



FINAL BUDGET OUTCOME

2009

31ST MARCH 2010

INTRODUCTION

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

The purpose of the FBO Report is to provide a report on the fiscal outcome for 2009. It aims to provide to Parliament and the public a comparison and explanation of the major variations from the 2009 Budget estimates for total revenue and grants, total expenditure and net lending and the budget balance. It also provides a summary of National Government financing activities for the financial year and a summary of the National Government's debt position, together with comparative figures for the previous financial year.

In addition, detailed information on the status of spending of funds appropriated to trust accounts through Supplementary Budgets in 2006, 2007 and 2008 have been provided, in line with the Government's commitments on transparency and accountability for these funds.

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

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

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

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

1.1 CENTRAL GOVERNMENT FISCAL OPERATIONS

The 2009 Final Budget Outcome (FBO) was a deficit of K36.3 million (or 0.2 per cent) of GDP. This is slightly higher than the deficit of K10.0 million expected in the 2009 Budget, and is a slight improvement on the revised deficit of K86.0 million contained in the 2010 Budget. The fiscal outcome for 2009 is set out in Table 1.

Table 1: Budget Balance 2008–2009 (Kina Millions)

	2008 Actuals	2009 Budget	2009 Revised	2009 Outcome
Total Revenue and Grants	7,073.3	6,666.4	6,639.6	6,651.3
Total Expenditure and Net Lending	7,551.8	6,676.4	6,725.6	6,687.6
Budget Balance	-478.5	-10.0	-86.0	-36.3
% of GDP	-2.2%	-0.1%	-0.4%	-0.2%

Source: Department of Treasury

Total Revenue and Grants for 2009 was K6,651.3 million. This is K11.7 million (or 0.2 per cent) higher than the revised budget estimate published in the 2010 Budget. This reflects higher than expected revenue receipts from Taxes on Income and Profits, partially offset by lower project grants, lower receipts from Domestic Taxes on Goods and Services and the non-payment of dividend receipts from State Owned Enterprises.

Total Expenditure and Net Lending was K6,687.6 million in 2009. This is lower than the revised budget estimate by K38.0 million (or 0.6 per cent) due to lower than expected development expenditure, partially offset by higher than expected recurrent expenditure.

1.2 REVENUE

Total tax revenue collections for 2009 were K4,974.5 million. This is higher than the revised estimate reported in the 2010 Budget by K146.0 million (or 3.0 per cent). The major increase in revenue against the revised estimates is from Taxes on Income and Profits.

Table 2: Tax Revenue 2008 – 2009 (Kina Millions)

	2008 Actuals	2009 Budget	2009 Revised	2009 Outcome
Taxes on Income and Profits	4,352.6	3,043.9	3,339.3	3,519.6
Dom. Taxes on Goods and Services	992.6	1,114.2	1,102.4	1,063.3
Taxes on International Trade	410.8	456.2	386.8	391.6
Total Tax Revenue	5,756.0	4,614.3	4,828.6	4,974.5

Source: Department of Treasury.

Taxes on Income and Profits exceeded the revised budget estimate by K180.3 million (or 5.4 per cent). This largely reflects higher than expected company tax and dividend withholding tax receipts, partially offset by lower than forecast Mining and Petroleum Revenue.

Table 3: Tax on Income and Profits 2008 – 2009 (Kina Millions)

	2008 Actuals	2009 Budget	2009 Revised	2009 Outcome
Personal Income Tax	1,108.8	1,195.1	1,250.0	1,241.8
Company Tax	888.1	877.3	976.3	1,121.4
Dividend Withholding Tax	189.9	144.2	165.2	244.4
Interest Withholding Tax	22.7	19.1	25.0	32.0
Mining and Petroleum Taxes	1,961.8	626.5	744.5	693.1
Gaming Tax	82.3	95.9	89.4	83.1
Other: Direct	99.0	85.8	88.9	103.9
Tax on Income and Profits	4,352.6	3,043.9	3,339.3	3,519.6

Source: Department of Treasury.

Company tax receipts were K145.1 million (or 14.9 per cent) higher than the revised estimate due to higher than expected arrears payments from previous years, and dividend withholding tax was K79.2 million (or 47.9 per cent) higher than the revised estimate due to higher than expected dividends, in particular from OTML. Receipts of other direct taxes and Personal Income Tax were also slightly stronger than the revised estimates.

Mining and Petroleum Taxes came in lower by K51.4 million (or 6.9 per cent) against the revised estimate. This largely reflects the impact of weaker oil prices on the final installment of 2009. Gaming tax receipts were K6.3 million (or 6.6 per cent) lower than the revised estimate.

Domestic Taxes on Goods and Services were lower than the revised estimate, due to lower GST and excise receipts of K25.2 million (3.5 per cent) and K14.3 million (3.9 per cent) respectively. Lower than expected GST receipts reflect the late processing of the final payment for 2009.

Table 4: Domestic. Taxes on Goods and Services 2008 – 2009 (Kina Millions)

	2008 Actuals	2009 Budget	2009 Revised	2009 Outcome
Excise	365.5	407.5	369.0	354.7
GST	610.9	703.0	728.2	703.0
Mining Levy	11.4	0.0	0.0	0.0
Other: Indirect	4.9	3.7	5.2	5.5
Dom. Taxes on Goods and Services	992.7	1,114.2	1,102.4	1,063.3

Source: Department of Treasury.

Taxes on International Trade were broadly in line with the revised budget estimate (higher by K4.8 million or 1.2 per cent). The outcomes for each of the components of Taxes on International Trade were also broadly in line with the revised estimates.

Table 5: Taxes on International Trade 2008 – 2009 (Kina Millions)

	2008 Actuals	2009 Budget	2009 Revised	2009 Outcome
Import Duty	158.0	166.3	145.4	143.7
Export Duty	126.8	152.9	107.3	108.7
Excise duties on Imports	126.0	137.0	134.1	139.2
Taxes on International Trade	410.8	456.2	386.8	391.6

Source: Department of Treasury

Non-tax revenue collections were significantly lower than the original budget estimate by K272.0 million (or 26.2 per cent) and higher than the revised budget estimate by K26.8 million (or 3.6 per cent) respectively. The higher outcome against the revised estimate is largely due to higher mining and petroleum dividends, partially offset by the non-payment of dividends from state owned enterprises.

Table 6: Non-tax Revenue 2008 – 2009 (Kina Millions)

	2008 Actuals	2009 Budget	2009 Revised	2009 Outcome
Property Income	188.0	322.9	146.2	138.0
<i>Dividends</i>	25.5	195.0	40.0	0.0
<i>Mining and Petroleum Dividends</i>	162.5	127.9	106.2	138
Interest and Fees from Lending	1.2	24.0	4.0	6.9
Other Nontax Revenue	93.4	90.9	88.8	99.9
Injections from Trust Accounts	0.0	600.0	500.0	521
Non-tax Revenue	282.6	1,037.8	739.0	765.8

Source: Department of Treasury

Non-mining dividends were K40.0 million lower than the revised estimate. No dividends were received from State Owned Enterprises in 2009. This includes the Bank of PNG, the National Fisheries Authority and Independent Public Business Corporation (IPBC).

Mining and Petroleum dividends receipts were K31.8 million higher (or 29.2 per cent) than the revised budget estimate. This reflects higher than expected dividends from OTML, partially offset by the non payment of dividends from Petromin.

Other non-tax revenues collections, which include revenue from Government departments, came in slightly higher than the revised estimate by K11.1 million. This was due to an increase in work permit receipts from the Department of Labor and Employment.

Injections from Trust Accounts were higher than the revised estimates by K21.0 million. This reflects the reimbursement of K21 million from the Teachers PBSS Trust Account for outstanding PBSS payments to teachers. For administrative ease, these payments were disbursed through the payroll system rather than being paid directly from trust.

The recorded use of Infrastructure Tax Credits was K33.5 million compared to the Budget estimate of K40.0 million.

Finally, project grant receipts were K154.6 million (or 15.0 per cent) lower than the revised budget estimate. This may reflect delays in reporting. Variations in grants received do not affect the budget deficit or surplus as a corresponding adjustment is also made to grant expenditure.

1.3 EXPENDITURE AND NET LENDING

Total Expenditure and Net Lending in 2009 was K6,687.6 million. This outcome is lower than the revised budget estimate by K37.7 million (or 0.6 per cent). This reflects significantly lower than expected development budget expenditure, largely offset by significantly higher than expected recurrent budget expenditure.

Table 7: Total Expenditure and Net Lending 2008 – 2009 (Kina Millions)

	2008 Actuals	2009 Budget	2009 Revised	2009 Outcome
Recurrent Budget	3,766.7	3,904.2	3,952.9	4,166.4
Development Budget	1,630.1	2,595.2	2,595.7	2,348.7
Reappropriation into Trust Account	0.0	177.0	177.0	172.5
Total Expenditure and Net Lending	5,396.8	6,676.4	6,725.6	6,687.6

Total Recurrent Expenditure in 2009 was K4,166.4 million. This is higher than the revised budget estimate by K213.8 million (or 5.4 per cent). While the largest source of over-expenditure was from Provincial Governments, higher than expected expenditures are also seen in National Departments, Statutory Authorities and Interest Payments.

Total Development Expenditure in 2009 was K2,348.7 million. The Development Budget expenditure outcome in 2009 was lower than the revised budget estimate by K247.0 million (or 9.5 per cent). This is due mainly to substantially lower project grants and lower drawdown of concessional loans.

The K177.0 million re-appropriation into Trust Accounts was fully expended as intended. However, K4.5 million of the K177 million was spent directly through the Recurrent Budget on the Umbrella Benefits Sharing Agreement in Kokopo, instead of being spent through the Trust Account.

Recurrent Budget

Total Recurrent Expenditure in 2009 was K4,166.4 million. This is higher than the revised estimate by K213.8 million (or 5.4 per cent). Table 8 shows the major components of the recurrent budget. More than three-quarters of the over expenditure reflects higher than expected spending by Provincial Governments and National Departments on personnel emoluments.

Total expenditure on Personnel emoluments in 2009 (excluding the Autonomous Bougainville Government) was K175.8 million (or 11.0 per cent) more than the revised estimate.

Personnel Emoluments (PE) outcome in the National Departments is aggravated by the devolution of recruiting powers to Departmental Heads. Salaries and wages are not constrained by warrants, but are instead paid automatically through the payroll system.

The substantially higher than expected personnel emoluments expenditure for Provincial Governments was in part due to the need to fund the Health Awards (Nurses and Community Health Workers) that were agreed in 2004 but not implemented in Provinces until early 2009, and the teachers' PBSS pay increase in early 2009 and the implementation of the Police Industrial Awards.

An amount of K21.0 million was held in a Trust Account for Teachers' PBSS pay increase. However, for administrative efficiency, this amount was paid through the payroll system, and a corresponding revenue injection of K21.0 million was paid into the Waigani Public Account from the trust account.

Total expenditure on goods and services was K1,611.0 million, K8.8 million (or 5.5 per cent) higher than the revised estimate. The higher expenditure in goods and services is due to over expenditures by Provincial Governments of administration grants.

Table 8: Recurrent Expenditure 2008 – 2009 (Kina Millions)

	2008 Actuals	2009 Budget	2009 Revised	2009 Outcome
Personnel Emoluments	1,588.0	1,603.5	1,602.3	1,778.1
<i>National Departments</i>	919.6	943.7	942.5	986.7
<i>Provincial Govts</i>	668.4	659.8	659.8	791.4
Goods and Services	1,490.9	1,601.0	1,602.3	1,611.0
<i>National Departments</i>	1,356.5	1,420.8	1,422.0	1,416.7
<i>Provincial Govts</i>	134.4	180.2	180.2	194.3
Autonomous Bougainville Govt	52.3	57	57.0	60.9
Transfers to CSAs	256.7	253.9	253.9	270.5
Interest Payments and Fees	381.1	392.8	441.2	449.2
Net Lending	-2.2	-4.0	-4.0	-3.3
Recurrent Expenditure	3,766.8	3,904.2	3,952.7	4,165.8

Source: Department of Treasury

Expenditure by the Autonomous Bougainville Government was K3.8 million (or 6.8 per cent) above the revised budget estimates. Of this, K3.0 million was for personnel emoluments and K0.8 million was for goods and services.

Transfers to Statutory Institutions were K270.5 million in 2009 compared with the revised budget estimate of K253.9 million. This reflects transfers made to the Civil Aviation Authority for their outstanding liabilities and restructure.

Total interest expense was K8.0 million higher than the revised budget estimate. This reflects higher than anticipated Treasury Bill yields, and the net replacement of external debt with domestic debt in line with the Medium Term Debt Strategy.

Net Lending to Statutory Authorities was K0.7 million lower than the revised budget estimate of K4.0 million, reflecting a lower repayment to the Central Government by Statutory Authorities for previous loans.

Development Budget

The Development Budget expenditure in 2009 was K2,348.7 million. This was substantially lower than the revised estimates by K247.0 million (or 9.5 per cent)

Table 9: Development Expenditure 2008 – 2009 (Kina Millions)

	2008 Actuals	2009 Budget	2009 Revised	2009 Outcome
Domestic Funds	511.2	1,385.9	1,385.9	1,348.6
Project Support Grants	1,002.0	974.3	1,032.1	877.5
Infrastructure Tax Credits	32.6	40.0	40.0	33.5
Loans	84.3	195	137.7	89.1
<i>Concessional</i>	84.3	195	137.7	89.1
<i>Commercial</i>	0.0	0.0	0.0	0.0
Total Development Budget	1,630.1	2,595.2	2,595.7	2,348.7

Source: Department of Treasury

Domestic Funds were K37.3 million (or 2.7 per cent) lower than the revised estimate.

Project Support Grants were lower than the revised estimate by a substantial K154.6 million (or 35 per cent). As discussed previously, this may reflect delays in reporting. Further, Infrastructure Tax Credit Scheme expenditure was K6.5 million (or 16.3 per cent) lower than the revised estimate. This reflects the impact of the 2008 global financial crises on profits in the mining and petroleum sector.

Draw downs of concessional loans were lower than the revised estimate by K48.6 million (or 35.3 per cent) due to slower than expected roll out of projects.

1.4 FINANCING

A budget deficit of K36.3 million (or 0.2 per cent of GDP) was recorded for 2009, compared with the revised budget deficit estimate of K86.0 million (0.4 per cent of GDP).

The budget deficit was financed through a net new domestic borrowing of K177.4 million and lower cash balances. Part of the new domestic borrowing was used to offset net external outflows of K141.0 million. This is in line with the Medium Term Debt Strategy, which seeks to rebalance the debt portfolio towards domestic and longer maturity debt.

1.5 PUBLIC DEBT

The level of total public debt was K6,944.1 million at the end of 2009, K17.4 million above the 2008 level and K682.7 million above the 2009 budget estimate. This increase was due to lower revenue inflows towards the end of 2009 as a result of falling commodity prices. Strong nominal GDP growth contributed to debt as a percentage of GDP falling from 32.1 percent in 2008 to 31.9 percent in 2009.

Domestic debt increased by K84 million over 2009. This was due to:

- Domestic funding through Treasury Bills to cover the revenue shortfall towards the end of 2009; and
- the Government's debt strategy objective of reducing foreign currency risk by increasing domestic issuance of long-term stock (Inscribed Stock) to retire foreign currency loans.

The level of external debt fell by K66.6 million over 2009, as scheduled amortization repayments to all external lenders were made.

Table 10: Public Debt 2008 – 2009 (Kina Millions)

	2008 Actual	2009 Budget	2009 Outcome (p)
Domestic	4,071.9	3544.9	4155.9
Treasury Bills	1734.3	927.9	1766.4
Inscribed Stock	2339.5	2608.0	2384.8
Other Domestic Debt	13.7	9.0	13.7
<i>Domestic Debt as a % of GDP</i>	18.9%	16.8%	19.1%
External	2854.8	2716	2788.2
International Agencies	2746.1	2649	2698.7
Commercial Loans	108.8	68	89.5
Other Loans	0.0	0	0.0
<i>External Debt as a % of GDP</i>	13.2%	12.8%	12.8%
Total Public Debt Outstanding	6926.7	6261.3	6,944.1
<i>As % of GDP</i>	32.1%	29.6%	31.9%

Source: Department of Treasury

1.6 SUPERANNUATION

Table 11: State's Unfunded Superannuation Liability and Payments (Kina Millions)

	2005	2006	2007	2008	2009
Est. Unfunded liability	1,198	1,458	1,740	1,871	TBA
Total Payments	82.3	58.7	362.4	320.3	110
<i>Employer Contribution</i>	36.4	18.1	25.6	30.8	52.4
<i>Exit payment</i>	45.9	40.6	86.8	99.5	57.6
<i>Lump-sum</i>			250.0	190.0	

Source: NSL Annual Reports 04-08 and Department of Treasury data

Nambawan Super Limited (NSL) is the authorised superannuation fund that manages the superannuation contributions for most of the public servants in Papua New Guinea.

Since 1991, the State has been required to make employer contributions of 8.4 per cent of an employee's salary. Up until 2003 the State met its employer contribution when an employee exited the fund. Following legislative changes in 2002, the State was required to meet a certain percentage of its required 8.4 per cent contribution, deferring the remaining portion to when an employee exits the fund. From 2009 onwards, the Government has been required to meet the full employer contribution at the time the liability to pay superannuation contributions occur.

As the State did not meet its full employer contribution requirements at the time the liability accrues, the State has accumulated a significant unfunded liability. The liability has grown at the annual rate of NSL's investment returns. NSL calculates that the State matches 1.4 times the crediting interest rate, based on the ratio of employer (8.4 per cent) to employee (6 per cent) contributions. As outlined in the 2010 Budget, NSL and Treasury have also worked to resolve uncertainty about the size of the Government's unfunded liability.

In 2008 NSL's annual report, the size of the outstanding State liability at the end of 2008 was estimated to be K1,871 million. A significant factor behind the growth in the unfunded liability was NSL's extraordinary returns in 2007 and 2008, including a 32 per cent crediting rate to members in 2007. As a result of these extraordinary returns, the Government's unfunded liability has increased in recent years even after taking into account the Government's significant lump sum payments to reduce the unfunded liability of K250 million in 2007 and K190 million in 2008. These payments were funded by windfall mineral revenue during the commodity price boom period.

A recent factor that will further contribute to the growth in the unfunded liability is the Government's decision in the 2009 and 2010 Budgets not to fully fund the State's 8.4 per cent employer contributions. As a result of this decision, it is estimated that total outstanding superannuation arrears as at 31st December 2009 were K107 million for both the employer contribution and exit payments. In the event that the Government does not agree to fully fund this shortfall in 2010, this will further increase the unfunded liability.

1.7 TRUST ACCOUNTS

A total of K4,615.1 million, up to and including the 2009 Budget, has been appropriated to Supplementary Budget Trust Accounts for implementation of priority expenditure programs. The vast majority of these appropriations came from Supplementary Budgets and Additional Priority Expenditure during the commodity boom of 2005-2008.

Of this total, K4,319.3 million has been released by the Department of Treasury into Trust Accounts as at 31 December 2009. This is comprised of K4,240.8 million in actual deposits and K78.5 million in outstanding deposits. The remaining K295.8 million relates to amounts not transferred into Trust Accounts because it was reallocated to other spending areas or because the appropriation lapsed.

The purpose of holding funds in Trust Accounts is to spread spending over time to control demand and inflationary pressures on the economy, as well as to give time to implementing agencies to properly design implementation strategies to execute projects. Table 12 shows the status of the Trust Funds from 2005 to 2009.

Table 12: Source of Funds for Trust Accounts: 2005 – 2009

Source of Funds	Approp. for Trust Accounts	Released into Trust Accounts	Reallocated/ Lapsed	Yet to be released
2005 Supplementary Budget (Nov 2005)	400.0	400.0	-	-
2006 Supplementary Budget (Aug 2006)	230.4	192.1	38.3	-
2006 Additional Priority Expenditure (Nov 2006)	376.3	376.3	-	-
2007 Additional Priority Expenditure (Aug 2007)	350.0	350.0	-	-
2007 Supplementary Budget (Nov 2007)	933.0	933.0	-	-
2008 Additional Priority Expenditure (Nov 2007)	1,112.9	1,012.9	100.0	-
2008 Supplementary Budget (Sept 2008)	522.5	516.5	6.0	-
2009 Budget (Nov 2008)	690.0	538.5	151.5	-
Total	4,615.1	4,319.3	295.8	-

Source: Department of Treasury and Department of Finance

In addition to the appropriations listed above in Table 12, a total of K85.7 million was paid into trust accounts in 2009 from other sources. This comprised of K10.3 million for Petroleum Outstanding MOA Commitments, K66.7 million for DSIP, K5.0 million for Strategic District Market Infrastructure and K3.7 million for NBC Mobilisation Rehabilitation subsidiary trust account. This brings the total appropriation for Trust Accounts to K4,700.8 million (from K4,615.1) and the amount paid into trust to K4,405.0 million (from K4,319.3).

Table 13 shows the movements in these Trust Accounts for the period 1 January to 31 December 2009.

Table 13: Movements of Funds in Trust Accounts in 2009 (Kina millions)

DESCRIPTIONS	Total approp since 2005	Total approp paid into Trust since 2005	Paid into trust from other sources	Opening Balance as at 1 Jan 2009	Debits (Receipts)	Credit (Payments)	Closing Balance as at 31 Dec 2009	Outstanding Deposits as at 31 Dec 2009
Gas Commercialisation Equity Financing	600.0	500.0		500.0	0.0	-500.0	0.0	0.0
Agriculture Sector Development	188.0	108.0		18.3	28.0	-44.1	2.2	0.0
Airport Repairs and Upgrades	50.0	50.0		12.7	0.0	-12.6	0.1	0.0
Kubalia High School Rehabilitation	2.0	2.0		0.3	0.0	-0.3	0.0	0.0
Outstanding PBSS (Teachers)	45.1	45.1		45.4	0.2	-21.0	24.6	0.0
Education Sector Infrastructure Rehabilitation	250.0	250.0		229.9	20.0	-229.4	20.5	0.0
Higher Education Sector Infrastructure Rehabilitation	80.0	80.0		6.1	30.1	-3.5	32.7	0.0
Law & Justice Sector Infrastructure Rehabilitation	130.0	130.0		87.0	0.1	-83.6	3.5	0.0
Strategic District Markets Infrastructure	20.0	20.0	5.0	15.5	5.0	-19.8	0.7	0.0
National Parliament Infrastructure Rehabilitation	10.0	10.0		6.6	0.0	-1.5	5.1	0.0
Outstanding PBSS (Police)	20.0	20.0		0.0	0.0	0.0	0.0	0.0
Transport Sector Infrastructure Rehabilitation	617.5	607.5		523.1	11.7	-249.2	285.6	0.0

DESCRIPTIONS	Total approp since 2005	Total approp paid into Trust since 2005	Paid into trust from other sources	Opening Balance as at 1 Jan 2009	Debits (Receipts)	Credit (Payments)	Closing Balance as at 31 Dec 2009	Outstanding Deposits as at 31 Dec 2009
PNG Gas Development and Commitments	53.3	15.0		3.8	0.0	-2.0	1.8	0.0
Resettlement of Rabaul Volcano Victims	20.0	20.0		15.1	0.0	-5.2	9.9	0.0
NBC Infrastructure Rehabilitation	27.0	21.0	3.7	3.9	3.7	-7.6	0.0	0.0
Hospital and Healthcare Centre Rehabilitation	250.3	250.3		203.8	0.1	-186.5	17.4	0.0
Rehabilitation of Housing for Nurses	15.0	15.0		15.1	0.0	0.0	15.1	0.0
Rehabilitation of Housing for Police	50.0	50.0		45.8	0.1	-22.1	23.8	0.0
Highlands Highway Rehabilitation	35.0	35.0		1.9	65.7	-51.5	16.1	0.0
District Services Improvement	1246.0	1246.0	66.7	759.6	389.7	-450.4	698.9	33.0
Urbanization Pilots	15.0	15.0		15.0	0.0	-15.0	0.0	0.0
Institutional Housing Pilot	47.0	47.0		34.7	10.2	-25.8	19.1	0.0
Housing Development Pilot	23.0	15.0		15.0	0.0	0.0	0.0	0.0
Cooperative Societies Establishment	10.0	10.0		1.6	5.0	-6.5	0.1	0.0
Madang Marine Park Development	25.0	25.0		13.8	10.0	-15.3	8.5	0.0
Rural Electrification	30.0	30.0		22.7	7.3	-10.4	19.6	0.0
Konebada Petroleum Park	50.0	50.0		0.0	50.0	0.0	50.0	0.0
National Infrastructure Development	195.9	195.9		85.0	40.3	-11.0	129.3	0.0
Land Reform Program	33.0	28.0		28.0	0.0	-24.3	3.7	0.0
National Border Authority	44.0	40.0		0.0	40.0	-40.0	0.0	0.0
Regional, Provincial Treasury and	26.0	26.0		0.0	26.0	-1.2	24.8	0.0

DESCRIPTIONS	Total approp since 2005	Total approp paid into Trust since 2005	Paid into trust from other sources	Opening Balance as at 1 Jan 2009	Debits (Receipts)	Credit (Payments)	Closing Balance as at 31 Dec 2009	Outstanding Deposits as at 31 Dec 2009
District Admin. Offices								
Finance Commission of Enquiry	10.0	10.0		11.5	0.0	-9.2	2.3	0.0
Petroleum Outstanding MOA Commitments	180.0	180.0	10.3	180.0	10.7	-190.7	0.0	0.0
LNG Project Development Cost	177.0	172.5		0.0	127.0	-122.0	5.0	45.5
National Stadium	20.0	0.0		0.0	0.0	0.0	0.0	0.0
Oro Restoration Authority	20.0	0.0		0.0	0.0	0.0	0.0	0.0
TOTAL	4,615.1	4,319.3	85.7	2,901.2	880.9	-2,361.7	1,420.4	78.5

Source: Department of Finance

In 2009, a total of K690.0 million was appropriated for Trust Accounts. Of this, K538.5 million was released by Department of Treasury for payments into trusts, of which K78.5 million represents outstanding deposits while the other K460.0 million was paid into Trust. The remaining K151.5 million was expended as follows:

- K20.0 million budgeted for the National Stadium trust account was spent directly through the budget consistent with its intended purpose;
- K20.0 million budgeted for the Oro Restoration trust account was spent directly through the budget consistent with its intended purpose;
- K4.5 million of the budgeted K177.0 million for the LNG Project Development Cost was spent directly through the budget consistent with its intended purpose;
- K80.0 million budgeted for the Agriculture Sector Development trust account was spent by government in other areas;
- K10.0 million budgeted for the Transport Sector Infrastructure Rehabilitation trust account was spent by government in other areas;
- K8.0 million budgeted for the Housing Development pilot trust account was spent by government in other areas;
- K5.0 million budgeted for Land Reform trust account was spent by government in other areas; and
- K4.0 million budgeted for the National Border Authority trust account was spent by government in other areas.

The opening balance for Supplementary Budget Trust Accounts as at 1 January 2009 was K2,901.2 million. Total receipts for the period 1 January to 31 December 2009 of K880.9 million are comprised of:

- K332.2 million from 2008 outstanding deposits;
- K460.0 million from 2009 Budget;
- K85.7 million from 2009 Budget, appropriated for other programs; and

- K3.0 million in bank interest.

Total expenditure from Supplementary Budget Trust Accounts in 2009 was K2,361.7 million or 10.8 per cent of GDP. Trust Account spending has accelerated enormously in 2009 relative to previous years. Total spending from trust accounts was K480.5 million in 2008 and K76 million in 2007.

Under the Medium Term Fiscal Strategy 2008-2012 (MTFS), Government spending of additional mineral revenue (comprised of spending from additional mineral revenue deposited into trust accounts and additional priority expenditure) is limited to a maximum of 4 per cent of GDP per annum, which equates to K871.3 million in 2009. As a result, trust spending in 2009 has substantially exceeded the maximum limit of 4 per cent of GDP.

However, trust account spending for the purposes of the MTFS is partly offset by deposits into trust from the Recurrent and Development Budget and deposits from other sources in 2009 of K624.2 million. The spending of these deposits does not count towards the MTFS limit, as they are not related to additional mineral revenue. After excluding deposits into trust from the regular budget, spending of additional mineral revenue from trust accounts in 2009 was K1,737.5 million, or 7.9 per cent of GDP.

Spending in excess of 4 per cent of GDP from Trust Accounts is highly stimulatory. The stimulus will exert demand pressures on the economy, which risks increasing inflation, interest rates and imports, and crowding out private investment. However, a portion of total expenditure from trust accounts may still be held in the bank accounts of spending agencies, rather than having being spent directly. As a result, there may be a lag before the full impact of this spending is realised.

The closing balance of Supplementary Budget Trust Accounts as at 31 December 2009 was K1,420.4 million. Except for the Department of Works, no agencies have provided information on trust expenditures.

District Service Improvement program (DSIP) Trust Accounts

A total of K1,246.0 million, up to and including 2009 Budget, has been appropriated and released by the Department of Treasury into DSIP Trust Account for priority expenditures programs in the Districts. In addition to the appropriation, a total of K66.7 million from other sources was also paid into the DSIP Trust Account, bringing the total amount paid into the DSIP Trust Account to K1,312.7 million.

For ease of management of these funds, an individual subsidiary bank account has been established with commercial banks for each of the 89 Districts. The total DSIP balance reported in the previous table reflects both the amount held in the primary account at BPNG and the amounts held in the subsidiary trust accounts.

A total of K1,062.1 million, up to and including 31 December 2009, has been released into these subsidiary trust accounts. As at 31 December 2009 the combined balance of the 89 District bank accounts was K556.0 million (including the K76.0 million in outstanding deposits) and the balance at the main bank account was K143.0 million, bringing the total balance to K699.0 million.

Appendix 1 shows the movements of funds for the period 1 January to 31 December 2009 for each of the 89 DSIP subsidiary Bank Accounts.

FISCAL OUTTURN TABLES

Treasury publishes fiscal outturn reports on a monthly basis. The last report was issued for November 2009. The following tables provide the full year outturn for 2009 consistent with the presentation in the monthly reports. This presentation is consistent with the 1986 GFS cash reporting classification for the Government sector. The variance is relative to the revised estimates as published in the 2010 Budget.

FISCAL OUTTURN 2009

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

	2009	2009	2009	Variance
	Original	Revised	Outcome	From Revised
A. TAX REVENUE	4614.3	4828.5	4974.5	146.0
A1. TAX ON INCOME AND PROFITS	3043.9	3339.3	3519.6	180.3
Personal Income Tax	1195.1	1250.0	1241.8	-8.2
Company Tax	877.3	976.3	1121.4	145.1
Dividend Withholding Tax	144.2	165.2	244.4	79.2
Interest Withholding Tax	19.1	25.0	32.0	7.0
Mining and Petroleum Taxes	626.5	744.5	693.1	-51.4
Gaming Tax	95.9	89.4	83.1	-6.3
Other: Direct	85.8	88.9	103.9	15.0
A2. DOM. TAXES ON GOODS AND SERVICES	1114.2	1102.4	1063.3	-39.1
Excise	407.5	369.0	354.7	-14.3
GST	703.0	728.2	703.0	-25.2
Other: Indirect	3.7	5.2	5.5	0.3
A3. TAXES ON INTERNATIONAL TRADE	456.2	386.8	391.6	4.8
Import Duty	166.3	145.4	143.7	-1.7
Export Duty	152.9	107.3	108.7	1.4
Excise duties on Imports	137.0	134.1	139.2	5.1
B. NON-TAX REVENUE	1037.8	739.0	765.8	26.8
B1. PROPERTY INCOME	322.9	146.2	138.0	-8.2
<i>Dividends</i>	<i>195.0</i>	<i>40.0</i>	<i>0.0</i>	-40.0
<i>Mining and Petroleum Dividends</i>	<i>127.9</i>	<i>106.2</i>	<i>138.0</i>	31.8
B2. INTEREST AND FEES FROM LENDING	24.0	4.0	6.9	2.9
B3. OTHER NON TAX REVENUE	90.9	88.8	99.9	11.1
INJECTIONS FROM TRUST	600.0	500.0	521.0	21.0
B4. ASSETS SALES	0.0	0.0	0.0	
C. TOTAL REVENUE	5652.1	5567.5	5740.3	172.8
% of GDP	25.9%	25.6%	26.4%	
D. INFRASTRUCTURE TAX CREDIT	40.0	40.0	33.5	-6.5

	2009	2009	2009	Variance
	Original	Revised	Outcome	From
				Revised
E. GRANTS	974.3	1032.1	877.5	-154.6
Budgetary Support	0.0	0.0	0.0	
Project Grants	974.3	1032.1	877.5	-154.6
F. TOTAL REVENUE AND GRANTS	6666.4	6639.6	6651.3	11.7
As % of GDP	31.5%	30.4%	30.4%	
G. PRINCIPAL RECEIPTS FROM LENDING	4.0	4.0	3.3	-0.7
H. GROSS BORROWING	1691.8	2370.8	1214.6	-1156.2
I. ASSET SALES	0.0	0.0	0.0	0.0
J. TOTAL RECEIPTS	8362.2	9014.4	7869.1	-1145.3
As % of GDP	39.5%	41.4%	36.1%	

Source: Department of Treasury

*Reimbursement of K21 million to the Teachers PBSS Trust Account for outstanding PBSS payments to teachers.

TABLE 2: CENTRAL GOVERNMENT EXPENDITURE (Kina millions)

	2009 Original	2009 Revised	2009 Outcome	Variance From Revised
1 RECURRENT BUDGET				
A. NATIONAL DEPARTMENTS	2364.5	2364.5	2403.4	38.9
Personnel Emoluments	943.7	942.5	986.7	44.2
Total Goods & Services	1420.8	1422.0	1416.7	-5.3
General Goods & Services	1207.4	1203.4	1213.4	10.0
Education Subsidies	143.0	143.0	142.7	-0.3
Arrears Payments	0.0	0.0	0.0	0.0
SAP Payments	18.4	23.6	9.0	-14.6
Court Orders	52.0	52.0	51.6	-0.4
B. PROVINCIAL GOVERNMENTS	840.0	840.0	985.7	145.7
Personnel Emoluments	659.8	659.8	791.4	131.6
Staffing Grants	198.7	198.7	247.4	48.7
Teachers Salaries	461.1	461.1	544.0	82.9
Goods & Other Services	180.2	180.2	194.3	14.1
Administration Grants	24.3	24.3	38.2	13.9
Health Function Grant	28.4	28.4	28.4	0.0
Education Subsidies	31.6	31.6	31.6	0.0
Derivation Grants	14.1	14.1	14.1	0.0
Trans/Infra/Maint. Grants	34.0	34.0	34.1	0.1
Local & Village Services Grants	33.7	33.7	33.7	0.0
Town & Urban Services Grants	11.9	11.9	11.9	0.0
Village Courts	2.2	2.2	2.2	0.0
AUTONOMOUS BOUGAINVILLE GOVT	57.0	57.0	60.9	3.9
Police Grant	2.3	2.3	2.3	0.0
Recurrent Grant	54.4	54.4	58.3	3.9
Conditional Grant	0.3	0.3	0.3	-0.1
C. TRANSFERS & LOANS TO C.S.A	253.9	253.9	270.5	16.6
D. INTEREST PAYMENT & FEES	392.8	441.2	449.2	8.0
Domestic	304.0	382.8	390.0	7.2
External	88.8	58.4	59.2	0.8
E NET LENDING TO C.S.A	-4.0	-4.0	-3.3	0.7
Gross Lending	0.0	0.0	0.0	0.0
Less : Loan Repayments	-4.0	-4.0	-3.3	0.7
F. RECURRENT EXPENDITURE & NET LENDING	3904.2	3952.6	4166.4	213.8
As % of GDP	18.4%	18.1%	19.1%	

	2009	2009	2009	Variance
	Original	Revised	Outcome	From Revised
2 DEVELOPMENT BUDGET				
Domestic Funds	1385.9	1385.9	1348.6	-37.3
Project Grants	974.3	1032.1	877.5	-154.6
Infrastructure Tax Credits	40.0	40.0	33.5	-6.5
Concessional loans	195.0	137.7	89.1	-48.6
Commercial loans	0.0	0.0	0.0	0.0
G. TOTAL DEVELOPMENT BUDGET (PIP)	2595.2	2595.7	2348.7	-247.0
As % of GDP	12.3%	11.9%	10.8%	
REAPPROPRIATION INTO TRUST	177.0	177.0	172.5	-4.5
H. TOTAL EXPENDITURE & NET LENDING	6676.4	6725.3	6687.6	-37.7
As % of GDP	30.5%	30.7%	29.3%	
I. AMORTISATION	1681.5	2285.0	1176.1	-1108.9
Domestic	1425.9	2116.3	1005.1	-1111.2
External	255.6	168.7	171.0	2.3
J. LOAN REPAYMENTS	4.0	4.0	4.5	0.5
K. TOTAL PAYMENTS	8361.9	9014.3	7868.1	-1146.2
As % of GDP	39.5%	41.4%	36.1%	

Source: Department of Treasury

TABLE 3: CENTRAL GOVERNMENT FINANCING (Kina millions)

	2009 Original	2009 Revised	2009 Outcome	Variance From Revised
A. TOTAL REVENUE AND GRANTS	6666.4	6639.6	6651.3	11.7
B. TOTAL EXPENDITURE AND NET LENDING	6676.4	6725.3	6687.6	-37.7
C. DEFICIT (-) / SURPLUS (+)	-10.0	-86.0	-36.3	49.7
% of GDP	0.0%	-0.4%	-0.2%	
D. EXTERNAL FINANCING	-60.6	-30.9	-141.0	-110.1
D1. CONCESSIONAL FINANCING	-14.2	20.6	-72.0	-92.6
New Borrowing	195.0	137.7	89.1	-48.6
Less Amortisation	-209.2	-117.1	-161.1	-44.0
D2. COMMERCIAL FINANCING	-15.4	-17.8	-19.8	-2.0
New Borrowing	0.0	0.0	0.0	0.0
Less Amortisation	-15.4	-17.8	-19.8	-2.0
D3. EXCEPTIONAL FINANCING	-31.0	-33.7	-49.2	-15.5
New Borrowing	0.0	0.0	0.0	0.0
Less Amortisation	-31.0	-33.7	-49.2	-15.5
E. DOMESTIC FINANCING	60.9	30.8	177.4	146.6
E1. DOMESTIC MARKET BORROWING (NET)	70.9	116.8	-144.4	-261.2
New Domestic Borrowing	1496.8	2233.1	1005.1	-1228.0
Less Amortisation	-1425.9	-2116.3	-1149.5	966.8
E2. OTHER DOMESTIC FINANCING (b)	0.0	0.0	321.8	321.8
E3. ASSETS SALES FINANCING	0.0	0.0	0.0	0.0
E4. NET FINANCING	0.0	0.0	0.0	0.0
F. TOTAL FINANCING	-10.0	-86.0	36.3	122.3
G. GROSS BORROWING	1692.0	2370.7	1094.2	-1276.5
Concessional	195.0	137.7	89.1	-48.6
Commercial	0.0	0.0	0.0	0.0
Exceptional	0.0	0.0	0.0	0.0
Domestic	1497.0	2233.0	1005.1	-1227.9
Financing Gap	0.0	0.0	0.0	0.0

Source: Department of Treasury

PART 2

FINAL BUDGET OUTCOME BY AGENCY

REALLOCATIONS OF APPROPRIATED FUNDS¹

Section 3 and Section 4 of the Annual Appropriation Acts provide that, in certain circumstances, and up to certain limits, there may be a reallocation of funds appropriated to agencies at the discretion of the Secretary of Treasury.

The tables on the following pages reflect the reallocations made through Sections 3 and 4 transfers and account for the variances between the 2009 budget allocation and the 2009 outcome.

In 2009, K630.4 million was reallocated through Section 3 and Section 4 transfers in both Recurrent and Development Budgets. These comprise K353.3 million within the Recurrent Budget and K277.2 million within the Development Budget. In the Secretary's Advance, a further K20 million was reallocated during the year in Section 3 transfers. Further information on the expenditure from the Secretary's Advance is in the table below.

For the Recurrent Budget, most of the reallocation occurred as a result of amounts, which had been appropriated to Division 207 for specific purposes, being transferred to the implementing agencies, including:

- K33.0 million to the Civil Aviation Authority for outstanding employee entitlements;
- K13.0 million to Milne Bay and Western Highlands Provincial offices;
- K6.0 million to the PNG National Forest Authority for the SGS Log Monitoring Contract;
- K5.0 million to the Department of Prime Minister and NEC for the Office of Climate Change; and
- K5.0 million to the Department of Defence for the Civic Action Programme.

For the Development Budget, most of the reallocation occurred as a result of reprioritization of activities by the Government or the Department of National Planning and Monitoring including:

- K156.5 million for the Special Interventions Program administered by DNPM;
- K20 million for the Environment Management & Sustainable Livelihood Program;
- K12 million for the Provincial Development Improvement Program;
- K10 million for Kutubu Memorandum of Agreement funds;
- K8 million for the Financial Management Project (IFMS);
- K7.2 million for the Business Development Growth Centres;
- K4.8 million for Expenditure Implementation Committee approved projects; and
- K6 million for the Wewak Stadium.

¹ The tables in Part 2 show the 2009 Revised Budget reflecting the full effect of section 3 and section 4 transfers to 31 December 2009. The data in Part 1 reflects the Revised 2009 Budget as at the time of publishing the 2010 Budget.

DETAILS OF EXPENDITURE FROM AND REALLOCATIONS THROUGH SECRETARY'S ADVANCE (DIVISION 207)

The funds available in the Secretary's Advance for 2009 totaled K20.0 million. The full appropriation was used up by early August 2009.

Division 207	2009 Budget K'000	2009 FBO K'000
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 Queen's 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 Lagaim/Porgera		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

Division 207	2009 Budget K'000	2009 FBO K'000
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
Funding for the Special Police Operations in Lagaim/Porgera		1,000.0
Part-funding for the Minister for Higher Education, Research, Science and Technology, the Hon. Michael Ogio, to attend the 17 th Conference of Commonwealth Education Ministers in Malaysia over the period 15-18 June 2009		50.0
Funding to the Department of Environment and Conservation for consultants to undertake an Environment Impact Statement for the PNG LNG Project		660.0
Payment to the Department of Treasury to purchase anti-virus software		50.2
Funding to Koiari Special Purposes Authority for payment of outstanding expenses, including staff wages and gratuities, sitting allowances for Board members and utilities bills		377.1
Total funds expended from the Secretary's Advance as at 31 December 2009		20,000.0

SUMMARY BUDGET OUTCOME

Total expenditure and net lending in 2009 was K6,687.6 million as against the revised budget, as at the 2010 Budget, of K6,725.3 million. This is an under expenditure of K37.7 million or 0.6 per cent.

Under expenditure was driven by the Development Budget – with a cash underspend of K37.3 million and a non cash underspend of K209.7 million reflecting a reduced level of project grants.

This underspend was offset by significant over expenditure in the Recurrent Budget of K213.8 million driven by personnel emoluments (PE) expenditure. As set out in the table below, reflecting transfers to 31 December 2010, this included K65.0 million overspent in National Departments' PE. A further K132.9 million was overspent in Provincial Governments' PE, although this is offset somewhat by K21.0 million in funds from trust to be transferred back to the public account to fund teachers' pay increments. National Departments' good and services expenditure was also overspent by K8.9 million,

Treasury is currently reviewing options to tighten the monitoring and controlling of expenditure both on the payroll and in the accounting systems currently in place. Treasury is also pursuing the agencies that have spent more public money than Parliament appropriated to them both on the payroll and in goods and services.

Below is a summary of the 2009 Recurrent and Development Budget categorized in total.

2009 Recurrent and Development Budget Outcome By Category²

Category	2009 Budget	2009 Revised	2009 Outcome	Variance	%
RECURRENT					
Nat. Departments	1,713,972.9	1,893,788.2	1,965,991.4	72,203.2	3.8%
PE	819,881.1	804,848.9	870,612.4	65,763.5	8.2%
GS	894,091.8	1,088,939.3	1,095,379.1	6,439.8	0.6%
Stat. Authorities	253,933.2	270,755.4	270,552.0	- 203.4	-0.1%
PE	-	47.6	47.5	- 0.1	-0.2%
GS	253,933.2	270,707.8	270,504.5	- 203.3	-0.1%
Misc. Exp. (207)	827,526.2	435,664.1	437,444.8	1,780.7	0.4%
PE	122,667.5	116,800.3	116,076.5	- 723.8	-0.6%
GS	704,858.7	318,863.8	321,368.3	2,504.5	0.8%
Prov. Governments	897,285.5	912,978.2	1,046,588.1	133,609.9	14.6%
PE	697,465.3	699,158.0	832,090.5	132,932.5	19.0%
GS	199,820.2	213,820.2	214,497.6	677.4	0.3%
Grand Total Rec.	3,692,717.8	3,513,185.9	3,720,576.4	207,390.5	5.9%
PE	1,640,013.9	1,620,854.8	1,818,826.9	197,972.1	12.2%
GS	2,052,703.9	1,892,331.1	1,901,749.5	9,418.4	0.5%
DEVELOPMENT					
Nat. Departments	1,661,277.8	1,735,029.2	1,355,748.4	- 379,280.8	-21.9%
Cash	707,630.0	781,381.4	761,681.0	- 19,700.4	-2.5%
Non Cash	953,647.8	953,647.8	594,067.4	- 359,580.4	-37.7%

² Note that the non cash data in development budget is sourced from the PBS and so may not reflect final donor contributions as outlined in other tables.

<u>Category</u>	2009 Budget	2009 Revised	2009 Outcome	Variance	%
Stat. Authorities	362,174.7	342,653.3	255,592.6	- 87,060.7	-25.4%
Cash	134,640.0	115,118.6	112,577.8	- 2,540.8	-2.2%
Non Cash	227,534.7	227,534.7	143,014.8	- 84,519.9	-37.1%
Prov. Governments	555,767.2	513,887.2	484,750.0	- 29,137.2	-5.7%
Cash	530,030.0	488,150.0	469,650.0	- 18,500.0	-3.8%
Non Cash	25,737.2	25,737.2	15,100.0	- 10,637.2	-41.3%
Grand Total Dev.	2,579,219.7	2,591,569.7	2,096,091.0	- 495,478.7	-19.1%
Cash	1,372,300.0	1,384,650.0	1,343,908.8	- 40,741.2	-2.9%
Non Cash	1,206,919.7	1,206,919.7	752,182.2	- 454,737.5	-37.7%
Grand Total	6,271,937.5	6,104,755.6	5,816,667.3	- 288,088.3	-4.7%

BUDGET OUTCOME BY AGENCY

The 2009 Close of Accounts process was discontinued by the Treasurer based on advice from the Secretary of Treasury in January 2010 due to net over expenditure in the Recurrent Budget.

The final reports for 2009, incorporating all section 3 and section 4 transfers up to 31 December 2009, identified K207.4 million in net over expenditure in the Recurrent Budget, excluding debt servicing. The main category of over expenditure was personnel emoluments of K198.0 million. This comprised of K65.0 million under National Departments and K132.9 million under Provincial Governments. This over expenditure occurred mainly in salaries, staffing grants and teacher's salaries paid through the payroll system administered by the Department of Finance.

Most National Departments overspent on Personnel Emoluments in 2009. In many cases, this was due to incorrect forecasting of the impact of staffing increments and/or a failure to exercise appropriate controls over expenditure. In addition, major expenditure variances reflect the implementation of new and existing industrial agreements which were not budgeted for in the 2009 Budget. This primarily affected two National Departments: Police which overspent by K17.3 million and Hospital Management Services which overspent by K28.0 million.

Partly offsetting this over expenditure on Personnel emoluments was under expenditure by a small number of agencies including the Departments of Works and Implementation (K4.6 million) and the Department of Transport (K3.0 million). The latter reflects a process of staff retrenchment and subsequent improved internal efficiencies.

Expenditure on Goods and Services by National Departments was slightly lower than their revised appropriation in many cases. These were offset by over expenditure of Goods and Services by the Department of Prime Minister and NEC (K1.6 million), and the Department of Industrial Relations (K1.0 million).

In 2009, there was significant over expenditure by Provincial Governments on Personnel Emoluments. The Southern Highlands Provincial Government overspent by K20.0 million, East Sepik, Madang, Western Highlands and Eastern Highlands overspent by more than K12.0 million each, and Simbu, Enga, Morobe and West New Britain overspent by more than K6.9 million each.

The over expenditure of Personnel Emoluments reflects to some extent the devolution of human resources powers which has given authority to Provincial Administrators to hire more staff.

This over expenditure breaches the Appropriation (Recurrent Expenditure 2009) Act 2008 and the *Public Finances (Management) Act 1995*. Agency Heads were asked to provide explanations for the variances in the Budget Circular 2/2010. Based on the responses provided, the primary reason appears to be a failure of Agency Heads to appropriately manage their operations agency within their appropriations.

In the past, where Government expenditure has exceeded appropriations, Governments have provided a 'Validation Bill' in the next financial year providing a non cash appropriation authority for the amount of over expenditure. However, in recognition that this does not encourage agency heads to comply with Parliament's Appropriation Acts and the *Public Finances (Management) Act 1995*, the Government has not pursued this course. Instead, Treasury is reviewing the current processes of monitoring and controlling of expenditure incurred from the payroll and will monitor closely the agencies that continue to spend more than what has been appropriated to them both on the payroll and in goods and services.

The table below shows expenditure on Personnel Emoluments by Province.

Div	Department	Project	Item	2009 Revised	2009 Outcome	Variance
571	Western P.G.	Public Servants Leave Fares	114	222,600	222,600	-
		Staffing Grant	111	9,350,900	11,762,816	2,411,916
		Teachers Leave Fares	114	855,600	855,600	-
		Teachers Salaries	111	22,153,300	22,145,301	- 7,999
		Village Courts Allowances	112	161,000	161,000	-
		PE Total			32,743,400	35,147,317
572	Gulf P.G.	Public Servants Leave Fares	114	368,800	368,800	-
		Staffing Grant	111	7,943,500	7,742,767	- 200,733
		Teachers Leave Fares	114	597,900	597,900	-
		Teachers Salaries	111	9,501,500	8,135,228	- 1,366,272
		Village Courts Allowances	112	124,000	124,000	-
		PE Total			18,535,700	16,968,695
573	Central P.G.	Public Servants Leave Fares	114	456,200	290,300	- 165,900
		Staffing Grant	111	12,921,500	15,376,354	2,454,854
		Teachers Leave Fares	114	2,214,200	2,080,100	- 134,100
		Teachers Salaries	111	26,233,100	28,526,026	2,292,926
		Village Courts Allowances	112	274,300	274,300	-
		PE Total			42,099,300	46,547,080
574	NCDC	Village Courts Allowances	112	100,000	100,000	-
		PE Total			100,000	100,000
575	Milne Bay P.G.	Public Servants Leave Fares	114	318,000	318,000	-
		Staffing Grant	111	10,721,700	12,568,702	1,847,002
		Teachers Leave Fares	114	994,500	994,500	-
		Teachers Salaries	111	25,517,000	25,897,866	380,866
		Village Courts Allowances	112	292,000	292,000	-
		PE Total			37,843,200	40,071,068

Div	Department	Project	Item	2009 Revised	2009 Outcome	Variance
576	Oro P.G.	Public Servants Leave Fares	114	312,100	312,100	-
		Staffing Grant	111	7,780,800	10,532,197	2,751,397
		Teachers Leave Fares	114	822,300	822,300	-
		Teachers Salaries	111	12,113,800	12,547,016	433,216
		Village Courts Allowances	112	127,300	127,300	-
		PE Total			21,156,300	24,340,913
577	S.H.P.	Public Servants Leave Fares	114	416,900	264,400	- 152,500
		Staffing Grant	111	16,983,400	25,702,331	8,718,931
		Teachers Leave Fares	114	760,900	760,900	-
		Teachers Salaries	111	34,547,300	45,946,102	11,398,802
		Village Courts Allowances	112	514,800	514,800	-
		PE Total			53,223,300	73,188,533
578	Enga P.G.	Public Servants Leave Fares	114	234,200	234,200	-
		Staffing Grant	111	14,246,300	16,092,397	1,846,097
		Teachers Leave Fares	114	912,800	912,800	-
		Teachers Salaries	111	22,912,300	28,193,603	5,281,303
		Village Courts Allowances	112	526,600	526,600	-
		PE Total			38,832,200	45,959,600
579	W.H. P.G.	Public Servants Leave Fares	114	434,600	434,600	-
		Staffing Grant	111	11,100,000	15,566,398	4,466,398
		Teachers Leave Fares	114	949,800	949,800	-
		Teachers Salaries	111	32,674,500	42,623,750	9,949,250
		Village Courts Allowances	112	398,300	398,300	-
		PE Total			45,557,200	59,972,848
580	Simbu P.G.	Public Servants Leave Fares	114	217,100	217,100	-
		Staffing Grant	111	8,880,300	14,201,549	5,321,249
		Teachers Leave Fares	114	478,400	478,400	-
		Teachers Salaries	111	27,134,900	30,777,135	3,642,235
		Village Courts Allowances	112	350,400	432,900	82,500

Div	Department	Project	Item	2009 Revised	2009 Outcome	Variance
PE						
Total				37,061,100	46,107,084	9,045,984
581	E.H. P.G.	Public Servants Leave Fares	114	654,400	654,400	-
		Staffing Grant	111	11,978,800	16,183,017	4,204,217
		Teachers Leave Fares	114	988,400	988,400	-
		Teachers Salaries	111	31,100,000	39,482,708	8,382,708
		Village Courts Allowances	112	402,900	402,900	-
PE						
Total				45,124,500	57,711,425	12,586,925
582	Morobe P.G.	Public Servants Leave Fares	114	707,700	707,700	-
		Staffing Grant	111	13,252,700	13,904,732	652,032
		Teachers Leave Fares	114	2,000,000	2,000,000	-
		Teachers Salaries	111	48,427,900	57,005,757	8,577,857
		Village Courts Allowances	112	329,900	247,400	- 82,500
PE						
Total				64,718,200	73,865,589	9,147,389
583	Madang P.G.	Public Servants Leave Fares	114	103,800	103,800	-
		Staffing Grant	111	10,640,200	13,479,093	2,838,893
		Teachers Leave Fares	114	2,796,100	2,796,100	-
		Teachers Salaries	111	24,118,300	36,237,811	12,119,511
		Village Courts Allowances	112	282,200	282,200	-
PE						
Total				37,940,600	52,899,004	14,958,404
584	East Sepik P.G.	Public Servants Leave Fares	114	400,000	400,000	-
		Staffing Grant	111	11,831,100	16,282,349	4,451,249
		Teachers Leave Fares	114	994,500	994,500	-
		Teachers Salaries	111	25,093,000	36,191,577	11,098,577
		Village Courts Allowances	112	443,600	443,600	-
PE						
Total				38,762,200	54,312,026	15,549,826

Div	Department	Project	Item	2009 Revised	2009 Outcome	Variance
585	Sandaun P.G.	Public Servants Leave Fares	114	456,100	456,100	-
		Staffing Grant	111	8,734,000	9,186,201	452,201
		Teachers Leave Fares	114	978,300	978,300	-
		Teachers Salaries	111	19,602,300	20,979,298	1,376,998
		Village Courts Allowances	112	157,700	157,700	-
		PE Total			29,928,400	31,757,599
586	Manus P.G.	Public Servants Leave Fares	114	178,800	178,800	-
		Staffing Grant	111	4,928,400	6,069,336	1,140,936
		Teachers Leave Fares	114	525,000	525,000	-
		Teachers Salaries	111	9,077,000	10,078,740	1,001,740
		Village Courts Allowances	112	159,100	159,100	-
		PE Total			14,868,300	17,010,976
587	New Ireland P.G.	Public Servants Leave Fares	114	276,400	276,400	-
		Staffing Grant	111	8,877,000	9,468,574	591,574
		Teachers Leave Fares	114	761,300	761,300	-
		Teachers Salaries	111	16,618,900	19,102,167	2,483,267
		Village Courts Allowances	112	174,000	174,000	-
		PE Total			26,707,600	29,782,441
588	E.N.B. P.G.	Public Servants Leave Fares	114	243,800	243,800	-
		Staffing Grant	111	11,293,900	13,742,731	2,448,831
		Teachers Leave Fares	114	987,500	987,500	-
		Teachers Salaries (Tsc)	111	31,860,600	31,822,050	- 38,550
		Village Courts Allowances	112	184,600	184,600	-
		PE Total			44,570,400	46,980,681
589	W.N.B. P.G.	Public Servants Leave Fares	114	167,400	167,400	-
		Staffing Grant	111	7,761,500	8,497,341	735,841
		Teachers Leave Fares	114	994,500	994,500	-
		Teachers Salaries	111	22,633,600	28,861,015	6,227,415
		Village Courts Allowances	112	171,900	171,900	-

Div	Department	Project	Item	2009 Revised	2009 Outcome	Variance
				31,728,900	38,692,156	6,963,256
590	A.B.G. ³	Public Servants Leave Fares	114	245,200	245,200	-
		Staffing Grant	111	6,710,600	5,473,377	- 1,237,223
			112	3,400,000	3,400,000	-
		Teachers Leave Fares	114	1,147,500	1,147,500	-
		Teaching Services Commission	111	26,153,900	30,409,347	4,255,447
				37,657,200	40,675,424	3,018,224
		Grand Total		699,158,000	832,090,459	132,932,459

³ The variation in total PE outcome between this table and the fiscal table is due to the inclusion of ABG PE costs in this table. The Fiscal tables show ABG as a separate line.

RECURRENT BUDGET BY AGENCY

National Departments Recurrent Expenditure Outcome

<u>Div</u>	<u>Department</u>	<u>2009 Budget</u>	<u>2009 Revised</u>	<u>2009 Outcome</u>	<u>Variance</u>	<u>%</u>
201	Parliament	80,600.2	95,200.2	95,200.2	-	0.0%
202	Governor-General	3,118.0	5,718.7	6,670.4	- 951.7	-16.6%
203	Prime Minister & NEC	53,645.9	66,050.8	70,429.4	- 4,378.6	-6.6%
204	NSO	4,147.5	4,260.4	5,379.8	- 1,119.4	-26.3%
205	Bougainville Affairs	1,514.1	1,514.1	1,690.9	- 176.8	-11.7%
206	Finance	20,407.5	23,353.6	23,660.2	- 306.6	-1.3%
207	Treasury & Fin. Misc.	827,526.2	435,664.1	437,444.8	- 1,780.7	-0.3%
208	Treasury	11,772.2	13,657.8	14,379.8	- 722.0	-5.3%
209	ORPP	5,386.4	5,386.4	5,333.1	53.3	1.0%
212	I.C.T.D	12,381.1	12,341.6	11,594.7	746.9	6.1%
213	Fire Services	16,429.9	16,429.9	15,918.3	511.6	3.1%
215	Immigration	-	3,200.8	3,967.7	- 766.9	-24.0%
216	Internal Revenue	53,725.7	53,983.3	53,947.7	35.6	0.1%
217	Foreign Affairs & Trade	66,265.2	63,255.0	72,701.6	- 9,446.6	-14.9%
219	PNG IPA	5,812.4	5,812.4	5,659.0	153.4	2.6%
220	DPM	10,844.4	11,297.9	10,805.1	492.8	4.4%
221	PSC	3,509.9	3,541.3	3,615.3	- 74.0	-2.1%
222	Public Solicitor	6,681.3	6,681.3	6,966.0	- 284.7	-4.3%
223	Judiciary Services	46,640.0	46,640.0	46,640.0	-	0.0%
224	Magisterial Services	25,299.3	25,299.3	25,299.3	-	0.0%
225	Attorney-General	33,627.1	35,127.1	35,493.6	- 366.5	-1.0%
226	Correctional Instit	61,915.3	61,915.3	62,432.4	- 517.1	-0.8%
227	Provincial Treasuries	31,879.8	32,941.4	36,504.5	- 3,563.1	-10.8%
228	Police	189,802.7	194,052.7	211,490.8	- 17,438.1	-9.0%
229	Nat. Plan. & Monit.	9,661.5	10,461.5	11,089.0	- 627.5	-6.0%
230	Electoral Commission	7,429.0	13,545.2	13,538.4	6.8	0.0%
231	N.I.O	3,243.6	3,243.6	3,252.3	- 8.7	-0.3%
232	Prov. & LLG Affairs	9,883.6	15,057.2	15,466.2	- 409.0	-2.7%
234	Defence	108,672.8	115,058.2	118,331.8	- 3,273.6	-2.8%
235	Education	143,864.8	243,864.8	245,508.0	- 1,643.2	-0.7%
236	OHE	35,256.7	36,790.7	36,570.4	220.3	0.6%
237	UNESCO	1,146.9	1,165.0	1,183.4	- 18.4	-1.6%
240	Health	166,392.9	163,787.0	166,550.7	- 2,763.7	-1.7%
241	H.M.S	259,791.9	261,704.7	289,705.3	- 28,000.6	-10.7%
242	Comm. Development	8,890.8	10,064.6	10,878.0	- 813.4	-8.1%
243	NVS	1,166.0	775.8	1,551.6	- 775.8	-100.0%
245	Environ. & Conserv.	11,086.0	11,986.0	12,589.5	- 603.5	-5.0%
247	Agriculture & Livestock	13,251.4	13,251.4	15,194.0	- 1,942.6	-14.7%

Div	Department	2009 Budget	2009 Revised	2009 Outcome	Variance	%
252	Lands	14,832.7	15,800.7	14,527.2	1,273.5	8.1%
254	(DMPGM)	6,237.0	6,237.0	6,181.2	55.8	0.9%
255	Petroleum and Energy	10,892.9	10,642.9	12,202.7	- 1,559.8	-14.7%
258	Inform. & Comm.	3,350.8	5,350.8	5,105.7	245.1	4.6%
259	D.O.T	23,055.0	23,055.0	19,932.2	3,122.8	13.5%
261	Commerce & Industry	8,359.1	13,485.0	14,182.0	- 697.0	-5.2%
262	Industrial Relations	7,567.7	12,761.0	14,066.6	- 1,305.6	-10.2%
263	N.T.C.C	951.8	951.8	749.9	201.9	21.2%
264	D.O.W.I	106,197.2	109,549.0	104,619.3	4,929.7	4.5%
267	O.R.D	5,218.4	5,371.5	5,217.8	153.7	2.9%
268	CS & TB	2,166.5	2,166.5	2,018.4	148.1	6.8%
		2,541,499.1	2,329,452.3	2,403,436.2	- 73,983.9	-3.0%

Commercial Statutory Authorities Recurrent Expenditure Outcome

Div	Department	2009 Budget	2009 Revised	2009 Outcome	Variance	%
502	Auditor-General	14,235.7	14,235.7	14,235.7	-	0.0%
503	Ombudsman	14,040.0	14,040.0	14,040.0	-	0.0%
505	N.R.I.	3,029.5	3,029.5	3,029.5	-	0.0%
506	N.T.C.	2,452.8	2,452.8	2,452.8	-	0.0%
507	N.E.F.C	1,500.0	1,100.0	1,096.9	3.1	0.3%
508	N.G.C.B	-	5,000.0	5,000.0	-	0.0%
509	BDA	-	4,000.0	4,000.0	-	0.0%
510	L.T.I.	1,536.5	1,536.5	1,536.5	-	0.0%
512	U.P.N.G.	33,416.8	33,416.8	33,416.8	-	0.0%
513	UNITECH	32,000.0	32,500.0	32,500.0	-	0.0%
514	University of Goroka	12,364.0	12,364.0	12,364.0	-	0.0%
515	Uni. of Env. & Nat Res.	8,972.5	8,972.5	8,972.5	-	0.0%
516	PNG Sports Comm.	3,183.4	3,873.6	3,873.6	-	0.0%
517	Narcotics Bureau	1,707.4	1,707.4	1,707.4	-	0.0%
518	PNG Maritime	2,731.7	2,731.7	2,731.7	-	0.0%
519	AIDS COUNCIL	5,747.0	5,747.0	5,747.0	-	0.0%
520	I.M.R.	3,887.1	3,887.1	3,887.1	-	0.0%
521	N.Y.C	1,560.0	1,560.0	1,559.9	0.1	0.0%
522	C.L.R.C	1,953.5	1,953.5	1,485.3	468.2	24.0%
525	N.B.C.	20,312.0	21,312.0	21,312.0	-	0.0%
526	N.M.S.A	1,560.0	1,560.0	1,560.0	-	0.0%
530	I.P.A.	2,068.0	2,068.0	2,068.0	-	0.0%

Div	Department	2009 Budget	2009 Revised	2009 Outcome	Variance	%
531	S.B.D.C	2,288.0	2,288.0	2,288.0	-	0.0%
532	N.I.S.I.T	2,443.4	2,443.4	2,443.4	-	0.0%
533	I.C.D.C	1,482.5	1,482.5	1,482.5	-	0.0%
539	National Museum	4,638.7	4,670.7	4,670.7	-	0.0%
541	N.H.C.	218.6	218.6	218.6	-	0.0%
542	N.C.C.	3,159.7	3,159.7	3,159.7	-	0.0%
550	C.C.I Ltd	5,416.6	5,416.6	5,416.6	-	0.0%
553	F.P.D.C	3,749.7	3,749.7	3,749.7	-	0.0%
554	PNG C.I.C	2,000.0	2,000.0	2,000.0	-	0.0%
557	Forest Authority	26,000.0	32,000.0	32,000.0	-	0.0%
558	T.P.A	9,808.0	9,808.0	9,808.0	-	0.0%
562	N.A.R.I.	8,326.3	8,326.3	8,326.3	-	0.0%
563	Nat. Agr. Quar. & Insp.	3,522.8	3,522.8	3,522.8	-	0.0%
565	C.A.A	9,600.0	9,600.0	9,600.0	-	0.0%
567	N.R.A	871.2	871.2	1,139.3	-268.1	-30.8%
569	I.C.C.C	2,149.8	2,149.8	2,149.8	-	0.0%
		253,933.2	270,755.4	270,552.0	203.4	0.1%

Provincial Governments Recurrent Expenditure Outcome

Div	Province	2009 Budget	2009 Revised	2009 Outcome	Variance	%
571	Western	38,576.6	38,909.3	41,313.2	- 2,403.9	-6.2%
572	Gulf	24,216.2	24,216.2	22,649.2	1,567.0	6.5%
573	Central	50,757.4	51,365.7	55,813.5	- 4,447.8	-8.7%
574	NCDC	3,209.4	3,209.4	3,209.4	-	0.0%
575	Milne Bay	47,344.7	54,844.7	57,072.6	- 2,227.9	-4.1%
576	Oro	27,678.9	27,678.9	30,716.4	- 3,037.5	-11.0%
577	Southern Highlands	65,067.7	65,067.7	85,032.9	- 19,965.2	-30.7%
578	Enga	48,257.9	48,257.9	55,385.3	- 7,127.4	-14.8%
579	Western Highlands	58,318.2	64,818.2	79,233.8	- 14,415.6	-22.2%
580	Simbu	46,559.4	46,559.4	55,605.3	- 9,045.9	-19.4%
581	Eastern Highlands	59,785.0	59,785.0	72,371.9	- 12,586.9	-21.1%
582	Morobe	78,068.4	78,068.4	87,215.8	- 9,147.4	-11.7%
583	Madang	50,644.2	50,644.2	65,627.3	- 14,983.1	-29.6%
584	East Sepik	54,401.8	54,401.8	69,926.9	- 15,525.1	-28.5%
585	Sandaun	39,678.1	39,678.1	41,504.6	- 1,826.5	-4.6%
586	Manus	19,345.3	19,470.3	21,691.4	- 2,221.1	-11.4%
587	New Ireland	30,865.2	31,491.9	34,566.7	- 3,074.8	-9.8%
588	East New Britain	55,778.2	55,778.2	58,188.5	- 2,410.3	-4.3%
589	West New Britain	41,691.7	41,691.7	48,576.6	- 6,884.9	-16.5%
590	Autonomous Bougainville Govt.	57,041.2	57,041.2	60,886.7	- 3,845.5	-6.7%
		897,285.5	912,978.2	1,046,588.1	- 133,609.9	-14.6%

APPENDIX 1

Trust accounts

Movements of Funds in District Services Improvement Trust Accounts in 2009 (Kina millions)

District	Total Approp since 2005	Total Approp released to Subsidiary account	Opening Balance as at 1 Jan 09	Debits (Receipts)	Credits (Payments)	Closing Balance as at 31 Dec 2009	Deposits Outstanding as at 31 Dec 2009
Abau District	14.0	12.0	-	6.2	(4.0)	2.2	2.0
Goilala District	14.0	12.0	-	8.2	(7.9)	0.3	-
Kairuku Hiri District	14.0	12.0	0.2	8.2	(6.4)	2.0	-
Rigo District	14.0	12.0	1.1	12.5	(7.0)	6.6	-
Gazelle District	14.0	12.0	3.4	6.2	(4.9)	4.7	2.0
Kokopo District	14.0	12.0	1.9	6.2	(4.9)	3.2	2.0
Pomio District	14.0	12.0	4.0	6.2	(5.1)	5.1	2.0
Rabaul District	14.0	12.0	4.0	8.0	(3.4)	8.6	-
Ambunti-Drekikir District	14.0	12.0	1.5	12.0	(12.0)	1.5	-
Angoram District	14.0	14.0	3.9	10.2	(4.5)	9.6	-
Maprik District	14.0	12.0	3.7	13.2	(5.7)	11.2	-
Wewak District	14.0	12.0	1.5	12.4	(11.0)	2.9	-
Wosera-Gawi District	14.0	12.0	4.1	8.2	(2.7)	9.6	-
Yangogoru-Saussia District	14.0	9.3	1.0	13.5	(4.6)	9.9	-
Daulo District	14.0	12.0	3.8	9.2	(4.2)	8.8	-
Goroka District	14.0	12.0	1.7	8.0	(1.8)	7.9	-
Henganofi District	14.0	12.0	3.1	8.2	(4.7)	6.6	-
Kainantu District	14.0	12.0	1.6	8.0	(2.9)	6.7	-
Lufa District	14.0	12.0	3.8	8.2	(6.8)	5.2	-
Obura-Wanenara District	14.0	12.0	0.7	8.2	(3.5)	5.4	-
Okapa District	14.0	12.0	2.7	6.2	(6.0)	2.9	2.0
Unggai-Bena District	14.0	12.0	3.5	8.2	(5.2)	6.5	-
Kandep District	14.0	12.0	2.7	4.0	(6.2)	0.5	4.0
Kompam-Ambun District	14.0	12.0	2.9	8.2	(6.8)	4.3	-
Lagaim-Porgera District	14.0	12.0	1.8	18.6	(1.4)	19.0	-

District	Total Approp since 2005	Total Approp released to Subsidiary account	Opening Balance as at 1 Jan 09	Debits (Receipts)	Credits (Payments)	Closing Balance as at 31 Dec 2009	Deposits Outstanding as at 31 Dec 2009
Wabag District	14.0	12.0	3.2	2.2	(3.7)	1.7	6.0
Wapenamanda District	14.0	12.0	3.2	8.2	(6.2)	5.2	-
Kerema District	14.0	12.0	1.4	8.0	(8.2)	1.2	-
Kikori District	14.0	12.0	1.4	8.2	(9.5)	0.1	-
Bogia District	14.0	12.0	4.0	6.0	(0.7)	9.3	2.0
Madang District	14.0	12.0	2.9	8.2	(3.2)	7.9	-
Middle Ramu District	14.0	12.0	4.0	6.2	(3.4)	6.8	2.0
Raikos District	14.0	12.0	4.0	6.2	(0.3)	9.9	2.0
Sumkar District	14.0	12.0	2.5	8.2	(7.3)	3.4	-
Usino-Bundi District	14.0	12.0	3.3	8.2	(4.5)	7.1	-
Manus District	14.0	12.0	2.3	8.3	(5.4)	5.2	-
Alotau / Rabaraba District	14.0	12.0	2.4	8.7	(5.4)	5.7	-
Esa'ala District	14.0	12.0	3.5	8.2	(4.2)	7.5	-
Kiriwina Good Enough	14.0	12.0	4.1	8.2	(3.6)	8.7	-
Samarai Murua District	14.0	12.0	0.7	8.2	(5.0)	3.9	-
Bulolo District	14.0	12.0	0.1	6.0	(5.5)	0.6	2.0
Finschaffan District	14.0	12.0	2.4	8.2	(3.4)	7.2	-
Huon Gulf District	14.0	12.0	1.2	6.2	(1.9)	5.5	2.0
Kabwum District	14.0	12.0	0.9	8.2	(2.1)	7.0	-
Lae District	14.0	12.0	4.0	6.2	(8.0)	2.2	2.0
Markham District	14.0	12.0	2.7	8.2	(3.9)	7.0	-
Menyamya District	14.0	12.0	3.8	8.0	(6.5)	5.3	-
Nawaeb District	14.0	12.0	0.1	10.0	(7.1)	3.0	-
Tewa-Siasi District	14.0	12.0	2.4	8.2	(5.9)	4.7	-
Moresby North East District	14.0	12.0	2.7	8.2	(3.1)	7.7	6.0
Moresby North West District	14.0	12.0	3.9	8.2	(1.3)	10.8	-
Moresby South District	14.0	11.7	2.7	6.0	(1.9)	6.8	8.0
Kavieng District	14.0	12.0	3.9	8.2	(8.0)	4.1	-
Namatanai District	14.0	12.0	2.5	4.2	(2.0)	4.7	4.0

District	Total Approp since 2005	Total Approp released to Subsidiary account	Opening Balance as at 1 Jan 09	Debits (Receipts)	Credits (Payments)	Closing Balance as at 31 Dec 2009	Deposits Outstanding as at 31 Dec 2009
Central Bougainville District	14.0	12.0	4.0	8.0	(2.1)	9.9	-
North Bougainville District	14.0	12.0	0.7	8.2	(6.6)	2.3	-
South Bougainville District (1)	14.0	8.0	4.0	2.2	(5.1)	1.1	2.0
Ijivitari District	14.0	12.0	4.0	5.2	(4.2)	5.0	4.0
Sohe District	14.0	12.0	0.5	8.0	(3.6)	4.9	-
Aitape-Lumi District	14.0	12.0	3.1	9.5	(8.0)	4.6	-
Nuku District	14.0	12.0	-	8.2	(5.4)	2.8	-
Telefomin District	14.0	12.0	3.2	8.0	(2.7)	8.5	-
Vanimo-Green District	14.0	12.0	2.7	6.2	(4.6)	4.3	2.0
Chuave District	14.0	12.0	1.3	8.0	(4.4)	4.9	-
Gumine District	14.0	12.0	0.5	8.0	(4.1)	4.4	-
Karamui-Nomane District	14.0	12.0	3.9	8.0	(4.6)	7.3	-
Kerowagi District	14.0	12.0	2.7	8.0	(7.1)	3.6	-
Kundiawa-Gembogl District	14.0	12.0	2.4	8.0	(5.9)	4.5	-
Sinasina-Yongumugl District	14.0	12.0	3.9	6.0	(4.8)	5.1	2.0
Ialibu-Pangia District	14.0	12.0	3.6	8.3	(7.3)	4.6	-
Imbongu District	14.0	12.0	0.3	8.0	(4.6)	3.7	-
Kagua-Erave District	14.0	12.0	0.1	8.2	(8.3)	-	-
Komo-Magarima District	14.0	12.0	2.0	8.0	(6.0)	4.0	-
Koroba-L/Kopiago District	14.0	12.0	0.3	6.2	(2.9)	3.6	2.0
Mendi District	14.0	12.0	0.8	6.0	(4.6)	2.2	2.0
Nipa-Kutubu District	14.0	12.0	3.4	8.2	(7.6)	4.0	-
Tari-Pori District	14.0	11.5	2.5	6.2	(8.5)	0.2	2.0
Kandrian District	14.0	12.0	3.6	8.2	(3.4)	8.4	-
Talasea District	14.0	12.0	3.8	8.2	(5.4)	6.6	-
Middle Fly District	14.0	12.0	4.2	8.2	(1.2)	11.2	-
North Fly District	14.0	12.0	4.2	4.2	(1.5)	6.9	4.0
South Fly District	14.0	12.0	4.0	6.2	(4.2)	6.0	2.0
Dei District	14.0	12.0	3.7	8.0	(6.6)	5.1	-

District	Total Approp since 2005	Total Approp released to Subsidiary account	Opening Balance as at 1 Jan 09	Debits (Receipts)	Credits (Payments)	Closing Balance as at 31 Dec 2009	Deposits Outstanding as at 31 Dec 2009
Hagen District	14.0	12.0	3.9	8.0	(1.4)	10.5	-
Jimi District	14.0	12.0	0.9	8.0	(6.3)	2.6	-
Mul/Bayer District	14.0	12.0	2.7	11.2	(7.5)	6.4	-
North Waghi	14.0	12.0	3.3	6.2	(4.1)	5.4	2.0
South Waghi District	14.0	12.0	2.5	6.2	(8.0)	0.7	2.0
Tambul-Nebilyer District	14.0	11.6	3.6	8.2	(8.5)	3.3	-
TOTAL	1,246.0	1,062.1	225.1	700.8	(445.9)	480.0	76.0

(1) K4.0 million for South Bougainville has been spent directly through the primary account instead of being paid into and expended through the subsidiary account.