



DEPARTMENT OF TREASURY

FISCAL OUTTURN REPORT

April/ May 2010

April/ May 2010 Fiscal Report

This report provides a summary of Government revenue and expenditure for May 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 May 2010. The trend numbers in this report are based on the Original 2010 Budget.

Table 1.1 Summary (Kina Millions)

TOTAL	2010 Budget	April Outturn	May Actuals	May Outturn	May Trend	% of Trend	% of Budget
Revenue and Grants	7489.7	1915.4	631.9	2547.4	2232.0	114.1%	34.0%
Expenditure and Net Lending	7489.7	1702.5	535.6	2238.1	2415.5	92.7%	29.9%
Budget Balance	0.0	213.0	96.3	309.3	-183.5		
% of GDP	0.0%	0.9%	0.4%	1.2%	-0.7%		

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

Overall, the Government's Budget position was a surplus of K309.3 million or 1.2 per cent of GDP compared to the (trend) deficit of K183.5 million or -0.7 per cent of GDP. This is due to higher than expected tax revenue, and lower development expenditure.

Table 1.2 Totals GoPNG (Kina Millions)

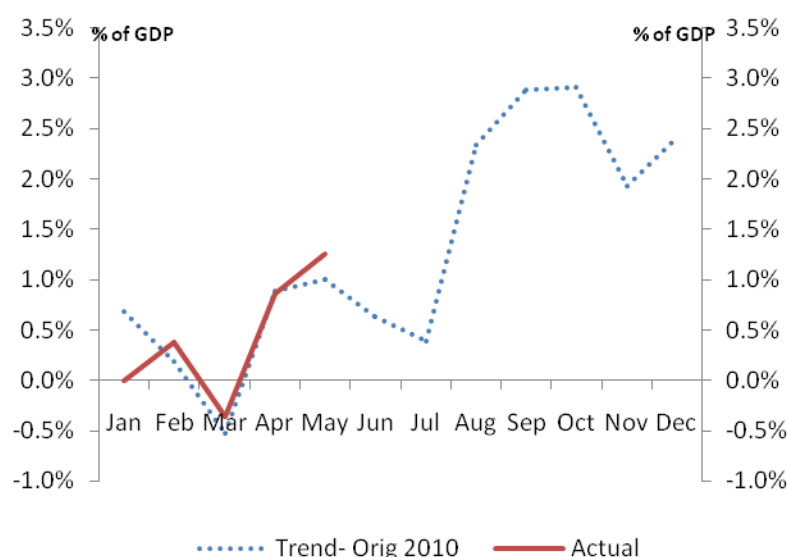
TOTAL	2010 Budget	April Outturn	May Actuals	May Outturn	May Trend	% of Trend	% of Budget
Total Revenue (GoPNG)	6135.8	649.5	631.9	2361.4	2057.9	114.7%	38.5%
Total Expenditure (GoPNG)	5867.6	342.4	535.6	2047.3	2161.1	94.7%	34.9%
Budget Balance	268.2	307.1	96.3	314.0	-103.2		
% of GDP	1.1%	1.2%	0.4%	1.2%	-0.4%		

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

Total Government of PNG (GoPNG) revenue was 14.7 per cent above the trend required to meet 2010 Budget estimates to end May. Total GoPNG expenditure for May 2010 outturn was below trend by 5.3 per cent. GoPNG revenue comprises of 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 May 2010 was K2,547.4 million or 14.1 per cent above trend.

Table 2.1 Tax Revenue (Kina Millions)

TOTAL	2010 Budget	April Outturn	May Actuals	May Outturn	May Trend	% of Trend	% of Budget
Tax on Incomes & Profits	4029.7	1128.7	507.0	1635.7	1383.8	118.2%	40.6%
Domestic taxes on Goods & Services	1258.9	389.8	72.8	462.6	488.5	94.7%	36.7%
Taxes on International Trade	446.7	183.2	45.2	228.3	133.6	170.9%	51.1%
Total Tax Revenue	5735.3	1701.7	624.9	2326.7	2005.9	116.0%	40.6%

Source: Department of Treasury

Tax receipts to May 2010 were K2,326.7 million, 16.0 per cent higher than the trend. Taxes on income and profits were higher than trend by 18.2 per cent, primarily attributable to the higher recording of dividend withholding tax, and mining & petroleum tax. Domestic taxes on goods and services were lower than trend by 5.3 per cent. Taxes on international trade were above trend by 70.9 per cent due to much higher than expected import, export and excise duties.

Table 2.2 Non – Tax Revenue (Kina Millions)

TOTAL	2010 Budget	April Outturn	May Actuals	May Outturn	May Trend	% of Trend	% of Budget
Property Income	285.2	2.0	0.0	2.0	19.0	10.5%	0.7%
<i>Dividends</i>	55.0	2.0	0.0	2.0	7.3	27.5%	3.6%
<i>Mining and Petroleum Dividends</i>	230.2	0.0	0.0	0.0	11.8	0.0%	0.0%
Interest and Fees from Lending	9.0	1.3	0.0	1.3	0.7	174.9%	14.5%
Other Nontax Revenue	106.3	24.4	7.0	31.4	32.2	97.4%	29.5%
Non-tax Revenue	400.5	27.7	7.0	34.7	52.0	66.7%	8.7%

Source: Department of Treasury

Non-tax revenue receipts to May 2010 was K34.7 million, 33.3 per cent below trend. This is because Mining and Petroleum dividends have not been received; therefore, there are no receipts from this revenue head. Non mining dividends has recorded K2.0 million up to the May outturn. Most revenues from this revenue head are yet to be received and recorded as dividend

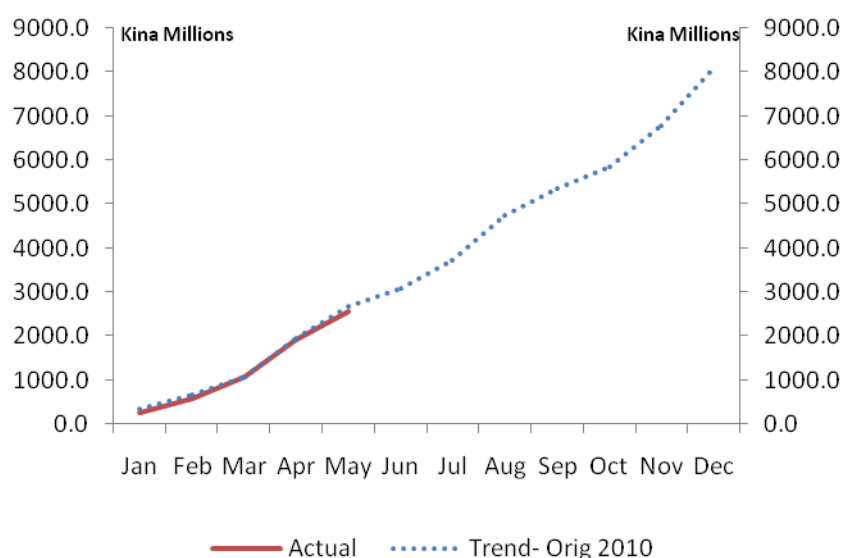
proceeds from State owned enterprises and Statutory Authorities. Other non tax revenue which comprises of revenue receipts from Government Departments was below trend by 2.6 per cent.

Tax Credits and Grants

No receipts of Infrastructure tax credits (ITC) were recorded as being utilized to May 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. Project grants receipts recorded K186.0 million in the May Outturn.

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 May 2010 was K2,234.8 million, 7.3 per cent below trend.

Table 3.1 Total Expenditure & Net Lending (Kina Millions)

TOTAL	2010 Budget	April Outturn	May Actuals	May Outturn	May Trend	% of Trend	% of Budget
Recurrent Budget	4096.6	1268.3	399.4	1667.6	1502.2	111.0%	40.7%
Development Budget	3393.8	434.1	136.3	570.4	913.3	62.5%	16.8%
Total Expenditure and Net Lending	7490.4	1702.5	535.6	2238.0	2415.5	92.7%	29.9%

Source: Department of Treasury

Total Recurrent Expenditure & Net Lending.

Total Recurrent Expenditure and Net Lending was K1,667.6 million as at May 2010. This is 11.0 per cent above trend and represents 40.7 per cent of the 2010 Budget appropriation.

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

TOTAL	2010 Budget	April Outturn	May Actuals	May Outturn	May Trend	% of Trend	% of Budget
National Depts	2380.2	782.5	196.1	978.6	849.0	115.3%	41.1%
Provincial Govts	925.9	271.9	86.9	358.8	353.8	101.4%	38.8%
ABG	58.0	24.4	2.5	26.9	26.4	101.9%	46.4%
Transfers & Loans to CSA's	269.4	97.3	25.4	122.7	116.5	105.3%	45.5%
Interest Payments & Fees	467.1	93.4	88.5	181.9	159.0	114.4%	38.9%
Net Lending to CSA's	-4.0	-1.2	0.0	-1.2	-2.5	49.4%	31.1%
Recurrent Exp & Net Lending	4096.6	1268.3	399.4	1667.6	1502.2	111.0%	40.7%

Source: Department of Treasury

National Departments recurrent expenditure totalled K978.6 million which is 15.3 per cent above trend and represents 41.1 per cent of the 2010 Budget Appropriation.

National Departments' personnel emoluments expenditure was K437.6 million in May Outturn, compared to the K411.4 million in trend expenditure, which is 6.4 per cent above trend and represents 40.0 per cent of the 2010 Budget.

National Departments' general goods and services expenditure was K541.0 million in the May Outturn. This is 21.6 per cent above trend and represents 42.2 per cent of the 2010 Budget appropriation.

Grants to Provincial Governments which include both Personnel Emoluments and Goods and Services totalled K358.8 million to May 2010 compared to K353.8 million in trend expenditure. This is 1.4 per cent above trend and represents around 38.8 per cent of the 2010 Budget appropriation.

Provincial Government personnel emoluments expenditure (including teachers) was K260.9 million in the May Outturn compared to K241.1 million in trend expenditure. This is 8.2 per cent above trend and represents about 36.5 per cent of the 2010 Original Budget appropriation.

Provincial Government goods and services grant expenditure was K97.9 million to May 2010 compared to K112.7 million in trend expenditure. It is 13.1 per cent below trend and represents 46.4 per cent of the 2010 Original Budget appropriation.

Autonomous Bougainville Government (ABG) incurred total expenditure of K26.9 million compared to trend expenditure of K26.4 million. This is above trend by 1.9 and represents 46.4 per cent of the 2010 Budget appropriation.

Transfers to Statutory Authorities totalled K122.7 million as at the end of May 2010. This is 5.3 per cent above trend and is 45.5 per cent of the 2010 Budget appropriation.

Interest payments and fees totalled K181.9 million to May 2010 and is 14.4 per cent above trend. This represents 38.9 per cent of the 2010 Original Budget appropriation.

Total Development Expenditure

Total Development expenditure to May 2010 totalled K570.4 million, which was below the trend by 37.5 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	April Outturn	May Actuals	May Outturn	May Trend	% of Trend	% of Budget
Domestic Funds	1771.0	243.4	136.2	379.6	658.9	57.6%	21.4%
Project Grants	1293.9	186.0	0.0	186.0	174.1	106.8%	14.4%
Infrastructure Tax Credits	60.0	0.0	0.0	0.0	14.0	0.0%	0.0%
Concessional loans	268.9	4.8	0.0	4.8	66.3	7.2%	1.8%
Commercial loans	0	0.0	0.0	0.0	0.0		
Total Development Exp	3393.8	434.1	136.3	570.4	913.3	62.5%	16.8%

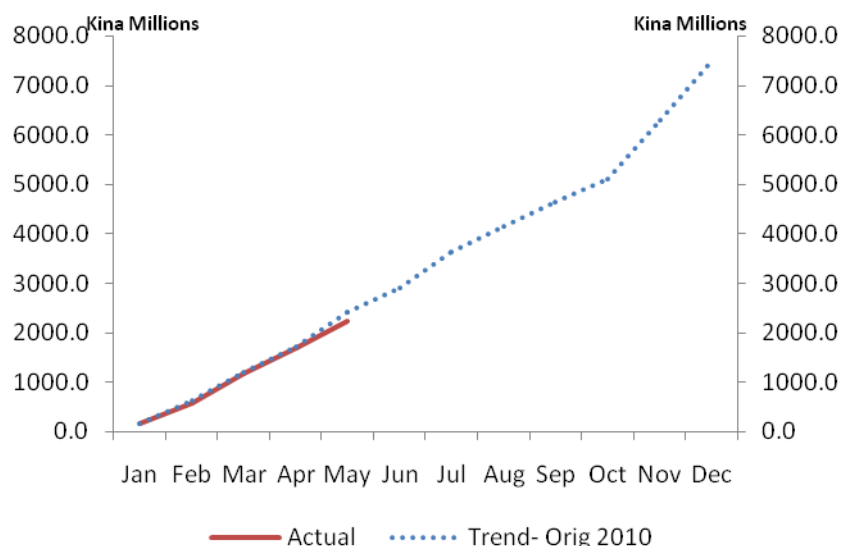
Source: Department of Treasury

Domestic development expenditure to May 2010 was K379.6 million, which was below the trend of K658.9 million.

No receipts of Infrastructure tax credits (ITC) were recorded as being utilized to May 2010. Project grants receipts recorded K186.0 in the May Outturn.

Overall total expenditure and net lending for the March Outturn was K2,238.1 million, or 7.3 per cent below trend compared to the trend estimate of K2,415.5 million.

Graph 3.1: Actual Expenditure and Net Lending against the Trend



Source: Department of Treasury

4. Financing

A Budget surplus of K309.3 million (or 1.2 per cent of GDP) was recorded in the May 2010 outturn.

Net external outflows totalled K115.1 million and net domestic outflow turned out to be K194.2 million.

Based on TMS Run date: 170610

Last Updated: 280710

Table 1: Central Government Revenue (Kina Millions)

	2010 Original	April Outturn	May Actual	May Outturn	May Trend	% of Trend	% of Budget
A. TAX REVENUE	5735.3	1701.7	624.9	2326.7	2005.9	116.0%	40.6%
A1. TAX ON INCOME AND PROFITS	4029.7	1128.7	507.0	1635.7	1383.8	118.2%	40.6%
Personal Income Tax	1420.2	493.6	104.2	597.8	595.4	100.4%	42.1%
Company Tax	1107.7	162.9	210.4	373.3	359.8	103.8%	33.7%
Dividend Withholding Tax	180.5	81.0	9.7	90.8	48.0	189.1%	50.3%
Interest Withholding Tax	25.0	2.5	3.8	6.3	8.5	74.5%	25.3%
Mining and Petroleum Taxes	1088.8	320.9	161.8	482.6	287.0	168.1%	44.3%
Gaming Tax	102.9	34.2	7.6	41.9	45.7	91.6%	40.7%
Other: Direct	104.6	33.6	9.5	43.0	39.3	109.4%	41.1%
DOM. TAXES ON GOODS AND SERVICES	1258.9	389.8	72.8	462.6	488.5	94.7%	36.7%
Excise	417.1	144.4	17.0	161.4	168.7	95.7%	38.7%
GST	835.7	244.4	55.5	299.9	316.7	94.7%	35.9%
Other: Indirect	6.1	1.04	0.3	1.3	3.1	41.1%	21.2%
A3. TAXES ON INTERNATIONAL TRADE	446.7	183.2	45.2	228.3	133.6	170.9%	51.1%
Import Duty	168.1	57.1	15.5	72.6	22.7	320.2%	43.2%
Export Duty	122.3	59.2	11.2	70.4	51.4	137.1%	57.6%
Excise duties on Imports	156.3	66.8	18.4	85.3	59.5	143.2%	54.6%
B. NON-TAX REVENUE	400.5	27.7	7.0	34.7	52.0	66.7%	8.7%
B1. PROPERTY INCOME	285.2	2.0	0.0	2.0	19.0	10.5%	0.7%
Dividends	55.0	2.0	0.0	2.0	7.3	27.5%	3.6%
Mining and Petroleum Dividends	230.2	0.0	0.0	0.0	11.8	0.0%	0.0%
B2. INTEREST AND FEES FROM LENDING	9.0	1.3	0.0	1.3	0.7	174.9%	14.5%
B3. OTHER NON TAX REVENUE	106.3	24.4	7.0	31.4	32.2	97.4%	29.5%
B4. ASSETS SALES	0.0	0.0	0.0	0	0.0		
C. TOTAL REVENUE	6135.8	1729.5	631.9	2361.4	2057.9	114.7	38.5
% of GDP	24.7%	6.9%	2.5%	9.5%	8.3%	0.0%	0.0%
D. INFRASTRUCTURE TAX CREDIT	60.0	0.0	0.0	0.0	0.0		
E. GRANTS	1293.9	186.0	0.0	186.0	174.1	106.8%	14.4%
Budgetary Support	0.0	0.0	0.0	0.0	0.0		
Project Grants	1293.9	186.0	0.0	186.0	174.1	106.8%	14.4%
F. TOTAL REVENUE AND GRANTS	7489.7	1915.4	631.9	2547.4	2232.0	114.1%	34.0%
As % of GDP	30.1%	7.7%	2.5%	10.2%	9.0%	0.0%	0.0%
G. PRINCIPAL RECEIPTS FROM LENDING	4.0	1.0	0.2	1.2			
H. GROSS BORROWING	2146.9	493.9	23.0	516.9			
I. ASSET SALES	0.0	0.0	0.0	0.0			
J. TOTAL RECEIPTS	9640.6	2410.4	655.1	3065.5			
As % of GDP	38.7%	9.7%	2.6%	12.3%			

Source: Department of Treasury

Table 2: Central Government Expenditure (Kina Millions)

	2010 Original	April Outturn	May Actual	May Outturn	May Trend	% of Trend	% of Budget
1 RECURRENT BUDGET							
A. NATIONAL DEPARTMENTS	2380.2	782.5	196.1	978.6	849.0	115.3%	41.1%
Personnel Emoluments	1093.1	363.2	74.4	437.6	411.4	106.4%	40.0%
Total Goods & Services	1287.1	419.4	121.6	541.0	437.5	123.6%	42.0%
General Goods & Services	1065.8	341.2	108.1	449.3	369.5	121.6%	42.2%
Education Subsidies	143.0	60.4	1.6	62.0	38.8	159.9%	43.3%
Arrears Payments	28.8	0.0	0.0	0.0	0.0		
SAP Payments	50.0	0.2	0.1	0.3	11.7	2.2%	0.5%
Court Orders	52.0	17.6	11.8	29.4	17.5	167.7%	56.6%
B. PROVINCIAL GOVERNMENTS	925.9	271.9	86.9	358.8	353.8	101.4%	38.8%
Personnel Emoluments	714.7	202.4	58.5	260.9	241.1	108.2%	36.5%
Staffing Grants	232.1	74.2	20.7	94.9	91.0	104.3%	40.9%
Teachers Salaries	482.6	128.2	37.9	166.0	150.2	110.6%	34.4%
Goods & Other Services	211.2	69.5	28.4	97.9	112.7	86.9%	46.4%
Administration Grants	23.9	10.1	1.3	11.4	10.2	112.2%	47.7%
Health Function Grant	39.2	13.7	4.7	18.5	21.3	86.6%	47.1%
Education Subsidies	38.9	19.9	1.8	21.7	24.6	88.2%	55.7%
Primary production Function grant	14.8	4.7	0.9	5.6	8.7	63.7%	37.6%
Trans/Infra/Maint. Grants	45.9	16.3	4.0	20.2	24.5	82.4%	44.1%
Local & Village Services Grants	34.2	2.4	15.6	18.0	14.2	127.2%	52.7%
Town & Urban Services Grants	12.1	1.5	0.0	1.5	7.8	19.3%	12.4%
Village Courts	2.2	0.9	0.1	1.1	1.4	73.4%	47.9%
AUTONOMOUS BOUGAINVILLE GOVT	58.0	24.4	2.5	26.9	26.4	101.9%	46.4%
Personnel Emmoluments	38.0	14.1	2.4	16.5			43.3%
Staffing Grants	10.9	6.2	0.4	6.6			60.8%
Teachers Salaries	27.1	7.8	2.0	9.8			36.3%
Goods & Services	20.0	10.3	0.1	10.4			52.1%
Police Grant	2.4	1.0	0.0	1.0			41.7%
Recurrent	17.3	9.3	0.1	9.4			54.5%
ConditionalGrant	0.3	0.0	0.0				0.0%
C. TRANSFERS & LOANS TO C.S.A	269.4	97.3	25.4	122.7	116.5	105.3%	45.5%
D. INTEREST PAYMENT & FEES	467.1	93.4	88.5	181.9	159.0	114.4%	38.9%
Domestic	400.1	77.1	81.3	158.4	128.0	123.7%	39.6%
External	67.0	16.4	7.2	23.6	31.0	76.0%	35.2%
E. NET LENDING TO C.S.A	-4.0	-1.2	0.0	-1.2	-2.5	49.4%	31.1%
Gross Lending	0.0	0.0	0.0	0.0	0.0		
Less : Loan Repayments	-4.0	-1.2	0.0	-1.2	-2.5	49.4%	31.1%
RECURRENT EXPENDITURE & NET							
F. LENDING	4096.6	1268.3	399.3	1667.6	1502.2	111.0%	40.7%
As % of GDP	16.5%	5.1%	1.6%	6.7%	6.0%		
2 DEVELOPMENT BUDGET							
Domestic Funds	1771.0	243.4	136.2	379.6	658.9	57.6%	21.4%
Project Grants	1293.9	186.0	0.0	186.0	174.1	106.8%	14.4%
Infrastructure Tax Credits	60.0	0.0	0.0	0.0	14.0	0.0%	0.0%
Concessional loans	268.9	4.8	0.0	4.8	66.3	7.2%	1.8%
Commercial loans	0.0	0.0	0.0	0.0	0.0		
G. TOTAL DEVELOPMENT BUDGET (PIP)	3393.8	434.1	136.3	570.4	913.3	62.5%	16.8%
As % of GDP	13.6%	1.7%	0.5%	2.3%	3.7%		
H. TOTAL EXPENDITURE & NET LENDING	7490.4	1702.5	535.6	2238.0	2415.5	92.7%	29.9%
As % of GDP	30.1%	6.8%	2.2%	9.0%	30.1%		
I. AMORTISATION	2146.9	706.9	119.3	826.2			
Domestic	1963.1	639.7	66.7	706.3			
External	183.8	67.3	52.6	119.9			
J. LOAN REPAYMENTS	4.0		0.0	1.2			
K. TOTAL PAYMENTS	9641.3	2409.4	654.9	3065.5			
As % of GDP	38.7%	9.7%	2.6%	12.3%			

Table 3. Central Government Financing (Kina Millions)

	2010 Original	April Outturn	May Actual	May Outturn	May Trend	% of Trend	% of Budget
A. TOTAL REVENUE AND GRANTS	7489.7	1915.4	631.9	2547.4	2232.0	114.1%	34.0%
B. TOTAL EXPENDITURE AND NET LENDING	7489.7	1702.5	535.6	2238.0	2415.5	92.7%	29.9%
C. DEFICIT (-) / SURPLUS (+)	0.0	213.0	96.3	309.3	-183.5		
% of GDP	0.0%	0.9%	0.4%	1.2%	-0.7%		
D. EXTERNAL FINANCING	85.1	-62.5	-52.6	-115.1			
D1. CONCESSIONAL FINANCING	140.5	-48.2	-45.2	-93.5			
New Borrowing	268.9	4.8	0.0	4.8			
Less Amortisation	-128.4	-53.0	-45.2	-98.3			
D2. COMMERCIAL FINANCING	-17.8	0.0	0.0	0.0			
New Borrowing	0.0	0.0	0.0	0.0			
Less Amortisation	-17.8	0.0	0.0	0.0			
D3. EXCEPTIONAL FINANCING	-37.6	-14.2	-7.4	-21.6			
New Borrowing	0.0	0.0	0.0	0.0			
Less Amortisation	-37.6	-14.2	-7.4	-21.6			
E. DOMESTIC FINANCING	-85.1	-150.5	-43.7	-194.2			
E1. DOMESTIC MARKET BORROWING (NET)	-85.1	358.6	-125.6	233.0			
New Domestic Borrowing	1878.0	489.1	23.0	512.1			
Less Amortisation	-1963.1	-130.5	-148.5	-279.1			
E2. OTHER DOMESTIC FINANCING (b)	0.0	-509.1	81.9	-427.2			
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	0.0	-213.0	-96.3	-309.3			
G. GROSS BORROWING	2146.9	493.9	23.0	516.9			
Concessional	268.9	4.8	0.0	4.8			
Commercial	0.0	0.0	0.0	0.0			
Exceptional	0.0	0.0	0.0	0.0			
Domestic	1878.0	489.1	23.0	512.1			
Financing Gap	0.0	0.0	0.0	0			
H. GROSS AMORTISATION	2146.9	706.9	119.2	826.2			
Concessional	268.9	53.0	45.2	98.3			
Commercial	0.0	0.0	0.0	0.0			
Exceptional	0.0	14.2	7.4	21.6			
Domestic	1878.0	639.7	66.6	706.3			

Source: Department of Treasury