



DEPARTMENT OF TREASURY

FISCAL OUTTURN REPORT

March 2010

March 2010 Fiscal Report

This report provides a summary of Government revenue and expenditure for March 2010. The 'actual' figures refer to revenue and expenditure outcomes in a month, while the 'outturn' figures refer to year-to-date outcomes.

The trend calculation provides estimates of year-to-date revenue and expenditure in 2010 based on the average pattern over the past 5 years, if the projections in the 2010 Budget are to be achieved.

1. Summary of Fiscal Performance

The table below summarises the fiscal outturn (in millions of kina) for March 2010. The trend numbers in this report are based on the Original 2010 Budget.

Table 1.1 Summary (Kina Millions)

TOTAL	2010 Budget	Feb Outturn	Mar Actuals	Mar Outturn	Mar Trend	% of Trend	% of Budget
Revenue and Grants	7489.7	581.2	499.1	1080	1065.7	101.3%	14.4%
Expenditure and Net Lending	7490.4	568.7	602.3	1232.269	1190.8	103.5%	16.5%
Budget Balance	-0.7	12.5	-103.2	-152.3	-125.1		
% of GDP	0.0%	0.1%	-0.4%	-0.6%	-0.5%		

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

Overall, the Government's Budget position was a deficit of K152.3 million or -0.6 per cent of GDP compared to the (trend) deficit of K125.1 million or -0.5 per cent of GDP.

Table 1.2 Totals GoPNG (Kina Millions)

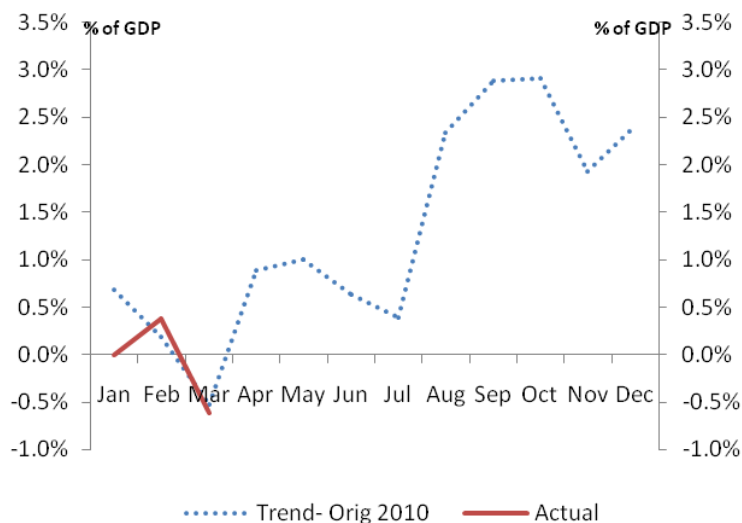
TOTAL	2010 Budget	Feb Outturn	Mar Actuals	Mar Outturn	Mar Trend	% of Trend	% of Budget
Total Revenue (GoPNG)	6135.8	581.2	499.1	1080.0	949.5	113.7%	17.6%
Total Expenditure (GoPNG)	5867.6	568.7	663.6	1231.2	1057.7	116.4%	21.0%
Budget Balance	268.2	12.5	-164.5	-151.3	-108.2	139.8%	
% of GDP	1.1%	0.1%	-0.7%	-0.6%	-0.4%	0.0%	

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

Total Government of PNG (GoPNG) revenue was 13.7 per cent above the trend required to meet 2010 Budget estimates to end March. Total GoPNG expenditure for March 2010 outturn was also above trend by 16.4 per cent. GoPNG revenue comprises of the tax and non tax revenue, while GoPNG expenditure comprises recurrent expenditure and GoPNG funded projects which are comprised of domestic funds, Infrastructure Tax Credits, Concessional and Commercial loans that are included in the Development Budget.

The evolution of the Budget Balance as depicted in Graph 1.1 below reflects the actual budget balance incurred against the anticipated monthly trend based on the 2010 Original Budget.

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



Source: Department of Treasury

2. Revenue and Grants

Total Revenue and Grants to March 2010 was K1080.0 million or 1.3 per cent above trend.

Table 2.1 Tax Revenue (Kina Millions)

TOTAL	2010 Budget	Feb Outturn	Mar Actuals	Mar Outturn	Mar Trend	% of Trend	% of Budget
Tax on Incomes & Profits	4029.7	305.0	303.6	608.6	523.5	116.3%	15.1%
Domestic taxes on Goods & Services	1258.9	173.5	135.1	341.7	345.1	99.0%	27.1%
Taxes on International Trade	446.7	86.3	18.5	72.4	82.9	87.3%	16.2%
Total Tax Revenue	5735.3	564.8	457.3	1022.7	951.5	107.5%	17.8%

Source: Department of Treasury

Tax receipts to March 2010 were K1022.7 million, 7.5 per cent higher than the trend. Taxes on income and profits were higher than trend by 16.3 per cent, primarily attributable to the higher recording of dividend withholding tax, mining & petroleum tax and gaming tax. Domestic taxes on goods and services were lower than trend by 1.0 per cent. Taxes on international trade were below trend by 12.7 per cent due to lower export values.

Table 2.2 Non – Tax Revenue (Kina Millions)

TOTAL	2010 Budget	Feb Outturn	Mar Actuals	Mar Outturn	Mar Trend	% of Trend	% of Budget
Property Income	285.2	2.0	0.0	2.0	14.0	14.2%	0.7%
<i>Dividends</i>	<i>55.0</i>	<i>2.0</i>	<i>0.0</i>	<i>2.0</i>	<i>7.4</i>	<i>26.9%</i>	<i>3.6%</i>
<i>Mining and Petroleum Dividends</i>	<i>230.2</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>6.6</i>	<i>0.0%</i>	<i>0.0%</i>
Interest and Fees from Lending	9	0.3	0.0	0.0	0.6	0.0%	0.0%
Other Nontax Revenue	106.3	14.1	5.5	19.7	14.2	138.1%	18.5%
Non-tax Revenue	400.5	16.4	5.5	21.7	28.9	75.0%	5.4%

Source: Department of Treasury

Non-tax revenue receipts to March 2010 was K21.7 million, 25.0 per cent below trend. This is because Mining and Petroleum dividends have not been received yet therefore, there are no receipts from this revenue head while non mining dividends has yet to be received and recorded

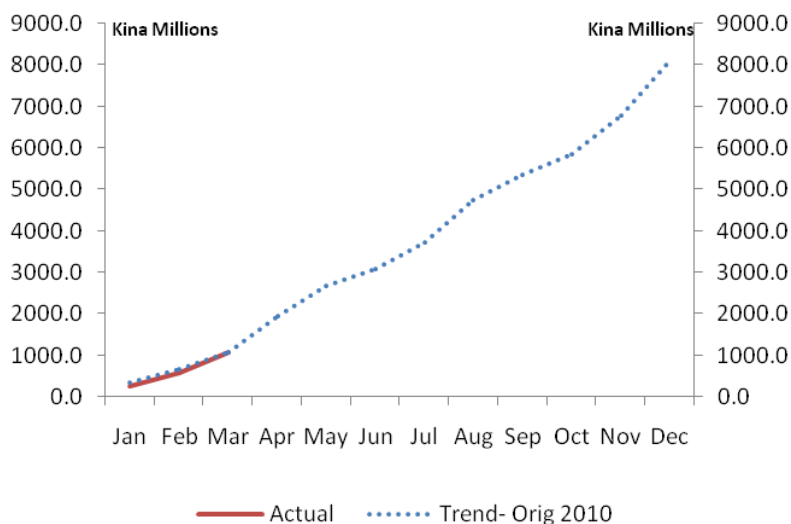
as dividend proceeds from State owned enterprises and Statutory Authorities. Other non tax revenue which comprises of revenue receipts from Government Departments was above trend by 38.1 per cent.

Tax Credits and Grants

No receipts of Infrastructure tax credits (ITC) were recorded as being utilized to March 2010. 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. There were no Project grants receipts recorded in the March Outturn. Project grant reports are received from donors and recorded on a quarterly basis which we have not received their reports yet.

Note: ITC is counted as GoPNG expenditure in the Fiscal table, it is also considered as PNG Government revenue because it is tax payable to the State but claimed as a credit by tax payers because it is allowed in legislation.

Graph 2.1: Actual Revenue against the Trend



Source: Department of Treasury

3. Expenditure and Net Lending

Total Expenditure and Net Lending to March 2010 was K1232.3 million, 3.5 per cent above trend.

Table 3.1 Total Expenditure & Net Lending (Kina Millions)

	2010 Budget	Feb Outturn	Mar Actuals	Mar Outturn	Mar Trend	% of Trend	% of Budget
TOTAL							
Recurrent Budget	4096.6	485.9	469.3	955.2	820.5	116.4%	23.3%
Development Budget	3393.8	82.8	194.3	277.1	370.3	74.8%	8.2%
Total Expenditure and Net Lending	7490.4	568.7	663.6	1232.3	1190.8	103.5%	16.5%

Source: Department of Treasury

Total Recurrent Expenditure & Net Lending.

Total Recurrent Expenditure and Net Lending was K955.2 million as at March 2010. This was 16.4 per cent above trend and represents 23.3 per cent of the 2010 Budget appropriation.

Table 3.2 Total Recurrent Expenditure & Net Lending (Kina Millions)

TOTAL	2010 Budget	Feb Outturn	Mar Actuals	Mar Outturn	Mar Trend	% of Trend	% of Budget
National Depts	2380.2	304.2	275.9	580.1	462.2	125.5%	24.4%
Provincial Govts	925.9	116.4	91.9	208.2	182.6	114.0%	22.5%
ABG	58.0	4.2	13.1	17.3	14.3	120.8%	29.9%
Transfers & Loans to CSA's	269.4	39.3	31.7	70.9	70.8	100.2%	26.3%
Interest Payments & Fees	467.1	21.8	56.8	78.6	92.8	84.7%	16.8%
Net Lending to CSA's	-4.0	0.0	0.0	0.0	-2.3	0.0%	0.0%
Recurrent Exp & Net Lending	4096.6	485.9	469.3	955.2	820.5	116.4%	23.3%

Source: Department of Treasury

National Departments recurrent expenditure totalled K580.1 million which is 25.5 per cent above trend and represents 24.4 per cent of the 2010 Budget Appropriation.

National Departments' personnel emoluments expenditure was K246.0 million in March Outturn, compared to the K234.5 million in trend expenditure, which is 4.9 per cent above trend and represents 9.9 per cent of the 2010 Budget.

National Departments' general goods and services expenditure was K334.1 million in the March Outturn. This is 46.7 per cent above trend and represents 26.0 per cent of the 2010 Budget appropriation.

Grants to Provincial Governments which include both Personnel Emoluments and Goods and Services totalled K208.2 million to March 2010 compared to K182.6 million in trend expenditure. This is 14.0 per cent above trend and represents around 22.5 per cent of the 2010 Budget appropriation.

Provincial Government personnel emoluments expenditure (including teachers) was K147.0 million in the March Outturn compared to K138.5 million in trend expenditure. This is 6.1 per cent above trend and represents about 20.6 per cent of the 2010 Original Budget appropriation.

Provincial Government goods and services grant expenditure was K61.3 million to March 2010 compared to K44.2 million in trend expenditure. It is 38.8 per cent above trend and represents 29.0 per cent of the 2010 Original Budget appropriation.

Autonomous Bougainville Government (ABG) incurred total expenditure of K17.3 million compared to trend expenditure of K14.3 million. This is above trend by 20.8 and represents 29.9 per cent of the 2010 Budget appropriation.

Transfers to Statutory Authorities totalled K70.9 million as at the end of March 2010. This is 0.2 per cent above trend and is 26.3 per cent of the 2010 Budget appropriation.

Interest payments and fees totalled K78.6 million to March 2010 and is 15.3 per cent below trend. This represents 16.8 per cent of the 2010 Original Budget appropriation.

Total Development Expenditure

Total Development expenditure to March 2010 totalled K277.1 million, which was below the trend by 15.2 per cent. Development expenditure comprises of Domestic development expenditure, Project Grants, Infrastructure Tax Credits (ITC) and Concessional loans.

Table 3.3 Total Development Expenditure (Kina Millions)

TOTAL	2010 Budget	Feb Outturn	Mar Actuals	Mar Outturn	Mar Trend	% of Trend	% of Budget
Domestic Funds	1771	82.8	194.3	276.1	237.2	116.4%	15.6%
Project Grants	1293.9	0.0	0.0	0.0	108.6	0.0%	0.0%
Infrastructure Tax Credits	60	0.0	0.0	0.0	7.6	0.0%	0.0%
Concessional loans	268.9	0.0	0.0	1.0	17.0	6.0%	0.4%
Commercial loans	0	0.0	0.0	0.0	0.0		
Total Development Exp	3393.8	82.8	194.3	277.1	370.3	74.8%	8.2%

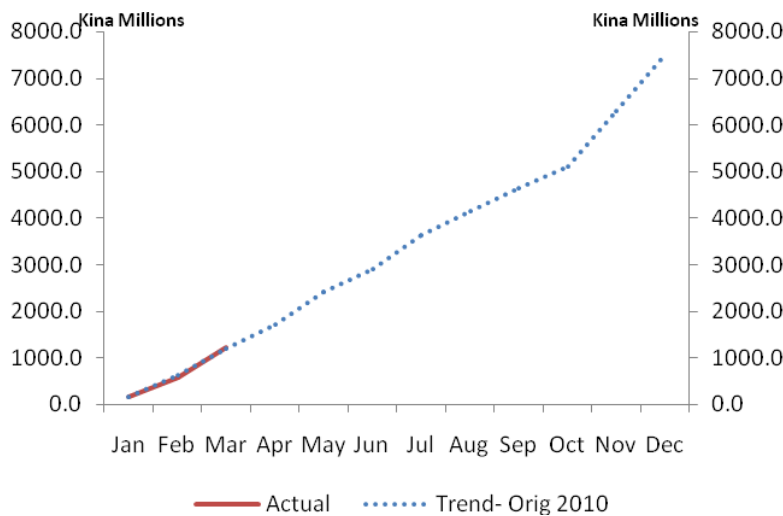
Source: Department of Treasury

Domestic development expenditure to March 2010 was K276.1 million, which was above the trend of K237.2 million or 16.4 per cent.

Infrastructure tax credits of K0.0 million were recorded as being utilized in the March Outturn. There were no Project grants receipts recorded in the March Outturn.. Project grant reports received from donors are recorded on a quarterly basis which we have not received their reports yet.

Overall total expenditure and net lending for the March Outturn was K1232.3 million, or 3.5 per cent above trend compared to the trend estimate of K1190.8 million.

Graph 3.1: Actual Expenditure and Net Lending against the Trend



Source: Department of Treasury

4. Financing

A Budget deficit of K152.3 million (or -0.6 per cent of GDP) was recorded in the March 2010 outturn.

Net external outflows totalled K35.3 million and a net domestic inflow turned out to be K187.6 million.

Based on TMS Run date: 210510
 Last Updated: 260510

Table 1: Central Government Revenue (Kina Millions)

	2010 Original	Feb Outturn	March Actual	March Outturn	March Trend	% of Trend	% Of Budget
A. TAX REVENUE	5735.3	564.8	493.5	1058.3	920.6	115.0%	18.5%
A1. TAX ON INCOME AND PROFITS	4029.7	305.0	303.6	608.6	523.5	116.3%	15.1%
Personal Income Tax	1420.2	206.6	135.1	341.7	345.1	99.0%	24.1%
Company Tax	1107.7	53.8	18.5	72.4	82.9	87.3%	6.5%
Dividend Withholding Tax	180.5	11.8	43.8	55.6	29.5	188.4%	30.8%
Interest Withholding Tax	25.0	0.0	0.0	0.0	3.8	0.0%	0.0%
Mining and Petroleum Taxes	1088.8	4.3	81.5	85.8	4.6	1873.8%	7.9%
Gaming Tax	102.9	12.0	13.1	25.2	21.3	118.2%	24.5%
Other: Direct	104.6	16.5	11.5	28.0	36.3	77.0%	26.7%
DOM. TAXES ON GOODS AND SERVICES	1258.9	173.5	142.6	316.0	297.5	106.2%	25.1%
Excise	417.1	73.4	37.4	110.8	106.8	103.7%	26.6%
GST	835.7	99.4	105.0	204.4	188.5	108.4%	24.5%
Other: Indirect	6.1	0.6	0.2	0.8	2.2	37.4%	13.5%
A3. TAXES ON INTERNATIONAL TRADE	446.7	86.3	47.4	133.7	99.6	134.2%	29.9%
Import Duty	168.1	24.8	16.4	41.3	37.3	110.7%	24.5%
Export Duty	122.3	34.4	11.2	45.5	30.7	148.2%	37.2%
Excise duties on Imports	156.3	27.1	19.8	46.9	31.6	148.4%	30.0%
B. NON-TAX REVENUE	400.5	16.4	5.5	21.7	28.9	75.0%	5.4%
B1. PROPERTY INCOME	285.2	2.0	0.0	2.0	14.0	14.2%	0.7%
Dividends	55.0	2.0	0.0	2.0	7.4	26.9%	3.6%
Mining and Petroleum Dividends	230.2	0.0	0.0	0.0	6.6	0.0%	0.0%
B2. INTEREST AND FEES FROM LENDING	9.0	0.3	0.0	0.0	0.6	0.0%	0.0%
B3. OTHER NON TAX REVENUE	106.3	14.1	5.5	19.7	14.2	138.1%	18.5%
B4. ASSETS SALES	0.0	0.0	0.0	0.0	0.0		
C. TOTAL REVENUE	6135.8	581.2	499.1	1080.0	949.5	113.7%	17.6%
% of GDP	24.7%	2.3%	2.0%	4.3%	3.8%		
D. INFRASTRUCTURE TAX CREDIT	60.0	0.0	0.0	0.0	7.6	0.0%	0.0%
E. GRANTS	1293.9	0.0	0.0	0.0	108.6	0.0%	0.0%
Budgetary Support	0.0	0.0	0.0	0.0	0.0		
Project Grants	1293.9	0.0	0.0	0.0	108.6	0.0%	0.0%
F. TOTAL REVENUE AND GRANTS	7489.7	581.2	499.1	1080.0	1065.7	101.3%	14.4%
As % of GDP	30.1%	2.3%	2.0%	4.3%			
G. PRINCIPAL RECEIPTS FROM LENDING	4.0	0.0	0.0	0.0	1.8	0.0%	0.0%
H. GROSS BORROWING	2146.9	173.0	265.4	438.4	336.2	130.4%	20.4%
I. ASSET SALES	0.0	0.0	0.0	0.0	0.0		
J. TOTAL RECEIPTS	9640.6	754.2	764.5	1518.4	1403.7	108.2%	15.7%
As % of GDP	38.7%	3.0%	3.1%	6.1%			

Source: Department of Treasury

Table 2: Central Government Expenditure (Kina Millions)

	2010 Original	Feb Outturn	March Actual	March Outturn	March Trend	% of Trend	% Of Budget
1 RECURRENT BUDGET							
A. NATIONAL DEPARTMENTS	2380.2	304.2	275.9	580.1	462.2	125.5%	24.4%
Personnel Emoluments	1093.1	108.4	137.6	246.0	234.5	104.9%	22.5%
Total Goods & Services	1287.1	195.8	138.3	334.1	227.7	146.7%	26.0%
General Goods & Services	1065.8	129.5	131.1	260.6	203.2	128.2%	24.5%
Education Subsidies	143.0	59.4	0.0	59.4	8.7	682.5%	41.5%
Arrears Payments	28.8	0.0	0.0	0.0	0.0	0.0%	0.0%
SAP Payments	50.0	0.1	0.0	0.1	3.3	3.8%	0.2%
Court Orders	52.0	6.7	7.2	14.0	9.7	143.9%	26.8%
B. PROVINCIAL GOVERNMENTS	925.9	116.4	91.9	208.2	182.6	114.0%	22.5%
Personnel Emoluments	714.7	90.0	56.9	147.0	138.5	106.1%	20.6%
Staffing Grants	232.1	36.7	18.6	55.3	54.7	101.2%	23.8%
Teachers Salaries	482.6	53.3	38.3	91.6	83.8	109.4%	19.0%
Goods & Other Services	211.2	26.3	35.0	61.3	44.2	138.8%	29.0%
Administration Grants	23.9	4.7	4.5	9.2	4.2	221.9%	38.6%
Health Function Grant	39.2	3.3	8.7	12.0	11.4	105.5%	30.6%
Education Subsidies	38.9	10.1	8.0	18.1	9.1	199.2%	46.5%
Primary production Function grant	14.8	2.1	1.9	4.0	4.1	98.0%	27.1%
Trans/Infra/Maint. Grants	45.9	5.8	8.9	14.7	10.6	138.1%	32.0%
Local & Village Services Grants	34.2	0.0	2.4	2.4	3.2	75.2%	7.0%
Town & Urban Services Grants	12.1	0.0	0.0	0.0	0.9	0.0%	0.0%
Village Courts	2.2	0.4	0.5	0.9	0.8	115.4%	40.7%
AUTONOMOUS BOUGAINVILLE GOVT	58.0	4.2	13.1	17.3	14.3	120.8%	29.9%
Personnel Emoluments	38.0	4.1	3.0	7.1			
Staffing Grants	10.9	1.1	0.5	1.6			
Teachers Salaries	27.1	3.0	2.5	5.5			
Goods & Services	20.0	0.1	10.1	10.2			
Police Grant	2.4	0.0	1.0	1.0	0.8	125.3%	41.7%
Recurrent	17.3	0.1	9.1	9.2	13.5	68.3%	53.4%
ConditionalGrant	0.3	0.0	0.0	0.0			0.0%
C. TRANSFERS & LOANS TO C.S.A	269.4	39.3	31.7	70.9	70.8	100.2%	26.3%
D. INTEREST PAYMENT & FEES	467.1	21.8	56.8	78.6	92.8	84.7%	16.8%
Domestic	400.1	11.6	55.4	67.0	72.0	93.0%	16.7%
External	67.0	10.2	1.4	11.6	20.8	55.8%	17.3%
E NET LENDING TO C.S.A	-4.0	0.0	0.0	0.0	-2.3	0.0%	0.0%
Gross Lending	0.0	0.0	0.0	0.0	0.0		
Less : Loan Repayments	-4.0	0.0	0.0	0.0	-2.3	0.0%	0.0%
RECURRENT EXPENDITURE & NET LENDING							
F. LENDING	4096.6	485.9	469.3	955.2	820.5	116.4%	23.3%
As % of GDP	16.5%	2.0%	1.9%	3.8%			
2 DEVELOPMENT BUDGET							
Domestic Funds	1771.0	82.8	194.3	276.1	237.2	116.4%	15.6%
Project Grants	1293.9	0.0	0.0	0.0	108.6	0.0%	0.0%
Infrastructure Tax Credits	60.0	0.0	0.0	0.0	7.6	0.0%	0.0%
Concessional loans	268.9	0.0	0.0	1.0	17.0	6.0%	0.4%
Commercial loans	0.0	0.0	0.0	0.0	0.0		
G. TOTAL DEVELOPMENT BUDGET (PIP)	3393.8	82.8	194.3	277.1	370.3	74.8%	8.2%
As % of GDP	13.6%	0.3%	0.8%	1.1%			
H. TOTAL EXPENDITURE & NET LENDING	7490.4	568.7	663.6	1232.3	1190.8	103.5%	16.5%
As % of GDP	30.1%	2.3%	2.7%	5.0%			
I. AMORTISATION	2146.9	25.9	11.945	37.9	277.3	130.4%	18.3%
Domestic	1963.1	0.0	4.6	4.6	251.5	1.8%	0.2%
External	183.8	25.9	7.3	33.2	25.8	128.6%	18.1%
J. LOAN REPAYMENTS	4.0	0.0	0.0	0.0	1.4	0.0%	0.0%
K. TOTAL PAYMENTS	9641.3	594.6	675.5	1270.1	1469.5	86.4%	13.2%
As % of GDP	38.7%	2.4%	2.7%	5.1%	5.9%	0.0%	0.0%

Source: Department of Treasury

Table 3. Central Government Financing (Kina Millions)

	2010 Original	Feb Outturn	March Actual	March Outturn	March Trend	% of Trend	% Of Budget
A. TOTAL REVENUE AND GRANTS	7489.7	581.2	499.1	1080.0	1065.7	101.3%	14.4%
B. TOTAL EXPENDITURE AND NET LENDING	7490.4	568.7	663.6	1232.3	1190.8	103.5%	16.5%
C. DEFICIT (-) / SURPLUS (+)	-0.7	12.5	-164.5	-152.3	-125.1	121.7%	
% of GDP	0.0%	0.1%	-0.7%	-0.6%	-0.5%		
D. EXTERNAL FINANCING	85.1	-28.0	-7.3	-35.3	-12.0	295.1%	-41.4%
D1. CONCESSIONAL FINANCING	140.5	-25.9	-7.3	-33.2	-3.5	939.0%	-23.6%
New Borrowing	268.9	0.0	0.0	0.0	9.7		
Less Amortisation	-128.4	-25.9	-7.3	-33.2	-13.3	250.6%	25.9%
D2. COMMERCIAL FINANCING	-17.8	0.0	0.0	0.0	0		
New Borrowing	0.0	0.0	0.0	0.0	0		
Less Amortisation	-17.8	0.0	0.0	0.0	0		
D3. EXCEPTIONAL FINANCING	-37.6	-2.0	0.0	-2.0	-8.4	24.2%	5.4%
New Borrowing	0.0	0.0	0.0	0.0			
Less Amortisation	-37.6	-2.0	0.0	-2.0	-8.4	24.2%	5.4%
E. DOMESTIC FINANCING	-85.1	15.4	171.8	187.6	137.1	136.8%	9.8%
E1. DOMESTIC MARKET BORROWING (NET)	-85.1	173.0	4.6	177.6	145.2	122.3%	208.7%
New Domestic Borrowing	1878.0	173.0	0.0	173.0	299.4	57.8%	9.2%
Less Amortisation	-1963.1	0.0	4.6	4.6	-154.2	-3.0%	-0.2%
E2. OTHER DOMESTIC FINANCING (b)	0.0	-157.6	167.2	9.9	-8.1		
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	0.0	-12.5	164.5	152.3	125.1	121.7%	9.8%
G. GROSS BORROWING	2146.9	173.0	0	173.0	225.4	76.7%	8.1%
Concessional	268.9	0.0	0.0	0.0	15.9	0.0%	0.0%
Commercial	0.0	0.0	0.0	0.0			
Exceptional	0.0	0.0	0.0	0.0			
Domestic	1878.0	173.0	0.0	173.0	209.6	82.5%	9.2%
Financing Gap	0.0	0.0	0.0	0.0	0.0		

Source: Department of Treasury