



DEPARTMENT OF TREASURY



NATIONAL ECONOMIC AND FISCAL COMMISSION

NATIONAL GOVERNMENT GOODS AND SERVICES FUNDING RELEASED TO PROVINCIAL AND LOCAL- LEVEL GOVERNMENTS (JAN - MAR UPDATE OF 2010 BUDGET)

This information shows the funding provided from the 2010 Budget by the National Government to the end of March 2010 to assist to meet the operational goods and services delivery costs of Provincial and Local-level Governments.

This goods and services funding from the National Government includes Function and Administration Grants provided to Provincial Governments, Grants for Urban Local-level Governments (LLGs) and Rural LLGs.

To enhance service delivery in the provinces, the National Government through its Reform of Intergovernmental Financing Arrangements (RIGFA) provided significant increases in funding for most provinces in the 2009 and 2010 budgets. The Department of Treasury has also released, on average, 46% of all goods and services funding to Provincial Governments by the end of March (where their Budget has been approved by the Treasurer). It is thus expected that Provincial Governments will increase their efforts to improve service delivery through expending the full amount of each goods and services grant within the 2010 Budget year. At the same time, Provincial Administrators are responsible for ensuring that they plan carefully to ensure that services are consistently delivered throughout the year.

Provincial Governments are expected to supplement this National Government funding for core service delivery sectors with other revenues, including Goods and Services Tax distributions from the Internal Revenue Commission, royalties and dividends from resource, mining and petroleum projects, and locally generated revenues from taxes, fees and charges.

PROVINCIAL GOVERNMENT	TOTAL GOODS AND SERVICES GRANTS (KINA)			ADMINISTRATION GRANT (KINA)			HEALTH FUNCTION GRANT (KINA)			EDUCATION FUNCTION GRANT (KINA)			OTHER SERVICE DELIVERY GRANT (KINA)		
	Revised 2010 Appropriation	Funds released		Revised 2010 Appropriation	Funds released		Revised 2010 Appropriation	Funds released		Revised 2010 Appropriation	Funds released		Revised 2010 Appropriation	Funds released	
		Year to date (Jan to Mar)	% RELEASED		Year to date (Jan to Mar)	% RELEASED		Year to date (Jan to Mar)	% RELEASED		Year to date (Jan to Mar)	% RELEASED		Year to date (Jan to Mar)	% RELEASED
Western	6,386,100	2,189,700	34%	141,000	70,500	50%	879,100	439,500	50%	893,500	446,800	50%	141,000	70,500	50%
Gulf	8,356,000	3,685,000	44%	347,000	150,000	43%	1,946,000	1,000,000	51%	2,154,800	1,050,000	49%	455,100	250,000	55%
Central	12,219,400	5,359,200	44%	404,800	200,400	50%	2,279,000	1,100,000	48%	2,904,000	1,500,000	52%	1,229,900	615,000	50%
NCD	3,392,700	1,590,000	47%	0	0	0%	0	0	0%	0	0	0%	0	0	0%
Milne Bay	12,647,400	5,227,700	41%	773,000	350,000	45%	3,271,500	1,453,000	44%	2,248,000	1,100,000	49%	1,139,300	569,700	50%
Oro	8,031,700	3,301,400	41%	402,300	201,300	50%	1,525,200	762,600	50%	1,486,600	743,300	50%	576,500	288,500	50%
Southern Highlands	13,030,000	4,229,300	32%	775,000	387,500	50%	2,462,200	1,231,100	50%	1,919,500	959,700	50%	921,000	460,000	50%
Enga	9,671,900	4,729,000	49%	485,300	230,000	47%	1,873,400	900,000	48%	929,300	450,000	48%	916,400	450,000	49%
Western Highlands	15,720,400	7,277,000	46%	455,800	230,000	50%	2,260,800	1,100,000	49%	3,456,000	1,500,000	43%	757,500	350,000	46%
Simbu	12,768,100	6,327,000	50%	550,000	250,000	45%	2,250,300	1,200,000	53%	2,946,000	1,500,000	51%	1,161,800	600,000	52%
Eastern Highlands	16,307,300	5,070,000	31%	990,000	450,000	45%	2,525,700	1,115,000	44%	3,168,600	1,500,000	47%	1,291,800	650,000	50%
Morobe	13,827,300	4,045,000	29%	919,300	520,000	57%	1,000,000	500,000	50%	2,000,000	1,000,000	50%	1,001,300	550,000	55%
Madang	19,154,400	9,428,300	49%	704,800	352,400	50%	3,889,400	1,944,700	50%	3,264,100	1,632,100	50%	1,683,700	841,900	50%
East Sepik	21,121,900	8,860,000	42%	645,000	320,000	50%	4,813,900	2,400,000	50%	3,315,900	1,500,000	45%	1,452,300	700,000	48%
Sandaun	13,183,500	2,079,800	16%	620,000	100,900	16%	3,351,600	647,200	19%	2,755,900	417,700	15%	1,405,500	215,900	15%
Manus	6,321,100	3,075,800	49%	279,900	139,900	50%	1,269,800	634,900	50%	1,362,300	681,100	50%	788,600	394,300	50%
New Ireland	5,192,400	1,205,000	23%	184,700	15,200	8%	1,160,100	95,700	8%	845,000	845,000	100%	184,700	15,200	8%
East New Britain	10,377,600	4,275,900	41%	81,100	20,300	25%	1,737,200	432,800	25%	2,303,800	2,303,800	100%	339,700	84,600	25%
West New Britain	9,135,100	2,836,400	31%	61,000	15,300	25%	767,900	191,300	25%	1,167,900	1,167,900	100%	61,000	15,200	25%
Bougainville (a)	57,982,500	14,900,500	26%	n/a	0	0%	n/a	0	0%	n/a	0	0%	n/a	0	0%
TOTAL	274,826,800	99,692,000	36%	8,820,000	4,003,700	45%	39,263,100	16,147,800	41%	39,121,200	20,297,400	52%	15,507,100	7,120,800	46%

PROVINCIAL GOVERNMENT	TRANSPORT INFRASTRUCTURE MAINTENANCE FUNCTION GRANT (KINA)			PRIMARY PRODUCTION GRANT (KINA)			VILLAGE COURTS FUNCTION GRANT (KINA)			VILLAGE COURT ALLOWANCES GRANT (KINA) <i>Not for Goods & Services</i>			RURAL LLG GRANTS AND URBAN LLG GRANTS		
	Revised 2010 Appropriation	Funds released		Revised 2010 Appropriation	Funds released		Revised 2010 Appropriation	Funds released		Revised 2010 Appropriation	Funds released		Revised 2010 Appropriation	Funds released	
		Year to date (Jan to Mar)	% RELEASED		Year to date (Jan to Mar)	% RELEASED		Year to date (Jan to Mar)	% RELEASED		Year to date (Jan to Mar)	% RELEASED		Year to date (Jan to Mar)	% RELEASED
Western	1,409,000	704,500	50%	618,100	309,000	50%	127,600	63,800	50%	170,200	85,100	50%	2,006,600	0	0%
Gulf	1,545,900	750,000	49%	532,800	260,000	49%	49,000	25,000	51%	292,900	150,000	51%	1,032,500	50,000	5%
Central	3,225,400	1,600,000	50%	257,600	128,800	50%	153,900	75,000	49%	289,900	140,000	48%	1,474,900	0	0%
NCD	0	0	0%	0	0	0%	0	0	0%	190,000	90,000	47%	3,202,700	1,500,000	47%
Milne Bay	2,391,400	1,200,000	50%	556,000	250,000	45%	76,200	33,000	43%	308,600	152,000	49%	1,883,400	120,000	6%
Oro	1,660,400	830,200	50%	773,400	386,700	50%	42,500	21,500	51%	134,600	67,300	50%	1,430,200	0	0%
Southern Highlands	1,580,300	790,200	50%	46,700	0	0%	257,300	128,700	50%	544,100	272,100	50%	4,523,900	0	0%
Enga	2,471,000	1,200,000	49%	89,200	42,000	47%	153,300	65,000	42%	556,600	260,000	47%	2,197,400	1,132,000	52%
Western Highlands	3,110,100	1,500,000	48%	1,199,700	500,000	42%	274,300	130,000	47%	636,100	300,000	47%	3,570,100	1,667,000	47%
Simbu	3,195,200	1,500,000	47%	144,600	80,000	55%	150,200	80,000	53%	370,400	160,000	43%	1,999,600	957,000	48%
Eastern Highlands	3,253,500	1,520,000	47%	1,025,500	550,000	54%	153,000	75,000	49%	425,900	210,000	49%	3,473,300	0	0%
Morobe	2,266,300	1,100,000	49%	373,400	162,000	43%	157,000	68,000	43%	389,300	145,000	37%	5,720,700	0	0%
Madang	5,197,700	2,598,900	50%	760,200	380,100	50%	78,300	39,200	50%	298,300	0	0%	3,277,900	1,639,000	50%
East Sepik	6,297,800	3,200,000	51%	850,600	425,000	50%	167,300	81,000	48%	468,900	234,000	50%	3,110,200	0	0%
Sandaun	2,469,900	527,300	21%	382,100	48,900	13%	67,100	38,500	57%	166,700	83,400	50%	1,964,700	0	0%
Manus	1,797,500	898,700	50%	101,500	50,700	50%	73,300	36,600	50%	183,900	0	0%	480,000	239,600	50%
New Ireland	930,100	76,700	8%	547,300	45,100	8%	51,700	4,300	8%	183,900	16,700	9%	1,104,900	91,100	8%
East New Britain	1,839,700	458,300	25%	1,527,300	380,500	25%	70,600	17,600	25%	257,100	42,800	17%	2,221,100	535,200	24%
West New Britain	435,700	108,500	25%	4,330,600	1,079,000	25%	165,300	41,200	25%	487,100	81,200	17%	1,658,600	136,800	8%
Bougainville (a)	n/a	0	0%	n/a	0	0%	n/a	0	0%	n/a	0	0%	n/a	0	0%
TOTAL	45,076,900	20,563,300	46%	14,116,600	5,077,800	36%	2,267,900	1,023,400	45%	6,338,800	2,489,600	39%	46,332,700	8,067,700	17%

FURTHER INFORMATION ON THE PURPOSE OF GRANTS

The **Administration Grant** should be used to cover the costs of Provincial Government administrative overheads.

Function Grants are provided to Provincial Governments to ensure that adequate funding is directed towards the Medium Term Development Strategy priorities. Funding from these grants should only be used to pay for operational and recurrent costs i.e. goods & services. They cannot be spent on salaries or capital development.

Starting with the 2009 Budget, the Department of Treasury has included a new requirement regarding function grants. This is that provinces are now required to specifically fund a set of **Minimum Priority Activities (MPAs)** in each area of functional responsibility. The MPAs are a minimum set of activities that must be funded out of each of the function grants.

The MPAs are not the only activities that can be funded, and in general Provinces would be expected to fund a broader range of activities out of each of their service delivery function grants. However, they are a core set of activities that most Provinces would already be expected to have in place. The relevant sectoral MPAs are included with each Sector grant description below.

The **Health Function Grant** should be used to fund goods and services for the following main programs and activities:

- Distribution of medical supplies
- Malaria
- Water Supply and Sanitation
- Outreach Services
- Supervision
- Health service monitoring, review and performance agreements
- Safe Motherhood
- Immunization

MPAs: 1. Operation of rural health facilities 2. Health outreach patrols and clinics 3. Drug distribution.

The **Education Function Grant** should be primarily used to fund operational costs for primary education, rather than secondary or tertiary education. *MPAs: 1. Distribution of school materials 2. Supervision of schools by district and provincial officers 3. Operation of district education offices.*

The **Transport Infrastructure Maintenance Function Grant** should be applied to the maintenance costs of provincial roads & bridges, jetties & wharves and airstrips. This grant should not be used for the construction of new roads or maintenance of buildings, or for major reconstruction or rehabilitation of unusable existing roads. *MPAs: 1. Road and bridges maintenance 2. Airstrip maintenance 3. For maritime provinces - wharves and jetties maintenance.*

The **Village Court Function Grant** should be applied to the operational and supervision costs incurred in the village court sector for the purchase of goods and services. The grant should not be used to fund the costs of salaries or allowances for village court officials. *MPA: Provision of Operational materials.*

The **Village Court Allowance Grant** is to be used exclusively to pay the allowances due to village court officials.

The **Primary Production Function Grant** replaces the old derivation and agriculture grant, and is provided to Provincial Governments to further the development of primary and export commodities in the Province. The Grant provides funding for the recurrent cost of goods and services associated with agriculture and other primary production, including fisheries, livestock and forestry. The grant covers activities such as extension services to farmers, farmer training, and the distribution of seeds and other technologies to farmers and fishermen. *MPA: Extension activities for agriculture, fisheries and forestry.*

The **Other service delivery function grant** is provided towards the costs of other sectors not covered by the Function Grants. This includes such areas as community development, natural resource management, business development and lands administration.

(a) **Bougainville** receives a different set of grant types. Total Goods and Services funding for 2010 is made up of a general recurrent goods and services grant (K17,293,400), a Police goods and services grant (K2,414,600) and a National functions and powers grant (K257,500).

The release of this information is a joint initiative of the Department of the Treasury and the National Economic and Fiscal Commission.

