



MID YEAR ECONOMIC AND FISCAL OUTLOOK REPORT

2015

INTRODUCTION

The Mid Year Economic and Fiscal Outlook (MYEFO) Report is released in accordance with the requirements of sections 9 to 12 of the *Papua New Guinea Fiscal Responsibility Act (FRA) 2006*.

The purpose of the MYEFO Report is to provide updated fiscal information, especially for the current financial year, to allow the Parliament and the public to assess developments against those set out in the 2015 Budget.

The MYEFO contains the following:

Part 1: The Mid Year Economic and Fiscal Outlook

- 1.1 The Economic Outlook
- 1.2 The Fiscal Outlook
- 1.3 Revenue and Grants
- 1.4 Expenditure and Net Lending
- 1.5 Status of Trust Accounts
- 1.6 Financing
- 1.7 Public Debt
- 1.8 Risks to the Mid Year Economic and Fiscal Outlook
- 1.9 2015 and Beyond
- 1.10 Fiscal Outturn Tables

Part 2: Mid Year Expenditure Estimates by Agency and MTDP Enablers

- 2.1 Funded Expenditure since the 2015 Budget
- 2.2 2015 Budget Execution

Part 3: Attachments

The MYEFO essentially covers Central Government fiscal operations in the government sector. Consistent with the 1986 Government Finance Statistics (GFS) cash reporting framework, the government sector is defined as covering all units performing government functions, that is, the implementation of public policy through the provision of primarily non-commercial services and the transfer of income, supported mainly by compulsory levies on other institutional sectors.

Government owned or controlled units, which sell industrial or commercial goods and services to the public on a large scale, are excluded from the government sector and are classified separately as non-financial public enterprises. Government owned and/or controlled financial institutions are also classified separately from the Government sector as public financial institutions.

The financial information presented in this report is based on the same reporting standards as the 2015 Budget. Generally, this follows the cash reporting standards originally laid down in the 1986 Manual of Government Finance Statistics published by the International Monetary Fund (IMF). It should be noted that as part of the ongoing reform of the Budget process, Budget Reporting, including MYEFO, will be gradually shifted from the 1986 GFS to the 2014 GFS.

PART 1

THE MID YEAR ECONOMIC AND FISCAL OUTLOOK

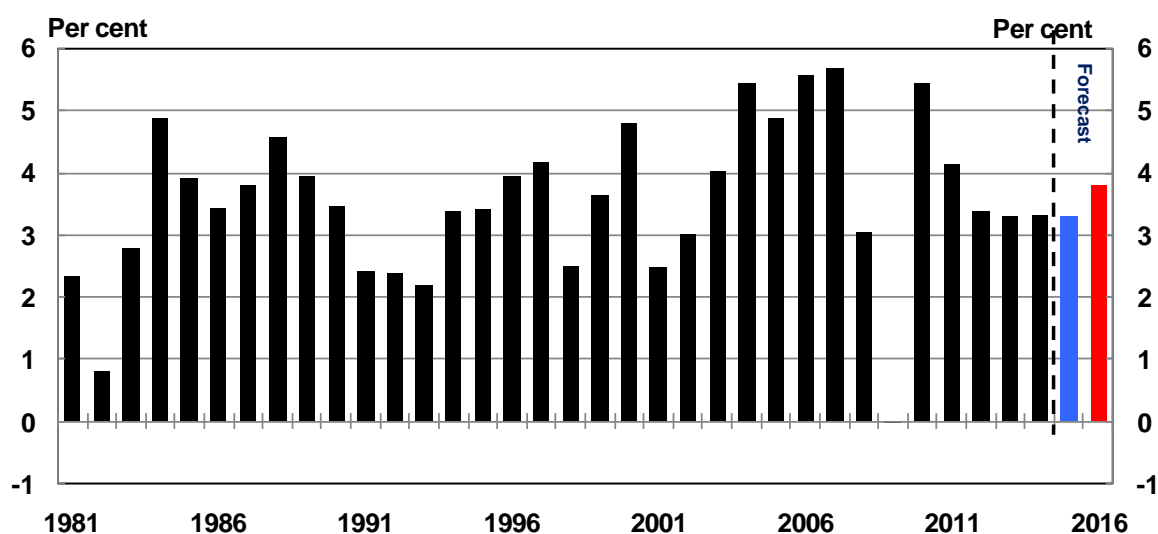
1.1 THE ECONOMIC OUTLOOK

Overview

International Economic Outlook

According to the 2015 July World Economic Outlook (WEO) report published by the International Monetary Fund (IMF), the global economy is projected to grow by 3.3 per cent in 2015, a slight downward revision from 3.5 per cent projected in the 2015 April WEO Update. Compared to the October 2014 WEO growth estimate of 3.8 per cent at 2015 Budget time, this is a downward revision of 0.5 percentage points, indicating the global economy has not performed as expected so far in 2015.

Chart 1: World Economic Growth (1981-2016)



Source: International Monetary Fund, World Economic Outlook (July 2015)

While growth in emerging and developing market economies continued to slow down, advanced economies continued to drive global growth in 2014 and 2015 led by the United States. However, unexpected setbacks in North America in the first quarter of 2015 have contributed to easing growth of the US economy as reported in the July WEO. The setbacks relate to output contraction as a result of harsh winter conditions and port closures as well as strong downsizing of capital expenditure in the oil sector. These have contributed to weakening US activity and overall the slight decline in global growth.

Growth in emerging and developing market economies is expected to continue to slowdown due to anticipated low growth from distressed oil exporters such as Russia and Latin America. China's growth is expected to slow due to structural bottlenecks as well as its realignment to a more sustainable growth path. Economic distresses relating to geopolitical

factors in the Commonwealth of Independent States and some countries of the Middle East and North Africa region have also contributed to the slowdown.

For 2016, the IMF is projecting the global economy to pick up from 2015 and grow at 3.8 per cent, driven by a pickup in emerging and developing market economies which are forecast to grow at 4.7 per cent supported by a return to normal growth rates for economies such as Russia, and some economies in the Middle East and North Africa.

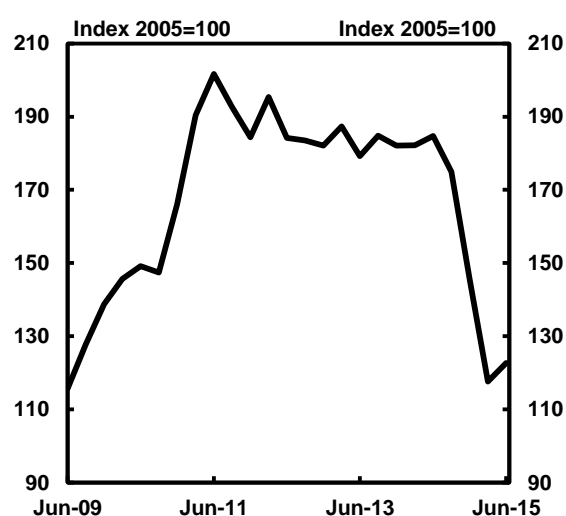
Over the medium term, global growth prospects look modest reflecting population aging, lower potential output growth and volatility in commodity prices.

Commodity Prices

Movements in commodity prices continue to track developments in the global economy. In the first half of 2015, commodity prices were trading at low levels compared to the same time last year. Increase supplies, rising inventories, weak demand and a stronger U.S. dollar have been the main drivers of the decline in commodity prices. Uncertainties in the financial markets following recent developments which include the Greece situation and China stock market turbulences are also affecting movements in commodity prices. Overall, commodity prices are expected to remain at low levels in 2015 and gradually improve over the medium-term.

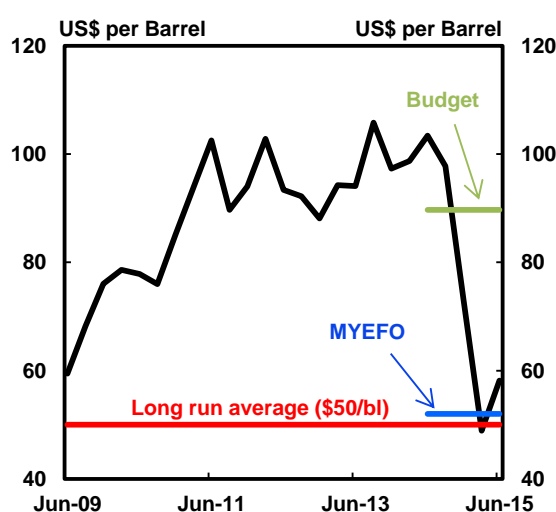
Oil prices fell sharply by more than 50 per cent to a six-year low in January 2015 with changes in underlying supply and demand conditions, amplified in the short term by a sharp appreciation in the U.S dollar, a shift in the Organization of the Petroleum Exporting Countries (OPEC) policy, and abating geopolitical risks. Recent developments which include continued weak global demand, rising supply inventories, unexpectedly solid production in the conflict-torn Republic of Yemen, Iraq, and Libya, and ongoing U.S dollar appreciation continue to exert downward pressure on oil prices. In the first half of the year, the crude oil (WTI) price averaged at US\$53.52 per barrel.

Chart 2: IMF Commodity Price Index



Source: International Monetary Fund (IMF)

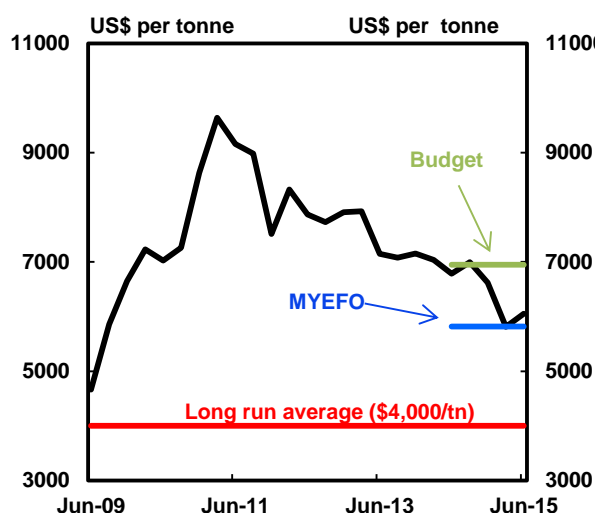
Chart 3: Oil Price



Source: IMF /Energy Information Administration

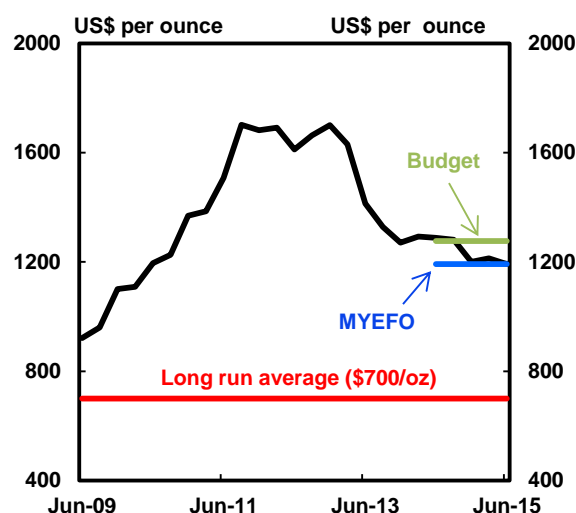
Copper prices have recovered only slightly from a six-year low in January 2015, however prospects for the metal remain tilted to the downside in line with global growth conditions. Softer global demand – notably the slow momentum in China, new supplies and a strong U.S dollar continue to weigh on prices. In the first half of the year, copper prices averaged at US\$5,936 per tonne.

Chart 4: Copper Price



Source: IMF/London Metal Exchange

Chart 5: Gold Price



Source: IMF/Bank of England

Global developments associated with the US economy continue to remain crucial to gold price movements. Gold prices remain on a downward trend following solid U.S indicators, despite a strong start in January 2015. The European Central Bank (ECB) quantitative easing, Greece's debt sustainability concerns, the China stock market condition, and India's demand prospects are also having impact on gold prices. In the first half of 2015, gold prices averaged at US\$1,205.66 per ounce.

To reflect the recent developments in the global commodity prices, the 2015 Budget assumptions for PNG's key commodity exports have been revised. The Budget oil price assumption of US\$89.7 per barrel has been revised down considerably to US\$52.0 per barrel (Chart 3), copper price down to US\$5,818 per tonne from US\$6,947 per tonne at Budget (Chart 4) and the gold price revised down to US\$1,192 per ounce from US\$1,277 per ounce at Budget (Chart 5).¹

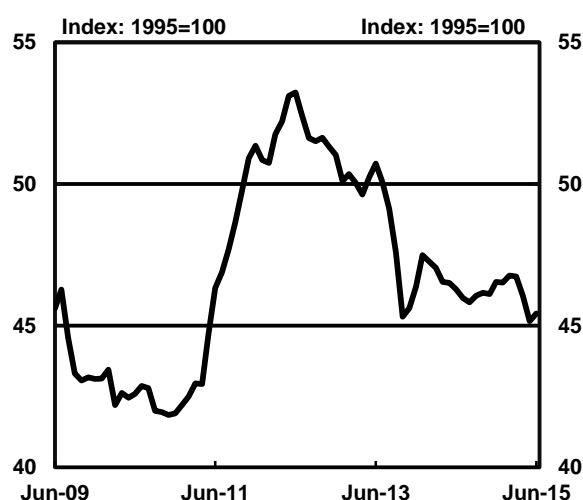
Exchange Rate Developments

PNG's Trade Weighted Index (TWI)² moderated over the first half of 2015 reflecting a weak performance of the Kina against PNG's major trading currencies, especially in the second quarter. As shown in Chart 6, PNG's TWI declined by 0.81 per cent over the first half of 2015, compared to the previous year. The Kina depreciated by 7.9 per cent against the U.S dollar due to the general strengthening of the dollar while it appreciated by 6.2 per cent against the Australian dollar (Chart 7).

¹ The price forecast methodology uses the actual year to date average price plus an assumption (using the average of June average and 06th July spot price) for the remainder of the year.

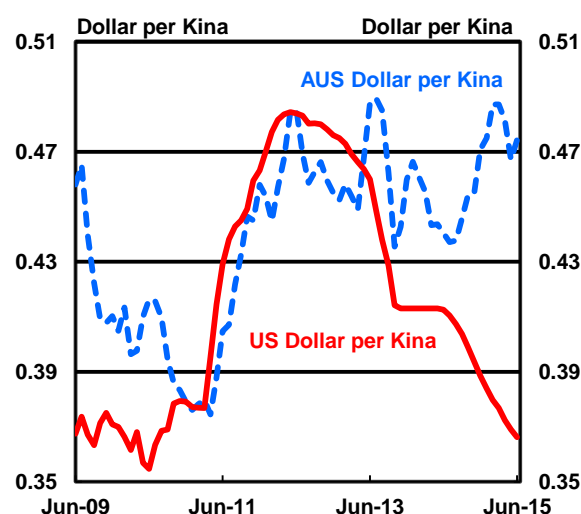
² The Trade Weighted Index (TWI) measures the value of the Kina against a basket of currencies of PNG's major trading partners.

Charts 6: Trade Weighted Index



Source: Bank of PNG

Charts 7: Exchange Rate Developments



Source: Bank of PNG

The PNG Kina also depreciated against other key trading currencies including: the Singapore Dollar (1.9 per cent), Chinese Renminbi (6.8 per cent), Hong Kong Dollar (7.9 per cent), and Philippines Peso (7.6 per cent) while it appreciated against the Japanese Yen (4.7 per cent), New Zealand Dollar (3.0 per cent), Malaysian Ringgit (2.4 per cent), and Euro (9.6 per cent).

The depreciation of the Kina against most of PNG's major trading currencies reflected ongoing strengthening of the US Dollar on the back of gradual tightening of US monetary policy, and the low commodity prices that contributed to lower foreign exchange inflows from PNG's major exports. The appreciation of the Kina against the Australian Dollar was attributed to cross currency movements as the Australian Dollar weakens against a stronger U.S. Dollar.

The Outlook for the Domestic Economy

The PNG economy was estimated to have grown by 13.3 per cent in 2014 compared to the 2013 growth of 5.0 per cent and the revised 8.4 per cent in the 2015 Budget. This was driven by the early commencement of the PNG LNG production and more importantly the increased rate of LNG production in 2014 compared to estimates at the time of the 2015 Budget. This more than offset the low production outcome in the mining and quarrying sector, and the agriculture, forestry and fishery sector, which were affected by unfavorable weather conditions, recurring technical issues in major mines and low mineral commodity prices.

In 2015, PNG's real GDP is forecast to grow at 11.0 per cent, a downward revision from the Budget projection of 15.5 per cent. The downward revision is due to lower than anticipated growth in the oil and gas sector in 2015, given that much of the impact from the PNG LNG project were realised in 2014. While the LNG profile dominates the outlook for 2015, the agriculture, forestry and fishery sector is expected to return to trend in 2015.

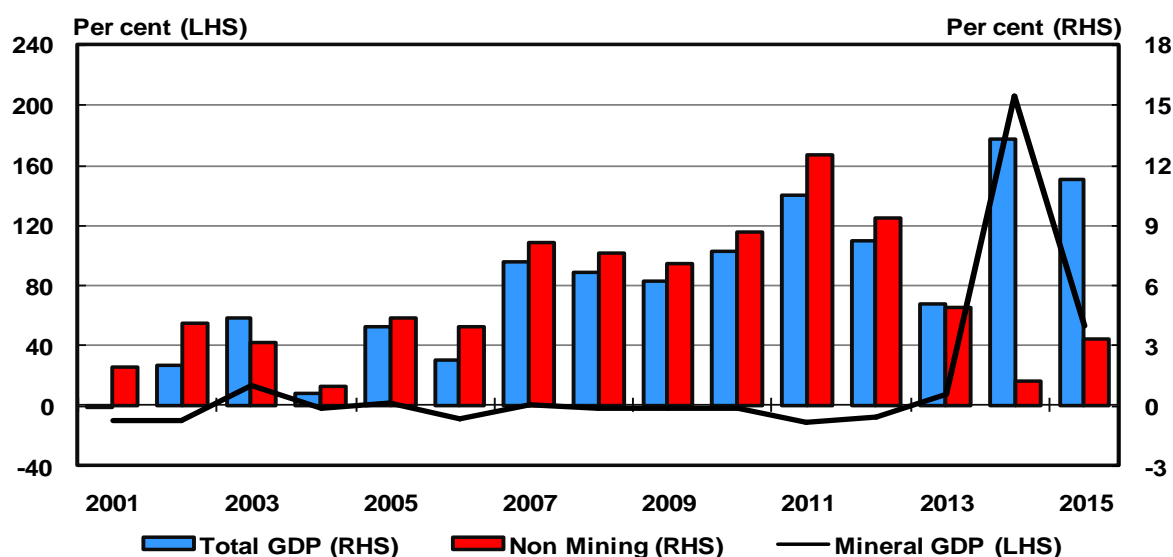
The mining and quarrying sector is anticipated to rebound in 2015 and grow at 10.8 per cent after a disappointing performance of negative 1.9 per cent in 2014. The rebound is due to an

anticipated return to normal production in a number of mines. On the other hand, low commodity prices pose a mammoth challenge for the mines in maintaining their margins at the back of rising input costs and the weaker Kina exchange rate. However, it is understood that most mines are adjusting to the current developments and are undertaking cost cutting measures.

The agriculture, forestry and fishery sector is expected to grow by 3.2 per cent in 2015, compared to 3.6 per cent growth projected at Budget time. The downward revision is due to anticipated lower coffee and palm oil production associated with low commodity prices and unfavorable weather conditions. This is further exacerbated by old-age trees, poor market infrastructure, and many other issues affecting growth in this sector.

Activity in the other non-mining sectors of the economy continues to be closely linked with the developments of the PNG LNG project. With the construction phase of the project completed in 2014, non-mining GDP slowed down to 1.2 per cent, as the indirect and direct benefits which flowed through during the construction phase wound down. However, the Government's increased spending in the economy which include among others the construction of sporting facilities for the 2015 Pacific Games, the preparation for the 2018 Asia-Pacific Economic Cooperation (APEC) meetings, and spending on maintenance of key infrastructures are expected to partially fill in some of the gaps created by the PNG LNG project. It is also clear that businesses are expanding their capacity in preparation for the upcoming events thus supporting growth in these sectors. While this may be true for Port Moresby, activities in other centers of the country continue to be affected by the fall in commodity prices particularly for the agricultural commodities that the bulk of the rural population heavily depend on. Nevertheless, growth in the non-mining sectors is expected to rebound and grow at a trend rate of 3.3 per cent in 2015. A similar growth trend is expected over the medium term.

Chart 8: Economic Growth: 2001 – 2015



Source: Department of Treasury

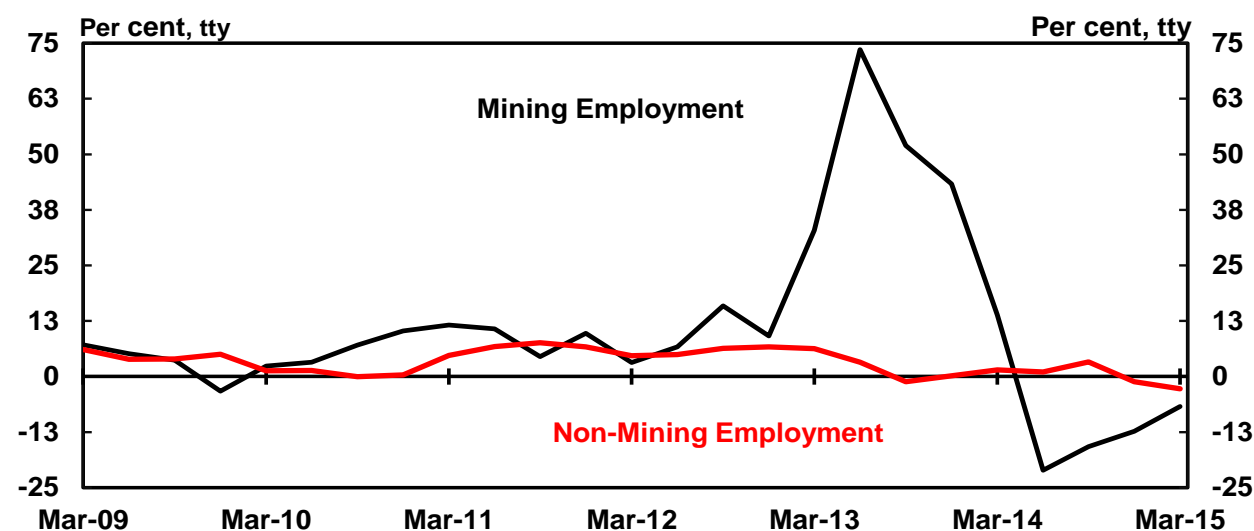
Table 1: Economic Forecasts and Assumptions

	2014 Actual	2015 Budget	2015 MYEFO
Economic Growth (%)			
Total GDP (est)	13.3	15.5	11.0
Non-Mining GDP (est)	1.2	4.0	3.3
Inflation (%)			
Year average	5.2	5.5	4.9
Interest Rate (%)			
Kina Facility Rate (KFR)	6.25	6.25	6.25
3 year Inscribed Stock (IS)	8.0	8.0	9.0
Mineral Prices			
Gold (US\$/ounce)	1266	1277	1192
Copper (US\$/tonne)	6864	6947	5818
Oil (Kutubu:US\$/barrel)	93	89.7	52.0

Source: Department of Treasury

Employment

Total employment has declined by 2.8 per cent in line with developments in the domestic economy, particularly reflecting employment declines in both the non-mining and mining sectors.

Chart 9: Employment Growth

Source: Bank of PNG

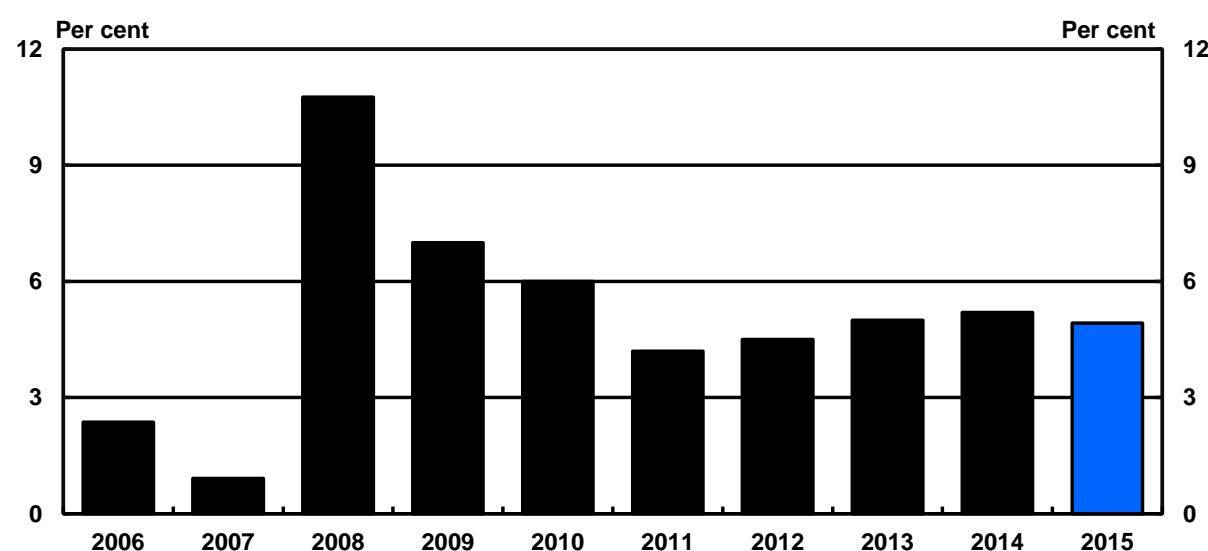
Non-mining sector employment fell by 2.8 per cent through-the-year to March quarter 2015, compared to an increase of 1.5 per cent in the corresponding period of 2014. The decline was mainly driven by declining employment growth in all business sectors: wholesale sector (-6.3 per cent), manufacturing sector (-4.3 per cent), building & construction sector (-0.9 per cent), transportation sector (-7.5 per cent), retail sector (-2.9 per cent), financial business & other services sector (-1.7 per cent), and the agriculture, forestry and fisheries sector (-0.2 per cent).

Employment growth in the mining sector declined by 6.8 per cent through-the-year to March quarter 2015, compared to an increase of 13.8 per cent in the corresponding period of 2014. The decline was associated with the completion of a work experience program at one of the major mine, as well as, the redundancy exercise undertaken by a small gold mine following its closure.

Inflation Outlook

At the time of the 2015 Budget, Treasury projected inflation in 2015 to ease around 5.5 per cent based on the assumption that the Kina exchange rate will appreciate with the inflows from the PNG LNG exports while at the same time the second phase of the Tariff Reduction Program expected in 2015 will assist in reducing the cost of imports³. In the first half of 2015, inflows from the PNG LNG exports and other key existing mines did not eventuate as anticipated due to the decline in the global commodity prices. This has resulted in the depreciation of the Kina exchange rate. Inflationary pressures have been relieved by the low commodity prices in particular the low oil price, continued Tariff Reduction Program, and the delay in the implementation of the new excise indexation. These are now the basis for the revised inflation outlook for 2015. Inflation is now projected to average around 4.9 per cent, a further downward revision from the Budget projection (Chart 10).

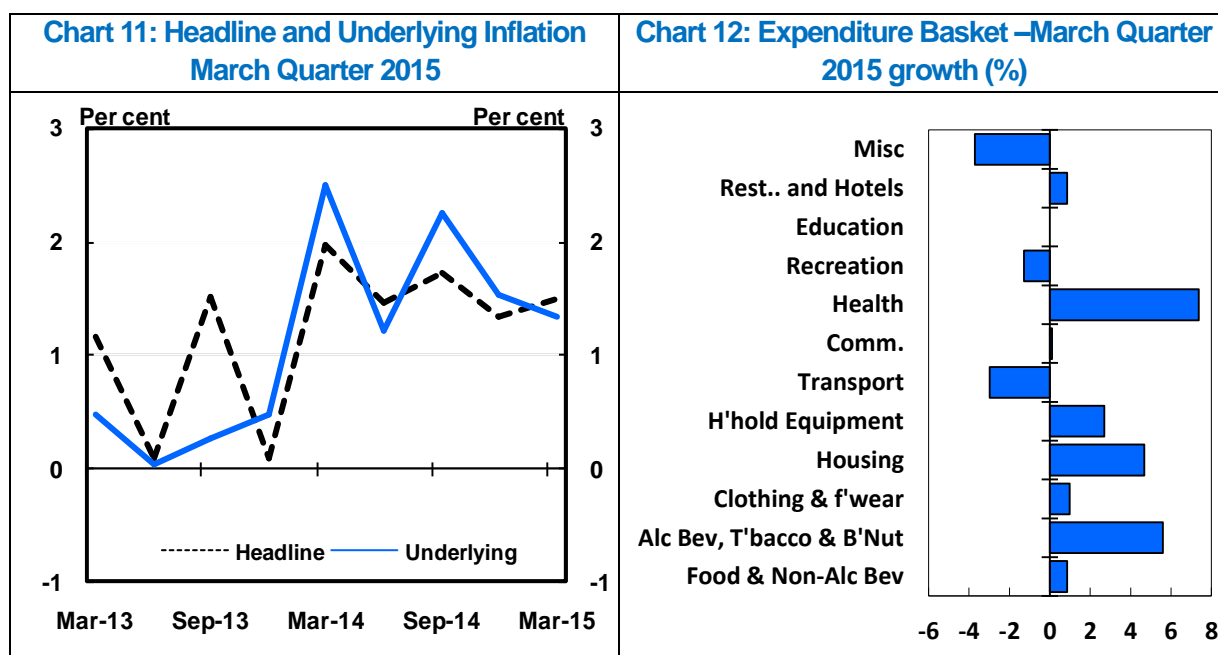
Chart 10: Inflation outcome and projection-2006-2015



Source: National Statistical Office (NSO)/Department of Treasury

In the first quarter of 2015, headline inflation grew at 1.5 per cent, compared to a growth of 1.3 per cent recorded in the December quarter 2014, and 2.0 per cent recorded at the same time last year (Chart 11). This resulted in a high through-the-year headline inflation of 6.2 per cent over the twelve months to March quarter 2015. Prices rose across all the major urban centers in the March quarter with Port Moresby increasing by 3.1 per cent followed by Lae and Alotau-Kimbe-Rabaul at 1.4 per cent respectively while Goroka-Mt. Hagen-Madang recorded a fall in inflation of -0.2 per cent in the March quarter 2015.

³ About 42 per cent of the items in the CPI basket are imported.



Source: National Statistical Office and Department of Treasury

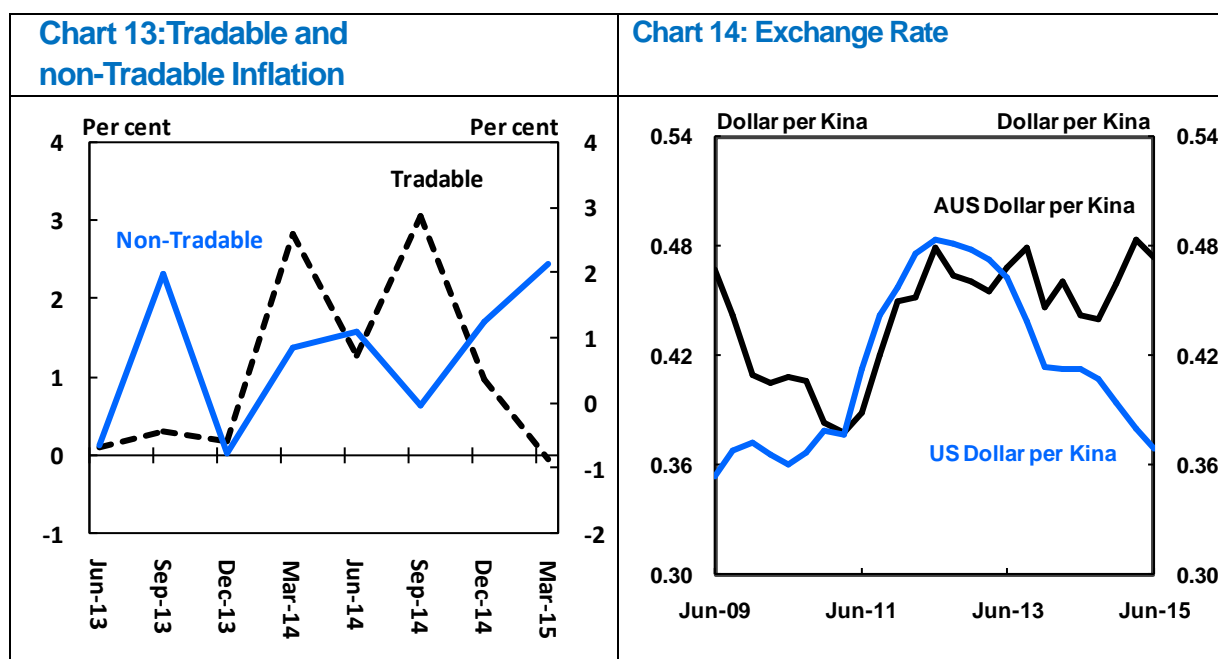
The major drivers of March quarter inflation were Health (up 7.4 per cent), Alcoholic Beverages, Tobacco and Betelnut (up 5.6 per cent), and Housing (up 4.7 per cent), which more than offset a decline in the prices of Transport (down 3.0 per cent) and Miscellaneous (down 3.7 per cent) (Chart 12).

The underlying measure of inflation excluding the seasonal and price control items moderated in the March quarter 2015 with a modest growth of 1.0 per cent compared to a 1.2 per cent growth in the previous quarter and 2.6 per cent recorded at the same time last year (Chart 11). The moderation in underlying inflation reflect the fall in the prices of Transport Operations, Cooking, and Miscellaneous as well as a general slow down in the prices of other expenditure items mainly Dairy Products, Motor Vehicle Purchases, and Clothing.

However over the twelve months to March quarter 2015, underlying inflation continued to increase but at a slower pace, with a growth of 5.8 per cent compared to a growth of 3.4 per cent recorded in the March quarter 2014. The increase reflects increases in the prices of almost all Foods items, Clothing and Footwear, Housing, Household Equipment, Motor Vehicle Purchase, Medical Services, Medical Supplies, and Restaurants.

Imported (tradable) inflation recorded a growth decline of 0.1 per cent in the March quarter 2015 compared to a growth of 1.0 per cent in the December quarter 2014 (Chart 13). The decline reflected a fall in the prices of most imported items mainly transport operations (down 13.1 per cent) and Fuels and Lubricants (down 11.2 per cent), reflective of the decline in the price of oil. This more than offset an increase in the prices of few other imported items specifically Household Furniture and Furnishings, Household Appliances, Women and Girls clothing, Infant Clothes, Meat, and Other Food Products.

Over the twelve months imported inflation has been increasing steadily, although it decelerated in the March quarter of 2015 due to the fall in the prices of most imported items.



Note: Through the year denoted as tty
Source: National Statistical Office

Source: Bank of Bank

Looking ahead, import inflation is expected to continue to ease, however, the risk is, if the current depreciation of the Kina exchange rate continues, it will add fuel to inflation going forward (Chart 14).

Despite the fall in the prices of imports, prices of domestic (non-tradable) goods continued to rise in the March quarter 2015, up by 2.4 per cent, to be 6.5 per cent higher through-the-year (Chart13). The rise in prices of domestic goods in the March quarter was due to an increase in the price of Tobacco which rose by 12.8 per cent. Further supporting the rise in domestic inflation was the increase in the prices of Medical Services, Rentals, Housing Maintenance, and Betelnut among others.

Monetary Developments

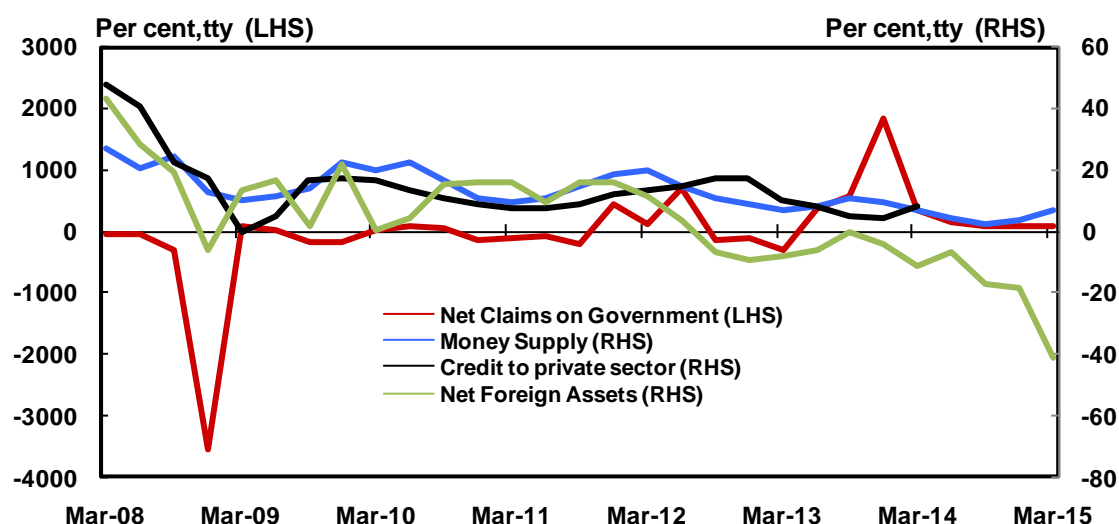
The Central Bank maintained its monetary policy stance by maintaining its Kina Facility Rate (KFR) at 6.25 per cent aimed at supporting domestic economic activity. The broad money supply over the twelve months to March quarter 2015 rose on average by 7.1 percent to K19,042.0 million, up from K17,781.8 million in the corresponding period of 2014 (Chart 15). This was primarily due to net claims on Central Government increasing by 70 per cent whilst credit to the Private Sector rose by only 8 per cent. The increase in the net claims on the Central Government is reflective of the continuous issuance of securities to finance the 2014 and 2015 Budget. Net Foreign Assets (NFA) declined on average by 41 percent to K4,687.1 million from K7,963.9 million in the corresponding period of 2014.

According to Central Bank's 2015 March Monetary Policy Statement (MPS), broad money supply is projected to grow by 6.3 per cent in 2015 compared to 1.2 per cent growth in 2014, mainly driven by the increases in Net Foreign Assets of the banking system.

Net Foreign Assets are projected to increase by 36.8 per cent, rebounding from a decline of 16.0 per cent in 2014. The monetary base is projected to increase by 7.6 per cent, a moderation from 37.1 per cent in 2014. Private sector credit is projected to increase by

4.8 per cent, up from 2.2 per cent in 2014 while credit to the Government is projected to decline by 43.6 per cent, following an increase of 48.3 per cent in 2014.

Chart 15: Monetary and Credit Growth (through the year % growth)



Source: Bank of PNG

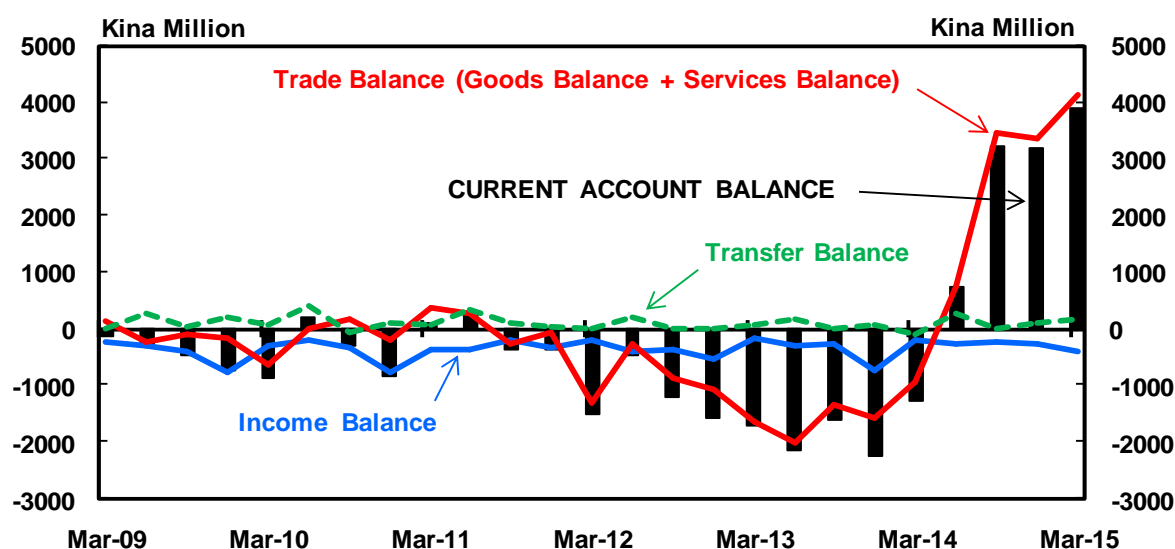
Balance of Payments

At the time of the 2015 Budget, PNG's current account balance was expected to improve to a surplus position starting in 2015 after recording deficits over the last six years. The anticipated surplus position was expected from the full year of LNG production and export and the ramping up to full production from the Ramu Nickel and Cobalt mine in 2015. Also a rebound in production is expected from the agriculture and mining sectors following the disruptions encountered in 2014. This were expected to lift total exports in 2015, thus an improvement in the current account balance.

In the March quarter of 2015, the current account recorded a surplus of K3,912.0 million, compared to a surplus of K3,180.0 million in the previous quarter and a deficit of K1,283 million in the corresponding period of 2014. This improvement was mainly due to a huge surplus in the trade account which more than offset the deficits in the income and services account. This outcome was mainly due to higher export receipts which more than offset lower import payments including lower payments for services and the higher dividend payments during the quarter. Further supporting the improvement in the current account was the improvement in the transfer account due to higher receipts of gift and grants. (Chart 16).

The trade account surplus was K4,146.0 million in the March quarter 2015, compared to a surplus of K3,354.0 million in the previous quarter. This reflects a higher surplus in the goods account during the quarter due to the increased rate of production and export from the PNG LNG project as well as the ramp up of production from the Ramu Nickel and Cobalt Mine which more than offset the general decline in imports.

Chart 16: Balance of Payments



Source: Bank of BPNG

The services account recorded a deficit of K624.0 million in the March quarter 2015, compared to a deficit of K811.0 million in the previous quarter. Over the last twelve months, the services balance deficit declined on average by 45.4 per cent due to low service payments associated with the general decline in imports.

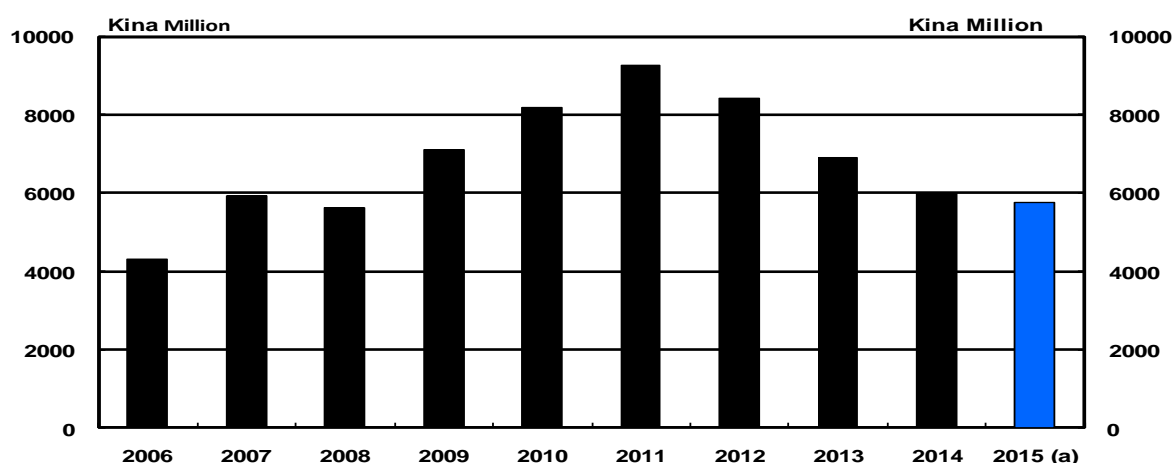
The income account recorded a deficit of K418.0 million in the 2015 March quarter. This is significantly higher than the deficit of K277.0 million recorded in the previous quarter, and was due to large dividend payments to foreign shareholders. On the other hand, the transfer account recorded a surplus of K184.0 million in the March quarter, compared to a surplus of K103.0 million in the previous quarter. The outcome was mainly due to higher receipts of gifts and grants during the quarter.

It is expected that in the coming quarters, the surplus in the current account will continue to improve as exports pick up due to the full year of production from the LNG project supported by a ramp up of production from the new mines including the Ramu Nickel mine. However, the downside is the prevailing low commodity prices which may affect production and export receipts should prices continue to trend at lower levels.

On the other hand, the income account is expected to be in deficit in 2015 reflective of the increase income outflows through dividend payments to overseas shareholders.

International reserves were K5,980.3 million at end of December 2014 and have declined to K5,729.0 million (US\$2,168.4 million) at the end of March quarter 2015 sufficient for 9.0 months of total import cover and 13.9 months of non-mineral import covers. As at 29th May 2015, the level of gross foreign exchange reserves declined to K5,527.0 million (US\$2,058.8 million), reflecting the low export receipts.

Chart 17: International Reserves



Source: Bank of PNG

(a) Includes reserve levels up to March 2015

1.2 THE FISCAL OUTLOOK

The fiscal outlook has deteriorated in the first half of 2015. With no adjustment to budgeted expenditure in 2015, the fiscal position is expected to be a deficit of K4,817.4 million or - 9.4 per cent of GDP which is an increase of K2,545.6 million compared to the initial deficit of K2,271.8 million or - 4.4 per cent of GDP at the time of the 2015 Budget. This mainly reflects a significant downward revision to tax and non tax revenue receipts, particularly from Mining and Petroleum taxes, and low receipts of dividends from State entities.

Total Revenue and Grants is expected to be significantly lower than earlier anticipated at the time of the 2015 Budget. Total revenue is estimated at K11,381.7 million with the short fall of K2,545.6 million whilst the estimate for Total Expenditure and Net Lending has remained the same as in the 2015 Budget at K16,199.1 million.

Currently, the June outturn Debt to GDP ratio stands at 33.5 per cent of GDP. If there is no adjustment to aggregate expenditure, on current trends total public debt could increase to K21,239.0 million, which would lead to a Debt to GDP ratio of 41.3 per cent. If this was to occur it would exceed the debt limit of less than 35 per cent of GDP as set out in the amended *Fiscal Responsibility Act 2014*.

Major MTDP enabling expenditure commitments in the 2015 Budget will continue to be delivered. These include Government priorities such as Tuition Fee Free Education, key infrastructure such as roads and bridges; as well as K1,811.4 million of direct investments in Provinces, Districts and Local Level Governments.

The immediate challenge for the Government now is to maintain fiscal discipline throughout the second half of 2015. The performance of borrowing and all funding sources will continue to be monitored and necessary adjustments made as and when required. Also given the large expenditure envelope, there will be a need for finding offsetting savings in 2015 to wind back this deficit – An expenditure review is currently underway to identify adequate savings through downsizing lower priority spending.

In addition to the planned asset sale not going ahead in 2015 as budgeted, there is an additional risk that anticipated revenues from dividends (K778.5 million) are not fully realised. The updated fiscal estimates for 2015 are set out in Table 2.

Table 2: Budget Balance 2014-2015 (Kina, million)

	2014 Actual	2015 Budget	June Outturn	2015 MYEFO	Budget Variation
Total Revenue and Grants	11,497.6	13,927.3	4,434.9	11,381.7	-2,545.6
Total Expenditure and Net Lending	14,489.8	16,199.1	5,376.9	16,199.1	0.0
Deficit (-) /Surplus (+)	-2,992.2	-2,271.8	-942.1	-4,817.4	-2,545.6
<i>% of GDP</i>	-6.9%	-4.4%	-1.8%	-9.4%	-4.9%

Source: Department of Treasury

1.3 TOTAL REVENUE AND GRANTS

A total of K13,927.3 million in total revenue and grants was projected for the 2015 Budget. This has been revised to K11,381.7 million, a significant downward revision of K2,545.6 million in Government revenue. The effects of the developments in the global economy felt through declining commodity prices have translated into lower mineral and petroleum revenue outcomes in the first half of the year. Not only that, the effects are also adversely affecting income and profit taxes, goods and services taxes and trade taxes. Overall, a total of K4,434.9 million, or only 32 per cent of the 2015 Budget estimate has been collected in the first half of the year. Compared to the 2014 outcome, the 2015 revised projection for total revenue and grants is lower by K115.9 million

Table 3: Total Revenue and Grants 2014-2015 (Kina, million)

	2014 Actual	2015 Budget	June Outturn	2015 MYEFO	Budget Variation
Tax Revenue	9,596.1	11,257.8	3,934.6	9,204.1	-2,053.8
Non Tax Revenue	900.8	1,065.6	146.8	573.8	-491.8
Grants and ITC	1000.7	1,603.9	353.5	1,603.9	0.0
Total Revenue and Grants	11,497.6	13,927.3	4,434.9	11,381.7	-2,545.6

Source: Department of Treasury

Tax Revenue

Tax Revenues have been revised to K9,204.1 million a downward revision of K2,053.8 million from the 2015 Budget estimate of K11,257.8 million. The revision is reflective of under performances in Taxes on Income and Profits, Domestic Taxes on Goods and Services and Taxes on International Trade in the first half of the year. A total of K3,934.6 million has been collected in the first half of the year which is 35 per cent of the Budget estimate. Compared to the 2014 outcome, the 2015 revised projection for Tax Revenue is lower by K392 million.

Table 4: Tax Revenue 2014-2015 (Kina, million)

	2014 Actual	2015 Budget	June Outturn	2015 MYEFO	Budget Variation
Taxes on Income & Profits	7,107.4	8,352.3	2,828.0	6,818.6	-1,533.7
Domestic Taxes on Goods & Services	1,690.4	2,043.4	704.3	1,566.5	-476.8
Taxes on International Trade	798.2	862.2	402.4	818.9	-43.2
Tax Revenue	9,596.1	11,257.8	3,934.6	9,204.1	-2,053.8

Source: Department of Treasury

Taxes on Income and Profits

A total of K8,352.3 million was projected for Taxes on Income and Profits in the 2015 Budget. This has been revised to K6,818.6 million, a downward revision of K1,533.7 million from the Budget estimate. The revision is reflective of lower than anticipated collections in the Mining and Petroleum Tax (MPT), Personal Income Tax, Company Tax and to a lesser extent Dividend Withholding Tax in the first half of the year.

- MPT receipts have been significantly lower than expected with only K31.1 million collected. The lower than anticipated collection was due to the decline in the commodity prices and the use of Infrastructure Tax Credit (ITC). This has resulted in MPT being revised down by K1,349.2 million to K400 million from the Budget - estimate of K1,749.2 million.

Personal Income Tax and Company Tax have been revised down by K124.6 million and K123.6 million respectively and are reflective of lower profitability of businesses and weak compliance activities. Dividend Withholding Tax have been revised down by K23.6 million. Other minor income and profit taxes such as the Interest Withholding Tax, Other Direct Tax and Gaming Tax have been revised up from the Budget estimates due to collections on track in the first half of the year. Compared to the 2014 outcome, the revised Tax on Income and Profits is lower by K288.8 million.

Table 5: Tax on Income and Profits 2014-2015 (Kina, million)

	2014 Actual	2015 Budget	June Outturn	2015 MYEFO	Budget Variation
Personal Income Tax	3,195.1	3,303.1	1,589.2	3,178.4	-124.6
Company Tax	2,522.4	2,746.1	941.2	2,622.5	-123.6
Dividend Withholding Tax	186.1	238.7	66.8	215.1	-23.6
Mining and Petroleum Tax	794.2	1,749.2	31.1	400.0	-1,349.2
Interest Withholding Tax	43.1	38.9	30.6	52.7	13.8
Other Direct	208.3	128.3	80.0	180.0	51.7
Gaming Tax	158.1	148.1	89.1	169.9	21.8
Tax on Income and Profits	7,107.4	8,352.3	2,828.0	6,818.6	1,533.7

Source: Department of Treasury

Domestic Taxes on Goods and Services

A total of K2,043.4 million was projected for Domestic Taxes on Goods and Services in the 2015 Budget. This has been revised to K1,566.5 million, a downward revision of K476.8 million and is reflective of lower than anticipated collections from GST and Excise Duty in the first half of the year. GST receipts were lower than expected with only K476.0 million transferred to Waigani Public Account (WPA). This was due to lower than anticipated collections in the provinces and the ports combined with higher refunds.

- A total of K469.1 million and K550.7 million were collected from the provinces and the ports respectively.
- GST refunds and transfers to provinces amounted to K444.9 million and K209.7 million respectively

The collection strength is looking weak in the second half of the year in line with weaker than anticipated economic activity and the increase in refunds. These have resulted in GST paid

to the State being revised to K956.0 million, a downward revision of K410.7 million from the Budget estimate of K1,366.8 million.

Excise Duty has been revised to K597.7 million, a downward revision of K66.1 million from the Budget estimate of K663.8 million. This is reflective of weaker than expected first six months collection totaling K225.9 million which is 34 per cent of the Budget estimate. Similar to GST, the collection strength in the second half of the year is looking weak in line with weaker than anticipated economic activity as well as issues relating to the production of domestic petroleum products. Compared to the 2014 outcome, the revised Domestic Taxes on Goods and Services is lower by K123.8 million.

Table 6: Domestic Taxes on Goods and Services 2014-2015 (Kina, million)

	2014 Actual	2015 Budget	June Outturn	2015 MYEFO	Budget Variation
Excise	638.6	663.8	225.9	597.7	-66.1
Goods and Service Tax	1,042.0	1,366.8	476.0	956.0	-410.7
Other Indirect	9.8	12.8	2.4	12.8	0.0
Domestic Taxes on Goods & Services	1,690.4	2,043.4	704.3	1,566.5	-476.8

Source: Department of Treasury

Taxes on International Trade

A total of K862.2 million was projected for Taxes on International Trade in the 2015 Budget. This has been revised to K818.9 million, a downward revision of K43.2 million from the Budget estimate. This is reflective of the lower than anticipated collections of Import Duty and Import Excise in the first half of the year. This has resulted in Import Duty being revised down by K15.5 million and Import Excise down by K27.7 million from the Budget estimates of K296.4 million and K297.3 million respectively.

Export Duty has been maintained at the Budget estimate of K268.4 million reflective of collections being on track due to increases in log exports in the first half of the year. Compared to the 2014 outcome, the revised Taxes on International Trade are higher by K20.7 million.

Table 7: Taxes on International Trade 2014-2015 (Kina, million)

	2014 Actual	2015 Budget	June Outturn	2015 MYEFO	Budget Variation
Import Duty	273.2	296.4	116.8	280.9	-15.5
Export Duty	274.5	268.4	140.3	268.4	0.0
Excise Duty on Imports	250.6	297.3	145.3	269.6	-27.7
Taxes on International Trade	798.2	862.2	402.4	818.9	-43.2

Source: Department of Treasury

Non Tax Revenue

A total of K1,065.6 million in Non-Tax Revenue was projected in the 2015 Budget comprising of K80 million in Statutory Authorities dividends, K698.2 million in mining dividends, K283.1 million in Departmental Fees and Charges and K4.0 million in Interest and Fees from Lending. Of the K80 million Statutory dividends, K20 million was expected from Bank of Papua New Guinea, National Fishery Authority (K25 million), IPBC (K10.0 million) and Motor Vehicle Insurance Limited (K25 million). In the first half of the year, a total of K15 million has

been paid to the Waigani Public Accounts. Compared to the 2014 outcome, the revised Non Tax Revenue is lower by K327.1 million.

Table 8: Non-Tax Revenue 2014-2015 (Kina, million)

	2014 Actual	2015 Budget	June Outturn	2015 MYEFO	Budget Variation
Property Income	665.8	778.5	15.0	328.4	-450.1
<i>Non-Mining Dividends</i>	152.0	80.0	15.0	80.0	0.0
<i>Mining Dividends</i>	513.8	698.2	0.0	248.4	-450.1
Interest & Fees from Lending	0.0	4.0	0.0	4.0	0.0
Other Non-Tax Revenue	235.0	283.1	131.8	241.4	-41.7
Injections from Trust Accounts	0.0	0.0	0.0	0.0	0.0
Non Tax Revenue	900.8	1,065.6	146.8	573.8	-491.8

Source: Department of Treasury

Grants and Infrastructure Tax Credits

A total of K1,396.1 million in Grants and K207.8 million in Infrastructure Tax Credits (ITC) were projected in the 2015 Budget. In the first half of the year, a total of K312.6 million in grants and K40.9 million in ITC have been expended. The Budget projections are held unchanged for the year. Donor grants are subject to donor discretion and exchange rate movements and may vary from the Budget projections.

Table 9: Grants and Infrastructure Tax Credit 2014-2015 (Kina, million)

	2014 Actual	2015 Budget	June Outturn	2015 MYEFO	Budget Variation
Grants	867.5	1396.1	312.6	1396.1	0.0
<i>Budgetary Support</i>	0.0	0.0	0.0	0.0	0.0
<i>Project Support Grants</i>	867.5	1396.1	312.6	1396.1	0.0
Infrastructure Tax Credits	133.2	207.8	40.9	207.8	0.0
Total Grants & ITC	1000.7	1603.9	353.5	1603.9	0.0

Source: Department of Treasury

REVENUE MEASURES UPDATE

In the 2015 Budget, five major taxation policy measures including minor taxation policy measures and some technical amendments, were put through as part of the Government's ongoing effort to enhance compliance and strengthen the revenue base.

The five major revenue policy measures for the 2015 Budget plus the continued compliance measures from 2014 are expected to raise K370 million in 2015. The revenue measures includes:

i. Update to fees and charges for Departments

The regulations relating to non-tax fees and charges were gazetted and signed by the Head of State in late February 2015. The Department of Finance and the implementing agencies needed a lead time of two (2) to three (3) months to conduct awareness on the new fees and charges to government Departments, the public and the private sector including other stakeholders before new fees and charges could be effected. Hence, these new fees and charges are now being implemented as of 1st of July 2015. This measure is expected to raise around half of the Budget estimate of K35 million.

ii. Tobacco Excise increase by 5 per cent Bi-annually (10 per cent annually).

After this amendment was passed in the 2015 Budget, Treasury, Customs and the Tax Review realised discrepancies to the base rate used to calculate the new excise rates. Hence, Treasury is now working towards rectifying these discrepancies through a Parliamentary amendment.

iii. Enhancement of tax compliance for Goods and Services Tax Obligations

This policy measure was to ensure directors of companies, which fail to comply with GST obligations are held personally liable for a penalty equal to the amount that the company ought to have remitted to IRC.

This amendment came into effect on 1st January 2015. Director Penalty Notices (DPNs) can only be issued for debts accrued since that date. IRC has advertised the new arrangements in the local media, and has issued a circular on the application of Director Penalty Notices. So far, no GST Director Penalty Notices have been issued; because for each potential case, the taxpayer has paid. This reflects improved voluntary compliance, however, IRC could not measure the magnitude of the impact. IRC will continue work on identifying potential cases for which a DPN could be issued in the remainder of the year. The estimated revenue of K20 million was built in to the projections for the second half of 2015.

iv. Increased Compliance for Tax arising from Rental Income

In the first half of the 2015, twenty two (22) additional landlords have been registered through the requirement to quote the landlord's Taxation Identification Number (TIN) on a lease document prior to stamping by IRC. Due to resourcing constraints, IRC has been unable to commence any audits on these taxpayers, thus no income tax has been collected to date.

The newly registered landlords will, however, be chased up for the lodgement of their income tax returns. Revenue is expected through the lodgement of these in the second half of the year. The measure is expected to deliver K15.0 million additional revenue in 2015. This measure comes into effect from 1st July 2015.

v. Enhancement of Compliance measures for convicted taxpayers who fail to comply with Court Orders

This measure introduced a jail term penalty to a convicted tax offender and increase the monetary fines and to provide different levels of fines for an individual and corporate taxpayer. This measure is to ensure tax payers comply with their tax obligations.

In 2015, cases have been filed at the district court. However, there have not been any court hearings as yet hence no orders granted.

IRC CONTINUED COMPLIANCE FROM 2014

Registration Compliance

IRC has progressed work to improve registration compliance by registering active companies not previously registered with IRC. An individual applying to open a business bank account must quote a valid TIN and without it, commercial banks direct them to IRC. This has resulted in increased application for TIN. At the second phase, IRC are now

encouraging existing taxpayers to quote their TIN to their bank through including information leaflets in all correspondence. In the third stage, IRC will seek to identify and register individuals with business bank accounts who have not yet quoted a TIN to their bank. The bank-TIN initiative has been highly effective, therefore, IRC has used its resources to increase registration through collaboration with the Investment Promotion Authority (IPA) and use of IPA data.

Lodgement Compliance

IRC had contacted taxpayers requesting all outstanding lodgements/payments from prior years for Salary & Wage Tax (SWT), Gross Sales Tax (GST) and Corporate Income Tax (CIT). This activity has resulted in an additional K120 million of revenue. IRC has also embarked on tracking down tax payers who have changed their contact details without notifying IRC and out of 1900 cases, 44 per cent of taxpayers have been successfully traced.

Reporting Compliance

The reporting compliance area focuses on additional assurance and verification measures to support the correct reporting of income tax liabilities by taxpayers.

IRC has continued to undertake work on ensuring that employees are correctly classified and taxed rather than as foreign contractors. The work undertaken year-to-date is expected to bring in additional SWT revenue of K10 million in the second half of the year.

The income data-matching project has also continued in 2015. This utilises data from other government agencies on contracts they have issued to determine whether the correct amount of tax has been reported and paid by the contractor.

In addition, IRC has begun some new activities in 2015 under the Revenue Raising Initiatives (RRI) project, including implementing a framework for risk-based case selection and undertaking audits in the fisheries and logging sectors with a particular focus on transfer pricing issues. Two specialist consultants have been employed to drive these forward (and in the process, up-skill existing staff) to boost existing capacity in IRC.

A team has been put in place to monitor and enforce both the lodgement and payment of the top 250 taxpayers. Since these taxpayers contribute a high proportion of revenue, ensuring they are up to date with their tax obligations is important for revenue collections on an on-going basis.

Payment Compliance

IRC continued to use a combination of new and firmer debt management tools to collect additional revenue from outstanding tax debts, as well as increasing the incentives for voluntary compliance.

Late payment penalties are being automatically applied to late withholding tax and (more recently) income tax payments in the new tax administration system SIGTAS. This provides taxpayers strong incentives for timely payment and for bringing their tax lodgements and payments up to date. This has resulted in a higher proportion of taxpayers in SIGTAS lodging on time than in the past. Over K10 million have been collected from penalties through SIGTAS.

The number of SWT Director Penalty Notices issued so far this year has been lower than projected. This is in part due to IRC offsetting the taxpayer's liability using credit balances of a different tax type, and also several staff members had to be reallocated to transaction processing to meet the urgent resourcing need in that area.

IRC has been utilising the assistance of two specialist consultants to review processes in the debt reduction area, to clear up taxpayer's accounts, and to work on the reduction of older debts.

Additional Revenue Estimates

It is estimated that the compliance measures discussed above and the flow on from 2014 activities will have made a significant contribution towards the additional K460 million forecast for collection in 2015. Whilst the extent is difficult to quantify at this point, the IRC estimates it was roughly on track in the first half of the year.

1.4 EXPENDITURE AND NET LENDING

The 2015 Budget appropriated K16,199.1 million to fund operational and capital investment expenditure, and the cost of public debt interest in 2015. The 2015 Revised Total Budget for Total Expenditure and Net Lending is largely unchanged from the 2015 Budget, though it does incorporate transfers from the Operational component to the Capital Investment component of the Budget.

Table 10: Total Expenditure and Net Lending 2014-2015 (Kina, million)

	2014 Outcome	2015 Budget	Expenditure YTD	2015 MYEFO
Capital Investment Component	6,117.0	6,985.5	1,898.1	7,066.7
Operational Component	8,651.8	9,213.6	3,478.9	9,132.4
Savings	-279.0			
Total Expenditure & Net Lending	14,489.8	16,199.1	5,376.9	16,199.1
% of GDP	33.5%	31.5%	10.4%	31.5%

Source: Treasury and Department of National Planning

As of end of June, total warrant authorization (excluding amortisation) was K6,738.5 million. Of the warrant released, around 65.5 per cent has been spent to date. The variance between warrants released and expenditure largely represents delays in spending related to the Department of Works and Implementation (K240.5 million yet to be spent out of warrants already issued) and the Department of Education (K101.3 million yet to be spent out of warrants already issued).

In the first half of 2015, Total Expenditure and Net Lending amounted to K5,376.9 million which is 33.2 per cent of the anticipated total Budget for 2015.

Total Operational component of the Budget appropriated was K9,213.6 million at the time of the 2015 Budget. This was revised down to K9,132.4 million with K81.2 million transferred to the Capital Investment component. Total operational expenditure up to 30 June 2015 was K3,478.9 million which was 37.8 per cent of the 2015 Budget appropriation. Of this, the major expenditure items were Personnel Emoluments (PE), Goods and Services, Transfers to Statutory Authorities and interest payments.

Total Capital Investment Component Expenditure was appropriated as K6,985.5 million at the time of the 2015 Budget. This was revised up to K7,066.7 million with K81.2 million

received from the Operational component. The increase in the revised appropriations for the capital investment component come mainly from the addition of K4.8 million for Paga Hill Ring Road Acquisition and an additional appropriation of K75.0 million for Port Moresby City Roads.

Total Expenditure to date under the Capital Investment component in 2015 is K1,898.1 million, which includes domestically funded expenditure, Project Support Grants from Development Partners, expenditures under the Tax Credit Scheme and Concessional Loans by Development Partners.

Disbursement of domestic funding in the Capital Investment component has been uncharacteristically low in 2015. To date, warrants released are 43% of the revised Budget, whereas this figure was 58% in 2014 and 68% in 2013 at the same time of the year.

Out of the K1,369.1 million of currently budgeted Project Support Grants, K0 million have been warranted and K312.6 million or 22% have been expended. Warrants for Grants, Loans and Infrastructure Tax Credit are raised retrospectively at the end of the year, so zero appropriations are to be expected. Not all donors have provided figures on their actual expenditure to date, so these figures are likely to be higher in actuality. Out of the K208.0 million of currently budgeted Infrastructure Tax Credit, K0 million have been warranted and K40.9 million or 19% have been expended.

In the first six months of 2015, Total Goods & Services expenditure was K2,632.8 million or 30.5 per cent of the 2015 Budget appropriation and PE expenditure was K1,754.7 million or 44.6 per cent of the 2015 Budget appropriation. The higher spending on Goods and Services in the first six months of 2015 reflects a front loading of warrants for education subsidies and medical supplies procurement. Over the same period, Interest payments were K424.6 million or 37.6 per cent of the 2015 Budget appropriation.

Table 11: Total Government Domestic Funding by Economic Item and Agency Type 2014-2015 (Kina, million)

Details	2014 Outcome	2015 Budget	Expenditure YTD	2015 MYEFO
Goods and Services	8,508.0	8,644.3	2,632.8	8,683.4
National Department	5,239.2	5,953.6	1,725.2	5,982.8
Provincial Government	2,211.8	2,038.2	656.6	2,046.5
Autonomous Bougainville Government	167.3	189.0	25.2	189.5
Commercial & Statutory Authorities	889.7	463.6	225.8	464.6
Personnel Emoluments	3,696.9	3,934.3	1,754.7	3,895.8
National Department	2,025.5	2,211.2	948.9	2,172.6
Provincial Government	1,301.0	1,304.5	598.4	1,304.5
Autonomous Bougainville Government	63.5	100.0	39.6	100.0
Commercial & Statutory Authorities	306.9	318.7	167.8	318.7
Grand Total	12,204.9	12,578.7	4,387.5	12,579.2

Excludes Debt Service costs and 2014 Supplementary Budget Savings]

Source: Department of Treasury & National Planning

Expenditure to date is 34.9% of the revised Budget, whereas this figure was 36% in 2014 and 42% in 2013. The slow release of warrants is mostly due to a significant Mining and Petroleum Tax shortfall in April and constraints in financing the Budget through Treasury Bills, which put significant pressure on cash flows throughout the year. The slow release of warrants is thus a part of the Government's response to the external revenue shock and a requirement of prudent fiscal management.

Table 12: Expenditure by Agency Type and Funding Source 2014-15 (Kina Millions)

Details	2014 Outcome	2015 Budget	Expenditure YTD	2015 MYEFO
National Departments	7,264.7	8,164.8	2,674.1	8,155.4
Provincial Governments	3,512.8	3,342.6	1,255.0	3,351.0
Autonomous Bougainville Government	230.8	289.0	64.8	289.5
Commercial & Statutory Authorities	1,196.6	782.3	393.6	783.3
Interest Payments	953.1	1,130.1	424.6	1,129.6
Infrastructure Tax Credits	133.2	208.0	40.9	208.0
Concessional Loans	610.1	886.3	211.3	886.3
Donor Grants	867.5	1,396.1	312.6	1,396.1
Savings	-279.0			
Total Expenditure and Net Lending	14,489.8	16,199.1	5,376.9	16,199.1

Source: Treasury and Department of National Planning

The low total year to date expenditure figure is attributed to; significant underspends in the capital investment component of the Budget, which has only expended around a quarter of its allocation for the year; and the lag of reported expenditure is additionally due to remaining problems of the reporting of actuals by agencies and some issues of converting expenditure data between the Integrated Financial Management System (IFMS) and legacy systems used by some agencies. Many projects though, may reasonably be expected to have a rising expenditure profile through the year as they move from the design to the construction phase.

The 2015 MYEFO estimate of K16,199.1 million for Total Expenditure and Net Lending remains unchanged from the budget. However, with the current deterioration of the government's fiscal position, the Government is looking at reducing appropriations for a number of less priority expenditures to maintain fiscal discipline and ensure the debt to GDP ratio in 2015 is compliant with the Fiscal Responsibility Act at below 35.0 per cent of GDP. Specifically, this involves cuts from both the Operational and the Capital Investment components of the Budget.

1.5 STATUS OF TRUST ACCOUNTS

A total of K8,879.0 million, up to and including the 2015 Budget, has been appropriated to Budget Funded trust accounts since 2005 for implementation of priority budget expenditure programs. These trust accounts have largely been funded from additional mineral revenue in Supplementary Budgets and annual Budgets.

The purpose of holding funds in trust is to spread spending over time to help manage inflationary pressures in the economy and to give time to agencies to properly plan and implement projects.

The Table below shows the movements of funds for these trust accounts for the period 1 January – 30 June 2015.

Table 13: Movement of Funds in Budget Funded Trust Accounts from 1 Jan – 30 June 2015 (Kina, million)

Description	Balance as at 1-Jan-15	Debit (Receipt)	Credit (Payment)	Balance as at 30-June-15
Outstanding Special Support Grants	0.1	0.0	0.0	0.1
Education Sector Infrastructure Rehabilitation	0.8	0.0	0.0	0.8
Higher Education Sector Infrastructure Rehabilitation	5.7	0.0	3.6	2.2
National Parliament Infrastructure Rehabilitation	0.0	0.0	0.0	0.0
Transport Sector Infrastructure Rehabilitation	43.3	0.0	0.0	43.3

Resettlement of Rabaul Volcano Victims	0.2	0.0	0.0	0.2
Hospital and Healthcare Centre Rehabilitation	0.3	0.0	0.0	0.3
Rehabilitation of Housing for Nurses	0.2	0.0	0.2	0.0
Rehabilitation of Housing for Police	20.3	0.0	1.1	19.1
District Services Improvement Program	27.7	0.0	2.3	25.4
Institutional Housing Pilot	0.0	0.0	0.0	0.0
Urbanisation Pilot	1.8	0.1	0.0	1.9
Housing Development Pilot	0.0	0.0	0.0	0.0
Madang Marine Park Development	8.4	0.0	4.2	4.2
Konebada Petroleum Park	0.0	0.0	0.0	0.0
National Infrastructure Development	0.0	0.0	0.0	0.0
Infrastructure Development Grants	59.9	0.0	0.0	59.9
Coastal Vessels	0.1	0.0	0.0	0.1
PDL 1 Hides LBBSA - BDG	1.1	0.0	1.1	0.0
PDL 7 Hides 4 LBBSA	0.0	0.0	0.0	0.0
PDL 8 Angore LBBSA – BDG	12.0	0.0	0.0	12.0
Outstanding MOA Liabilities	0.0	0.0	0.0	0.0
PNG LNG High Impact Infrastructure	1.1	0.0	0.0	1.1
Public Service Program	2.8	0.0	0.4	2.3
Port Moresby Roads	0.0	0.0	0.0	0.0
District Offices Rehabilitation	0.4	0.0	0.0	0.4
Rural District Roads Support	2.1	0.0	0.0	2.1
Mining Legal Costs	0.1	0.0	0.0	0.1
Varirata National Park Rehabilitation	0.0	0.0	0.0	0.0
REDD Program	0.0	0.0	0.0	0.0
Provincial Government Members entitlement	0.0	0.0	0.0	0.0
Outstanding MOA Liabilities	0.0	0.0	0.0	0.0
Kokopau to Arawa Road Upgrading	0.0	0.0	0.0	0.0
Coastal Fisheries Development Program	0.1	0.0	0.1	0.0
National High School Renovation and Upgrading	0.0	0.0	0.0	0.0
Trans East-West New Britain Highway	0.1	0.0	0.0	0.1
Central Malalaua Highway	9.0	0.0	9.0	0.0
Tuition Fee Free Education	33.8	13.6	0.0	47.4
2015 Pacific Games	1.1	70.1	0.0	71.2
Port Moresby General Hospital Infrastructure and Improvement	0.0	0.0	0.0	0.0
Defence Barracks Maintenance and Improvement	0.0	0.0	0.0	0.0
LNG Project Development Cost	1.8	0.7	0.0	2.4
2010 National Census	0.0	0.0	0.0	0.0
PNG LNG Additional Equity	0.7	0.0	0.7	0.0
Public Service Audit Program	2.4	0.0	0.3	2.0
Regional, Provincial Treasury and District Admin. Offices	0.2	0.0	0.0	0.2
Restoration and Development Grant (ABG)	108.3	0.0	4.3	104.0
Trade Skills Scholarships	8.9	0.9	0.0	9.8
TOTAL	354.7	85.4	27.5	412.6

Source: Department of Finance

Note: The opening balances for the Urbanization Pilots and Transport Sector Infrastructure Rehabilitation Accounts have been adjusted to reflect all their subsidiary accounts.

It is also noted that all trust accounts which also had main account in BPNG did not include the balances from BPNG as Statements were not available on time. You will note that number of deposits not included in the Receipt column as BPNG statements were not available in time.

The opening balance of the Budget Funded Trust Accounts as at 1 January 2015 was K354.7 million. Expenditure incurred in this period totaled K27.5 million with K85.4 million as receipts within the same period and the closing balance at 30 June 2015 was K412.6 million.

As at the reporting date the Trust appropriations for the 2015 Budget cannot be highlighted as all these funds were and could still be issued directly to the department and agencies concerned. The K100 million for Restoration and Development Grants (ABG) or also known and Special Intervention Fund (SIF) along with the K50 million for PNG LNG High Impact as well as K120 million for PNG LNG Infrastructure Development Grant (IDG) are yet to be raised to our department.

The remaining funds will be released into the following Trust Accounts as funds are required and become available:

- Infrastructure Development Grant (UBSA) – (K120.0 million)
- High Impact Projects (UBSA) – (K30.0 million)
- Restoration and Development Grant – (K100.0 million)

Following is a summary of expenditure above K5 million from Budget Funded Trust Accounts for the period 1 January – 30 June 2014:

- **K9.0 million was Transferred from the Central Malalaua Highway Trust Account** for implementation of the 2014 Supplementary Trust Account.

District Services Improvement Program (DSIP) Trust Accounts

DSIP Trust Accounts are designed to fund priority expenditure programs in the districts. A total of K1,602.0 million has been paid into the DSIP Trust Account over the period 2006 up to and including 30 June 2012. Take note that after Government opted for multi-year budgeting framework all DSIP funds have been going through the Budget since 2013.

However Table 14 shows expenditure from the subsidiary DSIP Trust Accounts for the 89 districts. As at 30 June 2015 the combined balance of the subsidiary DSIP Trust Accounts is K25.4 million.

Table 14: Movements of funds in District Service Improvement Program (DSIP) Trust 1 January 2015-30 June 2015 (Kina, million)

District	Total Fund Paid into Trust	Balance as at 01-Jan-15	DSIP Debits (Receipts)	Non DSIP Deposits	Credits (Payments)	Balance 30-June-15
Abau	18,000,000	0	0	0	0	0
Goilala	18,000,000	2,730.50	0	0	60	2,670.50
Kairuku Hiri	18,000,000	34,723.24	0		60	34,663.24
Rigo	18,000,000	1,382.07	0		60	1,322.07
Gazelle	18,000,000	26,125.74	0	0	60	26,065.74
Kokopo	18,000,000	14,059.82	0	0	60	13,999.82
Pomio	18,000,000	7,814.38	0	0	60	7,754.38
Rabaul	18,000,000	470,186.90	0	0	13,799	456,388.00
Ambunti-Drekikir	18,000,000	26,960.02	0		60	26,900.02
Angoram	18,000,000	2,274,367.97	0	352	0	2,274,719.97
Maprik	18,000,000	408,944.19	0	27	0	408,970.85
Wewak	18,000,000	1,905,785.91	0	344	0	1,906,129.79
Wosera-Gawi	18,000,000	69,943.83	0	0	140	69,803.83
Yangogoru-Saussia	18,000,000	0	0		0	0
Daulo	18,000,000	35,383	0	0	60	35,323.00
Goroka	18,000,000	57,385.72	0	0	60	57,325.72
Henganofi	18,000,000	4,915.03	0		60	4,855.03
Kainantu	18,000,000	1,063.63	0		60	1,003.63

Lufa	18,000,000	14,186.75	0		60	14,126.75
Obura-Wanenara	18,000,000	0.00	0		15	15.05
Okapa	18,000,000	4,987.50	0		60	4,927.50
Unggai-Bena	18,000,000	0.00	0		0	0
Kandep	20,000,000	13,228.29	0		60	13,168.29
Kompam-Ambun	18,000,000	6,620.56	0		60	6,560.56
Lagaip-Porgera	18,000,000	1,644.26	0	0	60	1,584.26
Wabag	18,000,000	26,825.35	0		60	26,765.35
Wapenamanda	18,000,000	0	0		0	0
Kerema	18,000,000	12,669.01	0		60	12,609.01
Kikori	18,000,000	3,968.00	0	0	78	3,890.00
Bogia	18,000,000	292,184.44	0	2	0	292,186.36
Madang	18,000,000	233,411.62	0	0	60	233,351.62
Middle Ramu	18,000,000	2,080.46	0		60	2,020.46
Raikos	18,000,000	1,849.85	0	0	60	1,789.85
Sumkar	18,000,000	0	0	0	0	0
Usino-Bundi	18,000,000	73,102.89	0		60	73,042.89
Manus	19,000,000	5,003,248.04	0	520	0	5,003,768.36
Alotau / Rabaraba	18,000,000	16,621.02	0		60	16,561.02
Esa'ala	18,000,000	351,073.33	0	14	0	351,087.72
Kiriwina	18,000,000	210,041.45	0	0	70	209,971.45
Samarai Murua	18,000,000	3,726.11	0		60	3,666.11
Bulolo	18,000,000	21,583.57	0	0	115	21,468.57
Finschaffen	18,000,000	2,332,374.89	0	0	228,584	2,103,791.01
Huon Gulf	18,000,000	151,514.46	0	0	69,100	82,414.05
Kabwum	18,000,000	0	0		0	0
Lae	18,000,000	399.44	0	0	60	339.44
Markham	18,000,000	34,352.77	0	53	0	534,406.01
Menyamy	18,000,000	112,534.71	0		100,065	12,469.71
Nawaeb	18,000,000	136,535.31	0	0	78	136,457.31
Tewa-Siasi	18,000,000	1,912,884.78	0	0	761,746	1,151,139.20
Moresby North East	18,000,000	121,061.89	0		60	121,001.89
Moresby North West	18,000,000	42.18	0		60	-17.97
Moresby South	18,000,000	32,487.18	0	0	60	32,427.18
Kavieng	18,000,000	295,464.37	0	0	82	295,381.98
Namatanai	18,000,000	853,420.28	0	101	0	853,521.14
Central Bougainville	18,000,000	5,948.85	0	4,243	0	10,192.20
North Bougainville	18,000,000	8,140.39	0		90	8,050.39
South Bougainville	18,000,000	96,690.80	0	0	100	96,590.82
Ijivitari	18,000,000	17,586.29	0		14,168	3,418.33
Sohe	18,000,000	24,321.97	0	0	60	24,261.97
Aitape-Lumi	18,000,000	28,979.09	0	0	78	28,901.09
Nuku	18,000,000	63.14	0		48	14.89
Telefomin	20,000,000	0	0		0	0
Vanimo-Green	18,000,000	3,829,633.07	0	0	4,875	3,824,757.76
Chuave	18,000,000	13,060.19	0		105	12,955.19
Gumine	18,000,000	-	0		0	-

Karamui-Nomane	18,000,000	25,684.76	0	3,967	0	29,651.76
Kerowagi	18,000,000	1,211.40	0	0	114	1,097.40
Kundiawa-Gembogl	18,000,000	22,085.10	0	0	124	21,961.10
Sinasina-Yongumugl	18,000,000	724.90	0	0	725	-
Ialibu-Pangia	18,000,000	1,641.20	0	0	33	1,608.64
Imbongu	20,000,000	19,949.42	0	0	19,885	64.42
Kagua-Erave	18,000,000	74,395.42	0		80	74,315.42
Komo-Magarima	18,000,000	0	0		0	0
Koroba-L/Kopiago	18,000,000	28,531.14	0		100	28,431.14
Mendi	19,000,000	-	0		0	-
Nipa-Kutubu	18,000,000	8,441.37	0		60	8,381.37
Tari-Pori	18,000,000	1,000,270.36	0		970,864	29,406.81
Kandrian	18,000,000	142,987.83	0		142,988	-
Talasea	19,000,000	2,486.44	0	0	60	2,426.44
Middle Fly	18,000,000	168,134.03	0		60	168,074.03
North Fly	18,000,000	19,681.99	0	0	60	19,621.99
South Fly	18,000,000	859.12	0	336	0	1,195.07
Dei	18,000,000	251,449.42	0	0	7	251,442.71
Hagen	18,000,000	3,644,454.88	0	712	0	3,645,167.24
Jimi	18,000,000	0	0	0	0	0
Mul/Bayer	18,000,000	124,635.43	0		60	124,575.43
North Waghi	18,000,000	670.61	0		60	610.61
South Waghi	18,000,000	0	0	0	0	0
Tambul-Nebiler	18,000,000	1,466.76	0	0	60	1,406.76
	1,611,000,000	27,682,082.08	0.0	10,672	2,330,415	25,362,338.6

- The DSIP Trust accounts are yet to be closed (pending Cabinet decision) and all remaining funds will be transferred back to the DSIP Main Account at BPNG as reserve for any outstanding project payments from districts that have sufficient funding at the close of these accounts and will later be refunded to the Consolidated Revenue Fund (CRF).

Source: Department of Finance

1.6 FINANCING

The 2015 Budget financing task comprised a budget deficit of K2,271.8 million.

The updated estimated budget deficit is expected to be K4,817.4 million in 2015 requiring further issuance to fund the State's cash needs. Additional financing of K2,545.6 million is required to be raised by the end of this year.

1.7 PUBLIC DEBT

Total public debt outstanding is projected to increase to K21,239.0 million, an increase of K6,978.4 million from the original budget estimate of K14,260.6 million. This is reflective of the anticipated sharp decline in Government revenue and assumes there is no financing of public debt from asset sales in 2015.

Table 15: Public Debt (Kina, million)

	2014 Actual	2015 Budget	2015 June Outturn	2015 MYEFO
Domestic	11,827.9	9,729.3	13,565.8	16,898.7
Treasury Bills	5,620.6	2,816.5	6,376.6	8,400.3
Inscribed Stock	6,207.3	6,912.8	7,189.2	8,498.4
Other Domestic Debt	0.0	0.0	0.0	0.0
Domestic Debt as % GDP	29.0%	19.0%	26.4%	32.8%
External	3,537.2	4,531.3	3,658.9	4,340.3
International Agencies	3,537.2	4,531.3	3,658.9	4,340.3
Commercial Loans	0.0	0.0	0.0	0.0
External Debt as % GDP	8.7%	8.8%	7.1%	8.4%
Total Public Debt Outstanding	15,365.1	14,260.6	17,224.7	21,239.0
As % GDP	35.5%	27.8%	33.5%	41.3%

Source: Department of Treasury and BPNG

The current legislated debt limit is 35 per cent of GDP. The updated MYEFO estimate is, however, expected to increase to 41.3 percent of GDP, which is 6.3 per cent higher than the legislated debt limit. The additional financing task from 2014 to 2015 has resulted in a buildup of Treasury Bills (short-term debt) in the portfolio. This strongly signals caution to the Government in terms of its spending on budgeted expenditure and off budget expenditure vis-a-vis its debt position and the financial risks that it faces, particularly if it continues in the current revenue and expenditure trajectories.

Over the forward years, the Government continues its endeavor to restructure its debt portfolio to reduce interest rate and refinancing risks (the risk of not being able to roll over this debt) by increasing Inscribed Stock issuance whilst decreasing Treasury Bills stock on hand.

The Medium Term Debt Strategy contains a target mix of concessional foreign currency debt of 40 per cent of total debt to benefit from the attractive financing terms offered whilst limiting exchange rate risk on public debt. The target mix of external debt does not consider the use of commercial external debt.

1.8 RISKS TO THE MID YEAR ECONOMIC AND FISCAL OUTLOOK

Recent global economic developments continued to impact PNG through low commodity prices translating into the low export earnings for the country and lower than expected receipts for the Government; as well as, posing a threat to economic activities in PNG's two biggest sectors:- the agriculture, forestry & fishing sector and mining and quarrying sector.

On the domestic front, fiscal risks have worsened for the Government in the first half of 2015 and over the medium term. Risks have emerged from deterioration of Government Fiscal Balance as a result of lower than expected Revenue owing to low commodity prices, while the expenditure cut exercise may be insufficient to fully compensate for this.

Approving of tax exemptions to individual tax payers without a guiding policy or on an ad hoc basis as well as approving Infrastructure Tax Credits without proper costing and policy advice has resulted in forgone revenue to the Government.

Heavy reliance of the 2015 Budget on domestic borrowings has also increased financing risks associated with interest rate and refinancing risks, as well as, face a major risk of crowding out of private investment.

1.9 2015 AND BEYOND

The revised economic and fiscal forecasts for 2015 and the commodity price assumptions that underlie them will impact on 2015 and beyond. Economic and fiscal projections for the period 2015 to 2020 will be updated in the 2016 Budget. These projections will incorporate updated forecasts and decisions taken by the Government concerning the 2016 Budget Strategy Paper.

1.10 FISCAL OUTTURN TABLES

Table 1: CENTRAL GOVERNMENT REVENUE AND GRANTS (Kina Million)

	2014 Actual	2015 Budget	June Outturn	% of Budget	2015 MYEFO
TAX REVENUE	9,596.1	11,257.8	3,934.6	34.9%	9,204.1
TAX ON INCOME AND PROFITS	7,107.4	8,352.3	2,828.0	33.9%	6,818.6
Personal Income Tax	3,195.1	3,303.1	1,589.2	48.1%	3,178.4
Company tax	2,522.4	2,746.1	941.2	34.3%	2,622.5
DWT	186.1	238.7	66.8	28.0%	215.1
Mining and Petroleum Taxes	794.2	1,749.2	31.1	1.8%	400.0
Interest withholding tax	43.1	38.9	30.6	78.7%	52.7
Other Direct	208.3	128.3	80.0	62.4%	180.0
Gaming Tax	158.1	148.1	89.1	60.1%	169.9
DOM. TAXES ON GOODS AND SERVICES	1,690.4	2,043.4	704.3	34.5%	1,566.5
Excise	638.6	663.8	225.9	34.0%	597.7
GST	1,042.0	1,366.8	476.0	34.8%	956.0
Other Indirect	9.8	12.8	2.4	18.6%	12.8
TAXES ON INTERNATIONAL TRADE	798.2	862.2	402.4	46.7%	818.9
Import Duty	273.2	296.4	116.8	39.4%	280.9
Export Duty	274.5	268.4	140.3	52.3%	268.4
Excise Duty on Imports	250.6	297.3	145.3	48.9%	269.6
NON TAX REVENUE	900.8	1,065.6	146.8	13.8%	573.8
PROPERTY INCOME	665.8	778.5	15.0	1.9%	328.4
Dividends	152.0	80.0	15.0	18.8%	80.0
Mining and Petroleum Dividends	99.5	202.6	0.0	0.0%	0.0
Other*/ LNG dividend	414.3	495.9	0.0	0.0%	248.4
SWF Transfer	0.0	0.0	0.0	0.0%	0.0
INTEREST AND FEES FROM LENDING	0.0	4.0	0.0	0.0%	4.0
OTHER NON TAX REVENUE	235.0	283.1	131.8	46.6%	241.4
INJECTIONS FROM TRUST ACCOUNTS	0.0	0.0	0.0	0.0%	0.0
ASSET SALES	0.0	0.0	0.0	0.0%	0.0
TOTAL REVENUE	10,496.9	12,323.4	4,081.4	33.1%	9,777.8
% of GDP	24.3%	24.1%	7.9%		19.0%
INFRASTRUCTURE TAX CREDITS	133.2	207.8	40.9	19.7%	207.8
GRANTS	867.5	1,396.1	312.6	22.4%	1,396.1
Budgetary Support	0.0	0.0	0.0	0.0%	0.0
Project Support Grants	867.5	1,396.1	312.6	22.4%	1,396.1
TOTAL REVENUE AND GRANTS	11,497.6	13,927.3	4,434.9	31.8%	11,381.7
% of GDP	26.6%	27.2%	8.6%		22.1%
PRINCIPAL RECEIPTS FROM LENDING	0.0	4.0	0.0	0.0	4.0
GROSS BORROWING	9,314.4	8,566.6	4,821.5	56.3%	13,189.5
ASSET SALES	0.0	0.0	0.0	0.0	0.0
TOTAL RECEIPTS	9,314.4	8,570.6	4,821.5	56.3%	10,941.8
% of GDP	21.5%	16.7%	9.4%		21.3%

Source: Department of Treasury.

TABLE 2: CENTRAL GOVERNMENT EXPENDITURE AND NET LENDING (Kina Million)

	2014 Actuals	2015 Original	2015 Revised	June Outturn	% of Budget	2015 MYEFO
National Department	7,264.7	8,164.8	8,155.4	2,674.09	33%	8,155.43
Personnel Emoluments	2,025.5	2,211.2	2,172.6	948.9	43%	2,172.65
Goods & Services	1,589.6	1,916.5	1,896.5	553.4	29%	1,896.50
Utilities, Rentals and Property Costs	601.0	812.1	806.0	224.4	28%	805.98
Grants Subsidies and Transfers	1,439.9	1,491.1	1,491.8	473.1	32%	1,491.79
Acquisition of Existing Assets	48.3	18.4	12.2	8.8	48%	12.15
Capital Formation	1,560.5	1,715.5	1,776	465.5	27%	1,776.36
Provincial Government	3,512.8	3,342.6	3,351.0	1,255.0	38%	3,351.0
Personnel Emoluments	1,301.0	3.9	1304.5	577.3	0%	1,304.5
Goods & Services	930.2	83.5	83.5	21.0	25%	83.5
Grants Subsidies and Transfers	1,166.5	3,205.7	755.2	645.2	20%	755.2
Utilities, Rentals and Property Cost	2.4	0.0	0.0	0.0	0%	-
Capital Formation	112.7	49.5	1,207.8	11.5	23%	1,207.8
Autonomous Bougainville Government	230.8	289.0	289.5	64.8	22%	289.5
Personnel Emoluments	63.5	12.6	100.0	38.6	306%	100.0
Goods & Services	0.0	-	-	0.0	0%	-
Grants Subsidies and Transfers	167.3	276.3	74.5	26.2	9%	74.5
Capital Formation	0.0	-	115.0	0.0	0%	115.0
Commercial & Statutory Authorities	1,196.7	782.3	783.3	393.6	50%	783.3
Personnel Emoluments	306.9	318.7	318.7	167.8	53%	318.7
Goods & Services	248.1	171.1	171.3	50.9	30%	171.3
Utilities, Rentals and Property Costs	39.2	47.4	47.4	19.6	41%	47.4
Grants Subsidies and Transfers	143.0	40.4	40.4	23.3	58%	40.4
Acquisition of Existing Asset	-	2.0	2.0	2.0	100%	2.0
Capital Formation	459.4	202.6	203.5	129.9	64%	203.5
Capital Transfers	0.0	0.0	0.0	0.0	0%	-
Interest Payments	953.1	1,130.1	1,129.6	424.6	38%	1,129.6
Domestic Interest Payments	840.4	1,044.1	1,043.6	400.6	38%	1,043.6
Foreign Interest Payments	112.7	86.0	86.0	24.1	28%	86.0
Infrastructure Tax Credits	133.2	207.8	208.0	40.9	20%	208.0
Grants	867.5	1,396.1	1,396.1	312.6	22%	1396.1
Concessional Loan	610.1	886.3	886.3	211.3	24%	886.3
Savings	- 279.0					
Total Expenditure and Net Lending	14,489.8	16,199.1	16,199.1	5,376.9	33%	16,199.1
%GDP	33.5%	31.5%	31.5%	10.4%		31.5%
AMORTIZATION	5,909.4	8,794.4	8,795.4	3,036.3	35%	8,795.4
Domestic	5,721.1	8,618.6	8,618.6	2,946.6	34%	8,618.6
External	188.3	175.8	176.8	89.7	51%	176.8
LOAN REPAYMENTS	-					
TOTAL PAYMENTS	20,399.2	24,993.5	24,994.5	8,413.2	34%	24,994.5
%GDP	47.1%	48.6%	48.6%	16.3%		48.6%

Source: Department of Treasury

TABLE 3: CENTRAL GOVERNMENT FINANCING (Kina Million)

	2014 Actual	2015 Original	2015 Revised	June Outturn	% of Budget	2015 MYEFO
TOTAL REVENUE AND GRANTS	11,497.6	13,927.3	11,381.7	4,434.9	32%	11,381.7
TOTAL EXPENDITURE AND NET LENDING	14,489.8	16,199.1	16,199.1	5,376.9	33%	16,199.1
DEFICIT (-) / SURPLUS (+)	- 2,992.2	- 2,271.8	- 4,817.4	942.1	41% -	4,817.4
% of GDP	-5.8%	-4.4%	-9.4%	-1.8%		-9.4%
NET EXTERNAL FINANCING	421.8	811.0	803.1	121.6	15%	803.1
CONCESSIONAL FINANCING	421.8	853.4	848.0	143.9	17%	848.0
New Borrowing	610.1	986.8	986.9	211.3	21%	986.9
Less Amortisation	- 188.3	- 133.4	- 138.9	67.4	51% -	138.9
COMMERCIAL FINANCING	0.0	0.0	0.0	0.0	0%	-
New Borrowing	0.0	0.0	0.0	0.0	0%	-
Less Amortisation	0.0	0.0	0.0	0.0	0%	-
EXCEPTIONAL FINANCING	0.0	42.4	44.9	22.3	53% -	44.9
New Borrowing	0.0	0.0	0.0	0.0	0%	-
Less Amortisation	0.0	42.4	44.9	-22.3	53% -	44.9
NET DOMESTIC FINANCING	2,983.2	1,461.2	4,014.4	1,663.6	114%	4,014.4
DOMESTIC MARKET BORROWING (NET)	2,983.2	1,038.8	4,014.4	1,663.6	-160%	4,014.4
New Domestic Borrowing	8,704.3	7,579.8	12,202.7	4,610.2	61%	12,202.7
Less Amortisation	- 5,721.1	- 8,618.6	- 8,188.3	2,946.6	34% -	8,188.3
OTHER DOMESTIC FINANCING	- 412.8	0.4	0.1	843.1	-35% -	0.1
ASSET SALES FINANCING	0.0	2,500.0		0.0	0%	-
TOTAL FINANCING REQUIREMENT	2,992.2	2,271.8	4,817.4	942.1	41%	4,817.4
% of GDP	6.91%	4.41%	9.36%	1.83%		0.1
GROSS BORROWING	9,314.4	8,566.6	13,189.5	4,821.5	56%	13,189.5
Domestic	8,704.3	7,579.8	12,202.7	4,610.2	61%	12,202.7
External	610.1	986.8	986.8	211.3	21%	986.8
Concessional	610.1	986.8	986.8	211.3	21%	986.8
Commercial	0.0	0.0	0.0	0.0	0%	-
Extraordinary	0.0	0.0	0.0	0.0	0%	-
GROSS AMORTISATION	5,909.4	8,794.4	8,372.1	3,036.3	35%	8,372.1
Domestic	188.3	8,618.6	8,188.3	2,946.6	34%	8,188.3
External	5,721.1	175.8	183.8	89.7	51%	183.8
Concessional	-	133.4	138.9	67.4	51%	138.9
Commercial	-	0.0		0.0	0%	-
Extraordinary	5,721.1	42.4	44.9	22.3	53%	44.9

Source: Department of Treasury

PART 2

MID YEAR EXPENDITURE ESTIMATES BY AGENCY

2.1 FUNDED EXPENDITURE SINCE THE 2015 BUDGET

Appropriated expenditure for 2015 was K16,199.1 million. There were number of major expenditure priorities budgeted for by the Government. Tuition Fee Free Education, Fee Free Primary Health Care and construction and maintenance of national priority roads and major city roads as well as Agriculture were the top of the priority list.

GoPNG Expenditure up to mid-year is K4,812.1 million against total warrant authorization of K6,738.5 million. Personnel Emoluments accounts for 41 per cent or K1,754.7 million of this expenditure which is K159.4 million over warrant authorization as at mid-year. 27 per cent are Grants, Subsidies and Transfers. Capital formation accounts for 14 per cent while the balance is made up of other goods and services and operational fix costs.

An expenditure reduction is expected to be done through the Parliament due to lower revenue head receipts to date and in the medium term. These proposed reductions are necessary to maintain fiscal discipline as well as maintaining investors' confidence.

Whilst all Government Agencies were appropriated funding in 2015, the Government is cognizant of unforeseen expenditure that might arise during the course of the fiscal year. As such funding are provided under miscellaneous expenditure. The Secretary's Advance is an activity under the miscellaneous expenditure that caters for unforeseen and urgent expenditure. Section 3 of the Appropriation Act allows for the transfer of funds under the Secretary's Advance activity to cater for unforeseen expenditures.

Secretary's Advance was appropriated K50 million. As at mid-year K48.9 million or 98 percent of it has been expended. Major transfers from the Secretary's Advance were in the months of March (K21.7 million or 43 per cent) and April (K20.1 million or 40 per cent). Transfers subsidising operational expenditure (K20.1 million or 21 per cent) took the most from Section 3 transfers followed by funding to cater to the Central, Sandaun and Pomio by elections (K8.7 million or 17 per cent).

Section 4 transfers up to the end of June amounted to K323.8 million of which K89.4 million makes up total internal transfers or transfers within an agency and K234.4 million makes up the total of external transfers or transfers from one agency to another.

Table 16: Secretary's Advance expenditure since the 2015 Budget (Kina, million)

Recipient Department	Amount	Explanation
207 - Treasury & Finance Miscellaneous	1,000,000	Assistance to Chuave District Small to Medium Enterprise (SME)
225 - Department of Justice & Attorney General	483,800	Funding provided for the Land Mediation Unit (DJAG)

Recipient Department	Amount	Explanation
258 - Department of Information & Communication	206,000	Vehicle purchase for Department of Commerce & Industry's Secretary
242 - Department of Community Development	600,000	Additional support to the Civil Registry Office operations.
207 - Treasury & Finance Miscellaneous	1,000,000	Funding for land Mediation relating to Kudjip Township as ordered by the National Court
207 - Treasury & Finance Miscellaneous	2,000,000	Additional support to the Department of Treasury for the fit-outs of their new Office.
259 - Department of Transport	1,500,000	Additional funding to fund the Major Projects Coordination Unit
230 - Electoral Commission	3,692,000	Funding provided for the Pomio By-Election.
207 - Treasury & Finance Miscellaneous	2,049,800	Compensation to Sir Michael T. Somare from loses incurred during his illegal removal from office as Prime Minister and member for East Sepik regional.
205 - NCOBA	108,300	Funded the charter of Q400 to Arawa as the inaugural flight to open the Aropa Airport.
207 - Treasury & Finance Miscellaneous	3,200,000	Funded the M&SE Consultants and Koki Market Development
208 - Department of Treasury	496,000	For payment to Good Morning PNG Publishing for printing magazine 'State of the Economy'.
208 - Department of Treasury	50,000	Funding provided to cater for the late Dr Polume's funeral expenses.
208 - Department of Treasury	2,000,000	Additional funding provided for equipment purchase to address power outage issues.
542 - National Cultural Commission	140,000	Additional funding to settle outstanding claims for PNG Cultural Advisor, Mr Tony Crawford
208 - Department of Treasury	25,000	For funeral expenses of late Mr Petrus Tiki.
509 - Border Development Authority	853,000	Additional funding provided to BDA for replacement of their aging vehicle fleet.
221 - Public Service Commission	136,600	Funding provided for vehicle purchase for the new Public Service Commissioner as SRC leader.
228 - Department of Police	3,400,000	Funding provided for feasibility study for the TAMES.
207 - Treasury & Finance Miscellaneous	4,000,000	
232 - Department of Provincial & Local level Govt Affairs	2,500,000	To cater for review of the Organic Law on Provincial & Local Level Governments
207 - Treasury & Finance Miscellaneous	515,953	Catered for Twivey Lawyers outstanding legal bills.
201 - National Parliament	2,000,000	Additional funding for Parliamentary Committee on Public Sector & Service delivery 2015 operations.
257 - Department of Public Enterprise	3,000,000	For outstanding consultancy bill payments.
206 - Department of Finance	2,500,000	Additional funds to cater for IFMS Roll out Program.

Recipient Department	Amount	Explanation
207 - Treasury & Finance Miscellaneous	1,600,000	For settlement of outstanding legal bills for Pacific Legal Group & Norton Rose Fulbright for providing counsel in financing and restructure of Petromin Holdings Ltd
208 - Department of Treasury	500,000	Additional funding for Ministers IMF/World Bank travel to Washington DC & field trip to Laos
267 - Department of Implementation & Rural Development	250,000	For Cheque replacement for discretionary DSG funds for Mendi District, SHP
203 - Department of Prime Minister & NEC	500,000	To support the office of the Papua New Guinea Trade Commission
247 - Department of Agriculture & Livestock	800,000	Funding provided for the South East Asia Pacific CODEX State Agricultural Minister's Conference held in May.
208 - Department of Treasury	600,000	To facilitate Treasurer and his PNG delegation to the Asian Development Bank in Baku Azerbaijan.
206 - Department of Finance	300,000	Transfer to facilitate NEC approved funding towards the implementation of the Public Expenditure and Financial Accountability (PEFA) program. For the finalization of the Self-Assessment Report amongst other .
230 - Electoral Commission	5,000,000	Funding for Central and Sandaun Provinces' by elections.
208 - Department of Treasury	453,000	Catered for Norton Ros legal bills.
208 - Department of Treasury	1,240,000	Catered for Twivey Lawyers legal bills.
208 - Department of Treasury	200,000	Catered for Minister's commitment to Radio Maria PNG
Total	48,899,453	

Source: Department of Treasury

2.2 2015 BUDGET EXECUTION

The 2015 Budget provided for appropriations of K16,199.1 million, a substantial increase over the 2014 outcome for Total Expenditure of K14,489.8 million.

The 2015 Budget provided for a continuing focus of spending on the Government's key policy priorities of infrastructure development, health services and education. Major spending commitments in these areas in 2015 are listed below:

Table 17: Summary by Government Priority – Mid Year Progress

Other Government Priorities	2015 Budget	2015 MYEFO	WA YTD	% of WA	Exp. YTD	% of Exp.
PSIP	445.0	445.0	87.0	20%	80.0	92%
DSIP	890.0	890.0	352.0	40%	331.0	94%
LLG SIP	31.4	31.4	-	0%	-	0%
Education Subsidies	605.0	605.0	347.2	57%	324.3	93%
Tertiary Education Study Assistance Scheme	67.0	67.0	52.3	78%	-	0%
Medical Equipment	12.2	12.2	12.2	100%	-	0%
Medical Supplies Procurement & Distribution	181.9	181.9	147.9	81%	92.2	62%
Maintenance of National Priority Roads	125.1	125.1	37.5	30%	17.8	47%
National Bridge Maintenance	14.1	14.1	14.1	100%	-	0%
Grand Total	2,371.6	2,371.6	1,050.3	44%	845.3	80%

Source: Department of National Planning and Treasury

Total Government expenditure (excluding donor grants, loans and tax credits) for the first half of the year is K4,812.1 million or 31.0 per cent of the 2015 Original Budget. The rate of spending is lowest for capital works, particularly those funded through National Departments where expenditure is K701.2 million or 50.8 percent of the allocated appropriation. Slower initial spending on capital projects is consistent with the planning and lead times typically associated with these projects. However, the level of spending now required to achieve full expenditure within the Budget year will be challenging for many agencies.

Additionally, given the cash flow situation experienced by the Government due to the fall in world market price of oil, gas and commodities, lower funding limits were given across all agencies and projects. This is expected to contribute to the lag in release of funding and expenditure trends.

Table 18: Summary by Agency Type and Donor Components

Details	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD	Expenditure against Budget (%)
National Department	8,164.8	8,155.4	3,997.9	2,674.1	33%
Commercial & Statutory Authorities	782.3	783.3	405.8	393.6	50%
Provincial Government	3,631.6	3,640.4	1,206.2	1,319.8	36%
Debt Services	1,130.1	1,129.6	1,128.6	424.6	38%
Donor Grants	1,396.1	1,396.1	-	312.6	22%
Concessional Loans	886.3	886.3	-	211.3	19%
ITC	208.0	208.0	-	40.9	20%
Grand Total	16,199.1	16,199.1	6,738.5	5,376.9	33%

Source: Department of Treasury

Table 19: Detail by Budget Component (Kina, million)

Details	2015 Budget	2015 MYEFO	Warrants	Expenditure	Expenditure share of Budget (%)
Operational	8,083.5	8,002.8	3,619.9	3,054.20	38%
National Department	4,440.6	4,527.4	2,406.8	1,707.60	38%
Miscellaneous Expenditure	1,196.0	1,018.6	261.9	260.4	26%
Commercial & Statutory Authorities	488.0	489.0	249.7	253.2	52%
Provincial Government	1,958.9	1,967.7	701.4	833	42%
Debt Services	1,130.1	1,129.6	1,128.6	424.6	38%
Capital Investment - GoPNG	4,495.2	4,576.4	1,990.1	1,333.20	29%
National Department	2,528.2	2,604.6	1,324.5	701.2	27%
Miscellaneous Expenditure	-	4.8	4.8	4.8	100%
Commercial & Statutory Authorities	294.3	294.3	156.0	140.4	48%
Provincial Government	1,672.7	1,672.7	504.8	486.8	29%
Capital Investment - Donor Grants	1,396.1	1,396.1	-	312.6	22%
Capital Investment - Concessional Loans	886.3	886.3	-	211.3	23%
ITC	208.0	208.0	-	40.9	
Grand Total	16,199.1	16,199.1	6,738.5	5,376.9	33%

Source: Department of Treasury

Medium Term Development Plan (MTDP) Enablers

The 2015 Budget saw increased funding for Medium Term Development Plan enablers. The MTDP enablers focused on improving law and order, improving health, education and transport. Additionally, the Operational (formerly recurrent) Budget also provides funding for other activities which do not fit easily within the Medium Term Development Plan key enablers.

Table 20 identifies expenditure by MTDP enablers to 30 June 2015 against Revised Appropriation.

Table 20: Total Expenditure by Priority Sectors excluding Loans, Grants & Tax Credit (Kina, million)

Priority Sectors	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD	Expenditure against Budget (%)
Administration	3,353.1	3,245.1	1,453.5	1,231.6	38%
Community & Culture	77.5	78.2	39.2	36.5	47%
Debt Servicing	1,130.1	1,129.6	1,128.6	424.6	38%
Economic	434.8	433.5	213.8	162.2	37%
Education	1,402.8	1,402.8	799.9	495.5	35%
Health	1,104.6	1,104.6	653.1	452.5	41%
Law & Justice	1,343.8	1,364.3	621.2	432.1	32%
Provinces	3,631.6	3,640.4	1,206.2	1,319.8	36%
Transport	1,130.0	1,206.5	566.3	210.9	17%
Utilities	100.6	103.9	56.5	46.2	45%
Grand Total	13,708.9	13,708.9	6,738.5	4,812.1	35%

Source: Department of Treasury

The Government is maintaining high expenditure in all critical areas of the MTDP, to drive the enablers of growth and development. Warranting of funds has been particularly high in the Health (60%) and Education Sector (57%) including all funds under the Tuition Fee Free policy.

Expenditure against the Education enabler is driven by Personnel Emoluments expenses, for teachers in the Provinces and funding for Tuition Fee Free Education.

Expenditure for the Health Enabler is largely driven by Personnel Emoluments expenses, primarily for the staff of the hospitals around PNG under the Hospital Management Service, administered by the Department of Health.

In 2015, expenditure for the Law and Order enabler is influenced by Defence, Police and Correctional Services which involves improvement and upgrade of these disciplinary forces.

Expenditure for the Transport and Infrastructure enabler is strongly influenced by the performance of the Department of Works.

Table 21: Personnel Emoluments and Goods & Services Expenditure to 30 June 2015 by Funding Type (Kina, million)

Details	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD	Expenditure against Budget (%)
Operational	8,083.5	8,002.8	3,619.9	3,052.2	38%
Personnel Emoluments	3,931.9	3,893.4	1,593.0	1,749.1	44%
Goods & Services	4,151.6	4,109.4	2,026.9	1,305.1	31%
Debt (Interest Repayment)	1,130.1	1,129.6	1,128.6	424.6	38%
Capital Investment - GoPNG	4,495.2	4,576.4	1,990.1	1,333.3	30%
Personnel Emoluments	2.4	2.4	2.3	5.5	229%
Goods & Services	4,492.7	4,574.0	1,987.7	1,327.7	30%
Capital Investment - Donor Grants	1,396.1	1,396.1	-	312.6	22%
Capital Investment - Concessional Loans	886.3	886.3	-	211.3	24%
ITC	208.0	208.0	-	40.9	20%
Grand Total	16,199.1	16,199.1	6,738.5	5,376.9	33%

Source: Department of Treasury

In total, Personal Emoluments expenditure is trending very close to Budget at 44.5 percent. A continuation of this trend would result in an underspend of more than K100 million. However, under-expenditure is unlikely as the items causing the underspend to date are leave fares and retirement/retranchment payments, both of which tend to increase in the latter part of the year. Another factor that would contribute to Personnel Emoluments expenditure higher in the second half of the year would be the vacant positions that normally get filled towards the third and fourth quarters of the fiscal year.

Table 22: Personnel Emoluments Expenditure to 30 June 2015 by Account Type (Kina, Million)

Details	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD	Expenditure against Budget (%)
Operational	3,931.9	3,893.4	1,593.0	1,749.1	44%
ABG Community Auxiliary	1.5	1.5	0.7	0.5	36%
ABG Electoral Commission	1.7	1.7	0.8	0.6	36%
Contract officers Education					
Benefits	10.5	10.5	6.3	4.3	41%
Land Mediators	4.4	4.4	1.9	1.6	36%
Leave Fares	79.3	79.2	47.6	19.2	24%
Member for Parliament					
Allowances	76.2	76.2	33.4	26.2	34%
Overtime	16.0	16.1	9.9	12.3	77%
Parliamentary Services	9.0	9.0	4.1	3.3	36%
Public Service Leave Fare	13.1	13.1	5.9	4.7	36%
Retirement, Pensions, Gratuities	416.7	386.1	102.5	141.7	34%
Salaries and Allowances	1,757.8	1,728.7	813.8	1,419.4	81%
Staffing Grants	403.4	403.4	136.0	2.0	0%
Teachers Leave Fares	34.8	34.8	14.6	11.3	33%
Teachers' Salaries Grant	936.1	936.1	294.3	4.0	0%
Unidentified Payroll Expenditure				15.9	0%
Village Court Allowances	0.5	0.5			0%
Wages	171.0	192.1	121.2	82.1	48%

Capital Investment - GoPNG	2.4	2.4	2.3	5.5	228%
Leave Fares	0.1	0.1	0.1	0.1	79%
Salaries and Allowances	2.0	2.0	2.0	5.2	261%
Wages	0.4	0.4	0.3	0.3	0%
Grand Total	3,934.3	3,895.8	1,595.3	1,754.7	76%

Note: A positive number represents underspend whilst negative number represents overspend

Source: Department of Treasury

Total Goods and Services expenditure is well under Budget. As noted above this trend is driven by low early spending on development projects and capital works. Details are provided in Table 20.

Table 23: Goods & Services Expenditure to 30 June 2015 by Account Type (Kina, million)

Details	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD	Expenditure against Budget (%)
Operational	4,151.6	4,109.4	2,026.9	1,305.1	31%
ABG Chief Tax Collector	2.5	2.5	1.1	0.9	35%
Acquisition of Lands, Buildings Assets	14.4	3.4	3.4	0.1	0%
Administration Grant	32.4	40.7	22.1	19.6	60%
Administrative Consultancy Fees	68.7	71.8	28.3	16.1	23%
Agriculture Function Grant					0%
Construction Renovation and Improvement	83.8	71.1	21.6	6.4	8%
Domestic Travel	15.8	15.8	9.3	6.5	41%
Education Function Grant	108.6	108.6	45.7	37.1	34%
Feasibility Studies, Project Preparation and Design	5.1	5.1	4.8	0.3	5%
G/S-Pub & Dpt	5.0	5.0	0.1		0%
Goods & Services Grants - ABG	20.8	21.3	9.5	7.7	37%
Grants and Transfers to Public Authorities	666.1	666.1	388.6	349.1	52%
Grants to Individuals and Non-Profit Organisations	115.7	116.0	75.9	12.2	11%
Health Function Grant	99.8	99.8	41.9	34.0	34%
Information & Communication Technology	0.7	0.7	0.4	0.3	45%
Infrastructure Grant	137.3	137.3	63.2	52.0	38%
Land Mediation	1.4	1.4	0.6	0.5	34%
LLG Village Services Grant	55.9	55.9	20.0	15.1	27%
Membership Fees and Contributions	19.2	19.3	12.8	9.8	51%
National Functions and Powers Grants	0.8	0.8	0.3	0.3	35%
Office Furniture and Equipment	31.6	33.8	17.1	9.6	30%
Office Materials and Supplies	38.4	38.5	20.8	13.0	34%
Operational Materials and Supplies	355.9	357.3	251.7	132.7	37%
Other Operational Expenses	934.4	889.0	337.2	206.0	22%
Plant Equipment and Machinery	54.8	54.8	26.8	5.0	9%
Police & Services Grants - ABG	3.8	3.8	1.6	1.3	35%
Primary Production Grant	33.6	33.6	14.0	11.3	34%
Purchase of Vehicles	17.2	18.7	11.0	6.4	37%
Rental Accommodation				93.9	0%
Rentals of Property	286.3	286.1	172.0	31.9	11%
Routine Maintenance	330.6	329.8	105.4	54.1	16%
Service Delivery Grant	46.5	46.5	19.2	15.6	34%
Substantial and Specific Maintenance	43.6	39.8	14.1	0.9	2%
Towns and Urban Services Grants	3.7	3.7	0.8	0.4	10%
Training	63.3	61.3	31.1	15.9	25%

Details	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD	Expenditure against Budget (%)
Transport and Fuel	75.4	77.2	40.4	22.1	29%
Travel and Subsistence	133.7	149.1	83.5	50.9	38%
Utilities	237.7	236.6	127.7	63.9	27%
Village Courts Grant	7.3	7.3	3.1	2.5	34%
Capital Investment (GoPNG)	4,492.7	4,574.0	1,987.7	1,327.7	30%
Acquisition of Lands, Buildings and Intangible Assets	6.0	10.8	10.8	10.8	179%
Administrative Consultancy Fees	9.2	15.6	6.2	6.2	67%
Construction Renovation and Improvement	1,608.8	1,683.8	1,024.9	541.5	34%
Domestic Travel	0.3	0.3	0.2	0.2	66%
Feasibility Studies, Project Preparation and Design	30.0	30.0	24.9	22.6	75%
G/S-Pub & Dpt	10.0	10.0			0%
Grants and Transfers to Public Authorities	939.8	940.1	220.6	204.5	22%
Grants to Individuals and Non-Profit Organisations	42.2	42.2	33.8	12.7	30%
Information & Communication Technology	10.2	10.2	9.1	8.9	88%
Office Materials and Supplies	0.2	0.2	0.1	0.1	68%
Operational Materials and Supplies	1.2	1.2	1.2	0.3	20%
Other Operational Expenses	451.7	451.1	247.2	148.5	33%
Plant Equipment and Machinery	0.7				0%
Purchase of Vehicles		0.1			0%
Rentals of Property	0.6	0.6	0.2	0.1	18%
Routine Maintenance	4.3	0.3	0.1	0.1	3%
Substantial and Specific Maintenance	81.3	81.3	5.0	5.0	6%
Training	22.5	22.5	18.5	6.5	29%
Transfer to Government Organisations	1,273.3	1,273.3	380.0	355.0	28%
Transport and Fuel	0.2	0.2	0.2	0.2	74%
Travel and Subsistence	0.1	0.1	0.1	0.1	100%
Unclassified Development			4.4	4.4	0%
Utilities	0.1	0.1	0.1	0.1	76%
Capital Investment - Donor Grants	1,396.1	1,396.1		312.6	22%
Capital Investment - Concessional Loans	886.3	886.3		211.3	24%
ITC	208.0	208.0		40.9	20%
Debt Services	1,130.1	1,129.6	1,128.6	424.6	38%
Grand Total	12,264.8	12,303.4	5,143.2	3,622.2	30%

Source: Department of Treasury

FUNDING FOR CAPITAL INVESTMENT EXPENDITURE

Table 24: Domestic Expenditure towards Government priority projects 2014-15 (Kina Millions)

Div	Agency	Project Title	2015 MYEFO	Warrant YTD	June Outturn	Warrant, % of Revised	Outturn, % of Revised
203	PM & NEC	South Pacific Games 2015	360.0	360.0	360.0	100%	100%
223	Judiciary Services	Waigani Court House Design and Construction	180.0	35.0	35.0	19%	19%
229	DNPM	District Education Infrastructure	267.0	50.0	39.0	19%	15%
229	DNPM	District Health Infrastructure	178.0	50.0	21.5	28%	12%
229	DNPM	National Land and Housing Program	70.0	65.0	47.5	93%	68%
229	DNPM	National E-ID Card Project	55.0	10.0	7.7	18%	14%
229	DNPM	PNG Church State Partnership Program	25.0	22.0	1.5	88%	6%
235	NDOE	Schools of Excellence (equally to 7 schools)	25.0	12.4	-	50%	0%
236	OHE	University Infrastructure Rehabilitation	62.5	29.0	-	46%	0%
236	OHE	Teacher's Colleges Rehabilitation (equally to 8 colleges)	40.0	29.0	-	73%	0%
236	OHE	Nursing Colleges (equally to 8 colleges)	40.0	32.0	-	80%	0%
236	OHE	Technical and Business College (TVET) (equally to 13 Colleges)	40.0	32.0	-	80%	0%
241	HMS	All Provincial Hospitals	308.9	61.0	10.0	20%	3%
247	DAL	Productive Partnership for Agriculture Development	23.0	2.3	0.5	10%	2%
252	Lands	Customary Land Acquisition (complementary to Housing Program)	20.0	12.0	-	60%	0%
264	DoW	Port Moresby City Roads	233.5	125.0	45.0	54%	19%
264	DoW	Highlands Highway, Lae- Nadzab Road (4Lane)	70.0	9.0	2.2	13%	3%
264	DoW	Highlands Highway, Tari - Mendi Road (Upgrading & Sealing)	40.0	40.0	5.5	100%	14%
264	DoW	Highlands Highway, Togoba-Kisenepoi (Upgrading & Sealing)	25.0	-	-	0%	0%
264	DoW	Highlands Highway, Komo - Tari Road (Upgrading & Sealing)	20.0	20.0	-	100%	0%
264	DoW	Highlands Highway, Mt. Hagen Entry & Exit	20.0	-	-	0%	0%
264	DoW	Lae City Roads (Regional Centre)	20.0	10.0	7.0	50%	35%
537	NAC	CADIP Program -	121.0	19.0	19.0	16%	16%

Tranche 1 & 2							
537	NAC	Port Moresby International Terminal Building Upgrade : Stage 1	30.0	30.0	30.0	100%	100%
543	NDB	Agriculture and SME Funding	40.0	-	-	0%	0%
546	PNG Power	PNG Towns' Electricity Investment Project	59.1	-	-	0%	0%
546	PNG Power	Port Moresby Grid Development	34.9	6.0	6.0	17%	17%
All Provinces		Provincial Support Improvement Programm (PSIP)	445.0	87.0	80.0	20%	18%
All Districts		District Support Improvement Programm (DSIP)	890.0	352.0	332.0	40%	37%
All LLGs		LLG Support Improvement Programm (LLGSIP)	31.4	-	-	0%	0%
Total			3,774.3	1,499.7	1,049.4	40%	28%

Source: Department of National Planning

The Government of PNG has committed to delivering an ambitious set of priority projects, which will drive development in key sectors of the Medium Term Development Plan. These include Transport, Education, Health, Law & Justice, Utilities and the Strategic Assets of the Strategy for Responsible Sustainable Development (StaRS). Expenditure towards these key priorities has been affected by the same cash flow issues as the capital investment component in general. DNPM will maintain its close linkage with implementing agencies to ensure that the Government's key priorities are delivered within the realities of the 2015 Budget. A progress update of all critical development projects and activities can be found in the Critical Activity Matrix, provided by the Department of National Planning and Monitoring.

PART 3 ATTACHMENTS

ATTACHMENT A	SUMMARY OF NATIONAL BUDGET EXPENDITURE BY AGENCY
ATTACHMENT B	NATIONAL DEPARTMENT BUDGET EXPENDITURE
ATTACHMENT C	COMMERCIAL STATUTORY AGENCY BUDGET EXPENDITURE
ATTACHMENT D	PROVINCIAL ADMINISTRATION BUDGET EXPENDITURE

Attachment A:

SUMMARY OF NATIONAL BUDGET EXPENDITURE BY AGENCY MYEFO 2015 (KINA, MILLION)

Details	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD
National Department	9,294.9	9,285.0	5,126.5	3,098.7
Operational	6,766.7	6,675.6	3,797.3	2,392.7
Personnel Emoluments	2,208.8	2,170.2	975.4	947.8
Goods & Services	3,427.8	3,375.8	1,693.3	1,020.3
Debt (Interest Repayment)	1,130.1	1,129.6	1,128.6	424.6
Capital Investment	2,528.2	2,609.4	1,329.2	706.0
Personnel Emoluments	2.4	2.4	2.3	1.1
Goods & Services	2,525.7	2,607.0	1,326.9	705.0
Commercial & Statutory				
Authorities	782.3	783.3	405.8	393.6
Operational	488.0	489.0	249.7	253.2
Personnel Emoluments	318.7	318.7	159.3	166.5
Goods & Services	169.3	170.3	90.5	86.7
Capital Investment	294.3	294.3	156.0	140.4
Personnel Emoluments	0.0	0.0	0.0	1.3
Goods & Services	294.3	294.3	156.0	139.1
Provincial Government	3,631.6	3,640.4	1,206.2	1,319.8
Operational	1,958.9	1,967.7	701.4	833.0
Personnel Emoluments	1,404.4	1,404.4	458.3	634.8
Goods & Services	554.4	563.3	243.1	198.1
Capital Investment	1,672.7	1,672.7	504.8	486.8
Personnel Emoluments	0.0	0.0	0.0	3.2
Goods & Services	1,672.7	1,672.7	504.8	483.7
Grand Total	13,708.8	13,708.8	6,738.5	4,812.1

Source: Department of Treasury

Attachment B:

NATIONAL DEPARTMENT BUDGET EXPENDITURE MYEFO 2015 (KINA, MILLION)

Details	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD
Operational	6,766.7	6,675.6	3,797.3	2,392.7
Personnel Emoluments	2,208.8	2,170.2	975.4	947.8
201 National Parliament	118.9	118.9	57.8	47.6
202 Office of Governor-General	3.2	3.2	1.5	1.5
203 Department of Prime Minister & NEC	56.6	56.6	28.3	21.0
204 National Statistical Office	6.6	6.6	3.3	2.9
205 Office of Bougainville Affairs	2.2	2.2	1.1	1.0
206 Department of Finance	19.4	19.4	8.5	8.4
207 Treasury and Finance - Miscellaneous	336.4	286.4	39.4	90.4
208 Department of Treasury	19.8	16.3	6.8	4.9
209 Registrar For Political Parties	4.9	4.9	2.4	2.0
211 PNG Customs Service	26.8	26.8	13.2	0.2
212 Information Technology Division	5.8	5.8	2.9	0.9
213 Fire Services	17.1	17.1	8.9	10.1
215 PNG Immigration and Citizenship Services	12.9	12.9	6.5	10.7
216 Internal Revenue Commission	32.5	32.5	16.1	28.2
217 Department of Foreign Affairs and Trade	38.2	36.6	20.0	19.3
218 Office of the Public Prosecutor	5.1	5.1	2.6	2.2
219 PNG Institute of Public Administration	6.6	6.6	1.8	1.9
220 Department of Personnel Management	15.9	15.9	8.0	5.2
221 Public Service Commission	5.9	5.9	2.9	2.0
222 Office of the Public Solicitor	8.8	8.8	4.4	3.9
223 Judiciary Services	64.7	64.7	32.3	57.0
224 Magisterial Services	30.7	30.7	15.4	25.8
225 Department of Attorney-General	86.8	86.8	43.4	29.1
226 Department of Corrective Institutional Services	79.6	79.6	39.8	27.3
227 Provincial Treasuries	35.6	35.6	18.1	15.1
228 Department of Police	188.4	188.4	103.4	89.5
229 Department of National Planning and				
Monitoring	12.3	12.3	6.1	4.6
230 Electoral Commission	7.6	7.6	3.7	2.0
231 National Intelligence Organisation	3.1	3.1	1.5	1.7
232 Provincial and Local Government Affairs	9.3	29.2	24.6	3.6
233 Office of Censorship	2.7	2.7	1.2	0.0
234 Department of Defence	112.2	111.7	49.6	51.3
235 Department of Education	146.5	146.5	61.0	52.2
236 Department of Higher Education Research				
Science & Technology	6.2	6.2	2.6	1.5
237 PNG National Commission for UNESCO	2.4	2.4	0.8	0.9

Details	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD
238 Milne Bay Provincial Health Authority	23.1	23.1	11.6	2.4
239 Western Highlands Provincial Health Authority	26.4	26.4	13.2	2.9
240 Department of Health	77.5	77.5	40.5	35.1
241 Hospital Management Services	343.4	291.2	154.1	201.6
242 Department of Community Development	10.1	10.2	5.2	4.5
243 National Volunteer Services	1.6	1.6	0.8	1.0
244 Eastern Highlands Provincial Health Authority	25.3	25.3	12.4	3.8
245 Conservation and Environment Protection Authority	9.0	9.0	4.5	2.6
246 Office of Urbanization	1.4	1.4	0.7	0.5
247 Department of Agriculture and Livestock	11.7	11.7	6.0	4.8
251 PNG Science & Technology Secretariat	2.5	2.5	0.9	0.9
252 Department of Lands and Physical Planning	16.3	16.3	6.8	7.3
253 West New Britain Provincial Health Authority	0.0	18.6	8.4	1.3
254 Department of Mineral Policy and Geohazards Management	5.7	5.7	2.9	2.5
255 Department of Petroleum and Energy	11.0	11.0	3.2	3.4
256 Manus Provincial Health Authority	0.0	6.8	3.1	0.6
257 Department of Public Enterprises	2.4	2.4	1.3	0.7
258 Department of Information and Communication	2.1	2.1	1.0	0.7
259 Department of Transport	12.5	12.5	6.2	5.3
260 Enga Provincial Health Authority	0.0	14.5	6.6	0.7
261 Department of Commerce and Industry	7.4	7.4	3.8	2.7
262 Department of Industrial Relations	15.2	15.2	7.6	6.2
263 National Tripartite Consultative Council	0.5	0.5	0.2	0.1
264 Department of Works and Implementation	62.4	59.4	23.8	25.7
266 Sandaun Provincial Health Authority	0.0	12.3	5.6	0.9
267 Office of Rural Development	7.4	7.4	3.7	1.9
268 Central Supply & Tenders Board	1.5	1.5	0.7	0.8
269 Office of Tourism Arts and Culture	1.0	1.0	0.5	0.9
Goods & Services	3,427.8	3,375.8	1,693.3	1,020.3
201 National Parliament	46.8	48.8	24.7	18.9
202 Office of Governor-General	4.0	4.0	2.0	1.3
203 Department of Prime Minister & NEC	39.3	54.5	32.4	26.0
204 National Statistical Office	3.0	3.0	2.0	0.0
205 Office of Bougainville Affairs	2.8	2.9	1.5	1.3
206 Department of Finance	16.0	16.3	7.5	5.6
207 Treasury and Finance - Miscellaneous	859.6	732.2	222.5	170.1
208 Department of Treasury	10.4	18.9	11.7	6.0
209 Registrar For Political Parties	4.3	4.3	2.7	2.4
211 PNG Customs Service	23.4	23.4	10.9	3.7
212 Information Technology Division	14.7	14.7	7.0	5.0

Details	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD
213 Fire Services	7.7	7.7	3.7	2.4
216 Internal Revenue Commission	28.1	28.1	13.2	17.5
217 Department of Foreign Affairs and Trade	37.6	44.2	25.3	23.9
218 Office of the Public Prosecutor	3.5	3.5	1.8	0.6
219 PNG Institute of Public Administration	2.3	2.3	0.8	0.5
220 Department of Personnel Management	9.4	9.4	5.7	4.0
221 Public Service Commission	2.6	2.7	1.3	0.0
222 Office of the Public Solicitor	5.4	5.4	3.0	2.3
223 Judiciary Services	85.3	85.3	39.6	39.6
224 Magisterial Services	9.6	9.6	4.6	4.6
225 Department of Attorney-General	24.3	24.7	14.0	11.5
226 Department of Corrective Institutional Services	49.6	52.0	27.3	5.1
227 Provincial Treasuries	12.7	12.7	6.1	5.1
228 Department of Police	178.8	193.9	86.9	21.7
229 Department of National Planning and Monitoring	9.8	9.8	4.7	3.1
230 Electoral Commission	19.3	28.0	18.1	9.0
231 National Intelligence Organisation	2.8	2.8	1.4	1.3
232 Provincial and Local Government Affairs	8.0	10.6	6.4	2.9
233 Office of Censorship	1.0	1.0	0.4	0.4
234 Department of Defence	149.0	152.0	78.1	0.0
235 Department of Education	778.0	778.0	434.1	356.6
236 Department of Higher Education Research Science & Technology	78.9	78.9	62.6	0.0
237 PNG National Commission for UNESCO	2.0	2.0	0.6	0.2
238 Milne Bay Provincial Health Authority	5.4	5.4	2.5	2.5
239 Western Highlands Provincial Health Authority	7.4	7.4	3.5	3.5
240 Department of Health	277.8	277.8	237.5	120.6
241 Hospital Management Services	154.0	135.9	67.8	43.6
242 Department of Community Development	6.0	6.5	3.3	2.2
243 National Volunteer Services	1.2	1.2	0.6	0.6
244 Eastern Highlands Provincial Health Authority	6.3	6.3	2.7	2.7
245 Conservation and Environment Protection Authority	13.6	13.6	6.5	0.0
246 Office of Urbanization	0.6	0.6	0.3	0.0
247 Department of Agriculture and Livestock	4.1	4.9	2.7	2.7
251 PNG Science & Technology Secretariat	1.8	1.8	0.8	0.8
252 Department of Lands and Physical Planning	22.6	22.6	13.4	0.0
253 West New Britain Provincial Health Authority	0.0	5.5	2.3	2.3
254 Department of Mineral Policy and Geohazards Management	4.0	4.0	2.1	1.8
255 Department of Petroleum and Energy	10.9	13.6	8.2	5.3
256 Manus Provincial Health Authority	0.0	3.1	1.3	1.3

Details	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD
257 Department of Public Enterprises	5.9	8.9	5.8	1.2
258 Department of Information and Communication	2.9	3.1	1.4	1.0
259 Department of Transport	13.2	13.2	6.2	2.1
260 Enga Provincial Health Authority	0.0	4.2	1.7	1.7
261 Department of Commerce and Industry	8.4	8.4	4.1	3.0
262 Department of Industrial Relations	13.8	13.8	9.5	0.1
263 National Tripartite Consultative Council	0.5	0.5	0.3	0.0
264 Department of Works and Implementation	330.5	333.5	138.5	64.2
266 Sandaun Provincial Health Authority	0.0	5.3	2.2	2.2
267 Office of Rural Development	5.0	5.0	2.4	1.7
268 Central Supply & Tenders Board	1.4	1.4	0.6	0.3
269 Office of Tourism Arts and Culture	1.0	1.0	0.4	0.4
Debt (Interest Repayment)	1,130.1	1,129.6	1,128.6	424.6
299 Treasury and Finance - Public Debt Charges	1,130.1	1,129.6	1,128.6	424.6
Capital Investment	2,528.2	2,609.4	1,329.2	706.0
Personnel Emoluments	2.4	2.4	2.3	1.1
206 Department of Finance	2.0	2.0	2.0	0.8
247 Department of Agriculture and Livestock	0.4	0.4	0.3	0.3
Goods & Services	2,525.7	2,607.0	1,326.9	705.0
203 Department of Prime Minister & NEC	408.0	408.0	398.2	393.8
206 Department of Finance	23.0	25.5	11.1	9.7
207 Treasury and Finance - Miscellaneous	0.0	4.8	4.8	4.8
208 Department of Treasury	206.4	208.4	58.7	33.6
211 PNG Customs Service	2.0	2.0	0.0	0.0
216 Internal Revenue Commission	16.0	16.0	7.2	9.1
220 Department of Personnel Management	3.0	3.0	0.0	0.0
222 Office of the Public Solicitor	5.0	5.0	2.4	0.0
223 Judiciary Services	190.0	190.0	39.0	39.0
224 Magisterial Services	0.0	0.0	0.0	0.0
225 Department of Attorney-General	7.0	7.0	4.6	0.7
226 Department of Corrective Institutional Services	10.0	10.0	7.7	0.0
229 Department of National Planning and Monitoring	583.5	583.5	227.5	153.8
235 Department of Education	31.6	31.6	17.2	1.4
236 Department of Higher Education Research Science & Technology	197.5	197.5	137.0	0.0
240 Department of Health	6.4	6.4	5.9	3.5
241 Hospital Management Services	132.7	132.7	61.0	10.0
242 Department of Community Development	5.2	5.2	2.3	1.8
245 Conservation and Environment Protection Authority	7.0	7.0	5.3	0.0
247 Department of Agriculture and Livestock	4.4	4.4	3.7	3.6

Details	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD
252 Department of Lands and Physical Planning	20.0	15.2	12.0	0.0
254 Department of Mineral Policy and Geohazards Management	0.0	0.0	0.0	0.0
255 Department of Petroleum and Energy	1.0	1.0	0.0	0.0
258 Department of Information and Communication	3.0	3.0	1.5	0.0
259 Department of Transport	1.0	2.5	1.9	1.6
261 Department of Commerce and Industry	3.6	3.6	3.0	3.0
262 Department of Industrial Relations	5.0	5.0	4.4	0.0
264 Department of Works and Implementation	598.0	673.0	310.7	35.6
267 Office of Rural Development	55.5	55.8	0.0	0.0
Grand Total	9,294.9	9,285.0	5,126.5	3,098.7

Source: Department of Treasury

Attachment C:

COMMERCIAL STATUTORY AUTHORITY BUDGET EXPENDITURE MYEFO 2015 (KINA, MILLION)

Details	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD
Operational	488.0	489.0	249.7	253.2
Personnel Emoluments	318.7	318.7	159.3	166.5
501 Konebada Petroleum Park Authority	3.8	3.8	1.9	1.9
502 Office of the Auditor-General	15.6	15.6	7.9	7.9
503 Ombudsman Commission	12.5	12.5	6.3	6.3
505 National Research Institute	4.0	4.0	1.7	1.7
506 National Training Council	1.1	1.1	0.6	1.1
507 National Economic & Fiscal Commission	1.9	1.9	1.0	1.0
509 Border Development Authority (BDA)	2.6	2.6	1.3	1.3
510 Legal Training Institute	1.7	1.7	0.9	0.9
511 Papua New Guinea Climate Change				
Authority	3.1	3.1	1.6	3.3
512 University of Papua New Guinea	47.9	47.9	23.9	23.9
513 University of Technology	36.6	36.6	18.3	18.3
514 University of Goroka	18.4	18.4	9.2	9.2
515 University of Environment & Natural				
Resources	17.2	17.2	8.6	8.6
516 Papua New Guinea Sports Foundation	7.3	7.3	3.6	3.6
517 National Narcotics Bureau	2.4	2.4	1.2	1.3
518 PNG Maritime College	4.1	4.1	1.8	1.8
519 National Aids Council Secretariat	7.1	7.1	3.5	3.5
520 Institute of Medical Research	8.3	8.3	4.1	4.1
521 National Youth Commission	1.6	1.6	0.7	1.3
522 Constitutional and Law Reform				
Commission	2.6	2.6	1.3	1.3
523 Papua New Guinea Accidents Investigation				
Commission	5.5	5.5	2.8	2.3
525 National Broadcasting Commission	16.9	16.9	8.4	7.0
526 National Maritime Safety Authority	1.7	1.7	0.9	0.9
530 Investment Promotion Authority	1.5	1.5	0.8	0.8
531 Small Business Development Corporation	3.1	3.1	1.5	1.5
532 National Institute of Standards & Industrial				
Technology	2.1	2.1	0.9	1.6
533 Industrial Centers Development				
Corporation	2.6	2.6	1.3	1.3
536 Kokonas Industry Koproration	0.1	0.1	0.0	0.0
539 National Museum and Art Gallery	4.0	4.0	2.0	2.9
541 National Housing Corporation	0.0	0.0	0.0	-0.7
542 National Cultural Commission	3.5	3.5	1.7	2.6
549 Office of Coastal Fisheries Development				
Agency	1.8	1.8	0.9	0.8
550 Cocoa Coconut Institute Ltd	7.0	7.0	3.5	3.5

Details	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD
551 Fisheries (project)	0.0	0.0	0.0	0.0
553 Fresh Produce Development Company	3.4	3.4	1.7	1.7
554 PNG Coffee Industry Corporation	1.9	1.9	1.0	1.0
557 PNG National Forest Authority	23.5	23.5	11.7	11.7
558 Tourism Promotion Authority	2.1	2.1	1.0	1.0
562 National Agriculture Research Institute	10.0	10.0	5.0	5.0
563 National Agriculture Quarantine & Inspection Authority	5.1	5.1	2.6	6.9
565 Civil Aviation Safety Authority	13.2	13.2	6.5	6.6
566 Cocoa Board	3.7	3.7	2.4	2.4
569 Independent Consumer and Competition Commission	6.2	6.2	3.1	3.1
Goods & Services	169.3	170.3	90.5	86.7
501 Konebada Petroleum Park Authority	1.6	1.6	1.6	1.6
502 Office of the Auditor-General	13.4	13.4	6.4	6.4
503 Ombudsman Commission	9.6	9.6	4.6	4.6
505 National Research Institute	1.4	1.4	0.6	0.6
506 National Training Council	2.0	2.0	1.0	1.0
507 National Economic & Fiscal Commission	2.3	2.3	1.7	1.7
509 Border Development Authority (BDA)	2.6	3.5	2.1	2.1
510 Legal Training Institute	1.9	1.9	0.9	0.9
511 Papua New Guinea Climate Change Authority	6.1	6.1	2.9	2.9
512 University of Papua New Guinea	5.0	5.0	2.4	2.4
513 University of Technology	10.4	10.4	5.0	5.0
514 University of Goroka	2.9	2.9	1.4	1.4
515 University of Environment & Natural Resources	1.7	1.7	0.8	0.8
516 Papua New Guinea Sports Foundation	10.3	10.3	5.7	5.7
517 National Narcotics Bureau	2.2	2.2	0.9	0.0
518 PNG Maritime College	0.4	0.4	0.1	0.1
519 National Aids Council Secretariat	1.7	1.7	0.8	0.8
520 Institute of Medical Research	1.8	1.8	0.9	0.9
521 National Youth Commission	3.4	3.4	1.4	1.4
522 Constitutional and Law Reform Commission	1.1	1.1	0.5	0.5
523 Papua New Guinea Accidents Investigation Commission	1.9	1.9	0.9	0.8
525 National Broadcasting Commission	26.5	26.5	20.5	19.7
526 National Maritime Safety Authority	6.2	6.2	2.9	2.9
530 Investment Promotion Authority	2.5	2.5	1.2	1.2
531 Small Business Development Corporation	0.4	0.4	0.2	0.2
532 National Institute of Standards & Industrial Technology	2.0	2.0	0.8	0.7
533 Industrial Centers Development Corporation	0.8	0.8	0.4	0.4

Details	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD
536 Kokonas Industry Koproration	1.1	1.1	0.5	0.5
539 National Museum and Art Gallery	4.6	4.6	2.1	2.1
541 National Housing Corporation	0.3	0.3	0.1	0.1
542 National Cultural Commission	1.6	1.8	0.9	0.9
545 Rural Airstrip Authority	5.9	5.9	1.8	0.0
549 Office of Coastal Fisheries Development				
Agency	1.1	1.1	0.5	0.4
550 Cocoa Coconut Institute Ltd	1.3	1.3	0.8	0.8
553 Fresh Produce Development Company	3.2	3.2	1.5	1.5
554 PNG Coffee Industry Corporation	1.5	1.5	0.7	0.7
557 PNG National Forest Authority	8.2	8.2	3.9	3.9
558 Tourism Promotion Authority	9.6	9.6	4.6	4.6
562 National Agriculture Research Institute	1.3	1.3	0.6	0.6
565 Civil Aviation Safety Authority	1.1	1.1	0.5	0.5
566 Cocoa Board	1.0	1.0	1.0	1.0
569 Independent Consumer and Competition				
Commission	5.6	5.6	2.7	2.7
Capital Investment	294.3	294.3	156.0	140.4
Personnel Emoluments	0.0	0.0	0.0	1.3
516 Papua New Guinea Sports Foundation	0.0	0.0	0.0	1.3
Goods & Services	294.3	294.3	156.0	139.1
509 Border Development Authority (BDA)	6.0	6.0	0.5	0.5
510 Legal Training Institute	10.0	10.0	2.0	2.0
515 University of Environment & Natural				
Resources	10.0	10.0	10.0	8.5
516 Papua New Guinea Sports Foundation	5.0	5.0	2.8	2.4
524 Independent Public Business Corporation	13.0	13.0	9.5	9.0
526 National Maritime Safety Authority	6.0	6.0	4.6	4.6
535 Mineral Resources Authority	48.3	48.3	39.3	39.3
537 National Airports Corporation	56.0	56.0	49.0	49.0
539 National Museum and Art Gallery	2.0	2.0	2.0	0.0
543 National Development Bank	50.0	50.0	0.0	0.0
546 PNG Power Limited	28.0	28.0	7.0	7.0
549 Office of Coastal Fisheries Development				
Agency	25.0	25.0	17.5	6.5
551 Fisheries (project)	20.0	20.0	2.8	1.3
567 National Road Authority	15.0	15.0	9.0	9.0
Grand Total	782.3	783.3	405.8	393.6

Source: Department of Treasury

Attachment D:

PROVINCIAL ADMINISTRATION BUDGET EXPENDITURE MYEFO 2015 (KINA, MILLION)

Details	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD
Operational	1,958.9	1,967.7	701.4	833.0
Personnel Emoluments	1,404.4	1,404.4	458.3	634.8
571 Fly River Provincial Administration	48.5	48.5	15.0	22.6
572 Gulf Provincial Administration	31.6	31.6	9.9	12.5
573 Central Provincial Administration	56.7	56.7	22.0	28.5
574 National Capital District	0.0	0.0	0.0	0.0
575 Milne Bay Provincial Administration	61.3	61.3	18.8	24.5
576 Oro Provincial Administration	31.8	31.8	11.7	15.7
577 Southern Highlands Provincial Administration	82.2	82.2	19.4	51.3
578 Enga Provincial Administration	51.8	51.8	12.5	38.4
579 Western Highlands Provincial Administration	75.9	75.9	18.0	36.0
580 Simbu Provincial Administration	67.2	67.2	20.4	36.5
581 Eastern Highlands Provincial Administration	84.5	84.5	14.9	36.8
582 Morobe Provincial Administration	170.2	170.2	66.2	64.2
583 Madang Provincial Administration	101.0	101.0	35.7	47.1
584 East Sepik Provincial Administration	68.5	68.5	28.6	35.4
585 Sandaun Provincial Administration	63.9	63.9	24.8	29.0
586 Manus Provincial Administration	34.4	34.4	13.3	12.4
587 New Ireland Provincial Administration	69.4	69.4	26.9	23.9
588 East New Britain Provincial Administration	82.3	82.3	31.9	37.5
589 West New Britain Provincial Administration	62.4	62.4	13.5	28.3
590 Autonomous Bougainville Administration	100.0	100.0	40.7	39.6
591 Hela Provincial Administration	29.4	29.4	7.0	3.6
592 Jiwaka Provincial Administration	31.2	31.2	7.3	11.1
Goods & Services	554.4	563.3	243.1	198.1
571 Fly River Provincial Administration	10.0	10.0	3.9	3.0
572 Gulf Provincial Administration	24.4	24.4	10.3	8.3
573 Central Provincial Administration	33.0	34.0	14.7	11.8
574 National Capital District	3.8	3.8	0.8	0.4
575 Milne Bay Provincial Administration	34.6	34.6	14.7	11.8
576 Oro Provincial Administration	21.2	21.2	7.7	5.7
577 Southern Highlands Provincial Administration	19.1	19.1	7.8	6.2
578 Enga Provincial Administration	29.4	29.4	12.3	9.8
579 Western Highlands Provincial Administration	19.9	21.0	8.2	6.4
580 Simbu Provincial Administration	37.8	37.8	16.2	16.0
581 Eastern Highlands Provincial Administration	42.6	42.6	22.2	19.2
582 Morobe Provincial Administration	14.7	16.7	8.3	6.4
583 Madang Provincial Administration	46.3	47.3	22.6	17.8
584 East Sepik Provincial Administration	60.9	60.9	24.2	19.2
585 Sandaun Provincial Administration	43.4	43.4	18.7	15.3
586 Manus Provincial Administration	17.1	17.1	7.4	6.0
587 New Ireland Provincial Administration	3.6	3.6	1.5	1.3

Details	2015 Budget	2015 MYEFO	Warrants YTD	Expenditure YTD
588 East New Britain Provincial Administration	22.9	24.9	11.8	9.9
589 West New Britain Provincial Administration	13.9	14.9	6.6	5.5
590 Autonomous Bougainville Administration	28.0	28.5	12.6	10.2
591 Hela Provincial Administration	12.6	12.6	4.6	3.4
592 Jiwaka Provincial Administration	15.3	15.6	6.0	4.5
Capital Investment	1,672.7	1,672.7	504.8	486.8
Personnel Emoluments	0.0	0.0	0.0	3.2
592 Jiwaka Provincial Administration	0.0	0.0	0.0	3.2
Goods & Services	1,672.7	1,672.7	504.8	483.7
571 Fly River Provincial Administration	60.5	60.5	16.0	15.0
572 Gulf Provincial Administration	35.8	35.8	13.5	9.5
573 Central Provincial Administration	87.0	87.0	19.0	17.0
574 National Capital District	45.1	45.1	16.0	16.0
575 Milne Bay Provincial Administration	61.6	61.6	19.0	18.0
576 Oro Provincial Administration	30.9	30.9	12.0	12.0
577 Southern Highlands Provincial Administration	121.2	121.2	48.0	48.0
578 Enga Provincial Administration	88.3	88.3	35.8	34.8
579 Western Highlands Provincial Administration	90.9	90.9	35.0	35.0
580 Simbu Provincial Administration	92.0	92.0	28.0	27.0
581 Eastern Highlands Provincial Administration	128.9	128.9	42.5	42.5
582 Morobe Provincial Administration	142.3	142.3	40.0	38.0
583 Madang Provincial Administration	91.9	91.9	28.0	25.0
584 East Sepik Provincial Administration	92.6	92.6	28.0	26.0
585 Sandaun Provincial Administration	61.7	61.7	19.0	15.0
586 Manus Provincial Administration	16.2	16.2	8.0	7.0
587 New Ireland Provincial Administration	73.1	73.1	12.0	12.0
588 East New Britain Provincial Administration	61.8	61.8	19.0	19.0
589 West New Britain Provincial Administration	31.1	31.1	12.0	11.0
590 Autonomous Bougainville Administration	161.0	161.0	16.0	15.0
591 Hela Provincial Administration	52.6	52.6	22.0	24.9
592 Jiwaka Provincial Administration	46.2	46.2	16.0	16.0
Grand Total	3,631.6	3,640.4	1,206.2	1,319.8

Source: Department of Treasury