



DEPARTMENT OF TREASURY



NATIONAL ECONOMIC AND FISCAL COMMISSION

# How much funding has been given to your Province and LLG?

## NATIONAL GOVERNMENT GOODS AND SERVICES WARRANTS RELEASED TO PROVINCIAL AND LOCAL-LEVEL GOVERNMENTS (JAN - SEPT UPDATE OF 2009 BUDGET)

The Department of Treasury has released, in most cases, 100% of all goods and services Warrants to Provincial Governments by the end of September. Provincial Governments are expected to increase their efforts to improve service delivery by expending all the funds by the end of the year on appropriate activities that support the delivery of basic services.

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

Most of the Provincial Governments received positive increases in their funding for 2009 and it is expected that they will improve their service delivery as a result of the higher funding.

Provincial Governments are expected to supplement this National Government funding for core service delivery sectors with other revenues, including GST distributions from the Internal Revenue Commission, royalties and dividends from resource, mining and petroleum projects, and locally generated revenues from taxes, fees, 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 2009 Appropriation	Warrants released		Revised 2009 Appropriation	Warrants released		Revised 2009 Appropriation	Warrants released		Revised 2009 Appropriation	Warrants released		Revised 2009 Appropriation	Warrants released	
		Year to date (Jan to Sept)	% RELEASED		Year to date (Jan to Sept)	% RELEASED		Year to date (Jan to Sept)	% RELEASED		Year to date (Jan to Sept)	% RELEASED		Year to date (Jan to Sept)	% RELEASED
Western	6,326,890	6,326,900	100%	141,000	141,000	100%	875,500	875,500	100%	892,500	892,500	100%	141,000	141,000	100%
Gulf	5,804,480	5,804,500	100%	347,000	347,000	100%	1,128,400	1,128,400	100%	1,383,200	1,383,200	100%	471,100	471,100	100%
Central	9,540,789	9,540,700	100%	404,800	404,800	100%	1,561,000	1,561,000	100%	2,090,900	2,090,900	100%	1,252,300	1,252,300	100%
NCD	3,109,400	3,109,400	100%	n/a	n/a	0%	0	0	0%	0	0	0%	0	0	0%
Milne Bay	9,793,452	9,164,600	94%	718,700	718,700	100%	1,876,900	1,876,900	100%	1,715,200	1,715,200	100%	1,017,700	1,017,700	100%
Oro	6,650,015	3,047,100	46%	441,500	220,800	50%	1,120,100	560,100	50%	1,109,800	554,900	50%	441,500	220,800	50%
Southern Highlands	12,359,028	12,292,500	99%	855,000	855,000	100%	2,048,200	2,048,200	100%	1,839,500	1,839,500	100%	916,500	916,500	100%
Enga	9,953,707	7,969,600	80%	485,300	285,000	59%	1,829,400	1,600,000	87%	929,300	490,000	53%	1,126,600	900,000	80%
Western Highlands	13,159,373	13,141,300	100%	500,000	500,000	100%	1,773,000	1,755,000	99%	2,402,000	2,402,000	100%	613,400	613,400	100%
Simbu	9,848,960	9,329,400	95%	712,300	712,300	100%	1,370,000	1,370,000	100%	2,065,700	2,065,700	100%	1,199,200	712,300	59%
Eastern Highlands	15,063,245	13,171,800	87%	900,000	900,000	100%	2,280,900	2,280,900	100%	2,956,700	2,956,700	100%	1,328,100	1,328,100	100%
Marobe	13,680,118	13,680,100	100%	910,300	910,300	100%	722,300	722,300	100%	1,644,400	1,644,400	100%	910,300	910,300	100%
Madang	12,985,995	12,985,800	100%	704,800	704,800	100%	2,056,000	2,056,000	100%	1,967,800	1,967,800	100%	1,440,300	1,440,300	100%
East Sepik	16,083,090	16,083,200	100%	973,200	973,200	100%	2,977,500	2,977,500	100%	2,898,900	2,898,900	100%	1,301,400	1,301,400	100%
Sandaun	9,907,326	9,907,400	100%	777,700	777,700	100%	1,882,600	1,882,600	100%	1,809,900	1,809,900	100%	1,091,000	1,091,000	100%
Manus	4,761,162	4,761,100	100%	252,800	252,800	100%	911,400	911,400	100%	876,700	876,700	100%	707,400	707,400	100%
New Ireland	4,958,180	3,719,000	75%	184,700	138,400	75%	863,600	647,700	75%	845,000	633,700	75%	184,700	138,400	75%
East New Britain	11,392,465	11,392,400	100%	81,100	81,100	100%	1,930,700	1,930,700	100%	2,663,000	2,663,000	100%	516,600	516,600	100%
West New Britain	10,134,498	10,134,700	100%	128,200	128,200	100%	1,238,200	1,238,200	100%	1,544,200	1,544,200	100%	155,100	155,100	100%
Bougainville (a)	19,384,000	18,735,500	97%	n/a	0	0%	n/a	0	0%	n/a	0	0%	n/a	0	0%
TOTAL	204,896,171	194,297,000	95%	9,518,400	9,051,100	95%	28,445,700	27,422,400	96%	31,634,300	30,428,800	96%	14,814,200	13,833,700	93%

PROVINCIAL GOVERNMENT	TRANSPORT INFRASTRUCTURE MAINTENANCE FUNCTION GRANT (KINA)			AGRICULTURE GRANT (KINA)			VILLAGE COURTS FUNCTION GRANT (KINA)			VILLAGE COURT ALLOWANCES GRANT (KINA) <i>Not for Goods &amp; Services</i>			RURAL LLG GRANTS AND URBAN LLG GRANTS		
	Revised 2009 Appropriation	Warrants released		Revised 2009 Appropriation	Warrants released		Revised 2009 Appropriation	Warrants released		Revised 2009 Appropriation	Warrants released		Revised 2009 Appropriation	Warrants released	
		Year to date (Jan to Sept)	% RELEASED		Year to date (Jan to Sept)	% RELEASED		Year to date (Jan to Sept)	% RELEASED		Year to date (Jan to Sept)	% RELEASED		Year to date (Jan to Sept)	% RELEASED
Western	1,403,400	1,403,400	100%	618,100	618,100	100%	127,600	127,600	100%	161,000	161,000	100%	1,966,790	1,966,800	100%
Gulf	754,300	754,300	100%	532,800	532,800	100%	49,000	49,000	100%	124,000	124,000	100%	1,014,680	1,014,700	100%
Central	2,095,700	2,095,700	100%	257,600	257,600	100%	153,900	153,900	100%	274,300	274,300	100%	1,450,289	1,450,200	100%
NCD	n/a	0	0%	n/a	0	0%	n/a	0	0%	100,000	100,000	100%	3,109,400	3,109,400	100%
Milne Bay	1,690,300	1,690,300	100%	556,000	556,000	100%	76,200	76,200	100%	292,000	292,000	100%	1,850,452	1,221,600	66%
Oro	1,187,800	63,700	5%	773,400	554,900	72%	42,500	21,300	50%	127,300	63,700	50%	1,406,115	786,900	56%
Southern Highlands	1,419,400	1,419,400	100%	46,700	46,700	100%	257,300	257,300	100%	514,800	514,800	100%	4,461,628	4,395,100	99%
Enga	2,637,200	2,000,000	76%	89,200	89,200	100%	153,300	110,000	72%	526,600	320,800	61%	2,176,807	2,175,400	100%
Western Highlands	2,459,400	2,459,400	100%	1,199,700	1,199,700	100%	274,300	274,300	100%	398,300	398,300	100%	3,539,272	3,539,200	100%
Simbu	1,884,300	1,884,300	100%	144,600	142,300	98%	150,200	120,100	80%	350,400	350,400	100%	1,972,260	1,972,200	100%
Eastern Highlands	2,556,500	2,456,500	96%	1,025,500	1,025,500	100%	153,000	153,000	100%	402,900	402,900	100%	3,459,645	1,668,200	48%
Marobe	3,043,300	3,043,300	100%	373,400	373,400	100%	113,700	113,700	100%	329,900	329,900	100%	5,632,918	5,632,900	100%
Madang	2,459,400	2,459,400	100%	760,200	760,200	100%	78,300	78,300	100%	282,200	282,200	100%	3,236,995	3,236,800	100%
East Sepik	3,405,700	3,405,700	100%	850,600	850,600	100%	167,300	167,300	100%	443,600	443,600	100%	3,064,890	3,065,000	100%
Sandaun	1,812,800	1,812,800	100%	382,100	382,100	100%	67,100	67,100	100%	157,700	157,700	100%	1,926,426	1,926,500	100%
Manus	1,207,700	1,207,700	100%	101,500	101,500	100%	73,500	73,500	100%	159,100	159,100	100%	471,262	471,200	100%
New Ireland	1,020,800	765,600	75%	547,300	410,400	75%	51,700	38,700	75%	174,000	130,500	75%	1,086,340	815,600	75%
East New Britain	2,232,500	2,232,500	100%	1,527,300	1,527,300	100%	70,600	70,600	100%	184,600	184,600	100%	2,186,065	2,186,000	100%
West New Britain	771,700	771,700	100%	4,330,600	4,330,600	100%	165,300	165,300	100%	171,900	171,900	100%	1,629,298	1,629,500	100%
Bougainville (a)	n/a	0	0%	n/a	0	0%	n/a	0	0%	n/a	0	0%	n/a	0	0%
TOTAL	34,042,200	31,925,700	94%	14,116,600	13,758,900	97%	2,224,600	2,117,000	95%	5,174,600	4,860,900	94%	45,641,571	42,263,000	93%

### 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) incurred in primary health, basic education, transport infrastructure maintenance and village courts sectors. They cannot be spent on salaries or capital development.

For the 2009 Budget, the Department of Treasury included a new requirement regarding function grants. Provinces are now required to specifically fund a set of **Minimum Priority Activities (MPAs)** in each area of functional responsibility. The MPAs are 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.

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 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, jetties/wharves, airstrips/airfields etc. 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 **Agriculture Function Grant** replaces the Derivation grant and is provided to Provincial Governments to further the development of 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 business development, community development, natural resource management and lands administration.

(a) **Bougainville** does not receive the same grant types as other Provincial Governments. Total Goods and Services funding for 2009 is made up of a general recurrent goods and services grant (K16,789,700), a Police goods and services grant (K2,344,300) and a National functions and powers grant (K250,000).

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