Section 1. Public Availability of Budget Docs. “Section One: The Availability of Budget Documents” contains a series of four tables that allow the researcher to examine and map the public availability and dissemination of its country's key budget documents (i.e., Pre-Budget Statement, Executive's Budget Proposal (EBP) and Supporting EBP Documents, Citizens Budget, Enacted Budget, In-Year Reports, Mid-Year Review, Year-End Report, and Audit Report), as well as any national laws regulating budget processes and financial management. Once filled in, these tables will serve as a foundation for the completion of the rest of the questionnaire, as researchers will reference the specific documents cited in the tables to answer the questions contained in Sections 2-5 of the questionnaire.

Table 1. Key Budget Documents

Papua New Guinea

Fiscal Year the
<table>
<thead>
<tr>
<th>Budget Document</th>
<th>Full Title</th>
<th>Budget Document Refers to</th>
<th>Date of Publication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enacted Budget</td>
<td>Appropriation (General Public Services Expenditure 2014) Act 2013</td>
<td>2014</td>
<td>February 16, 2014</td>
</tr>
<tr>
<td>----------------</td>
<td>-----------------------------------------------------------------</td>
<td>------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Citizens Budget (for EBP or Enacted Budget)</td>
<td>Not Available</td>
<td>2014</td>
<td>Not Available</td>
</tr>
<tr>
<td>In-Year Report</td>
<td>Not Available</td>
<td>2013</td>
<td>Not Available</td>
</tr>
<tr>
<td>Additional in-year report</td>
<td>Not Available</td>
<td>2013</td>
<td>Not Available</td>
</tr>
<tr>
<td>Additional in-year report</td>
<td>Not Available</td>
<td>2013</td>
<td>Not available</td>
</tr>
<tr>
<td>Mid-Year Review</td>
<td>MID YEAR ECONOMIC AND FISCAL OUTLOOK REPORT 2013 (MYEFO)</td>
<td>2013</td>
<td>July 31, 2013</td>
</tr>
<tr>
<td>Year-End Report</td>
<td>FINAL BUDGET OUTCOME 2103 (FBO)</td>
<td>2013</td>
<td>May 16, 2014</td>
</tr>
<tr>
<td>Audit Report</td>
<td>Not Available</td>
<td>2012</td>
<td>(no audits released since 2011, and that's only partial)</td>
</tr>
</tbody>
</table>

**Sources:** The Department of Treasury and Department of National Planning and Monitoring The Auditor-General (for the Audit Report - but this is out of date and therefore deemed unavailable) PacLaw (from the University of South Pacific, Law Faculty) for laws of PNG; not entirely updated, but even referenced by PNG Government Departments, which don't hold the Constitution or legislation on their own websites Papua New Guinea Parliament for some new legislation, and Parliamentary schedules and minutes (Hansard)

**Comments:** the Final Budget Outcome Report for 2013 was released in May 2014, after a preliminary FBO report was released (in accordance with the Fiscal Responsibility Act) by 31st March 2014

**PEER REVIEWER**

**Opinion:** No, I do not agree with the score.
Comments: 1. Some of the titles quoted are not exactly correct so I have re-written them below. However, I have included the volume and part references at the end of the title, rather than at the beginning as in the document front page. This I believe is a more accurate way of referencing. 2. Note that Mid Year Economic and Fiscal Outlook Report 2014 was released on 31 July 2014. 3. The FBO 2013 Report was released in May 2014 (http://www.treasury.gov.pg/html/national_budget/files/2012/budget.html/related_budget_documents.htm). The researcher has indicated that the date of publication is 10 May 2014, however, #DOC properties indicate that it was created on 16 May 2014. 4. According to Hansard, budget was approved by Parliament on 26 November 2013. Hence, I have chosen the date of the enacted budget as 26 November 2013.

RESEARCHER’S RESPONSE

As stated the FBO for 2013 was released in a preliminary form at the end of March 2014 (to comply with legal requirements), but it was only released in a final version in May (although the cover still specifies 31 March 2014); we spent some time checking the Govt IT staff when it was finally released and received the date of 10 May; we verified it was out in mid-May, but accepted the figure advised, but if the reviewer has verified it electronically we’re happy to accept 16 May, rather than 10 May. Re the enacted budget, there’s a difference between when the Budget is passed by Parliament (which was indeed a week after the tabling of the Bills, as indicated by the PR), but it was only enacted and became legislation upon certification, which was in Feb 2014, even though these days it is certainly treated by Govt as law once passed, (Feb is much better than under a previous Speaker who left it for months or in some years not at all! In the past it was certified immediately upon being passed and verified correct); the date of publication was effectively when it was then available.

Table 2a. Details about Availability

<table>
<thead>
<tr>
<th></th>
<th>Pre-Budget Statement</th>
<th>Executive’s Budget Proposal</th>
<th>Enacted Budget</th>
<th>Citizens Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is it produced at all?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Is it produced for internal purposes only?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Is it published too late compared to the accepted timeframe?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Is it available to the public</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in hard copy, with charge?</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>----------------------------</td>
<td>-----</td>
<td>-----</td>
<td>----</td>
<td>-----</td>
</tr>
<tr>
<td>Is it available to the public in hard copy, NO charge?</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Is it available to the public in soft copy, with charge?</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Is it available to the public in soft copy, NO charge?</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Is it available to the public online?</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

If available online, provide internet/URL address:


Not Available Not Available

Is it machine readable? [only for electronic copies]
- Yes
- No

Is there a “citizens version” of the budget document?
- Yes
- No

Sources: Hard copies of part of the Executive’s Budget proposal (volume 1 only) were made available (free) at the time of their tabling in Parliament to the media and some other interested parties (e.g. accounting firms, research institutes, overseas missions), and the remaining volumes were available subsequently, but in such small numbers not to be deemed ‘publicly available’. Likewise electronic copies of the entire Executive’s Budget proposal were made available (on CDs) at the time of the tabling in Parliament to the media and other interested parties. It is available (in theory and sometimes in practice) for free in hard copy upon request from the Treasury Department, but normally they simply refer interested persons to their website. Soft copies of the Executive’s Budget Proposal were not available on the Treasury's website at the time of the tabling of the Budget, but were posted within 24 hours of the tabling. Copies of the Enacted Budget (certified by the Parliament Speaker) are available from the Office of the Legislative Counsel (in the Department of the Prime
Minister) upon direct visit. They have a few photocopies available, but it is free of charge, being a relatively small document (or set of appropriation Act, which provide the Expenditure Ceilings approved and the mechanisms for adjustment permitted by law), as against the proposed Budget, to which it refers. If it was a larger document they would probably ask that you provide your own paper, as they did in the past. (Their phones and web site seem to be out of order, so it's difficult to verify what's available and legislation is not yet listed on the Parliament Website - although there is a tab for it)

PEER REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.
Comments: The executive budget proposal 2014/ enacted budget was delivered on 19 November 2013 and passed by Parliament on 26 November 2013. As PNG has a calendar fiscal year, this does not meet the publication timeframe of three months as per the OBI Budget Transparency Document (Guide-to-Transparency-in-Government-Budget-Reports-Why-are-Budget-Reports-Important-and-What-Should-They-Include-English). However, 2015 OBS Questionnaire and Guidelines only requires being released to the public whilst Parliament is considering it.

Table 2b. Details about Availability

<table>
<thead>
<tr>
<th>Papua New Guinea</th>
<th>Budget Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tick box if answer to the questions is “yes”</td>
</tr>
<tr>
<td></td>
<td>In-Year Report</td>
</tr>
<tr>
<td>Is it produced at all?</td>
<td>Yes</td>
</tr>
<tr>
<td>Is it produced for internal purposes only?</td>
<td>Yes</td>
</tr>
<tr>
<td>Is it published too late compared to the accepted timeframe?</td>
<td>Yes</td>
</tr>
<tr>
<td>Is it available to the public in hard copy, with charge?</td>
<td>Yes</td>
</tr>
<tr>
<td>Is it available to the public in hard copy, NO charge?</td>
<td>Yes</td>
</tr>
<tr>
<td>Question</td>
<td>Yes</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>-----</td>
</tr>
<tr>
<td>Is it available to the public in soft copy, with charge?</td>
<td>Yes</td>
</tr>
<tr>
<td>Is it available to the public in soft copy, NO charge?</td>
<td>Yes</td>
</tr>
<tr>
<td>Is it available to the public online?</td>
<td>Yes</td>
</tr>
</tbody>
</table>

If available online, provide internet/URL address:

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is it machine readable? [only for electronic copies]</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Is there a “citizens version” of the budget document?</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

**Sources:** The in-year reports have not been prepared for several years, and when they were produced they were released increasingly outside the required deadline. The Annual Audits have not been released since 2011, and even the 2011 Audit from the SAI is not complete, with some of the balance still awaiting tabling in the Legislature. Some of the 2012 Audit is being prepared currently (April 2014) for tabling in a forthcoming Session of Parliament, after which it becomes a public document.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

---

**Table 3. When Are the Key Budget Documents Made Available to the Public?**

**Papua New Guinea**

Pre-Budget Statement: When is the Pre-Budget Statement made available to the public?
<table>
<thead>
<tr>
<th>Question</th>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
<th>Option 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Budget Proposal: When is the Executive Budget Proposal made available to the public?</td>
<td>At least four months in advance of the budget year, and at least one month before the executive's budget proposal is introduced in the legislature</td>
<td>At least two months, but less than four months, in advance of the budget year, and at least one month before the executive's budget proposal is introduced in the legislature</td>
<td>Less than two months in advance of the budget year, but at least one month before the executive's budget proposal is introduced in the legislature</td>
<td>Does not release to the public, or is released less than one month before the executive's budget proposal is introduced to the legislature</td>
</tr>
<tr>
<td>Enacted Budget: When is the Enacted Budget made available to the public?</td>
<td>At least three months in advance of the budget year, and in advance of the budget being approved by the legislature</td>
<td>At least two months, but less than three months, in advance of the budget year, and in advance of the budget being approved by the legislature</td>
<td>Less than two months in advance of the budget year, but at least in advance of the budget being approved by the legislature</td>
<td>Does not release to the public, or is released after the budget has been approved by the legislature</td>
</tr>
<tr>
<td>In-Year Report: When are In-Year Reports made available to the public?</td>
<td>At least every month, and within one month of the period covered</td>
<td>At least every quarter, and within three months of the period covered</td>
<td>At least semi-annually, and within three months of the period covered</td>
<td>Does not release to the public</td>
</tr>
<tr>
<td>Mid-Year Review: How long after the mid-point in the fiscal year (i.e., six months into the fiscal year) is the Mid-Year Review made available to the public?</td>
<td>Six weeks or less after the mid-point</td>
<td>Nine weeks or less, but more than six weeks, after the mid-point</td>
<td>More than nine weeks, but less than three months, after the mid-point</td>
<td>Does not release to the public, or is released more than three months after the mid-point</td>
</tr>
<tr>
<td>Year-End Report: How long after the end of the budget year is the Year-End Report made available to the public?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Audit Report: How long after the end of the fiscal year are the final annual expenditures of national departments audited and released (except for secret programs)?

- 100. Six months or less after the end of the budget year
- 67. 12 months or less, but more than 6 months, after the end of the budget year
- 33. More than 12 months, but within 18 months, after the end of the budget year
- 0. Does not release to the public, or is released more than 18 months after the end of the budget year

Sources: As stated, the in-year reports became less frequent and increasingly late, then ceased to be produced at all. The Annual audit is both late and incomplete, with part of the 2011 Audit the most recent available to the public. (Part of the 2012 audit is currently reported as being finalised in April 2014 for presentation to Parliament, after which it will become publicly available)

Comments: The 2014 Budget was passed by Parliament on 26 November 2013, one week after it was tabled by the Treasurer. It comprises 3 separate Appropriation Acts for the Executive, Legislature and Judiciary, together with associated legislation for taxation and other revenue arrangements. The appropriation Acts were certified by the Speaker of Parliament on 4th February 2014, as an accurate presentation, or 'fair print' of the legislation passed by Parliament. The Appropriation Acts do not spell out the full budget details, as spelled out in the Budget Proposal, but specifies that 'for the purposes of identifying the activities of agencies referred to in this Act, Parts 1 and 2 of Volume 2 of the 2014 Budget Books are to be considered relevant documents' and 'for the purpose of identifying the capital expenditures referred to in this Act, Parts 1 and 2 of Volume 2 and Volume 3 of the 2014 Budget Publications are to be considered relevant documents'

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

Table 4. General Questions

Papua New Guinea

YES/NO  If yes, additional information; If no, please note N/A in the text box.
<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is there a website or web portal for government fiscal information?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Economic and Fiscal Commission Fiscal Reports on Sub-national financing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is there a law (or laws) guiding public financial management?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Finances (Management) Act:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are there additional laws regulating:</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Access to information?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Transparency?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Citizens participation?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Sources:** The websites of the Treasury Department and the Finance Departments provide general and specific fiscal materials, including details of relevant legislation, notably the Public Finances (Management) Act, and the
Fiscal Responsibility Act. Relevant laws relating to freedom of expression, speech, assembly, but also wider rights to participate and benefit from being a citizen (or in some cases resident) of the Independent State of Papua New Guinea are spelled out in the National Constitution, notably the National Goals and Directive Principles, and the Basic Rights and specific section of the Constitution. (as attached, from a website for Paclaw, a legislative service provided by the university of the South Pacific; it not being available apparently on a PNG Government website. (there is a website from the Legislature, http://www.parliament.gov.pg/ with a tab for Legislation, but at this stage is its largely inoperative)

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

Section 2. Comprehensiveness of the Executive's Budget Proposal

001. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for the budget year that are classified by administrative unit (that is, by ministry, department, or agency)?

A. Yes, administrative units accounting for all expenditures are presented.
B. Yes, administrative units accounting for at least two-thirds of, but not all, expenditures are presented.
C. Yes, administrative units accounting for less than two-thirds of expenditures are presented.
D. No, expenditures are not presented by administrative unit.
E. Not applicable/other (please comment).

Papua New Guinea

A. Score: 100

002. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for the budget year by functional classification?

A. Yes, expenditures are presented by functional classification.

B. No, expenditures are not presented by functional classification.

C. Not applicable/other (please comment).

Papua New Guinea

A. 

Score: 100
Comments: The Estimates of Expenditure for 2014 are provided in summary form in a succession of tables 3, 4 and 5 by function, cross-classification with economic classifications and, in more detail (in table 5) by affairs, functions and main programs, but including multi-functional expenditure, where there is no attempt to break up functions of various transfers to provincial authorities etc.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

003. If the Executive's Budget Proposal or any supporting budget documentation presents expenditures for the budget year by functional classification, is the functional classification compatible with international standards?

A. Yes, the functional classification is compatible with international standards.
B. No, the functional classification is not compatible with international standards, or expenditures are not presented by functional classification.
C. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: Volume 2 (Part -1A) 2014 Budget Estimates of Revenue and Expenditure for National Government Departments, Part 1, Summary Tables: Table 3: Functional Classification of Expenditure, pages 18-20, Table 4: Economic and Functional Cross-Classification of Expenditure, pages 21-22, Table 5: Expenditure of Affairs, Functions and Main Programs, pages 23-38
Comments: The Budget for 2014 is broken up by functional classification, which is largely consistent with the International (COFOG) top and lower level classifications. This is undertaken in the summary tables and in more detail in the detailed estimates by institution into classified programs (as well as administrative) functions although there remain substantial allocations under 'cross-functional' expenditure, notably for transfers to the provinces, although this is not inconsistent with the 0.18 under COFOG. Under the Financial Improvement Program there has been some reclassification into more consistent classifications, and with the (initial effort of) rationalization of the current and development budget there's some attempt to classify the entire institutional allocations.

PEER REVIEWER

Opinion: No, I do not agree with the score.

Suggested Answer: b.

Comments: Based on the OBS explanation above and the comments of the researcher, in my opinion, a score of 'a' has not been met. That is, a country's classification is aligned with OECD/ COFOG OR a cross-walk (map) is provided. The functional classifications used in the EBP do not directly correspond to those in COFOG. Potentially, they are 'largely consistent' BUT they do not align and no map is provided for them to be considered compatible. I would also point out that the OBS should use consistent terminology to support decision making by researchers on scoring.

RESEARCHER'S RESPONSE

In the 2012 OBI we marked this as 'b' as there was clearly inadequate compatibility; some effort seems to have been made to improve compatibility since then, but it is clearly not fully compliant and falls in to an a- or b+ category. I'm not sure how rigid full compliance is in other countries which achieve 'a', and it would be useful to have IBP's input here, but we tended to give GoPNG some credit for some improvement, but would accept reverting to 'b'

IBP COMMENT

IBP would accept answer choice "a" for this question. Thus, the researcher's original response is retained.

004. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for the budget year by economic classification?

A. Yes, expenditures are presented by economic classification.
B. No, expenditures are not presented by economic classification.

C. Not applicable/other (please comment).

**Papua New Guinea**

**A.**

**Score:** 100


**Comments:** There is a both a summary and a comprehensive breakdown of expenditure provided in the Budget Proposal by economic classification. The Trust Funds are not broken up by economic classification.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

---

005. If the Executive’s Budget Proposal or any supporting budget documentation presents expenditures for the budget year by economic classification, is the economic classification compatible with international standards?

A. Yes, the economic classification is compatible with international standards.

B. No, the economic classification is not compatible with international standards, or expenditures are not presented by economic classification.
Papua New Guinea

A.

Score: 100


Comments: Under the Financial Improvement Program (FPIM) the economic classifications have been aligned with international standards, but details are not provided for the (substantial) Trust Funds

PEER REVIEWER

Opinion: No, I do not agree with the score.

Suggested Answer: b.

Comments: Having reviewed the GFS 2001 Economic Classifications, there are a number of weaknesses/differences as listed in Table 1 (page 9, estimates of Revenue and Expenditure for national government departments) Vol2 part 1a) and Table 2 (page 16, Vol2 part 1a). at the highest level, there is some alignment although the terms are used differently. however, if we step down to the next level, we find mismatches. for example, excise in GFS is 1142, however in PNG it is 1121. GFS 112 is taxes on payroll and workforce but in PNG it is domestic taxes on goods and services. in GFS terms, this classification should be 114. GFS 111 and PNG 111 are aligned. GFS 12 is Social contributions but PNG 12 is Non tax revenue with GFS 121 being social security contributions and PNG 121 being Entrepreneurial and Property Income. For expenses, GFS 211 and PNG 211 are aligned however, GFS 212 is social contributions with PNG 212 being wages. GFS 25 and PNG 25 appear aligned although classification terminology is different. GFS 22 and PNG 22 are aligned however utility rentals and routine maintenance are classified under 23, which in GFS relates to Consumption of Fixed assets (depreciation etc). overall, I not believe that the economic classifications are 'compatible' with GFS.

RESEARCHER’S RESPONSE

Again, in 2012 we gave a ‘b' for this, and since then there has been an effort to better align the classifications, but, as indicated by the PR, it is still not entirely consistent. Again it would be useful to have IBP’s input on whether other country’s marked ‘a' have been fully consistent, or home much deviation is allowed for...We figured that the improvement here might merit this upgrade., but would accept remaining at 'b' in that it is still not fully compatible...

IBP COMMENT

Based on the economic classification for expenditures presented in Table 2 of page 16 of Volume 2, Part 1a, IBP would accept answer choice "a". Note this question does not ask about the classification of revenues.
006. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for individual programs for the budget year?

A. Yes, programs accounting for all expenditures are presented.

B. Yes, programs accounting for at least two-thirds of, but not all, expenditures are presented.

C. Yes, programs accounting for less than two-thirds of expenditures are presented.

D. No, expenditures are not presented by program.

E. Not applicable/other (please comment).

Papua New Guinea

A. Score: 100


Comments: Until 2013 the Budget was divided between the Recurrent and Development (program)
components of the Budget. From 2014 the distinction has attempted to be erased, although at this stage not in practice, but the entire Budget (except trust funds) has been classified by activity or program.

**PEER REVIEWER**

**Opinion**: Yes, I agree with the score and have no comments to add.

---

007. Does the Executive’s Budget Proposal or any supporting budget documentation present expenditure estimates for a multi-year period (at least two-years beyond the budget year) by any of the three expenditure classifications (by administrative, economic, or functional classification)?

**A.** Yes, multi-year expenditure estimates are presented by all three expenditure classifications (by administrative, economic, and functional classification).

**B.** Yes, multi-year expenditure estimates are presented by two of the three expenditure classifications.

**C.** Yes, multi-year expenditure estimates are presented by only one of the three expenditure classifications.

**D.** No, multi-year expenditure estimates are not presented by any expenditure classification.

**E.** Not applicable/other (please comment).

---

**Papua New Guinea**

**A.**

**Score:** 100

**Sources**: This provides aggregates only, Volume 1, 2014 Budget. Economic and Development Policies, Appendix 3, Economic and Fiscal Data, Table 8A, page 18, Total Expenditure and Net Lending, with forecasts for 5 years, 2014-2018 (provides administrative and economic summaries) Volume 1, 2014 Budget. Economic and Development Policies, Chapter 5, pages 46-83 provides more detail, sector by sector and by program for 2014-2017 (including the functional summary in Table 11, on page 47)


**Comments**: The annual expenditure forecasts are included in the Budget proposal for 5 years only in aggregate, and in more detail in the text and tables, by sector and program for 4 years. The composition of many of the programs, notably at the sub-national level is not provided as this will be determined at the provincial and district levels, so it comprises only the forecast total allocations. Only details of balances are
provided for the Trust Funds, which formed a major portion of annual expenditure in recent years (particularly following accumulation during the 2007-9 mineral 'boom')

**PEER REVIEWER**

**Opinion**: No, I do not agree with the score.

**Suggested Answer**: c.

**Comments**: Based on the definitions provided by the questionnaire, I do not believe that the PNG budget framework has provided multi-year expenditure by the three classifications of administrative, economic and functional definitions to the classifications. For example, administrative units indicates ministries, departments or agencies; the evidence cited only lists under the headings of national, provincial, stat authorities, bougainville, interest payments NOT the actual name of each ministry, agency or stat authority. Economic classifications do not match the GFS classification titles and Functional classifications do not match COFOG headings. So if we are strict in our classifications, I would suggest no multi-year, if we adopt a slightly looser perspective, then the answer would be c) as economic classification could be considered even though terminology is different.

**RESEARCHER'S RESPONSE**

We used 'c' in 2012, and improvements in classification have occurred since. Unlike the earlier questions this one doesn't require full compliance with international classifications, but clearly it does require that the details are comprehensive by each classification. Much is aggregated and again it's a question of the level of detail expected and applied with other countries... I'd be ready to revert to 'c', as in 2012, despite some improvements, but I might research this a little further to verify the figures under each classification are comprehensive (although not broken down as much as sought) and come back on this to perhaps upgrade to a (or b), once/if full coverage is verified for the 3 (or 2 of the ) classifications. However, in tables 12-19 (pages 51-70 volume 1) multi-year details of expenditure are set out for each administrative unit, by broad functional classification and provides some economic classification in terms of program activities/purpose, so based upon this I'd tend to stick with 'a', albeit that the multi-year details are not as specific as for the budget year, as specified in the other volumes of the EBP.

**IBP COMMENT**

IBP would accept answer choice "a" for this question.

---

008. Does the Executive's Budget Proposal or any supporting budget documentation present expenditure estimates for a multi-year period (at least two-years beyond the budget year) by program?

**A.** Yes, multi-year estimates for programs accounting for all expenditures are presented.

**B.** Yes, multi-year estimates for programs accounting for at least two-thirds of, but not all, expenditures are
presented.

C. Yes, multi-year estimates for programs accounting for less than two-thirds of expenditures are presented.

D. No, multi-year estimates for programs are not presented.

E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33

Sources: Volume 1, 2014 Budget. Economic and Development Policies, Chapter 5, pages 46-83 provides a break up, by sector and program for the four year period, 2014-2017, for the entire Budget, except the Trust Funds. However, the break up by program is only partial, with multi-year details provided for the economic sector, but only for a few programs in the other sectors.


Comments: The Government has for the first time merged the recurrent and 'development' budget into a single budget (even though still in practice administered in part separately). It is divided by sector, and program, administered by respective agencies, with 4 year forecasts of expenditure provided. This operates effectively as a rolling Medium Term Fiscal Strategy.

Peer Reviewer

Opinion: Yes, I agree with the score and have no comments to add.
Papua New Guinea

A.

Score: 100

Sources: 2014 Budget, Volume 1, Economic and Development Policies, Chapter 4, pages 33-45 2014 Budget, Volume 1, Economic and Development Policies, Appendix 3, Tables on Economic and Fiscal Data, Table 8 Central Government Revenue and Grants, page 17

Comments: Sources of tax (and other revenue) are provided in summary (for 5 years 2014-2018) in the appendix (table 8) in volume 1, and with some explanation in the revenue chapter in volume 1, and in greater detail in Volume 2 (part 1-A) for 2014.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

010. Does the Executive’s Budget Proposal or any supporting budget documentation present the individual sources of non-tax revenue (such as grants, property income, and sales of government-produced goods and services) for the budget year?

A. Yes, individual sources of non-tax revenue accounting for all non-tax revenue are presented.

B. Yes, individual sources of non-tax revenue accounting for at least two-thirds of, but not all, non-tax revenues are presented.

C. Yes, individual sources of non-tax revenue accounting for less than two-thirds of all non-tax revenues are presented.
D. No, individual sources of non-tax revenue are not presented.

E. Not applicable/other (please comment).

**Papua New Guinea**

**B.**

**Score:** 67

**Sources:** 2014 Budget, Volume 1, Economic and Development Policies, Chapter 4, pages 33-45 2014 Budget, Volume 1, Economic and Development Policies, Appendix 3, Tables on Economic and Fiscal Data, Table 8 Central Government Revenue and Grants, page 17


**Comments:** Sources of non-tax revenue, including Department, grants (and financing) are provided in Part 2 of Volume 2(1-A); estimates of receipts into Trust funds are also provided (in Volume 2 (part2)

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

**IBP COMMENT**

For cross-country consistency purposes, IBP would accept answer choice "b" for this question.

| 011. Does the Executive's Budget Proposal or any supporting budget documentation present revenue estimates by category (such as tax and non-tax) for a multi-year period (at least two-years beyond the budget year)? |
A. Yes, multi-year estimates of revenue are presented by category.

B. No, multi-year estimates of revenue are not presented by category.

C. Not applicable/other (please

**Papua New Guinea**

A.

**Score:** 100

**Sources:** 2014 Budget, Volume 1, Economic and Development Policies, Appendix 3, Tables on Economic and Fiscal Data, Table 8 Central Government Revenue and Grants, page 17


**Comments:** Table 8 in Appendix 3 of Volume 1 provides 5 year aggregate projections (2014-2018) by category (of tax and non-tax revenue) for revenue

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

---

012. Does the Executive’s Budget Proposal or any supporting budget documentation present estimates for individual sources of revenue presented for a multi-year period (at least two-years beyond the budget year)?

A. Yes, multi-year estimates for individual sources of revenue accounting for all revenue are presented.

B. Yes, multi-year estimates for individual sources of revenue accounting for at least two-thirds of, but not all, revenue are presented.

C. Yes, multi-year estimates for individual sources of revenue accounting for less than two-thirds of revenue are presented.

D. No, multi-year estimates for individual sources of revenue are not presented.

E. Not applicable/other (please comment).
Papua New Guinea

A.

Score: 100

Sources: 2014 Budget, Volume 1, Economic and Development Policies, Appendix 3, Tables on Economic and Fiscal Data, Table 8 Central Government Revenue and Grants, page 17

Comments: Only the aggregate projections for revenue are provided; these cover the entire revenue (including Trust Funds, which are multi-year income and expenditure mechanisms) and are broken up into different tax (personal, resource tax, GST etc) and non-tax components (dividends, interest, Departmental revenue) and grants, but are not itemized individually, as in Volume 2 (part 1-A) part II, (Details of Revenue...) THIS (NEW) QUESTION DEPENDS ON THE DEFINITION OF 'INDIVIDUAL'...HOW FAR IT GOES DOWN TO ITEMIZED SOURCES OR CATEGORIES

Peer Reviewer

Opinion: Yes, I agree with the score and have no comments to add.

013. Does the Executive's Budget Proposal or any supporting budget documentation present three estimates related to government borrowing and debt: the amount of net new borrowing required during the budget year; the total debt outstanding at the end of the budget year; and interest payments on the debt for the budget year?

A. Yes, all three estimates related to government borrowing and debt are presented.
B. Yes, two of the three estimates related to government borrowing and debt are presented.
C. Yes, one of the three estimates related to government borrowing and debt are presented.
D. No, none of the three estimates related to government borrowing and debt are not presented.
E. Not applicable/other (please comment).
Score: 100

Sources: 2014 Budget, Volume 1, Economic and Development Policies, Appendix 3, Tables on Economic and Fiscal Data, Table 8 Central Government Expenditure (on forecast interest payments) Table 10, Central Government Financing (on forecast net new borrowing), and Table 12, Public Debt (on current and forecast debt levels) 2014 Budget, Volume 1, Economic and Development Policies, Chapter 6, pages 84-89, Financing and Debt Strategy (providing more details and explanation of the status, composition and policies with respect to debt management)

Comments: This covers all the current and forecast State borrowings, other than those related to State-owned enterprises, superannuation funds and contingent liabilities (which have increased substantially in recent years, including for State equity in commercial extractive industry projects) Data is also provided in the Central Bank’s (Bank of Papua New Guinea’s) Quarterly Economic Bulletin and the Governor’s 6 monthly Monetary Policy Statement (notably as BPNG manages most of the domestic debt - notably Treasury Bills and Inscribed Stock) for the Government

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: The PNG budget framework when analysed against this question is not clear. I consider that the researcher has correctly identified all sources for the amount of net borrowing, total forecasted interest and government’s total net burden from the EBP. I also think the researcher is right to point out that there the debt and interest charges for SOEs is not clear. it may be wrapped up in total public debt under treasury responsibilities.

A. Yes, information beyond the core elements is presented for the composition of the total debt outstanding.
B. Yes, the core information is presented for the composition of the total debt outstanding.
C. Yes, information is presented, but it excludes some core elements.

D. No, information related to composition of total debt outstanding is not presented.

E. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: 2014 Budget, Volume 1, Economic and Development Policies, Appendix 3, Tables on Economic and Fiscal Data, Table 12, Public Debt (provides a breakdown between domestic and overseas debt, broken up into more detailed sources) 2014 Budget, Volume 1, Economic and Development Policies, Chapter 6, pages 84-89, Financing and Debt Strategy (provides maturity rates on main sources of domestic debt - treasury bills and inscribed stock, and some discussion on interest rate issues and risk, but does not provide a breakdown of the interest rates on the respective instruments)

Comments: The aggregate debt figures are provided, broken into various components, with some discussion on debt policy, objectives, including interest rate risk. There's no detailed break up of debt from different sources (only of the forecast debt servicing costs for each source for 2014)

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: The EBP does not contain details of the maturity/interest rates by debt instrument.

IBP COMMENT

The information on interest rates and maturity profile is sufficient to satisfy IBP's criteria. IBP would accept answer choice "a" for this question.

015. Does the Executive’s Budget Proposal or any supporting budget documentation present information on the macroeconomic forecast upon which the budget projections are based? (The core information must include a discussion of the economic outlook with estimates of nominal GDP level, inflation rate, real GDP growth, and interest rates.)
A. Yes, information beyond the core elements is presented for the macroeconomic forecast.

B. Yes, the core information is presented for the macroeconomic forecast.

C. Yes, information is presented, but it excludes some core elements.

D. No, information related to the macroeconomic forecast is not presented.

E. Not applicable/other (please comment).

Papua New Guinea

**Score:** 100

**Sources:** 2014 National Budget Volume 1 Economic and Development Policies Chapter 1 Medium Term Fiscal Outlook and Chapter 2 - Economic Outlook; for nominal and real GDP ref. Appendix 3, Table 1 page 10; for inflation (CPI) and interest rates, Appendix 3, Table 13, page 25; see also, Chapter 2 "Economic Developments and Outlook", notably page 14 'Economic Growth' and page 22 "Consumer Price Index'


**Comments:** There is extensive discussion of the macroeconomic forecast and key assumptions( for such factors as inflation, real GDP growth, unemployment rate, and interest rates are stated in Chapter 2 volume 1 of the budget documents. There are more details of strategies and longer term conditions provided in other chapters of chapter of Volume 1. The government has long been the establishment of a Sovereign Wealth Fund(s) to stabilize the budget (amongst other functions) It anticipates the risk of any large increases in revenue and expenditure associated with a major future increase in revenue, notably from the PNG LNG project, having an inflationary effect and undermining competitiveness from an appreciating currency and other risks the microeconomic stability.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

**Suggested Answer:** c.

**Comments:** Appendix 3, Table One, Page 10 Volume 1 Economic and Development policies provides both real and nominal GDP growth; Table 13, page 25, op cit, for inflation and interest rates. the researcher has identified the relevant narratives for economic outlook and fiscal strategy in chapters one and two of Volume One.
016. Does the Executive's Budget Proposal or any supporting budget documentation show the impact of different macroeconomic assumptions (i.e., sensitivity analysis) on the budget? (The core information must include estimates of the impact on expenditures, revenue, and debt of different assumptions for the inflation rate, real GDP growth, and interest rates.)

A. Yes, information beyond the core elements is presented to show the impact of different macroeconomic assumptions on the budget.

B. Yes, the core information is presented to show the impact of different macroeconomic assumptions on the budget.

C. Yes, information is presented, but it excludes some core elements.

D. No, information related to different macroeconomic assumptions is not presented.

E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33

Sources: 2014 Volume 1, Economic and Development Policies, Chapter 2 - Economic Developments and Outlook

Comments: There is information and a very limited explanation of the forecasts and some specifications of the risks entailed that relates to delays in major project development, global economy, domestic and external inflationary pressures etc, without any sensitivity analysis provided

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I consider the researcher has selected the right response. however, I think the question could have been more focused. the key issue is that the core elements are included AND that some degree of sensitivity analysis is undertaken based on those core elements. I would have preferred a choice of 'yes, core elements included BUT no sensitivity analysis undertaken'.
017. Does the Executive’s Budget Proposal or any supporting budget documentation present information for at least the budget year that shows how new policy proposals, as distinct from existing policies, affect expenditures?

A. Yes, estimates that show how all new policy proposals affect expenditures are presented, along with a narrative discussion.

B. Yes, estimates that show how all new policy proposals affect expenditures are presented, but a narrative discussion is not included.

C. Yes, information that shows how some but not all new policy proposals affect expenditure is presented.

D. No, information that shows how new policy proposals affect expenditure is not presented.

E. Not applicable/other (please comment).

Papua New Guinea

A. 

Score: 100

Sources: Volume 2014: Volume 1 Economic and Development Policies, Chapter 5 page 46 - ‘Expenditure’. Policy and related expenditure details are provided in Chapter 5 of Volume 1 document. More details on longer term strategies are provided in Chapter 7 (National Reform Agenda) and Chapter 8 (improving Public Enterprise) and the details of allocations, including past years expenditures are in Volumes 2 and 3 of the budget documents.


Comments: The Narrative and expenditure details are provided in Chapter 5 of Volume 1 of how the policies are set out in and noted in the Medium Term Development Plan of other specific policy decisions are reflected in the (now nominally merged) Recurrent and Development Budget allocations for 2014 and reflects the actual expenditure for the fiscal year 2012. More details can be obtained in specific Budget volumes and the National Reform Agenda, notably in chapters 7 of Volume 1.
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: The researcher has identified the key areas where new programme policies are discussed by the Government in the budget papers. However, the information regarding new policies and programmes is included in the overall budget narrative in section 5 expenditure. However, it is not clear whether ALL new programmes have been discussed and fully costed, including funding sources (or savings sources). I considered rating the score as a C as it is not clear whether all initiatives have been included. The reader is not left with any clear summary as to what the new policies are, how much they will cost over the current budget year, medium term and potentially longer term and the link to the national planning strategy as per IBP Guide to Transparency in Government Budget Reports.

RESEARCHER’S RESPONSE

This demonstrates one of the weaknesses of the Budget documents. The policy details (based upon the 'Alotau Accord') are presented somewhat as a wishlist of activities planned to be undertaken, without much planning of many of them (in terms of the realistic time horizons, cost implications, and cashflow/whether funds will be available in a timely manner etc); therefore a large portion of the proposed/planned activities fail to be implemented, as proposed, with a major underspending on 'project/new initiative' expenditure, allowing major transfers during the year to under-budgeted recurrent expenditure and other activities. Also the specified delivery mechanisms and even objectives maybe substantially altered during the year. The rating could easily be C+ or a-. but if this question specifically sought a performance assessment, then the rating would be 'c' or below...As 'a' does give the impression of a more rigorous process than exists, especially in the light of the substantial non-alignment of expenditure with budget, perhaps a shift to 'b' would be appropriate, even if the wording (about lack of narrative') isn't so much the issue as unrealistic/deficient planning and budgeting

IBP COMMENT

IBP will accept answer choice "a" as the researcher tends to believe that all new policy proposals are presented.

018. Does the Executive’s Budget Proposal or any supporting budget documentation present information for at least the budget year that shows how new policy proposals, as distinct from existing policies, affect revenues?

A. Yes, estimates that show how all new policy proposals affect revenues are presented, along with a narrative discussion.

B. Yes, estimates that show how all new policy proposals affect revenues are presented, but a narrative discussion is not included.

C. Yes, information that shows how some but not all new policy proposals affect revenues are presented.

D. No, information that shows how new policy proposals affect revenues is not presented.
**Papua New Guinea**

**A.**

**Score:** 100

**Sources:** 2014 Volume 1 Economic and Development Policies, Chapter 4- Revenue, each section details the new measure and the expected revenue implications (e.g 4.3.2.1 'Amending Descriptions of Alcohol in the Excise Tariff Act....this measure is expected to raise K30 million in 2014' ) . More detail of longer term revenue strategies are provided in Chapter 6.(Financing and Debt Strategy). The management of revenue and expenditure under the Sovereign Wealth Funds is in Chapter 3, section 3.5, page 32. of Volume 1. The previous years revenues are captured in Volume 2 - Revenues and Estimates, Part 1 - A.


**Medium Development Plan**

**Comments:** The information that is presented does highlight the impact of key policy proposals on revenues as provided in Chapter 4 of Volume 1 and they relate to short term (2014) measures, including both new tax arrangements and improved compliance measures, as well as information on the major Taxation Review to be undertaken during 2014 and early 2015, with extensive consultation.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

**Comments:** Chapter 4 of Volume 1 does indeed provide a narrative as to the new revenue measures and amendments to existing legislation/ regulation to close loopholes and protect Government's revenue base. There is not a summary table of these reforms AND the estimated expected revenue. Some of the reforms are not quantified however this is appropriate if the Government cannot estimate the revenue or savings from the reform. I would prefer a table that clearly identified all proposed revenue initiatives and any estimates of revenue raised or deductions reduced with an overall total aggregate impact on the budget. The reader could then review this next budget year and assess the outcome(s) of the policies/ reforms. I would consider this a potential 'c' score as the information is not clear and does not provide a clear and transparent view of the potential monetary impact of new revenue and expenditure policy initiatives.

**RESEARCHER’S RESPONSE**

It depends the level of information required. Clearly estimates and a narrative are both provided and so on this basis an 'a' should be provided. However, although the specific revenue proposals are spelled out in some detail, the basis of the specific revenue figures provided are not, and there's no sensitivity analysis provided, which relates to the key revenue sources, notably related to commodity prices. So, although the specific wording for a 'b' rating doesn't seem entirely appropriate (in terms of lack of narrative), if b constituted a
rating between a and c, then 'b' would perhaps be appropriate...(it was 'b' in the 2012 ratings, but there were only 3 options for the ratings in that survey...so a b in this survey could be still deemed an improvement). The Tax Review mentioned in the text, is/should provide over 2014/15 detailed assessments of the revenue implications of different options, including the major question of taxation vs equity investment by the State in resource development projects. Clearly the risks associated with with taxation are lower, as are the potential conflicts of interest for the State as regulator, but from a practical Budget/accounting viewpoint it is more straight-forward and probably transparent for government to concentrate on more conventional State revenue and expenditure methods and functions.)

IBP COMMENT

IBP would accept answer choice "a".

019. Does the Executive’s Budget Proposal or any supporting budget documentation present expenditures for the year preceding the budget year (BY-1) by any of the three expenditure classifications (by administrative, economic, or functional classification)?

A. Yes, expenditure estimates for BY-1 are presented by all three expenditure classifications (by administrative, economic, and functional classification).

B. Yes, expenditure estimates for BY-1 are presented by two of the three expenditure classifications.

C. Yes, expenditure estimates for BY-1 are presented by only one of the three expenditure classifications.

D. No, expenditure estimates for BY-1 are not presented by any expenditure classification.

E. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: Volume 2 Part (Part 1A) 2014 Budget Estimates of Revenue and Expenditure of National Governments Departments
Comments: All BY-1 data comprises only appropriations as revised and not actuals. The actuals available is for 2012. In the first quarter of the 2013 Final Budget Outcome, the detailed information is made available for the BY - 2 and for the current year (2013). The detail break up is classified by administrative units for national, provincial and statutory bodies and the Trust Accounts are not broken down.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: Note that Table 2 Volume 2 Part 1 a Estimates of Revenue and Expenditure for National Government Departments has actual and appropriations but no dates. However, it is clear that the Actuals relate to 2012, with the Appropriation being 2013 and 2014.

020. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for individual programs for the year preceding the budget year (BY-1)?

A. Yes, programs accounting for all expenditures are presented for BY-1.

B. Yes, programs accounting for at least two-thirds of, but not all, expenditures are presented for BY-1.

C. Yes, programs accounting for less than two-thirds of expenditures are presented for BY-1.

D. No, expenditures are not presented by program for BY-1.

E. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Details of program expenditure for BY-1 are provided in Volume 2 (part 1A-1C), for Govt Departments, and Volume 2 (par 2) for Statutory Authorities, some SOEs and Provincial Governments.


Comments: All BY -1 expenditures by program are detailed in Volume 2 (Part 1 and Part 2), but these figures comprise revised appropriations and not actuals. Actuals are only provided for BY - 2. Trust Accounts details are not broken down.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

021. In the Executive's Budget Proposal or any supporting budget documentation, have expenditure estimates of the year prior to the budget year (BY-1) been updated from the original enacted levels to reflect actual expenditures?

A. Yes, expenditure estimates for BY-1 have been updated from the original enacted levels.

B. No, expenditure estimates for BY-1 have not been updated from the original enacted levels.

C. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: Volume 1, Economic and Development Policies Appendix 3, Table 9A, page 18, 'Total Expenditure and Net Lending,'

Volumes 2(part 1A-1C and part 2) for details of BY-1 for all departments and Agencies, updated during the year and as a result of the 2013 Supplementary Appropriation
Comments: All expenditure estimates for BY-1 revised are updated from the original appropriations (including the incorporation of the 2013 Supplementary Budget which was approved by the Legislature at the same time as the 2014 Budget). Movement of funds are allowed under conditions stipulated in the Appropriation Act and updated to arrive at the revised appropriation.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: Volume 1 Economic and Development Policies Section 3.1 page 27 provides supporting evidence. all revenue tables indicate both the 2013 and Revised 2013 figures. There does not seem to be a corresponding table for expenditure. nevertheless, the narratives indicate that the figures used are revised from MYEFO 2013.

022. Does the Executive's Budget Proposal or any supporting budget documentation present estimates of expenditure for more than one year prior to the budget year (that is, BY-2 and prior years) by any of the three expenditure classifications (by administrative, economic, or functional classification)?

A. Yes, expenditure estimates for BY-2 and prior years are presented by all three expenditure classifications (by administrative, economic, and functional classification).

B. Yes, expenditure estimates for BY-2 and prior years are presented by two of the three expenditure classifications.

C. Yes, expenditure estimates for BY-2 and prior years are presented by only one of the three expenditure classifications.

D. No, expenditure estimates for BY-2 and prior years are not presented by any expenditure classification.

E. Not applicable/other (please comment).
023. Does the Executive’s Budget Proposal or any supporting budget documentation present expenditures for individual programs for more than one year preceding the budget year (that is, BY-2 and prior years)?

A. Yes, programs accounting for all expenditures are presented for BY-2 and prior years.

B. Yes, programs accounting for at least two-thirds of, but not all, expenditures are presented for BY-2 and prior years.

C. Yes, programs accounting for less than two-thirds of expenditures are presented for BY-2 and prior years.

D. No, expenditures are not presented by program for BY-2 and prior years.
Papua New Guinea

Score: 100


Comments: Expenditures for individual programs are presented for revised estimates for BY - 1 and 'actuals' for BY-2. The details are provided by programs in the summary section, in the main expenditure sections (of vol 2 part A-C) and in the Development Program volume 3.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

024. In the Executive’s Budget Proposal or any supporting budget documentation, what is the most recent year presented for which all expenditures reflect actual outcomes?

A. Two years prior to the budget year (BY-2).
B. Three years prior to the budget year (BY-3).
C. Before BY-3.
D. No actual data for all expenditures are presented in the budget or supporting budget documentation.

E. Not applicable/other (please comment).

Papua New Guinea

A. Score: 100

Sources: Volume 1, Economic and Development Policies, Appendix 3, Table 9a (p. 18) Total Expenditure and Net Lending (aggregate figures showing 'actuals' for BY-2))

Comments: The B-Y2 (unaudited) actuals are presented in the 2014 National Budget documents, in aggregate in volume 1 and in summary and full in volume 2 (parts 1-A-C and 2)

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

025. Does the Executive’s Budget Proposal or any supporting budget documentation present revenue by category (such as tax and non-tax) for the year preceding the budget year (BY-1)?

A. Yes, revenue estimates for BY-1 are presented by category.

B. No, revenue estimates for BY-1 are not presented by category.
C. Not applicable/other (please comment).

**Papua New Guinea**

**A.**

**Score:** 100

**Sources:** 2014 Volume 1 Economic and Development Policies Table 8 - Central Government Revenue and Grants and Appendix 3, Economic and Fiscal Data Tables

**Comments:** The revenues are broken up into: Tax on Income and Profits, Personal Income tax, Company tax, and other direct taxes etc.. Taxes on Goods and Services, Taxes on International Trade, Property Income, Value Added Tax (VAT) Mining Levies, Import and Export Duty listed in Table 8 - Government Revenues and Grants.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

**Comments:** Chapter 4, Volume 1 Economic and Development Policies also provides summary tables on revenue sources.

---

026. Does the Executive’s Budget Proposal or any supporting budget documentation present individual sources of revenue for the year preceding the budget year (BY-1)?

**A.** Yes, individual sources of revenue accounting for all revenue are presented for BY-1.

**B.** Yes, individual sources of revenue accounting for at least two-thirds of, but not all, revenue for BY-1 are presented.

**C.** Yes, individual sources of revenue accounting for less than two-thirds of all revenues for BY-1 are presented.

**D.** No, individual sources of revenue are not presented for BY-1.

**E.** Not applicable/other (please comment).
Papua New Guinea

A.

Score: 100

Sources: 2014 Volume 1 Economic And Development Policies - Table 8, Central Government Revenue Grants and Appendix 3: Economic and Fiscal Data Tables.


PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: Chapter 4, Volume 1, Economic and Development Policies, provide a summary of types of revenue sources to BY-2

027. In the Executive’s Budget Proposal or any supporting budget documentation, have the original estimates of revenue for the year prior to the budget year (BY-1) been updated to reflect actual revenue collections?

A. Yes, revenue estimates for BY-1 have been updated from the original enacted levels.
B. No, revenue estimates for BY-1 have not been updated from the original enacted levels.
C. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100
**Sources:** 2014 Volume 1 Economic and Development Policies: Chapter 3.3 Revenue and Grants and also Appendix 3: Economic and Fiscal Data Tables and Table 8 on Government Revenue and Grants.  

**Comments:** The revenue estimates for BY-1 are updated and revised projections are based on the actual revenue data (receipts). The specific details on actual receipts is not provided. Chapter 3 of Volume 1 does provide summary revisions from both the 2012 actual outcome and the revised 2013 revenue.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

---

<table>
<thead>
<tr>
<th>028. Does the Executive’s Budget Proposal or any supporting budget documentation present revenue estimates by category (such as tax and non-tax) for more than one year prior to the budget year (that is, BY-2 and prior years)?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A.</strong> Yes, revenue estimates for BY-2 and prior years are presented by category.</td>
</tr>
<tr>
<td><strong>B.</strong> No, revenue estimates for BY-2 and prior years are not presented by category.</td>
</tr>
<tr>
<td><strong>C.</strong> Not applicable/other (please comment).</td>
</tr>
</tbody>
</table>

---

**Papua New Guinea**

**A.**

**Score:** 100

---

**Sources:** 2013 Volume 1 Economic and Development Policies Chapter 3 Revenue and Grants and also Table: 8 on Central Government Revenue and Grants for the aggregates.  
Volume 2 Recurrent Budget Estimates of Revenue and Expenditure for National Government Departments Part 1 - A, Part 1 Summary Tables and Part 11 Details of Revenue, Grants and Loans,

**Comments:** The tax and non tax revenues are broken up and presented by category for BY-2.. Personal Income Tax, Company Tax, Dividend Withholding Tax, Mining and Petroleum Taxes, Gaming Taxes and other Direct and indirect Taxes.
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: Chapter 4 Revenue page 33 2014 National Budget, Volume 1 Economic and Development Policies (2014) provides a better reference for this question with supporting narrative. It is possible that the researcher has put the incorrect chapter number in. Table 8, Appendix 3 does indeed provide a summary of revenue up to and including BY-2.

029. Does the Executive’s Budget Proposal or any supporting budget documentation present individual sources of revenue for more than one year prior to the budget year (that is, BY-2 and prior years)?

A. Yes, individual sources of revenue accounting for all revenue are presented for BY-2 and prior years.

B. Yes, individual sources of revenue accounting for at least two-thirds of, but not all, revenue are presented for BY-2 and prior years.

C. Yes, individual sources of revenue accounting for less than two-thirds of all revenues are presented for BY-2 and prior years.

D. No, individual sources of revenue are not presented for BY-2 and prior years.

E. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: 2014 Volume 1 Economic Development Policies, Chapter 3 (Revenues and Grants) and Appendix 3 and Table 8 - Central Government Revenue and Grants 2014 Volume 2 Recurrent Budget Estimates of Revenue and Expenditure for National Government Departments Part 1 - A, Summary Tables - Part 1 Table A2 - Economic Classification of Revenue, Grants and Loans. 

Comments: In Volume 1 Economic Development Policies document shows the BY-2 and prior years aggregate of revenues and the break down is shown in Volume 2 Recurrent Budget Estimates of Revenue and Expenditure of National Government Departments Part 1 - A for BY-2.

PEER REVIEWER
**Opinion:** Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

**Comments:** Chapter 4 Revenue page 33 2014 National Budget, Volume 1 Economic and Development Policies (2014) provides a better reference for this question with supporting narrative. It is possible that the researcher has put the incorrect chapter number in. Table 8, Appendix 3 does indeed provide a summary of revenue up to and including BY-2.

---

030. In the Executive’s Budget Proposal or any supporting budget documentation, what is the most recent year presented for which all revenues reflect actual outcomes?

- A. Two years prior to the budget year (BY-2).
- B. Three years prior to the budget year (BY-3).
- C. Before BY-3.
- D. No actual data for all revenues are presented in the budget or supporting budget documentation.
- E. Not applicable/other (please comment).

**Papua New Guinea**

**A.**

**Score:** 100


**Comments:** The BY - 2 actuals are presented in the 2014 National Budget, together with receipts from Trust funds (in Vol. 2 part 2) although unaudited.

---

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.
031. Does the Executive's Budget Proposal or any supporting budget documentation present information on government borrowing and debt, including its composition, for the year proceeding the budget year (BY-1)? (The core information must include the total debt outstanding at the end of BY-1; the amount of net new borrowing required during BY-1; interest payments on the debt; interest rates on the debt instruments; maturity profile of the debt; and whether it is domestic or external debt.)

A. Yes, information beyond the core elements is presented for government debt.

B. Yes, the core information is presented for government debt.

C. Yes, information is presented, but it excludes some core elements.

D. No, information related to government debt is not presented.

E. Not applicable/other (please comment).

**Papua New Guinea**

**A.**

**Score:** 100

**Sources:** 2014 Volume 1 Economic and Development Policies: Appendix 3, Table 12, (page 24) Public Debt, which provides the level and composition of the debt, between domestic and external and sources (based substantially from data from the Bank of Papua New Guinea) and Table 10, Central Government Financing 2014 Volume 1 Economic and Development Policies: Chapter 6: Financing and Debt Strategy provides some further details on the composition, risks, plans, but almost nothing on prevailing interests applicable to the debt, whether on average or broken down.


**Comments:** The basic information is provided on public debt levels and composition for BY-1 in Volume 1, Table 12 (page 24), and on net external and domestic borrowing and other financing in Table 10 (page 22) with some related explanation and analysis in Chapter 6. There is considerable detail on Public Debt Charges in...
Volume 2 part 2, but the Budget Proposal provides almost no details on interest rates or the level of maturity of its respective financing. (some additional information, notably on interest rates is available from the Central Bank - as referenced in the Budget, but again without a detailed breakdown in relation to the public debt)

**PEER REVIEWER**

**IBP COMMENT**
The information provided on interest rates and maturity profile meets IBP's criteria. Thus, IBP would accept answer choice "a" for this question.

---

032. In the Executive’s Budget Proposal or any supporting budget documentation, what is the most recent year presented for which the debt figures reflect actual outcomes?

- **A.** Two years prior to the budget year (BY-2).
- **B.** Three years prior to the budget year (BY-3).
- **C.** Before BY-3.
- **D.** No actual data for government debt are presented in the budget or supporting budget documentation.
- **E.** Not applicable/other (please comment).

**Papua New Guinea**

**A.**

**Score:** 100


**Comments:** The public debt figures in Appendix 3, table 12 reflect the actual (unaudited) outcomes during BY-2. The actual cost of debt servicing is shown in Volume 2 (Part 2) Debt Services.

**PEER REVIEWER**
Opinion: Yes, I agree with the score and have no comments to add.

033. Does the Executive's Budget Proposal or any supporting budget documentation present information on extra-budgetary funds for at least the budget year? (The core information must include a statement of purpose or policy rationale for the extra-budgetary fund; and complete income, expenditure, and financing data on a gross basis.)

A. Yes, information beyond the core elements is presented for all extra-budgetary funds.

B. Yes, the core information is presented for all extra-budgetary funds.

C. Yes, information is presented, but it excludes some core elements or some extra-budgetary funds.

D. No, information related to extra-budgetary funds is not presented.

E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33

Sources: 2014 Volume 1 Economic and Development Policies: Chapter 5: 5.5. Status of Trust Accounts (5.6 page 78. Summary of Trust Accounts Movement), and 5.4 Non-Financial Instructions - including Section on Trust Fund Management and reporting on off-budget income. Chapter 3, Fiscal Strategy and Outlook, 3.5 (page 32) Sovereign Wealth Fund, although legislation is enacted, application is still pending. Chapter 8, 'Improving Public Enterprise', notably the discussion in 8.3 (page 105) on IPBC performance. Appendix 1, Table 1.1 Summary of Infrastructure Tax Credit Scheme (this is effectively an expenditure program, offset against corporate tax revenue).


Comments: The core information is provided, but, as highlighted in the Budget Proposal itself (p. 70), 'the Government has noted non-compliance with several instructions...with concern' related to requiring 'all agencies to report in the Budget process on public monies held in Trust Accounts....' and reporting 'off-budget income' in full, earned from providing government services (e.g. immigration permits, work permits, license fees, fees for services) or royalties; as it specifies there will be penalties imposed in the 2015 Budget for failure
to fully report on Trust Funds, or service delivery revenue, or revenue from development or capital investment, end of year rolled over funds or non-Budget funded revenues. This effectively excludes the SOEs. At the moment, the equity in the majority of the SOEs (excluding Petromin and other oil/gas equity) and State's equity in 28 other commercial investments) are held by the State holding corporation, IPBC, which receives dividends and uses that to fund its own operations and a range of 'impact projects' (estimated in 2013 at PGK 226.3 mill, outside the Budget process), with a balance (termed 'dividend') paid to the State. It is proposed to change this system, as highlighted in the Budget document, in Chapter 8.

PEER REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: The Sovereign Wealth Fund would be considered an extra-budgetary item, however, my reading of the EBP is that it is still in the development of the governance framework (Volume 1, Section 3.5). I am not sure that trust funds are necessarily considered as extra-budgetary funds. The general definition of an extra-budgetary is of an entity that can acquire assets and liabilities in its own right. However, some government entities may be responsible for earmarked taxes and revenues but with some level of discretion over the volume and composition of expenditures and taxes could be considered EBFunds. Entities that carry out government policies and programmes may also be considered EBFs. However, within the context of this question, it is not clear whether all extra-budgetary funding has been identified or not. So I concur with the researcher.

034. Does the Executive’s Budget Proposal or any supporting budget documentation present central government finances (both budgetary and extra-budgetary) on a consolidated basis for at least the budget year?

A. Yes, central government finances are presented on a consolidated basis.
B. No, central government finances are not presented on a consolidated basis.
C. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: 2014, Volume 1 Economic and Development Policies: Appendix 3, Tables 8 and 9a, Central Government Revenue and Grants and Central Government Expenditure and Net Lending, Appendix 2 (Tables 2.1 and 2.2) Grants and Transfers to Provinces. Chapter 5m ‘Expenditure’ provides some detail on 2014 Budget reforms, including over Trust Funds and Off-Budget Income, to improve the consolidation and
transparency of the Budget system, and in Chapter 8, 'Improving Public Enterprise' to better consolidate income and expenditure from SOEs and other State-owned equity. Chapter 3, 'Fiscal Strategy and Outlook’ # 3.5 provide some detail on the development of the planned Sovereign Wealth Fund 

**Comments:** The Budget Proposal does provide, or seek to provide, central government finances, including transfers to sub-national governments, on a consolidated basis, although it recognizes that, despite financial instructions from the Treasury/Finance to all agencies (which are meant to carry legal authority), substantial funds are kept in Trust Funds and other off-budget arrangements, but not routinely or necessarily accurately recorded and reflected in the Budget, apart from the direct project expenditure from IPBC (the State's SOE and equity holding corporation).

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

**Comments:** in the absence of any contrary information, i support the scoring for this question. I would like to get additional information from the researcher on the comment of 'other off-budget arrangements' contained above.

**RESEARCHER'S RESPONSE**

Although the legislation for the Sovereign Wealth Fund was initially passed in early 2012, its application has been delayed by various adjustments made following an ongoing internal process of consultations between Ministries. It was not applied, therefore, in 2014, and is only ready to be applied in 2015. Apart from the problems over amounts and accountability with trust funds, the other major area entailing lack of clarity is the extensive use of SOE funding for government projects/investments. While private sector implemented projects using the tax credit scheme are meant to be fully accounted for in the Budget and public accounts, the projects and other transactions funded by SOEs, in lieu of revenue/dividend payment to the State, or explicitly to avoid raising official sovereign debt, creates a level of uncertainty with Budget figures/debt levels etc, although an effort has been made to consolidate the numbers.

---

<table>
<thead>
<tr>
<th>035. Does the Executive's Budget Proposal or any supporting budget documentation present estimates of intergovernmental transfers for at least the budget year?</th>
</tr>
</thead>
</table>

**A.** Yes, estimates of all intergovernmental transfers are presented, along with a narrative discussion.
B. Yes, estimates of all intergovernmental transfers are presented, but a narrative discussion is not included.

C. Yes, estimates of some but not all intergovernmental transfers are presented.

D. No, estimates of intergovernmental transfers are not presented.

E. Not applicable/other (please comment).

Papua New Guinea

A. Score: 100

Sources: 2014 Budget, Volume 1, Economic and Development Policies, Appendix 2, Tables 2.1 & 2.2 (pages 6-8): Grants and Transfers to Provinces (including Local Level Governments): 2014 Budget, Volume 1, Economic and Development Policies, Appendix 3, Table 9a (page 18): Total Expenditure and Net Lending: Chapter 5, 'Expenditure' # 5.3.7 details funding for the provinces, including under the District Support Improvement Program (DSIP) of K10 million per District, (a mechanism chaired at the District level by the local Member of Parliament) Chapter 7, 'National Government reform' # 7.2.3 (p 92) provides a very cursory comment on the basis of moer equitable Resource Allocation to Provincial Governments.


Volume 2 (Part - 2), 2014 Budget Estimates for Statutory Authorities and Provincial Governments...: Part III, Section C (Pages 335-375), Details of Expenditure - Provincial Governments:


Comments: The estimates provided in in the summary tables (2.1 & 2.2.) in Volume 1 are comprehensive (or at least intended to be such), comprising budget transfers, tax transfer (shared GST etc), royalties and dividends, and own revenue. The narrative in the Budget document is somewhat cursory. The National Economic & Fiscal Commission (an Independent Constitutionally established advisory body, is required to provide a report on sub-national financing and advises the Treasurer on the amount to be distributed to each province each year on the basis of an equalization provision, in relation to the total amount projected to be available in total in the budget. (The NEFC 2014 Report is currently available only in hard copy, with the 2013 report available online)

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.
036. Does the Executive's Budget Proposal or any supporting budget documentation present alternative displays of expenditures (such as by gender, by age, by income, or by region) to illustrate the financial impact of policies on different groups of citizens, for at least the budget year?

A. Yes, at least three alternative displays of expenditures are presented to illustrate the financial impact of policies on different groups of citizens.

B. Yes, two alternative displays of expenditures are presented to illustrate the financial impact of policies on different groups of citizens.

C. Yes, one alternative display of expenditures is presented to illustrate the financial impact of policies on different groups of citizens.

D. No, alternative displays of expenditures are not presented to illustrate the financial impact of policies on different groups of citizens.

E. Not applicable/other (please comment).

Papua New Guinea

Score: 0

Sources: No alternative display provided in the EBP

Comments: No specific provision has been made for alternative Budgetary presentations, although an annual determination and report is provided by the National Economic and Fiscal Commission (NEFC), an independent Constitutional Advisory body for equalization of allocations to the provinces and Local Level Governments, based upon the amount made available for sub-national distribution and the NEFC’s analysis of the cost of minimum priority activities and performance indicators.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

037. Does the Executive's Budget Proposal or any supporting budget documentation present estimates of transfers to public corporations for at least the budget year?
A. Yes, estimates of all transfers to public corporations are presented, along with a narrative discussion.

B. Yes, estimates of all transfers to public corporations are presented, but a narrative discussion is not included.

C. Yes, estimates of some but not all transfers to public corporations are presented.

D. No, estimates of transfers to public corporations are not presented.

E. Not applicable/other (please comment).

**Papua New Guinea**

**Score:** 100


**Comments:** The State's grants and loans to respective public corporations (and other entities in which it holds a stake), including the holding corporation, IPBC, are specified in Volume 2 (Part-2). As the Independent Public Business Corporation (IPBC) and the corporations' fund some activities directly from revenue from these entities, and with ambiguity over IPBC's roles and responsibilities, there is some lack of clarity over expenditure levels and returns by State corporations in projects. The Government is seeking to clarify processes around the SOEs and IPBC, to distinguish between revenue to the State and expenditure by the State (currently presented partly as IPBC investment and 'impact projects'. In 2014 IPBC is also, finally, planning to prepare guidelines for the provision of monitoring and reporting to government and the public, just at a time when the Government plans to change the entire organisation arrangements for the State-owned enterprises (SOEs). Chapter 8 of Volume 1 provides some discussion of the issues and breakdown on the main projects being undertaken by the SOEs, with Volume 2 (part 2) providing details of the State funding contribution from the Budget of SOE projects (as opposed to those funded directly by the corporations, albeit from forfeited revenue). For an analysis of the performance of the SOEs in PNG (including costs and returns to the State), see ADB Report of September 2012 'Finding Balance: Benchmarking the Performance of State-Owned Enterprises in Papua New Guinea' papua-new-guinea'
038. Does the Executive's Budget Proposal or any supporting budget documentation present information on quasi-fiscal activities for at least the budget year? (The core information must include a statement of purpose or policy rationale for the quasi-fiscal activity and the intended beneficiaries.)

A. Yes, information beyond the core elements is presented for all quasi-fiscal activities.

B. Yes, the core information is presented for all quasi-fiscal activities.

C. Yes, information is presented, but it excludes some core elements or some quasi-fiscal activities.

D. No, information related to quasi-fiscal activities is not presented.

E. Not applicable/other (please comment).

Papua New Guinea

D.  

Score: 0


Comments: Some reference is made in Volume 1 to amounts of funding inadequately defined and reported
upon under Trust Funds, and various other ill-defined expenditure (such as by the National Agricultural Development Program in recent years, and the air-freight subsidy, used as an airline subsidy). In Volume 2 (part 2) there is specific reference to a credit subsidy component through the National Development Bank - albeit part Budget funded. Some license fee revenue (e.g. collected by the National Fisheries Authority and some other authorities) is retained as institutional revenue, with only (much lower) dividends paid to the State. Superannuation fund (purported) lending in recent years for public projects and non-budgeted State borrowings for major corporate equity.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

039. Does the Executive’s Budget Proposal or any supporting budget documentation present information on financial assets held by the government? (The core information must include a listing of the assets, and an estimate of their value.)

A. Yes, information beyond the core elements is presented for all financial assets.
B. Yes, the core information is presented for all financial assets.
C. Yes, information is presented, but it excludes some core elements or some financial assets.
D. No, information related to financial assets is not presented.
E. Not applicable/other (please comment).

Papua New Guinea

D.

Score: 0

Volume 2 (Part - 2) 2014 Budget Estimates for Statutory Authorities, Provincial Governments, Debt Services and Trust Accounts; Part IV, (pages 413-430) Details of Trust Fund Balances  
Bank of Papua Economic Bulletins  
**Comments**: There is some information provided but not comprehensive or up to date, and, as it states in Chapter 8 of Volume 1, (page 102) 'due to lack of up to date information, Table 30 (on directly managed equity investments) is outdated, as only information about the State's holdings as at the end of 2011 is available', and likewise the details of Trust funds are not comprehensive or fully updated. (with more information provided than in 2011 the fair mark would probably be between b and c, but if the Government applies its proposed new measures for asset/equity they should be more comprehensive, reliable and accurate in future)

**PEER REVIEWER**

**Opinion**: Yes, I agree with the score and have no comments to add.

**IBP COMMENT**

As the information presented on financial assets is not for the budget year, for cross-country consistency purposes, IBP revised the response to "d".

---

040. Does the Executive's Budget Proposal or any supporting budget documentation present information on nonfinancial assets held by the government? (The core information must include a listing of the assets by category.)

A. Yes, information beyond the core elements is presented for all nonfinancial assets.

B. Yes, the core information is presented for all nonfinancial assets.

C. Yes, information is presented, but it excludes some nonfinancial assets.

D. No, information related to nonfinancial assets is not presented.

E. Not applicable/other (please comment).

**Papua New Guinea**

D.

**Score**: 0

**Sources**: apart from references to the need to upgrade and maintain infrastructure there is no reference to non-financial public assets in the 2014 Budget, Volume 1, Economic and Development Policies.

**Comments**: Commitments have been made in the past to developing a 'whole of government Balance Sheet framework' embracing the various public sector institutions with responsibility for managing the State's assets, and contracts are currently being issued by Treasury for some related work to be undertaken, but at
this stage there is nothing provided in the Budget documentation.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

---

041. Does the Executive’s Budget Proposal or any supporting budget documentation present estimates of expenditure arrears for at least the budget year?

A. Yes, estimates of all expenditure arrears are presented, along with a narrative discussion.

B. Yes, estimates of all expenditure arrears are presented, but a narrative discussion is not included.

C. Yes, estimates of some but not all expenditure arrears are presented.

D. No, estimates of expenditure arrears are not presented.

E. Not applicable/other (please comment).

**Papua New Guinea**

D. Score: 0

**Sources:** 2014 National Budget Volume 1 Economic And Development Policies, Financing and Debt Strategy and Status of Trust Accounts, Chapter 6, 'Financing and Debt Strategy' and Chapter 5, 'Expenditure' and Chapter 7 'National Reform Agenda'


**Comments:** There is a breakdown on Public Debt (Appendix 3, Table 5 and Chapter 6), with limited reference to outstanding obligations, and under Chapter 6 passing reference to the need for providing options for managing outstanding payroll debts (e.g. page 72), and in Chapter 7 on the need for various public sector reforms, including with respect to superannuation liabilities, where it states (page 93) that ‘in 2014, there is a need for the State to quantify the stock of superannuation liabilities and then devise an appropriate settlement framework’. Some details of expenditure arrears are provided during the mid and end of year fiscal reports,

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.
042. Does the Executive’s Budget Proposal or any supporting budget documentation present information on contingent liabilities, such as government loan guarantees or insurance programs? (The core information must include a statement of purpose or policy rationale for each contingent liability; the new guarantees or insurance commitments proposed for the budget year; and the total amount of outstanding guarantees or insurance commitments (the gross exposure) at the end of the budget year.)

A. Yes, information beyond the core elements is presented for all contingent liabilities.

B. Yes, the core information is presented for all contingent liabilities.

C. Yes, information is presented, but it excludes some core elements or some contingent liabilities.

D. No, information related to contingent liabilities is not presented.

E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33


Comments: This issue is not comprehensively addressed and few details provided. Chapter 6 of Volume 1 provides very limited reference to contingent liabilities, notably loan guarantees (page 87) (notably for the major borrowings for State and landowners’ equity in extractive industry projects and other smaller schemes), and in Chapter 3 on the fiscal strategy on the performance of the Medium Term Fiscal Strategy.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: There are some additional comments on contingent liabilities included in Chapter 4 under
taxation policy reforms (for example, page 39). The PNG LNG liability is briefly discussed in Volume 1 (page 28) and throughout Volume 1 (trust funds, page 80). however, it is not clear that the EBP DOES provide the core components. that is, does the EBP provide a statement of purpose, a listing of all new contingent liabilities or the gross total of contingent liabilities. Some that information is contained in narrative format however there is no table listing total contingent liabilities.

043. Does the Executive’s Budget Proposal or any supporting budget documentation present projections that assess the government’s future liabilities and the sustainability of its finances over the longer term? (The core information must cover a period of at least 10 years and include the macroeconomic and demographic assumptions used and a discussion of the fiscal implications and risks highlighted by the projections.)

A. Yes, information beyond the core elements is presented to assess the government’s future liabilities and the sustainability of its finances over the longer term.

B. Yes, the core information is presented to assess the government’s future liabilities and the sustainability of its finances over the longer term.

C. Yes, information is presented, but it excludes some core elements.

D. No, information related to future liabilities and the sustainability of finances over the longer term is not presented.

E. Not applicable/other (please comment).

Papua New Guinea

D.

Score: 0

Comments: As stated in Vol 1, 'the Medium Term Debt Strategy 2013-2017 (Debt Strategy) is to minimize the cost of debt consistent with the Government's tolerance for financial risk', by 'managing debt at sustainable levels by 'Managing Debt to keep financial risk at prudent levels' and 'Developing a domestic debt market';. The law limits the borrowing of around 35 percent of GDP at 35% of GDP for 2013 - 2015 and the strategy seeks to limit it to 30 percent thereafter. The limit does not include superannuation arrears, State Owned Enterprise borrowing or contingent liabilities. The Treasury and Finance Departments Miscellaneous Budget allocation shows the past year's liabilities only.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: In this particular case, the core components provide for projections for a period of at least 10 years plus supporting macro-economic and fiscal risk narratives. The key component is 'projections' AND the PNG EBP does not provide any projections. It does provide some narrative as pointed out by the researcher. Given the scoring options, the researcher has chosen the better score and I agree with that choice. However, I think the scoring OR definition of core components should be revised to provide for 'd' some information is provided but exclude core component.

IBP COMMENT

For cross-country consistency purposes, IBP has selected answer choice "d" for this question.

044. Does the Executive's Budget Proposal or any supporting budget documentation present estimates of the sources of donor assistance, both financial and in-kind?

A. Yes, estimates of all sources of donor assistance are presented, along with a narrative discussion.

B. Yes, estimates of all sources of donor assistance are presented, but a narrative discussion is not included.

C. Yes, estimates of some but not all sources of donor assistance are presented.

D. No, estimates of the sources of donor assistance are not presented.

E. Not applicable/other (please comment).

Papua New Guinea

A.


**Score: 100**

**Sources:** 2014 National Budget Volume 1 Economic Development Policies, Appendix 3, Table 9b (page 19) ‘GoPNG Counterpart and Donor Funded Projects, 2014’, and also Chapter 5 'Expenditure' page 47 'Donor Funding from Development Partners'


**Comments:** Table 9b in Appendix 3 of Volume 1, provides the summary, broken down by program, and Chapter 5 has a brief section on development partners' contributions and the principles applied. The summary tables of Part I (Table A2 page 8) and Part II (Loan Service Receipts page 60, and Grants, page 62) of Volume 2 (Part 1A) with part III providing more detailed information, and Volume 3, Public Investment Program provides details of donor funding programs and projections with the Medium Term Plan priorities. Most donor funded projects for NGOs and Civil Societies are managed outside of the budget but the National agencies but information Is reflected in the budget.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

045. Does the Executive’s Budget Proposal or any supporting budget documentation present information on tax expenditures for at least the budget year? (The core information must include a statement of purpose or policy rationale for each tax expenditure, the intended beneficiaries, and an estimate of the revenue foregone.)

A. Yes, information beyond the core elements is presented for all tax expenditures.

B. Yes, the core information is presented for all tax expenditures.

C. Yes, information is presented, but it excludes some core elements or some tax expenditures.

D. No, information related to tax expenditures is not presented.
Papua New Guinea

C.

Score: 33

Sources: 2014 National Budget Volume 1 Economic Development Policies, Appendix 1, Tables 1.1-1.4 on the Tax Credit Scheme, Incentives under the Income Tax Act (with permanent loss of revenue), Incentives under the Income Tax Act with Deferral of if revenue, and Exemptions under the Stamp Duties Act Chapter 4 on Revenue Measures and Developments.


Comments: The infrastructure tax credit scheme is (arguably) not strictly a tax expenditure as it is an exemption from tax for providing agreed public (rather than strictly private) goods; details of the application are in Appendix 1 of Volume 1 (Table 1.1) and explanation over application and its modification is provided in Chapter 4 (#4.3.1.2 page 39). Actual deductions for tax credits is up to 2009 and the estimates are provided up to 2012. The level of excess credits carried forward will be determined in the following year. The other more strictly tax Expenditure is detailed in the other tables of Appendix 1, but there is no explanation of their functions, as there are no adjustments to their application, except in the case of the Abolition of the Research and Development Incentive (#4,3,1,1)

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

IBP COMMENT

For cross-country consistency purposes, the researcher revised the response to "c" as there is no information on revenue foregone for the budget year.

046. Does the Executive’s Budget Proposal or any supporting budget documentation present estimates of earmarked revenues?

A. Yes, estimates of all earmarked revenues are presented, along with a narrative discussion.

B. Yes, estimates of all earmarked revenues are presented, but a narrative discussion is not included.

C. Yes, estimates of some but not all earmarked revenues are presented.
D. No, estimates of earmarked revenues are not presented.

E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33

Sources: 2014 National Budget Volume 1 Economic Development Policies : Chapter 5: Expenditure on 5.4 : Non Financial Instructions, Trust Accounts, which includes specific reference to agencies, such as the National Roads Authority (page 77) which receives its income from road levy collected by the Internal Revenue Commission and Customs and held in an off-budget account. Likewise the National Gaming Control Board, which collects a gaming levy. As stated on p.73 Commercial Statutory Authority have autonomy to collect their own revenue, but on p.72 it refers to Consolidated revenue, and government undertaking a review to return all revenue to the Consolidated Review for subsequent allocation through the Budget process.

http://www.treasury.gov.pg/html/national_budget/files/2014/budget_documents/Volume1/2014%20Budget%20Volume%201.pdf. 2014 Budget Estimates..Volume 2(part 1A), Part I, Summary Tables, Table A2, (page 2) Economic Classification of Revenue, Grants and Loans, and Part II, Details of Revenue...Departmental Revenue (page 51); These spell out the the and non-tax Departmental revenues, some of which are paid to Consolidated revenue, although much is retained (such as the work permit and various other license fees and charges) are retained by Agencies for their operations. Some discussion of this is provided in Volume 1, Chapter 5, (#5.4) on Trust Funds and Off-Budget Income (above)


Comments: There is no consolidated list or details of the earmarked revenues. There is reference in volume 1 (Chapter 5) to arrangements in place which the Treasury is trying to apply consistently, as well as to reviews to consolidate revenue, whilst recognizing that at the moment CSAs generally have the right (and requirement) to collect revenue to cover their own costs, from levies, licences and other sources. Substantial amounts are paid into Trust Accounts for priority expenditures and are funded from sources, such mineral revenue in annual and supplementary budgets. The details are shown in Volume 2 Part 2, but it is recognized (as stated in Chapter 5) that this list is not comprehensive and that the numbers recorded may not be accurate or up-to-date. Most Statutory Institutions, such as Fisheries Authority do collect revenues, which are retained (or, as with NRA have it collected for them) including most of the agricultural commodity boards, which collect their own research and extension access, but are not detailed in the Budget proposal. In volume 2 (part 2) there is some reference to organisations and their funding arrangements, such as the National Roads Authority and arrangements to operate a National Road Maintenance Fund. The revenues collected at the Sub National level are not fully captured in the budget documents, except estimates, based upon 2012 figures (from NEFC) in Volume 1, Appendix 2, Table 2.2.. The inconsistent application of revenue arrangements (including at the sub-
national level) is a subject of the comprehensive Tax review undertaken in 2014/14, as highlighted in Chapter 4 (p43)

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

047. Does the Executive’s Budget Proposal or any supporting budget documentation present information on how the proposed budget (both new proposals and existing policies) is linked to government’s policy goals for the budget year?

A. Yes, estimates that show how the proposed budget is linked to all the government’s policy goals for the budget year are presented, along with a narrative discussion.

B. Yes, estimates that show how the proposed budget is linked to all the government’s policy goals for the budget year are presented, but a narrative discussion is not included.

C. Yes, information that shows how the proposed budget is linked to some but not all of the government’s policy goals for the budget year is presented.

D. No, information on the link between the budget and the government’s stated policy goals for the budget year is not presented.

E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33

Comments: The Budget focuses on the key priorities through adherence to the priorities spelled out in a series of longer and medium term development and fiscal plans/strategies, as highlighted on page 29 of Chapter 3 of Vol 1, and consistent with the Budget Strategy Paper. Chapters 4 and 5 of Volume 1 are meant to provide more specific policies measures and programs, together with some discussion of issues constraints etc., to effect the broader policy objectives...

PEER REVIEWER

Opinion: No, I do not agree with the score.

Suggested Answer: c.

Comments: The EBP does provide a narrative summary of the budget priorities and these can be referenced back to the MTDP 2011-2015. For example, I have traced both the free education and south pacific games facilities back to the MTDP. However, I am not convinced that ALL government priorities that are listed in the MTDP are reflected in the EBP. If one particular budget priority was not funded, I would expect to see some narrative to explain this. Therefore, and based on the above scoring, I would suggest a 'c', which recognises that both the EBP and MTDP are linked but not all policies have been addressed in the EBP

RESEARCHER'S RESPONSE

I would agree that there is some variation from the longer and medium term strategies spelled out on p29 of chapter 3 of Vol 1; it specifies guidance from the 'Government's economic development strategy 'Vision 2050'; (this is not a strategy as such, but a broad set of objectives; the Development Strategic Plan 2010-2030...this is significantly out of date, unrealistic and not being followed, at least in part, and the Medium Term Development Plan 2011-1015... However, the Government is following more closely the Alotau Accord, which is a plan of activities (or perhaps more accurately a looser assortment of projects linked to the policy statements introduced by the Government when it was formed in mid-2012 - on education, health, infrastructure etc.) That's not specified in the Budget document, but compliance with the fiscal strategy, which (along with the MTDP) is rolling over is spelled out in some depth. Reducing the rating to c is justified.

048. Does the Executive's Budget Proposal or any supporting budget documentation present information on how the proposed budget (both new proposals and existing policies) is linked to government's policy goals for a multi-year period (for at least two years beyond the budget year)?

A. Yes, estimates that show how the proposed budget is linked to all the government's policy goals for a multi-
year period are presented, along with a narrative discussion.

B. Yes, estimates that show how the proposed budget is linked to all the government’s policy goals for a multi-year period are presented, but a narrative discussion is not included.

C. Yes, information that shows how the proposed budget is linked to some but not all of the government’s policy goals for a multi-year period is presented.

D. No, information on the link between the budget and the government’s stated policy goals for a multi-year period is not presented.

E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33

Sources: 2014 National Budget Volume 1 Economic Development Policies in Chapter 1 Budget Overview, Chapter 3 'Fiscal Strategy and Outlook' provides some linkage between the 2014 planned Expenditure the existing Medium Term Development Plan and other longer term overarching strategies (p. 28/29) and the narrative on the fiscal constraints and objectives, including an assessment on p. 31 of performance against the Guiding Principles in the Medium Term Fiscal Strategy 2013-2017, whilst Chapter 4 provides more specific policies and on Revenue which are meant to be aligned with the policy objectives summarised in Chapter 3 (notably p.29) including the medium term strategies, and Chapter 5 'Expenditure' showing the alignment of expenditure with those development and fiscal policies, including the summary of commitments shown on P. 46, and the MTDP enablers


Comments: The budget proposal states that it reflects the various Medium and long Term strategies (which are listed on page 29 in Chapter 3) (e.g. the Medium Term Development Plan (2011 - 2015), but the priorities in these plans/strategies are not spelled out in detail (except the summary of the MTDP enablers on p. 46 in Chapter 5) and an effort to demonstrate compliance with the Medium Term Fiscal Strategy (on page 31). There is limited information on the strategies or how the Budget measures comply, but the new merged (development and recurrent) multi-year budget approach is presented as intended to improve aligned with longer term policies and accountability. (There seems to be some discrepancy between policies/strategies and actual expenditure programs, which sometimes appear ad hoc, or the result of individual patronage)

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.
049. Does the Executive's Budget Proposal or any supporting budget documentation present nonfinancial data on inputs to be acquired for at least the budget year?

A. Yes, nonfinancial data on inputs to be acquired are provided for each program within all administrative units (or functions).

B. Yes, nonfinancial data on inputs to be acquired are presented for all administrative units (or functions) but not for all (or any) programs.

C. Yes, nonfinancial data on inputs to be acquired are presented for some programs and/or some administrative units (or functions).

D. No, nonfinancial data on inputs to be acquired are not presented.

E. Not applicable/other (please comment).

**Papua New Guinea**

C.

**Score:** 33

**Sources:** Volume 3 Public Investment Program 2014 - 2018

**Comments:** Non financial data are presented in the summary table 6 for staff, including casuals, and sporadically for each program in Volume 3 (Public Investment Program), where there's usually some detail provided on infrastructure and other outputs but limited, if any detail, on non-financial inputs entailed.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.
050. Does the Executive's Budget Proposal or any supporting budget documentation present nonfinancial data on results (in terms of outputs or outcomes) for at least the budget year?

A. Yes, nonfinancial data on results are provided for each program within all administrative units (or functions).

B. Yes, nonfinancial data on results are presented for all administrative units (or functions) but not for all (or any) programs.

C. Yes, nonfinancial data on results are presented for some programs and/or some administrative units (or functions).

D. No, nonfinancial data on results are not presented.

E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33

**Sources:** Volume 3 Public Investment Program 2014 - 2018
2014 Budget Estimates...Volume 2 (Part 2)

**Comments:** Non financial on outputs data are provided for some programs and administrative (functions) in a somewhat ad hoc manner, notably in volume 3 (PIP) and in some of the performance indicators under Volume 2 Parts (1A-C and 2).

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.
051. Are performance targets assigned to nonfinancial data on results in the Executive's Budget Proposal or any supporting budget documentation?

A. Yes, performance targets are assigned to all nonfinancial data on results.

B. Yes, performance targets are assigned to most nonfinancial data on results.

C. Yes, performance targets are assigned to some nonfinancial data on results.

D. No, performance targets are not assigned to nonfinancial data on results, or the budget does not present nonfinancial data on results.

E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33

Sources: Volume 2 Part 1 - A,B,C) 2014 Budget Estimates of Revenue and Expenditure for National Government Departments: Other data: Performance indicators

Comments: Performance indicators are provided in theory for (nearly) all programs in Volume 2 (parts 1A-C and 2) of the Budget Proposal, but most are very vague, with performance unable to be measured using this information. At the sub national level no performance indicators are provided. More detail is provided in Volume 3 (PIP) of outputs, which in many instances may comprise or form a component of the indicators.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree with the researcher- the performance indicators are so broadly written, without any criteria for measurement, that they could only be considered aspirational workload indicators.
Does the Executive's Budget Proposal or any supporting budget documentation present estimates of policies (both new proposals and existing policies) that are intended to benefit directly the country's most impoverished populations in at least the budget year?

A. Yes, estimates of all policies that are intended to benefit directly the country's most impoverished populations are presented, along with a narrative discussion.

B. Yes, estimates of all policies that are intended to benefit directly the country's most impoverished populations are presented, but a narrative discussion is not included.

C. Yes, estimates of some but not all policies that are intended to benefit directly the country's most impoverished populations are presented.

D. No, estimates of policies that are intended to benefit directly the country's most impoverished populations are not presented.

E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33

Sources: 2014 National Budget Volume 1 Economic and Development Policies, notably Chapter 7, National Reform Agenda (#7.2 Vision 2050, Public Sector Reform to improve service delivery in rural areas, Service Improvement Program, 7.2.3 Equitable Resource Allocation to Provincial Government, District Treasury Rollout, 7.3.1.1 Telecommunication, reference to a program to help bridge the digital divide and deliver reliable telecommunications to remote rural areas, and Chapter 5, 'Expenditure' which specifies amounts allocated to all provinces (#5.3.7) and to the social Sector (5.3.8) including Church partnership scheme to provide basic health and welfare services in many (especially remoter) locations, and the allocations and balances under the District Service Improvement Program for all (89) districts (#5.9)


Comments: There is no systematic provision of material in the Budget proposal to provide estimates of policies designed to benefit the most impoverished regions. There a few programs explicitly designed to assist
more remote or disadvantaged groups, with some details provided in Volumes 3 and, more briefly 2, but (although this is a major focus of the Constitution, and a Constitutional mandate of certain agencies, notably NEFC) it receives relatively limited specific attention in the 2014 Budget proposal. Some details are provided in the Volume 1 of the allocations for all districts under the District (and Provincial) Service Improvement Program grants and what they’re intended to be for. This program funding is allocated on an equal basis per district (regardless of population -with a range from 36,000-196,000 per district in the 2011 Census), for infrastructure, health education etc project funding, as determined at the District (or provincial) level (albeit that the mechanism has proven very problematic in terms of accountability). Volume 1 also provides some information on the focus and application of the equalization initiative under the Intergovernmental Relations (Functions and Funding) Act 2009, as proposed and guided annually by the National Economic and Fiscal Commission. Further details on these reforms (designed to partly reduce inter-provincial inequitable funding) are provided in the NEFC’s own report provided concurrently with the tabling of the annual Budget).

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

053. Does the executive release to the public its timetable for formulating 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 whatever central government agency is in charge of coordinating the budget’s formulation)?

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).

Papua New Guinea

D.

Score: 0

Sources:
Comments: Up until the 2013 Budget a detailed Budget schedule was issue to the public online (as per the attached weblinks), but during 2013 no Budget circulars were provided on the Treasury's website for the 2014 Budget (or on the Finance Dept or Planning's site, both of which only contain very obsolete information). Information was only anecdotal, provided in forums and workshops.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

Section 3. Comprehensiveness of Other Key Budget Documents

054. Does the Pre-Budget Statement present information on the macroeconomic forecast upon which the budget projections are based? (The core information must include a discussion of the economic outlook with estimates of nominal GDP level, inflation rate, real GDP growth, and interest rates.)

A. Yes, information beyond the core elements is presented for the macroeconomic forecast.

B. Yes, the core information is presented for the macroeconomic forecast.

C. Yes, information is presented, but it excludes some core elements.

D. No, information related to the macroeconomic forecast is not presented.

E. Not applicable/other (please comment).

Papua New Guinea

B.

Score: 67

Sources:
Comments: A detailed presentation of macro-economic conditions was provided upon which the 2014 Budget preparation was being undertaken, as required under the Fiscal Responsibility Act 2006.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I reviewed the Pre-Budget statement and it appears that the core components are included as identified by the researcher in pages 13-15. However, there does not seem to be a distinction between real and nominal GDP growth - the term used in the statement is 'economic growth'. Economic growth is normally defined as REAL GDP growth. If this is the case, there does not appear to be a nominal GDP growth forecasts (CURRENT PRICE). Therefore, a 'c' may be the appropriate response. See also IMF WEO database dated October 2013 for details and estimates for economic growth http://www.imf.org/external/pubs/ft/weo/2013/02/weodata/weorept.aspx?sy=2011&ey=2018&scsm=1&ssd=1&sort=country&ds=.&br=1&c=853&s=NGDP_RPCH%2CNGDP_D%2CPCPIPC\H&grp=0&a=&pr.x=69&pr.y=3

RESEARCHER'S RESPONSE

The real GDP growth rate figures are provided, for both total and non-mining. It's true that the nominal GDP growth rate is not provided (I'm a bit surprised it's really sought as 'core' macroeconomic information' for the pre-budget statement, as it's utility is relatively limited, compared to the real growth rate, but that's up to the survey organizers rather than ourselves); what is probably of greater concern is the accuracy of the past and hence also forecast GDP growth data, in that for some years this data has been estimated rather than calculated, an issue of concern to researchers, analysts and international agencies (including IMF) and which will hopefully be addressed over the next 24 months. But on the basis of the completeness of the data provided, as specified in the question, the lack of nominal data growth rate data, would seem to require changing the rating from 'a' to 'c'... This answer entails a downgrade from the 2012 OBI (which was rated 'a') but the question is more specific in the 2015 survey.

IBP COMMENT

While the real GDP growth is not presented, IBP would accept answer choice "b" for this question as information beyond the core is presented.

055. Does the Pre-Budget Statement present information on the government's expenditure policies and priorities that will guide the development of detailed estimates for the upcoming budget? (The core information must include a discussion of expenditure policies and priorities and an estimate of total expenditures.)

A. Yes, information beyond the core elements is presented for the government's expenditure policies and priorities.
B. Yes, the core information is presented for the government's expenditure policies and priorities.

C. Yes, information is presented, but it excludes some core elements.

D. No, information related to the government's expenditure policies and priorities is not presented.

E. Not applicable/other (please comment).

**Papua New Guinea**

B.

**Score:** 67

**Sources:**

**Comments:** The Pre-Budget Statement provides the core requirements, including estimates of expenditure targets and provides related policy objectives and criteria and associated risks facing the 2014 Budget in terms of revenue and expenditure, including discussion on the external and internal pressures and risks to the budget, and a range of policy reforms related to the management and accountability of State-owned enterprises, administration of resource revenue and expenditure (through the planned Sovereign Wealth Fund), application of multi-year budgeting, better integration of the budget components and public sector reforms and control over personal emoluments etc., but it remains relative vague and there is little detail or link to actual indicative numbers.

**PEER REVIEWER**
056. Does the Pre-Budget Statement present information on the
government’s revenue policies and priorities that will guide the
development of detailed estimates for the upcoming budget?
(The core information must include a discussion of revenue
policies and priorities and an estimate of total revenues.)

A. Yes, information beyond the core elements is presented for the government's revenue policies and priorities.

B. Yes, the core information is presented for the government's revenue policies and priorities.

C. Yes, information is presented, but it excludes some core elements.

D. No, information related to the government’s revenue policies and priorities is not presented.

E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33

Sources: 2014, Budget Strategy Paper, notably p 6-7, 11 & 12 and 23

Comments: There is some, though limited, explanation of the revenue policies and forecasts and proposed need for deficit financing, and measures improve revenue collection etc. The options are however somewhat vague and unrelated to indicative amounts, for example needing external borrowing or short-term or longer term (deficit) financing. The 2014 is guided by the Vision 2050 Strategy, and the 5 year Medium Term Development Plan

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: The revenue policies are broadly discussed with a discussion of some of the major sources of revenue (eg, mining tax). however, both core components appear to be included and it could be argued that this be considered a 'b'. Given my comments on question 55, i have accepted the score of a 'c'.

057. Does Pre-Budget Statement present three estimates related to government borrowing and debt: the amount of net new borrowing required during the budget year; the total debt outstanding at the end of the budget year; and interest payments on the debt for the budget year?

A. Yes, all three estimates related to government borrowing and debt are presented.

B. Yes, two of the three estimates related to government borrowing and debt are presented.

C. Yes, one of the three estimates related to government borrowing and debt are presented.

D. No, none of the three estimates related to government borrowing and debt are not presented.

E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33

Sources: 2014 Budget Strategy Paper, notably pages 11-12

Comments: While the level of proposed new borrowing and expected levels of debt to GDP are provided, there are limited tangible estimates provided or details on the cost of debt servicing. It's contained in a brief narrative without accompanied tables

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

058. Does the Pre-Budget Statement present estimates of total expenditures for a multi-year period (at least two-years beyond the budget year)?

A. Yes, multi-year expenditure estimates are presented.

B. No, multi-year expenditure estimates are not presented.
Papua New Guinea

B.

Score: 0

Sources: 2014 Budget Strategy Paper (esp. pages 7-10 and 22)

Comments: Some reference is provided on longer term expenditure in the context of a medium term fiscal strategy and multi-year budgeting, but, although details of forecast economic and fiscal parameters are provided, including budget deficits, no forecast expenditure levels are provided beyond 2014

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

059. Does the Enacted Budget present expenditure estimates by any of the three expenditure classifications (by administrative, economic, or functional classification)?

A. Yes, the Enacted Budget presents expenditure estimates by all three expenditure classifications (by administrative, economic, and functional classification).

B. Yes, the Enacted Budget presents expenditure estimates by two of the three expenditure classifications.

C. Yes, the Enacted Budget presents expenditure estimates by only one of the three expenditure classifications.

D. No, the Enacted Budget does not present expenditure estimates by any expenditure classification.

E. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: The enacted Budget (Appropriation Acts for the General Public Services, Legislature and Judiciary)
are available in hard copy only in person and in principle by request by post (free) from the Office of the Legislative (attached to the Dept of Prime Minister and NEC). The Apprpration Act for Public Services makes cross reference to the Executive Budget Proposal for details of Budget Estimates, as specified in Section 2 (2 and 3, for recurrent and capital expenditure)- on the first page of the Appropriation text-, of the Appropriation Act for the Public Service (and Sns 6 -1, 7 and 8 with respect to adjustments to allocations) . The Appropriation Bills are found on the Treasury Website, and effectively identical to the respective Acts, apart from certification dates etc.


Volume 2 (Part - 1A,B,C) 2014 Budget Estimates of Revenue and Expenditure for National Government Departments, Summary Tables Part 1 - 3), Details of Revenue Grants, Part 11 and Details of Expenditure Part 111

Comments: The enacted budget (budget appropriations) provides summarized information by Economic Classification and more detail (in Schedule 1) by administrative classification, for 'General services', the Judiciary and the Legislature. The Appropriation Bills (for General Public Services, Parliament and Judiciary) are available online, but the enacted Appropriation Acts are only available from the Office of the Legislation Council (although purportedly to be released, with other legislation in future on the new Parliament website). The Appropriation refers specifically to the Executive's Budget proposal as providing related detail (although in a rather casual manner: 'for the purposes of identifying the activities of agencies referred to in this Act, Parts 1 and 2 of Volume 2 and 3 of the 2013 Budget Books may be considered relevant documents'), In any case, on this basis the detailed expenditure classifications included in the latter also effectively become part of the enacted Budget. The Legislature has either to pass or reject the Budget, with effectively no capacity to alter the content. The detailed break-up is contained in the proposal and used during the year for allocation and expenditure monitoring purposes. (consideration might be given to a higher rating of detail, based upon this practice, of treating the Proposal as the enacted Budget) Recurrent and Development expenditures comprise of functional appropriations.

PEER REVIEWER

060. Does the Enacted Budget present expenditure estimates for individual programs?

A. Yes, the Enacted Budget presents estimates for programs accounting for all expenditures.

B. Yes, the Enacted Budget presents estimates for programs accounting for at least two-thirds of, but not all, expenditures.
C. Yes, the Enacted Budget presents estimates for programs accounting for less than two-thirds of expenditures.

D. No, the Enacted Budget does not present expenditure estimates by program.

E. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: The Enacted Budget, comprising the certified Appropriations for 'General Services', Judiciary and Legislature, provides no break up by program, only the approved expenditure ceilings. However, the Appropriation Acts, (available in person or writing from the Office of the Legislative Council), (and associated Bills (available online on the Treasury Website), make specific cross-reference (notably in Section 2 -2 % 3 of the General Public Services Appropriation) to the details provided in Part 1 & 2 of Volumes 2 and 3 of the Executive's Budget Proposal.


Volume 2 (Part - 1A,B,C) 2014 Budget Estimates of Revenue and Expenditure for National Government


Comments: The budget provides no break up for individual or specified programs, which are found only in the Executive's Budget proposal, however, as the latter is specifically referenced in the Enacted Budget, and treated by government and the public as the enacted Budget once passed, and as the Budget tabling and debate provides no opportunity from amendments, the expenditure details of the EBP are deemed to be incorporated into the enacted Budget. Details are provided in the Budget proposal for Departments, Statutory Authorities, Provinces and Trust Accounts.

PEER REVIEWER
Opinion: No, I do not agree with the score.

Suggested Answer: d.

Comments: If we accept my argument that only the appropriation acts can be considered as evidence for the enacted budget, (ans accepting that they do reference the EBP) the score should be 'd'.

<table>
<thead>
<tr>
<th>061. Does the Enacted Budget present revenue estimates by category (such as tax and non-tax)?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Yes, the Enacted Budget presents revenue estimates by category.</td>
</tr>
<tr>
<td>B. No, the Enacted Budget does not present revenue estimates by category.</td>
</tr>
<tr>
<td>C. Not applicable/other (please comment).</td>
</tr>
</tbody>
</table>

Papua New Guinea

A. Score: 100

Sources: Estimates of revenue are provided on in the Executive's Proposed Budget, not in the enacted Budget, which comprise only the respective appropriation Acts and new revenue measures legislated. 2014 Budget Volume 1, Economic and Development Policies, Appendix 3, Table 8 (pages 17), Central Government Revenue and Grants and Chapter 4. Revenue (Page 33) 

Comments: Estimates of revenue are provided on in the Executive's Proposed Budget, not in the enacted Budget, which comprise only the respective appropriation Acts and new revenue measures legislated. The Proposed Budget, and the Estimates of revenue contained therein, are treated as the enacted Budget once passed by the Legislature, especially as there is effectively no mechanism for altering the proposal, only accepting (or rejecting).

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

| 062. Does the Enacted Budget present individual sources of revenue? |
A. Yes, the Enacted Budget presents individual sources of revenue accounting for all revenue.

B. Yes, the Enacted Budget presents individual sources of revenue accounting for at least two-thirds of, but not all, revenue.

C. Yes, the Enacted Budget presents individual sources of revenue accounting for less than two-thirds of all revenues.

D. No, the Enacted Budget does not present individual sources of revenue.

E. Not applicable/other (please comment).

Papua New Guinea

A. Score: 100

Sources: The enacted Budget does not detail sources of revenue, except with respect to the new taxes and other revenue sources approved in legislation. Some details of the sources of revenue are provided in Volume 1 of the Executive's Budget proposal 'Economic and Development Policies: Appendix 3, Table 8, Central Government Revenue and Grants, but in more detail in Volume 2, (Part 1A), 2014 Budget Estimates of Revenue and Expenditure for National Government Departments, Part II, Details of Revenue, Grants and Loans, (pages 49-71)


Revenue Legislative Amendments:

INCOME TAX (2014 BUDGET) (AMENDMENT) BILL 2013


STAMP DUTIES (2014 BUDGET) (AMENDMENT) BILL 2013


EXCISE TARIFF (2014 BUDGET) (AMENDMENT) BILL 2013


PNG FISCAL RESPONSIBILITY (2014 BUDGET) (AMENDMENT) BILL 2013 Amendment to the Fiscal Responsibility Act (to enable greater borrowing to GDP etc)


Comments: The enacted Budget does not detail sources of revenue, except with respect to the new taxes and other revenue sources approved in legislation. The details are provided in the Executive's Budget Proposal which is treated by the Executive as the enacted Budget once passed by Parliament (and referred o in he Enacted Budget to that effect, e.g. under section 2 (2), but with respect to expenditure), notably as the latter can effectively on accept or reject the Proposal in its entirety. Government revenues are broken into Tax Revenue: Tax on Income, Goods and Services, International Trades etc. and Non Tax Revenues: Property Income, Trust Accounts, Interest & Fees from lending and assets sales etc....
063. Does the Enacted Budget present three estimates related to government borrowing and debt: the amount of net new borrowing required during the budget year; the total debt outstanding at the end of the budget year; and interest payments on the debt for the budget year?

A. Yes, all three estimates related to government borrowing and debt are presented.

B. Yes, two of the three estimates related to government borrowing and debt are presented.

C. Yes, one of the three estimates related to government borrowing and debt are presented.

D. No, none of the three estimates related to government borrowing and debt are not presented.

E. Not applicable/other (please comment).

Papua New Guinea

A. 

Score: 100

Sources: The enacted Budget (Appropriations and related legislation) do not provide estimates related to borrowing and debt, but effectively the Executive's Budget Proposal is treated by Government (and others) as the enacted Budget. 2014 Budget, Volume 1, Economic and Development Policies, Appendix 3, Table 10 (page 22) Central Government Financing and Table 12, Public Debt. The latter provides levels of domestic and external public debt by component in summary.


**Comments:** The enacted Budget (Appropriations and related legislation) do not provide estimates related to borrowing and debt, but effectively the Executive's Budget Proposal is treated by Government (and other stakeholders) as the enacted Budget once passed by the Legislature. This is provided in aggregate in Volume 1 in the text with some analysis of the debt history in Chapter 3: Fiscal Strategy and Outlook and Chapter 6. Financing and Debt Strategy, 6.4: Medium Term Strategy.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

**IBP COMMENT**

Researcher revised response to "a" after referring to information in EBP documents.

---

064. What information is provided in the Citizens Budget? (The core information must include expenditure and revenue totals, the main policy initiatives in the budget, the macroeconomic forecast upon which the budget is based, and contact information for follow-up by citizens.)

A. The Citizens Budget provides information beyond the core elements.

B. The Citizens Budget provides the core information.

C. The Citizens Budget provides information, but it excludes some core elements.

D. The Citizens Budget is not published.

E. Not applicable/other (please comment).

**Papua New Guinea**

D.

**Score:** 0

**Sources:** No Citizens Budget is provided.
Comments: Some discussion has been given to a citizens Budget within the Executive, and in dialogue with Civil Society, but it has not yet eventuated, although in the CIMC (Consultative Implementation and Monitoring Council) Budget training and tracking exercise at the regional and District levels (which is partly funded by the Government) there is some budgetary explanation and detail provided, and tracking, of the Budget provided at the sub-national (rather than National) level.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

065. How is the Citizens Budget disseminated to the public?

A. A Citizens Budget is disseminated widely through a combination of at least three different appropriate tools and media (such as the Internet, billboards, radio programs, newspapers, etc.).

B. A Citizens Budget is published by using at least two, but less than three, means of dissemination, but no other dissemination efforts are undertaken by the executive.

C. A Citizens Budget is disseminated only by using one means of dissemination.

D. A Citizens Budget is not published.

E. Not applicable/other (please comment).

Papua New Guinea

D.

Score: 0

Sources: There is no Citizens' Budget at this stage prepared or released.

Comments: There is no Citizens' Budget at this stage prepared or released, despite consultation on the idea, and a pilot exercise by the Planning Department one year. (With increased emphasis on Budget transparency and understanding, including with respect to receipts and transfers from the Extractive Industries (notably under the EITI requirement, with PNG having gained acceptance as an applicant in March 2013) it is intended that some form of Citizens Budget will be produced in the future at the national and sub-national levels).

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.
066. Has the executive established mechanisms to identify the public's requirements for budget information prior to publishing the Citizens Budget?

A. Yes, the executive has established mechanisms to identify the public's requirements for budget information in the Citizen's Budget, and these mechanisms are accessible and widely used by the public.

B. Yes, the executive has established mechanisms to identify the public's requirements for budget information in the Citizen's Budget; while these mechanisms are accessible they are not widely used by the public.

C. Yes, the executive has established mechanisms to identify the public's requirements for budget information in the Citizen's Budget, but these mechanisms are not accessible.

D. No, the executive has not established any mechanisms to identify the public's requirements for budget information in the Citizen's Budget.

E. Not applicable/other (please comment).

Papua New Guinea

D.

Score: 0

Sources: There is no Citizens Budget provided

Comments: There is not Citizens Budget, but particularly with the obligations incumbent as an accepted EITI applicant it is envisaged that scoping work will commence in 2014 to determine how best to reconcile extractive industry receipts (with company transfers) and to assess community needs and approaches to presentation of a Citizens' Budget in a suitable form.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: The researcher in question 64 made the following comment: "Some discussion has been given to a citizens Budget within the Executive, and in dialogue with Civil Society, but it has not yet eventuated, although in the CIMC (Consultative Implementation and Monitoring Council) Budget training and tracking exercise at the regional and District levels (which is partly funded by the Government) there is some budgetary explanation and detail provided, and tracking, of the Budget provided at the sub-national (rather than National) level". I think the researcher has chosen the correct score - however, based on the response to Q64, the Government has reached out to civil society.

RESEARCHER'S RESPONSE
Yes, I agree; the Government is making some effort, notably through the CIMC process, to reaching out to the wider community in the regional and national development forums. It is not yet systematic and in 2014 the regional forums weren't held (although they were in 2013 and will be in 2015). The District-level Budget education and tracking exercise by CIMC is only resourced to be able to cover a handful of the full 89 districts at this stage. With the difficult terrain, limited transport and communications infrastructure, PNG is one of the most difficult and costly countries to undertake wide public consultations, as well as broad-based surveys, especially to the large portion of the population without any road/sea or air access; simply posting material on a website is clearly inadequate for most of the population, although with mechanisms like CIMC (which is a Govt-civil society partnership) some effort is being made in this respect and the Ministry for National Planning is certainly eager to strengthen this arrangement in the next period. At this stage, however, to be consistent on the survey we are probably required to stick with the 'd' rating for this question.

067. Are “citizens” versions of budget documents published throughout the budget process?

**A.** A citizens version of budget documents is published for each of the four stages of the budget process (budget formulation, enactment, execution, and audit).

**B.** A citizens version of budget documents is published for at least two of the four stages of the budget process.

**C.** A citizens version of budget documents is published for at least one stage of the budget process.

**D.** No citizens version of budget documents is published.

**E.** Not applicable/other (please comment).

**Papua New Guinea**

**Score:** 0

**Sources:** There is no version of a Citizens' Budget prepared at any stage of the Budget process

**Comments:** Despite some discussion between the Executive, including Supreme Audit (Auditor General's Office) and Civil Society bodies over need, there is as yet still no version of a Citizens' Budget prepared at any stage of the Budget process, except some breakdowns prepared by CIMC's Budget Tracking Unit (which is part funded by government) for information at the sub-national level.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.
068. Do the In-Year Reports present actual expenditures by any of the three expenditure classifications (by administrative, economic, or functional classification)?

A. Yes, the In-Year Reports present actual expenditures by all three expenditure classifications (by administrative, economic, and functional classification).

B. Yes, the In-Year Reports present actual expenditures by two of the three expenditure classifications.

C. Yes, the In-Year Reports present actual expenditures by only one of the three expenditure classifications.

D. No, the In-Year Reports do not present actual expenditures by any expenditure classification.

E. Not applicable/other (please comment).

Papua New Guinea

D. Score: 0

Sources: No in-year reports

Comments: In year reports were produced for a few years (albeit intermittently and usually outside the time requirements) but the Fiscal Outturn Reports have not been provided since May 2011, and the Treasury Economic Monitor since 2008

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

069. Do the In-Year Reports present actual expenditures for individual programs?

A. Yes, the In-Year Reports present actual expenditures for programs accounting for all expenditures.

B. Yes, the In-Year Reports present actual expenditures for programs accounting for at least two-thirds of, but not all, expenditures.

C. Yes, the In-Year Reports present actual expenditures for programs accounting for less than two-thirds of
Do the In-Year Reports compare actual year-to-date expenditures with either the original estimate for that period (based on the enacted budget) or the same period in the previous year?

A. Yes, comparisons are made for expenditures presented in the In-Year Reports.
B. No, comparisons are not made for expenditures presented in the In-Year Reports.
C. Not applicable/other (please comment).

Papua New Guinea

B.
Score: 0

Sources: No in-year reports produced

Comments: In year reports were produced for a few years (albeit intermittently and usually outside the time requirements) but the Fiscal Outturn Reports have not been provided since May 2011, and the Treasury Economic Monitor since 2008.
requirements) but the Fiscal Outturn Reports have not been provided since May 2011, and the Treasury Economic Monitor since 2008.

**PEER REVIEWER**

**Opinion**: Yes, I agree with the score and have no comments to add.

---

### 071. Do In-Year Reports present actual revenue by category (such as tax and non-tax)?

**A.** Yes, In-Year Reports present actual revenue by category.
**B.** No, In-Year Reports do not present actual revenue by category.
**C.** Not applicable/other (please comment).

**Papua New Guinea**

**B.**

**Score**: 0

**Sources**: No in-year reports produced

**Comments**: In year reports were produced for a few years (albeit intermittently and usually outside the time requirements) but the Fiscal Outturn Reports have not been provided since May 2011, and the Treasury Economic Monitor since 2008.

**PEER REVIEWER**

**Opinion**: Yes, I agree with the score and have no comments to add.

---

### 072. Do In-Year Reports present the individual sources of revenue for actual revenues collected?

**A.** Yes, In-Year Reports present individual sources of actual revenue accounting for all revenue.
**B.** Yes, In-Year Reports present individual sources of actual revenue accounting for at least two-thirds of, but not all, revenue.
**C.** Yes, In-Year Reports present individual sources of actual revenue accounting for less than two-thirds of all
D. No, In-Year Reports do not present individual sources of actual revenue.

E. Not applicable/other (please comment).

Papua New Guinea

D.

Score: 0

Sources: No in-year reports produced

Comments: In year reports were produced for a few years (albeit intermittently and usually outside the time requirements) but the Fiscal Outturn Reports have not been provided since May 2011, and the Treasury Economic Monitor since 2008.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

073. Do the In-Year Reports compare actual year-to-date revenues with either the original estimate for that period (based on the enacted budget) or the same period in the previous year?

A. Yes, comparisons are made for revenues presented in the In-Year Reports.

B. No, comparisons are not made for revenues presented in the In-Year Reports.

C. Not applicable/other (please comment).

Papua New Guinea

B.

Score: 0

Sources: No in-year reports produced

Comments: In year reports were produced for a few years (albeit intermittently and usually outside the time
requirements) but the Fiscal Outturn Reports have not been provided since May 2011, and the Treasury Economic Monitor since 2008

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

---

074. Do In-Year Reports present three estimates related to actual government borrowing and debt: the amount of net new borrowing; the total debt outstanding; and interest payments?

A. Yes, all three estimates related to government borrowing and debt are presented.

B. Yes, two of the three estimates related to government borrowing and debt are presented.

C. Yes, one of the three estimates related to government borrowing and debt are presented.

D. No, none of the three estimates related to government borrowing and debt are not presented.

E. Not applicable/other (please comment).

**Papua New Guinea**

D.

**Score:** 0

**Sources:** No in-year reports produced

**Comments:** In year reports were produced for a few years (albeit intermittently and usually outside the time requirements) but the Fiscal Outturn Reports have not been provided since May 2011, and the Treasury Economic Monitor since 2008

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.
075. Do In-Year Reports present information related to the composition of the total actual debt outstanding? (The core information must include interest rates on the debt instruments; maturity profile of the debt; and whether it is domestic or external debt.)

A. Yes, information beyond the core elements is presented for the composition of the total actual debt outstanding.
B. Yes, the core information is presented for the composition of the total actual debt outstanding.
C. Yes, information is presented, but it excludes some core elements.
D. No, information related to composition of total actual debt outstanding is not presented.
E. Not applicable/other (please comment).

Papua New Guinea

D.

Score: 0

Sources: No in-year reports produced

Comments: In year reports were produced for a few years (albeit intermittently and usually outside the time requirements) but the Fiscal Outturn Reports have not been provided since May 2011, and the Treasury Economic Monitor since 2008

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

076. Does the Mid-Year Review of the budget include an updated macroeconomic forecast for the budget year underway?

A. Yes, the estimates for the macroeconomic forecast have been updated, and an explanation of all of the differences between the original and updated forecasts is presented.
B. Yes, the estimates for macroeconomic forecast have been updated, and an explanation of some of the differences between the original and updated forecasts is presented.
C. Yes, the estimates for macroeconomic forecast have been updated, but an explanation of the differences between the original and updated forecast is not presented.

D. No, the estimates for macroeconomic forecast have not been updated.

E. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: Mid-Year Economic and Fiscal Outlook Report 2013

Comments: The 2013 Mid-year Economic and Fiscal Outlook Report (MYEFO) provides an updated macroeconomic forecast, with explanations of the variations between the original projections included in the Budget Proposal and the mid-year revised forecasts (the 2014 MYEFO is due out during July 2014)

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

077. Does the Mid-Year Review of the budget include updated expenditure estimates for the budget year underway?

A. Yes, expenditure estimates have been updated, and an explanation of all of the differences between the original and updated expenditure estimates is presented.

B. Yes, expenditure estimates have been updated, and an explanation of some of the differences between the original and updated expenditure estimates is presented.

C. Yes, expenditure estimates have been updated, but an explanation of the differences between the original and updated expenditure estimates is not presented.

D. No, expenditure estimates have not been updated.

E. Not applicable/other (please comment).

Papua New Guinea
A. Score: 100

Sources: Mid-Year Economic and Fiscal Outlook Report 2013

Comments: The 2013 report provides updated aggregate expenditure estimates and a more detailed summary of expenditure and trust funds, including the District Grants (DSIP), together with an explanatory narrative, and presentation of risks to the 2013 Budget. (The 2014 is required to be released in July 2014)
Pages 14-15, 19-20

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

078. Does the Mid-Year Review of the budget present expenditure estimates by any of the three expenditure classifications (by administrative, economic, or functional classification)?

A. Yes, the Mid-Year Review presents expenditure estimates by all three expenditure classifications (by administrative, economic, and functional classification).

B. Yes, the Mid-Year Review presents expenditure estimates by two of the three expenditure classifications.

C. Yes, the Mid-Year Review presents expenditure estimates by only one of the three expenditure classifications.

D. No, the Mid-Year Review does not present expenditure estimates by any expenditure classification.

E. Not applicable/other (please comment).

Papua New Guinea

B. Score: 67

Sources: Mid-Year Economic and Fiscal Outlook Report 2013, by economic classification (page 29-3), by administrative classification, for personnel emoluments, goods and services and development expenditure in Attachments B-M (pages 43-54), and (briefly) for selected priority expenditure focuses by functional
Comments: The report provides expenditure estimates by administrative, economic and a somewhat curtailed version of functional classification (focusing especially upon the Medium Term Development Plan 'enablers' - education, health, law and order, transport and infrastructure and other.)

PEER REVIEWER

Opinion: No, I do not agree with the score.

Suggested Answer: b.

Comments: the reporting in the MYEFO does not necessarily follow the EBP expenditure classifications. I accept that the MYEFO is reporting by economic classification (pages 29-30), administrative classification can be surmised through the appendices as identified by the researcher. however, I am not convinced that the MYEFO has reported on a functional basis. reporting by selected enablers does not necessarily meet the COFOG requirements for functional classification. I would suggest a 'b'.

RESEARCHER'S RESPONSE

I agree that, as indicated in the initial comments, the estimates by functional classification (on p 33 and 39) are both brief and not comprehensive, so it was certainly an a-, but on reflection b+ is probably more suitable

IBP COMMENT

IBP accepts the peer reviewer's comment that expenditures are only presented by economic and administrative classification.

079. Does the Mid-Year Review of the budget present expenditure estimates for individual programs?

A. Yes, the Mid-Year Review presents estimates for programs accounting for all expenditures.

B. Yes, the Mid-Year Review presents estimates for programs accounting for at least two-thirds of, but not all, expenditures.

C. Yes, the Mid-Year Review presents estimates for programs accounting for less than two-thirds of expenditures.

D. No, the Mid-Year Review does not present expenditure estimates by program.

E. Not applicable/other (please comment).

Papua New Guinea
D. Score: 0

**Sources:** Mid Year Economic and Fiscal Outlook Report 2013

**Comments:** There is no breakdown by program in the 2013 Mid-year Economic and Fiscal Outlook report, except for a very small number of a small number of 'high impact projects', plus the financial status of projects under trust Funds

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

---

080. Does the Mid-Year Review of the budget include updated revenue estimates for the budget year underway?

- **A.** Yes, revenue estimates have been updated, and an explanation of all of the differences between the original and updated revenue estimates is presented.
- **B.** Yes, revenue estimates have been updated, and an explanation of some of the differences between the original and updated revenue estimates is presented.
- **C.** Yes, revenue estimates have been updated, but an explanation of the differences between the original and updated revenue estimates is not presented.
- **D.** No, revenue estimates have not been updated.
- **E.** Not applicable/other (please comment).

**Papua New Guinea**

**A.** Score: 100

**Sources:** Mid Year Economic And Fiscal Outlook Report 2013, Table 1, Central Government Revenue

**Comments:** The Mid Year Report does include updated revenue estimates for the fiscal year and provide
information on changes from the original enacted levels.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

081. Does the Mid-Year Review of the budget present revenue estimates by category (such as tax and non-tax)?

A. Yes, the Mid-Year Review presents revenue estimates by category.

B. No, the Mid-Year Review does not present revenue estimates by category.

C. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: Mid Year Economic and Fiscal Outlook Report 2013

Comments: The Mid Year Economic Report does break up the Taxes by taxes on Income and profits, goods and services, international trades and non tax revenues such property income, interest and fees etc. Tax revenue and non-tax revenue are also presented by category.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

082. Does the Mid-Year Review of the budget present individual sources of revenue?

A. Yes, the Mid-Year Review presents individual sources of revenue accounting for all revenue.

B. Yes, the Mid-Year Review presents individual sources of revenue accounting for at least two-thirds of, but not all, revenue.
C. Yes, the Mid-Year Review presents individual sources of revenue accounting for less than two-thirds of all revenues.

D. No, the Mid-Year Review does not present individual sources of revenue.

E. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: Mid Year Economic and Fiscal Outlook Report 2013 Table: Government Revenue

Comments: The Mid Year Report does provide sources of revenue taxes by Tax and Non Tax Revenues

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

---

083. Does the Mid-Year Review of the budget include updated estimates of government borrowing and debt, including its composition, for the budget year underway?

A. Yes, estimates of government borrowing and debt have been updated, and information on all of the differences between the original and updated estimates is presented.

B. Yes, estimates of government borrowing and debt have been updated, and information on some of the differences between the original and updated estimates is presented.

C. Yes, estimates of government borrowing and debt have been updated, but information on the differences between the original and updated estimates is not presented.

D. No, estimates of government borrowing and debt have not been updated.

E. Not applicable/other (please comment).

Papua New Guinea

B.
Score: 67

Sources: Mid Year Economic and Fiscal Outlook Report 2013. Table 2 Government Expenditure and Lending and Table 1: Public Debt
http://www.treasury.gov.pg/html/national_budget/files/2013/budget_documents/Related%20Budget%20Documents/2013.myefo.report.pdf See Table 12 on page 25 for information on total debt outstanding; maturity profile of debt; and whether debt is external or domestic. See Table 1 for information on interest rates. See Page 30 for information on net new borrowing. Interest payments are presented on page 29. Information beyond the core such as the source of external borrowing (e.g., international agencies) is also presented.

Comments: Estimates of Governments borrowing and debts are updated in the Mid Year Report and updated MYEFO estimates. The forward estimates are on assumptions based on information available at the time of the publication. Some degree of uncertainty is attached to the estimates.

PEER REVIEWER
Opinion: No, I do not agree with the score.
Suggested Answer: b.
Comments: Table 3 Page 30, MYEFO, provides detailed information on public debt, some details on composition. Interest payments expense is contained in Table 2 page 29. However, the composition of the debt, including interest rates and maturity on debt instruments as per question 14 details are not detailed in the MYEFO. Therefore, a 'b' may be more appropriate for this score.

RESEARCHER'S RESPONSE
The first two criteria are met, albeit weakly for the composition of the debt, but it's agreed that the interest rate and maturity of borrowings are not provided (with the interest details covering only partial government debt/instruments) so I agree that it should be reduced to 'b'.

084. Does the Year-End Report present the differences between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for expenditures?

A. Yes, estimates of the differences between the enacted levels and the actual outcome for all expenditures are presented, along with a narrative discussion.
B. Yes, estimates of the differences between the enacted levels and the actual outcome for all expenditures are presented, but a narrative discussion is not included.
C. Yes, estimates of the differences between the enacted levels and the actual outcome for some but not all expenditures are presented.
**Papua New Guinea**

**A.**

**Score:** 100

**Sources:** Final Budget Outcome 2013 # 1.2 of the narrative (pages 7-11, including tables 8-12), and Part 2, Final Budget Outcome by Agency, page 30 onwards....


**Comments:** Under the Fiscal Responsibility Act, the Treasurer is required to present a Final Budget Outcome Report for the previous year within three months of the end of the financial year, (i.e. by 31st March 2014), but in 2014 a provisional Final Budget Outcome Report was provided at the time with the Final report released in May 2014, which includes the original Budget expenditure figures for the year (in section 1.2, page 7-11), the revised Budget and the outcome figures, with a narrative explanation of the variations.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

---

085. **Does the Year-End Report present expenditure estimates by any of the three expenditure classifications (by administrative, economic, or functional classification)?**

**A.** Yes, the Year-End Report presents expenditure estimates by all three expenditure classifications (by administrative, economic, and functional classification).

**B.** Yes, the Year-End Report presents expenditure estimates by two of the three expenditure classifications.

**C.** Yes, the Year-End Report presents expenditure estimates by only one of the three expenditure classifications.

**D.** No, the Year-End Report does not present expenditure estimates by any expenditure classification.

**E.** Not applicable/other (please comment).
Papua New Guinea

B.

Score: 67

Sources: Final Budget Outcome 2013, Summary tables 8-12; Fiscal Outturn Tables: by Economic Classification: Tables 2a (with net lending) and 2b (without), (pages 25-28), Administrative Classification for personnel Emoluments for National Departments, Statutory Authorities etc, and Provinces, including, Tables 24-26, and for goods and services (to provinces) by function, Table 27; Administrative classification of recurrent expenditure, Attachment A, (page 48), Transfer to the Departments/Agencies Attachment B; Transfers to Provinces by Economic Classification of Personnel Emoluments Attachment C; Transfers to National Depts by Administrative Classification for goods and services Attachment D, (page 66), Transfers to Provincial Governments by Administrative and Functional Classifications Attachment E, (page 69), and transfers by Administrative function to Statutory Authorities, Attachment F. http://www.treasury.gov.pg/html/national_budget/files/2014/budget_documents/Related%20Budget%20Documents/2013%20FBO.pdf

Comments: The end of year expenditure is provided by Economic classification in summary in Tables 2a and b; subsequent tables provide a break down by administrative classification, with further breakdown of the provincial grants by economic classification and functional classification of provincial functional grants. There is no overall breakdown of the entire budget wither in aggregate of by National Departments/Agencies by functional classification.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

086. Does the Year-End Report present expenditure estimates for individual programs?

A. Yes, the Year-End Report presents estimates for programs accounting for all expenditures.

B. Yes, the Year-End Report presents estimates for programs accounting for at least two-thirds of, but not all, expenditures.

C. Yes, the Year-End Report presents estimates for programs accounting for less than two-thirds of expenditures.

D. No, the Year-End Report does not present expenditure estimates by program.

E. Not applicable/other (please comment).
Papua New Guinea

D.

Score: 0

Sources: Final Budget Outcome 2013

Comments: The only programs referred to are those administered through Trust Funds, with Tables 20 and 21 (of the main text) providing some details of the movements in Trust funds and the District Grants (under DSIP), Part 3. (page 83) provides details of the development budget by agency and then by province (attachments F1 and F2), comprising the summary of expenditure for projects by agency, but the details of programs or projects are not provided

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

087. Does the Year-End Report present the differences between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for revenues?

A. Yes, estimates of the differences between the enacted levels and the actual outcome for all revenues are presented, along with a narrative discussion.

B. Yes, estimates of the differences between the enacted levels and the actual outcome for all revenues are presented, but a narrative discussion is not included.

C. Yes, estimates of the differences between the enacted levels and the actual outcome for some but not all revenues are presented.

D. No, estimates of the differences between the enacted levels and the actual outcome for revenues are not presented.

E. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100
Sources: Final Budget Outcome 2013. Tables 2-7 with narrative, and Fiscal Outturn Tables: Table 1: Central Government revenue

Comments: Table 2 (on page 4) provides a summary of the original revenue Budget, the revised 2013 Budget and the 2013 outcomes. Subsequent tables 3-7 provide more details of tax and non-tax revenue, on the same basis, with Table 1 of the Fiscal Outturn tables providing details in a single table.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

088. Does the Year-End Report present revenue estimates by category (such as tax and non-tax)?

A. Yes, the Year-End Report presents revenue estimates by category.

B. No, the Year-End Report does not present revenue estimates by category.

C. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: Final Budget Outcome 2013; Tables 2-7 (pages 4-7) together with accompanying narrative. Fiscal Outturn Tables: Table 1: Central Government revenue

Comments: Tables 2 makes a breakdown between tax, no-tax, grants and infrastructure tax credits; table 3 breaks down the tax revenue, table 4 further breaks down tax on income and profits; table 5 breaks down goods and services taxes; table 6 breaks down taxes on international trade; and table 7 breaks down non-tax revenue. Table 1 in the Fiscal Outturn Tables provides the detail in a single table.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.
089. Does the Year-End Report present individual sources of revenue?

A. Yes, the Year-End Report presents individual sources of revenue accounting for all revenue.
B. Yes, the Year-End Report presents individual sources of revenue accounting for at least two-thirds of, but not all, revenue.
C. Yes, the Year-End Report presents individual sources of revenue accounting for less than two-thirds of all revenues.
D. No, the Year-End Report does not present individual sources of revenue.
E. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: Final Budget Outcome 2013. Tables 4-7 with narrative, and Fiscal Outturn Tables: Table 1: Central Government revenue

Comments: Tables 4-7 and accompanying narrative) provide a breakdown of the revenue sources, which are also provided in Table 1 of the Fiscal Outturn Tables. These are still summarised figures and the Fiscal outturn report doesn't provide all the details of revenue and revenue sources provided in the Executive's Budget proposal Department and Agency by Agency, or details of non-budgetary income.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I concur with the researcher. Individual sources of Revenue are provided in FBO 2013. However, they are not presented at the agency level. hence, we can identify aggregate revenue for 'OTHER DIRECT' but not which agency (or agencies) was responsible for the collection of that revenue.
Does the Year-End Report present the differences between the original estimates of government borrowing and debt, including its composition, for the fiscal year and the actual outcome for that year?

A. Yes, estimates of the differences between all of the original estimates of government borrowing and debt for the fiscal year and the actual outcome for that year are presented, along with a narrative discussion.

B. Yes, estimates of the differences between all the original estimates of government borrowing and debt for the fiscal year and the actual outcome for that year are presented, but a narrative discussion is not included.

C. Yes, estimates of the differences between some but not all of the original estimates of government borrowing and debt for the fiscal year and the actual outcome for that year are presented.

D. No, estimates of the differences between the original estimates of government borrowing and debt for the fiscal year and the actual outcome for that year is not presented.

E. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: Final Budget Outcome 2013. Section 1.4 Financing (page. 10) with narrative for the Budget, revised budget and budget outcome, broken up into domestic and external financing Tables 13-14 including new borrowing, and table 15, summary of net borrowing; Table 16 provides the interest and fees, and Tables 17 (page 13) providing status of public debt, and Fiscal Outturn Tables: Table 3: Central Government Financing (page 29).


Comments: The Fiscal Outturn Report provides tables and narrative detailing the original budget, revised budget and budget outcome for 2013, including net new borrowing, level of total public debt and interest and fees due, with some explanation of the variations between the Budget estimate and the (estimated) final budget outcome. It provides details of external and domestic debt, but does not provide details of interest rates applicable or maturity profile of the debt.
RESEARCHER'S RESPONSE

I agree, it really is not a perfect 'a', in the absence of interest rates etc, but the level of debt information provided is extensive, and seems to exceed a basic b or c... The other concern over debt relates to the comprehensiveness of the figures, with concerns over sovereign debt, or defacto-debt being placed under SOEs or other vehicle.

IBP COMMENT

IBP agrees with the peer reviewer and researcher and would accept answer choice "a".

091. Does the Year-End Report present the differences between the original macroeconomic forecast for the fiscal year and the actual outcome for that year?

A. Yes, estimates of the differences between all of the original macroeconomic assumptions for the fiscal year and the actual outcome for that year are presented, along with a narrative discussion.

B. Yes, estimates of the differences between all the original macroeconomic assumptions for the fiscal year and the actual outcome for that year are presented, but a narrative discussion is not included.

C. Yes, estimates of the differences between some but not all of the original macroeconomic assumptions for the fiscal year and the actual outcome for that year are presented.

D. No, estimates of the differences between the original macroeconomic forecast for the fiscal year and the actual outcome for that year is not presented.

E. Not applicable/other (please comment).

Papua New Guinea

Score: 0

Sources: Final Budget Outcome 2013.

Comments: Macroeconomic details are not provided in the Fiscal Outturn Report, either details of the Budget forecasts or the actual outcome; (unlike the Mid-Year Economic and Fiscal Outlook report, which contains macro-economic data and narrative, the Fiscal Outturn Report is strictly a Fiscal report.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

092. Does the Year-End Report present the differences between the original estimates of nonfinancial data on inputs and the actual outcome?

A. Yes, estimates of the differences between all of the original estimates of nonfinancial data on inputs and the actual outcome are presented, along with a narrative discussion.

B. Yes, estimates of the differences between all of the original estimates of nonfinancial data on inputs and the actual outcome are presented, but a narrative discussion is not included.

C. Yes, estimate of the differences between some but not all of the original estimates of nonfinancial data on inputs and the actual outcome are presented.

D. No, estimates of the differences between the original estimates of nonfinancial data on inputs and the actual outcome are not presented.

E. Not applicable/other (please comment).

Papua New Guinea

D. 0

Score: 0

Sources: Final Budget Outcome 2013. Section 1.4 Financing (page. 10) with narrative for the Budget, revised budget and budget outcome, broken up into domestic and external financing Tables 13-14 including new borrowing, and table15, summary of net borrowing; Table 16 provides the interest and fees, and Tables 17 (page 13) providing status of public debt, and Fiscal Outturn Tables: Table 3: Central Government Financing (page 29).


Comments: The Fiscal Outturn Report restricts itself solely to financial data and narrative, and provides no detail on non-financial inputs and outputs

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.
093. Does the Year-End Report present the differences between the original estimates of nonfinancial data on results and the actual outcome?

A. Yes, estimates of the differences between all of the original estimates of nonfinancial data on results and the actual outcome are presented, along with a narrative discussion.

B. Yes, estimates of the differences between all of the original estimates of nonfinancial data on results and the actual outcome are presented, but a narrative discussion is not included.

C. Yes, estimate of the differences between some but not all of the original estimates of nonfinancial data on results and the actual outcome are presented.

D. No, estimates of the differences between the original estimates of nonfinancial data on results and the actual outcome are not presented.

E. Not applicable/other (please comment).

Papua New Guinea

D.

Score: 0

Sources: Final Budget Outcome 2013.

Comments: The Fiscal Outturn Report restricts itself to financial data only, with no information on the non-financial inputs/outputs.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

094. Does the Year-End Report present the differences between the enacted level of funds for policies (both new proposals and existing policies) that are intended to benefit directly the country's most impoverished populations and the actual outcome?
A. Yes, estimates of the differences between the enacted level for all policies that are intended to benefit directly the country's most impoverished populations and the actual outcome are presented, along with a narrative discussion.

B. Yes, estimates of the differences between the enacted level for all policies that are intended to benefit directly the country's most impoverished populations and the actual outcome are presented, but a narrative discussion is not included.

C. Yes, estimates of the differences between the enacted level for some but not all of the policies that are intended to benefit directly the country's most impoverished populations and the actual outcome are presented.

D. No, estimates of the differences between the enacted level for policies that are intended to benefit directly the country's most impoverished populations and the actual outcome are not presented.

E. Not applicable/other (please comment).

Papua New Guinea

Score: 0


Comments: In Table 20 and 21 there's details of the Trust Funds, including the District Services Improvement Programme, which provides an equal allocation to all 89 district around the country (so is not specifically designed to assist disadvantaged populations, but should, in theory, restore and upgrade districts which may have been barely funded hitherto. The Functional Grants in Table 27 are allocated to all provinces, but have been adjusted partly to ameliorate the large inequalities between provincial funding. Attachments C and E (page 69) provide details of allocations to Provinces for personnel emoluments and goods and services, including for support to Local Level Governments and Village Courts, which had their support increased across the country. There's also details of expenditure on the free education and so-called 'free' primary health service allocations, which are meant to apply across the country (via Govt and church-run facilities); (This could perhaps be raised to C, but the policies are largely general, and not really specifically to benefit the most impoverished)

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.
095. Does the Year-End Report present the differences between the original estimates of extra-budgetary funds and the actual outcome?

A. Yes, estimates of the differences between all of the original estimates of extra-budgetary funds and the actual outcome are presented, along with a narrative discussion.

B. Yes, estimates of the differences between all of the original estimates of extra-budgetary funds and the actual outcome are presented, but a narrative discussion is not included.

C. Yes, estimates of the differences between some but not all of the original estimates of extra-budgetary funds and the actual outcome are presented.

D. No, estimates of the differences between the original estimates of extra-budgetary funds and the actual outcome is not presented.

E. Not applicable/other (please comment).

Papua New Guinea

Score: 0

Sources: Final Budget Outcome 2013. Section 1.2 Trust Accounts, notably tables 19-21 and narrative (pages 15-22)

Comments: A major portion of the expenditure and balances of the Trust Funds are accounted for in the tables and narrative, but approx 1/4 to 2/5 of trust fund balances are excluded from balances shown in Volume Part IV (Details of Trust Accounts). Little detail on performance is provided, except for a few projects, also with little reporting of outcomes, other than to indicate that Trust Funds are likely to be phased out and replaced (for the main part) by the Sovereign Wealth Fund. Other off-budget funds and transfers are not referred to in the Final Budget Outcome

PEER REVIEWER

Opinion: No, I do not agree with the score.

Suggested Answer: d.

Comments: I am not convinced that trust funds can be considered as extra-budgetary funds. Apart from the sovereign wealth fund (which I believe is not yet operational), there is little or no information regarding any extra-budgetary funds contained in the FBO 2013 (or the EBP 2014 for that matter). What are the
characteristics of an EB Fund? GFSM 2001 focuses on the economic characteristics in that the entity can own assets, incur liabilities and engage in economic transactions with other entities. A social security fund or sovereign wealth fund would meet this criteria. Does a trust fund, which would normally be managed within the existing financial management framework? However, the paper below does go on to describe exceptions including earmarked taxes, user charges and privatisation funds. The IMF paper also refers to trust funds as all capable of being on-budget and references the US as an example. Hence, the implication may be that a trust fund is set up to avoid the normal budget process which is why the researcher is considering trust funds as EBFs. So, the researcher may be correct. The OBS could provide a little more guidance in this area. Nevertheless, I would suggest that a score of 'd' is appropriate.


RESEARCHER’S RESPONSE

I certainly agree this is a slightly difficult area, in that EBFs are standardly defined as entities with a distinct legal status and some degree of independence of their own (as with State pension or other social security funds, and stabilization funds...such as the SWF, which in 2013/14 was not yet operational); however, (many of) the Trust Funds were set up during the commodity boom period of 2006-8 to handle the so-called windfall revenue, and explicitly to manage it outside the normal annual budget process and cycle, providing a longer period for project planning and implementation, and supposedly mitigating (or deferring) some inflationary effects from burgeoning revenue and expenditure. Clearly, there was extensive abuse of these funds, which were deposited in commercial banks, not the Central Bank (with the Central bank indicating a large portion then being transferred to other accounts, making them difficult to track by the Bank); clearly, that entails extensive apparent fraud, which shouldn't be a characteristic, let alone definition, of EBFs, but, as stated the original intent, almost by definition, was to be extra-budgetary, albeit that the effort subsequently has been to merge these funds back into the budget as far as possible (and be replaced by the SWF in due course); as tracking of many of the Trust Funds remains rudimentary and inadequate, it is suggested that the records of differences remains incomplete; if they are deemed not to be EBFs, maybe the answer should be 'e', rather than 'd' as they'd be largely inapplicable, unless one was including SOEs, or churches and other NGOs which are recipients of significant public funding for provision of specific public goods; but again these are provided on an annual basis through normal budget processes, rather than they organisations accumulating and rolling over public funds for these functions.. At this stage I'd suggest remaining with 'c', but accept that on the criteria and experience in other countries in the survey, IBP might prefer this to be 'd'...

IBP COMMENT

As the information on trust funds does not seem to compare original estimates with actual outcomes as this questions asks, IBP determined that answer choice "d" is appropriate.

### 096. Is a financial statement included as part of the Year-End Report or released as a separate report?

**A.** Yes, a financial statement is part of the Year-End Report or is released as a separate report.
B. No, a financial statement is neither part of the Year-End Report nor released as a separate report.

C. Not applicable/other (please comment).

Papua New Guinea

B.

Score: 0

Sources: Final Budget Outcome 2013.

Comments: Tables 1-2 of the Fiscal Outturn Tables provides summaries of the central government revenue, expenditure and net lending and the Budget balance, as well as some details of Central Government Financing in Table 3, and debt level, which comprise a component of a financial statement, but there is no detailed financial statement or no associated provision of a balance sheet including presentation of Government's net worth. (The figures are also not audited)

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

097. What type of audits (compliance, financial, or performance) has the Supreme Audit Institution (SAI) conducted and made available to the public?

A. The SAI has conducted all three types of audits (compliance, financial, or performance) and made them available to the public.

B. The SAI has conducted two of the three types of audits, and made them available to the public.

C. The SAI has conducted one of the three types of audits, and made them available to the public.

D. The SAI has not conducted any of the three types of audits, or has not made them available to the public.

E. Not applicable/other (please comment).

Papua New Guinea

D.
**Score:** 0


**Comments:** The audits have not been released to the public in a timely manner to meet the requirements of this survey. Although audits for BY-2 have been completed partially, they have not yet been presented to the Legislature or (hence) released to the public. There is both a severe lag in government Departments/agencies submitting financial statements for audit, and the Supreme Audit being able to complete the audit and have the Legislature table them, for them to become public documents. Only a portion of the whole government budget for BY-3 has been released to the public. Audits have been conducted for 2011 of 27 selected Government Departments with significant budget allocations, to determine the accuracy and reliability of their reported expenditure and revenue, together with examination of the controls surrounding procurement and payments, asset management, human resource management, management of advances, bank accounts and budgetary controls. Based upon the latter a management letter was sent to Departmental Heads with opportunity to provide feedback if any. No overall audit of the public accounts has been provided and released to the public to date, nor of the provincial governments. The Report for the Statutory Authorities and SOEs for 2011 was competed in September 2012, but highlights the severe delays in submission of financial statements by the respective bodies, with only 8 out of 93 having been audited by mid year (as required by law), 34 in progress and 51 not yet submitted for audited, and 34 not having yet submitted their financial statements for 2010 or prior years. Further audit reports have been prepared by the Supreme Audit but not yet tabled in Parliament, which is a requirement before they become public documents for open release. There are various explanations for the delays, including the very short duration of sitting times by the Legislature and long intervals between Sittings, and apparent low prioritisation of tabling the audits, with respect to other parliamentary business.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

**Comments:** I have sighted a number of audit reports that have been presented to the national parliament within the OBS timeframe including: [http://www.ago.gov.pg/docs/reports/2014/Report_No5_IFMS.pdf](http://www.ago.gov.pg/docs/reports/2014/Report_No5_IFMS.pdf) [http://www.ago.gov.pg/docs/reports/2014/Report_No4_ManagementReportingTrustAccounts.pdf](http://www.ago.gov.pg/docs/reports/2014/Report_No4_ManagementReportingTrustAccounts.pdf) According to the SAI letter to the Parliament, the reports are released to the Public once reviewed by Parliament. however, there is no evidence to ascertain when parliament has reviewed these reports. they are currently on the OAG PNG website.
RESEARCHER'S RESPONSE
The audit reports tabled cover the major segments of government's operations, such as Govt departments or SOEs, were for years prior to the period permissible under this survey. There have been a very few (notably compliance) audits of specific entities or programs, which have been tabled, but this covers a small fraction of the nearly 1,000 state institutions (plus programs). As stated, even when prepared it can take many months before an audit report is considered by Parliament and becomes a Public Document, and the SAI has had great difficulty ascertaining whether/when a report has been tabled. The SAI itself acknowledges that the new Parliamentary website has been useful to them in tracking the tabling of their own reports. I'd suggest that 'd' is retained, unless OBS accepts a very number of audits being completed within the timespan permitted by the survey.

IBP COMMENT
The FY 2012 Audit Report was not published within the accepted time frame (18 months from the end of the reporting period). Therefore, answer choice "d" is retained.

098. What percentage of expenditures within the mandate of the Supreme Audit Institution (SAI) has been audited?

A. All expenditures within the SAI's mandate have been audited.
B. Expenditures representing at least two-thirds of, but not all, expenditures within the SAI's mandate have been audited.
C. Expenditures representing less than two-thirds of expenditures within the SAI's mandate have been audited.
D. No expenditures have been audited.
E. Not applicable/other (please comment).

Papua New Guinea

D.

Score: 0

Comments: The audits have not been released to the public in a timely manner to meet the requirements of this survey. For the previous year BY-3 a major portion of government entities had not yet had their audits competed, particularly amongst provincial governments, Statutory Authorities and SOEs. The auditor's report (Volume 4) for 2011 on the Accounts of Public Authorities and Statutory Bodies shows the considerable lag in the submission of reports for audit, going back in to the 1990s, as well as for the completion of audits and their tabling in the Legislature.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

099. What percentage of extra-budgetary funds within the mandate of the Supreme Audit Institution (SAI) has been audited?

A. All extra-budgetary funds within the SAI's mandate have been audited.

B. Extra-budgetary funds accounting for at least two-thirds of, but not all, expenditures associated with extra-budgetary funds within the SAI's mandate have been audited.

C. Extra-budgetary funds accounting for less than two-thirds of expenditures associated with extra-budgetary funds within the SAI's mandate have been audited.

D. No extra-budgetary funds have been audited.

E. Not applicable/other (please comment).

Papua New Guinea

Score: 0


Comments: The audits have not been released to the public in a timely manner to meet the requirements of this survey. Despite recent efforts by Government and some institutions to exempt themselves from the purview of the Supreme Audit, the Constitution of Papua New Guinea does not limit the SAI, and indeed requires it to audit (or commission audits on) all public bodies, including those set up by an act of Parliament.
etc (unless specific law specifies otherwise) and even then the SAI has the power to inspect if it chooses, wherever public funds are entailed. With SOEs it has the power to undertake audits under specific legislation (notably the Public Finances (Management) Act and the Audit Act) For BY-3 only 9% of the Statutory Bodies and SOEs had completed their audits by mid BY-2, as required by law, and for BY-4 only 33% had completed their audits by mid- BY-2, one year later than required by law and still only 41% for BY-5, showing the severe lag in submitting and competing audits. The situation has not improved since then, according to the SAI, although details have not been released, as subsequent audits have not yet been tabled in Parliament and released to the public.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

---

100. Does the annual Audit Report(s) prepared by the Supreme Audit Institution (SAI) include an executive summary?

**A.** Yes, the annual Audit Report(s) includes one or more executive summaries summarizing the report’s content.

**B.** No, the annual Audit Report(s) does not include an executive summary.

**C.** Not applicable/other (please comment).

**Papua New Guinea**

**B.**

**Score:** 0


**Comments:** The audits have not been released to the public in a timely manner to meet the requirements of this survey.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.
101. 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?

A. Yes, the executive reports publicly on what steps it has taken to address audit findings.
B. Yes, the executive reports publicly on most audit findings.
C. Yes, the executive reports publicly on some audit findings.
D. No, the executive does not report on steps it has taken to address audit findings.
E. Not applicable/other (please comment).

Papua New Guinea

D.

Score: 0


Comments: The audit reports are long overdue in being released to the public, and therefore inadmissible for this purpose, partly because of the long delay in presenting them to the Legislature, after which they become public documents; (see the Notice Paper for Parliament for 7th May 2014, tabling part of the 2012 BY-2 Audit Report). No there's no formal response from the Executive, although there may be individual responses by Ministers to questions raised in Parliament in response during the tabling of the Audit reports, and following presentation of reports from the Parliamentary Public Accounts Committee, whose work is based upon the Audit reports. It may be noted that a few of the Government Departments/Agencies do respond to their draft institutional audit report and management letter from the SAI, upon a written invitation by the Auditor-General, and their responses (if any) are recorded in the Auditor report to Parliament (e.g. in the case of 2011 Government Departments, the Justice and Health Departments responded and advised the action they'd take to address problems identified)
Opinion: Yes, I agree with the score and have no comments to add.

102. Does either the Supreme Audit Institution (SAI) or legislature release to the public a report that tracks actions taken by the executive to address audit recommendations?

A. Yes, the SAI or legislature reports publicly on what steps the executive has taken to address all audit recommendations.

B. Yes, the SAI or legislature reports publicly on most audit recommendations.

C. Yes, the SAI or legislature reports publicly on some audit recommendations.

D. No, neither the SAI nor legislature reports on steps the executive has taken to address audit recommendations.

E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33


Comments: The public release of audits falls outside the time period allowed, partly because of the late tabling of Audit Reports in Parliament. The SAI does provide a management letter highlighting deficiencies identified in the audit and enabling the relevant Government department/agency to respond, advising what action it plans to do to address the issue. That response, if any, (and for the 2011 Audit Report on National Government Departments very few chose to respond) is then included in the final audit report submitted to the Legislature and then made available publicly. The Parliamentary Public Accounts Committee subsequently examines the audits for selected Government Depts/Agencies and holds Public Hearings with the
management of those Departments (although recently in 2014 some have been held with the public denied attendance). The outcomes of the Hearing are usually made available during press statements from the Committee Chairman, however this is generally years after the expenditure has occurred. The failure by Government agencies to respond to Audits and management letters from the SAI, highlighting long standing governance and implementation deficiencies, is indicated in the (attached) short report by the PAC Chairman to a regional committee of Public Accounts Committees (ACPAC)

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: The short report by the PAC Chairman in April 2013 indicates PFM failures and a lack of follow-up to audit recommendations. It also highlights the attempts to circumvent the committee. The report also provided the link to the work of the committee and the findings of its deliberations. However, this site could not be accessed due to non-payment to the ISP.

Section 4. Strength of Oversight Institutions

103. Does the legislature have internal capacity to conduct budget analyses or use independent research capacity for such analyses?

A. Yes, there is a specialized budget research office/unit attached to the legislature, and it has sufficient staffing, resources, and analytical capacity to carry out its tasks.

B. Yes, there is a specialized budget research office, but its staffing and other resources, including adequate funding, are insufficient to carry out its tasks.

C. Yes, there are independent researchers outside the legislature that can perform budget analyses and the legislature takes advantage of this capacity, but there is no specialized office attached to the legislature.

D. No, the legislature has neither internal capacity nor access to independent research capacity for budget analyses.

E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33

**Comments:** The Parliamentary Public Accounts Committee utilities the reports from the CAI to hold Hearings, agency by agency. The Committees, including PAC, are all severely underfunded, and have in recent years, at times, been partly funded by a wealthy member of the Committee to help support operations. It has no funding for permanent research staff, but at times in recent years has utilized temporary external research support. Apart from the PAC there is very little or no Budget scrutiny being undertaken by Parliament, except in response to questions from the floor to specific Ministers, wherein the Minister would uses Department staff to provide the response. The Parliament does have a library where relevant material is housed, and and there's meant to be staff capacity to provide support, but for many years such research support has not been available, despite support under a short-lived UNDP-funded project and a more recent project Australian-funded project, partnered with ANU. The ongoing Open Parliament Initiative, with EU funding for the PNG Parliament and assistance through the Transparency International Chamber of PNG is facilitating access to the work of Parliament, and indirectly intended to encourage more focused and accountable capacity and mechanisms by Parliament.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

---

104. Does the legislature debate budget policy prior to the tabling of the Executive's Budget Proposal?

A. Yes, the legislature both debates budget policy prior to the tabling of the Executive's Budget Proposal and approves recommendations for the budget, and the executive is obliged to reflect the legislature's recommendations in the budget.

B. Yes, the legislature both debates budget policy prior to the tabling of the Executive's Budget Proposal and approves recommendations for the budget, but the executive is not obliged to reflect the legislature's recommendations in the budget.

C. Yes, the legislature debates budget policy prior to the tabling of the Executive's Budget Proposal, but the legislature does not approve recommendations for the budget.
D. No, neither the full legislature nor any legislative committee debate budget policy prior to the tabling of the Executive's Budget Proposal.

E. Not applicable/other (please comment).

Papua New Guinea

Score: 0

Sources: The Public Finances (Management) Act Sn. 22.3 " Before any National Budget or Appropriation is prepared for Submission to the Parliament, the National Executive Council shall consult with any appropriate Permanent Parliamentary Committee, but this subsection does not confer any right or impose any duty of consultation after the initial stages of the preparation of the National Budget or Appropriation"


Comments: There is no prior debate on the Budget. Papers by the full Parliament; eg on the State of the economy and plans for greater greater budget transparency put on the motion paper in May 2013, at least for noting, weren't even considered by Parliament before the Budget and until the following year (partly as a result of limited days when the Legislature actually sits). Members of Parliament, on the Plans and Estimates Committee, however, receive a briefing on aspects of the Budget a day in advance of its tabling to the House, without any real opportunity to make input. Apart from attending forums, such as the CIMC National Development Forum in mid-year, which a very few MPs do, and where some updates on the current budget and plans for the next year's budget are presented, and responses by the Executive to MPs questions over budgetary matters on the floor, there no formal opportunities for prior briefings on the Budget for the MPs.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

105. Does the executive hold consultations with members of the legislature as part of its process of determining budget priorities?

A. Yes, the executive holds consultations with a wide range of legislators.

B. Yes, the executive holds consultations with a range of legislators, but some key members are excluded.

C. Yes, the executive holds consultations with only a limited number of legislators.
D. No, the executive does not consult with members of the legislature as part of the budget preparation process.

E. Not applicable/other (please comment).

Papua New Guinea

Score: 0


Comments: The Executive meets with a parliamentary Committee prior to tabling the Budget, but this is a last minute exercise, and certainly could not be deemed to be 'as part of determining budget priorities' which were set well in advance. The Mid-Year Economic and Fiscal Outlook report was released to the public in July 2013, but tabled in Parliament on 19th September as a Ministerial Statement to be noted in a motion; the motion, however was deferred and the Motion was still on the notice paper in February 2014, which might have provided some debate or questions on the economic and fiscal conditions and the preparations for the 2014 Budget. (this could be 'C' although there really weren't consultations specifically with the Legislature as such, except when too late to make any directional difference)

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

106. How far in advance of the start of the budget year does the legislature receive the Executive's Budget Proposal?

A. The legislature receives the Executive's Budget Proposal at least three months before the start of the budget year.

B. The legislature receives the Executive's Budget Proposal at least six weeks, but less than three months, before the start of the budget year.

C. The legislature receives the Executive's Budget Proposal less than six weeks before the start of the budget year.

D. The legislature does not receive the Executive's Budget Proposal before the start of the budget year.
E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33


Comments: The Budget is routinely tabled one week before being passed, normally in the second half of November (on this occasion being tabled on 19th Nov 2013), with the Budget being presented to a Parliamentary Committee for notional consideration 24 hours prior to tabling

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I believe that the budget was approved by Parliament on 26 November 2013.

107. When does the legislature approve the Executive’s Budget Proposal?

A. The legislature approves the budget at least one month in advance of the start of the budget year.

B. The legislature approves the budget less than one month in advance of the start of the budget year, but at least by the start of the budget year.

C. The legislature approves the budget less than one month after the start of the budget year.

D. The legislature approves the budget more than one month after the start of the budget year, or does not approve the budget.

E. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: The Budget Appropriation for 2014 was passed by the Legislature on 26th November 2013, as recorded in the official record "Hansard" [http://www.parliament.gov.pg/uploads/hansard/H-09-20131126-M10-]
Comments: The 2014 Budget was approved by Parliament just over a month ahead of the start of the new financial year, on 1st January 2014, with a one week interval between tabling and approval.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

108. Does the legislature have the authority in law to amend the Executive’s Budget Proposal?

A. Yes, the legislature has unlimited authority in law to amend the Executive's Budget Proposal.

B. Yes, the legislature has authority in law to amend the Executive's Budget Proposal, with some limitations.

C. Yes, the legislature has authority in law to amend the Executive's Budget Proposal, but its authority is very limited.

D. No, the legislature does not have any authority in law to amend the Executive's Budget Proposal.

E. Not applicable/other (please comment).

Papua New Guinea

Score: 33


Comments: The Legislature is not empowered to initiate the raising of taxation, expenditure etc, but is empowered to amend the annual Budget Appropriation and taxation laws, but only downwards (with rightly different restraints upon the allocation approved for the Judiciary). In practice the Budget is presented and accepted in totality, usually after brief debate, (assuming the Executive has the numbers) or otherwise rejected if it hasn't. Prior modifications may occur following its consideration by the Plans and Estimates Committee, prior to presentation to Parliament, but in practice this is most unlikely. If the Opposition has the numbers to amend the Budget they may use that power to reject the Budget in totality (in which case a 'Supply Bill' is automatically applied, comprising a portion of the previous year's Budget).
109. Does the executive seek input from the legislature prior to shifting funds between administrative units that receive explicit funding in the Enacted Budget, and is it legally required to do so?

**A.** The executive is required by law or regulation to obtain approval or input from the legislature prior to shifting funds between administrative units, and it does so in practice.

**B.** The executive obtains approval or input from the legislature prior to shifting funds between administrative units, but is not required to do so by law or regulation.

**C.** The executive is required by law or regulation to obtain approval or input from the legislature prior to shifting funds between administrative units, but in practice the executive shifts funds without seeking prior approval or input from the legislature.

**D.** The executive shifts funds between administrative units without seeking prior approval or input from the legislature, and there is no law or regulation requiring it to obtain such prior approval or input from the legislature.

**E.** Not applicable/other (please comment).

---

**Papua New Guinea**

**D.**

**Score:** 0

**Sources:** Constitution of Papua New Guinea, Part VIII, Division 1 - Public Finances, Subdivision A - Parliament and Finance. Sn. 209, Parliamentary Responsibility: "(i) notwithstanding anything in this Constitution, the raising and expenditure of finance by the National Government, including the imposition of taxation and the raising of loans, is subject to authorisation and control by Parliament, and shall be regulated by an Act of Parliament, and (2) National Budget S. 210 Executive Initiative and S. 211 Accounting etc for Public Moneys http://www.paclii.org/pg/legis/consol_act/cotisopng534/ Public Finances (Management) Act, notably S.24 with respect to reallocations http://www.paclii.org/pg/legis/consol_act/pfa1995224/ Appropriation (General Public Services Expenditure 2014) Act 2013, Sections 3-11 on the Adjustment of Appropriation between activities (and for new activities) using the Secretary's Advance, or for Sn 9 by the Treasurer; subject to the ceiling set in the Budget for the Secretary's advance (which has been raised from 40 million PG Kina for 2013 to PGK 100 million for 2014)
Comments: so long as the transfers fall within the ceiling set for Secretary's advance (raised from 40-100 million PGK in the 2014 Budget - Division 207, page 184, Volume 2 (1A), transfers may be made to new activities or between activities, subject to the rather rather open conditions set out in the Appropriation Act. Any unexpended funds under the appropriation may be transferred by the Secretary up to 10% of the total appropriation (PGK 1.8 billion), again subject to rather open restrictions. Various other transfers are allowed, e.g. for capital expenditure, loan funded expenditure, subject to their own ceilings and conditions. Above the ceilings specified any transfers between existing activities or to new activities would require approval from the Legislature in a Supplementary Budget.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

110. Does the executive seek input from the legislature prior to shifting funds within administrative units that receive explicit funding in the Enacted Budget, and is it legally required to do so?

A. The executive is required by law or regulation to obtain approval or input from the legislature prior to shifting funds within administrative units, and it does so in practice.

B. The executive obtains approval or input from the legislature prior to shifting funds within administrative units, but is not required to do so by law or regulation.

C. The executive is required by law or regulation to obtain approval or input from the legislature prior to shifting funds within administrative units, but in practice the executive shifts funds without seeking prior approval or input from the legislature.

D. The executive shifts funds within administrative units without seeking prior approval or input from the legislature, and there is no law or regulation requiring it to obtain such prior approval or input from the legislature.

E. Not applicable/other (please comment).

Papua New Guinea

D.

Score: 0

Sources: Constitution of Papua New Guinea, Part VIII, Division 1 - Public Finances, Subdivision A - Parliament and Finance. Sn. 209, Parliamentary Responsibility: "(i) notwithstanding anything in this Constitution, the raising and expenditure of finance by the National Government, including the imposition of taxation and the
raising of loans, is subject to authorisation and control by Parliament, and shall be regulated by an Act of Parliament, and (2) National Budget S. 210 Executive Initiative and S. 211 Accounting etc for Public Moneys http://www.paclii.org/pg/legis/consol_act/cotisopng534/ Public Finances (Management) Act, notably S.24 with respect to reallocations and S. 25 for new allocations http://www.paclii.org/pg/legis/consol_act/pfa1995224/ Appropriation (General Public Services Expenditure 2014) Act 2013, Sections 3-11 on the Adjustment of Appropriation between activities (and for new activities) using the Secretary's Advance, or for Sn 9 by the Treasurer; subject to the ceiling set in the Budget for the Secretary's advance (which has been raised from 40 million PG Kina for 2013 to PGK 100 million for 2014)

Comments: So long as transfers are within the specified ceiling, as required under S. 24 and 25 of the Public Finances (management) Act and the spelt out in more detail in the Appropriation Act, and complies with the fairly broad conditions set out in the Appropriation, transfers may be made by direction of the Treasury Minister, or under his delegated powers, without referral to the Legislature.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

111. Does the executive seek input from the legislature prior to spending excess revenue (that is, amounts higher than originally anticipated) that may become available during the budget execution period, and is it legally required to do so?

A. The executive is required by law or regulation to obtain approval or input from the legislature prior to spending excess revenues, and it does so in practice.

B. The executive obtains approval or input from the legislature prior to spending excess revenue, but is not required to do so by law or regulation.

C. The executive is required by law or regulation to obtain approval or input from the legislature prior to spending excess revenue, but in practice the executive spends these funds without seeking prior approval or input from the legislature.

D. The executive spends excess revenues without seeking prior approval or input from the legislature, and there is no law or regulation requiring it to obtain such prior approval or input from the legislature.

E. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Comments: Additional expenditure in excess of the original appropriation (or transfers in excess of the ceiling allowed) require the approval of the Legislature through a Supplementary Appropriation, as with the Supplementary (Appropriation) Act 2013, whether it is the result of over-expenditure, and/or is financed by increased taxation or borrowing, or 'windfall' revenue, e.g. from higher tax revenue, notably from improved commodity prices. (In future it is intended that extra revenue and expenditure will be managed through the rules and mechanisms of the planned Sovereign Wealth Fund)

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: Section 211 (2) Constitution of Papua New Guinea, 'No moneys of or under the control of the National Government for public expenditure or the Parliament and the Judiciary for their respective services, shall be expended except as provided by this Constitution or by or under an Act of the Parliament' provides some insight into this question.

112. When was the most recent supplemental budget approved?

A. The most recent supplemental budget was approved before the funds were expended.

B. The most recent supplemental budget was approved after the funds were expended, or the executive implemented the supplemental budget without ever receiving approval from the legislature (please specify).

C. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100
Sources: Supplementary (Appropriation) Act 2013, approved at the same time as the 2014 Budget on 26th November 2013 (certified 4 Feb 2014)

Comments: The funds were deducted from allocations already appropriated in the 2013 Budget for other activities (in the 2013 Recurrent and Development Appropriations) and reallocated to 3 projects, the major component payable through a Trust Fund (for the Pacific Games facilities), and the balance for two other projects, one of which was a new activity, and the other new expenditure for existing, but under budgeted projects. This was undertaken, purportedly, on the basis that additional funds were required for these prioritized projects (albeit that most of the allocation will circumvent the normal annual budget process, being allocated to a trust fund), and that there was inadequate time/opportunity for the prior allocation to be (fully) expended under the existing programs during the balance of the year.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

113. Does the executive seek input from the legislature prior to spending contingency funds or other funds for which no specific purpose was identified in the Enacted Budget, and is it legally required to do so?

A. The executive is required by law or regulation to obtain approval or input from the legislature prior to spending contingency funds, and it does so in practice.

B. The executive obtains approval or input from the legislature prior to spending contingency funds, but is not required to do so by law or regulation.

C. The executive is required by law or regulation to obtain approval or input from the legislature prior to spending contingency funds, but in practice the executive spends these funds without seeking prior approval or input from the legislature.

D. The executive spends contingency funds without seeking prior approval or input from the legislature, and there is no law or regulation requiring it to obtain such prior approval or input from the legislature.

E. Not applicable/other (please comment).

Papua New Guinea

Score: 0
Sources: Public Finances (Management) Act, Part 2, Responsibility for Financial Management s. 3, Responsibility of the Minister. (1) The Minister is responsible for: (a) the supervision of the finances of the State so as to ensure that a full accounting is made to the Parliament of all transactions involving Public Moneys; and (b) the supervision of the finances of public bodies; and (c) the formulation of the National Budget and overseeing its implementation on behalf of the National Government (2) As soon as practicable after the end of the first, second and third quarters of each fiscal year, the Minister shall publish in the National Gazette a summarized statement of the receipts and expenditure of the Public Account during the fiscal year up to the end of that quarter. (3) As soon as practicable after the end of each fiscal year, the Minister shall cause to be prepared a detailed statement of the receipts and expenditure of the Public Account during the fiscal year, and shall send it to the Auditor-General. Appropriation (General Public Services Expenditure 2014) Act 2013, S. 3 on the Secretary's Advance.

Comments: All budget expenditure, including for contingencies, trust funds etc, are meant to be approved by the Legislature before spending. Funds are appropriated under 'unforeseen payments to Government agencies' under the Secretary's Advance. The allocation under Secretary's Advance was more than doubled from 2013 to the 2014 Budget. Any transfers, including under the Secretary's Advance must be reported to the Auditor-General (under s.13) at the end of each quarter. The actual expenditure does not, however, require further approval from the Legislature, so long as it remains within the approved ceiling, as specified in the Appropriation Act, and the Public Finances (Management) Act. As the required process is more one of reporting than an approval process (apart from the initial allocation for contingency in the appropriation) it might be more appropriate to report this as 'd'.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

114. Does a committee of the legislature hold public hearings to review and scrutinize Audit Reports?

A. Yes, a committee holds public hearings to review and scrutinize a wide range of Audit Reports.

B. Yes, a committee holds public hearings to review and scrutinize the main Audit Reports.

C. Yes, a committee holds public hearings to review and scrutinize a small number of Audit Reports.

D. No, a committee does not hold public hearings to review and scrutinize Audit Reports.

E. Not applicable/other (please comment).

Papua New Guinea

C.
**Sources:** Constitution of Papua New Guinea, S.118. PERMANENT PARLIAMENTARY COMMITTEES. (1) In order to ensure full and active participation by backbenchers in the work of the Parliament and of government, there shall be the following Permanent Parliamentary Committees which, in principle, should cover all major fields of the activities of the National Government:– (a) Public Accounts Committee, established in accordance with Subdivision VIII.1.C (the Public Accounts Committee); and Subdivision C. – The Public Accounts Committee.

215. ESTABLISHMENT OF THE COMMITTEE. There shall be a Public Accounts Committee, which is a Permanent Parliamentary Committee for the purposes of Subdivision VI.2.E (the Committee system).

216. FUNCTIONS OF THE COMMITTEE. (1) The primary function of the Public Accounts Committee is, in accordance with an Act of the Parliament, to examine and report to the Parliament on the public accounts of Papua New Guinea and on the control of and on transactions with or concerning, the public moneys and property of Papua New Guinea. (2) Subsection (1) extends to any accounts, finances and property that are subject to inspection and audit by the Auditor-General under Section 214(2) (functions of the Auditor-General), and to reports by the Auditor-General under that subsection or Section 214(3) (functions of the Auditor-General). (3) An Act of the Parliament may expand, and may provide in more detail for, the functions of the Committee under Subsections (1) and (2), and may confer on the Committee additional functions and duties not inconsistent with the performance of the functions and duties conferred and imposed by those subsections.

http://www.paclii.org/pg/legis/consol_act/pfa1995224/ Parliamentary Public Accounts Committee - on the Parliament Website (including composition of the Committee)

http://www.parliament.gov.pg/index.php/work-of-committee/permanent/view/public-accounts A report by the PAC presented to a region conference highlighting the challenges (and frustrations) of their work


**Comments:** The Parliamentary Public Accounts Committee receives the SAI’s reports and holds Public Hearings on the basis of that, interviewing respective accountable officers (notably heads of Govt Departments etc.), although in recent years entailed some long delays. In recent months there has been at least one PAC Hearing, however, where the Chairman restricted attendance by the media, causing some media and public concern.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

**Comments:** The information provided does not establish whether the PAC has met within the timeframe for the OBS. I would like to have seen some evidence and dates where the PAC has met and what audit reports have been reviewed. The parliamentary website quoted in the presentation by PAC member, the Honourable John Hickey in April 2013 could not be accessed as the site was suspended. The researcher has commented that... 'at least one PAC Hearing, however, where the Chairman restricted attendance by the media...'. Given the focus of this question, I would query whether the 'public hearings' focus of this question has been met without any additional information either way, I concur with the score of 'c'.

**RESEARCHER’S RESPONSE**
It appears from the material referred by Parliament to the committee and back to the full Parliament that it met during the period, but I will verify further details, Madang Provincial Govt dated June 2014. ([http://www.parliament.gov.pg/uploads/minutes/M-09-20140904.pdf](http://www.parliament.gov.pg/uploads/minutes/M-09-20140904.pdf)) and the special audit of the Special Agricultural Development Project - SADP, referred to PAC.

115. Does the Supreme Audit Institution (SAI) have the discretion in law to undertake those audits it may wish to?

A. The SAI has full discretion to decide which audits it wishes to undertake.

B. The SAI has significant discretion, but faces some limitations.

C. The SAI has some discretion, but faces considerable limitations.

D. The SAI has no discretion to decide which audits it wishes to undertake.

E. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: [http://www.paclii.org/pg/legis/consol_act/cotisopng534/](http://www.paclii.org/pg/legis/consol_act/cotisopng534/) Constitution of Papua New Guinea, Subdivision B: Auditor General 213. ESTABLISHMENT OF THE OFFICE OF AUDITOR-GENERAL. (3) In the performance of his functions under this Constitution, the Auditor-General is not subject to the control or direction of any person or authority. 214. FUNCTIONS OF THE AUDITOR-GENERAL. (1) The primary functions of the Auditor-General are to inspect and audit, and to report at least once in every fiscal year (as provided by an Act of the Parliament) to the Parliament on the public accounts of Papua New Guinea, and on the control of and on transactions with or concerning the public moneys and property of Papua New Guinea, and such other functions as are prescribed by or under a Constitutional Law. (2) Unless other provision is made by law in respect of the inspection and audit of them, Subsection (1) extends to the accounts, finances and property of-(a) all arms, departments, agencies and instrumentalities of the National Government; and (b) all bodies set up by an Act of the Parliament, or by executive or administrative act of the National Executive, for governmental or official purposes. (3) Notwithstanding that other provision for inspection or audit is made as provided for by Subsection (2), the Auditor-General may, if he thinks it proper to do so, inspect and audit, and report to the Parliament on, any accounts, finances or property of an institution referred to in that subsection, insofar as they relate to, or consist of or are derived from, public moneys or property of Papua New Guinea. (4) An Act of the Parliament may expand, and may provide in more detail for, the functions of the Auditor-General under Subsections (1), (2) and (3), and may confer on the Auditor-General additional functions and duties not inconsistent with the performance of the functions and duties conferred and imposed by those subsections.
Public Finances (Management) Act: S. 48 (defining a Public Body), 49 (defining a subsidiary corporation of a public body, e.g. if 50%+ of its capital is held by a Public Body or publicly-owned corporation, etc) and 63 (the obligations of public bodies to submit accounts to the SAI) and give the SAI authority to audit State-owned enterprises and majority owned-controlled subsidiaries, although registered under the Companies Act, and not (necessarily) specifically those covered by the Constitutional mandate alone. http://www.paclii.org/pg/legis/consol_act/aa198971/ Audit Act 1989 (amended 1995) 3.FUNCTIONS AND DUTIES OF THE AUDITOR-GENERAL. 4.POWERS OF THE AUDITOR-GENERAL. (1) For the purpose of the performance of his functions and duties under this Act, the Auditor-General may– (a) authorize any person to inspect and audit any accounts and records that are authorized or required by any law to be inspected or audited by the Auditor-General, and to report to him on the inspection and audit; and (b) summon any person– (i) to appear personally before him at a time and place specified by him in writing under his hand; and (ii) to produce to him all accounts and records in the possession or under the control of that person that appear to the Auditor-General to be necessary for the purposes of any inspection or audit authorized or required by any law to be made by the Auditor-General; and (c) examine on oath or affirmation any person respecting– (i) the collection, receipt, expenditure or issue of public moneys; and (ii) the receipt, custody, disposal, issue or use of stores and other property of the State; and (iii) all other matters and things necessary for the due exercise and performance of the powers, functions and duties conferred or imposed on the Auditor-General; and (d) ask such questions of, and make such observations to, any person, and call for such accounts and records and explanations, as he thinks necessary; and (e) without fee, cause searches to be made in, and copies or extracts to be taken from, any document, register or record in any Department, Organization or Agency for which the Auditor-General is the auditor.

Comments: The Auditor General (SAI) is an independent Constitutional office, required and empowered under the Constitution to undertake routine annual audits of all public bodies, but also to inspect and audit and report to the Parliament on any accounts, finances or property of a body, as it sees fit, insofar as they relate to, or consist of, or are derived from public moneys or property. On this legal basis the SAI should be rated ‘a’, however some efforts in recent years apparently to place some institutions (e.g. Petromin and the National Development Bank) outside the remit of the SAI (although the SAI states that he retains the power) have seemed to undermine the SAI’s capacity to examine the books of some entities, (although the main constraints to application of its authority are budgetary, and the disinclination of public bodies to submit financial returns to the SAI in a timely manner, rather than specifically the legal mandate).

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

116. Has the Supreme Audit Institution (SAI) established a monitoring system to provide on-going, independent evaluations of its audit processes (a quality assurance system)?
A. Yes, the SAI has established a quality assurance system, and both a sample of completed audits are reviewed annually and the findings of these reviews are made available to the public.

B. Yes, the SAI has established a quality assurance system, but either a sample of completed audits are not reviewed annually or the findings of these reviews are not made available to the public.

C. Yes, the SAI has established a quality assurance system, but neither a sample of completed audits are reviewed annually nor are the findings of these reviews made available to the public.

D. No, the SAI has not established a quality assurance system.

E. Not applicable/other (please comment).

Papua New Guinea

D.

Score: 0

Sources: [http://www.ago.gov.pg/docs/reports/PartIV2011](http://www.ago.gov.pg/docs/reports/PartIV2011) from the Audit Report for 2011 (the most recent audit to the public), part IV on Statutory Authorities etc. Reporting Framework My audits are conducted in accordance with International Standards on Auditing to provide reasonable assurance that the financial statements are free of material misstatements. The audit procedures include examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, evaluation of accounting policies and significant accounting estimates, and ensuring that the financial statements are presented fairly and in accordance with International Accounting Standards and the Statutory requirements.

Comments: The Supreme Audit Institution (SAI) has not established a monitoring system to provide on-going, independent evaluations of its audit processes, besides which recent audits are not yet available to the public to be able to make any independent assess. Although the audit for BY-2 has been submitted to Parliament (during 2013) it has not yet been tabled and made available to the public by mid-2014.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

117. 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?
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 he or she is removed.

B. No, the executive may remove the head of the SAI without the final consent of the judiciary or legislature.

C. Not applicable/other (please comment).

Papua New Guinea

A. Yes, I agree with the score and have no comments to add.
118. Who determines the budget of the Supreme Audit Institution (SAI)?

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, and the funding level is not consistent with the resources the SAI needs to fulfill its mandate.

E. Not applicable/other (please comment).

Papua New Guinea

D.

Score: 0

Sources: 2014 Budget Estimates for Statutory Authorities...Volume 2 (part 2) Part III, Section B 502, Auditor General (page 1)

Comments: The Budget is approved by the Legislature, but on the basis of the Executive's Budget proposal, which Parliament in practice has very restrained capacity and authority to adjust (as referred to in q above), apart from rejecting the entire Budget proposal once submitted, and prior to submission the Legislature has had almost no opportunity to see, let alone influence the Budget's composition. So in effect it's determined by the Executive. The responsibility for the SAI was extending extensively during the 1990s right down to the Local Level Governments. There has also been a multiplication of government agencies and considerably increased funds to the District level, administered through politicized processes (notably District grants, controlled or, with the DSIP and PSIP, at least chaired, if not necessarily controlled, by the local MP. The Budget for the SAI has not increased commensurate to its increased responsibilities, or the growing scale of the total Budget, with now nearly 1,000 Departments and agencies in its purview, and, as the SAI stated in PNG, with its poor infrastructure, there is the need for much air travel and 'we need to swim rivers and climb mountains to inspect projects and district expenditure'. This limited funding, combined with the need for additional funding to be allocated to, and by, various respective agencies to prepare accounts for audit, has
contributed to the long backlog of audits which are overdue for completion and submission, as required in law, to the Legislature and public.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

---

**Section 5. Public Engagement in the Budget Process**

119. Does the executive make available to the public clear (accessible, nontechnical) definitions of terms used in the budget and other budget-related documents (for instance, in a glossary)?

- A. Yes, clear definitions of all key budget terms are provided.
- B. Yes, definitions are provided for all key budget terms, but they are not always clear.
- C. Yes, definitions are provided for some but not all key budget terms.
- D. No, definitions are not provided.
- E. Not applicable/other (please comment).

**Papua New Guinea**

- **C.**
  - **Score:** 33

**Sources:**

http://www.treasury.gov.pg/html/national_budget/files/2014/budget_documents/Volume1/2014%20Budget%20Volume%201.pdf  No Citizens Budget provided and no summary or glossary of definitions provided, but some definitions provided in the text (e.g. p 88-89 on different types of debt and their impact on debt and its management)

**Comments:** No Citizen's Budget provided, and no glossary providing definitions of terms (although some of the narrative Volume I of the Budget provides a useful discussion of some key economic and budgetary issues, in a format which is, at least in part, comprehensible to a wider non-technical audience, including some definitions and explanations, e.g. in Chapter 6, on Financing and Debt Strategy)
PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: The definitions provided as part of the EBP (for example, as cited by the researcher in Volume 1 Economic and development Policies) are very limited. There is no glossary provided in the EBP documentation or any other document. This would be a useful and very simple addition to the any budget papers.

120. Is the executive formally required to engage with the public during the formulation and execution phases of the budget process?

A. A law, a regulation, or a formal procedural obligation requires the executive to engage with the public during both the formulation and execution phases of the budget process.

B. A law, a regulation, or a formal procedural obligation requires the executive to engage with the public during either the formulation or the execution phase of the budget process but not both.

C. There is no formal requirement for the executive to engage with the public during either the formulation or the execution phase of the budget process, but informal procedures exist to enable the public to engage with the executive during the formulation or execution phase of the budget process or during both phases.

D. There is no formal requirement and the executive does not engage with the public during the budget process.

E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33

Sources:  

Comments: There is no formal requirement to engage with the public during the formulation process, although in recent years the Treasury has invited the public to make suggestions, but not during 2013. However, the Consultative Implementation and Monitoring Council (CIMC) process of National and Regional Development Forums does provide an avenue for contributing to aspects of the Budgetary process (co-funded by the Government and a development partner). It entails some public briefings on the economic and budget situation, mid-year at the National Forum as well as progress with District grants at the local level (albeit provided by CIMC staff, using data sourced from Finance Dept and other relevant agencies. The Planning
Minister (who is the CIMC chairman) determined the schedule of forums in 2013 to be concluded in the first half of the year to enable better input into the Budget process and presented recommendations from the forums (and some previous years' forums) to the NEC (Executive) and (a year belatedly) to Parliament. The Minister is planning to formalize the CIMC consultative process, into the formal Budgetary schedule, in legislation.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

---

121. When the executive engages with the public during the budget formulation process, does it articulate what it hopes to achieve from the engagement and provide other information far enough in advance so that the public can participate in an informed manner?

A. The executive provides sufficient information (including what it hopes to achieve from its engagement with the public) in advance of the engagement.

B. The executive provides information to the public, but it is either insufficient or is not provided in advance of the engagement.

C. The executive provides information to the public, but it is neither sufficient nor provided in advance of the engagement.

D. The executive does not provide information, or does not engage with the public during the budget process.

E. Not applicable/other (please comment).

**Papua New Guinea**

**Score:** 33


**Comments:** There is very little prior public engagement over the Budget, and what does occur, notably through the CIMC process, is provided largely only during the later stages of preparation, with participation by relatively few senior officials (and little engagement with the Treasury), covering limited aspects of the Budget, either at the national and sub-national levels. Plans are underway to improve the process including
incorporating the CIMC consultative process during the preparation of the Budget into legislation), but it will require a significant shift in approach, as senior bureaucrats observe, ‘despite the many plans and strategies, much of the Budget is determined outside of process by a small group of leaders allocating project funds for selected activities in selected locations’, and, as specified in the Budget document for 2014, there is now more emphasis on the Ministers leading the budget process, not the public service. The CIMC operates on a very tight budget, and in 2014 funds were not released in any case in time to undertake the regional development forums (as well as sector committees and district budget tracking etc), so there will be a need to resource the process adequately and to ensure a government commitment to its ongoing independence and listening and responding to the feedback, and not merely giving lip service to it.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

---

122. When the executive engages with the public during the budget execution process, does it articulate what it hopes to achieve from the engagement and provide other information far enough in advance so that the public can participate in an informed manner?

**A.** The executive provides sufficient information (including what it hopes to achieve from its engagement with the public) in advance of the engagement.

**B.** The executive provides information to the public, but it is either insufficient or is not provided in advance of the engagement.

**C.** The executive provides information to the public, but it is neither sufficient nor provided in advance of the engagement.

**D.** The executive does not provide information, or does not engage with the public during the budget process.

**E.** Not applicable/other (please comment).

**Papua New Guinea**

**C.**

**Score:** 33


**Comments:** The Minister for National Planning, particularly, during the National and Regional development
Forums in 2013 (and the National Forum in 2014) and with new strategies (notably the Responsible Sustainable Development Strategy in 2014) has sought to provide some longer term perspective on government priorities and strategies, and aligning activities to those plans and plans and allocations to priorities identified by the wider community (including business) in the forums. The CIMC forums and sector committees are the main vehicle for consultation with civil society and the private sector during both the planning and implementation phases of the Budget (along with the National Working Group on Business, as a vehicle particularly for addressing impediments to business). Following a review of the CIMC process, there are current plans (led by the Planning Minister) to strengthen and formalize the CIMC process, notably in legislation, but it clearly requires adequate resources and continued independence to be effective, particularly in helping hold the public sector agencies to account (working with other civil society organisations and official watchdogs etc).

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

123. Has the executive established mechanisms to identify the public's perspective on budget priorities?

**A.** Yes, the executive has established mechanisms to identify the public's perspective on budget priorities, and these mechanisms are accessible and widely used by the public.

**B.** Yes, the executive has established mechanisms to identify the public's perspective on budget priorities; while these mechanisms are accessible they are not widely used by the public.

**C.** Yes, the executive has established mechanisms to identify the public's perspective on budget priorities, but these mechanisms are not accessible.

**D.** No, the executive has not established any mechanisms to identify the public's perspective on budget priorities.

**E.** Not applicable/other (please comment).

**Papua New Guinea**

**C.**

**Score:** 33

**Sources:**
Comments: In 2013, for the 2014 Budget preparation, Treasury did not invite input from the public on the Budget process, as they has in previous years. Nevertheless, the CIMC process (chaired by the National Planning Minister) was proactive, holding all 4 regional development forums, the 7 sector committees and the National Development Forum (and associated civil society forum and air transport forum) in the first half of the year, in order to contribute to the 2014 Budget process, with the Minister reporting outputs to the Executive Government. The CIMC forums and sector committees comprise an independently managed, but Government authorised and (largely) government and donor funded process of consultation over a range of development issues, including the budget process (plans and implementation, and some expenditure tracking at the district level (limited by a very small operational budget), The forums however still only reach a small portion of the population, partly as communications and services are so poor across the nation, and a CIMC review is being concluded in mid-2014 to find suitable ways to improve the consultation prior to budget allocations and make the process more systematic. The long delayed Tax Review, commissioned by the Treasury, commenced in early 2014, and has sought extensive input from stakeholders in the business sector and wider public; its final report will not be competed until mid-2015, too late for the 2015 Budget, although some preliminary recommendations from sector reports, might be reflected in the 2015 Budget

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

124. Has the executive established mechanisms to identify the public's perspective on budget execution?

A. Yes, the executive has established mechanisms to identify the public’s perspective on budget execution, and these mechanisms are accessible and widely used by the public.

B. Yes, the executive has established mechanisms to identify the public’s perspective on budget execution; while these mechanisms are accessible they are not widely used by the public.

C. Yes, the executive has established mechanisms to identify the public's perspective on budget execution, but these mechanisms are not accessible.

D. No, the executive has not established any mechanisms to identify the public's perspective on budget execution.

E. Not applicable/other (please comment).

Papua New Guinea

C.

Score: 33
[http://www.inapng.com/pdf_files/2013%20RDF%20Program%20Draft%201.pdf](http://www.inapng.com/pdf_files/2013%20RDF%20Program%20Draft%201.pdf) One of the 4 CIMC Regional Development Forums in 2013 (in Mt Hagen, Highlands Region) [http://www.nefc.gov.pg/index.php](http://www.nefc.gov.pg/index.php); National Economic and Fiscal Commission, fiscal reports and provincial budget scorecards etc [http://www.clgfpacific.org/images/campaign/54/file/PNG%20Organic%20Law.pdf](http://www.clgfpacific.org/images/campaign/54/file/PNG%20Organic%20Law.pdf) - Organic Law on Provincial and Local Level Government, Section 110, Provincial and Local Level Service Monitoring Authority (4) The principal functions of the Authority are— (a) to co-ordinate and monitor the implementation of the national policies at the provincial and local-level; and (b) to establish minimum development standards and to monitor maintenance of those standards in the overall development of the rural and urban communities; and (c) to assist the Auditor-General carry out the performance audit of the Provincial Government and Local-level Government affairs; and (d) to develop, co-ordinate and monitor the training and professional needs of the officers of the National Public Service assigned to the provinces and districts; and (e) to assess the effectiveness and efficiency of the Provincial Governments and the Local-level Governments; and (f) to execute powers and functions that are delegated to it by law; and (g) to make recommendations to the Minister responsible for provincial government and local-level government matters in the strengthening of the decentralisation of government; and (h) to ensure that all appointments to offices in a

Comments: The CIMC forums and sector committees comprise an independently managed, but Government authorised and but (largely) government and donor funded process of consultation over a range of development issues, including the budget process (plans and implementation, and some expenditure tracking at the district level (limited by a very small operational budget). As highlighted in the recent CIMC review, the mechanism is strongly supported by those that know of it, but much of the population is unaware or unable to participate in the process, partly owing to the deficiency of communications and telecommunications in PNG, and there needs to be a parallel process at the sub-national level. The forums still only reach a small portion of the population, partly as communications and services are so poor across the nation, and a CIMC review is being concluded in mid-2014 to find suitable ways to improve the consultation and follow up process and make it more systematic. It is currently managed as a CSO, but established under a Government Decision in 1998. The Planning Ministry has stated its commitment to formalising this process into legislation to secure more routine inputs into budget preparation and performance monitoring. CIMC operates through regional and national development forums, other sector forums, the CIMC Council meetings and 7-8 sector committees, covering a range of economic and social issues (e.g. the health and population and the education and training sector committees), one of the sector committees addresses budget tracking, but particularly the provincial and district grants (which are critical to local development needs). The unit which provides training, consultation and expenditure tracking, however, only has the resources to provide a shallow nationwide coverage, plus more detailed analysis and local workshops in a few selected districts (out of 89). This unit works closely with 2 other government entities (which work more within the Govt system, but which participate in some public dialogue, including through the CIMC forums, notably: National Economic and Fiscal Commission (NEFC) an independent Constitutional Office, with responsibilities for budget equalisation at the sub-national level, and Provincial and Local Level Service Monitoring Authority (PLSSMA), an entity (established under an Organic - Constituional- law) to coordinate, inspect and ensure standards in implementation at the sub-national level.
125. Does the executive provide formal, detailed feedback to the public on how its inputs have been used to develop budget plans and improve budget execution?

A. Yes, the executive issues reports on the inputs it received from the public and provides detailed feedback on how these inputs have been used.

B. Yes, the executive issues reports on the inputs it received from the public, but provides only limited feedback on how these inputs have been used.

C. Yes, the executive issues reports on the inputs it received from the public, but provides no feedback on how these inputs have been used.

D. No, the executive does not issue reports on the inputs it received from the public or provide feedback on how these inputs have been used.

E. Not applicable/other (please comment).

Papua New Guinea

Score: 33


Comments: The Executive doesn't provide a formal or routine report back to the public, but the Minister for National Planning does provide a report of CIMC recommendations from public forums to the Executive (Cabinet) and during the CIMC Council meeting makes some presentation on progress with policy and programs and incorporating recommendations, which is made available with the Council minutes. The Planning Ministry has made a commitment to strengthening the CIMC process in future. At the moment it's operating on an Executive Decision from 1998, and is Govt/donor-funded, but managed independently, reporting to a Council chaired by the Planning Minister, but made up of government, private sector and civil society participation. The Ministry plans (following the recent CIMC review) to formally incorporate the CIMC process into the Budget process (including through legislation), requiring the consultations and feedback to occur routinely.
126. 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?

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.

B. Yes, public hearings are held on the macroeconomic and fiscal framework in which testimony is heard from the executive branch and some constituencies.

C. Yes, public hearings are held on the macroeconomic and fiscal framework in which testimony from the executive branch is heard, but no testimony from the public is heard.

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.

E. Not applicable/other (please comment).

Papua New Guinea

D.

Score: 0


Comments: Although Parliamentary Committees in principle address economic and new legislation, in practice no committees hold public hearings with relevant government agencies on the macroeconomic and fiscal framework presented in the budget.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.
Do legislative committees hold public hearings on the individual budgets of central government administrative units (i.e., ministries, departments, and agencies) in which testimony from the executive branch is heard?

A. Yes, public hearings in which testimony from the executive branch is heard are held on the budgets of a wide range of administrative units.

B. Yes, public hearings in which testimony from the executive branch is heard are held on the budgets of the main administrative units.

C. Yes, public hearings in which testimony from the executive branch is heard are held on the budgets of a small number of administrative units.

D. No, public hearings in which testimony from the executive branch is heard are not held on the budgets of administrative units.

E. Not applicable/other (please comment).

Papua New Guinea

D. 

Score: 0


Comments: Although Parliamentary Committees in principle address economic issues and new legislation, in practice no committees hold public hearings with relevant government agencies on the macroeconomic and fiscal framework presented in the budget. The Committee system has long been heavily underfunded and many Committees are in name only (maybe just providing positions and allowances to Chairpersons/members), although there are efforts by the current Speaker to revive the mechanisms of the Legislature, including through the Open Parliament Initiative, starting with the launch of the Parliament website. Only the PERMANENT PARLIAMENTARY COMMITTEE ON CONSTITUTIONAL LAWS AND ACTS AND SUBORDINATE LEGISLATION and the Public Accounts Committee seem to be meeting relatively routinely. The PAC holds public hearings with respective agencies on their past expenditure and compliance with financial and other requirements, based upon the SAI reports, several years in the aftermath of the Budget. The PAC
has never considered it to be its duty to look at the Budget process.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

**Comments:** I agree with the researcher that public hearings are held on past expenditure and to respond to audit findings. The focus of this question is on individual budgets of administrative units, not on the macroeconomic and fiscal framework presented in the budget.

**RESEARCHER'S RESPONSE**

Public hearings of legislative committees have not occurred during this period (or since) to consider the individual budgets of government administrative units (although no doubt covered extensively in caucus meetings of the parties within the ruling coalition)

128. Do legislative committees hold public hearings on the individual budgets of central government administrative units (i.e., ministries, departments, and agencies) in which testimony from the public is heard?

A. Yes, public hearings in which testimony from the public is heard are held on the budgets of a wide range of administrative units.
B. Yes, public hearings in which testimony from the public is heard are held on the budgets of some administrative units.
C. Yes, public hearings in which testimony from the public is heard are held on the budgets of a small number of administrative units.
D. No, public hearings in which testimony from the public is heard are not held on the budgets of administrative units.
E. Not applicable/other (please comment).

**Papua New Guinea**

D.

**Score:** 0

Comments: In practice no committees hold public hearings with relevant government agencies on the individual budgets of central government administrative units, including any opportunity for public participation. The Committee system has long been heavily underfunded and many Committees are in name only (maybe just providing positions and allowances to Chairpersons/members), although there are efforts by the current Speaker to revive the mechanisms of the Legislature, including through the Open Parliament Initiative, starting with the launch of the Parliament website. Only the PERMANENT PARLIAMENTARY COMMITTEE ON CONSTITUTIONAL LAWS AND ACTS AND SUBORDINATE LEGISLATION and the Public Accounts Committee seem to be meeting relatively routinely. The PAC holds public hearings with respective agencies on their past expenditure and compliance with financial and other requirements, based upon the SAI reports, several years in the aftermath of the Budget. The PAC has never considered it to be its duty to look at the Budget process itself (and when a former Prime Minister was asked why the PAC or another Committee failed to perform this role, as apparently required in the Constitution, he merely stated that this was up to the Speaker of Parliament).

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

129. Do the legislative committees that hold public hearings on the budget release reports to the public on these hearings?

A. Yes, the committees release reports, which include all written and spoken testimony presented at the hearings.

B. Yes, the committees release reports, which include most testimony presented at the hearings.

C. Yes, the committees release reports, but they include only some testimony presented at the hearings.

D. No, the committees do not release reports, or do not hold public hearings.

E. Not applicable/other (please comment).

Papua New Guinea

D.

Score: 0

of the Legislature, and the long delay in considering most reports to the PAC

Comments: In practice no committees hold public hearings with relevant government agencies on the Budget, and therefore no reporting back occurs. The Committee system has long been heavily underfunded and many Committees are in name only (maybe just providing positions and allowances to Chairpersons/members), although there are efforts by the current Speaker to revive the mechanisms of the Legislature, including through the Open Parliament Initiative, starting with the launch of the Parliament website. Only the PERMANENT PARLIAMENTARY COMMITTEE ON CONSTITUTIONAL LAWS AND ACTS AND SUBORDINATE LEGISLATION and the Public Accounts Committee seem to be meeting relatively routinely. The PAC holds public hearings with respective agencies on their past expenditure and compliance with financial and other requirements, based upon the SAI reports, several years in the aftermath of the Budget. The PAC has never considered it to be its duty to look at the Budget process itself, (and there's a long delay by PAC in consideration of the accounts and performance of the relevant agencies, as highlighted in the Notice Paper for 16 May 2014 of matters referred by Parliament to the PAC)

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

130. Does the Supreme Audit Institution (SAI) maintain formal mechanisms through which the public can assist in formulating its audit program (by identifying the agencies, programs, or projects that should be audited)?

A. Yes, the SAI maintains formal mechanisms through which the public can assist in formulating its audit program, and these mechanisms are accessible and widely used by the public.

B. Yes, the SAI maintains formal mechanisms through which the public can assist in formulating its audit program; while these mechanisms are accessible, they are not widely used by the public.

C. Yes, the SAI maintains formal mechanisms through which the public can assist in formulating its audit program, but these mechanisms are not accessible.

D. No, the SAI does not have formal mechanisms through which the public can assist in formulating its audit program.

E. Not applicable/other (please comment).

Papua New Guinea

D.

Score: 0
Sources: [http://www.ago.gov.pg/about_ago.html](http://www.ago.gov.pg/about_ago.html) The Auditor-General's website, without any public invitations for supporting the audit program and process


Comments: There are no formal processes for the public to assist the Auditor-General's Office in formulating its audit program at this stage. However, the SAI has become increasingly frustrated with Department's and other Agencies' failure to provide timely financial statements for audit and the need for more immediate interventions, including prompt compliance audits where situations are reported as becoming out of hand, and this depend on officials/authorities, but also members of the public, including civil society organisations involved with aspects of budget tracking/social auditing, to provide feedback to the SAI. Verbally, the SAI has indicated this is a new focus and cooperation and collaboration with other stakeholders will be crucial to effect it (including use of newer technology, such as mobile phones, for recording potential abuse etc). The SAI has shown willingness to attend and present at workshops with civil society organisations (including CIMC and INA) on developing effective mechanisms for cooperation and information gathering

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

---

**131. Does the Supreme Audit Institution (SAI) maintain formal mechanisms through which the public can participate in audit investigations (as respondents, witnesses, etc.)?**

A. Yes, the SAI maintains formal mechanisms through which the public can participate in audit investigations, and these mechanisms are accessible and widely used by the public.

B. Yes, the SAI maintains formal mechanisms through which the public can participate in audit investigations; while these mechanisms are accessible, they are not widely used by the public.

C. Yes, the SAI maintains formal mechanisms through which the public can participate in audit investigations, but these mechanisms are not accessible.

D. No, the SAI does not have formal mechanisms through which the public can participate in audit investigations.

E. Not applicable/other (please comment).

**Papua New Guinea**

D.

**Score:** 0
Comments: There are no formal processes for the public to assist the Auditor-General's Office in audit processes at this stage. However, the SAI has become increasingly frustrated with Department's and other Agencies' failure to provide timely financial statements for audit and the need for more immediate interventions, including prompt compliance audits where situations are reported as becoming out of hand, and this depends on officials/authorities, but also members of the public, including civil society organisations providing evidence, including from of budget tracking/social auditing. Verbally, the SAI has indicated this is a new focus and cooperation and collaboration with other stakeholders will be crucial to effect it (including use of newer technology, such as mobile phones, for recording potential abuse etc). The SAI has shown willingness to attend and present at workshops with civil society organisations (including CIMC and INA) on developing effective mechanisms for cooperation and information gathering.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

132. Does the Supreme Audit Institution (SAI) maintain any communication with the public regarding its Audit Reports beyond simply making these reports publicly available?

A. Yes, in addition to publishing Audit Reports, the SAI maintains other mechanisms of communication to make the public aware of audit findings (such as maintaining an office that regularly conducts outreach activities to publicize previously released audit findings).

B. No, the SAI does not maintain any formal mechanisms of communication with the public beyond publishing Audit Reports.

C. Not applicable/other (please comment).

Papua New Guinea

A.

Score: 100

Sources: http://www.ago.gov.pg/about_ago.html The Auditor-General's website, without any public invitations for supporting the audit program and process
Comments: There are no formal processes for routine interaction between the Auditor-General's Office and the public. However, in recent years they have readily participated in forums hosted by other agencies, policy think tanks (including INA and CIMC) made presentations on their situation, the status of audits and summaries of findings, constraints etc. (this could perhaps be rated 'a'...though it's probably a b+)

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

IBP COMMENT

IBP would accept answer choice "a" for this question as the SAI maintains an active website with an updated newsfeed.

133. Does the Supreme Audit Institution (SAI) provide formal, detailed feedback to the public on how their inputs have been used to determine its audit program or in Audit Reports?

A. Yes, the SAI issues reports on the inputs it received from the public and provides detailed feedback on how these inputs have been used.

B. Yes, the SAI issues reports on the inputs it received from the public but provides only limited feedback on how these inputs have been used.

C. Yes, the SAI issues reports on the inputs it received from the public but provides no feedback on how these inputs have been used.

D. No, the SAI does not issue reports on the inputs it received from the public through public consultations.

E. Not applicable/other (please comment).

Papua New Guinea

D.

Score: 0

Sources: [http://www.ago.gov.pg/about_ago.html](http://www.ago.gov.pg/about_ago.html) The Auditor-General's website, without any public invitations for supporting the audit program and process
Comments: No, this has not been done to date, although the SAI is changing some of its approaches in the face of the challenge of auditing nearly 1000 largely recalcitrant Departments and other public bodies and the poor utility of outdated audits from long past years, and therefore the need for much more public awareness and interaction;

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.