



DEPARTMENT OF TREASURY

FISCAL OUTTURN REPORT

April 2007

April 2007 Fiscal Report

1. Summary of Fiscal Performance

The table below summarises the fiscal outturn (in millions of kina) for the April 2007 Fiscal Outturn.

Table 1.1 Summary

TOTAL	Budget	March Outturn	April Outturn	April Trend	% of Trend	% of Budget
Revenue and Grants	5421.6	779.54	1122.4	1007.1	109%	20%
Expenditure and Net Lending	5454.6	818.33	1008.6	1073.1	94%	18%
Budget Balance	-33.0	231.5	113.8	65.9	140%	
% of GDP	-0.2%	-0.2%	0.6%	-0.4%		

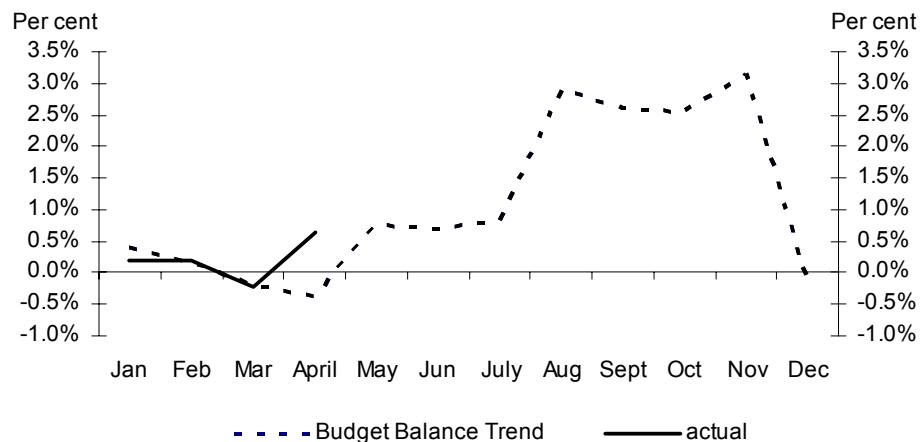
Source: Department of Treasury (based on Treasury Management System reports)

Total GoPNG revenue was well above trend to April 2007, with collections 11 per cent above the trend required to meet 2007 Budget estimates.

Total GoPNG expenditure has been lower and the April 2007 outturn indicates 94 per cent of trend.

Overall, the Government's Budget position was a surplus of 0.6 per cent of GDP or K113.8 million, compared with the expected trend of a deficit of K65.9 million. The evolution of the Budget Balance as depicted in Graph 1.1 below reflects the actual budget balance incurred against the anticipated monthly trend base on the 2007 Original Budget.

Graph 1.1: Evolution of the Budget Balance – Actual vs Trend



2. Revenue and Grants

Total Revenue (GoPNG)

Total GoPNG revenue was well above trend in the April Fiscal Outturn of 2007.

Tax receipts in the April 2007 Outturn were K1098.1 million, which is 19 per cent above trend. This is primarily attributable to the receipt of a larger than expected instalments of company taxes, personal income taxes and gaming taxes. Major domestic tax heads also performed better than trend as well as import and export duties.

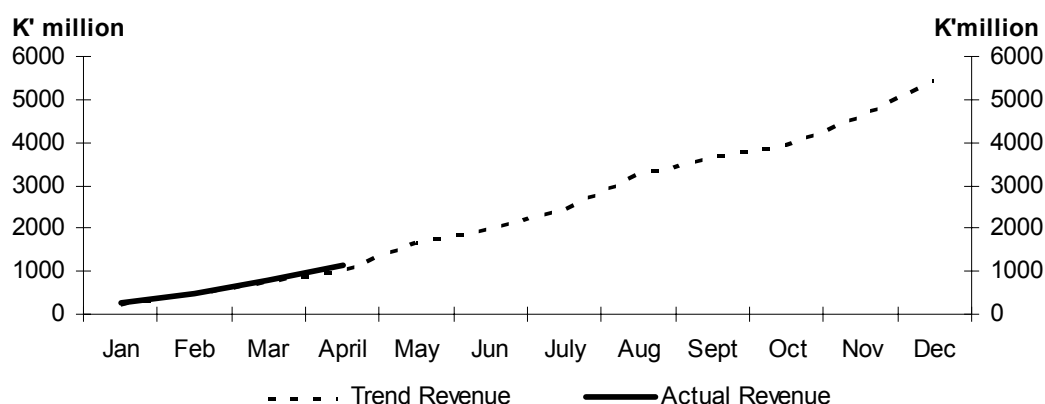
More generally, most tax revenue items recorded collections at or above trend to April, reflecting continued strong economic conditions and continued good performance by the Internal Revenue Commission in ensuring compliance. Notably exceptions were interest withholding tax (reflecting lower interest rates), dividend withholding tax (reflecting lower payments of dividends in early 2007), mining levy (reflecting its phasing out), and excise duty on imports (reflecting increased domestic production of refined fuel).

Non-tax revenue receipts for the April Outturn were K23.7 million, which is below trend by 55 per cent. This is primarily attributable to lower mining and petroleum dividends and to a lesser extent, lower departmental revenues.

Tax Credits and Grants

While not technically PNG Government revenue, project support grants from donors and infrastructure tax credits are included in Budget estimates of revenue and expenditure in order to give a better picture of the total resources applied to development in Papua New Guinea.

Graph 2.1: Actual Revenue against the Trend



Unfortunately, tax credits utilized are only partially recorded on the Government's accounting system, making it difficult to assess progress in the implementation of this program, and the only grants report received from donors are recorded on a quarterly basis making it difficult to assess its implementation on a monthly basis.

Infrastructure tax credits of K0.6 million are recorded as being utilized in the April Outturn, which is 7 per cent of trend and Project support grants from donors has yet to be recorded.

Total revenue and grants were K1122.4 million at the end of April 2007. This is higher than the trend expected at K1007.2 million by 9 per cent.

3. Expenditure and Net Lending

Total Expenditure (GoPNG)

National Departments' recurrent expenditure totalled K510.7 million as at April 2007. This is 4 per cent above trend, and represents 26 per cent of the 2007 Budget appropriation.

National Departments' personnel emoluments expenditure was K226.7 million in April Outturn, compared to the K221.7 million anticipated in trend expenditure.

National Departments' general goods and services expenditure was K245.3 million in the April Outturn. This is 1 per cent above trend and it represents 26 per cent of the 2007 Budget appropriation.

Grants to Provincial Governments totalled K194.7 million in April compared to K171.3 million in trend expenditure. This is due to retrenchment payments.

Provincial Government personnel emoluments expenditure (including teachers) was K167.4 million in the April Outturn compared to K 139.0 million anticipated in trend.

Provincial Government goods and services grant expenditure totalled K18.1 million in the April Outturn compared to K20.1 million in trend expenditure.

Transfers to Statutory Authorities totalled K83.8 million in the April 2007 Outturn. This is 19 per cent above trend and is 38 per cent of the 2007 Budget appropriation

Interest payments and fees totalled K111.8 million in the April Outturn or is 26 per cent below trend.

Domestic development expenditure in the April Outturn turned out to be K79.0 million, which is 40 per cent below trend.

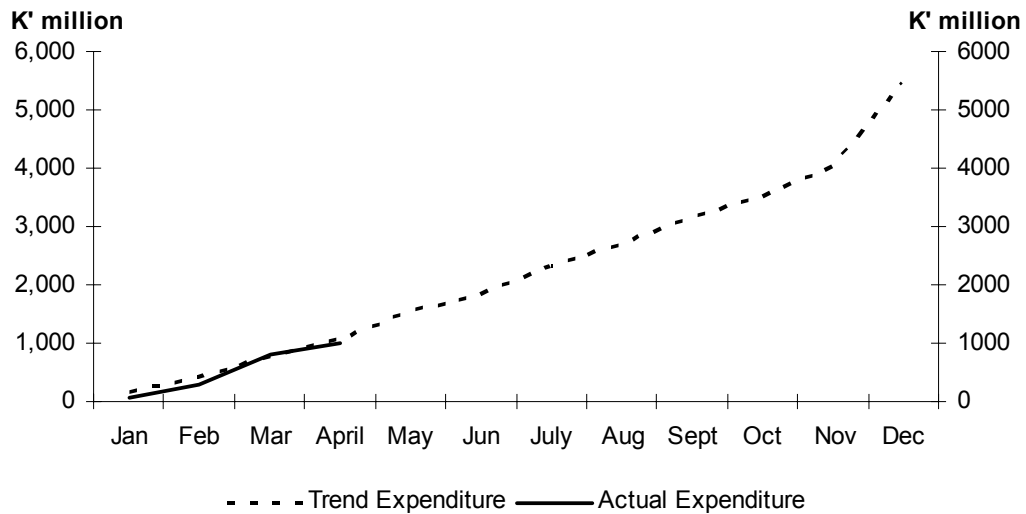
Draw downs on concessional project loans in the April Outturn were K29.4 million, which is well above trend but only 18 per cent of the 2007 Budget appropriation.

Tax Credits and Grants

As noted above, while not technically PNG Government expenditure, project support grants from donors and infrastructure tax credits are included in Budget estimates of revenue and expenditure in order to give a better picture of the total resources applied to development in Papua New Guinea.

Unfortunately, tax credits utilized are only partially recorded on the Government's accounting system, making it difficult to assess progress in the implementation of this program, and the only grants report received from donors are recorded on a quarterly basis making it difficult to assess its implementation on a monthly basis.

Graph 3.1: Actual Expenditure and Net Lending against the Trend



Infrastructure tax credits of K0.6 million are recorded as being utilized in the April Outturn, which is 7 per cent of trend and Project support grants from donors, has yet to be recorded.

Funds appropriated under the Additional Priority Expenditure, are yet to be recorded.

Overall total expenditure and net lending for the April Outturn were K1008.6 million compared to the trend estimate of K1073.1 million. This is 6 per cent lower than the trend, and 18 per cent of the 2007 Budget appropriation.

4. Financing

A Budget surplus of K113.8 million (or 0.6 per cent of GDP) was recorded in the April 2007 Outturn, compared to the trend deficit of K65.9 million (or 0.4 per cent of GDP).

Net external outflows totalled K46.0 million and net domestic market borrowing totalled an outflow of K295.9 million.

TABLE 1: CENTRAL GOVERNMENT REVENUE & GRANTS

Kina, million

		2007	March	April	April	April	% of	% of
		Budget	Outturn	Actual	Outturn	Trend	Trend	Budget
A.	TAX REVENUE	4,129.9	757.4	340.1	1,098.1	922.9	119%	27%
A1.	TAX ON INCOME AND PROFITS	3,071.6	435.2	234.7	669.9	594.6	113%	22%
	Personal Income Tax	890.3	286.9	76.6	363.5	295.1	123%	41%
	Company Tax	511.7	74.1	63.9	138.0	95.1	145%	27%
	Dividend Withholding Tax	168.1	22.7	7.3	30.0	43.6	69%	18%
	Interest Withholding Tax	21.9	4.3	1.4	5.7	6.6	88%	26%
	Mining and Petroleum Taxes	1,292.8	0.0	71.4	71.4	86.3	83%	6%
	Gaming Tax	106.0	30.1	7.1	37.1	35.1	106%	35%
	Other: Direct	80.8	17.0	7.0	24.1	32.9	73%	30%
A2.	DOM. TAXES ON GOODS AND SERVICES	758.0	233.7	77.4	311.6	230.9	135%	41%
	Excise	309.8	84.1	22.3	106.4	96.7	110%	34%
	GST	420.0	127.0	52.0	179.0	124.3	144%	43%
	Mining Levy	25.6	22.2	2.3	24.5	8.4	293%	96%
	Other: Indirect	2.6	0.4	0.9	1.8	1.5	116%	68%
A3.	TAXES ON INTERNATIONAL TRADE	300.3	88.6	28.0	116.5	97.4	120%	39%
	Import Duty	96.9	27.0	8.8	35.7	29.5	121%	37%
	Export Duty	118.0	42.4	7.6	50.0	38.2	131%	42%
	Excise duties on Imports	85.4	19.2	11.6	30.8	29.7	104%	36%
B.	NON-TAX REVENUE	327.2	21.2	2.5	23.7	53.3	45%	7%
B1.	PROPERTY INCOME	242.8	10.0	0.0	10.0	33.1	30%	4%
	Dividends	73.5	10.0	0.0	10.0	3.2	313%	14%
	Mining and Petroleum Dividends	169.3	0.0	0.0	0.0	29.9	0%	0%
B2.	INTEREST AND FEES FROM LENDING	2.6	0.2	0.0	0.2	0.7	32%	9%
B3.	OTHER NON TAX REVENUE	81.8	11.0	2.5	13.5	19.4	69%	16%
B4.	ASSETS SALES	0.0	0.0	0.0	0.0	0.0		
C.	TOTAL REVENUE	4,457.1	778.6	361.4	1,121.8	976.1	115%	25%
	% of GDP	0.2	0.0	0.0	0.1	0.1	115%	25%
D.	INFRASTRUCTURE TAX CREDIT	85.4	0.9	1.5	0.6	8.9	7%	1%
E.	GRANTS	879.1	0.0	0.0	0.0	22.1	0%	0%
	Budgetary Support	0.0	0.0	0.0	0.0	0.0		
	Project Grants	879.1	0.0	0.0	0.0	22.1	0%	0%
F.	TOTAL REVENUE AND GRANTS	5,421.6	779.5	362.9	1,122.4	1,007.2	111%	21%
	As % of GDP	0.3	0.0	0.0	0.1	0.1	111%	21%
G.	PRINCIPAL RECEIPTS FROM LENDING	6.0	1.4	0.0	1.4	0.9	145%	23%
H.	GROSS BORROWING	2,275.7	-102.9	122.9	419.4	393.4	107%	18%
I.	ASSET SALES	0.0	0.0	0.0	0.0	0.0		
J.	TOTAL RECEIPTS	7,703.3	678.0	485.8	1,543.1	1,401.5	110%	20%
	As % of GDP	0.4	0.0	0.0	0.1	0.1	110%	20%

Source: Treasury

TABLE 2: CENTRAL GOVERNMENT EXPENDITURE
(Kina, Million)

	2,007.0 Budget	March Outturn	April Actual	April Outturn	April Trend	% of Trend	% of Budget
1 RECURRENT BUDGET							
A. NATIONAL DEPARTMENTS	1,929.2	370.9	139.9	510.7	491.5	104%	26%
Personnel Emoluments	816.2	171.1	54.0	226.7	221.7	102%	28%
Total Goods & Services	1,112.9	199.8	85.8	284.0	269.8	105%	26%
General Goods & Services	948.4	180.3	66.6	245.3	243.3	101%	26%
Education Subsidies	43.0	10.4	13.8	24.2	22.5	107%	56%
Arrears Payments	0.0	0.0	0.0	0.0	0.0		
SAP Payments	69.6	0.3	0.1	0.4	3.4	12%	1%
Court Orders	52.0	8.8	5.4	14.2	0.6	2402%	27%
B. PROVINCIAL GOVERNMENTS	696.6	178.7	45.4	194.7	171.3	114%	28%
Personnel Emoluments	576.0	128.9	38.6	167.4	139.0	120%	29%
Staffing Grants	156.4	47.3	11.6	58.9	46.6	126%	38%
Teachers Salaries	419.6	81.5	27.0	108.6	92.4	117%	26%
Goods & Other Services	63.4	28.1	5.6	18.1	20.1	90%	29%
Administration Grants	14.2	3.8	0.3	4.3	4.3	101%	30%
Health Function Grant	13.4	3.2	0.5	3.7	3.5	107%	28%
Education Subsidies	21.6	1.9	4.2	6.1	8.0	76%	28%
Derivation Grants	14.2	3.4	0.7	4.1	4.4	94%	29%
Conditional Grants	57.2	7.6	1.2	9.2	12.2	75%	16%
Trans/Infra/Maint. Grants	15.3	4.0	0.3	4.3	4.0	106%	28%
Local & Village Services Grants	32.5	3.1	0.8	3.9	5.4	72%	12%
Town & Urban Services Grants	7.2	0.3	0.0	0.3	2.0	14%	4%
Village Courts	2.2	0.6	0.1	0.7	0.7	97%	32%
AUTONOMOUS BOUGAINVILLE GOVT.	50.6	14.1	6.3	20.5	8.2	250%	40%
Police Grant	2.5	0.6	0.0	0.6	0.0		24%
Recurrent Grant	48.0	13.5	6.3	19.9	8.2	243%	41%
Conditional Grants	0.2	0.0	0.0	0.0	0.0		0%
C. TRANSFERS & LOANS TO C.S.A	221.6	63.9	19.9	83.8	70.6	119%	38%
D. INTEREST PAYMENT & FEES	475.9	97.4	12.4	111.8	150.8	74%	23%
Domestic	358.8	70.4	5.2	76.8	119.4	64%	21%
External	117.1	27.0	7.2	35.0	31.4	111%	30%
E. NET LENDING TO C.S.A	-6.0	-1.4	-1.4	-1.4	-0.9	145%	23%
Gross Lending	0.0	0.0	0.0	0.0	0.0		
Less : Loan Repayments	6.0	-1.4	-1.4	-1.4	0.9	-151%	-23%
RECURRENT EXPENDITURE & NET LENDING	3,367.9	709.4	216.2	899.7	891.5	101%	27%
As % of GDP		0.0	0.0	0.1	0.0	101%	
2 DEVELOPMENT BUDGET							
Domestic Funds	509.1	88.6	75.5	79.0	131.9	60%	16%
Project Grants	879.1	0.0	0.0	0.0	25.0	0%	0%
Infrastructure Tax Credits	85.4	0.9	1.5	0.6	16.4	4%	1%
Concessional loans	163.0	19.4	9.9	29.4	8.3	352%	18%
Commercial loans	0.0	0.0	0.0	0.0	0.0		
G. TOTAL DEVELOPMENT BUDGET (PIP)	1,636.6	108.9	87.0	108.9	181.6	60%	7%
As % of GDP	0.1	0.0	0.0	0.0	0.0	60%	7%
ADDITIONAL PRIORITY EXPENDITURE	450.0	0.0	0.0	0.0	0.0		0%
H. TOTAL EXPENDITURE & NET LENDING	5,454.6	818.3	303.2	1,008.6	1,073.1	94%	18%
As % of GDP	0.3	0.0	0.0	0.1	0.1	94%	18%
I. AMORTISATION	2,242.7	128.6	40.9	169.5	281.5	60%	8%
Domestic	1,996.0	74.0	20.1	94.1	214.1	44%	5%
External	246.7	54.6	20.8	75.4	67.5	112%	31%
J. LOAN REPAYMENTS	6.0	1.4	0.0	1.4	0.9	144%	23%
K. TOTAL PAYMENTS	7,703.3	948.3	344.1	1,179.4	1,355.6	87%	15%
As % of GDP	0.4	0.1	0.0	0.1	0.1	87%	15%

Source: Treasury

TABLE 3: CENTRAL GOVERNMENT FINANCING

(Kina, million)

	2,007.0	March	April	April	April	% of	% of
	Budget	Outturn	Actual	Outturn	Trend	Trend	Budget
A. TOTAL REVENUE AND GRANTS	5,421.6	762.5	362.9	1,122.4	1,007.2	111%	21%
B. TOTAL EXPENDITURE AND NET LENDING	5,454.6	767.1	303.2	1,008.6	1,073.1	94%	18%
C. DEFICIT (-) / SURPLUS (+) % of GDP	-33.0	-4.5 0.0	59.7 0.3	113.8 0.6	-65.9 -0.4	173%	-345%
D. EXTERNAL FINANCING	-83.7	-35.1	-10.9	-46.0	-58.9	78%	55%
D1. CONCESSIONAL FINANCING	-4.3	-11.1	9.9	-1.2	-40.9	3%	28%
New Borrowing	163.0	19.4	9.9	29.4	8.3	352%	18%
Less Amortisation	-167.3	-30.5	0.0	-30.5	-49.2	62%	18%
D2. COMMERCIAL FINANCING	-18.2	0.0	0.0	0.0	-4.4	0%	0%
New Borrowing	0.0	0.0	0.0	0.0	0.0		
Less Amortisation	-18.2	0.0	0.0	0.0	-4.4	0%	0%
D3. EXCEPTIONAL FINANCING	-61.2	-24.0	-20.8	-44.8	-13.7	328%	73%
New Borrowing	0.0	0.0	0.0	0.0	0.0		
Less Amortisation	-61.2	-24.0	-20.8	-44.8	-13.7	328%	73%
E. DOMESTIC FINANCING	116.7	129.0	234.6	659.5	124.8	528%	565%
E1. DOMESTIC MARKET BORROWING (NET)	118.7	203.0	92.9	295.9	322.5	92%	249%
New Domestic Borrowing	2,114.7	277.0	113.0	390.0	534.4	73%	18%
Less Amortisation	-1,996.0	-74.0	-20.1	-94.1	-211.9	44%	5%
E2. OTHER DOMESTIC FINANCING (b)	-2.0	-73.9	141.7	363.7	-197.7	184%	18183%
E3. ASSETS SALES FINANCING	0.0	0.0	0.0	0.0	0.0		
E4. NET FINANCING	0.0	0.0	0.0	0.0	0.0		
F. TOTAL FINANCING	33.0	93.9	213.8	614.7	65.9	933%	1863%
G. GROSS BORROWING	2,275.7	444.9	122.9	419.4	393.4	107%	18%
Concessional	163.0	19.4	9.9	29.4	4.9	595%	18%
Commercial	0.0	0.0	0.0	0.0	0.0		
Exceptional	0.0	0.0	0.0	0.0	0.0		
Domestic Financing Gap	2,114.7	277.0	113.0	390.0	418.3	93%	18%
	0.0	0.0	0.0	0.0	0.0		

Source: Treasury

