tobacco, and betel nut and the miscellaneous group which have recorded an increase of 5.7 per cent and 14.2 per cent respectively during the quarter. The strong growth in the miscellaneous group was largely influenced by school fees paid at the beginning of the school year.

The increase in inflation continues to be broad based, with half of the subgroups recording above trend increases in the March quarter 2009. This was due to both higher imported and domestically generated inflation. Over the past year, prices of imported (or tradeable) goods increased by 9.7 per cent, an increase of half a percentage point from the 9.2 per cent increase recorded in the December quarter 2008. Non-tradeable inflation was 10.6 per cent in the year to the March quarter 2009, easing somewhat from 13.6 per cent recorded in the December quarter, with local foods such as sweet potatoes and other market vegetables contributing significantly to non-tradable inflation.

Inflation is expected to ease in 2009 but still be at an uncomfortably high level of 7.2 per cent. This represents an upward revision to the Budget forecast of 6.1 per cent and a slight upgrade to the 2009 BSP forecast of 6.6 per cent. This reflects the stronger than expected March quarter 2009 outcome, the ongoing strength in domestic demand and the impact of higher government spending. In addition, the strong appreciation of the Kina in the second half of 2008 has also been partially reversed in the first half of 2009, especially against our major trading partner Australia, adding to pressure on tradable inflation. While the international drivers of inflation such as high oil and food prices experienced in 2008 have eased, fuel prices increased in line with the international oil price in the June quarter 2009.

While the gains from high commodity prices have translated into successive years of strong economic growth, it has also become a major source of inflation, providing much of the stimulus that is driving up prices in the economy, and also through the following channels:

- Increased Government expenditure, which is the main channel through which the commodity price boom feeds into the economy. Even though commodity prices have fallen substantially from 2008 highs, Government savings in trust accounts are now being drawn down. The funds in trust represent a large amount of potential stimulus to the economy, so will need to be released carefully over the next few years in order to prevent creating substantial inflationary pressure.
- Rapid private sector expansion, due to improved business confidence, relatively low interest rates and high profitability. The private sector has been growing strongly for a number of years now, with consistently strong employment growth of almost 10 per cent since the beginning of 2006, and near record rates of non-mining GDP growth. However, with the commencement of the early works of the LNG project, this expansion is taking place in an economy that is now facing significant capacity constraints, and is resulting in skill shortages, higher wage demands and an increased willingness to pass higher prices onto consumers.

Looking ahead to 2010, inflation is projected to ease marginally to around 6 per cent. This is expected to reflect more stable credit, money supply growth and exchange rate, as the

tightening of monetary policy takes hold. However, the outlook is very difficult to forecast due to the ongoing volatility in the prices of key commodities. In addition, if the LNG project is given the go ahead at the end of 2009, inflation could be a lot higher over the forecast period. Inflation over the forecast period is expected to be relatively high and will need to be contained if macroeconomic stability is to continue.

Balance of Payments

At the time of the 2009 Budget, it was expected that after a number of years of large current account surpluses, caused by record high commodity prices, and correspondingly high export values, that there would be a dramatic turn around with the global recession in 2009.

The current account moved from a surplus to a deficit position of K197 million in the March quarter 2009. This result was largely due to a fall in the trade balance, with exports falling by 27.4 per cent in the quarter and a smaller net income deficit. However, the trade balance and consequently the current account deficit would have been larger had it not been for a significant fall in the value of imports, which fell by 13 per cent in the quarter.

Consistent with Budget, the medium-term outlook is for the current account to remain in deficit, in line with lower commodity prices and exports values. However, the size of the current account deficit has so far been less than anticipated at Budget, largely as result of lower than anticipated imports and a smaller net income deficit. However, with general confidence in the economic outlook returning, there is the risk that imports may increase in the subsequent quarters. On the other hand, the improved international outlook could also see commodity prices above assumed levels which would lead to higher export values.

At Budget, it was expected that the build up in the Central Bank's international reserves would not continue into the future. Following the sharp fall in the December quarter 2008, the level of international reserves have risen from around US\$2,093 million at the end of December 2008 to around US\$2,229 million at mid-June 2009. This would suggest that capital inflows have exceeded the current account deficit in the first half of 2009.

1.2 THE FISCAL OUTLOOK

The fiscal outlook for 2009 has deteriorated significantly since the 2009 Budget, despite the robust state of the economy.

The updated fiscal estimates for 2009 are set out in the table below. These estimates are made on the basis of no policy changes. For example, these figures do not include any spending initiatives from the LNG Benefit Sharing Agreement.

Table 2: Budget Balance 2008-2009 (Kina Millions)

	2008 Actual	2009 Budget	2009 MYEFO
Total Revenue and Grants	7,073.3	6,666.4	6,342.1
Total Expenditure and Net Lending	7,551.8	6,676.7	6,591.7
Deficit(-)/Surplus (+)	-478.5	-10.3	-249.6
% of GDP	-2.2%	0.0	-1.2%

Source: Department of Treasury

The expected budget position for 2009 is a deficit of K249.6 million or -1.2 per cent of GDP. This is K239.3 million higher than the estimated deficit of K10.3 million at the time of 2009 Budget.

The higher than expected budget deficit is due mainly to lower dividends to the state from Ok Tedi, State Owned Enterprises and the Central Bank.

Table 3 provides a reconciliation of the MYEFO budget balance estimates with those at the 2009 Budget, showing the effect of policy decisions and parameter and other variations.

Table 3: Reconciliation of Budget Balance 2009 (Kina Millions)

	2009
2009 Budget Balance	-10.3
% of GDP	0.0
Changes between 2009 Budget and MYEFO	
Effect of policy decisions (a)	
Revenue	0.0
Expenditure	0.0
Total policy decisions	0.0
Effect of forecast and other variations	
Revenue	-324.3
Expenditure	-85.0
Total forecast and other variations	-239.3
2009 MYEFO Budget Balance	-249.6
% of GDP	-1.2

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

Source: Department of Treasury

Changes to forecasts and other variations have resulted in an estimated budget deficit of K249.6 million in 2009. There were no main policy decisions since Budget that would have an impact on revenue. The main changes to the forecast and other variations since the Budget that have impacted on revenue are:

- Lower dividends to the State from Ok Tedi , State Owned Enterprises and the Central Bank;
- Higher company and income tax revenues due to higher profitability and inflation; and
- Lower mineral and petroleum tax payments due to lower production and one-off factors, partially offset by the effects of higher copper and gold prices.

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

- Concessional loans are lower by K41 million due to slower take-up; and
- Grants are K37.8 million lower, due to a slight appreciation of the Kina against the Australia dollar, which has decreased the Kina value of grants.

1.3 REVENUE

Total Revenue and Grants for 2009 are estimated at K6,342.1 million, K324.3 million lower than the estimate published in the 2009 Budget. This primarily reflects a downward revision to Non-Tax Revenue of K375.0 million, partly offset by an upward revision to Tax Revenue of K88.5 million. The variations to the Tax Revenue and the Non-Tax Revenue estimates are discussed below.

Table 4: Tax Revenue 2008 - 2009 (Kina Millions)

	2008 Actual	2009 Budget	2009 MYEFO
Tax on Income & Profits	4,352.6	3,043.9	3,163.2
Domestic Taxes on Goods & Services	992.6	1,114.2	1,123.1
Taxes on International Trade	410.8	456.2	416.4
Tax Revenue	5,756.1	4,614.3	4,702.8

Source: Department of Treasury.

Tax revenues in 2009 has been revised up by K88.5 million since the 2009 Budget to K4,702.8 million. This reflects higher Tax on Income and Profits, partly offset by lower taxes on International Trade. In the first five months of 2009, tax revenue collections were K1,734.5 million, around 3.2 per cent above the trend estimate.

The major factor behind the upward revision to the Tax on income and profits is the K119.3 million upward revision in Personal Income Tax and Company Tax¹. This reflects higher than expected collections of Income and Company taxes and higher inflation relative to the 2009 Budget estimate. In the first five months of 2009, K1,143.3 million of Personal Income tax and Company Tax revenues have been collected, around 6.7 per cent above trend.

The expected growth in Tax Revenue would be even higher, if not for a large overpayment of Mining and Petroleum Tax (MPT) in 2008 of around K150.0 million, which is expected to reduce the next installment of MPT revenue in 2009. In the first five months of 2009, MPT collections totaled K108.6 million, around 37.1 per cent below trend. Higher commodity prices are expected to improve MPT receipts in the second half of 2009.

Compared to recent years, the global financial crisis and the collapse in commodity prices has substantially decreased the share of revenue from MPT and dividends in 2009. Consequently, there will be no additional mineral revenues in 2009 and there will be no additional supplementary budget expenditure for 2009.

Domestic taxes on goods and services in 2009 have been revised up slightly by K8.9 million to K1,123.1 million, due to higher GST collections. In the first five months of 2009, collections were K429.2 million, 1.1 per cent above trend.

Taxes on International Trade have been revised down by K39.8 million to K416.4 million in 2009. This is due to lower than projected export duties, which in turn reflects declining log export as logging companies wind up their operations. In the first five months of 2009, collections of Taxes on International Trade were K162.0 million, around 12.2 per cent below trend.

¹ Refer to Fiscal Outturn Tables on page 24

Table 5: Non-tax Revenue 2009 (Kina Millions)

	2008 Actual	2009 Budget	2009 MYEFO
Property Income	188.0	322.9	50.0
<i>Non Mining Dividends</i>	25.5	195.0	40.0
<i>Mining & Pet. Dividends</i>	162.5	127.9	10.0
Interest & Fees from Lending	1.2	24.0	24.0
Other Non Tax Revenue	93.4	90.9	88.8
Injections from Trust Accounts	-	600.0	500.0
Total	282.6	1,037.8	662.8

Source: Department of Treasury

Non-tax revenue collections are projected to be substantially lower than the 2009 Budget estimate by K375.0 million.

This largely reflects lower Property Income, which is comprised of Non- Mining Dividends and Mining and Petroleum Dividends. Non-Mining Dividend receipts have been revised down by K155.0 million since the 2009 Budget due to lower dividend payments from State Owned Enterprises, Statutory Authorities and the Central Bank. Mining and Petroleum dividends are expected to be K117.9 million below Budget forecasts, due mainly to lower dividend payments from the Government's 15.0 per cent share in Ok Tedi.

Injections from Trust Accounts are K100.0 million lower than expected at the 2009 Budget. This amount was reallocated to other spending priorities at the end of 2008.

The Final components of Total Revenue and Grants (after Tax Revenue and Non-Tax Revenue are Project Grants and Infrastructure Tax Credits (ITC). ITC's are expected to be K40.0 million in 2009, the same as appropriated at Budget, while Project Grants are expected to be K936.5 million, which is K37.8 million lower than the 2009 Budget estimate.

1.4 EXPENDITURE AND NET LENDING

Total expenditure and net lending in 2009 is estimated to be K6,591.7 million, which is K85.0 million lower than the 2009 budget estimate. Recurrent expenditure is broadly unchanged from the 2009 Budget, while Development Expenditure has decreased by K78.8 million, due to reduced projected concessional loan drawdown as well as a slight appreciation of the kina against the Australian dollar.

Table 6: Total Expenditure and Net Lending 2008 - 2009 (Kina Millions)

	2008 Actual	2009 Budget	2009 MYEFO
Recurrent Expenditure	3,766.7	3,904.5	3,898.3
Development Expenditure	1,630.1	2,595.2	2,516.4
Reappropriation into Trust	-	177.0	177.0
Total Expenditure & Net Lending	7,551.8	6,676.7	6,591.7

Source: Department of Treasury

Total recurrent expenditure is estimated to be K3,898.3 million in 2009. This is K6.2 million less than estimated at Budget. In the first five months of 2009, there had been K1,501.3 million of recurrent expenditure, which is 4.3 per cent above trend.

Of the K3,898.3 million recurrent expenditure in 2009, the total expenditure by national departments is expected to be K2,364.5² million, the same as appropriated at Budget. In the first five months of 2009, National Department expenditure was K840.5 million, 0.4 per cent below trend. Of this, salaries and wages were K391.7million, 12.8 per cent above trend. This is due to Nurses backdated salary payments. Goods and services expenditures were K448.8 million, 9.6 per cent below trend.

Total expenditure by Provincial Governments is expected to be K840.2 million in 2009, about the same as appropriated at Budget. In the first five months of 2009, Provincial Government expenditures were K367.1million, 2.8 per cent above trend³. Of this, wages and salary expenditures were K265.0 million, 19.5 per cent above trend. This is also due to the back payment of Nurses⁴ salaries.

In the first five months of 2009, Goods and services expenditures for Provincial Governments were K77.2 million, 28.7 per cent below trend.

Total expenditure by the Autonomous Bougainville Government is expected to be K57.0 million in 2009, the same as appropriated at budget. In the first five months of 2009, expenditure was K24.8 million, 9.5 per cent below trend.

Transfers to Statutory Authorities are expected to be K253.9 million in 2009, the same as estimated at Budget. In the first five months of 2009, expenditure was K136.4 million, 32.1 per cent above trend. This is due mainly to the front loading of cash transfers to Civil Aviation Authority (CAA) for the settlement of their outstanding liabilities and restructure.

Total interest expense for 2009 is estimated to be K386.6 million, compared to the Budget estimate of K392.8 million. The lower than previously estimated interest expense is due mainly to lower interest rates on international debt. In the first five months of 2009, interest expenditure was K157.6 million, 15.5 per cent above trend.

Net lending to Commercial Statutory Authorities (CSA) is expected to be K4.0 million in 2009, the same as at Budget.

Development expenditure in 2009 is expected to be K2,516.4 million, K78.8 million below the Budget estimate of K2,595.2 million. This reflects the downward revision of concessional loan drawdown as well as a slight appreciation of the Kina against the Australian dollar which has decreased the Kina value of grants. In the first five months of 2009, development expenditure was K270.1 million. This is largely because donors have yet to provide their updated expenditure reports. Domestic financed development expenditure was 91.0 per cent below trend in the first five months of 2009.

² This figure is comparable to the National Departments expenditure as shown on page 29. However, the latter figure also includes the reappropriation into trust of K177 million in Division 207. This amount is reported separately in Fiscal Outturn Table 2

³ This includes the expenditure for the Autonomous Bougainville Government. In the Fiscal outturn tables, ABG is shown separate from provinces.

⁴ These are Nurses and Community Health Workers who work in the rural areas and therefore come under the provincial payroll.

Table 7: Development Expenditure 2008 - 2009 (Kina Millions)

	2008 Actual	2009 Budget	2009 MYEFO
Domestic Funding	511.2	1,385.9	1,385.9
Donor Project Grants	1,002.0	974.3	936.5
Infrastructure Tax Credit	32.6	40.0	40.0
Loans	84.3	195.0	154.0
<i>Concessional</i>	<i>84.3</i>	<i>195.0</i>	<i>154.0</i>
<i>Commercial</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Total Development Expenditure	1,630.1	2,595.2	2,516.4

Source: Department of Treasury

1.5 STATUS OF SUPPLEMENTARY BUDGETS

Table 8 shows the status of Supplementary Budgets and Additional Priority Expenditure (APE) from 2006 to 2009 by MTDS sectors. Though some of these aggregated funds were spent directly, the majority of the windfall gains have been appropriated into Trust Accounts for investment purposes on the MTDS priorities.

The Gas Commercialisation Equity Financing trust account was no longer required for its original purpose. Therefore, as part of the 2009 Budget, K423 million was reappropriated from the Trust to other Government priorities in the 2009 budget and K177.0 million was reappropriated into a new trust account. However, after the 2009 Budget was prepared, K100.0 million was used on other Government priorities in 2008.

Table 8: Supplementary Budget Appropriation and Additional Priority Expenditure by sector as at 31st May 2009 (Kina Millions unless specified)

Sector	Approp	Share of		Paid Into Trust	Reallocated to other areas	Lapsed	Yet to be		Total
		Approp (%)	Spent				Released	Released	
Health	490.9	8%	42.6	443.3	5.0	0.0	0.0	490.9	
Education	596.6	9%	38.5	555.1	3.0	0.0	0.0	596.6	
Law and Justice	424.9	7%	46.9	378	0.0	0.0	0.0	424.9	
Transport	1080.1	17%	291.8	781.5	6.8	0.0	0.0	1080.1	
Income Earning	229.0	4%	24.0	204	1.0	0.0	0.0	229.0	
Gas Equity	600.0	9%	0.0	500.0	100.0	0.0	0.0	600.0	
Debt Repayment	1087.0	17%	887.0	0.0	0.0	200.0	0.0	1087.0	
Other Non-MTDS	1836.94	29%	864.0	890.9	81.6	0.50	0.0	1836.9	
Total	6345.5	100%	2194.8	3752.8	197.4	200.5	0.0	6345.5	

Source: Department of Treasury and Department of Finance

Of the funds allocated in Supplementary Budgets and APE's as at 31st May 2009, around 59.14 per cent has been paid into Trust Accounts, 34.5 per cent spent directly from the Budget and 3.1 per cent has been reallocated to other areas.

1.6 STATUS OF TRUST ACCOUNTS

A total of K4,438.1 million, up to and including the 2009 Budget, has been appropriated to Trust Accounts for implementation of budget priority expenditure programs.

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

Table 9 shows the movements of funds in these Trust Accounts for the period 1 January to 31 May 2009.

Of the K4, 438.1 million allocated to Trust Accounts, as at 31 May 2009 K4,105 million has been released by Department of Treasury into Trust Accounts. This is comprised of appropriations into trust accounts from supplementary budgets and additional priority expenditures of K3,752.8 million, K28 million paid into trust accounts in 2008 from the recurrent budget and K324 million paid into trust accounts from the 2009 Budget as at 31 May 2009.

The opening balance as at 1 January 2009 was K2, 901.1 million. Deposits for the period 1 January – 31 May 2009 totaled K394.7 million. This includes Interest and Other Deposits received totaling K70.4 million. Expenditure incurred for the period 1 January – 31 May 2009 totaled K905.4 million, and the closing balance of Supplementary Budget Trust Accounts at 31 May 2009 was K2, 390.4 million.

Under the Medium Term Fiscal Strategy 2008-12 (MTFS), Government spending from trust accounts and additional mineral revenue is limited to 4 per cent of GDP per annum, which equates to K848.9 million in 2009. This rule is designed to smooth expenditure over time to help contain demand and inflationary pressures. As there is no additional mineral revenue expected in 2009, up to this amount will be sourced entirely from trust accounts.

Total expenditure from trust accounts was K905.4 million as at 31 May 2009, which represents 4.3 per cent of GDP. This exceeds the maximum level of trust expenditure permitted in 2009 under the MTFS of 4 per cent.

However, this amount includes K423 million from the Gas Commercialisation Equity Financing trust account, which was returned to consolidated revenue in the 2009 Budget to fund additional recurrent and development expenditure. Furthermore, the 2009 Budget included payments into trust of K356 million to fund the District Service Improvement Program (DSIP). It is arguable that a large part of the K423 million from the Gas Commercialisation Equity Financing trust account was reallocated to another trust account, which does not constitute expenditure under the MTFS.

Excluding the K423 million paid from the Gas Commercialisation Equity Financing trust account, total expenditure from trust accounts as at 31 May 2009 was K482.4 million. This represents 2.3 per cent of GDP and 53.3 per cent of allowable trust expenditure in 2009 under the MTFS.

Accordingly, expenditure from trusts in the first five months of 2009 has accelerated relative to previous years, even after excluding the K423 million from the Gas Commercialisation Equity Financing trust account. Total trust expenditure will need to be watched closely in the second half of 2009 to ensure that the MTFS rule is not breached.

**TABLE 9: Movement of Funds in Trust Accounts from January 1 to 31 May 2009
(Kina Million)**

TNO	Description	Total Approp	Opening Balance as at 1-Jan-09	Credits ⁵	Debits ⁶	Balance as at 31-May-09	Outstanding Deposits as at 31-May-09
485	Government's Gas Commercialisation Equity Financing Trust Acc ⁷	600.0	500.0	-	- 423.0	77.0	
514	Agriculture Sector Development Trust Acc	188.0	18.3	20.0	- 13.0	25.3	
515	Airport Repairs and Upgrades Trust Acc	50.0	12.7	0.0	- 11.5	1.2	
516	Kubalia High School Rehabilitation Trust Acc	2.0	0.3	0.0	- 0.3	0.0	
517	Outstanding PBSS (Teachers) Trust Acc	45.1	45.4	0.1	- 0.0	45.5	
518	Education Sector Infrastructure Rehabilitation Trust Acc	250.0	229.9	20.0	- 51.9	198.0	
519	Higher Education Sector Infrastructure Rehabilitation Trust Acc	80.0	6.1	30.0	- 1.8	34.3	
520	Law and Justice Sector Infrastructure Rehabilitation Trust Acc	130.0	87.0	0.1	- 50.8	36.3	
521	Strategic District Markets Infrastructure Trust Acc	20.0	15.5	0.0	- 15.5	0.0	
522	National Parliament Infrastructure Rehabilitation Trust Acc	10.0	6.6	0.0	- 1.6	5.0	
523	Outstanding PBSS (Police) Trust Acc	20	-	-	-	-	
524	Transport Sector Infrastructure Rehabilitation Trust Acc	617.5	523.1	20.4	- 88.1	455.4	
525	PNG Gas Development and Commitments Trust Acc	53.3	3.8	-	- 2.0	1.8	
526	Resettlement of Volcano Victims Trust Acc	20	15.1	0.0	- 3.4	11.7	
527	NBC Infrastructure Rehabilitation Trust Acc	27	3.9	0.0	- 1.0	2.9	
528	Hospital and Healthcare Centre Rehabilitation Trust Acc	250.3	203.8	0.0	- 2.7	201.1	
529	Rehabilitation of Housing for Nurses Trust Acc	15	15.1	0.0	- 0.1	15.0	
530	Rehabilitation of Housing for Police Trust Acc	50	45.8	0.1	- 6.6	39.2	
562	Highlands Highway Rehabilitation Trust Acc	35	1.9	23.9	- 18.5	7.3	
563	District Services Improvement Trust Acc	1246	759.6	45.6	- 152.4	652.8	
564	Urbanization Pilots Trust Acc	15	15.0	-	-	15.0	
565	Institutional Housing Pilot Trust Acc	47	34.7	10.1	-	44.7	
566	Housing Development Pilot Trust Acc	23	15.0	0.0	- 6.1	8.9	
581	Cooperative Societies Establishment Trust Acc	10	1.6	5.0	- 4.0	2.6	
582	Madang Marine Park Development Trust Acc	25	13.8	-	- 1.5	12.3	
583	Rural Electrification Trust Acc	30	22.7	7.3	-	30.0	
584	Konebada Petroleum Park Trust Acc	50	-	50.0	-	50.0	
585	National Infrastructure Development Program Trust Acc	195.9	85.0	95.9	- 13.8	167.1	
586	Land Reform Program Trust Acc	33	28.0	-	-	28.0	
	National Border Authority Trust Acc	44	-	40.0	-	40.0	
	Regional Provincial Treasury and District Administration Offices	26	-	26.0	- 0.2	25.8	
588	Finance Commission of Inquiry	10	11.5	-	- 5.1	6.4	
	Petroleum Outstanding MOA Commitments Trust	180	180.0	0.2	- 30.5	149.7	
	National Stadium Trust Acc	20	-	-	-	-	
	Oro Restoration Authority Trust Acc	20	-	-	-	-	
	TOTAL	4,438.1	2,901.1	394.7	- 905.4	2,390.4	

Source: Department of Finance

⁵ Credits – Payments made into Trust

⁶ Debits – Payments made out of Trust

⁷ Appropriation (Recurrent Expenditure 2009) Act 2008 requires the establishment of a LNG Project Development Cost Trust Account and the transfer of K177 million from Government's Gas Commercialisation Equity financing Trust Account during 2009. As at 31 May 2009, this Trust Account has not been established and the funds have not been transferred.

Expenditure from trust accounts in 2009

Following is a summary of expenditure from Supplementary Budget Trust Accounts for the period 1 January – 31 May 2009:

- **K11.5 million was spent from the Airport Repairs and Upgrade Trust Account.** No financial or project reporting has been provided by the Implementing Agency, Civil Aviation Authority of PNG, to the Department of Finance since the inception of this Trust Account, therefore no details of expenditure can be provided in this report.
- **K0.3 million was spent from the Kubalia High School Rehabilitation Trust Account** for the infrastructure rehabilitation of Kubalia High School.
- **K51.9 million was spent from the Education Sector Infrastructure Rehabilitation Trust Account** for infrastructure rehabilitation of Schools around the country. No financial or project reporting has been provided by the Implementing Agency, Department of National Planning to the Department of Finance therefore no details of expenditure can be provided in this report.
- **K1.8 million was spent from the Higher Education Sector Infrastructure Rehabilitation Trust Account** for the four Universities' infrastructure.
- **K1.6 million was spent from the National Parliament Infrastructure Rehabilitation Trust Account** for the Parliament House infrastructure improvement.
- **K3.0 million was transferred from the Outstanding PBSS (Police) Trust Account** into PNG Constabulary Communication and Infrastructure Trust Account following the settlement of all outstanding PBSS payments in 2007. K20 million was appropriated in which K17 million was used for this purpose whilst the remaining K3 million was paid into PNG Constabulary Communication and Infrastructure Trust Account.
- **K88.1 million was spent from the Transport Sector Infrastructure Rehabilitation Trust Account** for the roads and ports and jetties' infrastructure maintenance and rehabilitation around the country.
- **K2.0 million was spent from the PNG Gas Development and Commitments Trust Account** for business development grants to incorporated companies of landowners.
- **K3.4 million was spent from the Resettlement of Volcano Victims Trust Account.** No financial or project reporting has been provided by the Implementing Agency, East New Britain Provincial Government, to the Department of Finance since the inception of this Trust Account therefore no details of expenditure can be provided in the report.
- **K2.7 million was spent from the Hospital and Healthcare Centre Rehabilitation Trust Account** for hospitals and health care centres' infrastructure maintenance and rehabilitation.
- **K6.6 million was spent from the Rehabilitation of Housing for Police Trust Account** for the maintenance and rehabilitation including construction of new housing for policemen and women around the country.
- **K18.5 million was spent from the Highlands Highway Rehabilitation Trust Account** for the highlands highway rehabilitation program.

- **K152.4 million was spent from the District Service Improvement Program Trust Account** during this period for the sub-programs under the DSIP. The expenditure is the total for the period spent around the country.
- **K13.0 million was spent from the Agriculture Sector Development Trust Account** for various agricultural programs/projects around the country.
- **K15.5 million was spent from the Strategic District Markets Infrastructure Trust Account** for various district markets infrastructure around the country.
- **K50.8 million was spent from the Law and Justice Sector Infrastructure Rehabilitation Trust Account** for the rehabilitation of infrastructure of the Law and Justice Sector in the country.
- **K1.0 million was spent from the NBC Infrastructure Rehabilitation Trust Account** for the rehabilitation of NBC's infrastructure around the country.
- **K0.1 million was spent from the Nurses Housing Trust Account.** This expenditure was mainly for administration and preliminary work.
- **K6.1 million was spent from the Housing Development Pilot Trust Account** for the construction of houses at Gerehu 3B in the Nation's Capital.
- **K4.0 million was spent from the Cooperative Societies Establishment Trust Account** for the establishment of various Cooperative Societies around the country.
- **K1.5 million was spent from the Madang Marine Park Development Trust Account** for the development of the Pacific Marine Park (formerly Madang Marine Park) in Madang.
- **K13.8 million was spent from the National Infrastructure Development Program Trust Account.** This expenditure was for the Highlands Highway rehabilitation program.
- **K0.2 million was spent from the Regional Provincial Treasury and District Administration Offices Trust Account** for the initial work on the establishment of Regional Offices that will administer the Provincial and District Treasuries' operations.
- **K5.1 million was spent from the Finance Commission of Inquiry Trust Account** for the commission of inquiry into the Finance Department.
- **K30.5 million was spent from the Outstanding MOA Commitments Trust Account** for the MOA Commitments to the resource Provinces of Southern Highlands and Gulf Provinces.
- **K423.0 million was transferred into Waigani Public Account (WPA) from the Government's Gas Commercialization Equity Financing Trust Account** for financing the shortfall in the Budget.

- There was no expenditure for the period 1 January – 31 May 2009 for the following Trust Accounts:
 - Outstanding PBSS (Teachers) Trust Account
 - Institutional Housing Pilot Trust Account
 - Urbanization Pilots Trust Account
 - Rural Electrification Trust Account
 - Konebada Petroleum Park Trust Account
 - National Border Authority Trust Account
 - Land Reform Program Trust Account
 - National Stadium Trust Account
 - LNG Project Development Cost Trust Account
 - Oro Restoration Authority Trust Account.

Appropriation for National Stadium, LNG Project Development Cost and Oro Restoration Authority Trusts were not paid into Trust as at the date of this report.

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

1.7 FINANCING

The budget deficit is expected to be K249.6 million in 2009, compared with the original estimate of K10.3 million, which means that the total financing requirement for 2009 will be K249.6 million. Domestic financing of K265.4 will fund the deficit, in line with the Debt Strategy, while external financing is expected to be negative K15.8 million.

1.8 PUBLIC DEBT

Total public debt outstanding is expected to be K7,185.4 million or 33.9 per cent of GDP at the end of 2009 compared to the original budget estimate of K6,261.3 million or 29.6 per cent of GDP. This reflects increased borrowing to finance the 2008 budget deficit, as well as the deficit projected for 2009.

Table 10: Public Debt (Kina Millions)

	2008 Outcome	2009 Budget	2009 MYEFO
Domestic	4,095.9	3,544.9	4,361.4
Treasury Bills	1,742.8	927.9	1,908.9
Inscribed Stock	2,339.5	2,608.0	2,443.5
Other Domestic debt	13.7	9.0	9.1
<i>Domestic debt as % GDP</i>	<i>19.0%</i>	<i>16.8%</i>	<i>20.6%</i>
External	2,725.8	2,716	2,824.0
International Agencies	2,635.1	2,649.0	2,736.3
Commercial Loans	90.7	68.0	87.7
Other Loans	0.0	0.0	0.0
<i>External debt as % GDP</i>	<i>12.6%</i>	<i>12.8%</i>	<i>13.3%</i>
Total Public Debt Outstanding	6821.7	6,261.3	7,185.4
<i>As % GDP</i>	<i>31.6%</i>	<i>29.6%</i>	<i>33.9%</i>

Source: Department of Treasury and BPNG

1.9 RISKS TO THE MID YEAR ECONOMIC AND FISCAL OUTLOOK

The forward estimates of revenues and expenditure in this report incorporate assumptions and judgments based on information available at the time of publication. A range of factors may influence the final budget outcome for 2009. With the global financial crisis still lingering on confidence and with significant uncertainty in the commodity markets, commodity prices and revenue projections could easily change. Change in production levels will also affect revenue projections, if there are disruptions to supply or changes in other economic variables. Most importantly, the volatile nature of commodity prices presents the key risk to revenue forecasts. Expenditure forecasts could vary if there are under spends, new appropriations, changes under standing appropriations and the realization of certain contingent liabilities.

There has been an air of optimism about the PNG LNG project in recent times and with milestones such as the UBSA reached in May and the early works soon to get off the ground in the later part of the year, the private sector is increasingly becoming confident that the LNG project will proceed as scheduled. That confidence is expected to transform into some activity in 2009, and a great deal more in 2010 and beyond if the project moves into full operation.

However, there are still risks surrounding the successful delivery of the project. The key risks to the project surround securing project finance and landowner issues which can be very complex.

The world economic outlook is for continued contraction in growth in 2009 with the IMF revising growth to -1.4 per cent for the year in the July WEO however, growth is forecast to rebound to 2.5 per cent in 2010 with many predicting the worst to pass in 2009. Although the IMF has revised growth projections up for 2010 from 2.1 to 2.5 per cent, they expect the pace to be slow and uneven.

For all of the above reasons, some degree of uncertainty is attached to the estimates of both revenue and expenses in 2009. While the MYEFO estimates are prepared with the benefit of knowing some revenue and expenditure outcomes for the early months of the budget year, which in general tend to reduce forecast errors, substantial uncertainties nevertheless remain.

1.10 2009 AND BEYOND

The revised economic and fiscal forecasts for 2009 and the commodity price assumptions that underlie them will impact on 2009 and beyond. Economic and fiscal projections for the period 2009 to 2014 will be updated in the 2010 budget. These projections will incorporate updated forecasts and decisions taken by the Government concerning the 2010 Budget Strategy Paper.

1.11 FISCAL OUTTURN TABLES

TABLE 1: CENTRAL GOVERNMENT REVENUE & GRANTS

Kina, million

	2009 Budget	2009 MYEFO	Variance	May Outturn	May Trend	Variance
A. TAX REVENUE	4,614.3	4,702.8	88.5	1,734.5	1,680.7	53.8
A1. TAX ON INCOME AND PROFITS	3,043.9	3,163.2	119.3	1,143.3	1,071.9	71.5
Personal Income Tax	1,195.1	1,250.0	54.9	491.6	505.9	-14.3
Company Tax	877.3	926.3	49.0	380.4	272.9	107.5
Dividend Withholding Tax	144.2	151.3	7.1	72.9	36.1	36.8
Interest Withholding Tax	19.1	25.0	5.9	0	6.5	-6.5
Mining and Petroleum Taxes	626.5	632.8	6.3	108.6	172.6	-64.0
Other: Direct	85.8	88.4	3.6	89.6	34.8	54.8
Gaming Tax	95.9	89.4	-6.5	0.17	42.9	-42.7
A2. DOM. TAXES ON GOODS AND SERVICES	1,114.2	1,123.1	8.9	429.2	424.4	4.8
Excise	407.5	395.0	-12.5	147.5	164.4	-16.9
GST	703.0	722.9	19.9	280	258.1	21.9
Other: Indirect	3.7	5.2	1.5	1.7	1.91	-0.2
A3. TAXES ON INTERNATIONAL TRADE	456.2	416.4	-39.8	162.0	184.4	-22.4
Import Duty	166.3	165.0	-1.3	73.0	65.0	8.1
Export Duty	152.9	118.0	-34.9	37.6	66.5	-29.0
Excise duties on Imports	137.0	133.4	-3.6	51.4	52.9	-1.5
B. NON-TAX REVENUE	1,037.8	662.8	-375.0	457.2	473.1	-15.9
B1. PROPERTY INCOME	322.9	50.0	-272.9	0.0	20.2	-20.2
Dividends	195.0	40	-155.0	0.0	12.3	-12.3
Mining and Petroleum Dividends	127.9	10.0	-117.9	0.0	7.9	-7.9
B2. INTEREST AND FEES FROM LENDING	24.0	24.0	0.0	0.0	3.7	-3.7
B3. OTHER NON TAX REVENUE	90.9	88.8	-2.1	34.2	26.2	8.0
INJECTIONS FROM TRUST	600.0	500.0	-100.0	423.0	423.0	0.0
B4. ASSETS SALES	0.0	0.0	0.0	0.0	0.0	0.0
C. TOTAL REVENUE	5,652.1	5,365.6	-286.5	2,191.7	2,153.8	37.9
% of GDP	26.7%	25.3%	-1.4%	10.4%	10.2%	0.2%
D. INFRASTRUCTURE TAX CREDIT	40.0	40.0	0.0	0.0	9.9	-9.9
E. GRANTS	974.3	936.5	-37.8	86.9	142.6	-55.7
Budgetary Support	0.0	0.0	0.0	0.0	0.0	0.0
Project Grants	974.3	936.5	-37.8	86.9	142.6	-55.7
F. TOTAL REVENUE AND GRANTS	6,666.4	6,342.1	-324.3	2,278.6	2,306.3	-27.7
As % of GDP	31.5%	29.9%	-1.6%	10.8%	10.9%	-0.1%
G. PRINCIPAL RECEIPTS FROM LENDING	4.0	4.0	0.0	0.0	1.7	-1.7
H. GROSS BORROWING	1,691.8	1,845.3	153.5	439.2	-78.3	517.5
I. ASSET SALES	0.0	0.0	0.0	0.0	0.0	0.0
J. TOTAL RECEIPTS	8,362.2	8,191.4	-170.8	2,717.9	2,229.7	488.2
As % of GDP	39.5%	38.6%	-0.9%	12.8%	10.5%	2.3%

Source: Department of Treasury

TABLE 2: CENTRAL GOVERNMENT EXPENDITURE
(Kina, Million)

	2009 Budget	2009 MYEFO	Variance	May Outturn	May Trend	Variance
1 RECURRENT BUDGET						
A. NATIONAL DEPARTMENTS	2,364.5	2,364.5	0.0	840.5	843.9	-3.3
Personnel Emoluments	943.7	943.7	0.0	391.7	347.4	44.3
Total Goods & Services	1,420.8	1,420.8	0.0	448.8	496.5	-47.6
General Goods & Services	1,207.4	1,207.4	0.0	418.7	421.8	-3.1
Education Subsidies	143	143.0	0.0	10.9	50.7	-39.7
Arrears Payments	0	0.0	0.0	0.0	0.0	0.0
SAP Payments	18.4	18.4	0.0	3.6	7.7	-4.1
Court Orders	52	52.0	0.0	15.6	18.9	-3.3
B. PROVINCIAL GOVERNMENTS	840.2	840.2	0.0	342.3	330.1	12.2
Personnel Emoluments	659.8	659.8	0.0	265.0	221.8	43.3
Staffing Grants	198.7	198.7	0.0	95.8	78.3	17.5
Teachers Salaries	461.1	461.1	0.0	169.2	143.5	25.7
Goods & Other Services	98.5	98.5	0.0	50.1	60.0	-9.9
Administration Grants	24.3	24.3	0.0	17.4	10.1	7.4
Health Function Grant	28.4	28.4	0.0	12.8	17.4	-4.5
Education Subsidies	31.6	31.6	0.0	14.4	22.7	-8.4
Derivation Grants	14.1	14.1	0.0	5.5	9.9	-4.3
Conditional Grants	81.9	81.9	0.0	27.1	48.3	-21.2
Trans/Infra/Maint. Grants	34.0	34.0	0.0	15.5	23.4	-7.9
Local & Village Services Grants	33.7	33.7	0.0	10.6	15.4	-4.7
Town & Urban Services Grants	11.9	11.9	0.0	0.0	8.2	-8.2
Village Courts	2.2	2.2	0.0	1.04	1.44	-0.4
						0.0
AUTONOMOUS BOUGAINVILLE GOVT	57.0	57.0	0.0	24.8	27.1	-2.3
Police Grant	2.3	2.3	0.0	1.2	1.4	-0.2
Recurrent Grant	54.4	54.4	0.0	23.6	25.7	-2.1
Conditional Grant	0.3	0.3	-0.1	0.0		0.0
C. TRANSFERS & LOANS TO C.S.A	253.9	253.9	0.0	136.4	103.3	33.1
D. INTEREST PAYMENT & FEES	392.8	386.6	-6.2	157.6	136.4	21.2
Domestic	304.0	326.7	22.7	128.3	95.9	32.4
External	88.8	59.9	-28.9	29.4	40.6	-11.2
E. NET LENDING TO C.S.A	-4.0	-4.0	0.0	-0.4	-1.7	1.3
Gross Lending	0	0	0.0	0.0	0.0	0.0
Less : Loan Repayments	-4	-4	0.0	-0.4	-1.7	1.3
F. RECURRENT EXPENDITURE & NET LENDING	3,904.5	3,898.3	-6.2	1501.3	1439.0	62.3
As % of GDP	18.5%	18.4%	-0.1%	7.1%	6.8%	0.3%
2 DEVELOPMENT BUDGET						
Domestic Funds	1,385.9	1,385.9	0.0	164.4	831.5	-667.1
Project Grants	974.3	936.5	-37.8	86.9	142.6	-55.7
Infrastructure Tax Credits	40	40.0	0.0	0.0	13.6	-13.6
Concessional loans	195	154.0	-41.0	18.8	50.1	-31.3
Commercial loans	0	0.0	0.0	0.0	0.0	0.0
G. TOTAL DEVELOPMENT BUDGET (PIP)	2,595.2	2,516.4	-78.8	270.1	1037.8	-767.7
As % of GDP	12.3%	11.9%	-0.4%	1.3%	4.9%	-3.6%
REAPPROPRIATION INTO TRUST	177	177.0	0.0			0.0
H. TOTAL EXPENDITURE & NET LENDING	6,676.7	6,591.7	-85.0	1771.4	2476.8	-705.4
As % of GDP	31.6%	31.1%	-0.5%	8.4%	11.7%	-3.3%
I. AMORTISATION	1,681.5	1,595.7	-85.8	899.6	381.7	518.0
Domestic	1,425.9	1,425.9	0.0	816.7	316.5	500.2
External	255.6	169.8	-85.8	83.0	65.2	17.8
J. LOAN REPAYMENTS	4.0	4.0	0.0	0.0	1.7	-1.7
K. TOTAL PAYMENTS	8,362.2	8,191.4	-170.8	2671.0	2860.1	-189.1
As % of GDP	39.5%	38.6%	-0.9%	12.6%	13.5%	-0.9%

Source: Department of Treasury

TABLE 3: CENTRAL GOVERNMENT FINANCING
(Kina, million)

	2009 Budget	2009 MYEFO	Variance	May Outturn	May Trend	Variance
A. TOTAL REVENUE AND GRANTS	6,666.4	6,342.1	-324.3	2,278.6	2,306.3	-27.7
B. TOTAL EXPENDITURE AND NET LENDING	6,676.7	6,591.7	-85.0	1,771.4	2,476.8	-705.4
C. DEFICIT (-) / SURPLUS (+)	-10.3	-249.6	-239.3	507.3	-170.5	677.8
% of GDP	0.0%	-1.2%	-1.1%	2.4%	-0.8%	3.2%
D. EXTERNAL FINANCING	-60.6	-15.8	44.8	-91.9	11.6	-103.5
D1. CONCESSIONAL FINANCING	-14.2	35.7	49.9	-73.9	22.5	-96.4
New Borrowing	195.0	154.0	-41.0	0.0	50.1	-50.1
Less Amortisation	-209.2	-118.3	90.9	-73.9	-27.5	-46.4
D2. COMMERCIAL FINANCING	-15.4	-17.9	-2.5	0.0	-4.9	4.9
New Borrowing	0	0.0	0.0	0.0	0.0	0.0
Less Amortisation	-15.4	-17.9	-2.5	0.0	-4.9	4.9
D3. EXCEPTIONAL FINANCING	-31.0	-33.6	-2.6	-18.0	-6.1	-11.9
New Borrowing	0.0	0.0	0.0	0.0	0.0	0.0
Less Amortisation	-31.0	-33.6	-2.6	-18.0	-6.1	-11.9
E. DOMESTIC FINANCING	70.9	265.4	194.5	-415.4	39.3	-454.7
E1. DOMESTIC MARKET BORROWING (NET)	70.9	265.4	194.5	-396.2	39.3	-435.5
New Domestic Borrowing	1,496.8	1,691.3	194.5	420.5	241.1	179.4
Less Amortisation	-1,425.9	-1,425.9	0.0	-816.7	-201.8	-614.9
E2. OTHER DOMESTIC FINANCING (b)	0.0	0.0	0.0	-19.2	0.0	-19.2
E3. ASSETS SALES FINANCING	0.0	0.0	0.0	0.0	0.0	0.0
E4. NET FINANCING	10.3	249.6	239.3	0.0	0.0	0.0
F. TOTAL FINANCING	70.9	265.4	194.5	-507.3	-119.6	-387.7
G. GROSS BORROWING	1,692.0	1,845.3	153.3	420.5	137.8	282.6
Concessional	195	154	-41.0	0.0	50.1	-50.1
Commercial	0.0	0	0.0	0.0	0.0	0.0
Exceptional	0.0	0.0	0.0	0.0	0.0	0.0
Domestic	1,497.0	1,691.3	194.3	420.5	-106.3	526.7
Financing Gap	0.0	0.0	0.0	0.0	0.0	0.0

Source: Department of Treasury

PART 2

MID YEAR EXPENDITURE ESTIMATES BY AGENCY

2.1 FUNDED EXPENDITURE SINCE THE 2009 BUDGET

The following expenditure decisions have been taken by the Government since the 2009 Budget:

Table 14: Funded Expenditure Decisions since the 2009 Budget (Kina Millions)

AGENCY	2009 MYEFO
Funded New Expenditure	
Pacific Islands Forum Leaders Meeting held in Port Moresby on 27 Jan 2009	0.6
Department of Police (Operations NEC Dec 57/09)	3.0
Funding for Phase 2 of the Public Private Partnership Policy Framework	0.3
Pledge and Funding to the Niuean Government to assist in funding during Natural disaster	0.1
Department of Attorney General & Justice (Lands Commission)	1.5
Treasury Miscellaneous (Public Enterprise)	2.0
TOTAL NEW EXPENDITURE	7.5
Secretary's Advance	-7.5
Total	0.0

Source: Department of Treasury

2.2 2009 BUDGET EXECUTION

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

As of 31 May 2009, a total of **K5,112.4** million of warrants have been issued from both the Recurrent and the Development Budget. This represents 71 per cent of the recurrent and development appropriations of **K7,158.5** million for 2009.

Some **K2,074.3** million of the warrants issued from the Recurrent Budget are for debt servicing. Excluding debt servicing, a total of **K3,038.1** million warrants have been issued up

to 31 May 2009 from the full year recurrent and development appropriations. This represents 60 per cent of the total non-debt servicing appropriation for 2009.

The recurrent budget warrants total **K4,692.4** million. This is made up of **K1,711.0** million for national departments, **K139.9** million for statutory authorities, **K767.2** million for provincial grants including staffing grants and **K2,074.3** million for debt servicing.

To 31 May 2009, expenditure incurred from the warrants released for the national departments was **K839.1** million, which was 49 per cent of the warrant released and 33 per cent of the appropriation.

A further **K136.4** million was incurred as expenditure for the statutory authorities. This was 98 per cent of the warrants released and 54 per cent of the appropriation.

For the provincial grants, a total of **K367.0** million was incurred. This was 48 per cent of the warrants released and 41 per cent of the appropriation.

For debt servicing the full warrants of **K2,074.3** million were issued and expenditure to end of May was **K1,057.3** million. This was 51 per cent of the appropriation.

The development budget warrants total **K420.0** million. This is made up of **K329.2** million for national departments, **K48.1** million for statutory authorities, **K42.7** million for provincial projects.

To 31 May 2009, expenditure incurred from the warrants released for the national departments was **K205.6** million, which was 63 per cent of the warrant released and 28 per cent of the appropriation.

A further **K35.1** million was incurred as expenditure for the statutory authorities. This was 73 per cent for the warrants released and 26 per cent against the appropriation.

For the provincial projects, a total of **K21.9** million was incurred. This was 51 per cent for the warrants released and 4 per cent for the appropriation.

The large proportion of warrants issued to 31 May 2009 reflects the revised arrangements by Treasury for the early release of warrants. This arrangement was first trialed in 2008 as a means of assisting National Departments, Statutory Authorities and Provincial Governments with their effective implementation of Government programs.

Tables below on pages 29 – 34 provide the amounts of warrants issued to agencies up to 31 May 2009.

NATIONAL DEPARTMENTS RECURRENT EXPENDITURE MYEFO 2009

Div	National Departments	2008 Outcome	2009 Budget	Warrants Issued to 31-May-09	Expenditure to 31-May-09	2009 MYEFO	Variance
201	Parliament	86,700,200	80,600,200	40,500,000	40,500,000	80,600,200	-
202	Governor-General	6,456,688	3,118,000	2,353,000	1,493,049	3,118,000	-
203	Prime Minister & NEC	89,175,965	53,645,900	49,414,400	26,111,033	53,645,900	-
204	Statistics Office	5,133,771	4,147,500	3,597,250	2,393,199	4,147,500	-
205	Bougainville Affairs	3,725,941	1,514,100	1,056,300	613,182	1,514,100	-
206	Finance	29,560,338	20,407,500	14,367,700	8,650,706	20,407,500	-
207	Treasury & Finance Misc.	2,389,363,003	827,526,200	272,526,500	156,816,086	827,526,200	-
208	Treasury	12,419,254	11,772,200	10,360,400	4,064,149	11,772,200	-
209	ORPP	5,163,950	5,386,400	5,068,600	1,716,441	5,386,400	-
212	I.C.T.D	13,039,474	12,381,100	7,591,400	4,423,860	12,381,100	-
213	Fire Services	14,427,470	16,429,900	12,131,300	4,555,673	16,429,900	-
216	Internal Revenue	42,404,138	53,725,700	36,208,100	13,996,275	53,725,700	-
217	Foreign Affairs & Trade	110,477,354	66,265,200	53,204,600	36,429,284	66,265,200	-
219	PNG Inst. of Public Admin.	5,698,044	5,812,400	5,261,900	1,925,466	5,812,400	-
220	Personel Management	13,448,350	10,844,400	9,568,700	3,834,230	10,844,400	-
221	Public Service Commission	3,401,120	3,509,900	2,823,800	998,893	3,509,900	-
222	Pub.Sol	2,000,837	6,681,300	5,545,300	2,014,414	6,681,300	-
223	Judiciary Services	44,647,200	46,640,000	23,500,000	23,500,000	46,640,000	-
224	Magisterial Services	24,334,900	25,299,300	12,500,000	12,500,000	25,299,300	-
225	Attorney-General	38,880,182	33,627,100	24,716,800	8,270,880	33,627,100	-
226	Correctional Instit	65,891,730	61,915,300	45,890,400	23,732,840	61,915,300	-
227	Provincial Treasuries	44,771,983	31,879,800	28,403,220	10,786,758	31,879,800	-
228	Police	206,315,502	189,802,700	159,167,000	79,118,057	189,802,700	-
229	National Planning & Monitoring	10,585,577	9,661,500	7,262,150	3,610,296	9,661,500	-
230	Electoral Commission	71,258,753	7,429,000	7,554,800	5,582,342	7,429,000	-
231	N.I.O	3,662,842	3,243,600	2,260,900	1,185,603	3,243,600	-
232	Prov. & Local Gov't Affairs	47,160,128	9,883,600	11,463,400	2,622,863	9,883,600	-
234	Defence	100,333,884	108,672,800	85,771,300	43,572,980	108,672,800	-
235	Education	230,186,374	143,864,800	233,290,300	44,619,220	143,864,800	-
236	OHE	38,083,762	35,256,700	21,397,100	14,034,990	35,256,700	-
237	UNESCO	702,479	1,146,900	1,048,100	551,965	1,146,900	-
240	Health	155,357,023	166,392,900	111,352,100	56,478,712	166,392,900	-
241	H.M.S	250,515,405	259,791,900	227,986,000	117,973,562	259,791,900	-
242	Community Development	11,500,718	8,890,800	6,447,500	4,009,734	8,890,800	-
243	NVS	1,948,800	1,166,000	462,500	482,500	1,166,000	-
245	Environment & Conservation	10,429,160	11,086,000	8,226,000	3,388,605	11,086,000	-
247	Agriculture & Livestock	14,020,814	13,251,400	11,839,900	6,712,026	13,251,400	-
252	Lands	22,446,321	14,832,700	11,885,200	5,605,168	14,832,700	-
254	(DMPGM)	4,862,266	6,237,000	5,624,900	2,435,851	6,237,000	-
255	Petroleum and Energy	12,631,354	10,892,900	8,432,600	5,206,965	10,892,900	-
258	Inform. & Comm.	13,575,789	3,350,800	2,070,800	842,365	3,350,800	-
259	Transport	19,056,761	23,055,000	16,009,850	4,729,226	23,055,000	-
261	Commerce & Industry	8,959,424	8,359,100	6,420,200	4,200,855	8,359,100	-
262	Industrial Relations	9,333,915	7,567,700	10,777,800	3,573,686	7,567,700	-
263	Tripartite	701,118	951,800	749,900	305,411	951,800	-
264	Works & Implementation	49,955,592	106,197,200	81,768,300	36,954,733	106,197,200	-
267	Rural Development	7,492,137	5,218,400	3,833,400	1,428,472	5,218,400	-
268	CS & TB	1,688,160	2,166,500	1,330,000	560,960	2,166,500	-
	Total National Departments	4,353,887,958	2,541,499,100	1,711,021,670	839,113,565	2,541,499,100	-
299	<i>T & F - Debt Charges</i>	-	<i>2,074,300,000</i>	<i>2,074,300,000</i>	<i>1,057,263,289</i>	<i>2,074,300,000</i>	-

STATUTORY AUTHORITIES RECURRENT EXPENDITURE MYEFO 2009

Div	Statutory Authorities	2008 Outcome	2009 Budget	Warrants Issued to 31-May-09	Expenditure to 31-May-09	2009 MYEFO	Variance
502	Auditor-General	15,764,900	14,235,700	6,645,200	6,645,200	14,235,700	-
503	Ombudsman	11,892,900	14,040,000	6,580,000	6,580,000	14,040,000	-
505	N.R.I.	3,055,000	3,029,500	1,612,400	1,487,900	3,029,500	-
506	N.T.C.	2,265,200	2,452,800	1,372,000	1,372,000	2,452,800	-
507	Economic & Fiscal Commission	1,092,024	1,500,000	975,000	406,950	1,500,000	-
508	N.G.C.B	2,563,000	0	5,000,000	5,000,000	0	-
509	BDA	-	0	500,000	500,000	0	-
510	L.T.I.	1,351,600	1,536,500	990,100	990,100	1,536,500	-
512	U.P.N.G.	34,751,600	33,416,800	14,423,500	14,423,500	33,416,800	-
513	UNITECH	31,858,300	32,000,000	13,833,500	13,833,500	32,000,000	-
514	University of Goroka	11,850,000	12,364,000	7,308,200	7,308,200	12,364,000	-
515	University of Vudal	7,180,600	8,972,500	4,265,800	4,265,800	8,972,500	-
516	PNG Sports Commission	3,309,900	3,183,400	2,071,600	2,071,600	3,183,400	-
517	Narcotics Bureau	1,978,700	1,707,400	964,800	964,800	1,707,400	-
518	PNG Maritime	2,841,400	2,731,700	1,138,100	1,138,100	2,731,700	-
519	AIDS COUNCIL	5,587,400	5,747,000	2,894,500	2,894,500	5,747,000	-
520	I.M.R.	3,413,100	3,887,100	1,619,500	1,619,500	3,887,100	-
521	N.Y.C	4,199,800	1,560,000	697,600	697,518	1,560,000	-
522	C.L.R.C	1,834,531	1,953,500	1,264,000	827,845	1,953,500	-
525	N.B.C.	20,128,500	20,312,000	9,323,500	8,323,500	20,312,000	-
526	N.M.S.A	1,683,300	1,560,000	650,000	650,000	1,560,000	-
530	I.P.A.	2,151,000	2,068,000	1,585,000	1,585,000	2,068,000	-
531	S.B.D.C	2,284,900	2,288,000	953,500	953,500	2,288,000	-
532	N.I.S.I.T	2,065,600	2,443,400	1,730,400	1,730,400	2,443,400	-
533	I.C.D.C	1,506,100	1,482,500	744,000	744,000	1,482,500	-
539	National Museum	5,498,700	4,638,700	3,321,500	3,321,500	4,638,700	-
541	N.H.C.	210,200	218,600	91,000	91,000	218,600	-
542	N.C.C.	4,533,500	3,159,700	1,244,600	1,298,600	3,159,700	-
550	C.C.I Ltd	5,325,900	5,416,600	2,900,000	2,900,000	5,416,600	-
553	F.P.D.C	3,248,500	3,749,700	1,562,500	1,562,500	3,749,700	-
554	PNG C.I.C	-	2,000,000	1,716,300	1,716,300	2,000,000	-
557	Forest Authority	32,302,200	26,000,000	23,839,900	22,559,900	26,000,000	-
558	T.P.A	9,095,400	9,808,000	3,543,500	3,543,500	9,808,000	-
562	N.A.R.I.	7,802,100	8,326,300	4,090,500	4,090,500	8,326,300	-
563	Agr. Quarantine & Inspection	3,588,900	3,522,800	1,467,200	1,467,200	3,522,800	-
565	C.A.A	17,966,000	9,600,000	5,700,000	5,700,000	9,600,000	-
567	N.R.A	1,007,349	871,200	402,200	275,263	871,200	-
569	I.C.C.C	1,916,900	2,149,800	895,900	895,900	2,149,800	-
	Total Statutory Authorities	269,105,004	253,933,200	139,917,300	136,435,576	253,933,200	-

PROVINCIAL GOVERNMENT RECURRENT EXPENDITURE MYEFO 2009

Div	Provincial Administrations	2008 Outcome	2009 Budget	Warrants Issued 31-May-09	Expenditure to 31-May-09	2009 MYEFO	Variance
571	Western P.G.	33,615,473	38,576,600	33,900,500	14,012,737	38,576,600	-
572	Gulf P.G.	19,683,035	24,216,200	19,527,500	7,312,817	24,216,200	-
573	Central P.G.	48,131,192	50,757,400	44,905,100	21,114,270	50,757,400	-
574	NCDC	2,860,500	3,209,400	0	0	3,209,400	-
575	Milne Bay P.G.	62,480,195	47,344,700	46,442,900	21,870,703	47,344,700	-
576	Oro P.G.	26,246,539	27,678,900	23,901,000	11,961,730	27,678,900	-
577	S.H.P.	73,204,777	65,067,700	58,007,300	30,599,883	65,067,700	-
578	Enga P.G.	49,766,337	48,257,900	41,462,600	19,090,488	48,257,900	-
579	W.H. P.G.	63,254,762	58,318,200	51,096,800	25,566,127	58,318,200	-
580	Simbu P.G.	49,333,659	46,559,400	41,246,800	20,607,735	46,559,400	-
581	E.H. P.G.	62,054,404	59,785,000	47,831,800	22,216,730	59,785,000	-
582	Morobe P.G.	71,649,385	78,068,400	58,551,300	27,979,853	78,068,400	-
583	Madang P.G.	47,773,700	50,644,200	47,173,200	21,666,985	50,644,200	-
584	East Sepik P.G.	55,985,853	54,401,800	40,801,800	25,112,161	54,401,800	-
585	Sandaun P.G.	33,437,053	39,678,100	36,586,100	14,620,163	39,678,100	-
586	Manus P.G.	15,230,959	19,345,300	16,613,000	8,383,531	19,345,300	-
587	New Ireland P.G.	28,410,576	30,865,200	27,818,200	12,702,187	30,865,200	-
588	E.N.B. P.G.	46,191,781	55,778,200	49,466,200	20,803,414	55,778,200	-
589	W.N.B. P.G.	40,165,968	41,691,700	35,529,700	16,567,094	41,691,700	-
590	A.B.G.	52,526,170	57,041,200	46,344,200	24,858,184	57,041,200	-
	Total Prov Administrations	882,002,318	897,285,500	767,206,000	367,046,792⁸	897,285,500	-

⁸Total expenditure up to 31 May 2009 for provinces in the recurrent and development expenditure tables includes ABG however this is separated in Table 2 of the Fiscal Outturn Tables page 25.

NATIONAL DEPARTMENTS DEVELOPMENT EXPENDITURE MYEFO 2009

Div	National Departments	2008 Outcome	2009 Budget	Warrants Issued to 31-May-09	Expenditure to 31-May-09	2009 MYEFO	Variance
201	Parliament						
203	Prime Minister & NEC	2,423,515	300,000	-	-	300,000	-
204	National Statistics Office	4,464,934				-	-
206	Finance	15,079,187	9,300,000	6,960,000	3,731,845	9,300,000	-
208	Treasury	306,027	400,000	400,000	85,836	400,000	-
217	Foreign Affairs & Trade		300,000	225,000	45,516	300,000	-
220	Personel Management	3,704,460	53,500,000	2,990,000	1,078,572	53,500,000	-
229	National Planning &	57,432,645	201,900,000	139,830,000	110,676,950	201,900,000	-
230	Electoral Commission					-	-
232	Prov. & Local Gov't Affairs	1,498,035	3,500,000	2,600,000	1,027,129	3,500,000	-
234	Defence	6,000,000	25,180,000	25,180,000	1,430,703	25,180,000	-
235	Education	13,514,219	12,800,000	7,035,000	2,947,423	12,800,000	-
236	OHE	350,000	1,000,000	800,000	10,386	1,000,000	-
240	Health	22,000,000	11,000,000	6,000,000	-	11,000,000	-
242	Community Development	3,149,999	11,400,000	6,435,000	4,000,744	11,400,000	-
245	Environment & Conservation	1,200,000	1,600,000	250,000	-	1,600,000	-
247	Agriculture & Livestock		5,200,000	3,080,600	1,077,557	5,200,000	-
252	Lands	2,350,000	5,000,000	2,400,000	2,334,990	5,000,000	-
254	(DMPGM)		3,000,000	1,200,000	-	3,000,000	-
255	Petroleum and Energy	123,678,066	66,800,000	22,658,000	21,087,362	66,800,000	-
258	Inform. & Comm.	800,000	5,000,000	2,000,000	811,146	5,000,000	-
259	Transport	12,800,000	4,400,000	2,500,000	-	4,400,000	-
261	Commerce & Industry	1,500,000	9,500,000	4,800,000	1,771,241	9,500,000	-
264	Works & Implementation	180,266,343	263,532,000	64,600,000	46,469,234	263,532,000	-
267	Rural Development	27,769,746	28,250,000	27,250,000	7,000,000	28,250,000	-
	Total National Departments	480,287,176	722,862,000	329,193,600	205,586,634	722,862,000	-

STATUTORY AUTHORITIES DEVELOPMENT EXPENDITURE MYEFO 2009

Div	Statutory Authorities	2008 Outcome	2009 Budget	Warrants Issued to 31-May-09	Expenditure to 31-May-09	2009 MYEFO	Variance
506	N.T.C.		300,000	150,000	-	300,000	-
509	BDA		-	-	-	-	-
512	U.P.N.G.	2,500,000	300,000	100,000	-	300,000	-
513	UNITECH	2,000,000	2,000,000	400,000	-	2,000,000	-
514	University of Goroka	5,000,000				-	-
515	University of Vudal	3,700,000				-	-
516	PNG Sports Commision	700,000	2,900,000	1,200,000	600,000	2,900,000	-
517	Narcotics Bureau		1,700,000	1,700,000	945,000	1,700,000	-
519	AIDS COUNCIL	17,000,000	5,000,000	2,600,000	1,500,000	5,000,000	-
520	I.M.R.	1,000,000	3,000,000	1,200,000	600,000	3,000,000	-
521	N.Y.C		1,500,000	400,000	400,000	1,500,000	-
524	IPBC					-	-
525	N.B.C.					-	-
526	N.M.S.A		1,000,000	500,000	200,000	1,000,000	-
528	Roads Safety Council		1,000,000	750,000	550,000	1,000,000	-
530	I.P.A.		1,800,000	600,000	-	1,800,000	-
531	S.B.D.C	1,000,000	3,000,000	1,352,000	652,000	3,000,000	-
532	N.I.S.I.T	690,000	2,000,000	1,172,000	628,000	2,000,000	-
533	I.C.D.C	1,800,000	20,000,000	2,000,000	2,000,000	20,000,000	-
535	M.R.A	11,500,000	11,440,000	2,920,000	1,310,000	11,440,000	-
539	National Museum		1,000,000	700,000	500,000	1,000,000	-
540	Nat. Water Board	6,600,000				-	-
541	N.H.C.	2,000,000	8,000,000	-	-	8,000,000	-
542	N.C.C.		1,500,000	1,050,000	450,000	1,500,000	-
543	R.D.B		20,000,000	20,000,000	20,000,000	20,000,000	-
546	PNG Power	1,000,000				-	-
548	PNG H.B	4,000,000	10,000,000	2,000,000	2,000,000	10,000,000	-
550	C.C.I Ltd	1,300,000	4,000,000	2,700,000	1,800,000	4,000,000	-
551	Fisheries	8,000,000	15,000,000	-	-	15,000,000	-
553	F.P.D.C	1,820,000	2,500,000	1,200,000	-	2,500,000	-
554	PNG C.I.C	1,100,000				-	-
557	Forest Authority	1,000,000	7,200,000	1,500,000	-	7,200,000	-
558	T.P.A	2,350,000	4,000,000	-	-	4,000,000	-
559	PNG O.P.I.C	0	2,000,000	550,000	200,000	2,000,000	-
562	N.A.R.I.	1,200,000	2,000,000	1,200,000	800,000	2,000,000	-
563	Agr. Quarantine & Inspection	-	500,000	150,000	-	500,000	-
565	C.A.A	20,000,000				-	-
568	L.D.C	1,000,000				-	-
	Total Statutory Authorities	98,260,000	134,640,000	48,094,000	35,135,000	134,640,000	-

PROVINCIAL GOVERNMENT DEVELOPMENT EXPENDITURE MYEFO 2009

Div	Provincial Administrations	2008 Outcome	2009 Budget	Warrants Issued 31-May-09	Expenditure to 31-May-09	2009 MYEFO	Variance
571	Western P.G.	22,298,000	25,000,000	6,000,000	6,000,000	25,000,000	-
572	Gulf P.G.	4,170,000	12,750,000	-	-	12,750,000	-
573	Central P.G.	2,850,000	22,850,000	500,000	-	22,850,000	-
574	NCDC	2,000,000	14,000,000	-	-	14,000,000	-
575	Milne Bay P.G.	3,250,000	20,250,000	-	-	20,250,000	-
576	Oro P.G.	1,750,000	9,750,000	-	-	9,750,000	-
577	S.H.P.	15,832,000	43,750,000	4,500,000	1,500,000	43,750,000	-
578	Enga P.G.	9,000,000	38,000,000	16,750,000	1,500,000	38,000,000	-
579	W.H. P.G.	3,000,000	35,000,000	-	-	35,000,000	-
580	Simbu P.G.	2,750,000	29,250,000	2,000,000	1,500,000	29,250,000	-
581	E.H. P.G.	5,250,000	47,550,000	3,550,000	3,300,000	47,550,000	-
582	Morobe P.G.	4,500,000	42,500,000	-	-	42,500,000	-
583	Madang P.G.	2,750,000	26,750,000	-	-	26,750,000	-
584	East Sepik P.G.	5,250,000	30,750,000	1,750,000	1,500,000	30,750,000	-
585	Sandaun P.G.	3,450,000	18,750,000	-	-	18,750,000	-
586	Manus P.G.	1,500,000	14,000,000	-	-	14,000,000	-
587	New Ireland P.G.	12,630,000	31,630,000	-	-	31,630,000	-
588	E.N.B. P.G.	3,750,000	31,250,000	250,000	-	31,250,000	-
589	W.N.B. P.G.	1,750,000	11,250,000	-	-	11,250,000	-
590	A.B.G.	17,000,000	29,000,000	7,390,000	6,640,000	29,000,000	-
	Total Prov Administrations	124,730,000	534,030,000	42,690,000	21,940,000	534,030,000	-

2.3 REALLOCATION OF APPROPRIATED FUNDS

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

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

To 31 May 2009, K226.8 million has been reallocated through these mechanisms. These constitute approximately 4 per cent of the recurrent appropriation. K208.9 million relates to transfers between items within the total appropriation for an agency. A further K17.9 million has been allocated through the Secretary's Advance (further details of these payments are in Table 21 below).

DETAILS OF EXPENDITURE FROM SECRETARY'S ADVANCE

An amount of K20.0 million was appropriated to Secretary's Advance in the 2009 Budget. The following table sets out the allocations made from the Secretary's Advance from 1 January 2009 up to 31 May 2009.

Table 21: Expenditure from Secretary's Advance

Division		2009 Budget K'000	2009 MYEFO K'000
207	Original Appropriation	20,000.0	
	Total Funds Available From Secretary's Advance	20,000.0	
	Pacific Islands Forum Leaders Meeting held in Port Moresby on 27 January 2009		614.9
	Funeral expenses for the Late Mr Monty Derari – Oro Province Administrator		202.1
	Settlement of various Timber Rights Purchase Agreements for the Jimi River area in the Western Highlands Province and the Timber Rights Purchase Agreement for Extended Mengen area in the East New Britain Province		698.6
	Payment of Land compensation for Brandi High School and Wewak Town Water Supply		668.0
	Billiard and Snooker Champions		200.0
	Kickboxing Title held on 25 April 2009		200.0
	Payment to settle National Gas Corporation LTD stale cheques		200.0
	Purchase and supply of medals for the Queens Honour Ceremony (Office of Governor-General)		1,900.7
	Contribution to Team PNG's participation in the Arafura Gamers		400.0
	Special Police Operations in Lagaip/Pogera		3,000.0
	Additional funding for the Financial Management Improvement Program		2,000.0
	Department of Treasury's contribution to the Late Mr John Vulupindi's family		10.0
	Payment to the Electoral Commission for outstanding legal fees from the 2007 National Election and 2008 Local Level Government Elections		1,982.6
	Asian Development Bank Annual Meeting		88.5
	Funding for Phase 2 of the Public Private Partnership Policy Framework		300.0
	Payment to the Department of Attorney-General for the special land hearing for the Wafi Gold Mine land disputes		1,500.0
	Funding for the 16 th African, Caribbean and Pacific states-European Union (ACP-EU) Joint Parliament Assembly Session		290.2
	Funding for the new Department of Public Enterprises		2,000.0
	Additional funding to the National Broadcasting Commission		1,000.0
	Pledge and funding to the Niuean Government to assist in funding during Natural Disaster		102.1
	Payment to the Natural Gas Cooperation LTD as part of the Benefit Sharing Agreement held in Kokopo		200.0
	Payment to the National Research Institute for Outstanding Consultancy Fees for the NAP Taskforce		42.0
	Payment to the Department of Treasury's Financial Evaluation Division for the purchase of new server for the CS-DRMS Project		63.0
	Urgent transfer to cater for Authority to Pre-Commit books printed by the Government Printing Office.		100.0
	Funding for a nationwide audit of nurses currently paid under PGAS		100.0
	Total Funds spent from Secretary's Advance as at 31 May 2009		17,862.7

PART 3

APPENDICES

APPENDIX 1: DETAILS ON SUPPLEMENTARY BUDGETS & ADDITIONAL PRIORITY EXPENDITURES FROM 2005 – 2008 BALANCES AS AT 31 MAY 2009

HEALTH

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2006 SUPPLEMENTARY BUDGET (AUGUST 2006)							
MTDS Priorities	95.9	8.9	2.0	85.0	0.0	0.0	95.9
Hospital Rehabilitation Plan	70.0	0.0	0.0	70.0	0.0	0.0	70.0
Nurse Housing	15.0	0.0	0.0	15.0	0.0	0.0	15.0
District Health Improvement	8.9	8.9	0.0	0.0	0.0	0.0	8.9
Bird Flu Preparation	2.0	0.0	2.0	0.0	0.0	0.0	2.0
Total	95.9	8.9	2.0	85.0	0.0	0.0	95.9
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
Health Sector	110.0	9.7	0.0	100.3	0.0	0.0	110.0
<i>Church health workers</i>	<i>9.7</i>	<i>9.7</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>9.7</i>
<i>Other health</i>	<i>100.3</i>	<i>0.0</i>	<i>0.0</i>	<i>100.3</i>	<i>0.0</i>	<i>0.0</i>	<i>100.3</i>
Total	110.0	9.7	0.0	100.3	0.0	0.0	110.0
2007 SECOND SUPPLEMENTARY BUDGET (OCTOBER 2007)							
Additions to Spending	13.0	10.0	3.0	0.0	0.0	0.0	13.0
<i>Doctor's Back-Pay</i>	<i>10.0</i>	<i>10.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>10.0</i>
<i>Avian Flu - NAQIA Funding</i>	<i>3.0</i>	<i>0.0</i>	<i>3.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>3.0</i>
District Infrastructure Funding	89.0	0.0	0.0	89.0	0.0	0.0	89.0
<i>District Health Improvement Program</i>	<i>89.0</i>	<i>0.0</i>	<i>0.0</i>	<i>89.0</i>	<i>0.0</i>	<i>0.0</i>	<i>89.0</i>
Public Infrastructure Maintenance Funds	80.0	0.0	0.0	80.0	0.0	0.0	80.0
<i>Health</i>	<i>80.0</i>	<i>0.0</i>	<i>0.0</i>	<i>80.0</i>	<i>0.0</i>	<i>0.0</i>	<i>80.0</i>
Total	182.0	10.0	3.0	169.0	0.0	0.0	182.0
2008 BUDGET							
District Services Improvement Programs	89.0	0.0	0.0	89.0	0.0	0.0	89.0
2008 SUPPLEMENTARY BUDGET (SEPTEMBER 2008)							
Church Run Hospital Partnerships	14	14	0	0	0	0	14
Total	14.0	14.0	0.0	0.0	0.0	0.0	14.0
Grand Total	490.9	42.6	5.0	443.3	0.0	0.0	490.9

EDUCATION

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2006 SUPPLEMENTARY BUDGET (AUGUST 2006)							
MTDS Priorities	8.9	8.9	0.0	0.0	0.0	0.0	8.9
<i>District Education Improvement</i>	8.9	8.9	0.0	0.0	0.0	0.0	8.9
Meeting Obligations	40.0	14.9	0.0	25.1	0.0	0.0	40.0
<i>PBSS (teachers)</i>	40.0	14.9	0.0	25.1	0.0	0.0	40.0
Non-MTDS Priorities	12.0	10.0	0.0	2.0	0.0	0.0	12.0
<i>Emergency School Maintenance</i>	7.0	7.0	0.0	0.0	0.0	0.0	7.0
<i>Bana High School</i>	3.0	3.0	0.0	0.0	0.0	0.0	3.0
<i>Kubalia High School</i>	2.0	0.0	0.0	2.0	0.0	0.0	2.0
Total	60.9	33.8	0.0	27.1	0.0	0.0	60.9
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
PBSS payments (teachers)	20.0	0.0	0.0	20.0	0.0	0.0	20.0
Total	20.0	0.0	0.0	20.0	0.0	0.0	20.0
2007 ADDITIONAL PRIORITY EXPENDITURE (November 2006)							
Education Infrastructure	200.0	0.0	0.0	200.0	0.0	0.0	200.0
<i>Higher education</i>	50.0	0.0	0.0	50.0	0.0	0.0	50.0
<i>Other education</i>	150.0	0.0	0.0	150.0	0.0	0.0	150.0
Total	200.0	0.0	0.0	200.0	0.0	0.0	200.0
2007 SECOND SUPPLEMENTARY BUDGET (OCTOBER 2007)							
Additions to Spending	3.0	3.0	0.0	0.0	0.0	0.0	3.0
Marienberg Community College	3.0	3.0	0.0	0.0	0.0	0.0	3.0
District Infrastructure Funding	89.0	0.0	0.0	89.0	0.0	0.0	89.0
District Education Improvement Program	89.0	0.0	0.0	89.0	0.0	0.0	89.0
Public Infrastructure Maintenance Funds	80.0	0.0	0.0	80.0	0.0	0.0	80.0
<i>Education</i>	80.0	0.0	0.0	80.0	0.0	0.0	80.0
Total	172.0	3.0	0.0	169.0	0.0	0.0	172.0
2008 BUDGET							
District Services Improvement Programs	89.0	0.0	0.0	89.0	0.0	0.0	89.0
Tertiary Institutions Infrastructure	30.0	0.0	0.0	30.0	0.0	0.0	30.0
Technical Schools Maintenance	20.0	0.0	0.0	20.0	0.0	0.0	20.0
Lutheran University (Note 3)	3.0	0.0	3.0	0.0	0.0	0.0	3.0
Total	142.0	0.0	3.0	139.0	0.0	0.0	142.0
2008 SUPPLEMENTARY BUDGET (SEPTEMBER 2008)							
Land acquisitions for state schools	1.74	1.7	0	0	0	0.04	1.74
Total	1.7	1.7	0.0	0.0	0.0	0.0	1.7
Grand Total	596.6	38.5	3.0	555.1	0.0	0.0	596.6

LAW AND JUSTICE

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2006 SUPPLEMENTARY BUDGET (AUGUST 2006)							
MTDS Priorities	58.5	33.5	0.0	25.0	0.0	0.0	58.5
Police Housing	25.0	0.0	0.0	25.0	0.0	0.0	25.0
Judiciary - Court House Upgrade	9.0	9.0	0.0	0.0	0.0	0.0	9.0
Police Pay	8.0	8.0	0.0	0.0	0.0	0.0	8.0
Southern Highlands Security Situation	8.0	8.0	0.0	0.0	0.0	0.0	8.0
Improved conditions for State lawyers	3.0	3.0	0.0	0.0	0.0	0.0	3.0
Land mediation for resource projects	2.5	2.5	0.0	0.0	0.0	0.0	2.5
Juvenile Detention Facilities	2.0	2.0	0.0	0.0	0.0	0.0	2.0
Border Facilities Upgrade	1.0	1.0	0.0	0.0	0.0	0.0	1.0
Meeting Obligations	20.0	0.0	0.0	20.0	0.0	0.0	20.0
PBSS (police)	20.0	0.0	0.0	20.0	0.0	0.0	20.0
Non-MTDS	2.8	2.8	0.0	0.0	0.0	0.0	2.8
Leadership Tribunals	2.8	2.8	0.0	0.0	0.0	0.0	2.8
Total	81.3	36.3	0.0	45.0	0.0	0.0	81.3
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
Law and Justice Sector	25.0	0.0	0.0	25.0	0.0	0.0	25.0
Police Housing	25.0	0.0	0.0	25.0	0.0	0.0	25.0
Total	25.0	0.0	0.0	25.0	0.0	0.0	25.0
2007 ADDITIONAL PRIORITY EXPENDITURE (November 2006)							
Law and Justice infrastructure	50.0	0.0	0.0	50.0	0.0	0.0	50.0
Total	50.0	0.0	0.0	50.0	0.0	0.0	50.0
2007 SECOND SUPPLEMENTARY BUDGET (OCTOBER 2007)							
Additions to Spending	8.00	8.0	0.0	0.0	0.0	0.00	8.00
Outstanding Legal Fees	8.0	8.0	0.0	0.0	0.0	0.0	8.0
District Infrastructure Funding	89.0	0.0	0.0	89.0	0.0	0.0	89.0
District Law and Justice Program	89.0	0.0	0.0	89.0	0.0	0.0	89.0
Public Infrastructure Maintenance Funds	80.0	0.0	0.0	80.0	0.0	0.0	80.0
Law and Justice	80.0	0.0	0.0	80.0	0.0	0.0	80.0
Total	177.0	8.0	0.0	169.0	0.0	0.0	177.0
2008 BUDGET							
District Services Improvement Programs	89.0	0.0	0.0	89.0	0.0	0.0	89.0
2008 SUPPLEMENTARY BUDGET (SEPTEMBER 2008)							
Attorney General's - Housing Allowance	2.6	2.6	0	0	0	0	2.6
Total	2.6	2.6	0	0	0	0	2.6
Grand Total	424.9	46.9	0.0	378.0	0.0	0.0	424.9

TRANSPORT

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2006 SUPPLEMENTARY BUDGET (AUGUST 2006)							
MTDS Priorities	235.5	215.5	0.0	20.0	0.0	0.0	235.5
Highlands Highway	70.0	70.0	0.0	0.0	0.0	0.0	70.0
District Transport Inf. Project	44.5	44.5	0.0	0.0	0.0	0.0	44.5
Airport Rehabilitation	30.0	10.0	0.0	20.0	0.0	0.0	30.0
Gurney Airport	2.0	2.0	0.0	0.0	0.0	0.0	2.0
Road & Bridge Maintenance	22.0	22.0	0.0	0.0	0.0	0.0	22.0
Commodity Roads Improvement	20.0	20.0	0.0	0.0	0.0	0.0	20.0
ADB Navigational Aids	7.4	7.4	0.0	0.0	0.0	0.0	7.4
Gazelle Restoration	9.6	9.6	0.0	0.0	0.0	0.0	9.6
Gobe-Semberigi	10.0	10.0	0.0	0.0	0.0	0.0	10.0
Buka Ring Road	10.0	10.0	0.0	0.0	0.0	0.0	10.0
Napa Napa Road Link	5.0	5.0	0.0	0.0	0.0	0.0	5.0
District Vessels	5.0	5.0	0.0	0.0	0.0	0.0	5.0
Total	235.5	215.5	0.0	20.0	0.0	0.0	235.5
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
Transport Sector	76.0	0.0	0.0	76.0	0.0	0.0	76.0
Highlands Highway	35.0	0.0	0.0	35.0	0.0	0.0	35.0
National Roads	21.0	0.0	0.0	21.0	0.0	0.0	21.0
Provincial Roads	20.0	0.0	0.0	20.0	0.0	0.0	20.0
Total	76.0	0.0	0.0	76.0	0.0	0.0	76.0
2007 ADDITIONAL PRIORITY EXPENDITURE (November 2006)							
Transport Sector Infrastructure	44.0	0.0	0.0	44.0	0.0	0.0	44.0
District Roads	20.0	0.0	0.0	20.0	0.0	0.0	20.0
Ports and jetties	14.0	0.0	0.0	14.0	0.0	0.0	14.0
Wewak airport	10.0	0.0	0.0	10.0	0.0	0.0	10.0
Total	44.0	0.0	0.0	44.0	0.0	0.0	44.0
2007 SECOND SUPPLEMENTARY BUDGET (OCTOBER 2007)							
Approved Programs	21.00	21.0	0.0	0.0	0.0	0.00	21.00
CAA	21.0	21.0	0.0	0.0	0.0	0.0	21.0
Major Improvements in Infrastructure	257.0	0.0	0.0	257.0	0.0	0.0	257.0
Lae Roads	25.0	0.0	0.0	25.0	0.0	0.0	25.0
Lae Port	145.0	0.0	0.0	145.0	0.0	0.0	145.0
Wewak Wharf	37.0	0.0	0.0	37.0	0.0	0.0	37.0
Central City	30.0	0.0	0.0	30.0	0.0	0.0	30.0
Wewak Town Roads	10.0	0.0	0.0	10.0	0.0	0.0	10.0
Port Moresby Wharf	10.0	0.0	0.0	10.0	0.0	0.0	10.0
Total	278.0	21.0	0.0	257.0	0.0	0.0	278.0

TRANSPORT (CONT'D)

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2008 BUDGET							
District Services Improvement Programs	89.0	0.0	0.0	89.0	0.0	0.0	89.0
National Road Maintenance	50.0	48.2	1.8	0.0	0.0	0.0	50.0
Lae Roads	25.0	0.0	0.0	25.0	0.0	0.0	25.0
Central City	20.0	0.0	0.0	20.0	0.0	0.0	20.0
South Bougainville Feeder Roads	4.1	4.1	0.0	0.0	0.0	0.0	4.1
Buka/Arawa Road - pre-funding	3.0	3.0	0.0	0.0	0.0	0.0	3.0
Total	191.1	55.3	1.8	134.0	0.0	0.0	191.1
2008 SUPPLEMENTARY BUDGET (SEPTEMBER 2008)							
Priority Roads	90	0.0	0.0	90.0	0.0	0.0	90.0
Rural Town Roads	64.0	0.0	0.0	64.0	0.0	0.0	64.0
Lae Ports	21.5	0.0	0.0	21.5	0.0	0.0	21.5
Ports, Wharves & Jetties	20.0	0.0	0.0	20.0	0.0	0.0	20.0
Airport Upgrades	20.0	0.0	0.0	20.0	0.0	0.0	20.0
National/Rural Bridges	35.0	0.0	0.0	35.0	0.0	0.0	35.0
Road Feasibility Studies	5.0	0.0	5.0	0.0	0.0	0.0	5.0
Total	255.5	0.0	5.0	250.5	0.0	0.0	255.5
Grand Total	1,080.1	291.8	6.8	781.5	0.0	0.0	1,080.1

INCOME EARNING OPPORTUNITIES

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2006 SUPPLEMENTARY BUDGET (AUGUST 2006)							
MTDS Priorities	25.0	10.0	0.0	15.0	0.0	0.0	25.0
Gas Project Business Development	15.0	0.0	0.0	15.0	0.0	0.0	15.0
Cocoa Pod Outbreak	10.0	10.0	0.0	0.0	0.0	0.0	10.0
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
Agriculture Projects	35.0	0.0	0.0	35.0	0.0	0.0	35.0
Total	35.0	0.0	0.0	35.0	0.0	0.0	35.0
2007 ADDITIONAL PRIORITY EXPENDITURE (November 2006)							
District markets	20.0	0.0	0.0	20.0	0.0	0.0	20.0
Agriculture Projects	5.0	0.0	0.0	5.0	0.0	0.0	5.0
Total	25.0	0.0	0.0	25.0	0.0	0.0	25.0
2007 SECOND SUPPLEMENTARY BUDGET (OCTOBER 2007)							
Approved Programs	40.0	0.0	0.0	40.0	0.0	0.0	40.0
NADP	40.0	0.0	0.0	40.0	0.0	0.0	40.0
Additions to Spending	15.0	14.0	1.0	0.0	0.0	0.0	15.0

INCOME EARNING OPPORTUNITIES (CONT'D)

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
Cocoa Pod Borer	12.0	11.0	1.0	0.0	0.0	0.0	12.0
National Forest Authority - Impact Projects	3.0	3.0	0.0	0.0	0.0	0.0	3.0
Total	55.0	14.0	1.0	40.0	0.0	0.0	55.0
2008 BUDGET							
District Services Improvement Programs	89.0	0.0	0.0	89.0	0.0	0.0	89.0
NADP	28.0	0.0	0.0	28.0	0.0	0.0	28.0
Total	89.0	0.0	0.0	89.0	0.0	0.0	89.0
Grand Total	229.0	24.0	1.0	204.0	0.0	0.0	229.0

GAS EQUITY

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

DEBT REPAYMENT

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2006 ADDITIONAL PRIORITY EXPENDITURE (NOVEMBER 2006)							
<i>Debt repayment</i>	<i>100.0</i>	<i>100.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>100.0</i>
2007 SECOND SUPPLEMENTARY BUDGET (OCTOBER 2007)							
<i>Nambawan Superannuation Limited</i>	<i>250.0</i>	<i>250.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>250.0</i>
<i>Debt repayment</i>	<i>297.0</i>	<i>297.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>297.0</i>
2008 BUDGET							
<i>Nambawan Superannuation - Liability Reduction</i>	<i>150.0</i>	<i>150.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>150.0</i>
<i>Debt Repayment / Safety Margin</i>	<i>200.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>200.0</i>	<i>0.0</i>	<i>200.0</i>
2008 SUPPLEMENTARY BUDGET (SEPTEMBER 2008)							
<i>Public Debt Repayment</i>	<i>50</i>	<i>50</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>50</i>
<i>Nambawan Super Liabilities</i>	<i>40</i>	<i>40</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>40</i>
Grand Total	1,087.0	887.0	0.0	0.0	200.0	0.0	1,087.0

OTHER (NON-MTDS)

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

OTHER (NON-MTDS) – CONT'D

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
1ST 2007 SUPPLEMENTARY BUDGET (November 2006)							
District Finance Rollout	30.0	30.0	0.0	0.0	0.0	0.0	30.0
NBC infrastructure	21.0	0.0	0.0	21.0	0.0	0.0	21.0
Bougainville infrastructure	20.0	20.0	0.0	0.0	0.0	0.0	20.0
Maintenance of Parliament	10.0	0.0	0.0	10.0	0.0	0.0	10.0
Phasing of election (Note 1)	30.0	0.0	30.0	0.0	0.0	0.0	30.0
Parliament one offs	20.0	20.0	0.0	0.0	0.0	0.0	20.0
Total	131.0	70.0	30.0	31.0	0.0	0.0	131.0
2007 SECOND SUPPLEMENTARY BUDGET (OCTOBER 2007)							
Approved Programs	17.4	17.4	0.0	0.0	0.0	0.0	17.4
Provincial Disaster Fund	7.0	7.0	0.0	0.0	0.0	0.0	7.0
Maritime Boundary Project	5.0	5.0	0.0	0.0	0.0	0.0	5.0
Technical Rapid Response	3.0	3.0	0.0	0.0	0.0	0.0	3.0
Greenhouse Office	1.0	1.0	0.0	0.0	0.0	0.0	1.0
Office of Rural Development	0.8	0.8	0.0	0.0	0.0	0.0	0.8
Community Development	0.6	0.6	0.0	0.0	0.0	0.0	0.6
Additions to Spending	79.6	75.1	4.6	0.0	0.0	0.0	79.6
2007 National Election - cost overruns	15.0	15.0	0.0	0.0	0.0	0.0	15.0
Secretary's Advance	20.0	19.2	0.8	0.0	0.0	0.0	20.0
SSGs	15.0	11.2	3.8	0.0	0.0	0.0	15.0
Defence Force - New Uniforms	8.0	8.0	0.0	0.0	0.0	0.0	8.0
Court Orders	8.5	8.5	0.0	0.0	0.0	0.0	8.5
Murik Lakes Resettlement Project	2.1	2.1	0.0	0.0	0.0	0.0	2.1
Carteret Island Resettlement	2.0	2.0	0.0	0.0	0.0	0.0	2.0
Mirigini and Morata Haus Refurbishment	4.0	4.0	0.0	0.0	0.0	0.0	4.0
FMP Funding Gap	2.0	2.0	0.0	0.0	0.0	0.0	2.0
Land Development Committee	3.0	3.0	0.0	0.0	0.0	0.0	3.0
District Infrastructure Funding	89.0	0.0	0.0	89.0	0.0	0.0	89.0
District Water Supply Program	89.0	0.0	0.0	89.0	0.0	0.0	89.0
Major Improvements in Infrastructure	40.0	0.0	0.0	40.0	0.0	0.0	40.0
Institutional Housing - pilot projects	10.0	0.0	0.0	10.0	0.0	0.0	10.0
Urbanisation - pilot projects	15.0	0.0	0.0	15.0	0.0	0.0	15.0
Housing Development - pilot projects	15.0	0.0	0.0	15.0	0.0	0.0	15.0
Total	226.0	92.4	4.6	129.0	0.0	0.0	226.0

OTHER (NON-MTDS) – CONT'D

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
2008 BUDGET							
Additional Investment Expenditure	334.9	0.0	0.0	334.9	0.0	0.0	334.9
District Services Improvement Programs	89.0	0.0	0.0	89.0	0.0	0.0	89.0
National Infrastructure Development Program (Note 2)	195.9	0	0	195.9	0	0	195.9
Konebada Petroleum Park Infrastructure	50.0	0.0	0.0	50.0	0.0	0.0	50.0
Additional Priority Expenditure	291.0	181.0	0.0	110.0	0.0	0.0	291.0
Outstanding MOAs	55.0	55.0	0.0	0.0	0.0	0.0	55.0
Government Aircraft	40.0	40.0	0.0	0.0	0.0	0.0	40.0
Rural Electrification	30.0	0.0	0.0	30.0	0.0	0.0	30.0
Land Reform Program	28.0	0.0	0.0	28.0	0.0	0.0	28.0
Public Servant Housing	27.0	0.0	0.0	27.0	0.0	0.0	27.0
Maritime Boundaries	25.0	25.0	0.0	0.0	0.0	0.0	25.0
ICT Policy	20.0	20.0	0.0	0.0	0.0	0.0	20.0
Misima Mine Closure	20.0	20.0	0.0	0.0	0.0	0.0	20.0
Border Development	20.0	20.0	0.0	0.0	0.0	0.0	20.0
Madang Marine Park	15.0	0.0	0.0	15.0	0.0	0.0	15.0
Cooperative Societies	10.0	0.0	0.0	10.0	0.0	0.0	10.0
Bougainville Regional Office	1.0	1.0	0.0	0.0	0.0	0.0	1.0
Total	625.9	181.0	0.0	444.9	0.0	0.0	625.9
2008 SUPPLEMENTARY BUDGET (SEPTEMBER 2008)							
NBC - National TV Service	12	6	6	0	0	0	12
Outstanding Land Settlements	12	12	0	0	0	0	12
Office of Climate Change	3.8	3.8	0	0	0	0	3.8
Finance - Commission of Inquiry	10	0	0	10	0	0	10
National Disaster Office - O/s payments for Oro	6.5	6.5	0	0	0	0	6.5
National Planning Tech Advisory Team	5	5	0	0	0	0	5
Bougainville Office	0.5	0.5	0	0	0	0	0.5
Regional Provincial Treasury & District Admin Offices	26	0	0	26	0	0	26
Defence liabilities	1.38	1.38	0	0	0	0	1.38
Museum - Airconditioner & Generator	1.4	1.4	0	0	0	0	1.4
Electoral Commission - O/s payments for 2007 Elections	12.9	12.9	0	0	0	0	12.9
IFMS	5.85	5.85	0	0	0	0	5.9
Secretary's Advance	12.63	12.63	0	0	0	0	12.63
PNG National Games	2.3	2.3	0	0	0	0	2.3

OTHER (NON-MTDS) – CONT'D

	Appropriated	Spent as Indicated	Spent - Other	Paid Into Trust	Lapsed	Yet to be Released	Total
Government House - Additional Funding	1.6	1.6	0	0	0	0	1.6
National Parliament - Additional Funding	6	0	6	0	0	0	6
Public Accounts Committee	1.3	1.3	0	0	0	0	1.3
Mirigini House Renovation	3	3	0	0	0	0	3
PM's Overseas & Domestic Commitments	5	5	0	0	0	0	5
Court Orders	20	20	0	0	0	0	20
PNG Canberra Office - Purchase of Residence	12	12	0	0	0	0	12
Public Service Housing	10	0	0	10	0	0	10
Waigani Office Redevelopment	10	0	10	0	0	0	10
MOAs							
<i>Southern Highlands Province</i>	100	0	0	100	0	0	100
<i>Gulf Province</i>	60	0	0	60	0	0	60
<i>Gobe Samberigi Road</i>	10	10	0	0	0	0	10
<i>Hela</i>	2.5	2.5	0	0	0	0	2.5
<i>Jiwaka</i>	2.5	2.5	0	0	0	0	2.5
<i>Expenditure Implementation Committee</i>	20	0	0	20	0	0	20
Air Niugini - purchase of aircraft	70	70	0	0	0	0	70
National Border Authority	40	0	0	40	0	0	40
Total	486.2	198.2	22.0	266.0	0.0	0.0	486.2
Grand Total	1,836.9	864.0	81.6	890.9	0.5	0.0	1,836.9
TOTAL - ALL SUPPLEMENTARY BUDGETS	6,345.5	2,194.8	197.4	3,752.8	200.5	0.0	6,345.5

APPENDIX 2: EXPENDITURE REPORT ON TRUST ACCOUNTS TO 31 MAY 2009

	Trust Accounts	Supplier	Description	Expenditure *
1	GOVERNMENT'S GAS COMMERCIALIZATION PROJECT EQUITY TRUST ACCOUNT			
	Waigani	Waigani Public Account	Funds transfer to finance Budget Shortfall	423,000,000.00
	TOTAL EXPENDITURE GOVT'S GAS COMMERCIALIZATION PROJECT EQUITY TRUST ACCOUNT			423,000,000.00
2	AGRICULTURE SECTOR DEVELOPMENT TRUST ACCOUNT			
	NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			
3	AIRPORT REPAIRS AND UPGRADES TRUST ACCOUNT			
	NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			
4	KUBALIA HIGH SCHOOL REHABILITATION TRUST ACCOUNT			
	East Sepik	SBA Construction Limited	Yangoru-Sausia District - Rehabilitation of Kubalia High School - 1st Installment	300,000.00
	TOTAL EXPENDITURE KUBALIA HIGH SCHOOL REHABILITATION TRUST ACCOUNT			300,000.00
6	EDUCATION SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT			
	NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			

Trust Accounts	Supplier	Description	Expenditure *
7	HIGHER EDUCATION SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT		
PNG Uni Tech.	Noka Builders	Maintenance of Union Hall	44,135.34
PNG Uni Tech.	Hube Building Contractors	Maintenance to UOT security office	21,050.90
PNG Uni Tech.	Regional Engineering & Construction	Maintenance to Agr.farm	55,599.49
PNG Uni Tech.	Regionl Engineering & Construction	Maintenance of Rose Kekedo bdlg	16,625.76
PNG Uni Tech.	Jamb Building Maint. Construction	Maintenance of Forestry Building	2,716.68
PNG Uni Tech.	Jamb Building Maint. Construction	Maintenance of Architect Bldg	6,635.34
PNG Uni Tech.	Rhema Ltd	Maintenance of Mining Eng. Bldg	12,638.61
PNG Uni Tech.	Rhema Ltd	Maintenance of Civil Eng. Bldg	31,273.20
PNG Uni Tech.	Rhema Ltd	Maintenance of Bldg & Grounds	17,797.67
PNG Uni Tech.	Noka Builders	Maintenance of 5xHCH staff houses	39,073.32
PNG Uni Tech.	Noka Builders	Maintenance of Adminis Bldg	47,323.80
PNG Uni Tech.	Regional Engineering & Construction	Maintenance of UOT Library	18,124.53
PNG Uni Tech.	Regional Engineering & Construction	Variational works done for Applied Science Bldg	6,985.00
PNG Uni Tech.	Rhema Ltd	Rehabilitation of Bulolo water supply	15,185.25
PNG Uni Tech.	Niugini Builders	Maintenance of Arch. & Bldg	30,477.03
PNG Uni Tech.	Unitech Dev.& Consultancy Ltd	Maintenance of Maths & Comp.Sc	18,222.74
PNG Uni Tech.	Unitech Dev.& Consultancy Ltd	Staff housing maintenance	3,064.47
PNG Uni Tech.	Unitech Dev.& Consultancy Ltd	Maintenance of Elect Eng. Dept	8,355.82
PNG Uni Tech.	South Pacific Air Conditioning	GST payment for air conditioning duct cleaning Library	3,497.66
PNG Uni Tech.	Daikin LTD	Payment for Sandover Air Condition Works	62,460.98
PNG Uni Tech.	Niugini Builders	Maintenance of Arch. & Bldg	48,253.04
PNG Uni Tech.	Daikin LTD	Payment for Duncanson Air Condition Works	39,815.87
PNG Uni Tech.	Noka Builders	Administration Bldg maintenance	14,740.20
PNG Uni Tech.	Noka Builders	Payment for Poroman Roof Replacement	11,630.00
PNG Uni Tech.	Niuingi Builders	Agriculture Bldg maintenance	21,246.19
PNG Uni Tech.	Noka Builders	Union Hall maintenance	17,333.69
PNG Uni Tech.	Niugini Builders	Untech Clinic maintenance	8,508.48
PNG Uni Tech.	Niugini Builders	Applied Physics Dept maintennce	9,814.90
PNG Uni Tech.	Hube Building Contractors	UOT Security Office	3,083.97
PNG Uni Tech.	Niugini Builders	Duncanson Hall maintenance	9,214.31
PNG Uni Tech.	TOTAL		644,884.24

Trust Accounts	Supplier	Description	Expenditure *
University of Goroka	Brian Bell Co. LTD	Music building design	48,870.99
University of Goroka	Laikos Architects Ltd	Sewerage pondupgrading	39,504.96
University of Goroka	Gold Bell Construction	Purchase of UOG staff 10 xTuffa tanks	26,331.86
University of Goroka	Superservice Hardware-Lae	1st Mobilisation payment for construction of UOG music Bldg	50,515.30
University of Goroka	TOTAL		165,223.11
University of PNG	2-Vees General Contractors	Maintenance of KD201 & 202	7,811.10
University of PNG	Quality Reno.Maint.Cotr	Maintenance of staff hse	43,696.50
University of PNG	Bena Construction	Maintenance of new office	14,452.22
University of PNG	Pang Coe Limited	Maintenance of L1&3 c/room	14,903.46
University of PNG	Gula Construction Ltd	Maintenance of c/room L4,5,6	18,154.12
University of PNG	Quality Reno.Maint.Cotr	Maintenance of KD 221- 225	18,952.76
University of PNG	Gula Construction Ltd	Maintenance of painting fo MLT	14,400.00
University of PNG	Gabsy Plumbing & Const. Ltd	Maintenance of E4-1 & E4-2	20,452.80
University of PNG	Navumauli Building Maint.	Maintenance of printing office	31,240.04
University of PNG	Hela Convenient Builders Ltd	Maintenance of Bldg & estate	39,535.00
University of PNG	Kalaovaona Const. Ltd	Works done in D-2/3,b-12, E-14	9,645.00
University of PNG	Quality Reno.Maint.Cotr	Release of retentions to works completed and satisfied	6,430.55
University of PNG	Kapokomia Construction	Release of retentions to works done, F-2-4,6,8,15,16,19,20, D-32-33, E-12-13	34,850.96
University of PNG	Magi-Tech Electrical	Release of 10% retention for mintenance	5,380.10
University of PNG	Navumauli Building Maint.	Release of 10% retention for mintenance	33,267.26
University of PNG	Coastal Maint. Const. Ltd	Release of 10% retention for mintenance, J17-18,K6,7,11	38,789.42
University of PNG	Vias Construction Ltd	Release of 10% retention for maintenance J-11-14, C-6-7	33,125.25
University of PNG	2-Vees General Contractors	Release of 10% retention for maintenance A2-4,yaram hall	12,912.05
University of PNG	G-Man Building Contractor Ltd	Release of 10% retention fees for maintenance, E15, A7	35,525.68
University of PNG	Pang Coe Limited	Release of 10% retention fees for maintenance, niomura	27,435.84
University of PNG	Kaina Enterprises	Release of 10% retention for various maintenance	47,506.21
University of PNG	Benson Plumbing and Construct	Release fo 10% retentions for various maintenance	18,570.86
University of PNG	Hela Convenient Builders Ltd	Release of 10% retentions for various maintenance	85,920.37
University of PNG	R&l Plumbing Construction Ltd	Final payment for completion for HRH-1maint	40,750.00
University of PNG	TOTAL		653,707.55
University of Vudal	JBj EnterprisesLtd	2nd stage progressive payment for Oro campus mainten	313,000.00
University of Vudal	TOTAL		313,000.00
TOTAL EXPENDITURE HIGHER EDUCATION SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT			1,776,814.90

Trust Accounts	Supplier	Description	Expenditure *	
8	LAW AND JUSTICE SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			
9	STRATEGIC DISTRICT MARKETS INFRASTRUCTURE TRUST ACCOUNT			
	Kandrian Glouster	District Treasury	District Market Maintenance/Construction	400,000.00
	Buka Markets ***	District Treasury	District Market Maintenance/Construction	1,435,605.11
	Wutung Market	District Treasury	District Market Maintenance/Construction	2,500,000.00
	Wabag Market	District Treasury	District Market Maintenance/Construction	5,000,000.00
	Kavieng Dist Mkt	District Treasury	District Market Maintenance/Construction	1,500,000.00
	Middle Ramu	District Treasury	District Market Maintenance/Construction	525,000.00
	Kerevat Dist Mkt	District Treasury	District Market Maintenance/Construction	2,000,000.00
	Ungai Bena D/Mkt	District Treasury	District Market Maintenance/Construction	320,000.00
	Nawaeb D/Market	District Treasury	District Market Maintenance/Construction	1,800,000.00
	TOTAL EXPENDITURE STRATEGIC DISTRICT MARKETS TRUST ACCOUNT		15,480,605.00	
10	NATIONAL PARLIAMENT INFRASTRUCTURE REHABILITATION TRUST ACCOUNT NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			
11	OUTSTANDING PBSS (POLICE) TRUST ACCOUNT			
	N/A	Police	Transfer to New Trust Account - Royal PNG Constabulary Communication and Infrastructure Trust Account	3,031,244.00
	TOTAL EXPENDITURE OUTSTANDING PBSS (POLICE) TRUST ACCOUNT		3,031,244.00	
12	TRANSPORT SECTOR INFRASTRUCTURE REHABILITATION TRUST ACCOUNT NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			
13	PNG GAS DEVELOPMENT AND COMMITMENT TRUST ACCOUNT NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			
14	RESETTLEMENT OF VOLCANO VICTIMS TRUST ACCOUNT NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			
15	NBC INFRASTRUCTURE REHABILITATION TRUST ACCOUNT NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			
16	HOSPITAL AND HEALTHCARE CENTRE REHABILITATION TRUST ACCOUNT NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			
17	REHABILITATION OF HOUSING FOR NURSES TRUST ACCOUNT NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			

Trust Accounts	Supplier	Description	Expenditure *
18 REHABILITATION OF HOUSING FOR POLICE TRUST ACCOUNT			
Kimbe	FM Construction	Kimbe Barracks rehabilitation	3,654,915.00
NCD	Kramer Group	Consultancy - Police Housing Rehab. Program	870,130.00
Goroka	Moibamo Construction	Sipika barracks rehab.	858,535.00
Wau	Waiyum Construction	Wau barracks rehab.	1,176,510.00
TOTAL EXPENDITURE POLICE HOUSING REHABILITATION TRUST ACCOUNT			6,560,090.00
19 HIGHLANDS HIGHWAY REHABILITATION TRUST ACCOUNT			
NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			
20 DISTRICT SERVICE IMPROVEMENT PROGRAM TRUST ACCOUNT			
NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			
23 HOUSING DEVELOPMENT TRUST ACCOUNT			
NCD	National Housing Corporation	Construction of houses at Gerehu Stage 3B	6,100,000.00
NO DETAIL REPORTING PROVIDED			
TOTAL EXPENDITURE HOUSING DEVELOPMENT TRUST ACCOUNT			6,100,000.00
24 COOPERATIVE SOCIETIES ESTABLISHMENT TRUST ACCOUNT			
NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			
25 MADANG MARINE PARK DEVELOPMENT TRUST ACCOUNT			
NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD			
28 NATIONAL INFRASTRUCTURE DEVELOPMENT PROGRAM TRUST ACCOUNT			
Simbu	Works Department	Continuous work on the Simbu Section of the Highlands Highway	13,800,000.00
No detail reporting provided for this expenditure			
TOTAL EXPENDITURE NIDP TRUST ACCOUNT			13,800,000.00

Trust Accounts	Supplier	Description	Expenditure *
31		REGIONAL PROVINCIAL TREASURY AND DISTRICT ADMINISTRATION OFFICES TRUST ACCOUNT NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD	
32		FINANCE COMMISSION OF INQUIRY TRUST ACCOUNT NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD	
33		PETROLEUM OUTSTANDING MOA COMMITMENTS TRUST ACCOUNT NO REPORTING PROVIDED TO SUPPORT EXPENDITURE INCURRED FOR THE PERIOD	
34		NATIONAL STADIUM TRUST ACCOUNT APPROPRIATION NOT RELEASED INTO TRUST	
35		ORO RESTORATION AUTHORITY TRUST ACCOUNT APPROPRIATION NOT RELEASED INTO TRUST	

*The Expenditure Summaries contained in this report have not been reconciled back to the Bank Balances as at 31 May 2009. Variances are the result of interest income, bank fees and timing differences on the presentation of cheques.

There were no expenditures recorded for the period 1 January to 31 May 2009 for the following Trust Accounts:

- Outstanding PBSS (Teachers) Trust Account
- Urbanisation Pilots Trust Account
- Institutional Housing Pilot Trust Account
- Rural Electrification Trust Account
- Konebada Petroleum Park
- Land Reform Program Trust Account
- National Border Authority Trust Account

Appropriation (Recurrent Expenditure 2009) Act 2008 requires the establishment of an LNG Project Development Cost Trust Account, and the transfer of K177 million from Government's Gas Commercialisation Equity Financing Trust Account during 2009. This Appropriation also requires the establishment of a National Stadium Trust Account and an Oro Restoration Authority Trust Account and the Transfer of K20 million for both accounts. As at 31 May 2009, these Trust Accounts have not been established and the funds have not been transferred.

Movement of District Service Improvement Program Bank Accounts from 1 Jan 2009 to 31 May 2009 (Kina Millions)

DISTRICT	Opening Balance 1/1/2009	Deposits 2009 YTD	Expenditure 2009 YTD	Closing Balance 31/5/2009
Abau District	47,608	4,200,000	929,327	3,318,281
Gollala District	1,657	4,200,000	3,807,568	394,089
Kairuku Hiri District	228,481	4,200,000	1,658,232	2,770,249
Rigo District	1,117,297	4,200,000	1,138,019	4,179,278
Gazelle District	3,366,887	4,200,000	789,307	6,777,579
Kokopo District	1,894,043	-	188,144	1,705,899
Pomio District	4,002,183	-	(6,741)	4,008,924
Rabaul District	4,002,183	4,000,000	1,054,313	6,947,870
Ambunti-Drekikir District	1,477,494	10,000,000	1,172,189	10,305,305
Angoram District	3,928,208	4,000,000	2,125,999	5,802,208
Maprik District	3,669,683	4,200,000	2,556,118	5,313,565
Wewak District	1,539,358	4,400,000	3,198,761	2,740,597
Wosera-Gawi District	4,059,920	4,200,000	198,494	8,061,425
Yangogoru-Saussia District	999,931	4,200,000	(1,747)	5,201,679
Daulo District	3,825,190	4,200,000	753,515	7,271,675
Goroka District	1,729,023	4,000,000	256,050	5,472,973
Henganofi District	3,142,446	4,000,000	1,316,743	5,825,703
Kainantu District	1,598,718	4,200,000	1,188,069	4,610,649
Lufa District	3,797,443	4,200,000	469,435	7,528,008
Obura-Wanenara District	743,260	4,200,000	1,476,339	3,466,921
Okapa District	2,698,806	4,200,000	1,269,867	5,628,939
Unggai-Bena District	3,451,223	4,200,000	2,210,769	5,440,454
Kandep District	2,689,960	24,000,000	24,303,131	2,386,829
Kompam-Ambun District	2,946,834	4,200,000	2,938,947	4,207,887
Lagaip-Porgera District	1,784,285	14,600,000	908,611	15,475,674
Wabag District	3,166,248	-	1,665,206	1,501,041
Wapenamanda District	3,199,580	4,000,000	4,432,652	2,766,928

DISTRICT	Opening Balance 1/1/2009	Deposits 2009 YTD	Expenditure 2009 YTD	Closing Balance 31/5/2009
Kerema District	1,399,714	4,200,000	2,756,040	2,843,675
Kikori District	1,354,714	4,200,000	1,485,978	4,068,736
Bogia District	4,002,211	-	(6,755)	4,008,966
Madang District	2,896,541	4,200,000	467,759	6,628,782
Middle Ramu District	3,992,497	-	2,930,833	1,061,664
Raikos District	4,002,211	4,200,000	(6,799)	8,209,010
Sumkar District	2,523,005	4,200,000	2,286,826	4,436,179
Usino-Bundi District	3,346,123	7,175,649	4,224,059	6,297,713
Manus District	2,313,533	4,094,303	766,865	5,640,971
Alotau / Rabaraba District	2,399,574	4,522,860	959,971	5,962,463
Esa'ala District	3,535,882	4,000,000	1,282,677	6,253,204
Kiriwina Good Enough	4,120,371	4,200,000	1,756,676	6,563,695
Samarai Murua District	697,225	4,200,000	832,107	4,065,117
Bulolo District	83,200	4,000,000	2,190,437	1,892,764
Finschaffon District	2,438,345	4,200,000	521,316	6,117,029
Huon Gulf District	1,243,077	4,200,000	1,096,538	4,346,539
Kabwum District	907,793	4,200,000	492,568	4,615,225
Lae District	3,977,065	4,000,000	1,927,438	6,049,628
Markham District	2,731,972	4,200,000	1,789,054	5,142,918
Menyamy District	3,840,044	4,000,000	3,003,427	4,836,618
Nawaeb District	127,590	4,200,000	2,073,644	2,253,946
Tewa-Siasi District	2,390,483	4,200,000	466,409	6,124,074
Moresby North East District	2,657,420	200,000	2,099,319	758,101
Moresby North West District	3,942,551	200,000	193,343	3,949,208
Moresby South District	2,727,368	-	1,010,830	1,716,538
Kavieng District	3,928,626	4,200,000	1,838,355	6,290,271
Namatanai District	2,499,688	200,000	838,382	1,861,306
Central Bougainville District	4,002,211	-	1,348,229	2,653,981
North Bougainville District	703,124	4,200,000	2,138,551	2,764,574
South Bougainville District	4,002,201	200,000	582,973	3,619,228
Ijivitari District	4,002,211	-	(6,755)	4,008,966
Sohe District	511,209	4,000,000	1,271,609	3,239,599
Aitape-Lumi District	3,130,079	5,005,314	2,630,732	5,504,661
Nuku District	31,028	4,200,000	217,058	4,013,969
Telefomin District	3,228,671	4,200,000	560,395	6,868,276

DISTRICT	Opening Balance 1/1/2009	Deposits 2009 YTD	Expenditure 2009 YTD	Closing Balance 31/5/2009
Vanimo-Green District	2,682,399	4,000,000	1,386,152	5,296,247
Chuave District	1,325,363	4,000,000	270,410	5,054,953
Gumine District	519,450	4,000,000	1,815,726	2,703,725
Karamui-Nomane District	3,901,408	-	1,025,083	2,876,324
Kerowagi District	2,742,266	4,000,000	1,668,431	5,073,835
Kundiawa-Gembogl District	2,398,173	4,000,000	1,395,767	5,002,406
Sinasina-Yongumugl District	3,902,724	-	2,900,329	1,002,395
lalibu-Pangia District	3,578,976	4,000,000	3,216,892	4,362,083
Imbongu District	254,728	4,000,000	2,291,610	1,963,117
Kagua-Erave District	116,582	4,200,000	1,850,350	2,466,232
Komo-Magarima District	1,975,801	4,200,000	2,142,853	4,032,948
Koroba-L/Kopiago District	348,102	4,200,000	311,864	4,236,238
Mendi District	771,393	-	383,566	387,827
Nipa-Kutubu District	3,396,178	4,200,000	4,088,920	3,507,258
Tari-Pori District	2,536,378	4,200,000	2,345,183	4,391,195
Kandrian District	3,635,747	4,200,000	376,412	7,459,335
Talasea District	3,810,239	4,200,000	434,943	7,575,295
Middle Fly District	4,202,239	4,200,000	192,174	8,210,064
North Fly District	4,202,239	4,200,000	192,261	8,209,978
South Fly District	4,001,767	4,200,000	193,252	8,008,515
Dei District	3,702,282	4,000,000	1,909,460	5,792,822
Hagen District	3,896,301	4,000,000	207,978	7,688,323
Jimi District	901,456	4,200,000	803,140	4,298,316
Mul/Bayer District	2,739,280	4,200,000	2,037,507	4,901,772
North Wahgi	3,265,112	-	2,496,983	768,129
South Wahgi District	2,471,810	4,200,000	3,194,361	3,477,450
Tambul-Nebiler District	3,560,227	4,200,000	3,344,877	4,415,350
DSIP Total	225,636,118	343,798,125	152,493,891	416,940,353⁹

⁹ DSIP funds totaling K652.8 million are held in Trust Accounts as at 31 May 2009. Of this total K416.9 million has been deposited in to District Subsidiary Trust Accounts.