

**International Budget Partnership**  
**OPEN BUDGET QUESTIONNAIRE**

**PAPUA NEW GUINEA**

September, 28 2007

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# International Budget Partnership OPEN BUDGET QUESTIONNAIRE PAPUA NEW GUINEA

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## **Section One: The Availability of Budget Documents**

## Table 1. Budget Year of Documents Used in Completing the Questionnaire

*Please indicate the budget year of the document used to complete the questionnaire. If the document is not available to the public, please state, "Not Available."*

<b>Budget Documents Used in Completing the Questionnaire</b>	
<i>As explained in the guide to the questionnaire, documents from a variety of fiscal years are referred to throughout the questionnaire. Please indicate below for which fiscal year responses to questions relating to each report or experience were based on.</i>	
	Budget Year Used
Pre-Budget Statement	2008
Budget Summary	2007
Executive's Budget Proposal	2007
Supporting Budget Documents	2007
Citizens Budget	Not Available
Enacted Budget	2007
In-Year Reports	2007
Mid-Year Report	2007
Year-End Report	2006
Audit Report	2005

## Table 2. Key Budget Documents Used: Full Titles and Internet Links

*Please provide the full title, date and Internet link for all documents to be cited in Sections 2 & 3.*

*If an Internet link is not available for the document, please indicate one of these three answers: “Not Produced,” “Produced but Not Available to the Public,” “Publicly Available, but Not on the Internet.”*

Budget Document	Full Title, Date, and Internet Link
Pre-Budget Statement	<p>2008 Budget Circulars No 4 of 12 June 2007  <a href="http://www.treasury.gov.pg/html/national_budget/national_budget_circulars.html">http://www.treasury.gov.pg/html/national_budget/national_budget_circulars.html</a>            Budget Strategy Paper - 2008, released on 25 May 2007.  <a href="http://www.treasury.gov.pg/html/publications/files/pub_files/2007/bsp_2008.pdf">http://www.treasury.gov.pg/html/publications/files/pub_files/2007/bsp_2008.pdf</a></p>
Budget Summary	<p><a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_speeches/2007.Budget.Speech.pdf">http://www.treasury.gov.pg/html/national_budget/files/2007/budget_speeches/2007.Budget.Speech.pdf</a> (Budget Speech delivered on 14/11/06).            Press statements and PowerPoint presentations of the Budget are publicly available, but not on the Internet.</p>
Executive’s Budget Proposal	<p>Budget Documents, Volumes 1-3 are released to public when the Budget Proposal is first tabled at the legislature and within a fortnight it is normally passed after parliamentary debate. Details of the 2007 budget can be located in the website addresses provided below.</p> <p><a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol1.html">http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol1.html</a>            (Economic and Development Policies, 2007 Budget - released on 14/11/06).  <a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol2_part1.html">http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol2_part1.html</a>            (Part 1: Recurrent Estimates of Revenue &amp; Expenditure of National Departments).  <a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol2_part2.html">http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol2_part2.html</a>            (Part 2: Recurrent Expenditure of Statutory Authorities, Debt Services &amp; Trust Accounts).  <a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol2_part3.html">http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol2_part3.html</a>            (Part 3: Development Expenditure of National Depts., Statutory Authorities &amp; Provincial Governments).            Released on 14/11/06.  <a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol3.html">http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol3.html</a>            {Public Investment Program (PIP) or otherwise it is also called 'Development Budget'. Released on 14/11/06}.</p>

Budget Document One in Support of the Executive's Budget Proposal	Medium Term Debt Strategy 2007-2011, updated and included in Volume 1 of the Budget documents) for 2007. <a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_documents/2007.vol1.ch8.pdf">www.treasury.gov.pg/html/national_budget/files/2007/budget_documents/2007.vol1.ch8.pdf</a>
Budget Document Two in Support of the Executive's Budget Proposal	<a href="http://www.treasury.gov.pg/html/publications/files/pub_files/2007/2005.2010.mtds.pdf">www.treasury.gov.pg/html/publications/files/pub_files/2007/2005.2010.mtds.pdf</a> . The Medium Term Development Strategy (MTDS) 2005-2010. However, this is not updated annually but is very much an important document that guides the formulation of the annual budgets within that timeframe (2005-2010). It is being updated at present.
Budget Document Three in Support of the Executive's Budget Proposal	Medium Term Fiscal Strategy 2002-2007. This is also updated to cover from 2008-2012. <a href="http://www.treasury.gov.pg/html/publications/publications.html">www.treasury.gov.pg/html/publications/publications.html</a> or <a href="http://www.treasury.gov.pg/html/publications/files/pub_files/2007/2002.2007.mtfs.pdf">www.treasury.gov.pg/html/publications/files/pub_files/2007/2002.2007.mtfs.pdf</a> .
Citizens Budget	Not produced.
Enacted Budget	2007 Appropriation Acts are made available to public but not available on the Internet. Appropriation Acts for 2008 are available on the Internet ( <a href="http://www.treasury.gov.pg/html/legislation/bills.html">http://www.treasury.gov.pg/html/legislation/bills.html</a> ), but this is beyond the cutoff date of September 28, 2007.
In-Year Reports	<a href="http://www.treasury.gov.pg/html/publications/for.html">http://www.treasury.gov.pg/html/publications/for.html</a> (Fiscal Outturn Reports for January - August 2007), and <a href="http://www.treasury.gov.pg/html/publications/tem.html">http://www.treasury.gov.pg/html/publications/tem.html</a> (Treasury Economic Monitor for March and June 2007).  <a href="http://www.bankpng.gov.pg/index.php?option=com_content&amp;task=view&amp;id=39&amp;Itemid=159">http://www.bankpng.gov.pg/index.php?option=com_content&amp;task=view&amp;id=39&amp;Itemid=159</a> (Quarterly Economic Bulletins for March and June are also available).
Mid-Year Review	The Mid-year Review Report for PNG was first introduced and released in 2007, as required under the Fiscal Responsibility Act 2006 which can be accessed through the below. <a href="http://www.treasury.gov.pg/html/publications/files/pub_files/2007/2007.MidYear.Economic&amp;Fiscal.Outlook.Report.pdf">www.treasury.gov.pg/html/publications/files/pub_files/2007/2007.MidYear.Economic&amp;Fiscal.Outlook.Report.pdf</a>

Year-End Report	<p><a href="http://www.treasury.gov.pg/files/publications/FBO_310307.pdf">www.treasury.gov.pg/files/publications/FBO_310307.pdf</a>. (Final Budget Outcome 2006 - Released on 31/03/07).</p> <p>The annual reports for the Bank of PNG are released around end of October of each year. Thus, 2006 Annual Report was released on 24/10/07 which cannot be used for the Questionnaire as it is after the due date. Therefore, the 2005 report can be used and should be accessed through the below.</p> <p><a href="http://www.bankpng.gov.pg/images/stories/annualreport2005.pdf">www.bankpng.gov.pg/images/stories/annualreport2005.pdf</a></p>
Audit Report	<p>2005 Annual Audit Report is publicly available upon written request (although in limited supply) but not on the Internet.</p>
Other Documents	<ol style="list-style-type: none"> <li>1. 2007 Budget Speech: <a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_speeches/2007.Medium%20Term%20Fiscal%20Strategy%202002-2007.pdf">www.treasury.gov.pg/html/national_budget/files/2007/budget_speeches/2007.Medium Term Fiscal Strategy 2002-2007:</a></li> <li>2. Medium Term Development Strategy 2005-2007 - released in November 2004: <a href="http://www.treasury.gov.pg/html/publications/files/pub_files/2007/2005.2010.mtds.pdf">www.treasury.gov.pg/html/publications/files/pub_files/2007/2005.2010.mtds.pdf</a></li> <li>3. 2007 Budget Implementation Presentation: <a href="http://www.treasury.gov.pg/html/publications/files/pub_files/2007/presentation_2007%20Budget%20Implementation.pdf">www.treasury.gov.pg/html/publications/files/pub_files/2007/presentation_2007%20Budget%20Implementation.pdf</a></li> <li>4. State of the Economy Presentation: <a href="http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html">http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html</a> (accessed under the "Related Documents Section under 2007 National Budget).</li> <li>5. Fiscal Responsibility Act 2006 (amendments certified on 4/09/06 ): <a href="http://www.treasury.gov.pg/html/legislation/acts.html">http://www.treasury.gov.pg/html/legislation/acts.html</a></li> <li>6. Public Finances Management Act 1995, amended 1/01/06: <a href="http://www.treasury.gov.pg/html/legislation/acts.html">http://www.treasury.gov.pg/html/legislation/acts.html</a></li> <li>7. Medium Term Debt Strategy 2007-2011: <a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_documents/2007.Vol1.ch8.pdf">http://www.treasury.gov.pg/html/national_budget/files/2007/budget_documents/2007.Vol1.ch8.pdf</a></li> </ol>
Relevant Ministries & Departments	<p><a href="http://www.treasury.gov.pg/">www.treasury.gov.pg/</a> (Recently, a monitoring framework was developed to review the impact of implementation of the Medium Term Development Strategy - undertaken by Department of Planning called "MTDS Performance Management Framework." It was publicly announced in March 2007). Also, Monetary Policy is independently managed by the Central Bank of PNG (<a href="http://www.bankpng.gov.pg">www.bankpng.gov.pg</a>) as per the amendments to the Central Banking Act 2000 (Same website but under subsection "Legislation"). Monetary Policy Statements (Monetary Policy Section on the website) are issued every six monthly and the latest being released on 31 Jan 2007 for 2006 and the Bank's Quarterly Economic Bulletin provides extensive Balance of Payments and fiscal (including debt) data.</p>



**Table 3. Distribution of Documents Related to the Executive's Budget Proposal**

<b>DISTRIBUTION OF BUDGET DOCUMENTS</b>						
<i>For the following reports, place "Yes" in the appropriate row below to indicate if the report is:</i>						
	Pre-budget	<b>Executive's Budget Proposal</b>				Citizens budget
		Main document	Budget summary*	Supporting Document 1	Supporting Document 2	
A. Not produced, even for internal purposes						Yes
B. Produced for internal purposes, but not available to the public						
C. Produced and available to the public, but only on request						
D. Produced and distributed to the public (for example, in libraries, posted on the Internet.)	Yes	Yes	Yes	Yes	Yes	
<i>For budget reports that are produced and distributed to the public, what steps does the executive take to distribute these reports and to promote interest in them? For each characteristic, mark "Yes" if yes, "No" if no, or "NA" if Not Available.</i>						
	Pre-budget	<b>Executive's Budget</b>				Citizens budget
		Main document	Budget summary*	Supporting Document 1	Supporting Document 2	
1. The release date is known at least one month in advance	No	Yes	Yes	No	Yes	NA
2. Advance notification of release is sent to users, media	Yes	Yes	No	Yes	Yes	NA
3. Released to public same day as official release to media	Yes	Yes	Yes	Yes	Yes	NA
4. Available on the Internet free of charge	Yes	Yes	Yes	Yes	Yes	NA
5. Free print copies available, limited distribution	Yes	NA	Yes	Yes	Yes	NA
6. Free print copies available, mass distribution	No	No	No	No	No	NA
7. Readily available outside capital and/or big cities <sup>†</sup>	No	No	No	No	Yes	NA
8. Written in more than one language	No	No	No	No	No	NA
9. News conference is held to discuss release	Yes	Yes	Yes	Yes	Yes	NA

\*A budget summary should be a stand-alone document, which could include a budget speech or a separately published executive summary.

<sup>†</sup>Mark "Yes" if access by mail order or by Internet, if Internet service is readily available outside the capital and/or big cities.

**Table 4. Distribution of the Enacted Budget and Other Reports**

<b>DISTRIBUTION OF ENACTED BUDGET AND OTHER REPORTS</b>					
<i>For the following reports, place a “Yes” in the appropriate row below to indicate if the report is:</i>					
	Enacted budget	In-year reports	Mid-year review	Year-end report	Audit report
A. Not produced, even for internal purposes					
B. Produced for internal purposes, but not available to the public					
C. Produced and available to the public, but only on request					Yes
D. Produced and distributed to the public (for example, in libraries, posted on the Internet.)	Yes	Yes	Yes	Yes	
<i>For budget reports that are produced and distributed to the public, what steps does the executive take to distribute these reports and to promote interest in them? For each characteristic, mark “Yes” if yes, “No” if no, or “NA” if Not Available.</i>					
	Enacted budget	In-year reports	Mid-year review	Year-end report	Audit report
1. The release date is known at least one month in advance	Yes	No	No	No	No
2. Advance notification of release sent to users, media	Yes	No	No	No	No
3. Released to public same day as official release to media	Yes	Yes	Yes	Yes	No
4. Available on the Internet free of charge	Yes	Yes	Yes	Yes	No
5. Free print copies available, limited distribution	Yes	Yes	Yes	Yes	Yes
6. Free print copies available, mass distribution	No	No	No	No	No
7. Readily available outside capital/big cities <sup>+</sup>	No	No	No	No	No
8. Written in more than one language	No	No	No	No	No
9. News conference is held to discuss release	Yes	No	No	No	No

<sup>+</sup>Mark “Yes” if access is available by mail order or by Internet, if Internet service is readily available outside the capital and/or big cities.

## Section Two: The Executive's Budget Proposal

*Notes on abbreviations:*

BY = budget year (year for which the budget proposals are being made)

BY+1 = one year beyond the budget year

BY-1 = one year before the budget year

*Please mark your answer by placing the appropriate letter in the box to the right of the question. For all answers marked "not applicable/other," please provide a brief explanation indicating either why the answer choices provided are not applicable or why another response would be more appropriate.*

<b>The Executive's Budget Proposal</b>	
<b>Estimates for the Budget Year and Beyond</b>	
<p>1. Does the executive's budget or any supporting budget documentation present expenditures for the budget year that are classified by administrative unit (that is, by ministry, department, or agency)?</p> <ol style="list-style-type: none"> <li>a. All expenditures are classified by administrative unit.</li> <li>b. Expenditures are classified by administrative unit, but some small units are not shown separately.</li> <li>c. Expenditures are classified by administrative unit, but a significant number of units are not shown separately.</li> <li>d. No expenditures classified by administrative unit are presented.</li> <li>e. Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u>  <a href="http://www.treasury.gov.pg/html/2007budget.vol2.html">www.treasury.gov.pg/html/2007budget.vol2.html</a> (Part 1, 2 and 3: Recurrent Estimates of Revenue and Expenditure), and  <a href="http://www.treasury.gov.pg/html/2007budget.vol3.html">www.treasury.gov.pg/html/2007budget.vol3.html</a>  Development Budget (known as the Public Investment Program) and Supplementary Budgets (but the windfall expenditure under Supplementary budget is not broken down).</p> <p><u>Comment:</u>  All including small units that are classified by the administrative units are shown in the Executive's Budget (Recurrent Estimates of Revenue &amp; Expenditure, Volume 2 &amp; 3) of 2007 Annual Budget. The new "windfall income and expenditure" allocated to Trust Funds, is not fully detailed by administrative unit.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
<p>2. Does the executive's budget or any supporting budget documentation present expenditures for the budget year that are classified by functional classification?</p> <ol style="list-style-type: none"> <li>a. All expenditures are classified by functional classification, and the categorization is compatible with international standards.</li> <li>b. All expenditures are classified by functional classification, but the categorization is not compatible with international standards.</li> <li>c. Some, but not all, expenditures are classified by function.</li> <li>d. No expenditures classified by function are presented.</li> <li>e. Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u>  2007 Budget, the Recurrent expenditure (Volume 2) broken up under functional classifications, The development budget (Volume 3) broken up more simply into sectoral areas and Supplementary Budgets.</p>	b

Comment:

The Recurrent expenditure (Volume 2) is broken up under functional classifications, but these do not fully meet international standards, particularly for the development budget. There is some attempt (in Volume 1) to link expenditure in the Development Budget with the Government's Expenditure Priority Areas (EPAs). It is planned under Integrated Financial Management System (IFMS) to integrate the recurrent and development components of the budget and implement into a uniform budget classification and chart of accounts, linked to the Medium Term Development Strategy, but this remains after several years.

**Researcher's Response to this Question was “a”**

**Peer Reviewer One Comment:** Under the Comment section, the third sentence should be changed to: “There is some attempt (in Volume 1) to link expenditure in the Recurrent and Development Budgets with the Government's Expenditure Priority Areas (EPAs).” Evidence of this can be found in Chapters 2 and 5.

**Peer Reviewer Two Comment:** A more appropriate response to this question would be “b.” Functional classifications are used in both the recurrent and development budget for 2007 (in the code above the main program description). However, it is true that summary tables by functional classification are only available for the recurrent budget, not the development budget. Moreover, while there is coding included in both the recurrent and development budgets, these codes are not in line with international best practice (such as the UN's COFOG or the IMF's Government Financial Statistics handbook 2001). Therefore there are plans to introduce a new chart of accounts in line with the GFS system – but these plans have been in place certainly since at least 2004. Therefore the extent to which they represent a commitment to reform is questionable.

In addition, for analyzing the development budget document, it is not clear what the researcher means by ‘sectoral areas’ in the development budget. As mentioned above, summary tables by economic and functional classification are not available for the development budget – summary tables are only available by administrative unit.

**Researcher Response:** I degraded the answer to “b” on the basis that International Standards of functional classifications are not fully met, especially for the development budget. (Summary tables are available, so PR2's comments appear accurate).

<p>3. Does the executive’s budget or any supporting budget documentation present expenditures for the budget year that are classified by economic classification?</p> <ol style="list-style-type: none"> <li>All expenditures are classified by economic classification, and the categorization is compatible with international standards.</li> <li>All expenditures are classified by economic classification, but the categorization is not compatible with international standards.</li> <li>Some, but not all, expenditures are classified by economic classification.</li> <li>No expenditures classified by economic classification are presented.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> 2007 Budget Volume 2 (Recurrent) and Volume 3 (Development - Public Expenditure Program) and Supplementary (Windfall) Budgets</p> <p><u>Comment:</u> Estimates of Recurrent Expenditure in the 2007 Budget (Volume 2) are broken up by basic economic classification but do not meet international standards. The Development Budget (Public Investment Program) is broken up in Volume 2 pt 3, and Volume 3. The 'windfall budget' allocated through Trust Funds is not classified, and being deemed by Treasury to be outside the annual 2007 Recurrent budget, for purpose of expenditure management.</p> <p><b><u>Researcher’s Response to this Question was “a.”</u></b></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b> As above, although economic classifications are included as stated, they are not in line with international best practice (i.e. the GFS). Therefore a more appropriate answer to this question is b.</p> <p><b><u>Researcher Response:</u></b> I agree to change my answer to “b.” See Q2, but the standards could be improved to fully meet international standards.</p>	b
<p>4. Does the executive’s budget or any supporting budget documentation present expenditures for individual programs for the budget year?</p> <ol style="list-style-type: none"> <li>Program-level data are presented for all expenditures.</li> <li>Program-level data are presented for at least two-thirds of, but not all, expenditures.</li> <li>Program-level data are presented, but for less than two-thirds of expenditures.</li> <li>No program-level data are presented.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> 2007 National Budget - Development Budget, Volume 2.</p> <p><u>Comment:</u> Program level data is presented in the development budget but details under the Supplementary (or "windfall" budgets, resulting from recent high commodity prices) have not been provided. These project activities have not been planned in detail and funds have been set aside under trust funds to provide a longer planning</p>	b

and implementation lead-in time.

**Peer Reviewer One Comment:** A more appropriate response to this question would be “a.”

While the individual programs that make up the windfall budgets are not as well described as programs in the remaining budget, they are still given a rudimentary program description, e.g., rehabilitation of primary schools. The recurrent budget is also presented in programmatic format.

The Citation should be changed to: “2007 Budget Volume 2 (Recurrent) and Volume 3 (Development - Public Expenditure Program) and Supplementary (Windfall) Budgets.”

The Comment should be changed to: “Expenditures for individual programs are given for both the Recurrent and Development Budgets and, though in less detail, for the “windfall budget.””

**Peer Reviewer Two Comment:** This rating appears to be correct.

While program information is indeed included in both the recurrent and development budgets (not just the development budget as noted by the researcher above), the information provided for each program does not meet international best practice – although programs and activities below them are named, this information is not accompanied by clearly defined outcomes and outputs.

This limits the extent to which true program based budgeting can be carried out.

**What do you think the final answer should be:**

I suggest the answer should remain as I indicated in the questionnaire “b”

**Researcher Response:** I chose my answer because of my initial comments as well as by PR2 which supports the original rating.

**IBP Comment:** IBP editors chose answer, “b” to maintain consistency with the criteria used for selecting answers across countries.

<p>5. In the executive’s budget or any supporting budget documentation, are estimates of the aggregate level of expenditure presented for a multi-year period (at least two years beyond the budget year)?</p> <p>a. Yes, multi-year estimates of aggregate expenditure are presented.  b. No, multi-year estimates of aggregate expenditure are not presented.  c. Not applicable/other (please comment).</p> <p><u>Citation:</u>  www.treasury.gov.pg/html/publications/files/2007/pub_files/2007/2007/2002.2007.mtfs.pdf (Medium Term Fiscal Strategy 2002-2007) and  www.treasury.gov.pg/html/publications/files/pub_files/2007/2005.2010.mtlds.pdf (Medium Term Development Strategy)  2007 National Budget - Volume 1: this provides the most comprehensive set of the Government’s multi-year expenditure plans.</p> <p><u>Comment:</u>  The annual budgets the Government prepares and presents are derived from or guided by current revenue, historic expenditure and priorities and targets under the Medium Term Development and Fiscal Strategies.</p> <p><b><u>Peer Reviewer One Comment:</u></b>  The aggregate expenditure level is provided over a 10 year period, including medium to long term forecasts. These forecasts are consistent with the Government’s Medium Term Development and Fiscal Strategies.</p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>a</p>
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6. In the executive's budget or any supporting budget documentation, is more detail than just the aggregate level presented for expenditure estimates that cover a multi-year period (for at least two years beyond the budget year)?
- Yes, multi-year expenditure estimates are presented for all individual programs, and for one or more expenditure classification (such as functional, economic, or administrative).
  - Yes, multi-year estimates are presented for one or more expenditure classification (such as functional, economic, or administrative), but only for some individual programs.
  - Yes, multi-year estimates are presented, but only for a portion of one or more of the expenditure classifications (such as some functions, or some administrative units) and/or for only some individual programs.
  - No, multi-year estimates are presented for aggregate expenditure only, or they are not presented at all.
  - Not applicable/other (please comment).

**Citation:**

Refer to Economic and Development Policies of 2007 National Budget, Volume 1, Recurrent and Development Budget 2007 and Public Investment Program, Volume 2 & 3.

**Comment:**

Broad policy instruments indicating the priorities of government are prepared and shown, however, and aggregates forecast expenditure. More detailed expenditure estimates are only presented for development programs (in Volume 3), particularly with respect to donor funded or joint-funded programs.

**Peer Reviewer One Comment:** The Citation should be changed to “2007 National Budget – Economic and Development Policies, Volume 1 and Public Investment Program, Volume 3.”

Forward expenditure estimates are disaggregated only very partially, for instance, forecasting the distribution between recurrent and development expenditure. 5-year expenditure forecasts are detailed separately for most development programs. However, these more detailed estimates are widely recognized as being baseless and thus of no practical use.

**Peer Reviewer Two Comment:**

**Researcher Response:** Though, broad policy instruments are developed that detail multi year estimates, such as the Medium Term Development Strategy, Medium Term Fiscal Strategy, etc, the expenditure presented is only aggregates.

d

<p>7. Does the executive’s budget or any supporting budget documentation identify the different sources of tax revenue (such as income tax or VAT) for the budget year?</p> <ul style="list-style-type: none"> <li>a. All sources of tax revenue are identified individually.</li> <li>b. Sources of tax revenue amounting to at least two-thirds of, but not all, tax revenues are identified individually.</li> <li>c. Sources of tax revenue amounting to less than two-thirds of all tax revenues are identified individually.</li> <li>d. No sources of tax revenue are identified individually.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> 2007 National Budget, Volume 2, Part I (Recurrent Estimates of Revenue), Development Policies (2007 Budget Revenue Measures and Revenue Tables in Appendix 1).</p> <p><u>Comment:</u> Sources of tax revenues are clearly identified and based on this, the budget estimates are prepared for 2007 and also forecasts for subsequent years.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
<p>8. Does the executive’s budget or any supporting budget documentation identify the different sources of non-tax revenue (such as grants, property income, and sales of goods and services) for the budget year?</p> <ul style="list-style-type: none"> <li>a. All sources of non-tax revenue are identified individually.</li> <li>b. Sources of non-tax revenue amounting to at least two-thirds of, but not all, non-tax revenues are identified individually.</li> <li>c. Sources of non-tax revenues amounting to less than two-thirds of all non-tax revenue are identified individually.</li> <li>d. No sources of non-tax revenues are identified individually.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> 2007 National Budget, Volume 2, Part I. Recurrent Estimates of Revenue and Expenditure.</p> <p><u>Comment:</u> Sources of non-tax revenue are detailed for 2007 and subsequent years</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a

<p>9. In the executive’s budget or any supporting budget documentation, are estimates of the aggregate level of revenue presented for a multi-year period (at least two years beyond the budget year)?</p> <p>a. Yes, multi-year estimates of aggregate revenue are presented.  b. No, multi-year estimates of aggregate revenue are not presented.  c. Not applicable/other (please comment).</p> <p><u>Citation:</u>  <a href="http://www.treasury.gov.pg/html/publications/publications.html">http://www.treasury.gov.pg/html/publications/publications.html</a>.</p> <p><u>Comment:</u></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
<p>10. In the executive’s budget or any supporting budget documentation, is more detail than just the aggregate level presented for revenue estimates that cover a multi-year period (for at least two years beyond the budget year)?</p> <p>a. Yes, multi-year revenue estimates are presented for individual sources of revenue, and by revenue classification (such as tax and non-tax).  b. Yes, multi-year estimates are presented by revenue classification (such as tax and non-tax), but only for some individual sources of revenue.  c. Yes, multi-year estimates are presented, but only for some individual sources of revenue.  d. No, multi-year estimates are presented for aggregate revenue only, or they are not presented at all.  e. Not applicable/other (please comment).</p> <p><u>Citation:</u>  Refer to: 2007 National Budget (Economic Development Policies, Volume 1)</p> <p><u>Comment:</u></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	b

<p>11. Does the executive’s budget or any supporting budget documentation present data on the total government debt outstanding for the budget year?</p> <ul style="list-style-type: none"> <li>a. Yes, the data reflect the outstanding debt both at the start of the budget year and at the end of the budget year (and thereby reflect the net borrowing requirement of the budget).</li> <li>b. Yes, the data reflect the outstanding debt at the end of the budget year.</li> <li>c. Yes, the data reflect the outstanding debt at the start of the budget year.</li> <li>d. No, data on the outstanding debt are not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to: <a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_documents/2007.vol1.ch8.pdf">www.treasury.gov.pg/html/national_budget/files/2007/budget_documents/2007.vol1.ch8.pdf</a> (Medium Term Debt Strategy 2007-2011).</p> <p><u>Comment:</u></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
<p>12. Does the executive’s budget or any supporting budget documentation present interest payments on the debt for the budget year?</p> <ul style="list-style-type: none"> <li>a. Yes, interest payments on the debt are presented.</li> <li>b. No, interest payments on the debt are not presented.</li> <li>c. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to: <a href="http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html">http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html</a> (2007 National Budget Estimates of Recurrent and Development Expenditure, Volume 1 and Volume 2, and Economic and Fiscal Tables).</p> <p><u>Comment:</u> This is presented in relation to the Medium Term Fiscal and Debt Strategies and the planned reduction of debt and improvement in its composition (notably to longer term, lower interest and reduced foreign exchange risk).</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a

<p>13. Does the executive’s budget or any supporting budget documentation present information related to the composition of government debt (such as interest rates on the debt, maturity profile of the debt, currency denomination of the debt, or whether it is domestic and external debt) for the budget year?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive information related to the composition of government debt is presented.</li> <li>b. Yes, key additional information is presented, but some details are excluded.</li> <li>c. Yes, some additional information is presented, but it lacks important details.</li> <li>d. No, additional information related to the composition of government debt is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u>  Refer to:  <a href="http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html">http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html</a>  (Volume 1 and 2, Economic and Fiscal Tables).</p> <p><u>Comment:</u>  This is presented in relation to the Medium Term Fiscal and Debt Strategies and the planned reduction of debt and improvement in its composition (notably to longer term, lower interest and reduced foreign exchange risk).</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p><b>a</b></p>
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<p>14. Does the executive's budget or any supporting budget documentation present the macroeconomic forecast upon which the budget projections are based?</p> <ul style="list-style-type: none"> <li>a. Yes, an extensive discussion of the macroeconomic forecast is presented, and key assumptions (such as inflation, real GDP growth, unemployment rate, and interest rates) are stated explicitly.</li> <li>b. Yes, the macroeconomic forecast is discussed and most of the key assumptions are stated explicitly, but some details are excluded.</li> <li>c. Yes, there is some discussion of the macroeconomic forecast (and/or the presentation of key assumptions), but it lacks important details.</li> <li>d. No, information related to the macroeconomic forecast is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to: <a href="http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html">http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html</a> (2007 Mid-year Economic &amp; Fiscal Outlook Report - under "Related Budget Documents Section").</p> <p><u>Comment:</u> The forecast on commodity prices is generally prudent, and in recent years with the increase in major commodity prices for PNG exports, "windfall" revenue has been achieved, which is being reallocated as "windfall" expenditure, through Supplementary Budgets</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b> The overall rating on this indicator is correct, although it should be noted that the comment made above, regarding the prudent commodity prices, is not necessarily a good thing, given the significantly lower degree of detail in which expenditures are presented in the supplementary budget (see above).</p>	a
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15. Does the executive's budget or any supporting budget documentation show the impact of different macroeconomic assumptions (i.e., sensitivity analysis) on the budget (including expenditures, revenues, and debt)?
- Yes, extensive information on the impact of macroeconomic assumptions on the budget is presented, including both a narrative discussion and quantitative estimates.
  - Yes, information is presented, highlighting the impact of the major macroeconomic assumptions, but some details are excluded.
  - Yes, some information is presented, but it lacks important details.
  - No, information on the impact of different macroeconomic assumptions on the budget is not presented.
  - Not applicable/other (please comment).

Citation:

[www.treasury.gov.pg/html/2007budget.vol1](http://www.treasury.gov.pg/html/2007budget.vol1) (The Economic and Development Policies, Chapter 7. Medium Term Economic and Fiscal Outlook).

Comment:

The budget figures are based upon currently conservative export commodity prices, in recognition of their past volatility. There is some, though limited sensitivity analysis in the Budget documents notably on revenue with different commodity prices (Vol 1). As in 2006 and 2007 Government considers it preferable to have supplementary budgets during the year to manage "windfall" revenue, than shortfalls. Hence the core budget is intended to focus on sustainable expenditure based upon sustainable levels of revenue.

C

**Researcher's Response to this Question was "b."**

**Peer Reviewer One Comment:**

**Peer Reviewer Two Comment:** A more appropriate response to this question would be "d." Neither the fiscal and economic tables at the back of Volume 1, nor the macro economic outlook chapter of volume one include sensitivity or scenario analysis of the macro economic framework. Rather, they explain the basis for making the given assumptions.

**Researcher Response:** I suggest the answer should be changed to "c" because there is some sensitivity analysis on prospective revenue provided, which would make "c" maybe more appropriate.

**IBP Comment:** IBP editors chose answer, "c" to maintain consistency with the criteria used for selecting answers across countries.

<p>16. Does the executive’s budget or any supporting budget documentation present information for at least the budget year that shows how policy proposals in the budget, as distinct from existing policies, affect expenditures?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive information on the impact of policy proposals on expenditures is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, information is presented, highlighting the impact of key policy proposals on expenditures, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information on the impact of policy proposals on expenditures is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to: <a href="http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html">http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html</a> (Volumes 1, 2 &amp; 3).</p> <p><u>Comment:</u> There is some explanation in relation to adjusted revenue (reduced tax rates etc) and the cost of new expenditure commitments, like education subsidies, and some measures related to the Medium Term Fiscal Policy (and the Medium Term Development Strategy, although the latter five year plan is not annually revised).</p> <p><b><u>Peer Reviewer One Comment:</u></b> The researcher doesn’t mention Chapter 5 of Volume 1 of the Budget which deals directly with this point.</p> <p>The Comment section should therefore be altered to: “There is some explanation in relation to adjusted revenue (reduced tax rates etc) and the cost of new expenditure commitments, like education subsidies, and some measures related to the Medium Term Fiscal Strategy. But there is also detailed analysis of how increased expenditure aligned with the Medium Term Development Strategy, in line with the target set for the particular budget year, have been made possible by reallocations away from non-priority expenditure.”</p> <p>That said, the grade should remain as “b.”</p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>b</p>
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<p>17. Does the executive’s budget or any supporting budget documentation present information for at least the budget year that shows how policy proposals in the budget, as distinct from existing policies, affect revenues?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive information on the impact of policy proposals on revenues is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, information is presented, highlighting the impact of key policy proposals on revenues, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information on the impact of policy proposals on revenues is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u>  Refer to:  <a href="http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html">http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html</a>  (Volume 2, Recurrent Estimates and Expenditure under the 2007 National Budget).</p> <p><u>Comment:</u></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>b</p>
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<b>Estimates for Years Prior to the Budget Year</b>	
<p>18. Does the executive’s budget or any supporting budget documentation present expenditures for the year preceding the budget year (BY-1) that are classified by administrative unit (that is, by ministry, department, or agency)?</p> <ol style="list-style-type: none"> <li>a. All expenditures are classified by administrative unit for BY-1.</li> <li>b. Expenditures are classified by administrative unit for BY-1, but some small units are not shown separately.</li> <li>c. Expenditures are classified by administrative unit for BY-1, but a significant number of units are not shown separately.</li> <li>d. No expenditures classified by administrative unit are presented for BY-1.</li> <li>e. Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u>  Refer to:  <a href="http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html">http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html</a>  Recurrent Estimates of Revenue and Expenditures and Public Investment Programs (Volumes 1-3) of the Executive's Budget.</p> <p><u>Comment:</u>  Only estimates of aggregate expenditure are provided (in Vol 1), broken into administrative units. All expenditure classified by administrative units (that is by national, provincial and statutory bodies) -except some funding under successive Supplementary "windfall" Budgets, (which have not been properly planned to date).</p> <p><b><u>Peer Reviewer One Comment:</u></b> Add to Comment: “Note that data on BY-1 reflects appropriations (original or revised), not actual expenditure. Actual expenditure is only provided for BY-2”</p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	b

<p>19. Does the executive’s budget or any supporting budget documentation present expenditures for the year preceding the budget year (BY-1) that are classified by functional classification?</p> <ul style="list-style-type: none"> <li>a. All expenditures are classified by functional classification for BY-1, and the categorization is compatible with international standards.</li> <li>b. All expenditures are classified by functional classification for BY-1, but the categorization is not compatible with international standards.</li> <li>c. Some, but not all, expenditures are classified by function for BY-1.</li> <li>d. No expenditures classified by function are presented for BY-1.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to <a href="http://www.treasury.gov.pg/html/nationa_budget/files/2007/budget_html/national_budget_2007_vol2_part3.html">www.treasury.gov.pg/html/nationa_budget/files/2007/budget_html/national_budget_2007_vol2_part3.html</a>. [Development Expenditure of Volume II, Part 3 (Development Summary Tables)].</p> <p><u>Comment:</u> Recurrent and development expenditure for 2005 (and preliminary estimate for 2006) are provided. Expenditure under the Supplementary Budgets administered through Trust Funds are not yet fully classified or specified</p> <p><b><u>Peer Reviewer One Comment:</u></b> Note that data on BY-1 reflects appropriations (original or revised), not actual expenditure. Actual expenditure is only provided for BY-2.</p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>c</p>
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<p>20. Does the executive’s budget or any supporting budget documentation present expenditures for the year preceding the budget year (BY-1) that are classified by economic classification?</p> <ul style="list-style-type: none"> <li>a. All expenditures are classified by economic classification for BY-1, and the categorization is compatible with international standards.</li> <li>b. All expenditures are classified by economic classification for BY-1, but the categorization is not compatible with international standards.</li> <li>c. Some, but not all, expenditures are classified by economic classification for BY-1.</li> <li>d. No expenditures classified by economic classification are presented for BY-1.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to <a href="http://www.treasury.gov.pg/html/nationa_budget/files/2007/budget_html/national_budget_2007_vol2_part3.html">www.treasury.gov.pg/html/nationa_budget/files/2007/budget_html/national_budget_2007_vol2_part3.html</a>. [Development Expenditure of Volume II, Part 3 (Development Summary Tables)].</p> <p><u>Comment:</u> All recurrent and development expenditure for the previous year is broken up by economic classification, but not expenditure in the 'windfall' component of Supplementary Budgets managed under the Trust Funds</p> <p><b><u>Peer Reviewer One Comment:</u></b> Note that data on BY-1 reflects appropriations, (original or revised) not actual expenditure. Actual expenditure is only provided for BY-2.</p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>c</p>
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<p>21. Does the executive’s budget or any supporting budget documentation present expenditures for individual programs for the year preceding the budget year (BY-1)?</p> <ol style="list-style-type: none"> <li>Program-level expenditure data are presented for all expenditures for BY-1.</li> <li>Program-level expenditure data are presented for at least two-thirds of, but not all, expenditures for BY-1.</li> <li>Program-level expenditure data are presented, but for less than two-thirds of expenditures for BY-1.</li> <li>No program-level expenditure data are presented for BY-1.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> Refer to <a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol2_part3.html">www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol2_part3.html</a>. (Development Expenditure in Volume II, Part 3).</p> <p><u>Comment:</u> Concerns exist over the reporting of the programmes managed through Trust Funds allocated in the Supplementary Budgets</p> <p><b><u>Researcher’s Response to this Question was “a.”</u></b></p> <p><b><u>Peer Reviewer One Comment:</u></b> A more appropriate response to this question would be “b.” The Comment should be changed to: “No reports of expenditure on a programmatic basis are provided for previous windfall expenditures. Concerns particularly exist over the reporting of those windfall funded programs managed through Trust Funds.” Note that data on BY-1 reflects appropriations (original or revised), not actual expenditure. Actual expenditure is only provided for BY-2.</p> <p><b><u>Peer Reviewer Two Comment:</u></b></p> <p><b><u>Researcher Response:</u></b> I suggest the answer should be changed to “d” because expenditure details by program are not provided for BY -1, only BY – 2. There is also some qualitative information provided on project progress but no systematic reporting.</p> <p><b><u>IBP Comment:</u></b> IBP editors chose answer, “d” to maintain consistency with the criteria used for selecting answers across countries.</p>	<p>d</p>
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22. In the executive's budget or any supporting budget documentation, how many months of actual data are reflected in the expenditure estimates of the year prior to the budget year (BY-1)?
- All BY-1 estimates have been updated from the original enacted levels to reflect six or more months of actual expenditure.
  - All BY-1 estimates have been updated from the original enacted levels, but reflect less than six months of actual expenditure.
  - Some BY-1 estimates have been updated from the original enacted levels to reflect actual expenditure.
  - The BY-1 estimates have not been updated from the original enacted levels, or no BY-1 estimates are presented.
  - Not applicable/other (please comment).

Citation:

(Un-audited) actuals are provided for 2005 only.

Refer to

www.treasury.gov.pg/html/national\_budget/files/2007/budget\_documents/2007.vol1.ch2.pdf (2007 National Budget, Development Policies, Volume 1, Chap 2 (2007 Budget).

Comment:

In the executive's budget expenditure (un-audited) actuals cover the period to about the third quarterly review. Summary of (un-audited) Actuals for 2006 are provided in the first quarter of 2007 in the 2006 Final Budget Outcome Report.

c

**Researcher's Response to this Question was "a."**

**Peer Reviewer One Comment:** A more appropriate response to this question would be "c."

Comment should be changed to: "Actual expenditure (audited or un-audited) is comprehensively reported for BY-2 but only original or revised budget appropriations are provided for BY-1. Where revised budget appropriations are specified, it is unclear to what extent these have been informed by rates of actual expenditure."

**Peer Reviewer Two Comment:** I am not sure that it is possible to answer this question on the basis of the sources given by the researcher. It is true that actuals are provided, but these are for BY-2. The figures for BY-1 are 'revised' it is not clear how many months of actual data these figures comprise.

**Researcher Response:** I suggest the answer should be changed to "c" because the detailed budget (recurrent & development) breakdown (by function or administration units) for BY -1 is not provided (in Vol 2 & 3) and only available for BY - 2.

**IBP Comment:** IBP editors chose answer, "c" to maintain consistency with the criteria used for selecting answers across countries.

<p>23. In the executive’s budget or any supporting budget documentation, are estimates of the aggregate level of expenditure presented for years that precede the budget year by more than one year (that is, BY-2 and prior years)?</p> <p>a. Yes, such prior-year estimates of aggregate expenditure are presented.  b. No, such prior-year estimates of aggregate expenditure are not presented.  c. Not applicable/other (please comment).</p> <p><u>Citation:</u>  Refer to 2007 National Budget, Volume I and II (Development Policies and Recurrent estimates of Revenue and Expenditure).</p> <p><u>Comment:</u>  Actuals for 2002-2005, estimates of 2006 and projections for 2007 are presented in the 2007 annual budget.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
<p>24. In the executive’s budget or any supporting budget documentation, is more detail than just the aggregate level presented for expenditure estimates that cover years preceding the budget year by more than one year (that is, BY-2 and prior years)?</p> <p>a. Yes, such prior-year expenditure estimates are presented for all individual programs, and for one or more expenditure classification (such as functional, economic, or administrative).  b. Yes, such prior-year estimates are presented for one or more expenditure classification (such as functional, economic, or administrative), but only for some individual programs.  c. Yes, such prior-year estimates are presented, but only for a portion of one or more of the expenditure classifications (such as some functions, or some administrative units) and/or for only some individual programs.  d. No, such prior-year estimates are presented for aggregate expenditure only, or they are not presented at all.  e. Not applicable/other (please comment).</p> <p><u>Citation:</u>  Refer to Recurrent estimates of Revenue and Expenditure for 2007 National Budget (Volume II).</p> <p><u>Comment:</u></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a

<p>25. In the executive’s budget or any supporting budget documentation, what is the most recent year presented for which all expenditures reflect actual outcomes?</p> <ul style="list-style-type: none"> <li>a. Two years prior to the budget year (BY-2).</li> <li>b. Three years prior to the budget year (BY-3).</li> <li>c. Before BY-3.</li> <li>d. No actual data for all expenditures are presented in the budget or supporting budget documentation.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to Recurrent estimates of Revenue and Expenditure for 2007 National Budget (Volume II).</p> <p><u>Comment:</u> 2005 actuals are presented in the 2007 National Budget.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
<p>26. Are the expenditure estimates for the years prior to the budget year adjusted, as needed, to be comparable with the budget-year estimates in terms of classification and presentation?</p> <ul style="list-style-type: none"> <li>a. Yes, prior-year data are always adjusted to be comparable to the budget year data.</li> <li>b. Yes, in most cases, prior-year data are adjusted to be comparable.</li> <li>c. Yes, in some cases, prior-year data are adjusted to be comparable, but significant deviations between prior-year and budget-year classifications exist.</li> <li>d. No, prior-year data are not adjusted to be comparable, or no prior-year estimates are presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to Recurrent estimates of revenue and expenditure in Volume I, II, and III.</p> <p><u>Comment:</u></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a



<p>27. Does the executive’s budget or any supporting budget documentation identify the different sources of tax revenue (such as income tax or VAT) for the year preceding the budget year (BY-1)?</p> <ul style="list-style-type: none"> <li>a. All tax revenues are identified individually for BY-1.</li> <li>b. Tax revenues amounting to at least two-thirds of, but not all, tax revenue for BY-1 are identified individually.</li> <li>c. Tax revenues amounting to less than two-thirds of all tax revenues for BY-1 are identified individually.</li> <li>d. No tax revenues are identified individually for BY-1.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to Recurrent estimates of revenue and expenditure, Volume I, II and III.</p> <p><u>Comment:</u> It is broken up into personal income, company tax, export tax, excise duty, VAT etc.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
<p>28. Does the executive’s budget or any supporting budget documentation identify the different sources of non-tax revenue (such as grants, property income, and sales of goods and services) for the year preceding the budget year (BY-1)?</p> <ul style="list-style-type: none"> <li>a. All non-tax revenues are identified individually for BY-1.</li> <li>b. Non-tax revenues amounting to at least two-thirds of, but not all, non-tax revenue for BY-1 are identified individually.</li> <li>c. Non-tax revenues amounting to less than two-thirds of all non-tax revenues for BY-1 are identified individually.</li> <li>d. No non-tax revenues are identified individually for BY-1.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to Recurrent estimates of revenue and expenditure, Volumes I for aggregates, and volume II (part 1) for revenue details</p> <p><u>Comment:</u> Yes, this comprises largely of dividends etc.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a

<p>29. In the executive’s budget or any supporting budget documentation, how many months of actual data are reflected in the revenues estimates of the year prior to the budget year (BY-1)?</p> <ul style="list-style-type: none"> <li>a. All BY-1 estimates have been updated from the original estimates to reflect six or more months of actual revenue collections.</li> <li>b. All BY-1 estimates have been updated from the original estimates, but reflect less than six months of actual revenue collections.</li> <li>c. Some BY-1 estimates have not been updated from the original estimates to reflect actual revenue collections.</li> <li>d. The BY-1 estimates have not been updated from the original estimates or no BY-1 estimates are presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to 2007 Recurrent Estimates of Revenue and Expenditure of National Departments, Volume 1. Monthly Fiscal Outturn Reports provide also actual data on revenue collected.</p> <p><u>Comment:</u> Revised projections are provided for BY-1, based upon 6+ months of actual revenue data (although the period is not specified in the text and specific details of actual receipts, as opposed to estimates, are not provided). As per phone discussion with Officer Glenda Epami of Department of Treasury, revenue data is available for up to 6 months of the current budget year that can be used as estimates for the coming budget year.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b> In line with my comment above under question 22 – enough information is not provided to be able to answer this question.</p>	a
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<p>30. In the executive’s budget or any supporting budget documentation, are estimates of the aggregate level of revenues presented for years that precede the budget year by more than one year (that is, BY-2 and prior years)?</p> <p>a. Yes, such prior-year estimates of aggregate revenue are presented.  b. No, such prior-year estimates of aggregate revenue are not presented.  c. Not applicable/other (please comment).</p> <p><u>Citation:</u>  Refer to Recurrent estimates of revenue and expenditure, Volume I and II.</p> <p><u>Comment:</u>  BY-2 (and prior years) of actual revenue is shown in the 2007 National Budget documents.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
<p>31. In the executive’s budget or any supporting budget documentation, is more detail than just the aggregate level presented for revenue estimates that cover years preceding the budget year by more than one year (that is, BY-2 and prior years)?</p> <p>a. Yes, such prior-year revenue estimates are presented for individual sources of revenue, and by revenue classification (such as tax and non-tax).  b. Yes, such prior-year estimates are presented by revenue classification (such as tax and non-tax), but only for some individual sources of revenue.  c. Yes, such prior-year estimates are presented, but only for some individual sources of revenue.  d. No, such prior-year estimates are presented for aggregate revenue only, or they are not presented at all.  e. Not applicable/other (please comment).</p> <p><u>Citation:</u>  Refer to Recurrent estimates of revenue and expenditure, Volume I and II</p> <p><u>Comment:</u>  Only BY-2 revenue figures are shown in detail, and prior years in aggregate only.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a

<p>32. In the executive's budget or any supporting budget documentation, what is the most recent year presented for which all revenues reflect actual outcomes?</p> <ol style="list-style-type: none"> <li>Two years prior to the budget year (BY-2).</li> <li>Three years prior to the budget year (BY-3).</li> <li>Before BY-3.</li> <li>No actual data for all revenues are presented in the budget or supporting budget documentation.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> Refer to Recurrent estimates of revenue and expenditure, Volume I and II</p> <p><u>Comment:</u> 2005 Actuals are presented in the 2007 National Budget.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
<p>33. Does the executive's budget or any supporting budget documentation present information related to the government debt for the year preceding the budget year?</p> <ol style="list-style-type: none"> <li>Yes, extensive information is presented on the level and composition of government debt for the year preceding the budget year.</li> <li>Yes, information on the level of debt is presented, but some important details about the composition of the debt are excluded.</li> <li>Yes, but only information on the level of debt is presented.</li> <li>No, information related to the government debt for BY-1 is not presented.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> Refer to 2007 National Budget, Volume I [and the Bank of Papua New Guinea's Quarterly Economic Bulletins for further breakdown (ref. above)]</p> <p><u>Comment:</u> This is provided in the aggregate tables and the text, with some analysis of the debt scenario and options, in relation to the Medium Term Debt Strategy (note, the Bank of Papua New Guinea was granted Independent responsibility for Monetary Policy in the 2002 Central Bank Act, but also provides some independent fiscal data in its role as the Government's bank).</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a

<p>34. In the executive’s budget or any supporting budget documentation, what is the most recent year presented for which the debt figures reflect actual outcomes?</p> <ol style="list-style-type: none"> <li>a. Two years prior to the budget year (BY-2).</li> <li>b. Three years prior to the budget year (BY-3).</li> <li>c. Before BY-3.</li> <li>d. No actual data for government debt are presented in the budget or supporting budget documentation.</li> <li>e. Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> Refer to: <a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol1.html">http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol1.html</a> (2007 National Budget, Volume I). [See also Bank of PNG quarterly economic bulletin (statistics on debt: <a href="http://www.bankpng.gov.pg/images/stories/qeb_tables/qb7-3.xls">http://www.bankpng.gov.pg/images/stories/qeb_tables/qb7-3.xls</a>)].</p> <p><u>Comment:</u> The debt figures are related to the updated Medium Term Debt Strategy in Volume 1.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
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<b>Comprehensiveness</b>	
<p>35. Does the executive’s budget or any supporting budget documentation present information for at least the budget year on extra-budgetary funds?</p> <ol style="list-style-type: none"> <li>a. Yes, extensive information on extra-budgetary funds is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, information is presented, highlighting key extra-budgetary funds, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information on extra-budgetary funds is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u>  <a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol2_part2.html">http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol2_part2.html</a>, or  <a href="http://www.treasury.gov.pg/html/national_budget/2007/budget_documents/2007.vol2_p2.p4_trustacc.details.pdf">www.treasury.gov.pg/html/national_budget/2007/budget_documents/2007.vol2_p2.p4_trustacc.details.pdf</a>. (details of trust accounts).</p> <p><u>Comment:</u>  Important detail including purposes, duration, intended beneficiaries and others are not provided. Only some of the trust accounts, including donor grants, are detailed, with some trust funds not reported upon.</p> <p><b><u>Researcher’s Response to this Question was “b.”</u></b></p> <p><b><u>Peer Reviewer One Comment:</u></b> A more appropriate response to this question would be “c.”  Important detail including purposes, duration, intended beneficiaries and others are not provided. Only a small proportion of the total number of trust accounts, including donor grants, is detailed, with several trust funds not reported upon.</p> <p><b><u>Peer Reviewer Two Comment:</u></b></p> <p><b><u>Researcher Response:</u></b> I agree with PR1, that the answer should be changed to “c,” because important information such as the details of the scope of expenditure is lacking.</p>	<p>C</p>

<p>36. Does the executive’s budget or any supporting budget documentation present information for at least the budget year on intergovernmental transfers?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive information on intergovernmental transfers is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, information is presented, highlighting key intergovernmental transfers, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information on intergovernmental transfers is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to 2007 National Budget, Volume 1 Table 2.1 and Table 2.2. Recurrent and Development estimates of statutory authorities, provincial governments, etc. Volume II part 2-3.</p> <p><u>Comment:</u> The figures appear to be comprehensive, but actual transfers tend to be significantly different or long deferred</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>a</p>
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<p>37. Does the executive’s budget or any supporting budget documentation present information for at least the budget year on transfers to public corporations?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive information on transfers to public corporations is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, information is presented, highlighting key transfers to public corporations, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information on transfers to public corporations is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to Recurrent Budget estimates of revenue and expenditure, Volume 2, Part 1-3 and Volume 3, and Volume 1 Table 9 for aggregates</p> <p><u>Comment:</u> Although this appears to be transparent, there are various other commitments and guarantees which are not always shown in the Budget documents. It should also be noted that major revenue is gained from these bodies including licensing authorities, like fisheries, which is largely retained and not returned to Consolidated Revenue. This is not reflected in the Budget Documentation.</p> <p><b><u>Researcher’s Response to this Question was “b.”</u></b></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b> A more appropriate response to this question would be “c.”</p> <p>On the basis of the budget documents alone, the answer should be a, since data are presented for statutory authorities on exactly the same basis as they are provided for other government spending. However, the issue is, as outlined by the researcher, that not all expenditure by these bodies may be captured in the budget documents. In this case, it would seem that “c” is a more appropriate answer.</p> <p><b><u>Researcher Response:</u></b> I chose to change my answer to “c” because of that fact that the Budget Documents do not reflect major revenues generated from key government bodies like fisheries, forestry and so on.</p>	<p>c</p>
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<p>38. Does the executive’s budget or any supporting budget documentation present information for at least the budget year on quasi-fiscal activities?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive information on quasi-fiscal activities is presented, including both a narrative discussion and, where possible, quantitative estimates.</li> <li>b. Yes, information is presented, highlighting key quasi-fiscal activities, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information on quasi-fiscal activities is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u>  Details of Activities undertaken and Revenues generated from the resource sector (fisheries, forestry, commodity boards that collect license fees), public finance sector like the Public Officers Service Funds (POSF) and commercial statutory authorities such as PNG Telikom, of which revenues and dividends from these state owned enterprises are managed by the Independent Public Business Corporation (IBPC). These revenues and dividends are not included in the National Budget. Quasi fiscal purposes and political influences in their business decisions can be reduced by way of more transparent processes including board appointments and privatization programs. A success story of this is the current excellent performance by the Superannuation Fund, notably the National Superannuation Fund (NasFund) which became independent of government, 6 years ago.</p> <p>Certain percentage of annual revenue collected by the resource sector agencies is given to government to be included in its annual budgets as per respective agreements signed between the agencies and the government. This is shown on the budget as Withholding Tax coming from the Internal Revenue Commission. Therefore, the total revenue that is withheld by the respective resource sector agencies and how they spend those monies annually is not part of the annual national budget.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>d</p>
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<p>39. Does the executive's budget or any supporting budget documentation present information on financial assets held by the government?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive information on financial assets is presented, including a listing of the assets, a discussion of their purpose, and an estimate of their market value.</li> <li>b. Yes, information is presented, highlighting key information, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information on financial assets is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u> Some detail only provided for assets which are sold.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	d
<p>40. Does the executive's budget or any supporting budget documentation present information on non-financial assets held by the government?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive information on non-financial assets is presented, including a listing of the assets, and (where possible) an estimate of their market value.</li> <li>b. Yes, information is presented, highlighting key information, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information on non-financial assets is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> <a href="http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html">http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html</a> (2007 Budget, Volumes 1-3).</p> <p><u>Comment:</u> The only references are with respect to planned Equity Investment or revenue from sale of assets, (e.g. acquiring equity in the Gas project, but not existing assets, except in terms of dividends received under Revenue)</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	d

<p>41. Does the executive’s budget or any supporting budget documentation present information for at least the budget year on expenditure arrears?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive information on expenditure arrears is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, information is presented, highlighting key expenditure arrears, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information on expenditure arrears is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to <a href="http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html">http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html</a> (Economic Development Policies, Volume 1 and Recurrent Estimates of Revenue and Expenditure, Volume 2).</p> <p><u>Comment:</u> Only with respect to debt and "one-off obligations" as referred to in Volume 1, Ch 2, and the backlog of restoration and maintenance required of public assets, being partly and temporarily addressed through the Supplementary Budgets administered through the Trust Funds.</p> <p><b><u>Peer Reviewer One Comment:</u></b> Add a few elements in the comment to: “Only with respect to "one-off obligations" (dominated by claims against the State) as referred to in Volume 1, Ch 2, and the backlog of restoration and maintenance required of public assets, being partly and temporarily addressed through the Supplementary Budgets administered through the Trust Funds. Note that while these maintenance funds remain largely unspent, the full appropriations have been released by Government, though proceeding only as far as the Trust Funds.”</p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>C</p>
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<p>42. Does the executive’s budget or any supporting budget documentation present information on contingent liabilities (such as government loan guarantees)?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive information on contingent liabilities is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, information is presented, highlighting key contingent liabilities, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information on contingent liabilities is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to <a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_documents/2007.vol1.ch8.pdf">www.treasury.gov.pg/html/national_budget/files/2007/budget_documents/2007.vol1.ch8.pdf</a> (2007 Budget, Volume 1 Ch 8, Medium Term Debt Strategy).</p> <p><u>Comment:</u> (Merely mentions that longer term strategies are to include a whole of Government risk-management framework and asset-liability management framework. Otherwise reference is only in terms of debt and debt reduction, including reference to repayment of superannuation funds - noting specific contingency liabilities, including the significant loan guarantees built up in the past, particularly pre-2000, and purportedly recorded by the Treasury)</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>d</p>
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<p>43. Does the executive’s budget or any supporting budget documentation present information on future liabilities, such as civil service pensions?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive information on future liabilities is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, information is presented, highlighting key future liabilities, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information on future liabilities is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to <a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol1.html">www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol1.html</a> (2007 Budget, Volume 1)</p> <p><u>Comment:</u> Consideration only relates to management of existing debts to the superannuation funds, not consideration of future obligations, except normal budgeted allocation for forthcoming years</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>c</p>
<p>44. Does the executive’s budget or any supporting budget documentation provide details on the sources of donor assistance, both financial and in-kind?</p> <ul style="list-style-type: none"> <li>a. All sources of donor assistance are identified individually.</li> <li>b. At least two-thirds of, but not all, sources of donor assistance, are identified individually.</li> <li>c. Less than two-thirds of sources of donor assistance are identified individually.</li> <li>d. No sources of donor assistance are identified individually.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to Economic Development Policies, Volume 1, Recurrent Estimates of Revenue &amp; Expenditure, Volume 2 and Public Investment Program, Volume 3.</p> <p><u>Comment:</u> In the past much donor assistance was ex-Budget, nowadays the amounts are at least reflected in the Budget even if some of the funding by some donors is still managed outside the normal Budget process.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>a</p>

<p>45. Does the executive’s budget or any supporting budget documentation present information for at least the budget year on tax expenditures?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive information on tax expenditures is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, information is presented, highlighting key tax expenditures, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information on tax expenditures is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to <a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol1.html">www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol1.html</a> (2007 Budget, Volume 1).</p> <p><u>Comment:</u> Tax credits or expenditures are covered in the National Budget in broad categories but with little explanation.</p> <p><b><u>Peer Reviewer One Comment:</u></b> A more appropriate response to this question would be “c.” Only new tax expenditures are reported, though with little comment on how they affect revenues. Previously existing tax expenditures are not documented.</p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>c</p>
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<p>46. Does the executive’s budget or any supporting budget documentation identify all earmarked revenues?</p> <ul style="list-style-type: none"> <li>a. All earmarked revenues are identified individually.</li> <li>b. At least two-thirds of, but not all, earmarked revenues are identified individually.</li> <li>c. Less than two-thirds of earmarked revenues are identified individually.</li> <li>d. No earmarked revenues are identified individually.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> 2007 Budget, Volume 1</p> <p><u>Comment:</u> Almost all revenue is payable and recorded under consolidated revenue, except some receipts by Statutory bodies, such as fisheries licenses fees payable deemed income to the Fisheries Authority (NFA), as if it were a commercial entity. The subsequent payment of dividends by the NFA to the State, comprising fees minus NFA costs only, are then recorded as revenue. Tax credits (for infrastructure) royalties, mining levies and GST payable in part or whole to provinces and resources owners are shown in the Budget documents (including under inter-provincial transfers).</p> <p><b><u>Peer Reviewer One Comment:</u></b> Add at the end, “The value of tax credits are only aggregated, rather than being itemized. Furthermore, the aggregated data is recognized as being highly inaccurate.”</p> <p><b><u>Peer Reviewer Two Comment:</u></b></p> <p><b><u>Researcher’s Response:</u></b> Almost all revenue is payable and recorded under consolidated revenue, except receipts by statutory bodies, tax credits, mining levies, royalties where they are transferred to the provinces and resource owners. This has been the case for presentations of the annual budgets. There was no major improvement made to the way the information was presented since 2006.</p>	<p>d</p>
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<p>47. What percentage of expenditure in the budget year is dedicated to spending on secret items relating to, for instance, national security and military intelligence?</p> <ul style="list-style-type: none"><li>a. One percent or less of expenditure is dedicated to secret items.</li><li>b. Three percent or less, but more than one percent, of expenditure is dedicated to secret items.</li><li>c. Eight percent or less, but more than three percent, of expenditure is dedicated to secret items.</li><li>d. More than eight percent of expenditure is dedicated to secret items, or the percentage is not available to the public.</li><li>e. Not applicable/other (please comment).</li></ul> <p><u>Citation:</u></p> <p><u>Comment:</u> In the past the Defense Force has spent well in excess of appropriated amounts, necessitating revised subsequent allocations and other remedial measures. This is now supposedly under control</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>a</p>
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<b>The Budget Narrative &amp; Performance Monitoring</b>	
<p>48. Does the executive’s budget or any supporting budget documentation explain how the proposed budget is linked to government’s stated policy goals, by administrative unit (or functional category), for the budget year?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive information on the link between the budget and the government’s stated policy goals, by administrative unit (or functional category) is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, information is presented, highlighting the link between major policy goals and the budget, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information on the link between the budget and the government’s stated policy goals is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to Economic and Development Policies, Volume 1 (Development Strategy, Sectoral Policies, etc).</p> <p><u>Comment:</u> Income and expenditure and associated measures are specified in relation to the Medium Term Development, Fiscal and Development Management Strategies, past performance and current economic conditions.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p><b>b</b></p>

<p>49. Does the executive’s budget or any supporting budget documentation explain how the proposed budget is linked to government’s stated policy goals for a multi-year period (for at least two years beyond the budget year)?</p> <p>a. Yes, extensive information on the link between the budget and the government’s stated policy goals over a multi-year period is presented, including both a narrative discussion and quantitative estimates.</p> <p>b. Yes, information is presented, highlighting the major policy goals, but some details are excluded.</p> <p>c. Yes, some information is presented, but it lacks important details.</p> <p>d. No, information on the link between the budget and the government’s stated policy goals over a multi-year period is not presented.</p> <p>e. Not applicable/other (please comment).</p> <p><u>Citation:</u> Refer to Economic and Development Policies, Volume 1, Recurrent estimates of revenue and expenditure, Volume 2 and Public Investment Program, Volume 3.</p> <p><u>Comment:</u> This provides some details of the linkages with the Medium Term Development, Fiscal and Debt Management Strategies. the latter two are being annually updated, the 2005-2010 MTDS is currently being reviewed and revised for a further five year term. In particular, although the expenditure priorities as per the MTDS are discussed, and allocations for 2007 are shown, these allocations are not projected forward over the medium term. In fact, volume one only contains information on expenditure against the MTDS expenditure priorities for the current year.</p> <p><b><u>Peer Reviewer One Comment:</u></b> I disagree with last sentence from the Comment – this point is unsubstantiated. Government reports on level of MTDS-alignment in both Development expenditure and total expenditure against a medium term goal. Budget tracks success in Government’s longer term aim to remove dependency on foreign aid, by indicating the ratio of Government to donor expenditure, across each of its expenditure priority areas.”</p> <p><b><u>Peer Reviewer Two Comment:</u></b> A more appropriate response to this question would be “c.” While the budget is indeed linked to key policies, in particular the MTDS, through volume 1, this lacks important detail. The multi year tables included at the back of volume one do not break down expenditure by MTDS priority area.</p> <p>Moreover, although there is a financing section included in the MTDS document itself, this does not match the budget documents.</p> <p><b><u>IBP Comment:</u></b> IBP editors chose answer "b" to maintain consistency with the criteria used for selecting answers across countries.</p>	<p>b</p>
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<p>50. Does the executive’s budget or any supporting budget documentation present non-financial data, such as the number of beneficiaries, for expenditure programs?</p> <ul style="list-style-type: none"> <li>a. Non-financial data are presented for all programs.</li> <li>b. Non-financial data are presented for programs representing at least two-thirds of, but not all, expenditures.</li> <li>c. Non-financial data are presented for programs representing less than two-thirds of expenditure.</li> <li>d. No non-financial data are presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u>  <a href="http://www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol3.html">www.treasury.gov.pg/html/national_budget/files/2007/budget_html/national_budget_2007_vol3.html</a> (2007 Budget, Volume 3, Public Investment Program).</p> <p><u>Comment:</u>  Not quantified information is presented for all in administrative or economic classifications, including only vague or rhetorical references to the beneficiaries. This cannot be defined as objective data or milestones.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b> A more appropriate response to this question would be “d.” While each program does include information on the ‘objective’ this is purely a high level description. It should not be defined as ‘non-financial data.’ As noted above, there is no information provided on the outcomes and outputs of each program – this is where we might expect to see data on the impact of expenditures (for example increasing the primary school enrolment rate from X to Y over a given period). No such information is provided by program – although some contextual information is provided in chapter 5 of volume 1 – Development Strategy.</p>	<p>d</p>
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<p>51. Are the non-financial data presented useful for assessing how an expenditure program is performing?</p> <ul style="list-style-type: none"> <li>a. The non-financial data are very useful for assessing program performance.</li> <li>b. The non-financial data are mostly useful for assessing program performance.</li> <li>c. The non-financial data are somewhat useful for assessing program performance.</li> <li>d. No non-financial data are provided or they are not useful for assessing program performance.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> 2007 Budget, Volume 3, Public Investment Program.</p> <p><u>Comment:</u> Non financial data that are available provide general but not specific information which is not of sufficient high quality to be used for assessing performance.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b> Agree – therefore the answer to question 50 ought to be changed, as per my comments.</p>	<p>d</p>
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<p>52. Does the executive’s budget or any supporting budget documentation contain performance indicators for expenditure programs?</p> <ul style="list-style-type: none"> <li>a. Performance indicators are presented for all programs.</li> <li>b. Performance indicators are presented for programs representing at least two-thirds of, but not all, expenditures.</li> <li>c. Performance indicators are presented for programs representing less than two-thirds of expenditures.</li> <li>d. No performance indicators are presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to Recurrent estimates of Expenditure (Volume 2) and Public Investment Program (Volume 3).</p> <p><u>Comment:</u> Program descriptions and expenditure estimates are given which are not enough to measure performance. While several sector agencies and their programs have their own performance indicators and targets, which are submitted but not rigorously included in the 2007 national budget.</p> <p><b><u>Peer Reviewer One Comment:</u></b> A more appropriate response to this question would be “d.”</p> <p>Up to the 2007 Budget, none of the performance indicators belonging to sector agencies or their programs have been provided in the budget.</p> <p><b><u>Peer Reviewer Two Comment:</u></b> A more appropriate response to this question would be “d.” In order to answer this question with an “a” at least some outcome or output information should be provided at the program level. It is not. The fact that it may be included in sectoral plans is not enough – anyway, since these plans should (in theory) be consistent with the programs included in the budget, there is no excuse for not including this information in the budget documents themselves.</p>	<p>d</p>
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<p>53. Are the performance indicators sufficiently well designed, such that one can assess whether there has been progress toward meeting policy goals?</p> <ul style="list-style-type: none"> <li>a. All performance indicators are well designed.</li> <li>b. Most performance indicators are well designed.</li> <li>c. Some performance indicators are well designed, but most are not.</li> <li>d. No programs have performance indicators, or they are not well designed.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer Recurrent Estimates of Revenue &amp; Expenditure (Volume 2) and Public Investment Program (Volume 3).</p> <p><u>Comment:</u> Though, reasonable performance indicators have been developed and implemented for programs in some sectors, the budget documents presented do not reflect this. The information that is available is general in nature and inadequate to measure performance.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	d
<p>54. Are performance indicators used in conjunction with performance targets presented in the executive's budget or any supporting budget documentation?</p> <ul style="list-style-type: none"> <li>a. All performance indicators are used in conjunction with performance targets.</li> <li>b. Most performance indicators are used in conjunction with performance targets.</li> <li>c. Some performance indicators are used in conjunction with performance targets, but most are not.</li> <li>d. No performance indicators are used in conjunction with performance targets.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u> "d" is chosen in this situation where specific sectoral performance indicators are not available with the budget documents. Sectoral or respective agencies design performance indicators according to the expenditure priorities of government (such as the Medium Term Development Strategy, or individual sector strategies).</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	d

<p>55. Does the executive’s budget or any supporting budget documentation present information on policies (both proposals and existing commitments) in at least the budget year that are intended to benefit directly the country’s most impoverished populations?</p> <p>a. Yes, extensive information on policies intended to alleviate poverty is presented, including both a narrative discussion and quantitative estimates.</p> <p>b. Yes, information is presented, highlighting the impact of key policies intended to alleviate poverty, but some details are excluded.</p> <p>c. Yes, some information is presented, but it lacks important details.</p> <p>d. No, information on policies intended to alleviate poverty is not presented.</p> <p>e. Not applicable/other (please comment).</p> <p><u>Citation:</u> Refer to Economic and Development Policies (Volume 1), Recurrent Estimates of Revenue and Expenditure (Volume 2) and Public Investment Program (Volume 3).</p> <p><u>Comment:</u> At least 2 of the MTDS priorities are focused on aspects of poverty alleviation, and some effort is made to aligning the development budget to these priorities [and recommendations from the National Economic and Fiscal Commission (NEFC - www.nefc.com.pg) - an independent Constitutional Office, established to facilitate equity in provincial allocations]. Chapter 4 of Volume 1 of the 2007 Budget seeks to explain the allocation process and planned revised provincial allocations (based upon NEFC recommendations).</p> <p><b>Peer Reviewer One Comment:</b> To align the development budget to these priorities” to “report on the volume and focus of expenditure – both recurrent and development - against these two areas.</p> <p><b>Peer Reviewer Two Comment:</b> A more appropriate response to this question would be “b.” Chapter 6 of volume one of the budget documents does spell out the government’s sectoral policies in some detail – many of which are pro poor. This frequently includes discussion of quantitative estimates such as the level of HIV/AIDS infection for instance, or the date by which the government wishes to achieve universal primary education. Given that performance information is missing, it is argued that a B rather than A score is most appropriate. A “c” score is a little too prudent, since there is quite a lot of detail included in chapter 6.</p>	b
<b>Additional Key Information for Budget Analysis &amp; Monitoring</b>	
<p><i>Please note that the questions in this section ask about information that is generally available to the public. The information need not be included in the executive’s budget proposal or supporting documents, but may be found in other documents issued by the executive.</i></p>	

<p>56. Does the executive make available to the public a description of the tax rate or fee schedule for all revenue sources, including commercial projects involving the private sector?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive information on tax rates, fees, royalties and other revenues sources is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, information is presented, highlighting the rates and fees for major revenue sources, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> 2007 Budget, Volumes 1 and Budget Speech and in the National Gazette. Further tax information is available on the Internal Revenue Commission's website: <a href="http://www.irc.gov.pg/tax_information.htm">www.irc.gov.pg/tax_information.htm</a></p> <p><u>Comment:</u> All information to do with standard prevailing tax rates and changes, or fee schedules etc is made available to the public, though not as readily accessible to ordinary citizens (usually without access to computers) as it should be. Details of rates applicable to respective projects which have secured exclusive arrangements are not readily available, or only available in the National Gazette, which is circulated only in printed form and only to subscribers. Volume 1 and 3 of the Budget provide details of ongoing tax changes. (Private accounting firms and the Chambers of Commerce often make the information more widely available, both FOC and at a cost for more detailed material).</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
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<p>57. Does the executive make available to the public an analysis of the distribution of the tax burden?</p> <ol style="list-style-type: none"> <li>a. Yes, a detailed analysis of the distribution of the tax burden is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, an analysis is presented, highlighting key aspects of the distribution, but some details are excluded.</li> <li>c. Yes, some analysis is presented, but it lacks important details.</li> <li>d. No analysis on the distribution of the tax burden is presented.</li> <li>e. Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> 2007 Budget, Volume 1.</p> <p><u>Comment:</u> The Government (including the Internal Revenue Commission) does not provide such information in a rigorous manner. Some explanation is provided in the Budget documents on the impact of changes to taxes and tax rates.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	d
<p>58. Does the executive make available to the public an explanation of the conditions associated with assistance from international financial institutions (IFI)?</p> <ol style="list-style-type: none"> <li>a. Yes, extensive information on conditions associated with IFI assistance is presented, including a narrative discussion and any quantitative targets related to both macro-economic conditionality and project-specific conditionality.</li> <li>b. Yes, information is presented, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information on conditions associated with IFI assistance is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> Annual Budgets, Volumes 1 and 3.</p> <p><u>Comment:</u> They are not presented in the annual budget, except some detail on the composition of specific program funding and overall debt aspects from donor-funded projects. Some details are provided in press statements following decisions by the Executive, but these are not comprehensive. More specific details (e.g. loan agreements) are available from some of the IFIs on their own websites, or in some public consultations (e.g. through CIMC forums and sector committees) on proposed programs.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	d

<p>59. Does the executive make available to the public an explanation of the conditions associated with assistance from donor countries?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive information on conditions associated with donor country assistance is presented, including a narrative discussion and any quantitative targets related to both macro-economic conditionality and project-specific conditionality.</li> <li>b. Yes, information is presented, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information on conditions associated with donor country assistance is not presented.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Annual Budgets, Volumes 1 and 3.</p> <p><u>Comment:</u> Though, this type of information is not presented in the annual budget, they are presented to the public in summary press statements following Executive Decisions (of Cabinet), at public conferences and consultations, such as the CIMC annual regional and national development forums.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>c</p>
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<p>60. Does the executive make available to the public a summary that describes the budget and its proposals?</p> <ul style="list-style-type: none"> <li>a. Yes, it provides a summary that is very informative.</li> <li>b. Yes, it provides a summary that is somewhat informative.</li> <li>c. Yes, but the summary is not very informative.</li> <li>d. No, it does not provide a summary.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Annual Budget Speech (www.treasury.gov.pg/html/national_budget/files/2007/budget_speeches/2007.Budget.Speech.pdf) and summary provided to the press.</p> <p><u>Comment:</u> The press widely uses the speech and the PowerPoint summary, provided at the Budget 'lock-up' to disseminate information on the Budget. During the year they also use the CIMC Forums and other venues to explain the composition and progress with budget implementation. Some components are reported upon more rigorously than others.</p> <p><b><u>Peer Reviewer One Comment:</u></b> Add “and associated press releases” after ‘lock-up’.”</p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
<p>61. Does the executive publish a “citizens budget” or some non-technical presentation intended for a wide audience that describes the budget and its proposals?</p> <ul style="list-style-type: none"> <li>a. Yes, it publishes a citizens budget that is very informative.</li> <li>b. Yes, it publishes a citizens budget that is somewhat informative.</li> <li>c. Yes, but the citizens budget is not very informative.</li> <li>d. No, it does not publish a citizens budget.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u> The PowerPoint presentation to the press at the Budget Lockup, and subsequent material presented to the CIMC regional and National forums (public consultations, which include key financial Departments - including Treasury, Finance, Planning and Rural Development) are the nearest there is to a "Citizen's Budget.”</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	d

<p>62. Does the executive make available to the public non-technical definitions of terms used in the budget and other budget-related documents (for instance, in a glossary)?</p> <ol style="list-style-type: none"> <li>Yes, thorough definitions of budget terms are provided.</li> <li>Yes, definitions are provided, but some details are excluded.</li> <li>Yes, some definitions are provided, but it lacks important details.</li> <li>No, definitions are not provided.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u></p> <p><u>Comment:</u></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	d
<p>63. Do citizens have the right <i>in law</i> to access government information, including budget information?</p> <ol style="list-style-type: none"> <li>Yes, the right has been codified into law, and citizens are generally able in practice to obtain government information, including budget information.</li> <li>Yes, the right has been codified into law, but it is sometimes not possible for citizens in practice to obtain government information, including budget information.</li> <li>Yes, the right has been codified into law, but it is frequently or always impossible in practice to obtain access to government information, including budget information.</li> <li>No, the right to access government information has not been codified into law, or this right does not include access to budget information.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> Refer to <a href="http://www.treasury.gov.pg/html/legislation/files/acts/PNGFRA_No[1].9-2006.pdf">www.treasury.gov.pg/html/legislation/files/acts/PNGFRA_No[1].9-2006.pdf</a> (Fiscal Responsibility Act 2006) and <a href="http://www.bankpng.gov.pg/bankfiles/finsuper/legislation/centralbankingact.pdf">www.bankpng.gov.pg/bankfiles/finsuper/legislation/centralbankingact.pdf</a> [and Central Banking Act 2000].</p> <p><u>Comment:</u> The Fiscal Responsibility Act [and the Central Banking Act] imposes obligations on the Treasury [and the Central Bank] to provide public information in an accessible form on planned Budget Strategies and their outcome and mid-term reviews, [as well as Monetary policy papers from the Bank of PNG]. PNG does not have an access to information law. It does have media freedom legislation (as required under the Constitution), but the material about budgets, particularly affecting provincial and local level government are generally unavailable at the local level.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	b

<p>64. Are citizens able in practice to obtain financial information on expenditures for individual programs in a format that is more highly disaggregated than that which appears in the executive's budget proposal if they request it (for example, from a ministry or agency)?</p> <ul style="list-style-type: none"> <li>a. In practice, highly disaggregated information is available to the public for all programs except those considered related to national security or military intelligence.</li> <li>b. In practice, highly disaggregated information is available to the public for programs representing at least two-thirds of, but not all, expenditures.</li> <li>c. In practice, highly disaggregated information is available to the public for programs representing less than two-thirds of expenditures.</li> <li>d. In practice, no highly disaggregated expenditure information is available.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u> If they are available in their respective ministries, agencies, provinces or districts, they are not generally available to the public, even if requested.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>d</p>
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<p>65. Are citizens able in practice to obtain non-financial information related to expenditures (for example, number of beneficiaries, number of persons employed by the program, etc.) for individual programs in a format that is more highly disaggregated than that which appears in the executive’s budget proposal if they request it from a ministry or agency?</p> <ul style="list-style-type: none"> <li>a. In practice, highly disaggregated non-financial information is available to the public for all programs except those considered related to national security or military intelligence.</li> <li>b. In practice, highly disaggregated non-financial information is available to the public for programs representing at least two-thirds of, but not all, expenditures.</li> <li>c. In practice, highly disaggregated non-financial information is available to the public for programs representing less than two-thirds of expenditures.</li> <li>d. In practice, no highly disaggregated non-financial expenditure information is available.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u> This is generally unavailable, with the specific Executive's Budget volumes being the main source of (reasonably) accurate information.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>d</p>
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## **Section Three: The Budget Process**

<p><b>The Budget Process</b></p>	
<p><b>Executive's Formulation of the Budget</b></p>	
<p>66. How far in advance of the release of the budget is the day of its release known?</p> <ol style="list-style-type: none"> <li>a. The release date is set in permanent law.</li> <li>b. The executive announces the release date at least two months in advance.</li> <li>c. The executive announces the release date less than two months but more than two weeks in advance.</li> <li>d. The executive announces the release date two weeks or less before the release, or makes no announcement.</li> <li>e. Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u>  <a href="http://www.treasury.gov.pg/html/national_budget/national_budget_circulars.html">http://www.treasury.gov.pg/html/national_budget/national_budget_circulars.html</a>  (Refer to budget Circular 1 - 2007 Attachment - budget timetable).</p> <p><u>Comment:</u>  At least a tentative date is planned well in advance, but not in a permanent law as per the above Budget Circular Attachment shown, and generally made available to the press, Departments and institutions, including accounting firms etc. However the tentative date is often altered, with considerations related to political factors, or practicalities, e.g. regular power breakdowns etc. causing date changes.</p> <p><b><u>Researcher's Response to this Question was "a."</u></b></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b> A more appropriate response to this question would be "b." The Public Finance Act does not include a provision stating the required release date of the budget. The date that the budget is to be tabled in Parliament is included in the budget timetable, which is sent out with the budget circular (which is publicly available on the Internet). This is more than two months in advance of the budget being tabled in Parliament - for instance, the circular concerning the preparation details of the 2008 budget was sent in February 2007.</p> <p><b><u>Researcher Response:</u></b> I chose my answer as 'b' in order to maintain consistency with comments provided initially as well as agreeing with PR2's comments.</p>	<p>b</p>



<p>67. Does the executive release to the public its timetable for preparation of the executive's budget proposal (that is, a document setting deadlines for submissions from other government entities, such as line ministries or subnational government, to the ministry of finance or what ever central government agency is in charge of coordinating the budget's formulation)?</p> <p>a. Yes, a detailed timetable is released to the public.  b. Yes, a timetable is released, but some details are excluded.  c. Yes, a timetable is released, but it lacks important details.  d. No, a timetable is not issued to the public.  e. Not applicable/other (please comment).</p> <p><u>Citation:</u>  <a href="http://www.treasury.gov.pg/html/national_budget/national_budget_circulars.html">http://www.treasury.gov.pg/html/national_budget/national_budget_circulars.html</a>  Refer to Budget Circular No. 1, Budget Timetable (Attachment).</p> <p><u>Comment:</u>  Again it doesn't always happen on schedule, as the Budget presentation date itself is sometimes changed</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
<p>68. Does the executive adhere to its timetable for the preparation and release of the budget?</p> <p>a. The executive adheres to the dates in its timetable.  b. The executive adheres to most of the key dates in its timetable.  c. The executive has difficulty adhering to most of the dates in its timetable.  d. The executive does not adhere to the dates in its timetable, or it does not release to the public its timetable.  e. Not applicable/other (please comment).</p> <p><u>Citation:</u>  <a href="http://www.treasury.gov.pg/html/national_budget/national_budget_circulars.html">http://www.treasury.gov.pg/html/national_budget/national_budget_circulars.html</a>  Refer to budget circulars 1, Budget Timetable (Attachment).</p> <p><u>Comment:</u></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	b

<p>69. Does the executive hold consultations with members of the legislature as part of its process of determining budget priorities?</p> <ul style="list-style-type: none"> <li>a. Yes, the executive holds extensive consultations with a wide range of legislators.</li> <li>b. Yes, the executive holds consultations with a range of legislators, but some key members are excluded.</li> <li>c. Yes, the executive holds very limited consultations, involving only a few members of the legislature.</li> <li>d. No, the executive does not typically consult with members of the legislature as part of the budget preparation process.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>d</p>
<p>70. Does the executive hold consultations with the public as part of its process of determining budget priorities?</p> <ul style="list-style-type: none"> <li>a. Yes, the executive holds extensive consultations with a wide range of constituencies.</li> <li>b. Yes, the executive holds consultations with a range of constituencies, but some key constituencies are excluded.</li> <li>c. Yes, the executive holds very limited consultations, involving only a few constituencies.</li> <li>d. No, the executive does not typically consult with the public as part of the budget preparation process.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u> The executive seeks public submissions through the media and also website on the budget of the next year. The executive also capitalizes on other avenues like the annual CIMC Regional and National Development Forums and other consultative conferences (e.g. with the provinces) to seek views from the public on priorities and content of the Budget, including feedback on performance of the ongoing Budget.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>b</p>

<p>71. When does the executive release a pre-budget statement to the public?</p> <ol style="list-style-type: none"> <li>a. The executive releases a pre-budget statement at least four months in advance of the start of the budget year.</li> <li>b. The executive releases a pre-budget statement at least two months (but less than four months) in advance of the start of the budget year.</li> <li>c. The executive releases a pre-budget statement, but it is released less than two months before the start of the budget year.</li> <li>d. The executive does not release a pre-budget statement.</li> <li>e. Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u>  <a href="http://www.treasury.gov.pg/html/legislation/acts.html">http://www.treasury.gov.pg/html/legislation/acts.html</a> or  <a href="http://www.treasury.gov.pg/html/legislation/files/acts/PNGFRA_No[1].9-2006.pdf">www.treasury.gov.pg/html/legislation/files/acts/PNGFRA_No[1].9-2006.pdf</a> (Fiscal Responsibility Act 2006, certified on 4 Sept 2006).  <a href="http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html">http://www.treasury.gov.pg/html/national_budget/national_budget_2007.html</a> or  <a href="http://www.treasury.gov.pg/html/publications/files/pub_files/2007/bsp.2008.pdf">www.treasury.gov.pg/html/publications/files/pub_files/2007/bsp.2008.pdf</a> (2008 Budget Strategy Paper released on 25/05/07) and  <a href="http://www.treasury.gov.pg/html/national_budget/national_budget_circulars.html">www.treasury.gov.pg/html/national_budget/national_budget_circulars.html</a> (Budget Circulars 1-4 and budget timetable attachment).</p> <p><u>Comment:</u>  This statement must be released at least 3 months prior to the presentation of the Budget (normally in late November each year), with the start of the Fiscal year in PNG being 1<sup>st</sup> January.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>a</p>
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<p>72. Does the pre-budget statement describe the government’s macroeconomic and fiscal framework?</p> <ul style="list-style-type: none"> <li>a. Yes, an extensive explanation of the government’s fiscal and macroeconomic policy is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, an explanation is presented, highlighting key aspects of the fiscal and macroeconomic framework, but some details are excluded.</li> <li>c. Yes, some explanation is presented, but it lacks important details.</li> <li>d. No, an explanation is not presented, or the executive does not release to the public a pre-budget statement.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u>  <a href="http://www.treasury.gov.pg/html/publications/files/pub_files/2007/bsp.2008.pdf">www.treasury.gov.pg/html/publications/files/pub_files/2007/bsp.2008.pdf</a>  (2008 Budget Strategy Paper released on 25/05/07</p> <p>Fiscal Responsibility Act 2006</p> <p><u>Comment:</u>  The Act specifies the requirements for the pre-budget statement, or Budget Strategy Paper, including risks entailed etc. Extensive presentations were made on macroeconomic and fiscal policies and framework through the annual regional and national development forums conducted by the Consultative Implementation and Monitoring Council to the public.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>a</p>
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<p>73. Does the pre-budget statement describe the government’s policies and priorities that will guide the development of detailed estimates for the upcoming budget?</p> <ul style="list-style-type: none"> <li>a. Yes, an extensive explanation of the government’s budget policies and priorities is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, an explanation is presented, highlighting key aspects of the government’s budget policies and priorities, but some details are excluded.</li> <li>c. Yes, some explanation is presented, but it lacks important details.</li> <li>d. No, an explanation is not presented, or the executive does not release to the public a pre-budget statement.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u>  <a href="http://www.treasury.gov.pg/html/publications/files/pub_files/2007/bsp.2008.pdf">www.treasury.gov.pg/html/publications/files/pub_files/2007/bsp.2008.pdf</a> (2008 Budget Strategy Paper released on 25/05/07).</p> <p>Fiscal Responsibility Act 2006</p> <p><u>Comment:</u>  Through the presentations at the Regional and National Development Forums hosted by the CIMC.</p> <p><b><u>Peer Reviewer One Comment:</u></b> Change Comment to “Key issues in the Budget Strategy Paper are also included in the presentations at the Regional and National Development Forums hosted by the CIMC.”</p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>a</p>
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<b>Legislative Approval of the Budget</b>	
<p>74. How far in advance of the start of the budget year does the legislature receive the budget?</p> <ol style="list-style-type: none"> <li>a. The legislature receives the budget at least three months before the start of the budget year.</li> <li>b. The legislature receives the budget at least six weeks, but less than three months, before the start of the budget year.</li> <li>c. The legislature receives the budget less than six weeks before the start of the budget year.</li> <li>d. The legislature does not receive the budget before the start of the budget year.</li> <li>e. Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u></p> <p><u>Comment:</u> The budget is annually presented to Parliament by the executive mid-November about 6 weeks before the end of the budgetary year. In some years it ends up slightly later, around 20/21 November.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>C</p>

<p>75. Does a legislative committee (or committees) hold public hearings on the macroeconomic and fiscal framework presented in the budget in which testimony from the executive branch and the public is heard?</p> <ul style="list-style-type: none"> <li>a. Yes, public hearings are held on the macroeconomic and fiscal framework in which testimony is heard from the executive branch and a wide range of constituencies.</li> <li>b. Yes, hearings are held in which testimony is heard from the executive branch and some constituencies.</li> <li>c. Yes, hearings are held in which testimony from the executive branch is heard, but no testimony from the public is heard.</li> <li>d. No, public hearings are not held on the macroeconomic and fiscal framework in which testimony from the executive branch and the public is heard.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u>  The Opposition is given two weeks to present official comments on the proposed budget before it is voted upon by the legislature and enacted. The public is not given the opportunity to comment formally, but comments from the press and public (including local research institutes and accounting firms) are widely provided after the tabling of the Executive's Budget Proposal. The Budget is normally approved in its totality, without any amendments (and often with little chance of debate). No legislative committee hearings are conducted, though, various executive committee hearings are conducted.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>d</p>
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<p>76. Do legislative committees hold public hearings on the individual budgets of central government administrative units (that is, ministries, departments, and agencies) in which testimony from the executive branch is heard?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive public hearings are held on the budgets of administrative units in which testimony from the executive branch is heard.</li> <li>b. Yes, hearings are held, covering key administrative units, in which testimony from the executive branch is heard.</li> <li>c. Yes, a limited number of hearings are held in which testimony from the executive branch is heard.</li> <li>d. No, public hearings are not held on the budgets of administrative units in which testimony from the executive branch is heard.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u> Legislative committees are not given the opportunity to hold hearings with the executive or comment on the proposed budget, in public or closed sessions</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	d
<p>77. Does a legislative committee (or committees) hold public hearings on the individual budgets of central government administrative units (that is, ministries, departments, and agencies) in which testimony from the public is heard?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive public hearings are held on the budgets of administrative units in which testimony from the public is heard.</li> <li>b. Yes, hearings are held, covering key administrative units, in which testimony from the public is heard.</li> <li>c. Yes, a limited number of hearings are held in which testimony from the public is heard.</li> <li>d. No, public hearings are not held on the budgets of administrative units in which testimony from the public is heard.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u> [the Public Accounts Committee only undertakes hearings on past expenditure and performance.]</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	d



<p>78. Do the legislative committees that hold public hearings release reports to the public on these hearings?</p> <ul style="list-style-type: none"> <li>a. Yes, the committees release very informative reports, which include all written testimony presented at the hearings.</li> <li>b. Yes, the committees release reports, but some details are excluded.</li> <li>c. Yes, the committees release reports, but they are not very informative.</li> <li>d. No, the committees do not release reports or do not hold public hearings.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u> There are very few operational legislative committees, the recently revived Public Accounts Committee (PAC) being one of them. [The PAC's findings are made available publicly.]</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	d
<p>79. Is the legislature (or the appropriate legislative committee or members of the legislature) given full information for the budget year on the spending of all secret items relating to, for instance, national security and military intelligence?</p> <ul style="list-style-type: none"> <li>a. Yes, the appropriate legislative committee or members of the legislature is provided extensive information on all spending on secret items, which includes detailed, line item descriptions of all expenditures.</li> <li>b. No, the legislature is provided information on spending on secret items, but some details are excluded, or some categories are presented in an aggregated manner, or the legislature is provided no information on secret items.</li> <li>c. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to Recurrent Estimates of Revenue and Expenditure, Volume 2 and Public Investment Program, Volume 3.</p> <p><u>Comment:</u> There are no parts of the appropriation permitted to be kept confidential from the legislature, although in the past attempts have been made to (illegally) cover up certain defense transactions. Moreover, only <i>aggregate</i> information is available, and no discussions occur at the legislature level.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	b

<p>80. Does the legislature have authority <i>in law</i> to amend the budget presented by the executive?</p> <ul style="list-style-type: none"> <li>a. Yes, the legislature has unlimited authority <i>in law</i> to amend the budget.</li> <li>b. Yes, the legislature has authority <i>in law</i> to amend the budget, with some limitations.</li> <li>c. Yes, the legislature has authority <i>in law</i> to amend the budget, but its authority is very limited.</li> <li>d. No, the legislature does not have any authority <i>in law</i> to amend the budget.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u> There is <i>no law</i> that specifies for legislature to have authority to amend the budget. In practice, the budget is presented in totality by executive and is accordingly accepted, especially where the government has the numbers to pass the budget. This is when the budget is invariably pushed through without significant debates and without amendments. Modifications only really occur in executive committees prior to its presentation to Parliament.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	d
<p>81. What is the most detail provided in the appropriation (expenditure budget) approved by the legislature?</p> <ul style="list-style-type: none"> <li>a. The approved budget includes program-level detail.</li> <li>b. The approved budget includes departmental totals and some additional details (for instance, sub-department totals or major programs).</li> <li>c. The approved budget includes only departmental totals.</li> <li>d. The approved budget includes less information than departmental totals.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to Recurrent Estimates of Revenue and Expenditure, Volume 2 and Public Investment Program, Volume 3.</p> <p><u>Comment:</u></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a

<b>Executive's Implementation of the Budget</b>	
<p>82. How often does the executive release to the public in-year reports on actual expenditure (organized by administrative unit, economic classification and/or function)?</p> <ol style="list-style-type: none"> <li>In-year reports on actual expenditure are released at least every month.</li> <li>In-year reports on actual expenditure are released at least every quarter.</li> <li>In-year reports on actual expenditure are released at least semi-annually.</li> <li>In-year reports on actual expenditure are not released.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> Refer to the Fiscal Responsibility Act 2006, the monthly Fiscal Outturn Reports of 2007, mid-year Economic and Fiscal reports and Treasury Economic Monitor.</p> <p><u>Comment:</u> In addition to the Budget itself, there is a requirement for reporting in the Fiscal Outturn report in the first quarter after the fiscal year ends and in the mid-year report, 6 months after the commencement of the new fiscal year. The Treasury Economic Monitor is sporadic in its preparation. While a fiscal outturn report is produced each month, expenditure is only shown at the highest level – not by the same economic, functional and administrative classifications as are included in the budget appropriation documents. This makes comparison of actuals with the budget very difficult.</p> <p><b><u>Researcher's Response to this Question was "a."</u></b></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b> Moreover, if breakdown by economic, functional or administrative classification is a requirement of this question, then it should be rated "d."</p> <p><b><u>Researcher Response:</u></b> I think the answer should remain "a." I chose my answer to retain the initial rating because, the government at least attempts to produce the reports monthly on its spending, though I agree with comments from PR2, particularly on the details of actual expenditure data under classifications, that is not being provided.</p> <p><b><u>IBP Comment:</u></b> IBP editors chose answer, "a" to maintain consistency with the criteria used for selecting answers across countries.</p>	a

<p>83. What share of expenditure is covered by in-year reports on actual expenditure (organized by administrative unit, economic classification and/or function)?</p> <ul style="list-style-type: none"> <li>a. Yes, in-year reports cover all expenditures.</li> <li>b. Yes, in-year reports cover at least two-thirds, but not all, of expenditures.</li> <li>c. Yes, in-year reports cover less than two-thirds of expenditures.</li> <li>d. No in-year reports are released to the public.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to monthly Fiscal Outturn Reports of 2007 and Treasury Economic Monitor.</p> <p><u>Comment:</u> Aggregated totals are presented by administrative units and not detailing expenditure of programs. It should provide all expenditure, but the details of the Trust Funds under the Supplementary Budgets have not yet been forthcoming in mid-year reports.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>b</p>
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<p>84. What is the most detail provided in the in-year reports on actual expenditures organized by <i>administrative unit</i>?</p> <ul style="list-style-type: none"> <li>a. The in-year reports on actual expenditures organized by administrative unit contain program-level detail.</li> <li>b. The in-year reports on actual expenditures organized by administrative unit contain departmental totals and some additional details (for instance, sub-department totals or major programs).</li> <li>c. The in-year reports on actual expenditures organized by administrative unit contain only departmental totals.</li> <li>d. The in-year reports on actual expenditures organized by administrative unit are not released to the public, not produced, or contain less information than departmental totals.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to monthly Fiscal Outturn Reports of 2007 and Treasury Economic Monitor.</p> <p><u>Comment:</u> While the mid-year and quarterly reports provide departmental totals, that is development program totals, the fiscal monthly outturn reports only provide aggregate expenditure data. However, monthly expenditure reports are available (by activity and item) to all government agencies (automatically), but also to the public upon request (but with a justification required). The monthly reports only provide aggregated expenditure data.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b> A more appropriate response to this question would be “d.” As above, the expenditure data in the fiscal outturn reports are highly aggregated only – they are not split down by administrative unit.</p> <p><b><u>IBP Comment:</u></b> IBP editors chose answer "c" to maintain consistency with the criteria used for selecting answers across countries.</p>	<p>c</p>
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<p>85. Do the in-year reports released to the public compare actual year-to-date expenditure with either the original estimate for that period (based on the enacted budget) or the same period in the previous year?</p> <ul style="list-style-type: none"> <li>a. Yes, comparisons are made for all expenditures.</li> <li>b. Yes, comparisons are made for at least two-thirds, but not all, of expenditures.</li> <li>c. Yes, but comparisons are made for less than two-thirds of expenditures.</li> <li>d. No, comparisons are not made, or no in-year reports are released to the public.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to monthly Fiscal Outturn Reports of 2007( August 2007) and Treasury Economic Monitor (March 2007) [and also in the Quarterly Economic Bulletin released by the Central Bank of PNG (June 2007 Economic Bulletin)].</p> <p><u>Comment:</u> Comparisons are made for all expenditures with the original estimates of the budget year for that period. Significant changes may have been made on the basis of executive discretion, notably as a result of quarterly reviews. The Treasury Economic Monitor has been inconsistent in publication, [while the Central Bank reporting has been more reliable and often is used as de-facto macro-economic data, in view of weakness, particularly in the production of national accounts, but the National Statistical Office].</p> <p><b><u>Peer Reviewer One Comment:</u></b> Information in the Treasury Economic Monitor is of variable accuracy. Reporting of actual expenditure only indicates the release of monies from Treasury (for instance, a transfer to a Trust Account) not that money have actually been spent.”</p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>a</p>
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<p>86. How often does the executive release to the public in-year reports on actual revenue collections by source of revenue?</p> <ul style="list-style-type: none"> <li>a. In-year reports on actual revenue collections by source of revenue are released at least every month.</li> <li>b. In-year reports on actual revenue collections are released at least every quarter.</li> <li>c. In-year reports on actual revenue collections are released at least semi-annually.</li> <li>d. In-year reports on actual revenue collections by source of revenue are not released.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation and/or comment:</u> Despite poor quarterly reporting, the monthly fiscal outturn reports tend to be released on time and provide actual revenue collections by source. Refer to monthly Fiscal Outturn Reports of 2007 (August 2007, Table 1, Pg 6). , [although much of the fiscal information is provided quarterly by the Central Bank in its Quarterly Economic Bulletin (though the figures are not necessarily entirely consistent with Treasury's figures).</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
<p>87. What share of revenue is covered by the in-year reports on actual revenue collections?</p> <ul style="list-style-type: none"> <li>a. In-year reports cover the actual revenue collections of all sources of revenue.</li> <li>b. In-year reports cover the actual revenue collections of at least two-thirds of, but not all, sources of revenue.</li> <li>c. In-year reports cover actual revenue collections of less than two-thirds of revenue sources.</li> <li>d. In-year reports on actual revenue collections are not released to the public.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to monthly Fiscal Outturn Reports of 2007( August 2007) and Treasury Economic Monitor (March 2007) and [also the Quarterly Economic Bulletin released by the Central Bank of PNG]</p> <p><u>Comment:</u> Tax credits (infrastructure and providing community service in lieu of taxation) and grants (from donors), both considered a source of revenue, are not always recorded in the in-year reports.”</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	b

<p>88. Do the in-year reports released to the public compare actual year-to-date revenue collections with either the original estimate for that period (based on the enacted budget) or the same period in the previous year?</p> <ul style="list-style-type: none"> <li>a. Yes, comparisons are made for all revenue sources.</li> <li>b. Yes, comparisons are made for at least two-thirds of, but not all, revenue sources.</li> <li>c. Yes, but comparisons are made for less than two-thirds of revenue sources.</li> <li>d. No, comparisons are not made, or no in-year reports are released to the public.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u> Yes, in aggregate</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
<p>89. Does the executive release to the public in-year reports on actual borrowing?</p> <ul style="list-style-type: none"> <li>a. Yes, in-year reports on actual borrowing are released at least every month.</li> <li>b. Yes, in-year reports on actual borrowing are released at least every quarter.</li> <li>c. Yes, in-year reports on actual borrowing are released at least semi-annually.</li> <li>d. No, in-year reports on actual borrowing are not released.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to Monthly Fiscal Outturn Reports of 2007 (August 2007, Table 3, Pg 8).and Bank of PNG quarterly economic bulletin and mid-year Monetary Policy Statement</p> <p><u>Comment:</u> There may be a significant lag (e.g. 3 months) before the quarterly reports are issued by the Central Bank (which manages Government securities for the Treasury). The lag of data provision from the Treasury is greater, and the reporting has been sporadic. With the introduction of the Fiscal Responsibility Act some reporting from Treasury has received more attention in 2007.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	b



<p>90. Do in-year reports released to the public on actual borrowing present information related to the composition of government debt (such as interest rates on the debt, maturity profile of the debt, and currency denomination of the debt) for the budget year?</p> <ol style="list-style-type: none"> <li>Yes, extensive information related to the composition of government debt is presented.</li> <li>Yes, key additional information is presented, but some details are excluded.</li> <li>Yes, some additional information is presented, but it lacks important details.</li> <li>No, additional information related to the composition of government debt is not presented, or such in-year reports on borrowing are not released.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> Table 3 of monthly Fiscal Economic Outturn Report of August 2007 and Quarterly Economic bulletin of the Bank of PNG.</p> <p><u>Comment:</u> Table 3 of the monthly Fiscal Economic Outturn Report of August 2007 presents the total amount of borrowing, however it does not present important details like interest rates on the debt, maturity profile and so on. [The Central Bank's QEB provides details of quarterly changes in debt and sources, but not specific interest rates applied, though they can to some extent be deduced, e.g. from their reported interest rates on Government bonds]</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	c
<p>91. For in-year reports on actual expenditure released to the public by the executive, how much time typically elapses between the end of the reporting period and when the report is released (e.g., are quarterly reports released less than 4 weeks after the end of the quarter)?</p> <ol style="list-style-type: none"> <li>Reports are released 1 month or less after the end of the period.</li> <li>Reports are released 2 months or less (but more than 1 month) after the end of the period.</li> <li>Reports are released more than 2 months after the end of the period.</li> <li>In-year reports are not released.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u></p> <p><u>Comment:</u> Sometimes it is within two months from the end of the quarter, but generally reports in recent years have been three months or more.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	c

<p>92. Does the executive release to the public a mid-year review of the budget that discusses the changes in economic outlook since the budget was enacted?</p> <ul style="list-style-type: none"> <li>a. Yes, the mid-year review includes an extensive discussion of the economy that includes a revised forecast for the full fiscal year and its effects on the budget.</li> <li>b. Yes, the mid-year review includes a discussion of the economy, but it lacks some details.</li> <li>c. Yes, the mid-year review includes a discussion of the economy, but it lacks important details.</li> <li>d. No, the mid-year review does not include a discussion of the economy, or the executive does not release a mid-year review of the budget.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to 2007 Mid-year Economic and Fiscal Outlook Report.</p> <p><u>Comment:</u> Material is provided both from the Treasury and the (independent) Central Bank covering monetary and fiscal policy and performance, with some element of inevitable and appropriate overlap in their coverage.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>a</p>
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<p>93. Does the executive release to the public a mid-year review of the budget that includes updated expenditure estimates for the budget year underway?</p> <ol style="list-style-type: none"> <li>a. Yes, the mid-year review includes updated expenditure estimates for the full fiscal year, providing extensive information on why estimates have changed from the original enacted levels.</li> <li>b. Yes, the mid-year review includes updated estimates of expenditure, but some details on why estimates have changed are not provided.</li> <li>c. Yes, the mid-year review includes updated estimates of expenditure, but important details on why estimates have changed are not provided.</li> <li>d. No, the mid-year review does not include updated expenditure estimates for the budget year, or the executive does not release a mid-year review of the budget.</li> <li>e. Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> Refer to 2007 Mid-year Economic and Fiscal Outlook Report and Supplementary Budgets.</p> <p><u>Comment:</u> During recent years PNG has also experienced multiple supplementary budgets, sometimes mid-year, in response to substantially altered economic conditions (notably increased commodity prices) entailing substantial increases in revenue and necessitating legislative approval for additional expenditure.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
<p>94. What is the most detail provided in the mid-year review for expenditures?</p> <ol style="list-style-type: none"> <li>a. The mid-year review includes program-level detail for expenditures.</li> <li>b. The mid-year review includes departmental totals (or functional totals) and some additional details (for instance, sub-department totals or major programs).</li> <li>c. The mid-year review includes only departmental totals (or functional totals).</li> <li>d. The mid-year review includes less information than departmental totals (or functional totals) for expenditures, or the executive does not release a mid-year review of the budget.</li> <li>e. Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> Refer to Mid-year Economic and Fiscal Outlook.</p> <p><u>Comment:</u></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	b

<p>95. Does the executive release to the public a mid-year review of the budget that includes updated revenue estimates for the budget year underway?</p> <ul style="list-style-type: none"> <li>a. Yes, the mid-year review includes updated revenue estimates for the full fiscal year, providing extensive information on why estimates have changed from the original enacted levels.</li> <li>b. Yes, the mid-year review includes updated estimates of revenue, but some details on why estimates have changed are not provided.</li> <li>c. Yes, the mid-year review includes updated estimates of revenue, but important details on why estimates have changed are not provided.</li> <li>d. No, the mid-year review does not include updated revenue estimates for the budget year, or the executive does not release a mid-year review of the budget.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to Mid-year Economic and Fiscal Outlook.</p> <p><u>Comment:</u></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>a</p>
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<p>96. Does the executive seek input from the legislature when the executive shifts funds between administrative units (except when the amounts are below a certain <i>minimal</i> level specified in law or regulation)?</p> <ul style="list-style-type: none"> <li>a. Yes, the executive seeks approval from the legislature before shifting funds between administrative units.</li> <li>b. Yes, the executive gives prior notification to the legislature before shifting funds, giving the legislature an opportunity to block or modify the proposed adjustment.</li> <li>c. Yes, the executive seeks legislative approval, but only after the shift of funds has been implemented.</li> <li>d. No, the executive shifts funds between administrative units without seeking input from the legislature, or the amount allowed under the law or by regulation is significantly large enough to undermine public scrutiny and accountability (please describe arrangements below).</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u>  The executive does not seek input from the legislature to shift funds between administrative units (using the Secretary's advance for modest shifts, and Executive approval from Cabinet for larger shifts following quarterly budget reviews) if the amounts are within the total approved budget. However, the executive seeks endorsement from legislature (through Supplementary Budgets - as has occurred repeatedly during 2005-2007) where the amount is more than the approved budget ceiling and extra allocations needed, or made possible by major increases in revenue. Under the Fiscal Responsibility Act net new borrowing is restricted.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>d</p>
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<p>97. During the past year, have there been credible reported instances in which the procurement of goods and services has not followed an open and competitive process in practice?</p> <ul style="list-style-type: none"> <li>a. There were no credible reported instances of procurement failing to follow an open and competitive process in practice during the past year.</li> <li>b. The procurement of goods and services frequently followed an open and competitive process in practice, but there were some reported instances of irregularities.</li> <li>c. The procurement of goods and service followed an open and competitive process in many instances, but there were significant reported examples of irregularities.</li> <li>d. No, the procurement process was not open and competitive in practice.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Parliamentary Public Accounts Committee Report for 2006, MTDS Performance Management Framework – 2007 Pocketbook (draft)” (source of 47.3% figure).</p> <p><u>Comment:</u> Though, many procurement of goods and services follow open and competitive processes, extensive irregularities exist at the National and particularly at the district and local levels where public tendering knowledge and/or capacity is limited (as highlighted in the PAC report. In 2006, 47.3% of open tenders were avoided through the issuing of a Certificate of Inexpediency. The situation where the case of such Certificate of Inexpediencies (COIs) are permitted is explicitly specified in the Public Finance (Management) Act. For example, national disasters and so on, but most of these COIs do not comply with these requirements. The percentage of tenders foregone has been increasing steadily in recent years.”</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>C</p>
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<p>98. When does the legislature typically approve supplemental budgets?</p> <ol style="list-style-type: none"> <li>a. Supplemental budgets are approved before the funds are expended, or the executive rarely proposes a supplemental budget (please specify).</li> <li>b. Supplemental budgets are approved after the funds are expended, or the executive implements supplemental budgets without ever receiving approval from the legislature (please specify).</li> <li>c. Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> 2005, 2006 &amp; 2007 Supplementary Budgets - see: <a href="http://www.treasury.gov.pg">www.treasury.gov.pg</a></p> <p><u>Comment:</u> Supplementary Budgets are proposed by executive after the executive announces significant budget surpluses within the budget year and additional associated expenditure is required</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	a
<p>99. In most years, how large are supplemental budget requests relative to the size of the original budget?</p> <ol style="list-style-type: none"> <li>a. Supplemental budgets are generally equal to 2 percent or less of the original budget.</li> <li>b. Supplemental budgets are generally equal to more than 2 percent, but less than 5 percent, of the original budget.</li> <li>c. Supplemental budget are generally equal to more than 5 percent, but less than 10 percent, of the original budget.</li> <li>d. Supplemental budget are generally equal to 10 percent or more of the original budget, or insufficient information is available to the public regarding the amount of supplemental budgets.</li> <li>e. Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> Refer to Supplementary Budget Speech released on 5 October 2007.</p> <p><u>Comment:</u> Supplementary Budgets have only occurred in 2005-2007, with exceptionally high commodity export prices, or sometimes with a change of government and fiscal policy or (as in 1994) with a monetary and fiscal crisis. There is no norm, but some recent supplementaries have exceeded 10% of the budget.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	c

100. When does the legislature approve the expenditure of contingency funds or other funds for which no specific purpose was identified in the budget?

- a. Expenditures are approved before the funds are expended, or contingency funds or other funds with no specific purposes are not included in the budget.
- b. Expenditures are approved after the funds are expended, but before the end of the fiscal year.
- c. Expenditures are approved after the end of the fiscal year, for example in the next budget.
- d. Such expenditure takes place without legislative approval.
- e. Not applicable/other (please comment).

Citation:

Refer to Recurrent Expenditure, Volume 2, Part 2 on Trust Accounts.

Comment:

No specified contingency funds are indicated in the annual budgets but certain funds that are earmarked for emergency situations are included and they are generally managed through trust funds which can be accessed through the above.

**Researcher's Response to this Question was "a."**

**Peer Reviewer One Comment:** A more appropriate response to this question would be "d."

The only contingency fund in the Budget is Secretary's Advance which is approved by Cabinet, not by the legislature. The size of this Advance has been increased in recent years, with the rise in the number of Supplementary Budgets. Certain other funds are earmarked for particular types of emergency situations (e.g., road rehabilitation) and are typically managed through Trust funds.

**Peer Reviewer Two Comment:**

**Researcher Response:** I decided to retain initial rate, "a," but to say that contingency funds shown under "Secretary's Advance" are part of the National Budget that is approved by the legislature at the end of the fiscal year. The other rates do not apply to the national budget process of PNG. That is before the budget of any given year is expended, it is first approved by Cabinet and then finally by legislature. The size of the Secretary's Advance for a year was 3 million kina in the past, however, it has now increased to 10 million kina.

**IBP Comment:** IBP editors chose answer, "b" consistent with researcher comments.

b



<b>Executive's Year-end Report and the Supreme Audit Institution</b>	
<p>101. How long after the end of the budget year does the executive release to the public a year-end report that discusses the budget's actual outcome for the year?</p> <ol style="list-style-type: none"> <li>The report is released six months or less after the end of the fiscal year.</li> <li>The report is released 12 months or less (but more than six months) after the end of the fiscal year.</li> <li>The report is released more than 12 months after the end of the fiscal year.</li> <li>The executive does not release a year-end report.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> Refer to 2006 Final Budget Outcome Report released on 31/03/07.</p> <p><u>Comment:</u></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b> Given up until 2006, the PNG Government has not been able to provide actual data for inclusion in the budget documents for BY+1 (albeit accepting that these data would have to be audited, whereas those in the final budget outcome report are not) it seems unlikely that the numbers reported in this final budget outcome report are accurate, coming just three months after the end of the budget year as it does. Rather, it seems that the report has just been produced to show that the government is implementing the Fiscal Responsibility Act of 2006. It is therefore dangerous to rank this question as an "a."</p> <p><b><u>Researcher Response:</u></b> I retain the original rating "a," on the basis of understanding the question itself. The "End of Year Report" of BY - 2 is produced in the first quarter of the BY - 1, though I agree with the facts pointed out by PR2, in relation to the data provided not based on audited figures, as 2005 audit report was the last completed report to date. The reports are yet to be completed.</p> <p><b><u>IBP Comment:</u></b> IBP editors chose answer, "a" consistent with researcher comments.</p>	a

<p>102. In the year-end report have the data on the actual outcomes been audited?</p> <ul style="list-style-type: none"> <li>a. Yes, all data on actual outcomes have been audited.</li> <li>b. At least two-thirds, but not all, of the data on actual outcomes have been audited.</li> <li>c. Less than two-thirds of the data on actual outcomes have been audited.</li> <li>d. None of the data on actual outcomes has been audited, or a year-end report is not released.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to 2006 Final Budget Outcome released on 31/03/07.</p> <p><u>Comment:</u> According to the Final Budget Outcome Document, it is compiled before the audit process is taking place and as such any adjustments made are not effected in this report. This is because there has been a major lag in the production of annual audit reports, although the Auditor-General's office has been shortening the lag, and reducing the number of tardy Departments/Agencies. The last annual Audit is for 2005.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b> Option “d” is appropriate. It should be noted however, that the delay in producing audited figures is not only due to the poor capacity of the Auditor General’s office, but also due to the tardiness of reporting on the part of line ministries and agencies, and sub national governments – simply increasing the performance of the Auditor General won’t solve this issue.</p>	<p>d</p>
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<p>103. Does the year-end report explain the difference between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for expenditures?</p> <ul style="list-style-type: none"><li>a. Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates.</li><li>b. Yes, an explanation is presented, highlighting key differences, but some details are excluded.</li><li>c. Yes, some explanation is presented, but it lacks important details.</li><li>d. No, an explanation is not presented, or such a report is not released.</li><li>e. Not applicable/other (please comment).</li></ul> <p><u>Citation:</u> Refer to 2006 Final Budget Outcome released on 31/03/07.</p> <p><u>Comment:</u> It details the variances from overall Budget estimates and actuals and the shifts made between agencies, largely on the basis of the executive "Secretary's advances"</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>b</p>
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104. What level of detail is the focus of the explanation of the differences between the enacted levels and the actual outcome for expenditures presented in the year-end report?

- a. The explanation of the differences between the enacted expenditure levels and the actual outcome focuses on the program level.
- b. The explanation focuses on departmental totals (or functional totals) or some lower level of detail (but not the program level in all cases).
- c. The explanation focuses on a higher level of aggregation than departmental totals (or functional totals).
- d. No explanation of the differences is provided, or such a report is not released.
- e. Not applicable/other (please comment).

Citation:

Refer to 2006 Final Budget Outcome released on 31/03/07.

Comment:

It details extensive transfers of funds approved by the Executive, using the "Secretary's Advance" within permitted ceilings which occurs following quarterly operational expenditure reviews

**Peer Reviewer One Comment:**

**Peer Reviewer Two Comment:** A more appropriate response to this question would be "c." Although department variances are shown in a table, they are not discussed in detail. Likewise, the Secretary's advance table referred to in the reviewer's comment does not actually give any detail about the reasons for variances. The majority of the text focuses on the variances in expenditure at the economic classification level, and sometimes at the level of groups of agencies (for example statutory authorities). As such, a more appropriate answer to this question is "c."

**Researcher Response:** I agree with comments by PR2. This is because of the fact that, the data being presented reflects spending at a higher level, not specific economic classification level, though under the Secretary's Advance, it attempts to provide such. It shows inconsistency in not reporting on the enacted budget lines, but more aggregated which does not show details of the expenditure in the specific areas as well as variances.

C

<p>105. Does the year-end report explain the difference between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for revenues?</p> <ul style="list-style-type: none"> <li>a. Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, an explanation is presented, highlighting key differences, but some details are excluded.</li> <li>c. Yes, some explanation is presented, but it lacks important details.</li> <li>d. No, an explanation is not presented, or such a report is not released.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to 2006 Final Budget Outcome released on 31/03/07.</p> <p><u>Comment:</u></p> <p><b><u>Peer Reviewer One Comment:</u></b> A more appropriate response to this question would be “a.” I am unclear what details are excluded. If the researcher can substantiate the grade by identifying some of those excluded details, then the grade can remain unchanged.</p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>a</p>
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<p>106. Does the year-end report explain the difference between the original macroeconomic forecast for the fiscal year and the actual outcome for that year?</p> <ol style="list-style-type: none"> <li>Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates.</li> <li>Yes, an explanation is presented, highlighting key differences, but some details are excluded.</li> <li>Yes, some explanation is presented, but it lacks important details.</li> <li>No, an explanation is not presented, or such a report is not released.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> Refer to 2006 Final Budget Outcome released on 31/03/07.</p> <p><u>Comment:</u> The text does not provide great detail, but the tables do provide a reasonable breakdown.</p> <p><b><u>Researcher’s Response to this Question was “b.”</u></b></p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b> A more appropriate response to this question would be “d.” The macro economic framework as presented in the budget documents is not presented in this report, either in the text, or in the detailed tables (which instead cover the macro fiscal framework).</p> <p><b><u>Researcher Response:</u></b> I chose my answer because of the fact that explanations on the outcome of the key macroeconomic forecasts as presented in the budget is not presented. However, sufficient data on fiscal operations of the budget year is presented in the report as well as explanations on major differences.</p> <p><b><u>IBP Comment:</u></b> IBP editors chose answer, “d” in light of peer reviewer’s comment, in order to maintain consistency with the criteria used for selecting answers across countries.</p>	<p>d</p>
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<p>107. Does the year-end report explain the difference between the original estimates of non-financial data and the actual outcome?</p> <ol style="list-style-type: none"> <li>Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates.</li> <li>Yes, an explanation is presented, highlighting key differences, but some details are excluded.</li> <li>Yes, some explanation is presented, but it lacks important details.</li> <li>No, an explanation is not presented, or such a report is not released.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> Refer to 2006 Final Budget Outcome released on 31/03/07.</p> <p><u>Comment:</u> Because the National Budget does not include details of non financial data, explanations on the differences of the original estimates and the actual outcome are not provided or discussed in the year end report. However, at the sectoral levels, comparisons of estimates and actual outcomes are available through their respective sectoral performance reports.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b> A more appropriate response to this question would be “d.” The report does not really include non-financial data. This is in keeping with the fact that significant non-financial data is not included in the original budget documents. Explanations of reasons for variations in financial data are not considered to be adequate to constitute non financial data.</p>	d
<p>108. Does the year-end report explain the difference between the original performance indicators and the actual outcome?</p> <ol style="list-style-type: none"> <li>Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates.</li> <li>Yes, an explanation is presented, highlighting key differences, but some details are excluded.</li> <li>Yes, some explanation is presented, but it lacks important details.</li> <li>No, an explanation is not presented, or such a report is not released.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u> Refer to 2006 Final Budget Outcome released on 31/03/07.</p> <p><u>Comment:</u> Performance indicators are not included in the final budget outcome report.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	d

<p>109. Does the year-end report explain the difference between the enacted level of funds intended to benefit directly the country's most impoverished populations and the actual outcome?</p> <ul style="list-style-type: none"> <li>a. Yes, an extensive explanation of the differences is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, an explanation is presented, highlighting key differences, but some details are excluded.</li> <li>c. Yes, some explanation is presented, but it lacks important details.</li> <li>d. No, an explanation is not presented, or such a report is not released.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> Refer to 2006 Final Budget Outcome released on 31/03/07. National and Economic Fiscal Commission Reports, 2006 and 2007 (e.g. see: <a href="http://www.nefc.com.pg">www.nefc.com.pg</a> and <a href="http://www.inapng.com">www.inapng.com</a> - Public Expenditure and Service Delivery workshop report.).</p> <p><u>Comment:</u> There is no attempt to assess performance merely allocations. Totally inadequate funding is provided currently for remoter areas to be able to provide basic essential services or infrastructure, as highlighted in the reports from the National Economic and Fiscal Commission on Provincial Services needs assessments and expenditure tracking.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>d</p>
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<p>110. Does the year-end report present the actual outcome for extra-budgetary funds?</p> <ul style="list-style-type: none"> <li>a. Yes, extensive information on the actual outcome for extra-budgetary funds is presented, including both a narrative discussion and quantitative estimates.</li> <li>b. Yes, information is presented, highlighting key issues, but some details are excluded.</li> <li>c. Yes, some information is presented, but it lacks important details.</li> <li>d. No, information is not presented on extra-budgetary funds, or such a report is not released.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u> Following supplementary budgets all funds were Budgeted. Extra-budgetary funds for specific development projects are placed in Trust Accounts.</p> <p><b><u>Peer Reviewer One Comment:</u></b> The current Comment is not relevant to extra-budgetary funds. Year-end report does not record the balance of Trust Accounts. Other extra-budgetary funds (e.g., pension scheme) are similarly ignored.</p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>d</p>
<p><i>The Independence and Performance of the Supreme Audit Institution</i></p>	

111. How long after the end of the fiscal year are the final annual expenditures of national departments audited and (except for secret programs) released to the public?

- a. Final audited accounts are released to the public six months or less after the end of the fiscal year.
- b. Final audited accounts are released 12 months or less (but more than six months) after the end of the fiscal year.
- c. Final audit accounts are released more than 12 months, but within 24 months of the end of the fiscal year.
- d. Final audited accounts are not completed within 24 months after the end of the fiscal year or they are not released to the public.
- e. Not applicable/other (please comment).

Citation:

Office of the Auditor General.

(It should also be noted that PNG has an Ombudsman Commission, which in PNG - unusually- has Constitution powers with respect to the "Leadership Code" which extends to being able to remove designated leaders from office, through a process of Leadership Tribunals, for "Misconduct in Office" which often relates to financial malpractice.

It should also be noted that Commissions of Inquiry, operating independently but established under the Prime Minister's powers, have also been extensively used to examine apparent malpractice, including in recent years, a forestry inquiry, an Inquiry into the National Provident Fund and currently an ongoing Inquiry into the Finance Department. These inquiries are generally highly revealing in terms of evidence found, often result in firm reforms, but, as with the findings of the SAI, tend to result in few alleged miscreants being taken to task)

Comment:

Annual audit reports have a lag of about 18 months, although for many Departments and Agencies exceeds this. Only 2005 annual audit report is prepared . Though it is released to the public, it is not on a website, and only limited copies have yet been made available, and it still has many omissions.

**Peer Reviewer One Comment:**

**Peer Reviewer Two Comment:**

C

<p>112. Two years after the completion of a fiscal year, what percentage of annual expenditures has been audited and (except for secret programs) the report(s) released to the public?</p> <ol style="list-style-type: none"> <li>All expenditures have been audited and the reports released to the public.</li> <li>Expenditures representing at least two-thirds of, but not all, expenditure have been audited.</li> <li>Expenditure representing less than two-thirds of expenditure have been audited.</li> <li>No expenditures have been audited, the reports have not been released to the public, or was released more than 24 months after the end of the fiscal year.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u></p> <p><u>Comment:</u> All expenditures are audited (including any secret programs) and are released to the public after being presented to the legislature; however, it still has major holes, with many Departments/agencies not yet audited. The problem has been both lack of funding available for auditing, preparation of accounts by Departments/Agencies, and lack of discipline and penalties for failure to complete the task by Agency heads.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	b
<p>113. Does the annual audit report(s) that is released to the public include an executive summary?</p> <ol style="list-style-type: none"> <li>The annual audit report(s) includes one or more executive summaries summarizing the report's content.</li> <li>No, the audit report(s) does not include an executive summary, or such reports are not released to the public, or was released more than 24 months after the end of the fiscal year.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u></p> <p><u>Comment:</u> The Audit Reports does not have Executive Summary summarizing the content of the report.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	b

<p>114. Must a branch of government other than the executive (such as the legislature or the judiciary) give final consent before the head of the Supreme Audit Institution (SAI) can be removed from office?</p> <p>a. Yes, the head of the SAI may only be removed by the legislature or judiciary, or the legislature or judiciary must give final consent before they are removed.</p> <p>b. No, the executive may remove the head of the SAI without the final consent of the judiciary or legislature.</p> <p>c. Not applicable/other (please comment).</p> <p><u>Citation:</u></p> <p><u>Comment:</u>  Since the Auditor General (the SAI) is an independent Constitutional Office holder, he/she cannot be dismissed from office during his/her term of office, except in compliance with an Organic law, which falls outside the purview of the executive Government</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>a</p>
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115. Does the Supreme Audit Institution release to the public audits of extra-budgetary funds?

- a. Yes, the SAI releases to the public audits of all extra-budgetary funds.
- b. Yes, the SAI releases audits representing at least two-thirds of, but not all, extra-budgetary funds.
- c. Yes, the SAI releases audits representing less than two-thirds of all extra-budgetary funds.
- d. No, the SAI does not release to the public audits of extra-budgetary funds, or it does not audit such funds, or such a report was released more than 24 months after the end of the fiscal year.
- e. Not applicable/other (please comment).

Citation:

Comment:

The Office of the Auditor General by the law is required to audit all expenditures of government as per the annual budget of the budget year and as such, any extra-budgetary funds are audited and released to public as part of the report. (According to Mr. Airi Kopi, Assistant Director, Auditor General). Some publicly-owned commercial or semi-commercial institutions have been deemed not to be public bodies and fall outside the oversight of the Public Finances (Management) Act, and sought to be outside the purvey of the SAI, but this is contestable.

b

**Peer Reviewer One Comment:**

**Peer Reviewer Two Comment:** A more appropriate response to this question would be “d.” While the SAI might have the legal right to produce such reports and release them to the public, I do not recollect any audits of extra budgetary funds. I would want to see an example of such a report being produced recently in order to support the “a” rating given here.

**Researcher Response:** We have decided to change the rating to a “b” based on the comments provided. It must also be said that some funds are excluded due to certain government agencies not within the scope of the SAI Act, especially those that self fund their recurrent expenditure..

**IBP Comment:** IBP editors chose answer, “b” to maintain consistency with the criteria used for selecting answers across countries.

<p>116. Beyond the established year-end attestation audits, does the Supreme Audit Institution (SAI) have <i>the discretion in law</i> to undertake those audits it may wish to?</p> <ol style="list-style-type: none"> <li>The SAI has full discretion to decide which audits it wishes to undertake.</li> <li>The SAI has significant discretion, but faces some limitations.</li> <li>The SAI has some discretion, but faces considerable limitations.</li> <li>The SAI has no discretion to decide which audits it wishes to undertake.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u></p> <p><u>Comment:</u>  As it is empowered and an independent institution, it has the legal discretion to undertake special audits if it so wishes, or perceives a potential issue needing to be examined.  Apart from the normal annual auditing powers, the Auditor-General is vested with various other powers including full and free access to all accounts and records that relate directly or indirectly to:-</p> <ul style="list-style-type: none"> <li>The collection, receipt, expenditure or issue of public moneys;</li> <li>The receipt, custody, disposal, issue or use of stores or other property of the government.</li> </ul> <p>The Public Finances (Management) Act of 1986 also gives the Auditor-General powers to examine the above accounts with the object of ensuring that:-</p> <ul style="list-style-type: none"> <li>All accounts have been properly maintained;</li> <li>All applicable laws have been observed as far as collection and custody of public moneys including assessment and collection of revenues; and</li> <li>Expenditure of public money has been authorized as provided by law and has been spent to accomplish the purposes for which they were appropriated.</li> </ul> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>a</p>
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117. Who determines the budget of the Supreme Audit Institution?

- a. The budget of the SAI is determined by the legislature or judiciary (or some independent body), and the funding level is broadly consistent with the resources the SAI needs to fulfill its mandate.
- b. The budget of the SAI is determined by the executive, and the funding level is broadly consistent with the resources the SAI needs to fulfill its mandate.
- c. The budget of the SAI is determined by the legislature or judiciary (or some independent body), but the funding level is not consistent with the resources the SAI needs to fulfill its mandate.
- d. The budget of the SAI is determined by the executive, but the funding level is not consistent with the resources the SAI needs to fulfill its mandate.
- e. Not applicable/other (please comment).

Citation:

Comment:

The Budget is determined by the legislature but as part of the total Budget presented by the executive. The SAI is under-resourced in order to fulfill its mandate effectively, including expanded tasks of overseeing expenditure at the Provincial, District and local level. Therefore it has not effectively executed its annual audits for the many years, while funding to - and by - implementing agencies has also been inadequate for the preparation of accounts for audit.

**Peer Reviewer One Comment:**

**Peer Reviewer Two Comment:** A more appropriate response to this question would be “d.” Since the budget of the SAI is determined as part of the general budget preparation process, it is effectively determined by the executive, and then passed by the legislature (with, in reality, very little scrutiny). This affects the degree of independence of the SAI, and therefore a more appropriate answer to this question is “d.”

**Researcher Response:** In an ideal situation, it would have been ‘b’ for the SAI to maintain its independence, but in reality its budget is determined by the executive and on to the legislature which defeats its mandate.

d

<p>118. Does the Supreme Audit Institution employ designated staff for undertaking audits of the central government agencies pertaining to the security sector (military, police, intelligence services)?</p> <ol style="list-style-type: none"> <li>The SAI employs designated staff, and the staffing levels are broadly consistent with the resources the SAI needs to fulfill its mandate.</li> <li>The SAI employs designated staff, but the staffing levels are a cause of some constraints to the SAI in fulfilling its mandate.</li> <li>The SAI employs designated staff, but the staffing levels pose a significant constraint on the SAI in fulfilling its mandate.</li> <li>The SAI does not employ designated staff for auditing of the security sector, or does not undertake audits of the security sector.</li> <li>Not applicable/other (please comment).</li> </ol> <p><u>Citation:</u></p> <p><u>Comment:</u> It was reported by the head of the SAI through the CIMC's 2007 National Development Forum that competitive and qualified staff are employed to do specific work in the SAI, but are acquired by the private sector or other organizations because the current SAI and or the public sector cannot afford the pay package offered by the other organizations. It has approx 50 auditors on staff, a number which is inadequate to the size of its task (in particular, the requirement to reach out to Provinces and Districts.)” The AG's office also commissions private auditing firms to carry out some of the task.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	c
<p>119. Does the Supreme Audit Institution maintain formal mechanisms of communication with the public to receive complaints and suggestions to assist it in determining its audit program (that is, to identify the agencies, programs, or projects it will audit)?</p> <ol style="list-style-type: none"> <li>Yes, the SAI maintains mechanisms of communication with the public, and received more than 100 communications from the public during the past year.</li> <li>Yes, the SAI maintains mechanisms of communication with the public, and received less than 100 but more than ten communications from the public during the past year.</li> <li>Yes, the SAI maintains mechanisms of communication with the public but it receives very little (less than ten) or no information from the public on potential subjects for audit.</li> <li>No, the SAI does not maintain any formal mechanisms of communication with the public.</li> <li>Not applicable.</li> </ol> <p><u>Citation:</u></p> <p><u>Comment:</u> The auditing function is not well understood by the PNG public, although the CIMC Forum process (2006 and 2007) has helped increase the levels of awareness, but requires a much wider exercise in awareness building on budgets and budget</p>	d



<p>responsibility. To be more effective, the SAI's office also requires its own website and greater capacity to communicate and disseminate material. The restoration of the Parliamentary Public Accounts Committee within the legislature (after many years in abeyance) has helped raise awareness and the profile of the SAI's office, and utilize the SAI's reports and follow up investigations and demand accountability by agencies, but there remains little if any penalty for the widespread abuse which has been identified.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b> I am not sure that there is enough information in this answer to score this question. It requires some sort of description of the means of communication that are used - the CIMC forums are not specific mechanisms of the SAI. Moreover, if it can be shown that these systems are in place, then quantification of the amount of complaints received is necessary in order to allocate a c rating. This had not been carried out at present. I suspect that the answer to this question is “d,” since the SAI has no website. However, it is possible that there are mechanisms for communication with the public, through national newspapers for example, of which I am not aware. Perhaps the researcher could double check this.</p> <p><b><u>Researcher Response:</u></b> I would agree with PR2 on the basis that the SAI expects the public to report on irregular activities for the SAI to investigate, which is seen to be the only medium of communication with the public. SAI participates in other public forums organized by other agencies like the CIMC and present its views, but it is done on ad hoc basis.</p>	
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<p>120. Does a committee of the legislature view and scrutinize the audit reports?</p> <ul style="list-style-type: none"> <li>a. Yes, all audit reports are scrutinized.</li> <li>b. Yes, most audit reports are scrutinized.</li> <li>c. Yes, some audit reports are scrutinized.</li> <li>d. No, audit reports are not scrutinized.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u> At this stage the SAI does not have a website and its reports are available only in hard copy upon request.</p> <p><u>Comment:</u> The SAI is an independent Constitutional office, but it is obliged to submit its reports for tabling in the Legislature, all audit reports are tabled in Parliament for discussion and endorsement before they can be accessed by public. The Public Accounts Committee (Legislative Committee), which was resurrected in 2002, scrutinizes and utilizes the reports for follow up public hearings. The PAC is also severely under-resourced.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b> A more appropriate response to this question would be “c.” Although the PAC is functional, its capacity is severely limited, as noted by the researcher. Therefore an answer of “c” (some audit reports scrutinized) as opposed to “b” (most audit reports scrutinized) would be more appropriate.</p>	c
<p>121. Does the executive make available to the public a report on what steps it has taken to address audit recommendations or findings that indicate a need for remedial action?</p> <ul style="list-style-type: none"> <li>a. Yes, the executive reports publicly on what steps it has taken to address audit findings.</li> <li>b. Yes, the executive reports publicly on most audit findings.</li> <li>c. Yes, the executive reports publicly on some audit findings.</li> <li>d. No, the executive does not report on steps it has taken to address audit findings.</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u> Implementation of the recommendations is a concern, however, the Public Accounts Committee hearings, public forum (as with the CIMC) and media publicity and some increased funding have raised the profile and added pressure on the executive. Also the Public Accounts Committee publicizes its analysis and findings on the audit reports actively.</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	d

<p>122. Does either the Supreme Audit Institution or the legislature release to the public a report that tracks actions taken by the executive to address audit recommendations?</p> <ul style="list-style-type: none"> <li>a. Yes, a comprehensive report is released regularly that tracks actions taken by the executive to address audit recommendations.</li> <li>b. Yes, a report is released, covering key audit recommendations, but some details are excluded.</li> <li>c. Yes, a report is released, but it lacks important details.</li> <li>d. No, a report is not produced or it is prepared for internal purposes only (please specify).</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u>  Tabling of the audit reports are publicized through the media, and the PAC (legislature) provides a report specifying problems and any action taken, if any, but there is generally little subsequent follow up. (The PAC refers its recommendations back to the SAI. If there are to be prosecutions the SAI recommendations action to the police and the Public Prosecutor, who decides whether any action is required. The SAI has powers to prosecute directly if there is no action, but this power seems not to have been used. Some cases may also be taken up by another Constitutional Office holder, the Ombudsman Commission, under its administration of the 'Leadership Code')</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>c</p>
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<p>123. Are audit reports of the annual accounts of the security sector (military, police, intelligence services) and other secret programs provided to the legislature (or relevant committee)?</p> <ul style="list-style-type: none"> <li>a. Yes, legislators are provided with detailed audit reports related to the security sector and other secret programs.</li> <li>b. Yes, legislators are provided audit reports on secret items, but some details are excluded.</li> <li>c. Yes, legislators are provided audit reports on secret items, but they lack important details.</li> <li>d. No, legislators are not provided audit reports on secret items, or secret programs are not audited (please specify).</li> <li>e. Not applicable/other (please comment).</li> </ul> <p><u>Citation:</u></p> <p><u>Comment:</u> Audits are carried out on all expenditures of government including the security sector (over the years they have often been the least accountable) and are made available to the public as part of the annual audit report. Few copies of this report are printed, so they are hard to access. Currently the Office of the Auditor General is planning to develop its own website that will be in operation by late 2008 in order to make these reports more accessible to the public (According to A. Kopi, Assistant Director, Office of Auditor General).</p> <p><b><u>Peer Reviewer One Comment:</u></b></p> <p><b><u>Peer Reviewer Two Comment:</u></b></p>	<p>b</p>
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**Additional Comments:**

*Please use this section to add any additional comments.*

**Researcher Additional Comments:**

In view of some countries, such as PNG, having slightly varied institutional mechanisms, like the Ombudsman Commission, carrying some of the functions of an ICAC in other countries, it might be worth the OBI allowing the flexibility to explore some of these other options, and their effectiveness, as well as the conventional audit processes. The varied public and civil society watchdog mechanisms might be worth exploring further, while clearly not displacing the core mechanisms.