



DEPARTMENT OF TREASURY

# **FISCAL OUTTURN REPORT**

**August 2008**

## August 2008 Fiscal Report

### 1. Summary of Fiscal Performance

The table below summarises the fiscal outturn (in millions of kina) for the August 2008 Fiscal Outturn. The trend numbers in this report are now based on the MYEFO 2008 Report.

**Table 1.1 Summary (Kina Millions)**

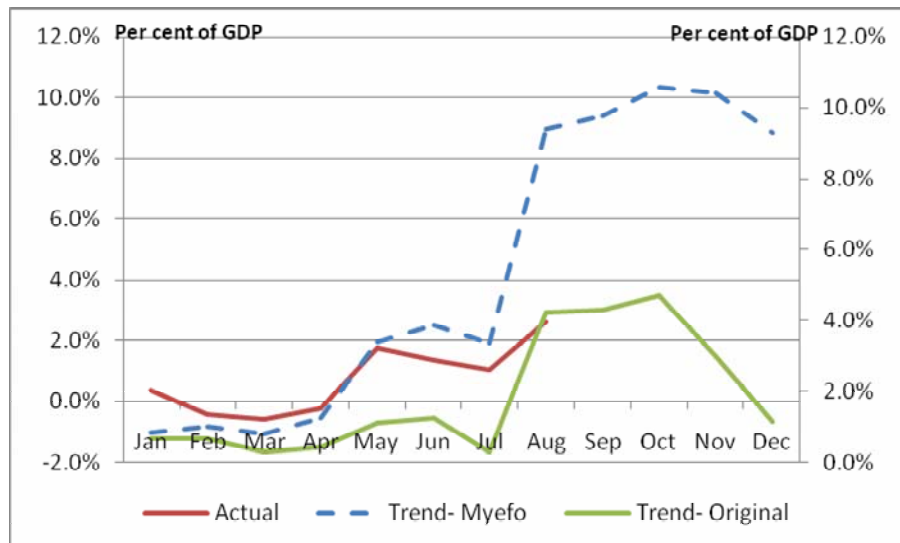
| <b>GoPNG ONLY</b>         | <b>Budget</b> | <b>MYEFO</b> | <b>June</b> | <b>July</b> | <b>Aug</b> | <b>Aug trend</b> | <b>% of Trend</b> | <b>% of MYEFO</b> |
|---------------------------|---------------|--------------|-------------|-------------|------------|------------------|-------------------|-------------------|
| Total Revenue (GoPNG)     | 6004.2        | 7401.7       | 2485.9      | 2829.9      | 4184.7     | 4726.6           | 89%               | 57%               |
| Total Expenditure (GoPNG) | 5801.8        | 6589.2       | 2181.5      | 2598.0      | 3540.6     | 2440.0           | 145%              | 54%               |
| Budget Balance            | 202.4         | 812.5        | 304.4       | 231.8       | 644.1      | 2286.6           |                   |                   |
| % of GDP                  | 1.0%          | 3.6%         | 1.4%        | 1.0%        | 2.9%       | 10.3%            |                   |                   |

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

Total GoPNG revenue was slightly lower to August 2008, with collections 43 per cent below the trend required to meet 2008 Budget estimates. Total GoPNG expenditure for the August 2008 outturn turned out to be above trend by 45 per cent.

Overall, the Government's Budget position was a surplus of K644.1million or 2.9 per cent of GDP compared to the expected (trend) surplus of K1126.2 million or 5.9 per cent of GDP. The evolution of the Budget Balance as depicted in Graph 1.1 below reflects the actual budget balance incurred against the anticipated monthly trend base on the 2008 Original Budget.

**Graph 1.1: Evolution of the Budget Balance – Actual vs Trend**



### 2. Revenue and Grants

#### *Total Revenue (GoPNG)*

Total GoPNG revenue was slightly above trend in the August Fiscal Outturn of 2008.

Tax receipts in the August 2008 Outturn were K4065.6 million, which is 7 per cent lower than the trend. Taxes on income and profits were lower than trend by 8 per cent, primarily attributable to the higher recording of all direct tax heads with the exception to gaming taxes; domestic taxes on goods and

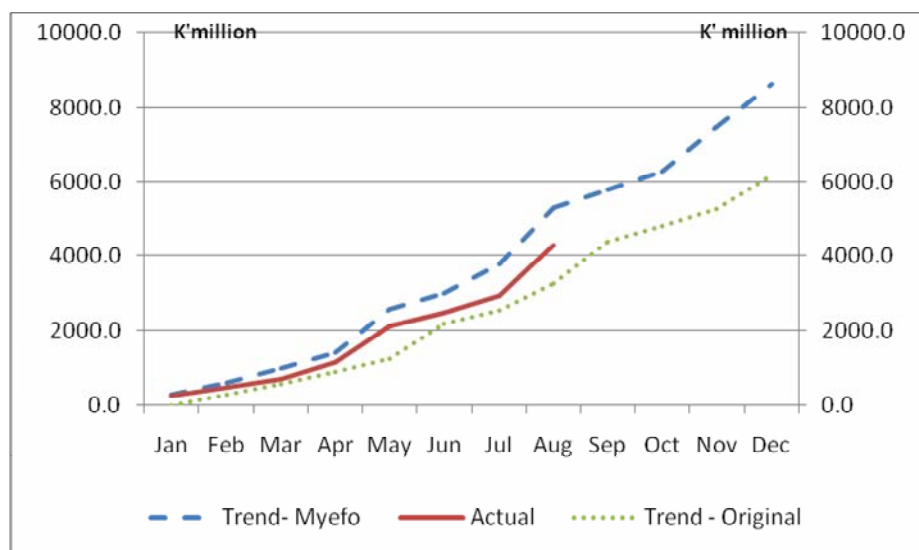
services were lower than trend by 8 per cent due to the lower GST collection and domestic excise; and taxes on international trade were below trend by 3per cent.

Non-tax revenue receipts for the August Outturn were K119.0 million, which was way below trend. This is due Non mining dividends have yet to be recorded as dividend proceeds from these companies are managed by the IPBC who then decides on transferring these proceeds to the government accounts.

### *Tax Credits and Grants*

While not technically PNG Government revenue, project support grants from donors and infrastructure tax credits (ITC) are included in Budget estimates of revenue and expenditure in order to give a better picture of the total resources applied to development in Papua New Guinea.

**Graph 2.1: Actual Revenue against the Trend**



Unfortunately, tax credits utilized are only partially recorded on the Government’s accounting system, making it difficult to assess progress in the implementation of this program, and the only grants report received from donors are recorded on a quarterly basis making it difficult to assess its implementation on a monthly basis.

Infrastructure tax credits of K20.4 million are recorded as being utilized in the August Outturn, which is 25 per cent below trend. Project support grants from donors have yet to be recorded. Treasury is yet to receive expenditure reports from donors.

Total revenue and grants were K4598.3 million at the end of August 2008. This is below trend by 19 per cent.

### **3. Expenditure and Net Lending**

#### *Total Expenditure (GoPNG)*

National Departments’ recurrent expenditure totalled K1475.9 million as at August 2008. This is 17 per cent above trend, and represents 65 per cent of the 2008 Budget appropriation.

National Departments’ personnel emoluments expenditure were K582.2 million in August Outturn, compared to the K558.1 million anticipated in trend expenditure, which is 4 per cent above trend and

represents 63 per cent of the 2008 Budget.

National Departments' general goods and services expenditure was K705.4 million in the August Outturn. This is 12 per cent above trend and represents 65 per cent of the 2008 Budget appropriation.

Grants to Provincial Governments totalled K524.7 million in August compared to K421.8 million in trend expenditure. This is 24 per cent above trend and represents 72 per cent of the 2008 Budget appropriation.

Provincial Government personnel emoluments expenditure (including teachers) was K402.0 million in the July Outturn compared to K344.1 million anticipated in trend, This is 17 per cent above trend and represents 67 per cent of the 2008 Budget appropriation.

Provincial Government goods and services grant expenditure totalled K65.8 million in the August Outturn compared to K43.4 million in trend expenditure. This reflects a quite higher recording during the first half of the year. It is 51 per cent above trend and represents 99 per cent of the 2008 Budget appropriation. The higher recording reflects transfers from the national government accounts into the provincial governments' operating accounts and not necessarily expenditure incurred by the provincial governments.

Autonomous Bougainville Government incurred total expenditure of K39.6 million compared to trend expected at K26.6 million. This is 49 per cent above trend and 73 per cent of the total 2008 Budget appropriation.

Transfers to Statutory Authorities totalled K182.6 million in the August 2008 Outturn. This is 26 per cent above trend and is 80 per cent of the 2008 Budget appropriation

Interest payments and fees totalled K226.0 million in the August Outturn and is 4 per cent above trend. This represents 73 per cent of the 2008 Budget appropriation.

Domestic development expenditure in the June Outturn turned out to be K1093.9 million, which is over 100 per cent above trend.

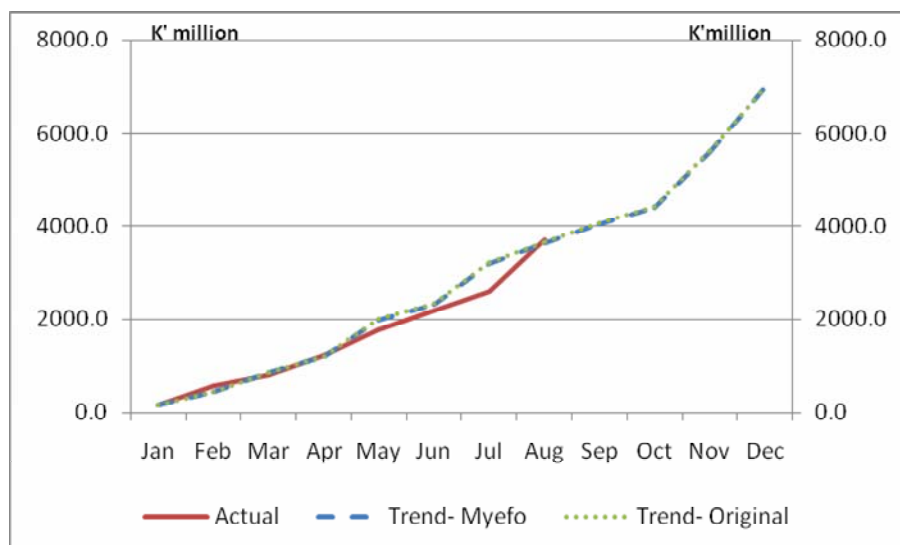
Draw downs on concessional project loans turned out to be K12.9 million which is way below trend

### *Tax Credits and Grants*

As noted above, while not technically PNG Government expenditure, project support grants from donors and infrastructure tax credits are included in Budget estimates of revenue and expenditure in order to give a better picture of the total resources applied to development in Papua New Guinea.

Unfortunately, tax credits utilized are only partially recorded on the Government's accounting system, making it difficult to assess progress in the implementation of this program, and the only grants report received from donors are recorded on a quarterly basis making it difficult to assess its implementation on a monthly basis.

**Graph 3.1: Actual Expenditure and Net Lending against the Trend**



Infrastructure tax credits of K20.4 million are recorded as being utilized in the August Outturn. This is 43 per cent below trend. Project support grants of K93.2 million has been recorded in the August Outturn. This is way below trend and is due to most of the project support grants not being recorded yet.

Funds appropriated under the Additional Priority Expenditure, are parked under Department 207 which is managed by the Department of Finance and Treasury. Total payments from this by August 2008 were K47.0 million of which K27.0 million was ear-marked for the public servants housing project, and K10.0 million for the border development project, K5.0 million for the Madang marine park and the other K5 million for Cooperative Societies.

Overall total expenditure and net lending for the August Outturn were K3714.1 million compared to the trend estimate of K3623.6 million. This is 3 per cent above trend, however represents only 47 per cent of the 2008 Budget appropriation.

#### **4. Financing**

A Budget surplus of K584.2 million (or 2.6 per cent of GDP) was recorded in the August 2008 Outturn, compared to the trend surplus of K1681.9 million (or 8.0 per cent of GDP).

Net external outflows totalled K129.8 million and net domestic outflow turned out to be K454.4 million. Both outflows were financed through the surplus generated.

Based  
on TMS  
Rundate:  
25/07/08  
Last Updated: 06/08/08

**TABLE 1: CENTRAL GOVERNMENT REVENUE & GRANTS**

Kina, million

|            |   | 2008           | 2008            | July           | August         | August         | August        | % of        | % of   |
|------------|---|----------------|-----------------|----------------|----------------|----------------|---------------|-------------|--------|
|            |   | Budget         | MYEFO           | Outturn        | Actuals        | Outturn        | Trend         | trend       | Budget |
| <b>A.</b>  | <b>TAX REVENUE</b>                      | <b>5,516.7</b> | <b>6,805.6</b>  | <b>2,720.6</b> | <b>1,345.0</b> | <b>4,065.6</b> | <b>4391.1</b> | 92.6        | 73.7   |
| <b>A1.</b> | <b>TAX ON INCOME AND PROFITS</b>        | <b>4,142.0</b> | <b>5,372.8</b>  | <b>1,932.2</b> | <b>1,245.7</b> | <b>3,177.9</b> | <b>3444.6</b> | 92.3        | 76.7   |
|            | Personal Income Tax                     | 1,053.7        | 1,086.2         | 623.3          | 95.5           | 718.8          | 722.1         | 99.6        | 68.2   |
|            | Company Tax                             | 699.7          | 777.9           | 351.0          | 153.9          | 504.9          | 485.6         | 104.0       | 72.2   |
|            | Dividend Withholding Tax                | 195.5          | 260.0           | 168.9          | 15.4           | 184.3          | 181.5         | 101.6       | 94.3   |
|            | Interest Withholding Tax                | 21.4           | 21.9            | 12.4           | 1.1            | 13.6           | 15.7          | 86.6        | 63.4   |
|            | Mining and Petroleum Taxes              | 2,011.8        | 3,049.3         | 668.4          | 963.3          | 1,631.7        | 1,920.9       | 84.9        | 81.1   |
|            | Gaming Tax                              | 86.5           | 93.8            | 48.4           | 7.2            | 55.6           | 62.4          | 89.0        | 64.3   |
|            | Other: Direct                           | 73.4           | 83.7            | 59.7           | 9.3            | 69.0           | 56.4          | 122.2       | 94.0   |
| <b>A2.</b> | <b>DOM. TAXES ON GOODS AND SERVICES</b> | <b>987.3</b>   | <b>1,009.6</b>  | <b>539.0</b>   | <b>70.6</b>    | <b>609.5</b>   | <b>660.9</b>  | <b>92.2</b> | 61.7   |
|            | Excise                                  | 368.3          | 346.0           | 202.5          | 29.3           | 231.8          | 226.1         | 102.5       | 62.9   |
|            | GST                                     | 600.8          | 648.2           | 323.0          | 41.0           | 364.0          | 425.2         | 85.6        | 60.6   |
|            | Mining Levy                             | 15.0           | 12.0            | 11.4           | 0.0            | 11.4           | 8.1           | 139.8       | 75.7   |
|            | Other: Indirect                         | 3.2            | 3.4             | 2.1            | 0.3            | 2.4            | 1.5           | 156.8       | 73.7   |
| <b>A3.</b> | <b>TAXES ON INTERNATIONAL TRADE</b>     | <b>387.4</b>   | <b>423.2</b>    | <b>249.5</b>   | <b>28.7</b>    | <b>278.2</b>   | <b>285.6</b>  | <b>97.4</b> | 71.8   |
|            | Import Duty                             | 132.7          | 149.8           | 90.6           | 11.9           | 102.5          | 102.9         | 99.6        | 77.3   |
|            | Export Duty                             | 155.2          | 150.0           | 83.2           | 8.8            | 92.0           | 97.9          | 94.0        | 59.3   |
|            | Excise duties on Imports                | 99.5           | 123.5           | 75.7           | 8.0            | 83.6           | 84.7          | 98.7        | 84.1   |
| <b>B.</b>  | <b>NON-TAX REVENUE</b>                  | <b>487.5</b>   | <b>596.1</b>    | <b>109.2</b>   | <b>9.8</b>     | <b>119.0</b>   | <b>335.5</b>  | 35.5        | 24.4   |
| <b>B1.</b> | <b>PROPERTY INCOME</b>                  | <b>388.3</b>   | <b>493.0</b>    | <b>65.7</b>    | <b>5.0</b>     | <b>70.7</b>    | <b>273.7</b>  | 25.8        | 18.2   |
|            | Dividends                               | 128.5          | 153.5           | 25.0           | 5.0            | 30.0           | 86.3          | 34.8        | 23.3   |
|            | Mining and Petroleum Dividends          | 259.8          | 339.5           | 59.9           | 0.0            | 59.9           | 187.3         | 32.0        | 23.1   |
| <b>B2.</b> | <b>INTEREST AND FEES FROM LENDING</b>   | <b>5.0</b>     | <b>9.0</b>      | <b>0.1</b>     | <b>0.0</b>     | <b>1.2</b>     | <b>4.7</b>    | 24.7        | 23.2   |
| <b>B3.</b> | <b>OTHER NON TAX REVENUE</b>            | <b>94.2</b>    | <b>94.1</b>     | <b>38.7</b>    | <b>4.8</b>     | <b>43.5</b>    | <b>57.2</b>   | 76.1        | 46.2   |
| <b>B4.</b> | <b>ASSETS SALES</b>                     | <b>0.0</b>     | <b>0.0</b>      | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>     |               |             |        |
| <b>C.</b>  | <b>TOTAL REVENUE</b>                    | <b>6,004.2</b> | <b>7,401.7</b>  | <b>2,829.9</b> | <b>1,354.8</b> | <b>4,184.7</b> | <b>4726.6</b> | 88.5        | 69.7   |
|            | % of GDP                                | 30.4%          | 37.5%           | 12.7%          | 6.1%           | 18.8%          | 21.2%         | 0.4%        | 0.3%   |
| <b>D.</b>  | <b>INFRASTRUCTURE TAX CREDIT</b>        | <b>73.7</b>    | <b>73.7</b>     | <b>18.4</b>    | <b>2.0</b>     | <b>20.4</b>    | <b>27.2</b>   | 74.9        | 27.7   |
| <b>E.</b>  | <b>GRANTS</b>                           | <b>1123.7</b>  | <b>1173.3</b>   | <b>93.2</b>    | <b>0.0</b>     | <b>93.2</b>    | <b>551.6</b>  | 16.9        | 8.3    |
|            | Budgetary Support                       | 0.0            | 0.0             | 0.0            | 0.0            | 0.0            | 0.0           |             |        |
|            | Project Grants                          | 1123.7         | 1173.3          | 93.2           | 0.0            | 93.2           | 551.6         | 16.9        | 8.3    |
| <b>F.</b>  | <b>TOTAL REVENUE AND GRANTS</b>         | <b>7,201.6</b> | <b>8,648.7</b>  | <b>2,941.5</b> | <b>1,356.8</b> | <b>4,298.3</b> | <b>5305.5</b> | 81.0        | 59.7   |
|            | As % of GDP                             | 36.5%          | 43.8%           | 14.9%          | 6.9%           | 21.8%          | 26.9%         | 0.4%        | 0.3%   |
| <b>G.</b>  | <b>PRINCIPAL RECEIPTS FROM LENDING</b>  | <b>4.0</b>     | <b>4.0</b>      | <b>2.2</b>     | <b>0.0</b>     | <b>2.2</b>     | <b>2.2</b>    | 98.5        | 53.8   |
| <b>H.</b>  | <b>GROSS BORROWING</b>                  | <b>1793.9</b>  | <b>2211.6</b>   | <b>453.2</b>   | <b>68.0</b>    | <b>521.2</b>   | <b>336.9</b>  | 154.7       | 29.1   |
| <b>I.</b>  | <b>ASSET SALES</b>                      | <b>0.0</b>     | <b>0.0</b>      | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>    | 0.0         | 0.0    |
| <b>J.</b>  | <b>TOTAL RECEIPTS</b>                   | <b>8,999.5</b> | <b>10,864.3</b> | <b>3,316.8</b> | <b>1,424.8</b> | <b>4,741.6</b> | <b>5644.5</b> | 84.0        | 52.7   |
| -          | As % of GDP                             | 45.6%          | 55.1%           | 14.9%          | 6.4%           | 21.3%          | 25.3%         | 0.4%        | 0.2%   |

Source: Treasury

**TABLE 2: CENTRAL GOVERNMENT EXPENDITURE**

(Kina, Million)

|   | 2008<br>Budget | 2008<br>MYEFO   | July<br>Outturn | August<br>Actuals | August<br>Outturn | August<br>Trend | % of<br>Trend | % of<br>Budget |
|---|----------------|-----------------|-----------------|-------------------|-------------------|-----------------|---------------|----------------|
| <b>1 RECURRENT BUDGET</b>                                   |                |                 |                 |                   |                   |                 |               |                |
| <b>A. NATIONAL DEPARTMENTS</b>                              | <b>2,262.3</b> | <b>2,262.3</b>  | <b>1,291.1</b>  | <b>184.8</b>      | <b>1,475.9</b>    | <b>1258.7</b>   | <b>117.3</b>  | <b>65.2</b>    |
| Personnel Emoluments  | 932.1          | 932.1           | 500.2           | 82.0              | 582.2             | 558.1           | 104.3         | 62.5           |
| Total Goods & Services                                      | 1,330.2        | 1,330.2         | 790.9           | 102.8             | 893.6             | 700.6           | 127.5         | 67.2           |
| General Goods & Services                                    | 1,079.3        | 1,079.3         | 603.2           | 102.2             | 705.4             | 632.6           | 111.5         | 65.4           |
| Education Subsidies   | 143.0          | 143.0           | 134.1           | 0.0               | 134.1             | 52.2            | 256.8         | 93.8           |
| Arrears Payments  | 0.0            | 0.0             | 0.0             | 0.0               | 0.0               | 0.0             | 0.0           | 0.0            |
| SAP Payments  | 55.9           | 55.9            | 4.6             | 0.6               | 5.2               | 13.0            | 39.8          | 9.2            |
| Court Orders  | 52.0           | 52.0            | 49.0            | 0.0               | 49.0              | 2.9             | 1713.2        | 94.2           |
| <b>B. PROVINCIAL GOVERNMENTS</b>                            | <b>723.5</b>   | <b>723.7</b>    | <b>476.1</b>    | <b>48.6</b>       | <b>524.7</b>      | <b>421.8</b>    | <b>124.4</b>  | <b>72.5</b>    |
| <b>Personnel Emoluments</b>                                 | <b>596.8</b>   | <b>596.8</b>    | <b>353.4</b>    | <b>48.6</b>       | <b>402.0</b>      | <b>344.1</b>    | <b>116.8</b>  | 67.4           |
| Staffing Grants   | 166.3          | 166.3           | 121.7           | 13.7              | 135.3             | 102.1           | 132.6         | 81.4           |
| Teachers Salaries   | 430.5          | 430.5           | 231.7           | 34.9              | 266.7             | 242.0           | 110.2         | 61.9           |
| <b>Goods &amp; Other Services</b>                           | <b>65.8</b>    | <b>65.9</b>     | <b>65.8</b>     | <b>0.0</b>        | <b>65.8</b>       | <b>43.4</b>     | <b>151.3</b>  | <b>99.8</b>    |
| Administration Grants                                       | 15.5           | 15.5            | 15.8            | 0                 | 15.8              | 9.2             | 171.6         | 101.8          |
| Health Function Grant                                       | 14.5           | 14.5            | 14.5            | 0.0               | 14.5              | 9.8             | 147.9         | 99.8           |
| Education Subsidies   | 21.7           | 21.7            | 21.6            | 0.0               | 21.6              | 14.6            | 148.0         | 99.5           |
| Derivation Grants   | 14.1           | 14.1            | 13.8            | 0.0               | 13.8              | 9.8             | 140.8         | 98.0           |
| <b>Conditional Grants</b>                                   | <b>60.9</b>    | <b>60.9</b>     | <b>57.0</b>     | <b>0.0</b>        | <b>57.0</b>       | <b>34.3</b>     | <b>166.0</b>  | <b>93.5</b>    |
| Trans/Infra/Maint. Grants                                   | 16.7           | 16.7            | 16.3            | 0.0               | 16.3              | 10.4            | 157.0         | 97.7           |
| Local & Village Services Grants                             | 30.9           | 30.9            | 35.6            | 0.0               | 35.6              | 15.3            | 233.3         | 115.1          |
| Town & Urban Services Grants                                | 11.1           | 11.1            | 2.9             | 0.0               | 2.9               | 7.2             | 40.5          | 26.2           |
| Village Courts  | 2.2            | 2.2             | 2.1             | 0.0               | 2.1               | 1.5             | 143.5         | 95.6           |
| <b>AUTONOMOUS BOUGAINVILLE GOVT</b>                         | <b>54.0</b>    | <b>54.0</b>     | <b>37.6</b>     | <b>2.0</b>        | <b>39.6</b>       | <b>26.6</b>     | <b>148.9</b>  | <b>73.3</b>    |
| Police Grant  | 2.2            | 2.2             | 2.2             | 0.0               | 2.2               | 2.1             | 107.4         | 99.6           |
| Recurrent Grant   | 51.5           | 51.5            | 35.4            | 2.0               | 37.4              | 24.5            | 152.4         | 72.6           |
| Conditional Grant   | 0.3            | 0.3             | 0.0             | 0.0               | 0.0               | 0.0             | 0.0           | 0.0            |
| <b>C. TRANSFERS &amp; LOANS TO C.S.A</b>                    | <b>226.8</b>   | <b>226.8</b>    | <b>153.0</b>    | <b>29.5</b>       | <b>182.6</b>      | <b>144.3</b>    | <b>126.5</b>  | <b>80.5</b>    |
| <b>D. INTEREST PAYMENT &amp; FEES</b>                       | <b>373.5</b>   | <b>310.7</b>    | <b>178.4</b>    | <b>47.7</b>       | <b>226.0</b>      | <b>217.6</b>    | <b>103.9</b>  | <b>72.8</b>    |
| Domestic  | 275.3          | 272.6           | 127.7           | 40.5              | 168.2             | 191.4           | 87.9          | 61.7           |
| External  | 98.2           | 38.1            | 50.7            | 7.2               | 57.8              | 26.2            | 221.1         | 151.8          |
| <b>E. NET LENDING TO C.S.A</b>                              | <b>-4.0</b>    | <b>-4.0</b>     | <b>-2.2</b>     | <b>0.0</b>        | <b>-2.2</b>       | <b>-2.2</b>     | <b>98.5</b>   | <b>53.8</b>    |
| Gross Lending   | 0.0            | 0.0             | 0.0             | 0.0               | 0.0               | 0.0             | 0.0           | 0.0            |
| Less : Loan Repayments                                      | 4.0            | 4.0             | 2.2             | 0.0               | 2.2               | 2.2             | 98.5          | 53.8           |
| <b>RECURRENT EXPENDITURE &amp; NET LENDING</b>              | <b>3,636.1</b> | <b>3,573.5</b>  | <b>2,134.1</b>  | <b>312.6</b>      | <b>2,446.7</b>    | <b>2066.8</b>   | <b>118.4</b>  | <b>68.5</b>    |
| As % of GDP   | 18.4%          | 18.1%           | 9.6%            | 1.4%              | 11.0%             | 9.3%            | 0.5%          | 0.3%           |
| <b>2 DEVELOPMENT BUDGET</b>                                 |                |                 |                 |                   |                   |                 |               |                |
| Domestic Funds  | 526.7          | 526.7           | 414.1           | 679.8             | 1093.9            | 373.2           | 293.1         | <b>207.7</b>   |
| Project Grants  | 1,123.7        | 1,173.3         | 93.2            | 0.0               | 93.2              | 489.8           | 19.0          | 7.9            |
| Infrastructure Tax Credits                                  | 73.7           | 73.7            | 18.4            | 2.0               | 20.4              | 38.8            | 52.7          | 27.7           |
| Concessional loans  | 163.0          | 163.0           | 12.9            | 0.0               | 12.9              | 65.0            | 19.8          | 7.9            |
| Commercial loans  | 0.0            | 0.0             | 0.0             | 0.0               | 0.0               | 0.0             | 0.0           | 0.0            |
| <b>G. TOTAL DEVELOPMENT BUDGET (PIP)</b>                    | <b>1,887.1</b> | <b>1,936.7</b>  | <b>538.6</b>    | <b>681.8</b>      | <b>1,220.4</b>    | <b>966.7</b>    | 126.2         | <b>63.0</b>    |
| As % of GDP   | 9.6%           | 9.8%            | 2.4%            | 3.1%              | 5.5%              | 4.3%            | 0.6%          | 0.3%           |
| <b>ADDITIONAL PRIORITY EXPENDITURE SUPPLEMENTARY BUDGET</b> | <b>1476.0</b>  | <b>1476.0</b>   | <b>37.0</b>     | <b>10.0</b>       | <b>47.0</b>       | 590.0           | 8.0           | <b>3.2</b>     |
|   |                | <b>850.0</b>    | <b>0.0</b>      | <b>0.0</b>        | <b>0.0</b>        |                 |               | <b>0.0</b>     |
| <b>H. TOTAL EXPENDITURE &amp; NET LENDING</b>               | <b>6,999.2</b> | <b>7,836.1</b>  | <b>2,709.7</b>  | <b>1,004.4</b>    | <b>3,714.1</b>    | <b>3623.6</b>   | <b>102.5</b>  | <b>47.4</b>    |
| As % of GDP   | 35.5%          | 39.7%           | 12.2%           | 4.5%              | 16.7%             | 16.3%           | 0.5%          | 0.2%           |
| <b>I. AMORTISATION</b>                                      | <b>1996.3</b>  | <b>3024.2</b>   | <b>605.0</b>    | <b>247.3</b>      | <b>852.3</b>      | <b>1862.4</b>   | <b>45.8</b>   | <b>28.2</b>    |
| Domestic  | 1553.0         | 1553.0          | 479.6           | 230.0             | 709.6             | 951.8           | 74.6          | 45.7           |
| External  | 443.3          | 1471.2          | 125.4           | 17.3              | 142.7             | 910.6           | 15.7          | 9.7            |
| <b>J. LOAN REPAYMENTS</b>                                   | <b>4.0</b>     | <b>4.0</b>      | <b>2.2</b>      | <b>0.0</b>        | <b>2.2</b>        | <b>2.2</b>      | <b>98.2</b>   | <b>53.8</b>    |
| <b>K. TOTAL PAYMENTS</b>                                    | <b>8,999.5</b> | <b>10,864.3</b> | <b>3,316.8</b>  | <b>1,251.7</b>    | <b>4,568.5</b>    | <b>5488.1</b>   | <b>83.2</b>   | <b>42.1</b>    |
| As % of GDP   | 45.6%          | 55.1%           | 16.8%           | 6.3%              | 23.2%             | 31%             |               |                |

**TABLE 3: CENTRAL GOVERNMENT FINANCING**  
(Kina, million)

|   | 2008<br>Budget | 2008<br>MYEFO  | July<br>Outturn | August<br>Actuals | August<br>Outturn | August<br>Trend | % of<br>Trend | % of<br>Budget |
|---|----------------|----------------|-----------------|-------------------|-------------------|-----------------|---------------|----------------|
| <b>A. TOTAL REVENUE AND GRANTS</b>          | 7,201.6        | 8,648.7        | 2,941.5         | 1,356.8           | 4,298.3           | 5305.5          | 81.0          | 49.7           |
| <b>B. TOTAL EXPENDITURE AND NET LENDING</b> | 6,999.2        | 7,836.1        | 2,709.7         | 1,004.4           | 3,714.1           | 3623.6          | 102.5         | 47.4           |
| <b>C. DEFICIT (-) / SURPLUS (+)</b>         | <b>202.4</b>   | <b>812.5</b>   | <b>231.8</b>    | <b>352.4</b>      | <b>584.2</b>      | <b>1681.9</b>   | <b>34.7</b>   | <b>71.9</b>    |
| % of GDP                                    | 1.0%           | 3.6%           | 1.0%            | 1.6%              | 2.6%              | 8%              | 0.2%          | 0.3%           |
| <b>D. EXTERNAL FINANCING</b>                | <b>-279.3</b>  | <b>-1307.2</b> | <b>-112.5</b>   | <b>-17.3</b>      | <b>-129.8</b>     | <b>-670.7</b>   | <b>19.4</b>   | <b>9.9</b>     |
| <b>D1. CONCESSIONAL FINANCING</b>           | <b>-210.3</b>  | <b>-1238.4</b> | <b>-57.3</b>    | <b>-5.4</b>       | <b>-62.7</b>      | <b>-640.9</b>   | <b>9.8</b>    | <b>5.1</b>     |
| New Borrowing                               | 163.0          | 163.0          | 12.9            | 0.0               | 12.9              | 65.0            | 19.8          | 7.9            |
| Less Amortisation                           | -373.3         | -1401.4        | -70.2           | -5.4              | -75.6             | -705.9          | 10.7          | 5.4            |
| <b>D2. COMMERCIAL FINANCING</b>             | <b>-15.0</b>   | <b>-14.7</b>   | <b>-8.3</b>     | <b>0.0</b>        | <b>-8.3</b>       | <b>-12.3</b>    | <b>67.2</b>   | <b>56.3</b>    |
| New Borrowing                               | 1.0            | 0.9            | 0.0             | 0.0               | 0.0               | 0.0             | 0.0           | 0.0            |
| Less Amortisation                           | -16.0          | -15.6          | -8.3            | 0.0               | -8.3              | -12.3           | 67.2          | 52.9           |
| <b>D3. EXCEPTIONAL FINANCING</b>            | <b>-54.0</b>   | <b>-54.1</b>   | <b>-46.9</b>    | <b>-11.9</b>      | <b>-58.8</b>      | <b>-17.5</b>    | <b>335.9</b>  | <b>108.8</b>   |
| New Borrowing                               | 0.0            | 0.0            | 0.0             | 0.0               | 0.0               | 0.0             | 0.0           | 0.0            |
| Less Amortisation                           | -54.0          | -54.1          | -46.9           | -11.9             | -58.8             | -17.5           | 335.9         | 108.8          |
| <b>E. DOMESTIC FINANCING</b>                | <b>76.9</b>    | <b>494.7</b>   | <b>-119.3</b>   | <b>-335.1</b>     | <b>-454.4</b>     | <b>-1011.2</b>  | <b>44.9</b>   | <b>-91.9</b>   |
| <b>E1. DOMESTIC MARKET BORROWING (NET)</b>  | <b>77.0</b>    | <b>76.8</b>    | <b>-26.4</b>    | <b>-162.0</b>     | <b>-188.4</b>     | <b>-852.0</b>   | <b>22.1</b>   | <b>-245.4</b>  |
| New Domestic Borrowing                      | 1630.0         | 1629.8         | 453.2           | 68.0              | 521.2             | -73.0           | -714.2        | 32.0           |
| Less Amortisation                           | -1553.0        | -1553.0        | -479.6          | -230.0            | -709.6            | -779.0          | 91.1          | 45.7           |
| <b>E2. OTHER DOMESTIC FINANCING (b)</b>     | <b>-0.1</b>    | <b>417.9</b>   | <b>-92.9</b>    | <b>-173.1</b>     | <b>-266.0</b>     | <b>-159.2</b>   | <b>167.1</b>  | <b>-63.6</b>   |
| <b>E3. ASSETS SALES FINANCING</b>           | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>      | <b>0.0</b>        | <b>0.0</b>        | <b>0.0</b>      | <b>0.0</b>    | <b>0.0</b>     |
| <b>E4. NET FINANCING</b>                    | <b>0.0</b>     | <b>0.0</b>     | <b>0.0</b>      | <b>0.0</b>        | <b>0.0</b>        | <b>0.0</b>      | <b>0.0</b>    | <b>0.0</b>     |
| <b>F. TOTAL FINANCING</b>                   | <b>-202.4</b>  | <b>-812.5</b>  | <b>-231.8</b>   | <b>-352.4</b>     | <b>-584.2</b>     | <b>-1681.9</b>  | <b>34.7</b>   | <b>71.9</b>    |
| <b>G. GROSS BORROWING</b>                   | <b>1793.9</b>  | <b>2211.6</b>  | <b>373.1</b>    | <b>68.0</b>       | <b>441.1</b>      | <b>336.9</b>    | <b>131.0</b>  | <b>19.9</b>    |
| Concessional                                | 163.0          | 163.0          | 12.9            | 0.0               | 12.9              | 82.1            | 15.7          | 7.9            |
| Commercial                                  | 1.0            | 0.9            | 0.0             | 0.0               | 0.0               | 0.7             | 0.0           | 0.0            |
| Exceptional                                 | 0.0            | 0.0            | 0.0             | 0.0               | 0.0               | 0.0             | 0.0           | 0.0            |
| Domestic                                    | 1629.9         | 2047.7         | 453.2           | 68.0              | 521.2             | 149.4           | 348.9         | 25.5           |
| Financing Gap                               | 0.0            | 0.0            | 0.0             | 0.0               | 0.0               | 0.0             | 0.0           | 0.0            |

Source: Treasury