



DEPARTMENT OF TREASURY

FISCAL OUTTURN REPORT

January-March 2011

March 2011 Fiscal Report

This report provides a summary of Government revenue and expenditure for the first quarter of 2011 (Jan-Mar). 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 2011 based on the average pattern over the past 5 years, if the projections in the 2011 Budget are to be achieved.

The Fiscal Outturn Report (FOR) for the first quarter has been delayed due to the implementation of the new information system (Integrated Financial Management System) causing a delay in the required data to produce this report.

1. Summary of Fiscal Performance

The table below summarises the fiscal outturn (in millions of kina) for March 2011. The trend numbers in this report are based on the figures published in the 2011 Budget.

Table 1.1 Summary (Kina Millions)

TOTAL	2011 Budget	Mar Actuals	Mar Outturn	Mar Trend	% of Trend	% of Budget
Revenue and Grants	9328.1	443.7	1652.17	1262.9	130.8%	17.7%
Expenditure and Net Lending	9328.1	541.4	1662.1	1482.6	112.1%	17.8%
Budget Balance	0.0	-97.7	-10.0	-219.7		
% of GDP	0.0%	-0.3%	0.0%	-0.8%		

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

Overall, the Government's Budget position was a deficit of K10.0 million compared to the (trend) deficit of K219.7 million or -0.8 per cent of GDP. This is due to much higher than expected revenue.

Table 1.2 Totals GoPNG (Kina Millions)

TOTAL	2011 Budget	Mar Actuals	Mar Outturn	Mar Trend	% of Trend	% of Budget
Total Revenue (GoPNG)	7742.0	372.5	1652.2	1262.9	130.8%	21.3%
Total Expenditure (GoPNG)	7353.6	464.3	1424.9	1365.1	104.4%	19.4%
Budget Balance	388.4	-91.8	227.2	-102.3		
% of GDP	1.4%	-0.3%	0.8%	-0.4%		

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

Total Government of PNG (GoPNG) revenue to end March was 30.8 per cent above trend. Total GoPNG expenditure for March 2011 outturn was above trend by 4.4 per cent. Further detail on the revenue and expenditure estimates is provided below.

2. Revenue and Grants

Total Revenue and Grants to March 2011 was K1,652.2 million or 30.8 per cent above trend.

Table 2.1 Tax Revenue (Kina Millions)

TOTAL	2011 Budget	Mar Actuals	Mar Outturn	Mar Trend	% of Trend	% of Budget
Tax on Incomes & Profits	5292.4	217.9	839.1	655.1	128.1%	15.9%
Domestic taxes on Goods & Services	1429.4	87.8	335.0	348.0	96.3%	23.4%
Taxes on International Trade	609.1	49.8	220.7	139.4	158.3%	36.2%
Total Tax Revenue	7330.9	355.5	1394.8	1142.5	122.1%	19.0%

Source: Department of Treasury

Tax receipts to March 2011 were K1,394.8 million, 22.1 per cent higher than the trend. Taxes on income and profits were higher than trend by 28.1 per cent, due to higher company tax collections, personal income tax collections and the early receipt of some mining and petroleum taxes. Domestic taxes on goods and services were lower than trend by 3.7 per cent due to lower GST collections. Taxes on international trade were above trend by 58.3 per cent due to substantially higher than expected collections of trade taxes, in particular excise duties on imports.

Table 2.2 Non – Tax Revenue (Kina Millions)

TOTAL	2011 Budget	Mar Actuals	Mar Outturn	Mar Trend	% of Trend	% of Budget
Property Income	289.4	0.0	0.0	6.0	0.0%	0.0%
<i>Dividends</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0%</i>	<i>0.0%</i>
<i>Mining and Petroleum Dividends</i>	<i>289.4</i>	<i>0.0</i>	<i>0.0</i>	<i>6.0</i>	<i>0.0%</i>	<i>0.0%</i>
Interest and Fees from Lending	4	0.0	0.0	0.2	0.0%	0.0%
Other Nontax Revenue	117.7	17.0	33.7	16.0	210.7%	28.6%
Non-tax Revenue	411.1	17.0	33.7	22.3	151.3%	8.2%

Source: Department of Treasury

Non-tax revenue receipts to March 2011 were K33.7 million, 51.3 per cent above trend. This is due to higher collections of other non tax revenue, which includes revenue receipts from Government Departments, which was above trend by 110.7 per cent.

No mining and Petroleum dividends have been received in 2011.

Tax Credits and Grants

No infrastructure tax credits (ITC) have been recorded as of 31 March 2011. 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. Reported project grant receipts in the March quarter are K223.7 million.

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.

3. Expenditure and Net Lending

Total Expenditure and Net Lending to March 2011 was K1,662.1 million, 12.1 per cent above trend.

TOTAL	2011 Budget	Mar Actuals	Mar Outturn	Mar Trend	% of Trend	% of Budget
Recurrent Budget	5287.0	441.4	1329.9	1097.5	121.2%	25.2%
Development Budget	4041.1	100.0	332.2	385.1	86.3%	8.2%
Total Expenditure and Net Lending	9328.1	541.4	1662.1	1482.6	112.1%	17.8%

Source: Department of Treasury

Total Recurrent Expenditure & Net Lending.

Total Recurrent Expenditure and Net Lending was K1,329.9 million as at March 2011. This is 21.2 per cent above trend and represents 25.2 per cent of the 2011 budget estimate.

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

TOTAL	2011 Budget	Mar Actuals	Mar Outturn	Mar Trend	% of Trend	% of Budget
National Depts	3432.2	200.7	886.0	693.8	127.7%	25.8%
Provincial Govts	1043	171.6	301.6	212.3	142.0%	28.9%
ABG	66.2	9.7	17.0	16.8	101.7%	25.7%
Transfers & Loans to CSA's	319.2	0.78	60.4	83.9	72.0%	18.9%
Interest Payments & Fees	430.4	59.7	66	91.6	72.0%	15.3%
Net Lending to CSA's	-4.0	-1.1	-1.1	-0.9	117.1%	27.5%
Recurrent Exp & Net Lending	5287.0	441.4	1329.9	1097.5	121.2%	25.2%

Source: Department of Treasury

National Departments recurrent expenditure totalled K886.0 million which is 27.7 per cent above trend and 25.8 per cent of the 2011 budget estimate.

National Departments' personnel emoluments expenditure was K270.2 million in the March outturn, compared to the K372.3 million in trend expenditure, which is 27.4 per cent below trend and represents 15.9 per cent of the 2011 Budget estimate.

National Departments' general goods and services expenditure was K615.8 million in the March Outturn. This is 91.5 per cent above trend and represents 35.6 per cent of the 2011 original budget estimate. This is due to 50 per cent of warrants for goods and services being frontloaded during the first quarter of 2011.

Grants to Provincial Governments which include both Personnel Emoluments and Goods and Services totalled K301.6 million to March 2011. This is 42.0 per cent above trend and represents around 28.9 per cent of the 2011 Budget estimate.

Provincial Government personnel emoluments expenditure (including teachers) was K183.0 million in the March outturn. This is 52.2 per cent above trend and represents about 23.2 per cent of the 2011 Budget estimate.

Provincial Government goods and services grant expenditure was K118.7 million to March 2011, which is 97.2 per cent above trend and 46.8 per cent of the 2011 Budget estimate. This is due to 50 per cent of warrants for goods and services being frontloaded during the first quarter of 2011.

Autonomous Bougainville Government (ABG) incurred total expenditure of K17.0 million up to

March 2011, which is 1.7 per cent above trend.

Transfers to Statutory Authorities totalled K60.4 million as at the end of March 2011. This is 28.0 per cent below trend and is 18.9 per cent of the 2011 Budget estimate.

Interest payments and fees totalled K66.0 million to March 2011 and are 28.0 per cent below trend. This represents 15.3 per cent of the 2011 Budget estimate.

Total Development Expenditure

Total Development expenditure to March 2011 totalled K332.2 million, which was below the trend by 13.7 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	Mar Actuals	Mar Outturn	Mar Trend	% of Trend	% of Budget
Domestic Funds	2066.6	22.9	95.0	267.7	35.5%	4.6%
Project Grants	1526.1	71.2	223.7	91.8	243.7%	14.7%
Infrastructure Tax Credits	60	0	0.0	6.3	0.0%	0.0%
Concessional loans	388.4	5.9	13.5	19.3	69.8%	3.5%
Commercial loans	0.0	0.0	0.0	0.0		
Total Development Exp	4041.1	100	332.2	385.1	86.3%	8.2%

Source: Department of Treasury

Domestic development expenditure to March 2011 was K95.0 million, compared to the trend estimate of K267.7 million. This is 64.5 per cent below trend and represents 4.6 per cent of the 2011 Budget estimate.

As previously discussed, Infrastructure tax credits show nil receipts to March 2011, and Project grants receipts are recorded at K223.7 million in the March outturn.

Overall total expenditure and net lending for the March outturn was K1,662.1 million, or 12.1 per cent above trend. This represents 17.8 per cent of the 2011 Budget estimate.

4. Financing

A small budget deficit of K10.0 million or 0.0 per cent of GDP was recorded in the March 2011 outturn.

Net external outflows totalled K66.4 million and net domestic inflow totalled K76.4 million.

Based on TMS Run date: 17 June 2011
 Last Updated: 20th June 2011

Table 1: Central Government Revenue (Kina Millions)

	2011 Original	March Actual	March Outturn	March Trend	% of Trend	% Of Budget
A. TAX REVENUE	7330.9	355.5	1394.8	1142.5	122.1%	19.0%
A1. TAX ON INCOME AND PROFITS	5292.4	217.9	839.1	655.1	128.1%	15.9%
Personal Income Tax	1727.1	147.8	529.8	413.3	128.2%	30.7%
Company Tax	1401.9	37.2	128.1	99.7	128.5%	9.1%
Dividend Withholding Tax	298.0	24.6	53.6	51.4	104.2%	18.0%
Interest Withholding Tax	42.4	2.0	5.9	4.4	133.3%	13.9%
Mining and Petroleum Taxes	1594.7	0.0	84.4	21.8	387.1%	5.3%
Gaming Tax	108.6	0.0	6.8	23.9	28.5%	6.3%
Other: Direct	119.7	6.3	30.5	40.6	75.1%	25.5%
DOM. TAXES ON GOODS AND SERVICES	1429.4	87.8	335.0	348.0	96.3%	23.4%
Excise	483.9	32.8	129.7	126.3	102.7%	26.8%
GST	938.3	55.0	205.3	220.5	93.1%	21.9%
Other: Indirect	7.2	0.0	0.0	1.2	0.0%	0.0%
A3. TAXES ON INTERNATIONAL TRADE	609.1	49.8	220.7	139.4	158.3%	36.2%
Import Duty	218.0	19.5	72.9	48.2	151.4%	33.4%
Export Duty	172.2	13.0	63.9	43.7	146.1%	37.1%
Excise duties on Imports	218.9	17.3	83.9	47.5	176.6%	38.3%
B. NON-TAX REVENUE	411.1	17.0	33.7	22.3	151.3%	8.2%
B1. PROPERTY INCOME	289.4	0.0	0.0	6.0	0.0%	0.0%
Dividends	0.0	0.0	0.0	0.0	0.0%	0.0%
Mining and Petroleum Dividends	289.4	0.0	0.0	6.0	0.0%	0.0%
B2. INTEREST AND FEES FROM LENDING	4.0	0.0	0.0	0.2	0.0%	0.0%
B3. OTHER NON TAX REVENUE	117.7	17.0	33.7	16.0	210.7%	28.6%
B4. ASSETS SALES	0.0	0.0	0.0	0.0	0.0%	0.0%
C. TOTAL REVENUE	7742.0	372.5	1428.5	1164.8	122.6%	18.5%
% of GDP	27.0%	1.3%	5.0%			
D. INFRASTRUCTURE TAX CREDIT	60.0	0.0	0.0	6.3	0.0%	0.0%
E. GRANTS	1526.1	71.2	223.7	91.8	243.7%	14.7%
Budgetary Support	0.0	0.0	0.0	0.0		
Project Grants	1526.1	71.2	223.7	91.8	243.7%	14.7%
F. TOTAL REVENUE AND GRANTS	9328.1	443.7	1652.2	1262.9	130.8%	17.7%
As % of GDP	32.5%	1.5%	5.8%			
G. PRINCIPAL RECEIPTS FROM LENDING	4.0	1.1	1.1	1.7	65.0%	27.5%
H. GROSS BORROWING	2185.7	214.6	528.6	319.6	165.4%	24.2%
I. ASSET SALES	0.0	0.0	0.0	0.0	0.0%	0.0%
J. TOTAL RECEIPTS	11517.8	659.4	2181.8	1584.1	137.7%	18.9%
As % of GDP	40.1%	2.3%	7.6%			

Source: Department of Treasury

Table 2: Central Government Expenditure (Kina Millions)

	2011 Original	March Actual	March Outturn	March Trend	% of Trend	% Of Budget
1 RECURRENT BUDGET						
A. NATIONAL DEPARTMENTS	3432.2	200.7	886.0	693.8	127.7%	25.8%
Personnel Emoluments	1704.6	64.3	270.2	372.3	72.6%	15.9%
Total Goods & Services	1727.6	136.4	615.8	321.5	191.5%	35.6%
General Goods & Services	1458.8	113.1	587.6	273.6	214.8%	40.3%
Education Subsidies	172.0	16.7	20.8	31.9	65.2%	12.1%
SAP Payments	36.9	1.4	1.4	6.4	21.9%	3.8%
Court Orders	60.0	5.2	6.0	10.5	56.9%	10.0%
B. PROVINCIAL GOVERNMENTS	1043.0	171.6	301.6	212.3	142.0%	28.9%
Personnel Emoluments	789.5	71.1	183.0	152.2	120.3%	23.2%
Staffing Grants	261.7	24.6	61.4	60.5	101.5%	23.5%
Teachers Salaries	527.8	46.5	121.6	91.7	132.7%	23.0%
Goods & Other Services	253.5	100.5	118.6	60.2	197.2%	46.8%
Administration Grants	26.4	4.4	13.2	5.3	246.8%	50.0%
Health Function Grant	51.9	24.8	30.0	15.3	195.5%	57.8%
Education Subsidies	46.6	21.8	23.3	13.9	167.9%	50.0%
Primary production Function grant	16.9	8.3	8.5	4.9	174.1%	183.4%
Trans/Infra/Maint. Grants	61.7	29.0	31.0	15.1	205.3%	50.2%
Local & Village Services Grants	35.1	7.9	7.9	3.2	247.3%	22.5%
Town & Urban Services Grants	12.6	3.2	3.5	1.6	220.1%	27.8%
Village Courts	2.3	1.1	1.2	0.8	145.6%	52.2%
AUTONOMOUS BOUGAINVILLE GOVT	66.2	9.7	17.0	16.8	101.7%	25.7%
Personnel Emmoluments	44.7	3.6	9.9	0.0	0.0	0.0
Staffing Grants	11.0	1.0	2.9			
Teachers Salaries	33.7	2.6	7.0			
Goods & Services	21.5	6.1	7.1	0.0	0.0	0.0
Police Grant	2.6	1.3	1.3			
Recurrent	18.6	4.7	5.7			
ConditionalGrant	0.3	0.1	0.1			
C. TRANSFERS & LOANS TO C.S.A	319.2	0.8	60.4	83.9	72.0%	18.9%
D. INTEREST PAYMENT & FEES	430.4	59.7	66.0	91.6	72.0%	15.3%
Domestic	369.5	47.0	49.6	77.3	64.1%	13.4%
External	60.9	12.7	16.4	14.3	114.9%	26.9%
E NET LENDING TO C.S.A	-4.0	-1.1	-1.1	-0.9	117.1%	27.5%
Gross Lending	0.0	0.0	0.0	0.0	0.0	0.0
Less : Loan Repayments	-4.0	-1.1	-1.1	-0.9	117.1%	27.5%
RECURRENT EXPENDITURE & NET						
F. LENDING	5287.0	441.4	1329.9	1097.5	121.2%	25.2%
As % of GDP	18.4%	1.5%	4.6%	4.4%	0.0%	0.0%
2 DEVELOPMENT BUDGET						
Domestic Funds	2066.6	22.9	95.0	267.7	35.5%	4.6%
Project Grants	1526.1	71.2	223.7	91.8	243.7%	14.7%
Infrastructure Tax Credits	60.0	0.0	0.0	6.3	0.0%	0.0%
Concessional loans	388.4	5.9	13.5	19.3	69.8%	3.5%
Commercial loans	0.0	0.0	0.0	0.0		
G. TOTAL DEVELOPMENT BUDGET (PIP)	4041.1	100.0	332.2	385.1	86.3%	8.2%
As % of GDP	14.1%	0.3%	1.2%	1.5%		
H. TOTAL EXPENDITURE & NET LENDING	9328.1	541.4	1662.1	1482.6	112.1%	17.8%
As % of GDP	32.5%	1.9%	5.8%	6.0%	0.0%	0.0%
I. AMORTISATION	2185.7	116.9	518.6	229.3	226.2%	23.7%
Domestic	1980.3	104.2	428.6	196.9	217.7%	21.6%
External	205.4	12.7	90.0	32.4	277.8%	43.8%
J. LOAN REPAYMENTS	4.0	0.0	0.0	1.4	0.0%	0.0%
K. TOTAL PAYMENTS	11517.8	658.3	2180.7	1713.3	127.3%	18.9%
As % of GDP	40.1%	2.3%	7.6%	6.9%		

Source: Department of Treasury

Table 3. Central Government Financing (Kina Millions)

	2011 Original	March Actual	March Outturn	March Trend	% of Trend	% Of Budget
A. TOTAL REVENUE AND GRANTS	9328.1	443.7	1652.2	1262.9	130.8%	17.7%
TOTAL EXPENDITURE AND NET						
B. LENDING	9328.1	541.4	1662.1	1482.6	112.1%	17.8%
C. DEFICIT (-) / SURPLUS (+)	0.0	-97.7	-10.0	-219.7	4.5%	
% of GDP	0.0%	-0.4%	0.0%	-0.9%		
D. EXTERNAL FINANCING	183.1	-4.8	-66.4	-11.4	582.9%	-36.3%
D1. CONCESSIONAL FINANCING	251.1	2.8	-27.1	-1.2	2195.6%	-10.8%
New Borrowing	388.4	5.9	13.5	18.6		
Less Amortisation	-137.3	-3.1	-40.6	-19.8	205.0%	29.6%
D2. COMMERCIAL FINANCING	-19.5	-0.4	-0.4	0.0		2.0%
New Borrowing	0.0	0.0	0.0	0.0		
Less Amortisation	-19.5	-0.4	-0.4	0.0		2.0%
D3. EXCEPTIONAL FINANCING	-48.5	-7.2	-38.9	-10.2	383.1%	80.2%
New Borrowing	0.0	2.0	10.1	0.0		
Less Amortisation	-48.5	-9.2	-49.0	-10.2	482.5%	101.0%
E. DOMESTIC FINANCING	-183.1	102.5	76.4	231.1	33.0%	-41.7%
DOMESTIC MARKET BORROWING						
E1. (NET)	-183.0	30.8	-76.4	112.4	-68.0%	41.7%
New Domestic Borrowing	1797.3	135.0	352.2	243.3	144.7%	19.6%
Less Amortisation	-1980.3	-104.2	-428.6	-131.0	327.3%	21.6%
E2. OTHER DOMESTIC FINANCING (b)	-0.1	71.7	152.8	118.7	128.7%	
E3. ASSETS SALES FINANCING	0.0	0.0	0.0	0.0	0.0	0.0
E4. NET FINANCING	0.0	0.0	0.0	0.0	0.0	0.0
F. TOTAL FINANCING	0.0	97.7	10.0	219.7	4.5%	
G. GROSS BORROWING	2185.7	214.59	528.6	289.8	182.4%	24.2%
Concessional	388.4	5.9	13.5	18.6	72.7%	3.5%
Commercial	0.0	0.0	0.0	0.0		
Exceptional	0.0	2.0	10.1	0.0		
Domestic	1797.3	206.69	505.0	271.3	186.1%	28.1%
Financing Gap	0.0	0.0	0.0	0.0		

Source: Department of Treasury