



# **MID-YEAR ECONOMIC AND FISCAL OUTLOOK REPORT**

**2018**

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## FOREWORD

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In line with the Fiscal Responsibility Act which has guided our Economic Management and to promote transparency in our budgeting process, I am pleased to present the Mid-Year Economic and Fiscal Outlook (MYEFO) Report. This shows where we are at the mid-point of the year against the targets that we set out in the 2018 National Budget.

The 2018 National Budget was framed in accordance with our Alotau 2 Accord which built on our previous administration's aims which were to broaden our revenue base, to live within our means, to improve our resilience against economic shocks, to protect the vulnerable in our community, to continue to create opportunities for our people and, as we said at last year's Budget presentation, showcase the best of us to the world when we host the APEC Leaders' Summit in several months' time.

In this regard we are happy to report that our hard work, in the face of much criticism from our critics and, despite the serious impact of the devastating February earthquake, which nobody could have foreseen, has resulted in a better than expected fiscal performance for the first half of 2018. For 2018, revenues are likely to be above budgeted targets, and we continue to be disciplined with our expenditures and, as a result, our fiscal deficit is expected to come in on target at 2.4 per cent of GDP and our Debt to GDP at 31.2 per cent.

As part of the Alotau 2 Accord and our 100 Day Plan, the O'Neill-Abel Government instituted the first ever Medium Term Revenue Strategy (MTRS) 2018-22 which set out clear plans and targets on focusing on and increasing our revenue base. We increased the resourcing of revenue agencies, focused on compliance measures and re-balanced our fiscal regime so that eligible tax payers would pay their fair share.

And, whilst it is true that the earthquake did force shut downs in the affected petroleum and mining projects, it is anticipated that nearly two thirds of the production losses will be recovered through subsequent higher monthly output levels than prior to the quake. While this will still mean that we have a negative impact on real GDP from the affected sectors in 2018, it is substantially better than envisaged at the time of the earthquake. Importantly, the lift in gas production in late 2017 to above nameplate capacity, together with higher oil and gas prices, will mean that petroleum taxes will be higher in 2018 because of the lag effect of tax payments and this MYEFO has increased estimates from these taxes.

Nevertheless other legacy issues have affected the domestic economy and will take some time to resolve. Personal and company taxes are down modestly over the first half of 2018 reflecting a slower than expected rebound in domestic business conditions than we had anticipated at the time of the 2018 Budget, but company tax collections are still running 5.0 per cent above where we were last year. There has also been a decline in import excise collections on tobacco and alcohol over the first half attributed in part to the increase in excise rates in the 2018 Budget, and departure tax collections have also been lower in the first half.

But we are certain that continuing to implement our MTRS compliance strategies such as accelerating the establishment of a Large Tax Payer Office (LTO) in the IRC, implementing other tax measures that are yet to be operationalised, encouraging further improvements in the business environment from the global rebound, the ramping up of APEC visitors and the sweeping of funds held by Statutory Authorities back into Consolidated Revenue Fund (CRF) through the *Public Money Management Regularisation Act, 2017* in the second half of the year will enable us to exceed our revenue targets.

Regarding expenditure, interest payments are consistent with Budget projections of K1.86 billion or 12.7 per cent of expenditure and the trend in recent years of over expenditure in this category has been halted. Concessional loan and grant project expenditures are running to schedule and Government financed capital spending is running lower than budgeted at mid-year, although is higher than the same time last year. Importantly the total 2018 budgeted capital expenditure, which was increased by 46 per cent on 2017 outturns, has been lifted in the first half by a further K78.6 million through a transfer from the operational component.

In keeping with our commitment to rebalance our expenditure so that we are spending more on our people and not adding to the cost of service delivery, the reallocation is going to the Health Sector through the Youth with a Mission (YWAM) program; the UPNG Dormitories project; the Port Moresby International Airport Upgrade and Rehabilitation program; the Hagen Mendi Tari Grid Development Project, some District Support Grants and, of course, we have commenced payment of the two 3.0 per cent pay increases that are owed to our hard working public servants.

Whilst we are making significant progress on our expenditure efficiencies, we still need to do further work on our Personnel Emoluments bill. Whilst the blow out is lower than in previous years, we aim to empower our Technical Working Groups comprising the Prime Minister's Department, my own Department of Treasury, the Department of Finance and the Department of Personnel Management to investigate the continued abuse of off-line payments and the continued use of the Provincial Government Accounting System (PGAS) .

Furthermore, whilst there has been several instances of lockouts from premises and shutdowns in utility services, we have taken the right approach by conducting audits, validating our legal obligations and now we are recognising the costs that we owe. My Department and the Department of National Planning will continue strict control of the warranting process so that we are able to offset increases in some areas with reductions in other discretionary areas.

We are happy to report to the people of Papua New Guinea that by years' end, this Government will have met all its expenditure obligations in accordance with the 2018 National Budget. On the foreign exchange imbalance that has been facing our country and burdening our private sector, our Central Bank has had to manage this through rationing, and there is still much work to be done in terms of securing financing for the 2018 Budget. As a part of the Government's 100 Day Plan, we took it upon myself to seek avenues where it made sense to mitigate demand and create supply. This involved seeking commercially beneficial outcomes with large users and large suppliers with the assistance and participation of our Central Bank, which underscores this Government's strong relationship with the private sector.

We set out to conclude the final tranche of the Credit Suisse Loan Facility which resulted in a net USD179.0 million coming into the country in June this year. We further concluded the USD100.0 million Budget Support from the Asian Development Bank (ADB) which is expected to be in our bank account by early August and, before the end of September, we are expecting a further USD150.0 million from the World Bank Group into our accounts, also in Budget Support. After many years, we have successfully re-engaged with the ADB and the World Bank Group in negotiating budget support funding. This shows that the policies of this Government are credible and in line with international norms.

We are also in the most advanced stages of conducting our Inaugural Sovereign Bond later this year in which we may raise between USD500.0 million to USD1.0 billion depending on the international market conditions and our own financing appetite. We are raising these external funds so that we can shift our borrowings from the high cost and saturated domestic market which has been a major cause of the increase in interest costs in recent years – all

consistent with our Medium Term Debt Strategy (MTdS) which was a part of the 2018 Budget. This will not only help our budget but will mean that we can start releasing more funds to the line ministries to improve front line service delivery, but it will also allow for the foreign exchange imbalance to be addressed and for more credit to be available by the banks to our domestic businesses and citizens.

So in summary, our Fiscal position at the end June 2018 is a fiscal deficit is K324.9 million or 0.4 per cent of GDP with a revenue outturn of K5,553.3 million and an expenditure outturn of K5,878.2 million. This is within our 2018 mid-year Budget targets. There are some positive outcomes and some trends that need further attention. With leadership on the part of Cabinet and the commitment by all implementing agencies, we can assure everyone that we will clearly meet our 2018 National Budget targets and intend to make sure that our debt to GDP ratio hits the lower 30.0 per cent band by 2022 as prescribed in the *Fiscal Responsibility Act*.

What this MYEFO is telling us is that the policies of the Government are working, the budget is back in control and the economy is improving.

A handwritten signature in black ink, appearing to read 'Hon. Charles Abel', with a stylized flourish at the end.

**Hon. Charles Abel, MP**  
Deputy Prime Minister & Treasurer

## INTRODUCTION

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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 (as amended)*.

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 2018 Budget.

The MYEFO essentially covers General Government fiscal and financial operations in the government sector and is based on the same reporting standards as the 2018 Budget. Generally, this follows the cash reporting standards laid down in the Government Finance Statistics (GFS) Manual 2014 published by the International Monetary Fund (IMF). This is a gradual shift from the 1986 GFS to the 2014 GFS and is part of the ongoing reform of the budget process and budget reporting.

# PART 1: THE MID-YEAR ECONOMIC AND FISCAL OUTLOOK

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## 1.1 OVERVIEW

World economic growth has been revised up marginally in 2018 and 2019. With commodity prices on average higher than in 2017, international conditions remain supportive for PNG investment and exports. The recent trade war debates and actions, however, have dampened sentiment somewhat leading to some decline in some commodity prices in recent weeks. APEC will need to deal with these challenges.

With the February earthquake impacting the PNG economy, total GDP growth for 2018 has been revised down significantly to 1.0 per cent, from the 2018 Budget projection of 2.4 per cent. Despite the lower real GDP rate, the estimate is significantly higher than earlier estimates for real GDP to decline by 1.6 per cent. Importantly, it is anticipated that nearly two thirds of the production losses will be recovered through subsequent higher monthly output levels than prior to the quake. Whilst this will still mean that there will be a negative impact on real GDP from the affected sectors in 2018, it is substantially better than envisaged at the time of the earthquake. Importantly, the lift in gas production in late 2017 to above nameplate capacity, together with higher oil and gas prices, will mean that petroleum taxes will be higher in 2018 because of the lag effect on tax payments, and this MYEFO has increased estimates from these taxes. Also because of the recovery in oil and gas production and the expected expansion in other mining operations, real GDP growth over the period 2019-22 is expected to be revised up from an average annual growth rate of 1.4 per cent to over 3.0 per cent.

Non-mining growth remains reasonable at 2.8 per cent, although it has also been revised slightly down from the 2018 Budget projection of 3.5 per cent due to domestic business conditions being less buoyant than anticipated, again in part due to the earthquake. The ramp up of APEC activities at the back end of 2018 will also support GDP growth in the second half of the year. The average annual non-mining real GDP growth projection of 2.5 per cent over 2019-22 is consistent with IMF's non-resource GDP projection.

Importantly, the mid-year fiscal performance shows only a modest deterioration in fiscal conditions, which is significant given the impact of the February earthquake on expenditure and revenue trends. At end June 2018 the fiscal deficit was K324.9 million or 0.4 per cent of GDP with a revenue outturn of K5,553.3 million and an expenditure outturn of K5,878.2 million. The extensive revenue measures approved in the 2018 Budget have generally been implemented and the lift in gas production in late 2017 has supported higher resource tax collections in 2018. Fiscal expenditures are significantly lower than budgeted at mid-year, being only 39.9 per cent of budgeted spending levels, with higher personnel emoluments and utility payment trends being offset by strict control of warrants over other discretionary spending heads. Total net borrowing in the first half of 2018 amounted to K812.9 million, with external financing accounting for K631.0 million (largely the proceeds from the Credit Suisse final tranche) and domestic financing accounting for K181.9 million.

Despite the stringent fiscal management over the first half of 2018, a number of trends were apparent. On a positive note, GST collections continue to be above budget showing greater compliance efforts by IRC. Mining and petroleum taxes are higher than budgeted by mid-year,

as well as stamp duty collections and royalty and management fees. Receipt of project grant funding is running above budget by mid-year. In contrast, personal and company taxes are down modestly in part due to the offsetting of GST refunds and in part due to less buoyant domestic business conditions than anticipated at the time of the 2018 Budget. Still company tax collections are running 5.0 per cent above 2017 collections. There has also been a decline in import excise collections on tobacco and alcohol over the first half attributed in part to the increase in excise rates in the 2018 Budget. Departure tax collections have also been lower in the first half. The Government has announced in this MYEFO some measures to improve the compliance in these areas. Overall, total revenues by the end of 2018 are expected to be higher than the 2018 Budget estimates by K213.2 million.

On expenditure, it is noteworthy that interest payments are consistent with Budget projections at end 30<sup>th</sup> June 2018 and the trend in recent years of over expenditure on this category appears to have been halted. Payments to commercial and statutory authorities are likely to come in below budget by end 2018. Concessional loan and grant project expenditures are running to schedule. The Government's own-financed capital spending is running lower than budgeted by mid-year, although is higher than the same time last year. Importantly, the total 2018 budgeted capital expenditure, which was increased by 46 per cent on 2017 outturns, has been revised up by a further K78.6 million by mid-year through a transfer from the operational component in accordance with Section 5 of the Appropriation Bill.

The composition of the K78.6 million reallocation is as follows: Health Sector - Youth with a Mission program K1.5 million; Provinces NCD – UPNG Dormitories project K5.0 million; Infrastructure Sector – Jackson's Airport Upgrade and Rehabilitation program K15.0 million; Utilities - Hagen Mendi Tari Grid Development Project K2.0 million; Administration Sector – Districts Support Grant program to specific 22 Districts in the Country totalling K55.0 million; and Financial Management Project K0.1 million.

In contrast, trends in personnel emolument expenditures are running above budget by mid-year. This reflects the back-dated payment of the 3.0 per cent pay rise granted to public servants in 2017 and a further 3.0 per cent pay rise granted in 2018 – both of which were not appropriated in the 2018 Budget and which are estimated to amount to K232.7 million. In addition, a number of off-line payments, such as overtime, have increased over the first half, in part due to additional hours for our service workers in dealing with the earthquake and on APEC preparations, as well as additional health workers employed to assist in a number of aid projects. Utility charges are also running somewhat above budget, but this is mostly due to the payment of some outstanding amounts from 2017.

To ensure the budget deficit remains on track in 2018 and the Medium Term Fiscal Strategy (MTFS) is maintained, the Government has issued a number of directives to departments and agencies. These comprise:

- The Government has instructed Organisational Staffing Personnel Emoluments Audit Committee (OSPEAC) and the Department of Finance to introduce some hard budget ceilings for employment levels and off-line payments to ameliorate these adverse underlying trends and to bring this expenditure category (excluding the unbudgeted pay increase) back on track;
- Following a number of audits on utility and rental charges, the Government has introduced measures to control this expenditure and to bring it back on track by end 2018;



- The Government has established a high-level Task Force (Treasury, IRC, Customs and Finance) focused on improving compliance and the pass through of departure tax and import excise collections;
- The Government has instructed IRC to accelerate the establishment of the Large Taxpayer Office in IRC;
- The Government has instructed IRC to implement fully the 2018 Budget changes to the policy on export duty on old-growth logs;
- The Government has instructed the Treasury and Finance Departments to conduct, as a priority, discussions with state entities to re-examine dividend inflows, particularly relating to LNG dividends to Government; and
- The Government has instructed the Treasury Department to find additional savings in the goods and services expenditure areas across all non-essential priority areas and in non-essential capital works programs that are funded by the Government.

With the implementation of these Government directives and, given seasonal monthly trends, it is projected that the 2018 Budget deficit will be K1,987.2 million, in line with the 2018 Budgeted amount. At the same time the Government's key priorities are expected to be fully funded. This results in a debt to GDP ratio of 31.2 per cent, lower than the budgeted 32.2 per cent but similar to the 2017 ratio of 31.2 per cent. Debt at these levels remains well within the range of 30-35 per cent of GDP as prescribed in the *Fiscal Responsibility Act* which places the debt ratio on a clear downward path to achieve the 30.0 per cent target by 2022, again as prescribed in the MTFS 2018-22.

The following table presents the aggregate estimates:

#### Estimated and Projected Outcomes

Details	2017 Actual	2018 Budget	June Outturn	2018 MYEFO
Total Revenue & Grants	11,525.1	12,730.7	5,553.3	12,943.8
Total Expenditure & Net Lending	13,319.7	14,717.9	5,878.2	14,931.1
<b>Net Lending (+)/Net Borrowing (-)</b>	<b>-1,794.7</b>	<b>-1,987.2</b>	<b>-324.9</b>	<b>-1,987.2</b>
<b>% of GDP</b>	<b>-2.4%</b>	<b>-2.5%</b>	<b>-0.4%</b>	<b>-2.4%</b>
Total Public Debt Stock (Based on 2017 Actuals)*	23,558.3	25,808.0	24,371.2	25,545.5
<b>Debt as a % of GDP</b>	<b>31.2%</b>	<b>32.2%</b>	<b>29.8%</b>	<b>31.2%</b>
<b>GDP (K'm)**</b>	<b>75,626.0</b>	<b>80,113.4</b>	<b>81,901.9</b>	<b>81,901.9</b>

Source: Department of Treasury

\*Exclude changes in the float and WPA

\*\*Based on revised nominal GDP data for 2017 and 2018.

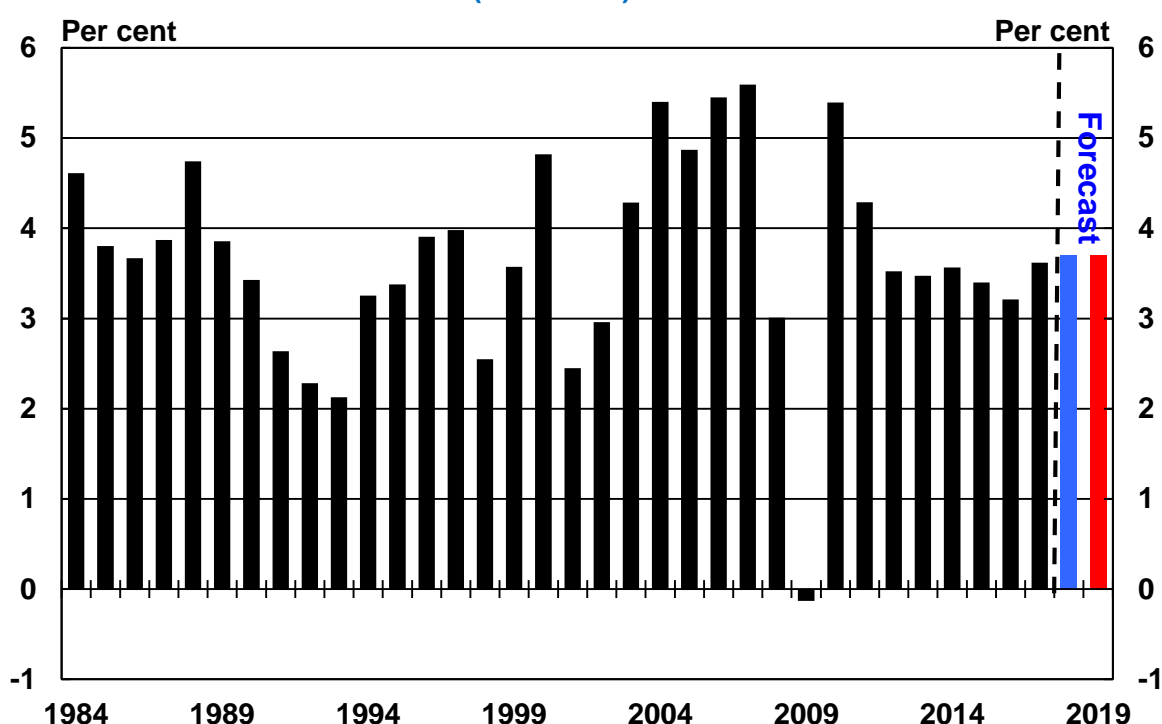
## 1.2 ECONOMIC OUTLOOK

### International Economic Outlook – Global Growth Recovery Strengthening

Improved global trade and investment in the second half of 2017 have lifted global economic growth in 2017 to 3.8 per cent, an increase of 0.2 percentage points from the projected 3.6 per cent growth in the October 2017 IMF World Economic Outlook (WEO) report.

Growth is projected to strengthen further and reach 3.9 per cent in both 2018 and 2019, which is stronger than the October 2017 WEO forecast by 0.2 percentage points. Growth momentum will be driven by the advanced economies, mainly the US<sup>1</sup> due to changes in its fiscal policy, and stronger prospects for the euro area and Japan, while improved prospects for commodity exporters in the emerging markets and developing economies (EMDEs) are expected also to contribute to the upward revision in the growth forecast relative to the October 2017 IMF WEO.

**Chart 1: Global Economic Growth (1984-2019)**



Source: IMF 2018 April World Economic Outlook (WEO)

#### *Advanced Economies*

The advanced economies are projected to grow at 2.5 per cent in 2018 and 2.2 per cent in 2019. The 2018 growth is 0.2 percentage points higher than in 2017. Relative to the October

<sup>1</sup> The global effects of US fiscal policy changes account for almost half of the global growth upgrade for 2018–19 compared with October.

2017 IMF WEO forecast, growth rate projections are higher by 0.5 and 0.4 percentage points, respectively, for 2018 and 2019.

In the United States, growth is expected to rise from 2.3 per cent in 2017 to 2.9 per cent in 2018, before moderating slightly to 2.7 per cent in 2019. This is 0.6 and 0.8 percentage points stronger than the October 2017 IMF WEO projections for 2018 and 2019 respectively. The upward revision reflects stronger-than-expected activity in 2017, firmer external demand and the expected macroeconomic impact of the December 2017 tax reforms — particularly the lower corporate tax rates and the temporary allowance for investments which are anticipated to stimulate short-term activity. The revision also reflects higher public spending following the February 2018 bipartisan budget agreement<sup>2</sup>.

Growth in the euro area is projected to pick up slightly from 2.3 per cent in 2017 to 2.4 per cent this year as the recovery continues, before moderating to 2.0 per cent in 2019. This is higher by 0.5 and 0.3 percentage points from the October 2017 IMF WEO projections which reflects stronger-than-expected domestic demand across the Euro currency area, supportive monetary policy and improved external demand prospects. Japan's growth prospects relative to October 2017 IMF WEO also have been revised upward by 0.5 percentage points and 0.1 percentage point, respectively which reflects more favourable external demand prospects, rising private investment and the supplementary budget for 2018.

#### *Emerging Market and Developing Economies (EMDEs)*

Growth in EMDEs are also expected to increase further — from 4.8 per cent in 2017 to 4.9 per cent in 2018 and 5.1 per cent in 2019 as economic activity continues to strengthen in Emerging Asia and, coupled with improved prospects for commodity exporters following three (3) years of very weak economic activity, is expected to contribute to the bulk of the upward revision relative to the 2017 IMF October WEO.

Emerging Asia is forecast to continue growing at about 6.5 per cent during 2018–19 and remains the driver of global growth. In China, growth is projected to soften slightly from 6.9 per cent in 2017 to 6.6 per cent in 2018 and 6.4 per cent in 2019. The forecast is higher (by 0.1 percentage point in both 2018 and 2019) relative to the October WEO, reflecting an improved external demand outlook. Growth in India is projected to increase from 6.7 per cent in 2017 to 7.4 per cent in 2018 and 7.8 per cent in 2019 (unchanged from the October WEO), lifted by strong private consumption as well as fading transitory effects of the currency exchange initiative and implementation of the national goods and services tax.

Growth in emerging and developing Europe is projected to moderate to 4.3 per cent in 2018 and 3.7 per cent in 2019 following close to 6.0 per cent growth in 2017, supported by a favourable external environment with easy financial conditions and stronger export demand from the Euro area and, for Turkey, an accommodative policy stance. A gradual growth recovery continues in Latin America and the Caribbean, a region severely affected by the 2014–16 decline in commodity prices. Growth is forecast to rise to 2.0 per cent in 2018 and 2.8 per cent in 2019. Following a deep recession in 2015–16, Brazil's economy returned to positive growth in 2017 (1.0 per cent) and is expected to further improve to 2.3 per cent in 2018 and 2.5 per cent in 2019, buoyed by stronger private consumption and investment.

Improved oil export revenue, stronger business confidence, and looser monetary policy helped Russia's economy return to growth in 2017. Real GDP is projected to increase by 1.7 per cent

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<sup>2</sup>Source: 2018 IMF April World Economic Outlook

this year, before moderating slightly to 1.5 per cent through the rest of the projection horizon, weighed down by structural headwinds and the effect of sanctions on investment.

Growth in the Middle East, North Africa, Afghanistan and Pakistan region is also expected to remain around 3.5 per cent in 2018 and 2019. While stronger oil prices are helping a recovery in domestic demand in oil exporters, including Saudi Arabia, the fiscal adjustment that is still needed is projected to weigh on growth prospects. Growth in sub-Saharan Africa is also projected to rise gradually to 3.4 per cent and 3.7 per cent in 2018 and 2019, respectively, as the challenging outlook in commodity exporters gradually improves. Growth in South Africa is expected to strengthen from 1.3 per cent in 2017 to 1.5 per cent in 2018 and 1.7 per cent in 2019 (stronger than in the October WEO by 0.4 and 0.1 percentage point, respectively, for 2018 and 2019). Business confidence is likely to gradually firm up with the change in political leadership, but growth prospects remain weighed down by structural bottlenecks.

In general, world economic growth has improved in 2017 and prospects for growth over 2018-19 have also improved compared with the 2018 Budget projections which were based on the earlier WEO projections at the time. As such, world growth should remain supportive of commodity demand and price trends and foreign investment flows, thus supporting a more positive outlook for the PNG economy. This more optimistic outlook for the world economy also bodes well for the success of the upcoming APEC Summit. The risk to this more optimistic outlook is clearly focused on recent challenges over trade tariffs that could lead to trade wars between PNG's major trading partners.

#### *Medium Term Growth Outlook*

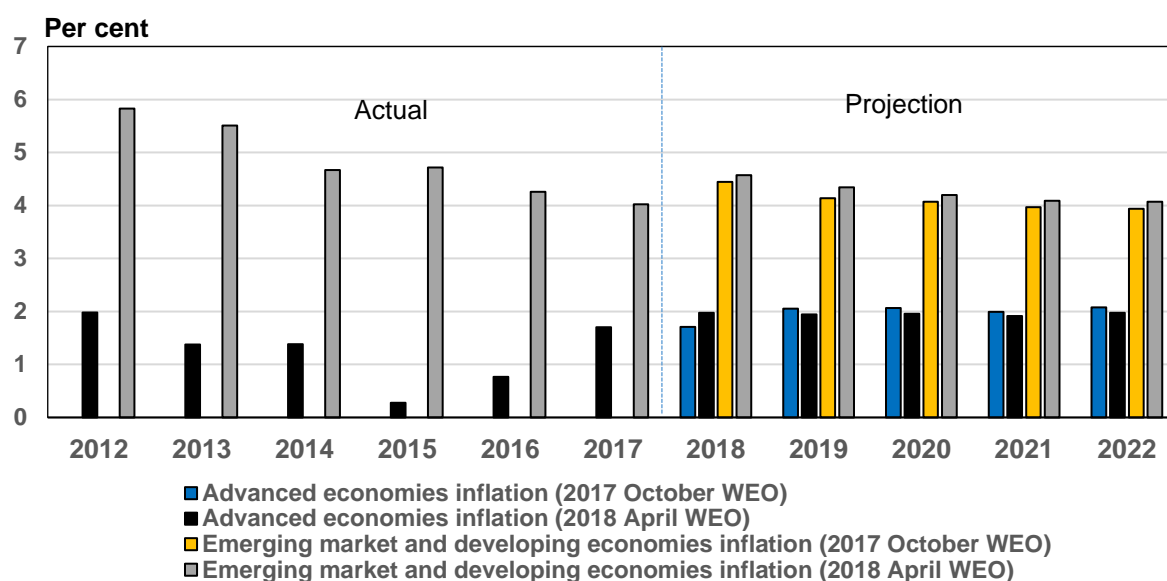
Over the medium term, global growth is projected to slow down to around 3.7 per cent. Once the cyclical upswing and US fiscal stimulus have run its course, prospects for advanced economies have been lowered, given their lower structural growth potential. Growth in advanced economies is projected to moderate to 1.5 per cent over the medium term. The reversal of some of the positive short-term output effects of US tax reform beyond 2020 contributes to the slowdown in growth. Despite this slowdown, GDP is projected to remain above potential in 2023 in many advanced economies, including the United States and the euro area.

In EMDEs, in contrast, growth will remain close to its 2018–19 level as the gradual recovery in commodity exporters and a projected increase in India's growth rate offsets China's gradual slowdown and emerging Europe's return to its lower-trend growth rate.

#### *Global Inflation Outlook*

With supply effects and stronger demand putting upward pressure on commodity prices and a strengthening global outlook increasing capacity constraints, headline inflation is expected to increase. The headline inflation rates in advanced economies is projected to pick up to about 2.0 per cent in 2018–19 from 1.7 per cent in 2017 (0.3 percentage points higher for 2018 than in the October WEO).

**Chart 2: Global Inflation Trend in Advanced and Emerging Market & Developing Economies**



Source: IMF 2018 April World Economic Outlook (WEO)

The headline inflation rate in EMDEs<sup>3</sup> is expected to increase to 4.6 per cent this year, from 4.0 per cent in 2017. The projection for 2018 is stronger by 0.2 percentage points relative to the October WEO. In 2019 and beyond, inflation is expected to moderate to about 4.0 per cent as energy prices stabilise and capacity constraints are eased.

## Commodity Prices

### Mineral Commodities

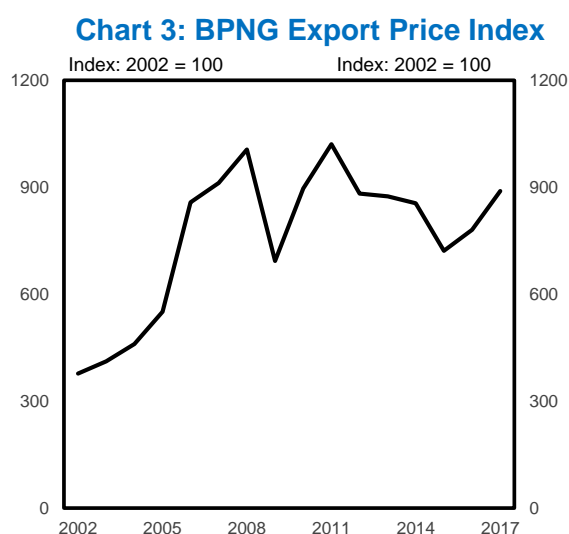
Movements in commodity prices continued to track developments in the global economy over the first half of 2018. The IMF commodity price index which tracks closely the developments in world commodity markets, rose by 16.9 per cent between August 2017 and February 2018, coinciding with the upswing in global economic activity. The upturn in commodity prices continued into the first half of this year driven by commodity specific factors including strengthening global demand, decisions made by the OPEC cartel to restrict oil supplies and geopolitical tensions. Over the coming quarters, while global growth is expected to remain robust, key developments expected to impact commodity prices include further decisions by OPEC countries on oil production levels, US sanctions against Iran, wage negotiations in Chile's Escondida mine and rising trade tensions between the US and China. These are expected to influence the trajectories in commodity prices before the year ends. In fact, in recent weeks, apart from oil and gas, mineral commodity prices have reached 7 month lows, although still remain above 2017 average levels.

Oil prices have largely being affected by the decisions of the OPEC cartel and non-OPEC producers including Russia over the past twelve months. Towards the end of 2016, OPEC nations agreed to cut production in the order of 1.3 billion barrels a day in order to clear a glut

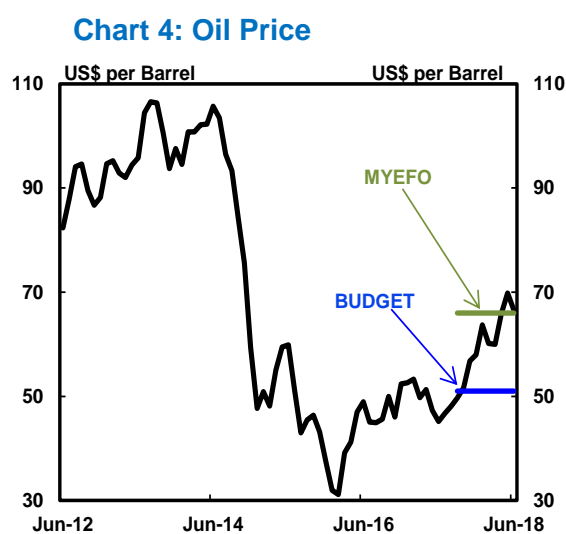
<sup>3</sup> Excluding Venezuela (where inflation this year and next is expected to exceed 10,000 per cent).

that built up over the preceding two (2) years. Russia (an-OPEC leader) played an important role in getting this deal through, by offering to cut its output by 300,000 barrels per day. The cuts commenced early last year and were further extended in May 2017 to end in March this year. Over this period and to end March, oil prices increased from US\$50.0 per barrel to trade at US\$60.0 per barrel. Prices kicked higher in the second quarter driven by geopolitical tensions and realisation that OPEC members have cut beyond agreed requirements set in 2016 by 52.0 per cent. This saw prices rally to reach US\$72.0 per barrel in mid-May. OPEC members met in Vienna on June 21 and reached a deal to increase production by rolling back on their conformity to cut from 152.0 per cent to 100.0 per cent. While there is no clear magnitude from the meeting on the size of production hikes, market analysts believe that cartel members will be pumping around a million barrels per day starting July which could soften the price escalation observed towards the end of the second quarter. On 6<sup>th</sup> July 2018 Nymex crude was trading at US\$74.0 per barrel.

Looking ahead, countering the moves by OPEC to increase supply are recent developments including trade sanctions imposed by the US on Iran, continued outages in Venezuela and Libya and disruptions to oil production in North America. These are likely to play out over the second half of this year nullifying the production increases promised by OPEC. Furthermore, growing tensions between the US and China pose a risk to supply from the US if this ends up blocking trade between the two nations and their allies. On this basis and in line with the IMF upgrading its oil price forecast in 2018, the oil price assumption underpinning the mid-year economic and fiscal economic report assumes the oil price to average around US\$66.5 per barrel in 2018. Importantly gas prices track oil prices and, as such, the trends in oil prices have underpinned higher gas prices in 2018.



Source: Bank of Papua New Guinea (BPNG)

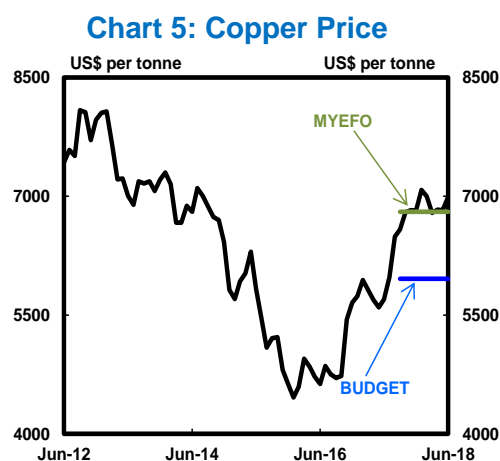


Source: IMF and Energy Information Administration

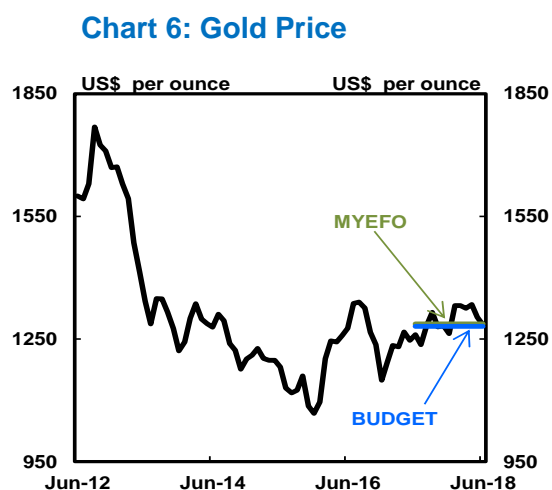
The trajectory of copper prices at the start of the year resembled bullish episodes of 2011-2012 when copper prices shot above US\$7,000.0 per tonne. Back then demand from China was strong, however, supply concerns due to strike action by workers in key mines in Chile and Indonesia also prevailed. The escalation in price witnessed in the first half of this year has been driven by similar supply concerns with mine workers from the world's largest copper producer in Chile, the Escondida mine, threatening to stop work if their demands for pay hikes were not met. This sparked fears of supply disruptions with prices reaching a high of US\$7,202.5 per tonne in the first quarter. However, demand side developments in the second quarter including a slowdown in Chinese demand following release of weak credit data in May

and the strengthening US dollar pulled prices down to trade around US\$6,350 per tonne in early July 2018.

Looking ahead, the copper price will continue to be affected by supply concerns against slowing Chinese demand and the higher US dollar. In light of these risks and the on-going turbulence in world markets due to other uncertainties, the copper assumption underpinning the MYEFO assumes copper to average around US\$6,804.0 per tonne.



Source: IMF and London Metal Exchange



Source: IMF and Bank of England

Gold prices continue to be affected by negative developments in the global economy due to its safe haven appeal. At the start of the year, gold prices continued the upward trend which started at the end of 2017, reaching a high of US\$1,354.0 per ounce. The rise reflected the brewing trade tensions between the US and China and episodes of volatility in the financial markets. However, price pressures were quickly stemmed when the US Federal Reserve hiked interest rates in March, the first for the year. This quelled demand for the non-interest bearing gold and prices stabilized to trade around US\$1,320.0 per ounce between end March and May. Since the start of June prices have declined, as the US dollar strengthened and investors turned toward rival safe-haven assets particularly US treasuries on the back of a second interest rate hike by the US Federal reserve during the month. This resulted in prices falling from US\$1,302.0 per ounce at end May to around US\$ 1,255.0 per ounce in early July 2018.

Looking ahead, with two more rate hikes anticipated in the US and further strength in the US dollar, demand for gold is likely to moderate, although the heightened trade tensions between the US and China, and geo-political tensions in the Middle East would be supportive of the gold price. Balancing all these factors, gold price assumptions in the MYEFO are for an average of US\$1,286.5 per ounce in 2018.

Reflective of developments in global mineral commodity prices, the 2018 Budget assumptions for PNG's key mineral exports have been revised<sup>4</sup>. The Budget copper price assumption of US\$5,960.0 per tonne (Chart 5) has been revised up to US\$6,804.0 per tonne. The gold price has been revised up to US\$1,286.5 per ounce from US\$1,281.0 per ounce at Budget

<sup>4</sup>The price forecast methodology applied is the weighted average of the actual year-to-date average price from Jan 04 to Jun 30, and an assumption for the remainder of the year.

(Chart 6). The Budget oil price assumption of US\$51.0 per barrel has been revised up to US\$66.5 per barrel (Chart 4).

## Agriculture Commodities

### Coffee

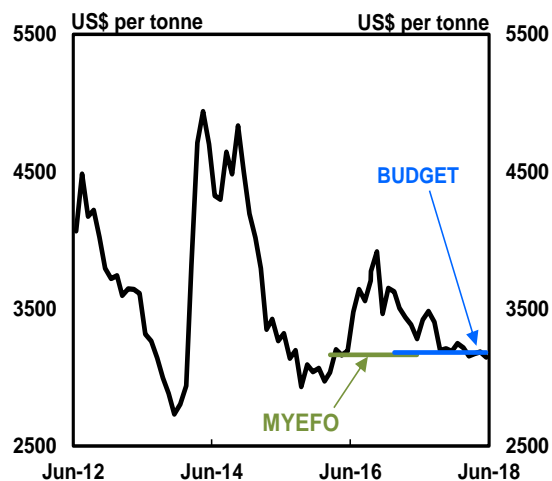
Coffee prices receded in the first half of 2018 reflecting weaker-than-expected demand for exports at the beginning of the 2017-18 season and this trend is expected to continue for the second consecutive season this year. This has been driven by ample supply in world markets. With demand stable, prices are expected to remain below the levels observed over the past two (2) years.

### Cocoa

Cocoa prices drifted downwards during the first half of the year when news emerged that the second largest cocoa producer's cumulative purchases since the beginning of the 2017-18 season surpassed 700,000 tonnes confirming expectations of a good mid-crop output in West African countries. On the back of this development, the supply squeeze which was anticipated at the beginning of the year appears to be fading. On the demand side, the strengthening of the US dollar at intervals during the second quarter placed some downward pressure on cocoa prices in both the London and New York markets.

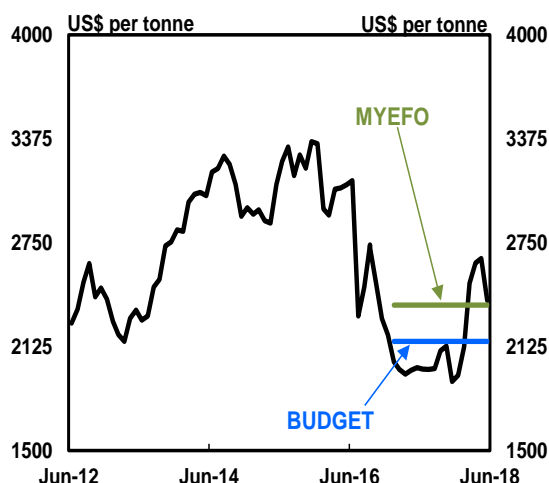
Generally, with supply returning and demand still robust, cocoa prices are expected to maintain their levels in 2018.

Chart 7: Coffee Price



Source: International Coffee Organisation

Chart 8: Cocoa Price



Source: International Cocoa Organisation

### Palm Oil

Palm oil prices increased in early 2018 as higher crude oil prices prompted demand for alternative fuels including biodiesel in Indonesia. Another major support for palm oil prices is the reduction in supplies of rival seeds, such as soybeans, caused by bad weather. Global palm oil production is expected to rise boosted by strong production in Indonesia and

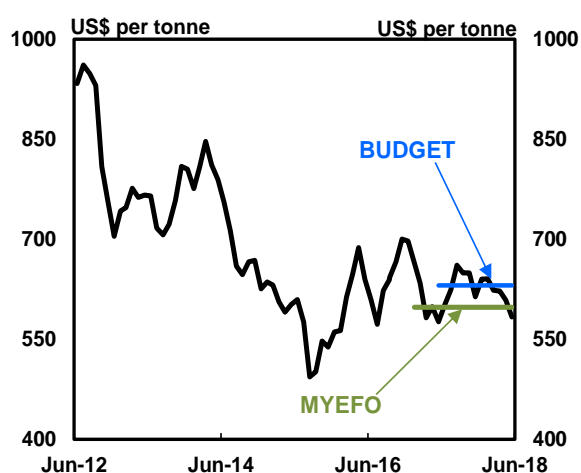


Malaysia. This is expected to keep the market well supplied, thereby moderating price pressures.

### *Copra Oil*

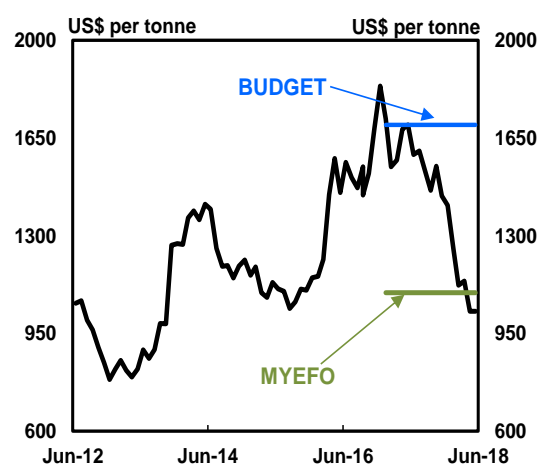
Increasing coconut oil production against lower demand has resulted in a decline in copra oil prices. Looking ahead, output is expected to continue to increase with higher export volumes expected from major producing countries including the Philippines and Indonesia.

**Chart 9: Palm Oil Price**



Source: Malaysia Palm Oil Council

**Chart 10: Copra Oil Price**



Source: Index Mundi

## **Exchange Rate Developments**

Since the release of the Monetary Policy Statement (MPS) in March, the Kina has further depreciated (down 0.3 per cent) against the US dollar, declining from US\$0.3075 at end March to US\$0.3040 in early July 2018. Against the Australian dollar the Kina has appreciated (up 2.5 per cent), rising from A\$0.4008 at the end of March to be at A\$0.4106 in early July 2018. The continued weakness of the Kina against the US dollar reflects the persistent imbalance in the PNG FX market and the strengthening in the USD against most major currencies. Against the Australian dollar, the Kina has strengthened due to cross currency movements as the AUD weakened against a stronger USD.

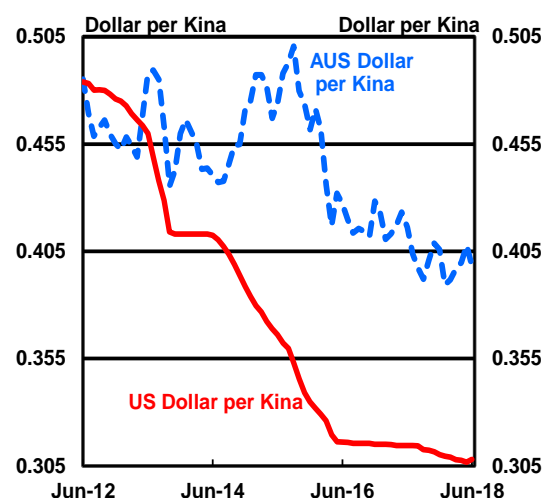
With the Kina weakening modestly further since the first quarter, BPNG's Trade Weighted Index (TWI) is expected to maintain a modestly depreciating trend over the remainder of 2018.

**Chart 11: Trade Weighted Index**



Source: Bank of PNG

**Chart 12: Exchange Rate Developments**



Source: Bank of PNG

Over the June quarter, the PNG Kina stabilised against the Chinese Yuan, however, appreciated against the British Pound (up 3.1 per cent), Japanese Yen (up 1.2 per cent), Malaysian Ringgit (up 1.9 per cent) and Philippines Peso (up 4.3 per cent). The Kina depreciated against the Singapore Dollar (down 1.8 per cent) and the Euro (down 3.6 per cent). This reflected cross currency movements.

## **Domestic Economic Outlook**

### **2017 Economic Update**

The PNG economy has grown by 3.0 per cent in 2017, up from the 2018 Budget estimate of 2.2 per cent. The main driver is the record gas production during the year which more than offset a further weakening of the non-resource sectors in 2017. The PNG LNG project produced beyond nameplate capacity in 2017 producing the highest volume of gas on record since 2014. This was 15.0 per cent above 2016 levels and 17.0 per cent above Treasury's initial estimate for 2017 at the 2018 Budget. Coupled with recovering oil prices at the back end of 2017, this development offsets the weaker agriculture, forestry and fishery (AFF) sector, the natural decline in oil production as well as the contraction in construction activities (down 8.0 per cent), in accommodation and food services (down 2.9 per cent), information and communication (down 2.1 per cent) and financial and insurance sector (down 2.3 per cent) during the year. As a result, the non-mining sector expanded by only 0.2 per cent in 2017 down from the estimate of 1.9 per cent, presented in the 2018 Budget.

### **2018 Economic Outlook**

In 2018, the domestic economy is projected to grow, in real terms, by 1.0 per cent, just under 1.5 percentage points lower than the 2018 Budget estimate of 2.4 per cent. This downward revision reflects the negative impacts of the 7.5 magnitude earthquake which struck the highlands region on 26 February 2018. While the epi-centre was in the Southern Highlands (the location of the Gas and Oil Fields), tremors reverberated across neighbouring provinces including Enga and the Western province. The impact was significant for the PNG economy as it affected four major mining and petroleum projects located in the affected zone. Although

the damage was minimal for the Ok Tedi copper mine, the operations of the Hides Gas Condensation Plant (HGCP), the oil processing facilities and the Porgera valley gold mine were seriously disrupted.

Importantly it was estimated soon after resumption of production in April 2018 that the earthquake effect would cause output in the mining and oil and gas sectors to fall substantially, resulting in a negative 3.7 percentage point impact on real GDP, pulling the overall real GDP estimate down to -1.6 per cent for 2018. However, the stronger recovery in oil and gas and mining production since the resumption of activities has reduced the negative impact on 2018 real GDP, with the sector now only detracting 1.4 percentage points from the earlier negative 3.7 percentage points. That is, PNG lost eight (8) or more weeks of production but is now expected to retrieve nearly two thirds of it back by end 2018. This means that, while the recovery in the mining and oil and gas sectors will still have a negative impact on GDP growth in 2018, it will add strongly to growth in 2019 which is very promising. It bodes well for future GDP growth and will underpin optimism for the new gas developments. Because of the recovery in oil and gas production and the expected expansion of other mining operations, Treasury has now revised up its real GDP growth estimates significantly for 2019-22 from an annual average rate of 1.4 per cent to 3.2 per cent.

The increase in mining and oil and gas taxes expected in 2018 in this MYEFO reflects the higher oil and gas prices in 2018 and the increase in production in the second half of 2017 on which tax payments in 2018 are based (that is, there is a timing effect). The higher tax collections from this sector in 2018 are helping to offset a modest negative impact of the lower production levels and earthquake costs in 2018 on dividend payments to Government's shareholding entities. On this latter aspect, the Government is still requiring the full payment of budgeted dividends to the State in 2018.

Specifically apart from the loss of life, the economic impacts included:

- a seven week (26<sup>th</sup> Feb-12<sup>th</sup> Apr) shutdown of the HGCP;
- a month shut in of oil processing facilities in Southern Highlands; and
- a month shutdown of mine production at Porgera Valley (after the quake) due to the power infrastructure damages at Hides which supplies power to the mine.

The seven (7) weeks shutdown of the HGCP was due to damage to the plant, camp facilities, the gas pipeline and the Komo Airfield. This accounts for a significant part of the downward revision in the forecast of real growth. Since the resumption of production, output levels have exceeded pre-quake levels and around two thirds of the lost earthquake production is expected to be made up by end 2018. This is anticipated to cushion the negative impact of the earthquake which was initially deemed to be more severe.

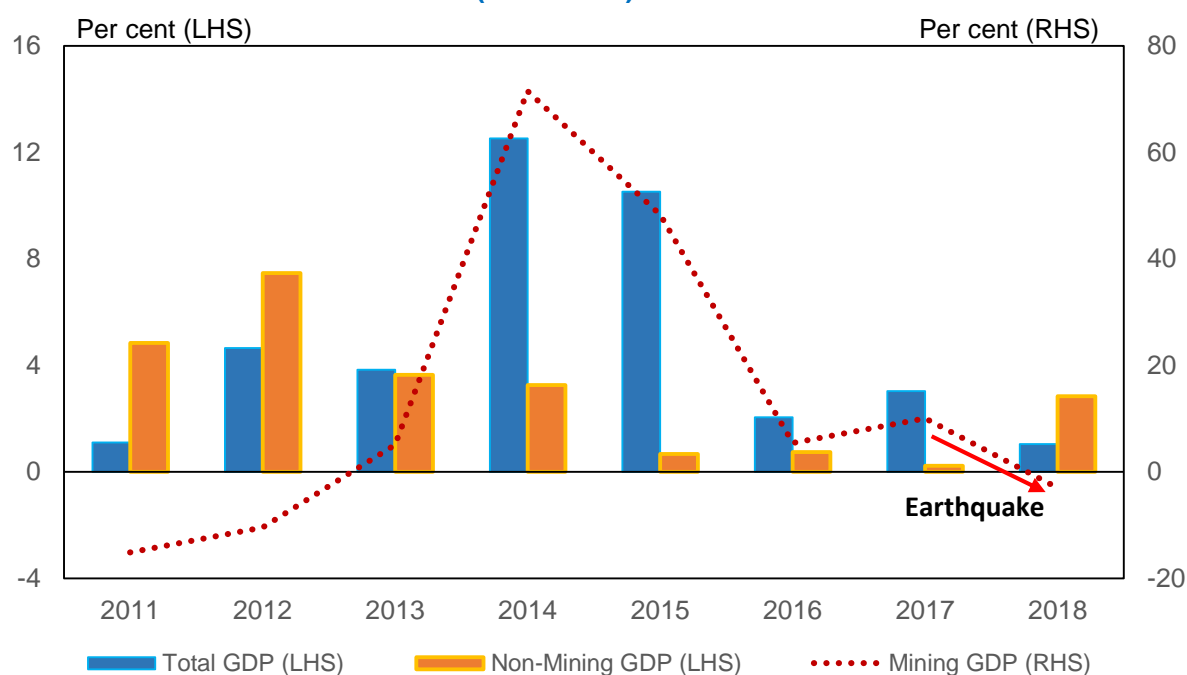
The reduced impact of the earthquake also can be attributed to the world class design and construction of the oil/gas processing facilities which were able to withstand an earthquake of this magnitude with only minor damage sustained. Overall, despite the higher monthly output expected over the remaining months of 2018, the oil and gas sector is still expected to contract by 4.5 per cent in 2018 compared with 2018 Budget forecast of a contraction of 1.6 per cent (done prior to the earthquake and also prior to the lift in production in the final quarter of 2017).

The shutdown of the Porgera mine for approximately one month also had a significant adverse impact on growth projections for 2018. Damage to power infrastructure at Hides, which supplies the mine's power, disrupted production, forcing a substantial downward revision of the mine's 2018 projected gold production. In addition to the mine recovering some of the lost tonnage before the end of the year, gold prices have remained relatively high, thus offsetting in monetary terms part of the lost production.

Overall, the Mining and Quarrying sector is now expected to contract only by 0.1 per cent in 2018, much better than the initial estimate done soon after the quake, but down on the 2018 Budget projection of 1.4 per cent growth. The continued ramp up in gold production over the remainder of the year is anticipated to cushion the impact of the earthquake on gold production. Despite the setbacks encountered, commodity prices remain relatively high (compared with 2017 year-average levels) and this is expected also to stimulate some production in the second half of the year. Also, besides the disruptions experienced in the highlands region, other mining operations located outside of the region are expected to remain on course, if not better, than projected in the 2018 Budget, which will have some upside risks to the revised projections for 2018.

The earthquake has also impacted adversely on the current account balance in 2018 which has maintained pressure on the existing foreign exchange imbalance, thereby continuing to subdue business conditions. Some agricultural commodity prices have declined in 2018 which has reduced incomes in the agricultural sector and, coupled with maintenance of a firm fiscal stance over the first half of 2018, has meant that real non-mining GDP is now expected to be 2.8 per cent in 2018, down from the Budget projection of 3.5 per cent. Further, the preparations for the APEC meetings in November are expected to shift up another gear over coming quarters as government support is stepped up.

**Chart 13: Economic Growth (2011-2018)**



Source: Department of Treasury

**Table 1: Key Economic Parameters**

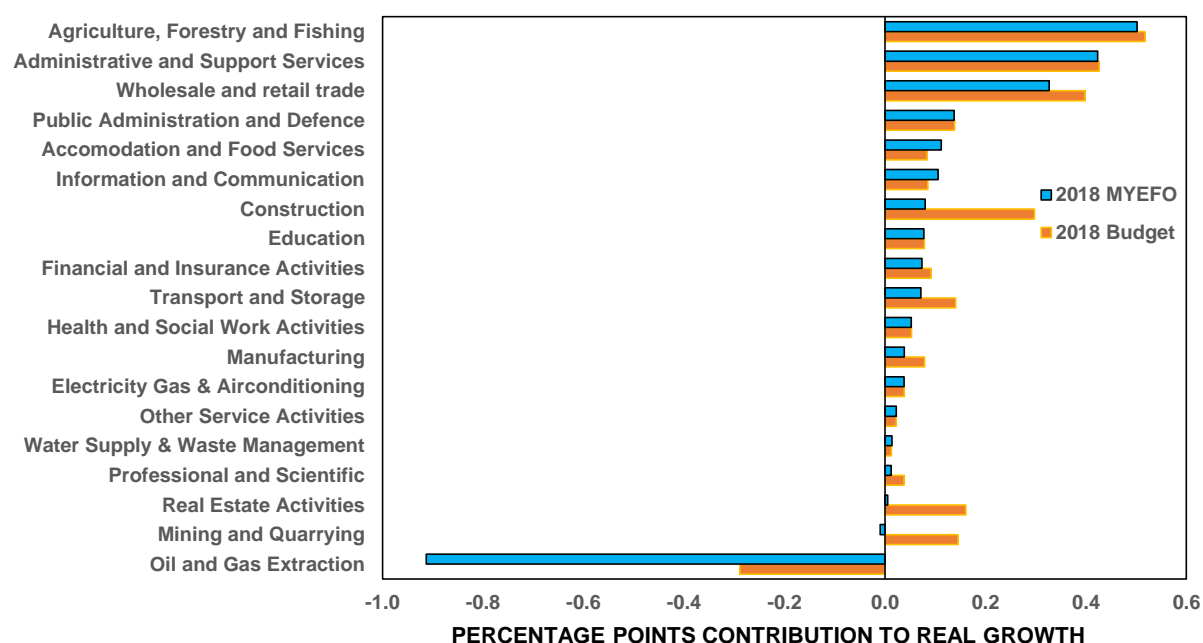
	<b>2017 Act.</b>	<b>2018 Budget</b>	<b>2018 MYEFO</b>
<b>Total Nominal GDP (Kina Million)</b>	75626.0 *	80113.4	81901.9
<b>Economic Growth (%)</b>			
Total Real GDP	3.0	2.4	<b>1.0</b>
Non-mining Real GDP	0.2	3.5	2.8
<b>Inflation (%)</b>			
Year Average	5.4	6.9	5.9
<b>Interest Rate (%)</b>			
Kina Facility Rate (KFR)	6.25	6.25	6.25
3 Year Inscribe Stocks (IS)	9.7	9.7	9.7
<b>Mineral Prices</b>			
Gold (US\$/ounce)	1257.7	1280.7	1286.5
Copper (US\$/tonne)	6165.6	5960.2	6803.8
Oil (Kutubu: US\$/barrel)	51.0	51.1	66.5
LNG (US\$ per thousand cubic feet)	8.8	8.1	9.3
<b>Agricultural Prices</b>			
Coffee (US\$ per/tonne)	3360.5	3487.6	3164.5
Palm oil (US\$/tonne)	647.8	611.9	597.7
Cocoa (US\$/tonne)	2029.4	1944.7	2373.9
Copra Oil (US\$/tonne)	1671.8	1705.2	1096.1

\* Revised from 2017 FBO

Source: [Department of Treasury](#)

In particular, the agriculture, forestry and fishing sector is expected to grow by 3.1 per cent in 2018, the same rate of growth as projected in the Budget. This is higher than the 1.8 per cent achieved in 2017. The coffee industry is expected to produce around a million bags this year, rebounding from the recuperation period in the previous season. In addition, key projects in the cocoa industry, including the cocoa nursery project and the cocoa freight subsidy program, are anticipated to sustain farmer interest and continue to mobilise cocoa from the remote areas into market places. Offsetting some of the positive growth prospects are the negative effects of the 2016 El-Nino drought which is anticipated to take a toll on palm oil flowering this year, hence, lowering production of palm oil. Coconut oil prices have also fallen this year driven by increased global supply. Overall, the positive events in coffee and cocoa are expected to outweigh the slowdown in the palm oil and coconut oil sub sectors. The impact of the Government's fisheries rebate scheme implemented this year is likely to be positive on the fisheries' sector, although it is too early to be definitive.

**Chart 14: Sectors Contribution to Total Real GDP (percentage growth)**



Source: Department of Treasury

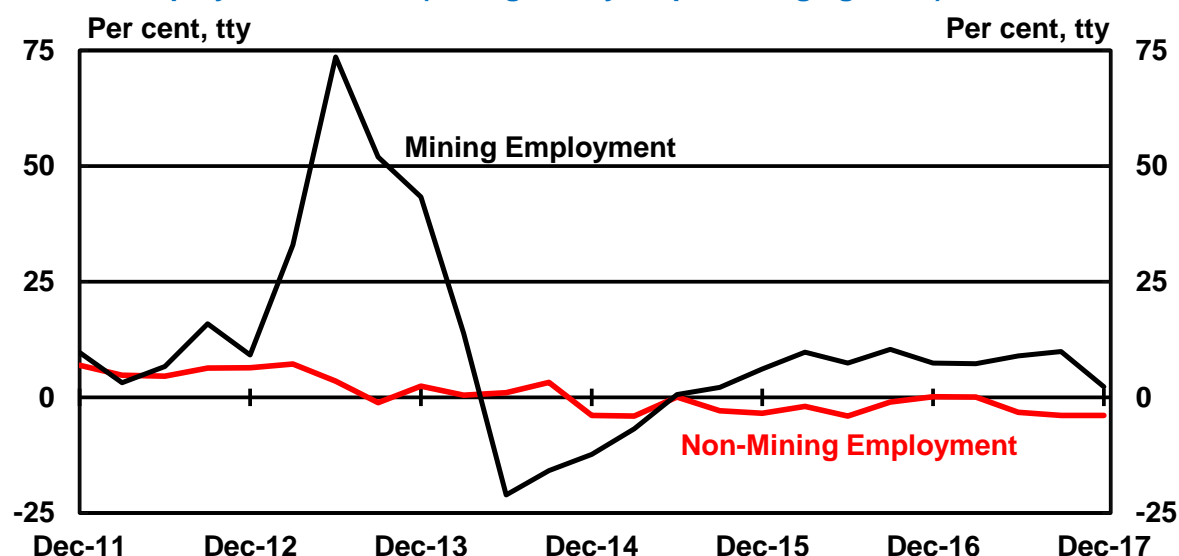
With the economy hosting the APEC Summit this year, the non-mining sub sectors of the economy, including accommodation and food services, information and communication and administration and support services are expected to be boosted through increased demand for hotel accommodation, food and beverages, communications and security services. This is expected to provide a lift to the domestic economy in the latter part of the year, offsetting some of the general weakness that has persisted to date.

### 2017 Employment Trends

Total employment in the formal private sector remained relatively stable through-the-year to December 2017 with a decline in the non-mineral sector being offset mostly by an increase in the mineral sector (Chart 15). According to the Bank of PNG 2017 December Quarterly Economic Bulletin (QEB), mining sector employment grew by 2.3 per cent through-the-year to December quarter 2017, while the non-mining sector declined by 3.9 per cent over the same period.

The Bank's provisional employment figures for the March quarter 2018 indicate a gradual improvement in private formal sector employment on a quarterly basis, while through-the-year comparisons remain weak.

**Chart 15: Employment Growth (through-the-year percentage growth)**



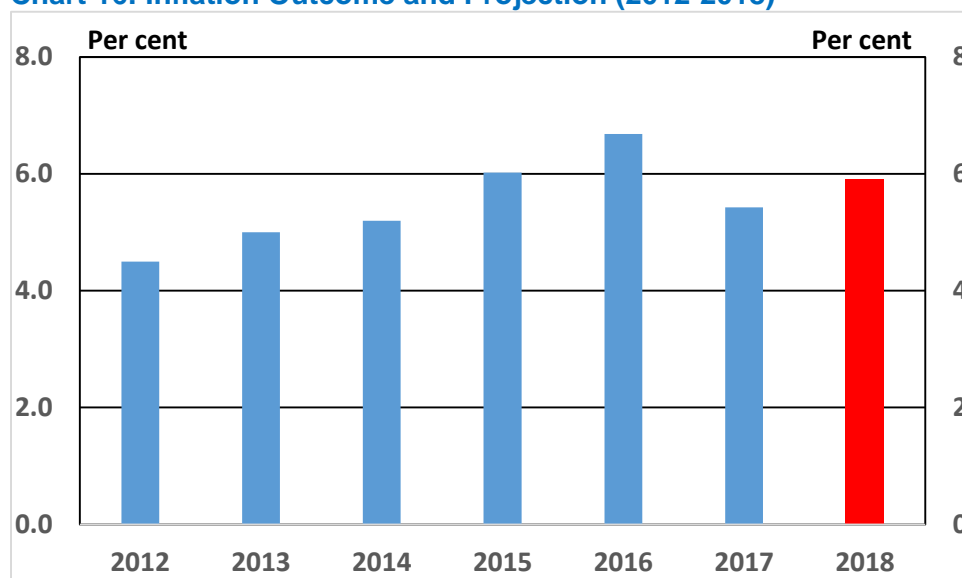
Source: Bank of PNG

The 3.9 per cent decline in non-mining sector employment in 2017 compares poorly with an increase of 2.5 per cent in 2016. This reflects the ongoing subdued domestic conditions. Indeed, non-mining employment trends have been adversely affected by the employment contraction in a number of sectors including in building and construction (down 31.8 per cent), manufacturing (down 7.7 per cent), wholesale (down 6.9 per cent), transport (down 5.7 per cent) and retail (down 5.0 per cent). Conversely, the agriculture, forestry & fisheries and finance/business & other services sectors recorded employment growth of 1.2 per cent and 1.5 per cent, respectively.

### ***Inflation Outlook***

Headline inflation is projected to be 5.9 per cent in 2018, slightly higher than the 2017 outcome of 5.4 per cent. This reflects APEC-related spending, depreciation of the Kina against major trading currencies, particularly the US dollar, and the indirect impact of the increase in import tariffs on refined petroleum products and other imported items. However, the headline inflation rate is projected to be a percentage point below the 2018 Budget projection of 6.9 per cent. NSO inflation outcomes for September and December 2017 and the March quarter 2018 have been consistently below Treasury forecasts.

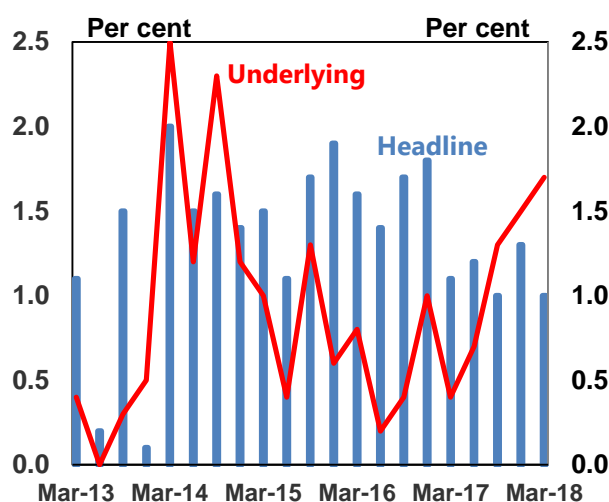
**Chart 16: Inflation Outcome and Projection (2012-2018)**



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

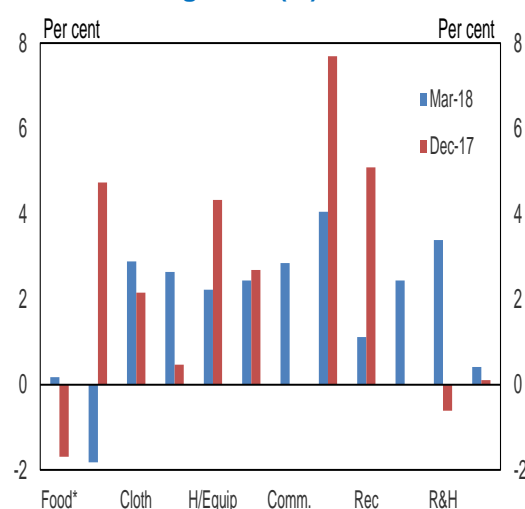
The headline inflation outcome in the first quarter of 2018 was 1.0 per cent, lower than the 1.3 per cent recorded in the fourth quarter 2017. Prices rose across all the major urban centres with Port Moresby increasing by 1.2 per cent followed by Lae (1.0 per cent), Goroka-Mt Hagen-Madang (0.9 per cent) and Alotau-Kimbe-Rabaul (0.8 per cent). Compared to the fourth quarter 2017, price increases in the March quarter included: Health (up 4.1 per cent), Restaurants and Hotels (up 3.3 per cent), Communications (up 2.8 per cent), Clothing and Footwear (up 2.8 per cent) and Transport (up 2.4 per cent) (Chart 18).

**Chart 17: Headline and Underlying Inflation March Quarter 2018**



Source: National Statistical Office

**Chart 18: Expenditure Basket – March Quarter 2018 growth (%)**



Source: National Statistical Office

Compared to the fourth Quarter 2017, the underlying measure of inflation, excluding seasonal and price control items, in the first quarter 2018 rose by 1.7 per cent which reflects increases in the price of Fuels and Lubricants (up 7.5 per cent), Housing (up 1.6 per cent) and Food items (up 1.1 per cent).

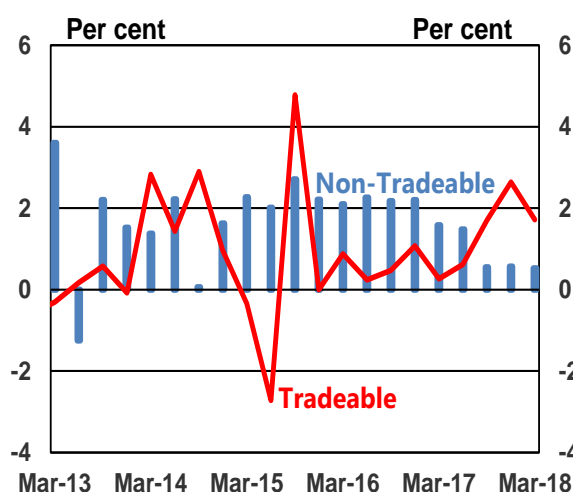


Between March 2017 and March 2018, underlying inflation recorded a 5.3 per cent growth rate, an increase of 3.2 per cent compared to March quarter 2017. This reflects increases in the prices of Health, Household Equipment, Transport, Recreation, Clothing, and Restaurants and Hotels.

Imported inflation recorded a 1.7 per cent growth rate in the March quarter 2018, 0.9 per cent lower than the previous quarter (Chart 19). Prices have increased for Fuels and Lubricants (up 7.5 per cent), Telephone Equipment (up 7.1 per cent), Sewing items (up 6.1 per cent), Medical Supplies (up 5.7 per cent), Boys Wear (up 4.4 per cent), Women and Girls-wear (up 3.1 per cent), Dairy Products, Eggs and Cheese (up 4.4 per cent) and Headwear (up 2.1 per cent). This more than offset a decrease in the prices of a few other imported items namely Oils and Fats, and Clothing among others.

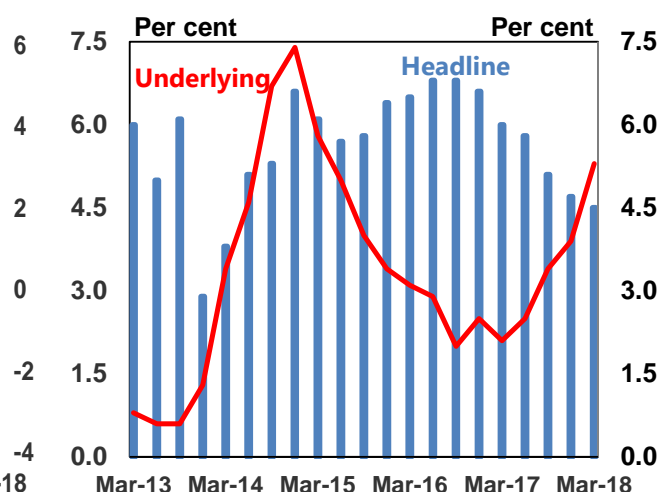
Over the past twelve (12) months (March 2017 to March 2018), imported inflation recorded a 6.8 per cent growth rate which is 4.7 per cent higher than the same time last year (Chart 19). The strong rise in imported inflation during this period is attributed to some further Kina depreciation, the foreign exchange imbalance that continues to affect imports and trade policies that affect the price of a number of imported items.

**Chart 19: Tradable and non-Tradable Inflation March Quarter 2018**



Source: National Statistical Office

**Chart 20: Headline and Underlying Inflation through the year (March 2017 to March 2018)**



Source: National Statistical Office

Domestic inflation was 0.5 per cent at the end of the first quarter 2018 (Chart 19) due to the rise in the price of Cooking (up 7.5 per cent), Takeaway Foods (up 3.2 per cent), Education fees (up 2.7 per cent), Medical Services (up 1.5 per cent), Sugars and Confectionery (up 1.3 per cent), Fares (up 1.3 per cent), Recreation (up 1.2 per cent) and Accommodation (up 1.0 per cent). Overall, the first quarter inflation for domestic goods and services was not as high as the 0.6 per cent rate for the previous quarter, reflecting the decline in the prices of Betel-Nut, Tobacco and Cereals.

Despite the rise in the prices of imports over the twelve months, prices of domestic (non-tradable) goods moderated to 3.1 per cent from a high of 8.5 per cent recorded a year ago. The moderation in the price of domestic goods reflects the fall in the prices of fruit and vegetables (down 8.2 per cent).

## *Monetary Developments*

BPNG has continued to maintain its neutral monetary policy stance by maintaining its kina facility rate (KFR) at 6.25 per cent throughout 2017, and in the first quarter of 2018. In light of moderate global economic growth, the monetary policy stance undertaken by BPNG was driven by the ongoing need to balance the declining trend in inflation, expectations of manageable headline inflation, and to insure the relative stability of the Kina exchange rate over the course of the year. The headline inflation is projected to be around 5.0 per cent, while the underlying inflation is projected at 3.5 per cent for both the trimmed mean and exclusion-based measures.

Considering these developments and projections, the BPNG is expected to maintain a neutral monetary policy stance over the next six months. The Bank will closely monitor developments in inflation and other macroeconomic indicators and may adjust its stance as necessary.

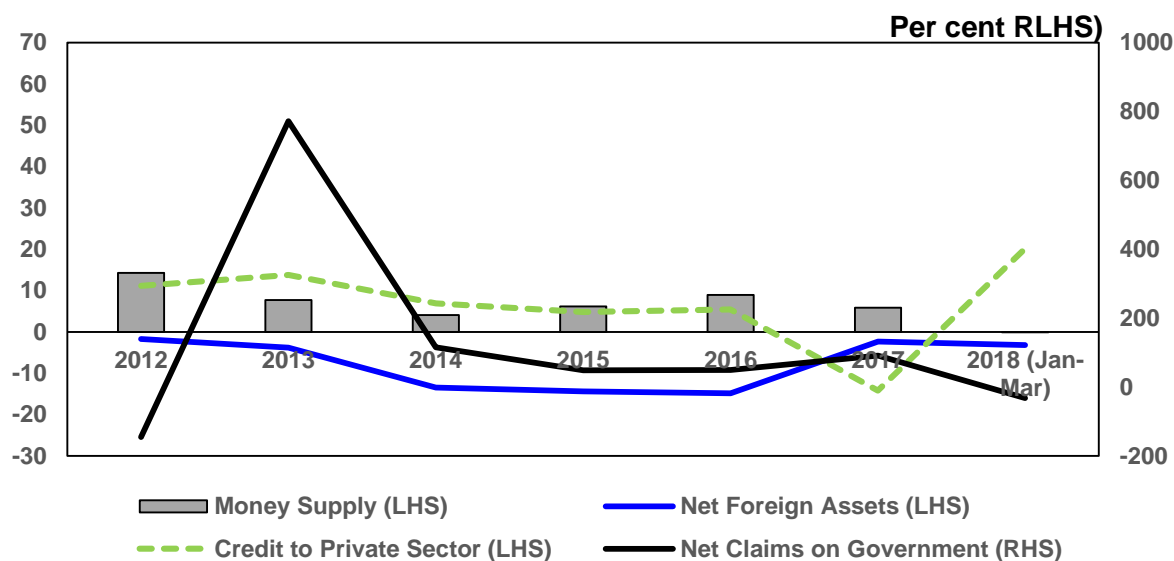
Monetary policy is managed within the reserve money framework to achieve the Bank's objective of maintaining price stability. This involves, managing liquidity to impact interest rates which would in turn affect economic activity and inflation. However, excess liquidity in the financial system remains a concern, although could be related to unmet demand for foreign currency. Broad money supply growth turned negative in 2017 and credit to the private sector and Government remained subdued, both a factor of slower business conditions and the continuing foreign exchange imbalance. In contrast, net foreign assets increased by over 10.0 per cent in 2017. BPNG will need to balance these mixed trends, and the effectiveness of monetary policy will need to be improved.

The Monetary Policy Statement provides the overall policy stance, while the monthly policy rate signals this stance or any changes through an announcement by the Governor. Following the announcement, Open Market Operations (OMOs) are conducted to implement the policy stance. The OMOs involve the auction of Central Bank Bills (CBB), Treasury bills and Treasury bonds to Other Depository Corporations and the general public, and Repo transactions with commercial banks. The Bank will introduce changes to the Repo arrangement.

The Bank continued to use CBBs and Government securities as instruments to manage liquidity in the banking system, and did not make any change to the direct instrument of the Cash Reserve Requirement (CRR).

In the first quarter of 2018, the broad money supply increased slightly by 0.4 per cent. This was primarily driven by domestic claims which more than offset net claims on the Central Government (down 0.1 per cent) due to the moderate issuance of securities to finance the 2018 Budget in the first quarter. Net Foreign Assets of the BPNG increased by 2.7 per cent to K5,568.1 million. Over the 5 months to May 2018, credit to the private sector increased moderately by 3.2 per cent to K13,012.2 million.

**Chart 21: Monetary and Credit Growth (through the year % growth)**



Source: Bank of PNG

According to the Bank of PNG 2018 March Monetary Policy Statement, the broad money supply is projected to increase by 6.3 per cent in 2018. For 2018 the Bank projects Net Claims on Government to decline by 4.6 per cent reflecting the shift in debt toward external debt, and Credit to the Private Sector to increase by 3.2 per cent, while Net Foreign Assets is projected to increase by 12.8 per cent. The increase in Net Foreign Assets is expected from higher export receipts and inflows from external financing. The Monetary base is projected to increase by 3.5 per cent from a decline of 16.6 per cent in 2017.

The BPNG will continue its policy of sterilising liquidity generated from the slack arrangement by on-selling government securities and issuing Treasury Bills. However, part of the external funding expected to be raised in 2018 will be used to retire the short-term domestic debt held by the BPNG. However, it is worth noting that the slack liquidity has been fully sterilized with the BPNG issuing more central bank bills than its holdings of treasury bills and, as such, has had no inflationary impact on the economy.

To slow the rate of depreciation in recent months, the BPNG has continued to allocate foreign exchange on a selective basis to the market over 2017 and 2018. Although non-LNG export revenues are recovering, a foreign exchange shortage persists and a significant backlog of orders continues, which has adversely affected business activity. The BPNG anticipates a gradual reduction in this imbalance over the coming quarters as the balance of payments is expected to improve in 2018 and as the Government's improved debt management strategies reorient the Government's debt portfolio towards a greater share of offshore debt.

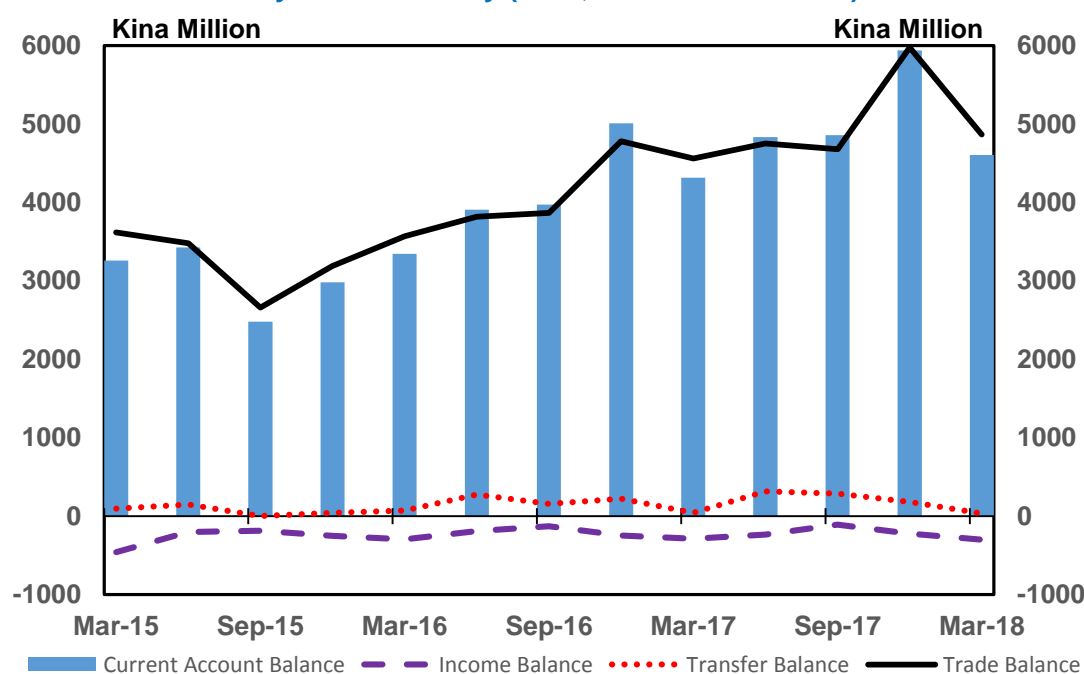
### **Balance of Payments**

In 2017, the current account recorded a surplus of K19,860.0 million (26.3 per cent of GDP) which was 22.3 per cent higher than the surplus recorded in 2016. This was driven by an increase in the trade balance by 23.0 per cent which reflected higher commodity prices and increased gas, copper and copra production. The balance of payments recorded an overall surplus of K350.0 million, with the higher surplus in the current account more than offsetting a deficit in the capital and financial account.

Based on trends observed over the past year (four quarters of 2017), the current account balance (CAB) for the 2018 first quarter is projected at a surplus of K4,605.4 million. The uptrend in average commodity prices which began last year and which has persisted in the first half of the year is expected to be the main driver. According to Treasury's assessment of the economy in the first quarter, exports are expected to increase by 2.4 per cent, while total imports are expected to narrow by 4.0 per cent:

- The trade balance is expected to be in surplus by K6,277.4 million in the first quarter driven by higher commodity prices elevating export earnings, despite the impact of the earthquake on mining and petroleum volumes. This is expected to be supported by the good year for coffee and increased cocoa production;
- The income account is expected to record a deficit of K297.8 million in the first quarter. This reflects the increased payments of dividends and compensation of employees to shareholders and residents overseas;

**Chart 22: Balance of Payment Quarterly (Kina, million: 2015-2018)**



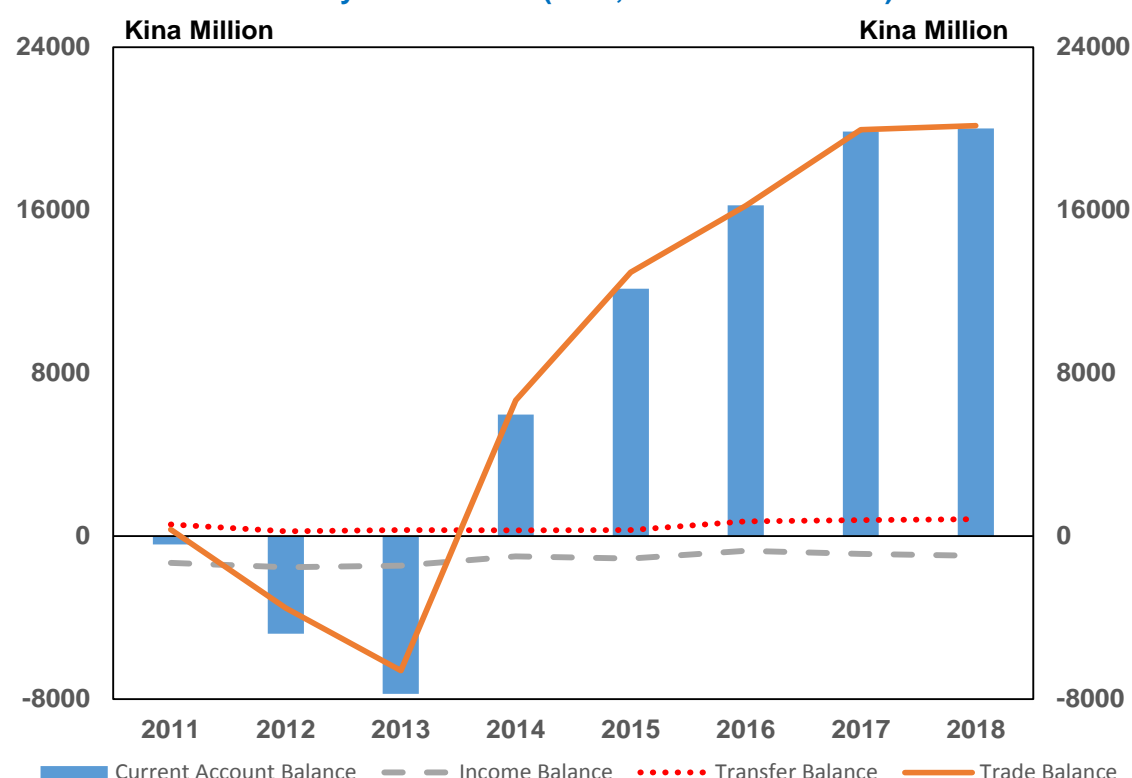
Source: Department of Treasury and BPNG

- The transfer account is expected to continue to remain in surplus totalling K35.0 million in the first quarter. This reflects the increase in receipts of gifts and grants;
- The capital and financial account is expected to record a deficit of K3,612.8 million in the first quarter, reflecting the continued financing of LNG commitments and outflows to finance investments abroad by resident companies; and
- In light of the developments in each account, the overall balance of payments position in the first quarter is expected to be a surplus of K992.7 million, with inflows from the current account outweighing outflows from the capital and financial account.

With mineral prices expected to remain at levels above 2017 averages and with post-earthquake supply responding in the minerals and petroleum sector, the current account is projected to continue to be in a healthy surplus position in 2018. This should translate into

increased foreign exchange holdings which should assist the import needs of businesses through-out the year and reduce the outstanding foreign exchange imbalance.

**Chart 23: Balance of Payment Annual (Kina, million: 2011-2018)**

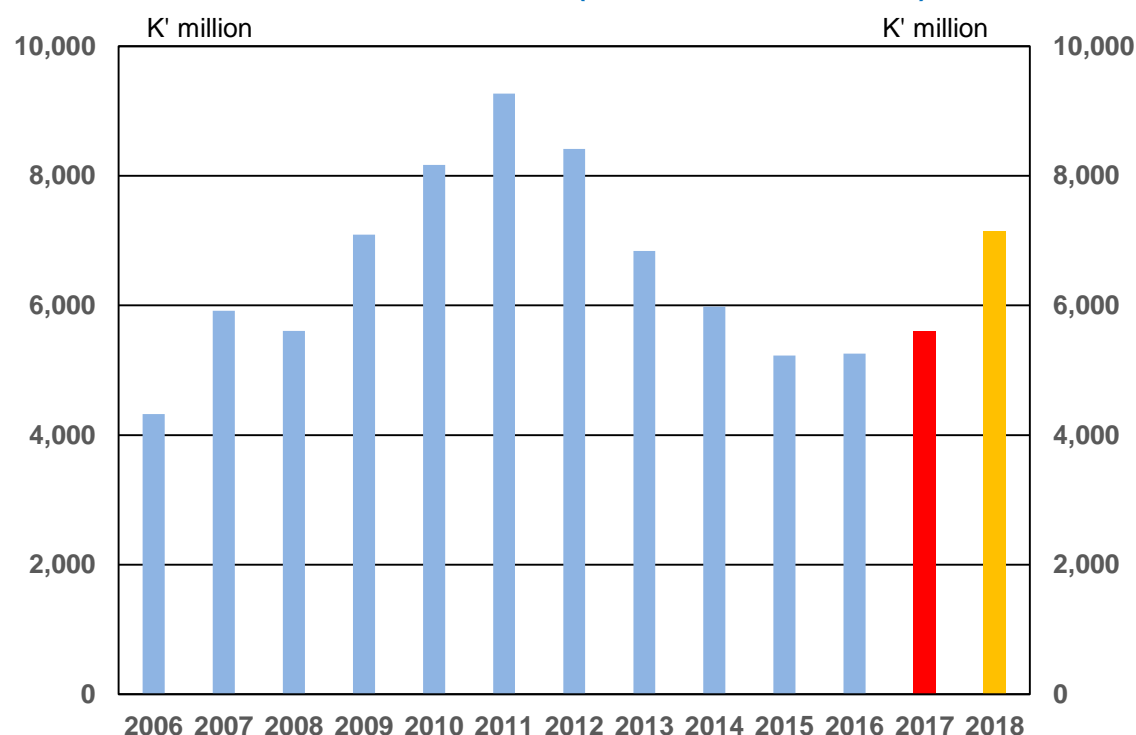


Source: Department of Treasury and BPNG

### **International Reserves**

As at 31<sup>st</sup> December 2017, the level of gross foreign exchange reserves was US\$1,735.6 million (K5,607.7 million), sufficient for 5.9 months of total import and 9.7 months of non-mineral import cover. Despite the anticipated surplus in current account in the first quarter, an earthquake-impact assessment done on the account projects a deficit in the March quarter resulting in foreign exchange reserves falling to US\$1,686.7 million. Foreign reserves are projected to increase by US\$467.3 million in 2018, reaching US\$2,202.9 million (K7,140.5 million) by the end of the year. The increase reflects higher inflows from mining and petroleum tax, dividends from the State's share in the mining and petroleum projects, and royalty and development levies from the PNG LNG Project. External financing of the budget deficit from concessional, commercial and other sources will also contribute to the increase in reserve levels.

**Chart 24: International Reserves Annual (Kina, million: 2006-2018)**



Source: Bank of PNG

### 1.3 THE FISCAL POSITION AND OUTLOOK

#### Overview Mid-Year Fiscal Position

The mid-year fiscal performance shows only a modest deterioration in fiscal conditions, which is significant given the impact of the February earthquake on expenditure and revenue trends. At end June 2018 the fiscal deficit was K324.9 million or 0.4 per cent of GDP with a revenue outturn of K5,553.3 million and an expenditure outturn of K5,878.2 million (refer Table 2). The extensive revenue measures approved in the 2018 Budget have generally been implemented and the lift in gas production in late 2017 has supported higher resource tax collections in 2018. Fiscal expenditures are significantly lower than budgeted at mid-year, being only 39.9 per cent of budgeted spending levels, with higher Compensation of Employees trends being offset by strict control of warrants over other discretionary spending heads.

**Table 2: Budget Balance 2017-2018 (Kina, million)**

	2017 Actual	2018 Budget	June Outturn	2018 MYEFO
Total Revenue and Grants	11,525.1	12,730.7	5,553.3	12,943.8
Total Expenditure and Net Lending	13,319.7	14,717.9	5,878.2	14,931.1
<b>Net Lending (+)/Net Borrowing (-)</b>	<b>-1,794.7</b>	<b>-1,987.2</b>	<b>-324.9</b>	<b>-1,987.2</b>
<b>% of GDP</b>	<b>-2.4%</b>	<b>-2.5%</b>	<b>-0.4%</b>	<b>-2.4%</b>

Source: Department of Treasury

Despite the stringent fiscal management over the first half of 2018, a number of trends were apparent. On a positive note, GST collections continue to be above budget showing greater compliance efforts by IRC. Mining and petroleum taxes are higher than budgeted by mid-year, as well as stamp duty collections and royalty and management fees. Receipt of project grant funding is running above budget by mid-year. In contrast, personal and company taxes are

down modestly in part due to the offsetting of GST refunds and in part due to less buoyant domestic business conditions than anticipated at the time of the 2018 Budget. Still company tax collections are running 5.0 per cent above 2017 collections. There has also been a decline in import excise collections on tobacco and alcohol over the first half attributed in part to the increase in excise rates in the 2018 Budget. Departure tax collections have also been lower in the first half.

On expenditure, it is noteworthy that interest payments are consistent with Budget projections at end 30<sup>th</sup> June 2018 and the trend in recent years of over expenditure on this category appears to have been halted. Payments to commercial and statutory authorities are lower. Concessional loan and grant project expenditures are running to schedule. The Government's own-financed capital spending is running lower than budgeted by mid-year, although is higher than the same time last year.

In contrast, trends in personnel emolument expenditures are running above budget. This reflects the back-dated payment of the 3.0 per cent pay rise granted to public servants in 2017 and a further 3.0 per cent pay rise granted in 2018 – both of which were not appropriated in the 2018 Budget. In addition, a number of off-line payments, such as overtime, have increased over the first half, in part due to additional hours for our service workers in dealing with the earthquake and on APEC preparations, as well as additional health workers employed to assist in a number of aid projects. Utility charges are also running somewhat above budget, but this is mostly due to the payment of some outstanding amounts from 2017.

To ensure the budget deficit remains on track in 2018 and the Medium Term Fiscal Strategy (MTFS) is maintained, the Government has issued a number of directives to departments and agencies. These comprise:

- Instructions to OSPEAC and the Department of Finance to introduce some hard budget ceilings for employment levels and off-line payments to ameliorate these adverse underlying trends and to bring this expenditure category (excluding the unbudgeted pay increase) back on track;
- Following a number of audits on utility and rental charges, the introduction of measures to control this expenditure and to bring it back on track by end 2018;
- Establishment of a high-level Task Force (Treasury, IRC, Customs and Finance) focused on improving compliance and the pass through of departure tax and import excise collections;
- Instructions to IRC to accelerate the establishment of the Large Taxpayer Office in IRC and to implement fully the 2018 Budget changes to the policy on export duty on old-growth logs;
- Instructions to the Treasury and Finance Departments to conduct, as a priority, discussions with state entities to re-examine dividend inflows, particularly relating to LNG dividends to Government; and
- Instructions to the Treasury Department to find additional savings in the goods and services expenditure areas across all non-essential priority areas and in non-essential capital works programs that are funded by the Government.

## Fiscal Outlook for 2018

Given the June outturn report, seasonal projection trends and with the stipulated Government actions, the Fiscal Outlook for 2018 has improved modestly. The updated fiscal estimates for 2018 are set out in Table 2.

Specifically, Total Revenue and Grants is projected to be K213.2 million higher than the 2018 Budget estimates. Total Expenditure and Net Lending is projected also to be K213.2 million higher than the 2018 Budget estimates, thereby maintaining the budget deficit at K1,987.2 million. At this level, total public debt is projected to reach K25,545.5 million, or 31.2 per cent of GDP. This compares to the 32.2 per cent expected in the 2018 Budget, with the decline in the ratio mostly due to the revised GDP projections for 2018. Importantly, debt levels are clearly within the 30-35 per cent band as per the *Fiscal Responsibility Act (as amended)* (FRA) and debt at these levels is consistent with the declining trends in the MTFS 2018-22.

The Government remains committed to its major expenditure commitments in the MTDP Enablers in the 2018 Budget and these will continue to be delivered. This includes key Government priorities such as Tuition Fee-Free Education and infrastructure spending such as on roads and bridges, as well as K1,174.4 million in direct investments in the Provinces, Districts and Local Level Governments (Wards) through the Support Improvement Programs (SIPs).

The immediate challenge for the Government is to maintain fiscal discipline throughout the second half of 2018 and fully implement its remedial actions if it wishes to maintain spending on its major commitments and remain in accordance with its MTFS. The performance of borrowing and all funding sources will continue to be monitored and necessary adjustments made as and when required.

In addition, if the planned sovereign bond (external) financing (assumed in the 2018 Budget to be US\$200.0 million in 2018 and US\$300.0 million in 2019-20) does not materialise in 2018, as budgeted, additional pressure will be exerted on domestic financing, necessitating even greater and unplanned fiscal restraint.

Similarly, if the expected US\$500.0 million sovereign bond proceeds are received in 2018 (as one issuance), which is US\$300.0 million greater than budgeted for in 2018, than Government policy is for this additional amount to be held in a foreign exchange account in the BPNG to cover planned fiscal expenditures in 2019-20 commensurate with the MTFS 2018-22.

### 1.4 TOTAL REVENUE AND GRANTS

Total Revenue and Grants projections for 2018 have been revised up by K213.2 million in the 2018 MYEFO, compared to the 2018 Budget estimates. As a result, the revised Total Revenue and Grants is projected at K12,943.8 million compared to the 2018 Budget estimate of K12,730.7 million.

These revised projections highlight improvements in Mining and Petroleum Tax driven by the increase in international commodity prices and the expansion of gas production in the final quarter of 2017. It also highlights an increase in Goods and Services Tax (GST) reflecting enhanced IRC compliance activities and reduced GST refunds due to GST offsets against other tax heads. It also reflects expectations that dividend and PMMR Act transfers targets will be achieved. Importantly, underlying tax and non-tax collection trends continue to improve in line with the new Medium Term Revenue Strategy operationalised in the 2018 Budget.



These trends represent a net improvement over the recent MYEFO reports<sup>5</sup> that resulted in major unplanned adjustments to the budget and to the productivity of fiscal expenditures.

Excluding donor grants, which are unchanged from the budget estimate, tax revenue estimates have been increased by K182.5 million and other revenues by K30.6 million. Aggregated domestic revenue revisions are shown in Table 3, with the revisions by revenue item detailed in the subsequent tables.

**Table 3: Total Revenue and Grants 2017-2018 (Kina, million)**

	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>June Outturn</b>	<b>2018 MYEFO</b>	<b>Budget Variation</b>
<b>Tax Revenue</b>	<b>9,141.4</b>	<b>9,639.4</b>	<b>4,255.2</b>	<b>9,821.9</b>	<b>182.5</b>
<i>Per cent of GDP</i>	<i>12.1%</i>	<i>12.0%</i>	<i>5.2%</i>	<i>12.0%</i>	<i>0.0</i>
<b>Social Contributions</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<i>Per cent of GDP</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Grants</b>	<b>1,439.9</b>	<b>1,024.6</b>	<b>813.4</b>	<b>1,024.6</b>	<b>0.0</b>
<i>Per cent of GDP</i>	<i>1.9%</i>	<i>1.3%</i>	<i>1.0%</i>	<i>1.3%</i>	<i>0.0</i>
<b>Other Revenue</b>	<b>943.8</b>	<b>2,066.7</b>	<b>484.7</b>	<b>2,097.3</b>	<b>30.6</b>
<i>Per cent of GDP</i>	<i>1.2%</i>	<i>2.6%</i>	<i>0.6%</i>	<i>2.6%</i>	<i>0.0</i>
<b>Total Revenue</b>	<b>11,525.1</b>	<b>12,730.7</b>	<b>5,553.3</b>	<b>12,943.8</b>	<b>213.2</b>
<i>Per cent of GDP</i>	<i>15.2%</i>	<i>15.9%</i>	<i>6.8%</i>	<i>15.8%</i>	<i>0.0</i>

Source: Department of Treasury

## TAX REVENUE

Tax revenue collections in the first half of the year have been generally on par with budget projections for most tax heads except for salary and wages tax. In total projected increases in these taxes amount to an increase of K182.5 million on the 2018 Budget estimate of K9,639.4 million.

### Taxes on Income, Profits and Capital Gains

Taxes on Income, Profits and Capital Gains (TIPCG) are projected to increase marginally by K2.8 million compared with the 2018 Budget estimate. This reflects projected increases in MPT, Corporate Tax and Interest Withholding Tax which more than offset a projected decrease in Salary and Wages Tax (SWT) by K119.2 million.

In the first half of the year, SWT collections amounted to K1,493.2 million, which is lower than expectations and clearly relates to some decline in employment in the non-mineral sector, significant GST refund offsets and delay in SWT payments from Statutory Bodies. The downward revision to SWT also takes into account anticipated positive compliance activities undertaken by the IRC, as well as the anticipated increase in the public wage bill as a result of the back-payment of the 3.0 per cent salary increment for public servants for 2017 and another 3.0 per cent for 2018.

<sup>5</sup> Total Revenue and Grants in 2017 MYEFO was revised down by K514.0 million, and in 2016 MYEFO by K1,886.0 million. Both reports were reported using the newly adopted Government Financial Statistics (GFS) 2014 reporting framework.

**Table 4: Taxes on Income, Profits and Capital Gains 2017-2018 (Kina, million)**

	2017 Actual	2018 Budget	June Outturn	2018 MYEFO	Budget Variation
<b>Taxes on Income, Profits and Capital Gains</b>	<b>5317.4</b>	<b>5564.9</b>	<b>2360.2</b>	<b>5567.7</b>	<b>2.8</b>
Personal Income Tax	3093.8	3250.2	1493.2	3131.0	-119.2
Company Tax	1794.1	1971.5	672.6	1991.5	20.0
Mining and Petroleum Taxes	113.6	89.5	65.5	160.1	70.6
Royalties Tax	25.6	18.9	16.6	25.7	6.8
Management Tax	17.1	13.0	11.1	18.3	5.3
Dividend Withholding Tax Non Mining	181.7	137.4	49.2	137.4	0.0
Interest Withholding Tax	91.4	84.2	52.0	103.5	19.3
Tax Related Court Fines	0.0	0.0	0.0	0.0	0.0
Sundry IRC Taxes & Income	0.0	0.2	0.0	0.2	0.0

Source: Department of Treasury

\*The MPT estimates for the 2018 Budget and the 2018 MYEFO captures the 50% component that flows directly to WPA. The other 50% flows to SWF & drawdown to Budget.

The 2018 Budget MPT estimate of K89.5 million has been revised up significantly by K70.6 million to K160.1 million. This is due to higher gas production in the latter part of 2017 and prior to the earthquake in 2018 and higher than projected international commodity prices translating into a higher than expected second MPT instalment at end July. This latest update has reduced concerns about the impact of the earthquake in the Highlands region on revenues from mining and petroleum operations, although there may be some timing effects on tax payments from earthquake costs.

Corporate Income Tax (CIT) has been on par with the budget projections of K1,971.5 million. In the first half of the year CIT collections were in line with Budget expectations, which incorporated increased compliance efforts by the IRC. The IRC has processed a higher level of payable corporate income tax returns in the first six (6) months compared to the same time last year. This effort has cushioned the impact of subdued economic conditions on CIT collections and the offsetting GST refund issue. This trend is expected to be maintained over the remainder of the year as the investment in revenue collecting agencies, as part of the MTRS, gradually yields results. Further, CIT collections are expected to be supported by receipts from the re-introduced Additional Profit Tax (APT), hence, the projected increase by K20.0 million to K1,991.5 million for the full year. APT is a higher band of CIT and tends to be realised in times of high international commodity prices and when income tax returns are lodged to IRC.

### **Taxes on Payroll and Workforce**

Taxes on Payroll and Workforce amounted to K4.9 million in the first half of the year. This revenue mainly reflects collections based on 2017 activities. The Training Levy was repealed in the 2018 Budget, however, as the training levy operates with a one-year lag, the impact of the 2018 Budget policy will be reflected in 2019. To date, although the budgeted amount was zero, the Government is expected to collect over K10.0 million.

**Table 5: Taxes on Payroll and Workforce 2017-2018 (Kina, million)**

<b>Tax on Payroll &amp; Workforce</b>	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>June Outturn</b>	<b>2018 MYEFO</b>	<b>Budget Variation</b>
Training Levy	11.2	0.0	4.9	10.0	10.0
<b>Total</b>	<b>11.2</b>	<b>0.0</b>	<b>4.9</b>	<b>10.0</b>	<b>10.0</b>

Source: Department of Treasury

## **Taxes on Goods and Services**

Taxes on Goods and Services are projected to increase by K169.8 million from the 2018 Budget estimate of K3,448.3 million. The projected increase is driven by an expected K112.5 million increase in GST <sup>6</sup> transfers to the CRF, bringing total receipts to K2,086.6 million, and higher than budgeted receipts from Stamp Duties and Customs Sundry in the first half of the year.

**Table 6: Taxes on Goods and Services 2017-2018 (Kina, million)**

	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>June Outturn</b>	<b>2018 MYEFO</b>	<b>Bud. Var.</b>
<b>Taxes on Goods and Services</b>	<b>3,255.1</b>	<b>3,448.3</b>	<b>1,587.6</b>	<b>3,618.1</b>	<b>169.8</b>
GST <sup>1</sup>	1,868.8	1,974.2	907.7	2,086.6	112.5
Sales taxes	0.0	0.0	0.0	0.0	0.0
Bank Account Debit Fees	0.0	0.0	0.0	0.0	0.0
Stamp Duties	42.4	60.0	58.6	80.0	20.0
Excise Duty	757.3	782.3	356.0	782.3	0.0
Import Excise	347.8	395.1	120.1	395.1	0.0
Bookmakers' Turnover Tax	36.0	33.0	9.0	23.8	-9.2
Gaming Machine Turnover Tax	178.7	174.4	91.0	181.0	6.6
Departure Tax	14.2	12.8	3.4	12.8	0.0
Motor Vehicle Registration	5.8	11.2	1.0	11.2	0.0
Commercial Vehicle Licenses	0.6	0.7	0.1	0.7	0.0
Other taxes on use of goods and on permission to use goods or perform activities	0.8	1.2	0.1	1.2	0.0
Other taxes on goods and services	2.7	3.4	40.8	43.4	40.0

Source: Department of Treasury

\*GST represents the total of collections by Provinces, Ports and less Refunds.

The upward revision in GST transfers reflects improved compliance efforts by the IRC and the application of GST credits being offset against other tax heads, particularly CIT which results in lower GST refund claims and higher GST collected and transferred to CRF.

GST collections through the ports in the first half of the year amounted to 49.6 per cent of year-to-date collections, while GST collections from the provinces amounted to 50.4 per cent. The ongoing increase in compliance efforts by the IRC has supported improved collections which otherwise would have been lower.

Import Excise is projected to remain unchanged from the budget estimate of K395.1 million, and lower by K46.2 million compared with 2017 actuals. Only 30.4 per cent of the budget estimate was collected in the first half of 2018 and is lower by 15.5 per cent on the same time

<sup>6</sup> Gross GST refers to GST collections at Ports and Inland (Provinces) less GST Refunds to tax payers.

last year. The lower half-year collection is linked to a higher than expected impact of the increase in import duty, which appears to have resulted in the substitution of imported excisable products in favour of local excise products. However, import excise collections are expected to make up for those losses as collections recover in line with normal high trends in the second half, supported by greater compliance efforts by PNG Customs to achieve the budget projection of K395.1 million. The Government has approved a technical task force to ensure the budget targets are met.

Excise duty is expected to remain unchanged from the budget projection of K782.3 million. This reflects the increased excise rates on diesel presented in the 2018 Budget, supported by the anticipated increase in consumption of locally produced excise products and APEC-related demand. In the first half of the year, excise duty collections were 45.6 per cent of the budget estimate and higher than the same period last year by 19.4 per cent. There may be upside risks to these projections.

Bookmakers' Turnover Tax is projected to decrease by K9.2 million in 2018. Departure Tax collections were lower over the first half than expected, but are expected to recover in the second half particularly given the growth in air travel expected over 2018. The departure tax performance over the first half is being reviewed by the technical task force established by the Government.

### **Taxes on International Trade and Transactions**

Taxes on International Trade and Transactions are projected to increase slightly by K14.6 million from the 2018 Budget estimate of K626.1 million. This relates to Export Tax which is expected to be higher by K14.6 million, compared to the budget estimate of K330.0 million. In the first half of the year, the collection of export tax was in line with the budget estimate and higher by 21.9 per cent on same time last year. This is due to increased log export volumes, supported by higher log price projections for the year. The altered tax arrangements have, as yet, not been implemented. However, the Government has directed that this policy change is to be implemented in the second half of 2018.

**Table 7: Taxes on International Trade and Transactions 2017-2018 (Kina, million)**

	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>June Outturn</b>	<b>2018 MYEFO</b>	<b>Budget Var.</b>
<b>Taxes on International Trade &amp; Transaction</b>	<b>557.7</b>	<b>626.1</b>	<b>302.6</b>	<b>628.6</b>	<b>14.6</b>
Import Duty	246.4	296.1	137.6	296.1	0.0
Other Import Taxes	14.0	0.0	0.0	0.0	0.0
Export Tax	297.3	330.0	164.9	344.7	14.6

Source: Department of Treasury

Import Duties are projected to remain unchanged from the budget estimate of K296.1 million, which is 16.8 per cent higher than the 2017 actuals. This improved performance on 2017 reflects greater compliance efforts, offset by weaker import volumes as a result of the less buoyant economic environment, increased tariff rates and slower improvement in the foreign exchange market. The Container Examination Facility (CEF) is expected to continue to generate additional import duty receipts over the remainder of the year.

### **GRANTS**

Donor Grants for 2018 are maintained at the Budget estimate of K1,024.6 million. In the first half of the year, a total of K813.4 million was received which represents 79.4 per cent of the

budget estimate. This may reflect an underestimation of the 2018 Budget grants' figures, as a number of bilateral donor partners, such as USAID, had not provided the required information in time for the compilation of the 2018 Budget. Looking at the recent trends, donor grants could increase beyond the MYEFO projection. Nevertheless, any underestimation will impact both expenditure and revenue by the same amount and all grant aid is provided in-kind (refer section on Grant Financing in Part 2).

Donor Grants are also subject to exchange rate fluctuations.

**Table 8: Grants – 2017-2018 (Kina, million)**

	2017 Actual	2018 Budget	June Outturn	2018 MYEFO	Budget Variation
<b>GRANTS</b>	<b>1,439.9</b>	<b>1,024.6</b>	<b>813.4</b>	<b>1,024.6</b>	<b>0.0</b>
From Foreign Governments	1,281.9	752.8	748.6	752.8	0.0
Current	1,025.5	602.2	527.5	602.2	0.0
Cash	0.0	0.0	0.0	0.0	0.0
In-Kind	1,025.5	602.2	0.0	602.2	0.0
Capital	256.4	150.6	131.9	150.6	0.0
Cash	0.0	0.0	0.0	0.0	0.0
In-Kind	256.4	150.6	0.0	150.6	0.0
From International Organizations	158.0	271.8	64.8	271.8	0.0
Current	126.4	217.4	51.8	217.4	0.0
Cash	0.0	0.0	0.0	0.0	0.0
In-Kind	126.4	217.4	0.0	217.4	0.0
Capital	31.6	54.4	13.0	54.4	0.0
Cash	0.0	0.0	0.0	0.0	0.0
In-Kind	31.6	54.4	0.0	54.4	0.0

Source: Department of Treasury

## OTHER REVENUE

A total of K2,066.7 million was estimated for Other Revenues in the 2018 Budget. This comprised K1,250.0 million from dividends, K565.0 million as balance transfers from State entities relating to the *Public Money Management Regularisation (PMMR) Act 2017*, and K161.5 million in fees and charges.

Other Revenue is now projected to increase to K2,097.3 million, higher by K30.6 million from the 2018 Budget estimate of K2,066.7 million. The increase is due to an increase in SWF inflows by K70.6 million from MPT. This increase offsets a K40.0 million reduction from Kumul Consolidated Holdings Ltd (KCHL), as KCHL is exempted from the PMMR Act 2017.

Revenue transfers from State entities relating to the PMMR Act are anticipated to start flowing in July and continue over the remaining months of this year.

**Table 9: Other Revenue – 2017-2018 (Kina, million)**

	2017 Actual	2018 Budget	June Outturn	2018 MYEFO	Budget Variation
<b>OTHER REVENUE</b>	<b>943.8</b>	<b>2,066.7</b>	<b>484.7</b>	<b>2,097.3</b>	<b>30.6</b>
<b>Property Income</b>	<b>860.9</b>	<b>1321.9</b>	<b>472.6</b>	<b>1281.9</b>	<b>-40.0</b>
Interest	0.0	0.7	0.0	0.7	0.0
Dividends	841.6	1250.0	430.0	1250.0	0.0
<i>Mining Petroleum and Gas Dividends</i>	<i>562.3</i>	<i>500.0</i>	<i>150.0</i>	<i>500.0</i>	<i>0.0</i>
<i>Dividends from Statutory Authorities</i>	<i>279.3</i>	<i>625.0</i>	<i>280.0</i>	<i>625.0</i>	<i>0.0</i>
<i>Shares in Private Enterprise</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>Dividends from State Owned Enterprises</i>	<i>0.0</i>	<i>125.0</i>	<i>0.0</i>	<i>125.0</i>	<i>0.0</i>
<i>Other Dividends</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Withdrawals from income of quasi-corporations	0.0	40.0	0.0	0.0	-40.0
Property income from investment income disbursement	0.0	0.0	0.0	0.0	0.0
Rent	19.3	31.2	8.1	31.2	0.0
<b>Sales of goods and services</b>	<b>62.8</b>	<b>112.5</b>	<b>3.8</b>	<b>112.5</b>	<b>0.0</b>
<i>Sales by market establishments</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>Administrative fees</i>	<i>22.9</i>	<i>46.6</i>	<i>0.9</i>	<i>46.6</i>	<i>0.0</i>
<i>Incidental sales by nonmarket establishments</i>	<i>39.9</i>	<i>65.8</i>	<i>2.9</i>	<i>65.8</i>	<i>0.0</i>
<i>Imputed sales of goods and services</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<b>Fines, penalties, and forfeits</b>	<b>1.6</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.0</b>
<b>Transfers not elsewhere classified</b>	<b>18.5</b>	<b>631.4</b>	<b>8.3</b>	<b>702.0</b>	<b>70.6</b>
<i>Current transfers not elsewhere classified</i>	<i>18.5</i>	<i>631.4</i>	<i>8.3</i>	<i>702.0</i>	<i>70.6</i>

Source: Department of Treasury

## 1.5 REVENUE MEASURES UPDATE

The Government in the 2018 Budget passed several revenue measures consistent with the new Medium Term Revenue Strategy (MTRS) 2018-2022, guided by the Alotau Accord 2 and the Government's 100 Day Plan as part of the Government's ongoing effort to enhance compliance and to strengthen the revenue base.

The Government expected the major administrative reform and revenue policy measures to raise K938.4 million in 2018. These reforms are being implemented and the results are tracking as expected. The main revenue measures are:

### i. Strengthening Revenue Raising Agencies to Improve Compliance and Enforcement

The Government's focus for 2018 and beyond is to strengthen the revenue collection agencies (IRC and PNGCS). With increased resources, most administrative reforms outlined in the MTRS are on track. These include:

- The establishment of the IRC's **Large Taxpayer Office (LTO)** which has progressed well with 20 key tax payers reserved for service provision through the new office. This will allow IRC to engage with its key large tax payers through an exclusive tax administration regime and provide them with better services and closer compliance monitoring. Evidence from other developing countries in the region has shown that an LTO can help raise significant revenue;
- **Recruitment of staff** is currently underway at IRC to increase processing and enforcement capacity to handle a larger tax base and to fill the revised IRC structure

approved through a Commission decision. This includes recruitment for data base specialists, auditors, analysts, finance managers and debt enforcement officers. The IRC is also recruiting middle management positions for tax and service departments. The IRC has already doubled its processing capacity and is currently undertaking processing of over 50,000 returns per month as opposed to 20,000 at the end of 2016;

- The IRC is also currently in the process of **upgrading office infrastructure** to facilitate greater staff strength and enhance technical abilities. This includes the refurbishment of offices to allow for dedicated LTO space, acquiring additional office space for staff processing teams and acquiring necessary office equipment;
- The IRC has drafted a **compliance improvement strategy** (CIS) based on risk assessments, which has been approved by the Commission as the steering document for tax payer compliance management. A compliance steering committee has been created under the Commission to monitor on-going activities in compliance and compliance initiatives.
- The implementation of the **Container X-Ray Examination Facility** at the port of Port Moresby (Motukea Wharf) has substantially assisted in enhancing compliance from importers. This has assisted in the improvement in revenue collections in 2017. For this year, the volume of items to which import tariff rates increased is declining, reflecting a lower trend in collections this year. Also, there is the possibility that non-compliant companies may be moving their illegal imports to other smaller ports without the x-ray scanning security capability. This will be reviewed;
- Post Clearance Audit – Customs continues to conduct post clearance audit and is recovering revenues through this exercise;
- Enforcement of Administrative Penalties – through the enforcement of administrative penalties alone has collected much of the revenues falling under Sundries;
- Customs Enforcement and Border Patrols – Customs requires significant resources to plan and conduct routine enforcement and border operations to enhance compliance which should support and assist in an increase in revenue collections. In the meantime the enforcement and border operation activities are only responsive to reports of breaches and detections. Additional resources will be considered in the fiscal strategy to address this issue;

Up to May 2018, IRC's compliance efforts have helped collectively raise approximately K120.0 million in additional revenue. A number of initiatives described above and implemented under the MTRS are considered capital investments into IRC that have a gestation period before creating a measurable revenue impact. Meanwhile, IRC has been able to maintain cash transfer obligations to the tax payers, provinces and the Waigani Public Account (WPA) as per the annual budget projections.

For PNG Customs, collections under the Import Duty and Import Excise have dropped due to an increase in the rates on certain goods to assist domestic manufacturers. Hence, there has been a decline in the volume of imported items to which tariff rates were increased, which has reduced import tariff collections, as well as reducing import excise for excisable items such as alcohol, tobacco and refined petroleum. However, improvements in the other areas are expected to offset these declines and collections are expected to meet the annual projections.



## ii. **Removing the Training Levy and Double Deduction for Training**

In the 2018 Budget, the Government abolished the Training Levy and Double Deduction for Training because they had outlived their purpose. These measures have been enforced and the tax payers are being made aware of the change through the tax bulletins, awareness meetings and the Tax Agent Liaison Groups (TALGs). These measures will be applicable for income earned in 2018 which will now not be payable in 2019.

## iii. **Suspension of the Tariff Reduction Program (TRP), Increasing Import Tariffs on Refined Petroleum Products and Other Imported Products**

These measures have been implemented.

It is noted that the increase in import tariffs on tobacco, alcohol and refined petroleum has reduced the volume of imports by 44.0 per cent, 47.0 per cent and 61.0 per cent respectively compared to first six (6) months of 2017. This is reflected in the import collections trending below expectations by 52.0 per cent. It is also noted that the domestic excise collections are tracking well and stronger. This could mean that more excised items are sourced domestically. However, **Treasury will continue to work closely with PNG Customs to firm up this assumption.**

## iv. **Increasing Diesel Excise from 10 Toea to 23 Toea.**

The increase in the diesel excise to 23 toea from 10 toea to align rates more with petrol excises was effective as of January 2018. The local excise revenue from Diesel is trending as expected.

## v. **Capture Resource Rent on Export of Unprocessed Old-Growth Logs**

The export duty on old-growth logs was realigned to capture resource rents at varying log species. This measure is yet to be implemented given administrative issues with the newly implemented ASYCUDA World. Once rectified, Customs will conduct Post Audits to recoup revenue lost due to the lag in implementation. However, this is not expected to affect the 2018 projection for export duty as there has been both increased export volumes of logs and prices compared to last year.

## vi. **Tax Administration Act (TAA)**

Under the MTRS implementation work relating to the TAA, the IRC has formed a TAA Working Group. Based on a 1<sup>st</sup> January 2020 implementation date and taking into account the timing for the roll-out of further automated functions, the group has divided its work into three (3) phases:

Phase 1 – identifying ‘easy to implement’ measures in the TAA that can be brought into force within the existing tax laws during the 2018-19 Budget period;

Phase 2 – ensuring the remainder of the TAA is legally and administratively ready to be brought into force on 1 January 2020 including ensuring proper public consultation with tax agents and taxpayers (2019-2020); and

Phase 3 – looking at law simplifications across the existing tax laws for the duration of the MTRS including key reforms already identified such as the SME regime and capital gains tax (2019 – 2022).



The working group recently concluded a workshop relating to Phase 1 and has identified several measures in the TAA that can be considered as part of the 2019 Budget process.

**vii. Other minor revenue measures that are being implemented include:**

***a. Clarification of the Eligibility for Primary Production Incentives***

There were a number of queries received by IRC from logging and timber operators on their eligibility for a primary production incentive. The clarification in the law is explicit and that logging and timber companies are not eligible for a primary production incentive. The tax payers are being informed both through tax payer awareness sessions and queries by tax payers.

***b. Removal of GST zero rating for educational institutions***

The law was amended by repealing the tax credit provision while retaining the exemption for GST to address GST credit abuse and ease administration of educational institutions. This law amendment has now been implemented. The impact is realized in the reduction of GST refund claims by tax payers.

***c. Clarification in the definition of resource company***

The clarification in the GST law for only 'operating' license holders of resource projects to be allowed GST zero-rating status is in force. IRC has exchanged communications with taxpayers in relation to this law through the awareness meetings and TALG meetings.

***d. Taxation treatment of Royalties***

The amendment to treat royalty payments as deductions instead of a tax credit is now in force. This amendment will apply for income earned in 2018 payable in 2019. Tax payers and their agents are being made aware of the change through the tax bulletins awareness and TALG meetings.

***e. Pay now litigate later***

The amendment to reinforce tax payers to meet their obligation to pay the full amount of income tax due before they can appeal an assessment has been enforced. IRC can now collect debt under dispute from tax payers even before litigation begins to improve payment compliance. This policy is now in effect and IRC has already enforced this on two tax dispute cases.

***f. Pay as you lodge***

The amendment to provide an option to taxpayers to pay as they lodge has also been implemented. Previously, for CIT, the tax office took 30 days to raise an assessment for the tax payer to pay. Now self-assessment allows tax payers to estimate and pay their tax liability as they lodge. This also results in improved compliance.

***g. Holding the parent company liable for a subsidiary company***

This tax amendment now holds the holding/parent company (resident or non-resident) liable for the tax liability of its subsidiary operating in PNG. Currently, no cases have been raised as yet where this amendment has been used but the law is in force.

***h. Imposition of penalties for incorrect or non-disclosure of losses and deductions***

The clarification to impose penalties on omissions of losses is extended to general deduction and tax credit schemes is in force and taxpayers have been informed through tax bulletins and TALG meetings and during tax lodgements.

**i. Taxation of prescribed contracts for Foreign Contractor's withholding tax**

The Foreign Contractors Withholding Tax regime currently applies to non-residents who are earning income from a prescribed contract entered into with a resident company. This amendment seeks to distinguish between prescribed contract income and other income of the foreign contractor to ensure that income from a prescribed contract is treated separately as a final tax and is not taken into account when computing the overall assessable income of the foreign contractor. Tax payers are now fully aware and this is now in effect.

**j. Legalizing Taxpayer Identification Numbers (TIN)**

The Government made TIN Registration a legal requirement to broaden the tax base. The TIN registration was already in force and was legalised to make it mandatory.

**k. Increasing tax clearance threshold**

The threshold for acquiring a tax clearance on remitting money abroad has been increased from K200,000 to K500,000. A gazettal was approved and released by the Bank of Papua New Guinea and tax payers may now take advantage of the increased threshold to remit foreign currency.

**l. Commissioner General to declare land owners resource trust**

The Commissioner General of IRC can now declare a land owner's resource trust. While no new applications have been received so far, there are some applications from previous years which are now being progressed.

**m. Taxation for termination benefits**

The changes to taxation of Long Service Leave have been addressed in public awareness presentations in Port Moresby, Lae, Mt Hagen and awareness will continue. Awareness was also made on NBC Radio Talkback and presentations made to the Papua New Guinea Human Resources Institute and at the Port Moresby Chamber of Commerce and Industry Breakfast.

In all of the above mentioned presentations the news of the concessional rate of tax on Long Service Leave has been met with tremendous appreciation by the general public. The general public really appreciates the Government's efforts to help our "little people".

So far IRC have dealt with about 15 cases.

**n. Tax credit for APEC Haus**

The Infrastructure tax credit for APEC Haus has been approved to expenditure made up to a maximum of K170.0 million and will be enforced when the developer lodges tax returns.

**o. Introduce a Bribery Offence Provision To Minimise Fraud And Corruption**

This measure is in force but to date there were no cases dealt with.

**p. Amending the Secrecy Provision To Provide Tax Data To the Extracting Industry Transparency Initiative (EITI) And Financial Analysis And Supervision Unit (FASU)**

This amendment has been enforced and IRC has been sharing tax information directly with EITI without the need to obtain taxpayer consent.

## 1.6 EXPENDITURE AND NET LENDING

**Table 10: Total Expenditure and Net Lending 2017-2018 (Kina, million)**

Funding Source	2017 Actual	2018 Budget	June Outturn	2018 MYEFO	Budget Variance
<b>Operational Component</b>	<b>10,152.3</b>	<b>10,074.0</b>	<b>4,255.9</b>	<b>10,287.2</b>	<b>213.2</b>
<b>Capital Investment Component</b>	<b>3,167.4</b>	<b>4,643.9</b>	<b>1,622.4</b>	<b>4,643.9</b>	<b>0.0</b>
GoPNG	1,151.4	3,025.4	646.5	3,025.4	0.0
Donor Support Grants	1,439.9	1,024.6	813.4	1,024.6	0.0
Loans	576.1	593.9	162.5	593.9	0.0
<b>Total Expenditure &amp; Net Lending</b>	<b>13,319.7</b>	<b>14,717.9</b>	<b>5,878.2</b>	<b>14,931.1</b>	<b>213.2</b>
<b>% of GDP</b>	<b>18.0%</b>	<b>18.4%</b>	<b>7.2%</b>	<b>18.2%</b>	<b>0.3%</b>

Source: Department of Treasury and Department of National Planning & Monitoring

Fiscal expenditures have been held firm over the first half of 2018. Total Expenditure and Net Lending up to 30<sup>th</sup> June 2018 amounted to K5,878.2 million, which represents only about 39.9 per cent of the 2018 Budgeted estimate (see Table 10). The lower level of expenditure to date is largely due to:

- The prudent release of warrants to match anticipated revenues and financing capacities in the first half of the year. This required prioritisation of expenditures to ensure government priorities were met and to assist in minimising pressures on the Government's cash position;
- The slow implementation of development projects (including GoPNG and donor loan projects where counterpart funds are required), which was 34.9 per cent of the 2018 Budgeted allocation. Many development projects are expected to increase spending rates over the remainder of the year as the construction phases progress and as funds become available to secure counterpart funding allocations; and
- The lag in expenditure reporting from some agencies.

**Table 11: Expenditure by Agency Type and Funding Source 2017-2018 (Kina, million)**

Agency Type	2017 Actual	2018 Budget	June Outturn	2018 MYEFO	Budget Variance
National Departments	5,728.3	6,472.8	2,319.0	6,556.2	83.4
Provincial Governments	3,178.5	3,606.4	1,108.1	3,736.2	129.8
Autonomous Bougainville Government	165.2	213.2	73.9	213.2	0.0
Commercial & Statutory Authorities	597.9	942.4	422.5	942.4	0.0
Interest Payments*	1,633.9	1,864.7	978.9	1,864.7	0.0
Loans	576.1	593.9	162.5	593.9	0.0
Donor Support Grants	1,439.9	1,024.6	813.4	1,024.6	0.0
<b>Total Expenditure &amp; Net Lending</b>	<b>13,319.7</b>	<b>14,717.9</b>	<b>5,878.2</b>	<b>14,931.1</b>	<b>213.2</b>

Source: Department of Treasury and Department of National Planning & Monitoring

The projected overrun in expenditure in the 2018 MYEFO of K213.2 million is attributed to both National Departments and Provincial Governments (including ABG) which are projected to incur increased spending of K83.4 million and K129.8 million respectively against the budget appropriations. This projected over-spending is focused around the expansion in salaries and off-line personnel expenditures. However, this is expected to be offset, in part, by an underspending in the other PE items appropriation. The Government has directed

OSPEAC and the Department of Finance to engineer some hard budget ceilings on these over-run areas which are expected to yield results over the second half of 2018. There is also likely to be some downside risk to interest payments given the likelihood of treasury bill redemptions by end year due to the substantial (above budgeted) inflow of external loan funds.

## Operational Budget Expenditure

The total Operational component of the 2018 Budget is K10,074.0 million (see Table 10). With the Government instructions in place, this is projected to increase to K10,287.2 million in 2018 with the estimated increase of K213.2 million or 2.0 per cent over the budget appropriation largely attributed to increases in Compensation of Employees (PE). Some of the PE reform measures over the first half of 2018 were delayed due to the focus of attention being on earthquake remediation and APEC preparations.

The total Government Operational Expenditure up to 30<sup>th</sup> June 2018 was K4,255.9 million which represents about 42.2 per cent of the 2018 Budgeted allocation. This is K155.5 million or 3.5 per cent below spending at same time last year.

### *Total Goods and Services Expenditure*

In the first half of the year, spending on Total Goods & Services (G&S) including grants to other general government units, other expenses and net acquisition of non-financial assets was K1,855.5 million or 28.2 per cent of the 2018 Budgeted appropriation.

Priority spending over the first half of the year included: 2018 Support Improvement Program (SIPs) spending of K344.3 million or 30.5 per cent against the 2018 budgeted estimate; Tuition Fee-Free Education spending of K260.2 million or 43.2 per cent against the 2018 budgeted estimate; Office Rentals' spending of K99.6 million or 42.2 per cent against the 2018 budget estimate; Utilities' spending of K94.8 million or 86.3 per cent against the 2018 estimate, some of which was to cover arrears from 2017; Medical Supplies Procurement and Distribution spending of K88.4 million or 41.2 per cent against the 2018 budgeted estimate; 2018 APEC spending of K54.1 million or 19.6 per cent against the 2018 budgeted estimate; and 2018 LLG Elections spending of K20.0 million or 20.0 per cent against the 2018 budgeted estimate.

Over the first half, Interest payments were K978.9 million or 52.3 per cent against the 2018 budgeted appropriation (see Table 11).

### *Compensation of Employees – PE*

In the first half of the year, Compensation of Employees (PE) expenditure was K2,147.6 million<sup>7</sup> or 51.7 per cent against the 2018 budgeted estimates (see Table 13). The current extrapolated trend of Compensation of Employees expenditure is exceeding the appropriation by around K283.8 million, which includes two sets of 3.0 per cent salary increments which were not appropriated in the 2018 Budget<sup>8</sup>. Retirement costs, including Nambawan Supa Exit Payments, are expected to be within the budget ceiling. However, apart from the salary increases of K283.8 million, the increase is expected to be offset, in part, by

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<sup>7</sup> Note that Compensation of Employees as per the report from IFMS has reported an outcome of K2,038.0 million and was adjusted up by K109.6 million to K2,147.6 million after identifying variance of Unaccounted PE expenditure in the IFMS system against the ALESCO payroll system..

<sup>8</sup> 3.0 per cent salary increment for 2018, plus the backdate 3.0 per cent increment for 2017.

expected under-spending on staffing grants, other PE expenditure items amounting to K70.6 million and the restrictive measures instigated by the Government (see Table 12).

The on-going overspending in the Compensation of Employees (PE) continues to be largely due to structural issues, which are gradually being addressed. Substantial increases are projected to come from the National Departments Salaries & Allowance and Teachers' Salaries under Provincial Governments as shown in Table 12.

**Table 12: GoPNG Funding – Major Increases in Compensation of Employees**

<b>Compensation of Employees</b>	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>June Outturn</b>	<b>2018 MYEFO</b>	<b>Budget Variance</b>
National Depts. Salaries & Allowances	1,917.8	1,877.4	1,014.2	2,012.1*	134.7
Teachers Salary Grants to Prov.	1,342.4	1,164.2	668.7	1,313.4*	149.1
Retirement	459.6	463.5	176.2	463.5	0.0
Staffing Grants	325.6	332.9	152.2	313.6	-19.3
Overtime	35.1	12.9	12.1	12.9	0.0
Other PE items	295.8	302.7	124.2	251.4	-51.3
<b>Grand Total</b>	<b>4,376.4</b>	<b>4,153.6</b>	<b>2,147.6</b>	<b>4,366.9</b>	<b>213.2</b>

Source: Department of Treasury (IFMS 2161 Report)

\* Includes restrictive measures instigated by the Government over the second half of 2018

For the full 2018 fiscal year, Compensation of Employees expenditures are projected to increase by K213.2 million, totally due to increases in Salaries from National Departments and Teachers' Salaries from Provinces of 7.2 per cent and 12.8 per cent respectively against 2018 budgeted estimates.

While the blow-out is likely to be incurred at the end of this year, there are measures currently being undertaken by OSPEAC to find savings or control measures within the PE Budget. These measures include systems control in particular on data cleansing, monitoring offline payments and employee leave data cleansing, strengthening the management of employee allowances on the Ascender Pay Integrated Human Resource and Payroll (IHRP) System and others. OSPEAC through Department of Personal Management (DPM) aims to implement some of the control measures in August this year and to fully implement the systems control upon full implementation of the 3.0 per cent salary increase.

Apart from these, currently the OSPEAC is working on retiring the aging workforce to create employment and have gradually reduced the number of unattached officers in the public sector. Despite these actions, the Government has instructed OSPEAC and the Department of Finance to introduce some hard budget ceilings in the Information Financial Management System (IFMS) for employment levels and off-line payments to ameliorate these adverse underlying trends and to bring this expenditure category back on track. This will also include a further review of the use of the PGAS and results are expected over the forward estimates.

**Table 13: Total Government Domestic Funding by Economic Item and Description Type 2017-2018 (Kina, million)**

<b>Economic Items</b>	<b>2018 Budget</b>	<b>June Outturn</b>	<b>2018 MYEFO</b>	<b>Budget Variance</b>
<b>Compensation of Employees</b>	<b>4,153.6</b>	<b>2,147.6</b>	<b>4,366.9</b>	<b>213.2</b>
<b>Wages and Salaries</b>	<b>3,690.1</b>	<b>1,971.4</b>	<b>3,903.4</b>	<b>213.2</b>
Wages and salaries in cash	3,568.0	1,919.8	3,729.7	213.2
Wages and salaries in kind	122.1	51.6	122.1	0.0
<b>Employers' social contributions</b>	<b>463.5</b>	<b>176.2</b>	<b>463.5</b>	<b>0.0</b>
Actual social contributions (Retirement)	463.5	176.2	463.5	0.0
<b>Use of goods and services</b>	<b>3,718.2</b>	<b>1,104.3</b>	<b>3,718.2</b>	<b>0.0</b>
Use of goods and services	3,718.2	1,104.3	3,718.2	0.0
<b>Grants</b>	<b>1,826.2</b>	<b>479.1</b>	<b>1,826.2</b>	<b>0.0</b>
Grants to other general government units	1,826.2	479.1	1,826.2	0.0
<b>Other expenses</b>	<b>93.8</b>	<b>26.5</b>	<b>93.8</b>	<b>0.0</b>
Transfers not elsewhere classified	93.8	26.5	93.8	0.0
<b>Net Acquisition Nonfinancial assets</b>	<b>931.1</b>	<b>275.6</b>	<b>931.1</b>	<b>0.0</b>
Acquisition of Fixed assets (Buildings and Structures)	931.1	275.6	931.1	0.0
<b>Grand Total</b>	<b>10,722.9</b>	<b>4,033.1</b>	<b>10,936.1</b>	<b>213.2</b>

Source: Department of Treasury (IFMS 2161 Report)

Notes Excludes Debt Service related costs, Interest payment, Donor grants and Concessional Loans.

\*Bookmakers' turnover tax and GST transfers to province are excluded in this table as well, due to insufficient data on how these funds are being expended at the provincial level.

Overall, total domestically funded expenditure as at end June 2018 was K4,033.1 million, which is 37.6 per cent of the appropriation of K10,722.9 million. Of the expenditure incurred, 53.2 per cent was expended on Compensation of Employees (PE), 27.4 per cent on the Use of Goods and Services, 11.9 per cent on Grants, 6.8 per cent on the Net Acquisition of Non-Financial Assets, and 0.7 per cent on Other Expense, which are shown in table 13. For 2018, the projected expenditure is K10,936.1 million an increase of K213.2 million.

### Capital Budget Expenditure

Total Budgeted Capital Investment Expenditures totalled K4,643.9 million in the 2018 Budget (see Table 10). The increase of K78.6 million transferred from the Operational Component with the reallocation of capital funds in accordance with Section 5 Appropriation Bill transfers will be funded through savings in the second half from GoPNG capital spending on non-priority projects.

The composition of the K78.6 million reallocation is as follows: Health Sector - Youth with a Mission (YWAM) Program K1.5 million; Provinces NCD – UPNG Dormitories project K5.0 million; Infrastructure Sector – Jackson's Airport Upgrade and Rehabilitation program K15.0 million; Utilities - Hagen Mendi Tari Grid Development Project K2.0 million; Administration Sector – Districts Support Grant program to specific 22 Districts in the Country totalling K55.0 million; and Financial Management Project K0.1 million.

Total Expenditure over the first half 2018 under the Capital Investment component is K1,622.4 million (see Table 10), which includes domestically funded expenditures, Project Support Grants and expenditures under Loans by Development Partners.

Disbursement of domestic funding in the Capital Investment component has been low in the first half of 2018. At end June 2018, warrants released were 27.0 per cent of the reallocated Budgeted amount, whereas in 2017, this figure was 29.3 per cent. However, at this time in 2015 and 2016, this figure was higher at 58.0 per cent and 43.0 per cent, respectively. This reflects prudent release of warrants to match anticipated revenues and financing capacity in the first half 2018.

#### *External Concessional Loan Funded Expenditure:*

In terms of the Loan disbursement/drawdowns appropriation of K593.9 million for 2018, Concession Loan disbursements are running at K162.5 million or 27.4 per cent up to 30<sup>th</sup> June 2018.

#### *Donor Project Expenditure*

To date, K813.4 million or 79.4 per cent has been expended out of the K1,024.6 million appropriated in the 2018 Budget for donor project grants. Not all donors have reported on their actual expenditure to date, so these figures are likely to be underestimated. This may also reflect an underestimation of the 2018 Budget grants figures, as a number of bilateral donor partners, such as USAID, had not provided the required information in time for the compilation of the 2018 Budget. Donor Grants are also subject to exchange rate fluctuations. Nevertheless, any underestimation will impact both expenditure and revenue by the same amount and all grant aid is provided in-kind (refer section on Grant Financing in Part 2).

A more up-to-date donor grant financing report will be available later in the year as some donors have different financial years.

## **1.7 STATUS OF TRUST ACCOUNTS**

A total of K12,313.1 million (inclusive of the 2018 Budget Appropriations), 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 and annual budgets.

The purpose of holding funds in Trust Accounts 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 across budget years.

**Table 14: Movement of Funds in Budget Funded Trust Accounts from 1<sup>st</sup> January to 30<sup>th</sup> June 2018 (Kina, million)**

Description in MYEFO	Balance as at 1 <sup>st</sup> Jan 2018	Debit (Receipt)	Credit (Payment)	Balance as at 30 <sup>th</sup> June 2018
Outstanding Special Support Grants	0.0	0.0	0.0	0.0
Education Sector Infrastructure Rehabilitation	0.0	0.0	0.0	0.0
Higher Education Sector Infrastructure Rehabilitation	10.36	0.0	0.76	9.6
Transport Sector Infrastructure Rehabilitation	0.0	0.0	0.0	0.0
Resettlement of Rabaul Volcano Victims	0.15	0.0	0.0	0.15
Hospital and Healthcare Centre Rehabilitation	0.0	0.0	0.0	0.0
Rehabilitation of Housing for Nurses	0.0	0.0	0.0	0.0
Rehabilitation of Housing for Police	0.0	0.0	0.0	0.0
Highlands Highway Rehabilitation	0.04	0.0	0.0	0.04



Description in MYEFO	Balance as at 1 <sup>st</sup> Jan 2018	Debit (Receipt)	Credit (Payment)	Balance as at 30 <sup>th</sup> June 2018
Urbanization Pilot	0.01	0.0	0.0	0.01
Lae City Roads Rehabilitation	2.14	0.0	0.0	2.14
Madang Marine Park Development	2.37	0.0	0.0	2.37
Central City	26.78	0.01	0.0	26.79
Petroleum Outstanding Commitments	0.0	0.0	0.0	0.0
Infrastructure Development Grants	0.05	0.0	0.0	0.05
Coastal Vessels	0.14	0.0	0.0	0.14
PNG LNG High Impact Infrastructure	0.68	0.0	0.0	0.68
Port Moresby Roads	0.37	0.0	0.0	0.37
District Offices Rehabilitation	0.0	0.0	0.0	0.0
Mining Legal Costs	0.1	0.0	0.0	0.10
Outstanding MOA Liabilities	0.02	0.0	0.0	0.02
Kokopau to Arawa Road Upgrading	0.03	0.0	0.0	0.03
Coastal Fisheries Development Program	0.0	0.0	0.0	0.0
Trans East-West New Britain Highway	0.07	0.0	0.0	0.07
Tuition Fee Free Education	89.79	0.0	29.86	59.93
2015 Pacific Games	0.07	0.0	0.0	0.07
LNG Project Development Cost	0.19	0.0	0.0	0.19
PNG LNG Additional Equity	0.69	0.0	0.0	0.69
PNG Fire Service Infrastructure Rehabilitation	0.31	0.0	0.13	0.18
Restoration and Development Grant (ABG)	1.52	0.0	0.0	1.52
Trade Skills Scholarships	0.22	0.0	0.0	0.22
Rural Airstrip Rehabilitation & Maintenance Program	0.00	0.0	0.0	0.0
Special Intervention Fund (ABG)	3.83	0.0	0.0	3.15
2017 National Elections	0.15	0.0	0.06	0.09
APEC 2018	0.00	0.0	0.0	0.0
2018 Earthquake Disaster Restoration	0.00	0.0	0.0	0.0
<b>Total</b>	<b>140.08</b>	<b>0.01</b>	<b>30.81</b>	<b>108.60</b>

Source: Department of Finance.

Note: The opening balances for the Urbanization Pilots, Infrastructure Development Grants, Port Moresby roads, Tuition Fee Free Education and LNG Project Development Cost have been adjusted to reflect all their respective subsidiary accounts

The opening balance of the Budget Funded Trust Accounts as at 1<sup>st</sup> January 2018 was K140.1 million. Expenditure incurred by 30<sup>th</sup> June totalled K30.8 million with K0.01 million received within the same period; thus, the closing balance as at 30<sup>th</sup> June 2018 was K108.6 million.

As at the reporting date, the Trust appropriations for the 2018 Budget cannot be projected in detail as all these funds were and could still be allocated directly to the department and agencies concerned reflecting the changed arrangements under the new *PMMR Act*. The 2017 National Elections balance at start of 2018 period was K0.2 million. K0.1 million was paid to service providers for outstanding election-related services rendered. Tuition Fee-Free (TFF) expenditure of around K29.1 million out of the K89.8 million allocated was paid between 1<sup>st</sup> January and 30<sup>th</sup> June 2018.



## *Asia-Pacific Economic Cooperation (APEC) 2018*

Given that Papua New Guinea is hosting the APEC 2018 Summit, a trust account was established to manage APEC-related expenditures. However, the respective account reports were not available at the time MYEFO report was compiled. Hence, the table (see Table 14) currently presents a balance of zero which will be updated in the second half of the year prior to 2019 Budget deliberations.

## *2018 Earthquake Disaster Restoration*

On the 1<sup>st</sup> of March 2018 an NEC decision was made to establish a trust account to cater for the devastating earthquake that affected major public infrastructure in parts of the Southern Highlands, Hela and Western provinces. An interim budget estimate of K150.0 million was approved by NEC for the disaster restoration work.

The following is a summary of expenditure above the threshold of K5.0 million from the Budget Funded Trust Accounts for the period 1<sup>st</sup> January to 30<sup>th</sup> June 2018:

- K29.8 million was transferred from the TFF Education Trust Account for tuition fees paid into schools across PNG.

## *Revoked Trust Accounts*

A total of 14 Government funded trust accounts have been revoked or closed in 2017. As a result, some of the trust accounts recorded in the previous year(s) MYEFO reports have been omitted, reflecting only the active government funded trust accounts. The credit balances to the accounts have been transferred back to the CRF.

Listed below are revoked or inactive trust accounts to date;

1. National Parliament Infrastructure Rehabilitation
2. Housing Development Pilot
3. Konebada Petroleum Park
4. Rural District Roads Support
5. Variarata National Park Rehabilitation
6. REDD Program
7. Provincial Government Members entitlement
8. National High School Renovation and Upgrading
9. Central Malalaua Highway
10. Port Moresby General Hospital Infrastructure and Improvement
11. Defense Barracks Maintenance and Improvement
12. 2010 National Census
13. Public Service Audit Program
14. Regional, Provincial Treasury and District Admin Office

## *District Support Improvement Program (DSIP)*

The Department of Finance, in consultation with the Department of National Planning and the Office of Rural Development, developed a Finance Instruction which provides guidance on the use and management of the DSIP funds. Monitoring of the implementation of the DSIP Program is now undertaken by the Office of Rural Development with the support of the respective 89 Districts.

In September 2016, all DSIP funds were revoked from the current arrangement (DSIP Trust Accounts) and subsequently transferred to the newly opened District Operating Accounts for respective Districts. The Budget Appropriation for 2016 totalled K890.0 million. The total funding was reduced to K875.5 million with an outstanding balance of K10.5 million for the year.

In 2017, the total budget appropriation for DSIP was K890.0 million. The program was not fully implemented due to the general elections and the tight fiscal position.

With the total budget appropriation of K890.0 million for 2018, the Government continued to honour its commitment by paying-out two batches to Members of Parliament. Expenditure incurred for this period totalled to K216.3 million with an outstanding balance of K673.7 million yet to be transferred.

## **1.8 FINANCING**

The 2018 Total Net Borrowing requirement was budgeted at K1,987.2 million. The Government planned to finance the deficit through a net external borrowing of K1,613.4 million and a net domestic borrowing of K373.8 million.

Over the first half of 2018, the total net borrowing was K812.9 million, about 40.9 per cent of the 2018 budgeted requirement. Of the K812.9 million, external financing accounted for K631.0 million, while K181.9 million was covered by domestic net financing. The total net borrowing of K812.9 million is above the first half fiscal deficit (see Table 17) of K324.9 million with the difference (K488.0 million) attributed to the repayment of outstanding arrears from 2017, changes in the float at year end, as well as changes in cash balances.

### *External Financing*

Over the first half of 2018, external principal repayments totalled K151.5 million or 50.5 per cent of the budgeted programmed amount of K300.3 million. Given the amortisation schedule for the remainder of 2018, external loan repayments are now projected to increase to K314.1 million or 4.6 per cent more than the amount projected in the Budget.

Total external borrowing in the first half of 2018 totalled K782.4 million, which included the drawdown of the third tranche of the Credit Suisse financing facility (CS-T3) valued at K619.9 million (US\$190.0 million gross proceeds). The third tranche was projected to have been drawdown towards the end of 2017, however, was delayed and realised in first half of 2018. Apart from financing the 2018 Budget and the payment of some arrears from 2017, part of the proceeds of the CS-T3 was used in the redemption of short-term domestic debt, relieving some pressure on the domestic capital market.

The Government's borrowing under concessional loans was only K162.5 million or 27.4 per cent of the budgeted amount of K593.9 million. This reflects the normally slow drawdown of concessional loans in the first half, often due to difficulties in providing project counterpart funding by Government that triggers loan disbursements. Given expectations that loan drawdowns in the second half of the year will accelerate, the Government maintains the concessional loan borrowing amount at the budgeted level.

The net external borrowing over the first half of 2018 totalled K631.0 million or 39.1 per cent of total budgeted external net financing. In the September quarter both the Asian Development Bank (ADB) and World Bank development policy loans are expected to be disbursed which

amount to US\$250.0 million. This is US\$50.0 million above the budgeted amount which is due to an increase in the loan amount from the World Bank to US\$150.0 million to provide additional budget support because of the impact of the earthquake in February 2018. Further, the inaugural external bond issuance program is now targeted at a minimum of US\$500.0 million with proceeds expected to be received in September 2018. The US\$500.0 million bond program was originally programmed in the 2018 Budget in three tranches over the 2018-20 period, but now is expected to be undertaken in one issuance in 2018. As such, the net external borrowing at the end of 2018 has now been revised to K3,344.3 million, compared with the budgeted K1,613.4 million.

The additional US\$300.0 million in bond proceeds, above the budgeted US\$200.0 million for 2018, will need to be held in a foreign currency bank account in the BPNG to assist in funding the forward fiscal programs. For debt management and monetary purposes, some of this amount could be used to redeem part of the short-term domestic debt. The larger than anticipated external inflows should also be able to ameliorate much of the foreign exchange imbalance. Discussions with the BPNG over the second half of 2018 will occur to facilitate a coordinated approach to monetary, debt and exchange rate management through utilisation of these external funds. If no corrective expenditure measures are taken over the second half of 2018, the anticipated increase in the fiscal deficit of K331.3 million over 2018 will be funded from the unanticipated additional external financing inflows from the Credit Suisse loan and the additional US\$50.0 million World Bank financing.

**Table 15: External Borrowing 2017 – 2018 (Kina, million)**

	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>June Outturn</b>	<b>2018 MYEFO</b>
<b>New External Borrowing</b>	<b>1,149.3</b>	<b>1,913.7</b>	<b>782.4</b>	<b>3,658.4</b>
Securities	0.0	640.0	0.0	1,630.8
Concessional Financing	802.4	593.9	162.5	593.9
Commercial Financing	346.9	39.8	619.9	619.9
Exceptional Financing	0.0	640.0	0.0	813.8
<b>Repayment of Principal</b>	<b>271.3</b>	<b>300.3</b>	<b>151.5</b>	<b>314.1</b>
<b>Net External Borrowing</b>	<b>878.0</b>	<b>1,613.4</b>	<b>631.0</b>	<b>3,344.3</b>

Source: Department of Treasury

### ***Domestic Funding***

Over the first half of 2018, new domestic borrowing totalled K6,367.1 million or 61.3 per cent of the 2018 budgeted amount of K10,388.5 million. Principal repayments totalled K6,185.1 million or 61.8 per cent of the 2018 budgeted amount. This resulted in a domestic net borrowing of K181.9 million. The high level of new borrowings and repayments reflects the short duration of the Treasury Bill portfolio that now needs to be rolled over sooner and more often than in previous years. This higher refinancing risk is being addressed in the MTdS 2018-22.

Treasury Bills recorded a net redemption of K16.4 million, while Treasury Bonds had a net borrowing of K198.4 million. This is attributed mainly to repayment of Treasury Bonds maturing in February, as well as retiring some Treasury Bills, and utilising the proceeds of the third tranche of the Credit Suisse loan as part of the debt restructuring exercise.

With the 2018 MYEFO total net financing requirement of K1,987.2 million and, given the anticipated net external financing inflows of K3,344.3 million, the surplus in funds will amount to K1,357.2 million. The US\$300.0 million above the 2018 budgeted bond proceeds will be retained in a foreign currency account in BPNG to fund the fiscal deficit in 2019-20. For debt management purposes, the Government may use part of these proceeds to fund Treasury Bill

redemptions and to lengthen the duration of the domestic debt portfolio. The larger than anticipated external inflows should also be able to ameliorate much of the foreign exchange imbalance. Discussions with BPNG over the second half of 2018 will occur to facilitate a coordinated approach to monetary, debt and exchange rate management. It may also be beneficial to utilise some of the surplus funds to clear accumulated arrears.

**Table 16: Domestic Borrowing 2017 – 2018 (Kina, million)**

	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>June Outturn</b>	<b>2018 MYEFO</b>
<b>New Domestic Borrowing</b>	<b>12,535.8</b>	<b>10,388.5</b>	<b>6,367.1</b>	<b>10,399.1</b>
Treasury Bills Financing	11,648.1	9,388.5	6,056.2	9,399.1*
Treasury Bonds Financing	887.7	1,000.0	310.9	1,000.0
Loans	0.0	0.0	0.0	0.0
<b>Repayment of Principal</b>	<b>-11,799.5</b>	<b>-10,014.7</b>	<b>-6,185.1</b>	<b>-11,756.2</b>
Treasury Bills Maturities	-11,117.2	-9,358.3	-6,072.6	-11,099.8
Treasury Bonds Maturities	-682.3	-656.4	-112.5	-656.4
Loans	0.0	0.0	0.0	0.0
<b>Net Domestic Borrowing</b>	<b>736.3</b>	<b>373.8</b>	<b>181.9</b>	<b>-1,357.1</b>

Source: Department of Treasury

\*Net domestic borrowing includes the proposed foreign currency account balance with BPNG from the additional external bond proceeds.

### **2018 Net Financing**

Over the first half of 2018, the Total Net Borrowing was K812.9 million, comprising K631.0 million in external net borrowing and K181.9 million in domestic net borrowing.

The external net borrowing is projected to be K3,344.3 million at the end of 2018 against the initial budget estimate of K1,613.4 million. Net domestic debt (including the netting off of the foreign currency account balance from the additional external bond proceeds) is projected to decline by K1,357.1 million compared to the initial budgeted domestic net borrowing of K373.8 million.

The projected domestic net debt reduction reflects the Government's continued and firm commitment to restructure its domestic debt portfolio to prudently manage refinancing risk and to ease pressure on the saturated domestic debt market. Due to firm fiscal controls over the second half of 2018, the total net borrowing is projected to be maintained at K1,987.2 million to finance the projected fiscal deficit.

**Table 17: Summary of Net Borrowing 2017 – 2018 (Kina, million)**

	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>June Outturn</b>	<b>2018 MYEFO</b>
Net Domestic Borrowing	736.3	373.8	181.9	-1,357.1 <sup>1</sup>
Net External Borrowing	878.0	1,613.4	631.0	3,344.3
<b>Total Net Borrowing</b>	<b>1,614.3</b>	<b>1,987.2</b>	<b>812.9</b>	<b>1,987.2</b>
<b>Deficit</b>	<b>1,794.7</b>	<b>1,987.2</b>	<b>324.9</b>	<b>1,987.2</b>
Change in WPA Balance, Float & Arrears	-180.4	0.0	488.0	0.0

Source: Department of Treasury

<sup>1</sup> Net domestic borrowing includes the proposed foreign currency account balance with BPNG from the additional external bond proceeds.

## 1.9 PUBLIC DEBT

**Table 18: Central Government Debt 2017 – 2018 (Kina, million)**

	2017 Actual	2018 Budget	June Outturn	2018 MYEFO
<b>Domestic</b>	<b>17,173.0</b>	<b>17,723</b>	<b>17,355.1</b>	<b>15,816.1</b>
Treasury Bills	9,194.0	9,389	9,178.0	7,493.8 <sup>1</sup>
Treasury Bonds	7,979.0	8,335	8,177.1	8,322.3
Loans			0.0	0.0
<i>Domestic Debt as % GDP</i>	<i>23.3%</i>	<i>22.1%</i>	<i>21.2%</i>	<i>19.3%</i>
<i>As a per cent of Total Debt</i>				<i>61.9%</i>
<b>External</b>	<b>6,385.0</b>	<b>8,084</b>	<b>7,016.1</b>	<b>9,729.4</b>
International Agencies (Concessional)	5,169	5,229	5,202.6	5,493.9
Commercial Loans	1,034	1,430	1,653.6	1,653.6
Extraordinary	182	786	159.9	951.1
Securities	0.0	640	0.0	1,630.8
<i>External Debt as % GDP</i>	<i>8.6%</i>	<i>10.1%</i>	<i>98.6%</i>	<i>11.9%</i>
<i>As a per cent of Total Debt</i>				<i>38.1%</i>
<b>Total Public Debt Outstanding</b>	<b>23,558.3</b>	<b>25,808.0</b>	<b>24,371.2</b>	<b>25,545.5</b>
<i>As % GDP</i>	<i>31.2%</i>	<i>32.2%</i>	<i>29.8%</i>	<i>31.2%</i>

Source: Department of Treasury

<sup>1</sup> Treasury Bills Outstanding nets off the proposed foreign currency account balance with BPNG from the additional external bond proceeds so as to incorporate the actual net debt figure.

One measure of debt sustainability is the Debt to GDP ratio. According to the recently amended *Fiscal Responsibility Act (2017)*, the limits of the Debt to GDP ratio is a band, where 35.0 per cent is set as the upper limit while 30.0 per cent is the lower limit. The lower limit needs to be reached by 2022. The projection for 2018 shows a debt to GDP ratio reaching 31.2 per cent, consistent with the 2017 actual ratio of 31.2 per cent and still within the prescribed debt to GDP band in the *FRA*. Importantly the lower 2017 ratio mainly reflected the revised higher GDP estimate for 2017.

Consistent with the MTdS 2018-22, the Government plans to continue its efforts to restructure its domestic debt portfolio in consultation with domestic investors by retiring a portion of its short-term debt (Treasury Bills). This will assist the Government in reducing its refinancing risk. The financing of this domestic debt restructure will be facilitated through the external sources of funding from the Sovereign Bond Issuance, the Credit Suisse syndicated loan and Multilateral Budget Support facilities. In this respect, the rebalancing of the Government's debt portfolio towards a greater share of foreign debt, as set out in the MTdS, is likely to be achieved by end 2018, well before the end 2022 deadline. Moreover, the restructuring of the domestic debt portfolio has commenced and most of the activities will continue into the second half of 2018 and into 2019.

## 1.10 RISKS TO THE MID-YEAR ECONOMIC AND FISCAL OUTLOOK

Although the global economy has strengthened somewhat further over 2018, the unpredictability of global politics especially relating to reports of US tariff increases and trade wars with the US and China/Euro area, coupled with ongoing Middle East tensions and rising US interest rates, presents on-going risks for global markets which will impact the PNG economy. In particular, the PNG economy will be affected by commodity price instability and this is being encountered in mid-2018 with base metal prices falling to seven (7) month lows, although they remain above 2017 year averages. Instability in commodity and financial

markets will impact Government revenues as well as trade and investment flows, and PNG remains vulnerable on these fronts.

The MTRS 2018-22 is in its first year of implementation where work is well underway on institutional strengthening and legislative reform. This work is being headed by the Department of Treasury in conjunction with revenue collecting agencies including the Internal Revenue Commission and PNG Customs. Implementation of these policy reforms is critical to ensuring the expected gains are realised and the fiscal program remains credible. In this respect, unbudgeted approval of tax exemptions will increase the fragility of the State's tax collection results thus far.

On the expenditure side, the Government must consolidate the positive achievements presented in the 2017 Final Budget Outcome (FBO), where PE overruns for 2017 were only K113.2 million compared to the 2016 blow-out of K470.0 million. The public sector reform initiatives undertaken immediately after the 2017 Supplementary Budget, including through the OSPEAC, need to be continued over the medium term. To maintain the declining debt to GDP trends, as presented in the Government's MTFS and MTDS and as required in the *FRA*, it will be important to contain fiscal spending over the remainder of 2018 and meet the revised MYEFO deficit target.

In terms of financing, the anticipated receipt of substantial external funding in the second half of 2018 should not be used to support excessive Government spending, but rather retained to support the fiscal adjustment envisaged in the MTFS. Failure to apply a prudent approach will derail the medium term fiscal and debt strategies. The risk will be further exacerbated if the Ratings' Agencies downgrade PNG's ratings resulting in adverse impacts on bond yields and the cost of capital in PNG.

In relation to Monetary Policy, despite an improvement, the foreign exchange imbalance continues to impede economic activity and the inflation outlook. Any continuation of this imbalance will adversely impact the domestic economic growth and revenue projections in the MTFS.

With the El Nino phenomenon of 2015-16 and the February 26 Earthquake, the need to include safeguards into our economic strategies is now paramount. The Sovereign Wealth Fund (SWF) will be established, in part, to cope with such instability but will not be fully operational until additional mineral revenues are received. In the interim, the best approach will be to improve debt management and the debt market so that there is scope for additional borrowing at these times and without causing domestic financial stress. The risk is that PNG fails to manage the debt market efficiently and fiscal and financial management deteriorates leading to little scope for access to debt markets in times of need.

To mitigate these risks and ensure macroeconomic stability, the Government will continue to carefully monitor economic developments and undertake the necessary reforms and improved management to keep the Medium Term Fiscal and Debt Strategies on track.

## 1.11 FISCAL OUTTURN TABLES

TABLE 1: STATEMENT OF OPERATIONS FOR THE GENERAL GOVERNMENT<sup>1</sup> (Kina, million)

Kina Million	2017 Actuals	2018 Budget	June Outturn	2018 MYEFO	Budget Variance
<b>TRANSACTIONS AFFECTING NET WORTH:</b>					
<b>Revenue</b>	<b>11,525.1</b>	<b>12,730.6</b>	<b>5,553.3</b>	<b>12,943.8</b>	<b>213.2</b>
Taxes	9,141.4	9,639.4	4,255.2	9,821.9	182.6
<i>Taxes on income, profits, and capital gains</i>	5,317.4	5,564.9	2,360.2	5,567.7	2.8
<i>Taxes on payroll and workforce</i>	11.2	0.0	4.9	10.0	10.0
<i>Taxes on goods and services</i>	3,255.1	3,448.3	1,587.6	3,618.1	169.8
<i>Taxes on international trade and transactions</i>	557.7	626.1	302.6	626.1	0.0
Grants	1,439.9	1,024.6	813.4	1,024.6	0.0
Other Revenue	943.8	2,066.7	484.7	2,097.3	30.6
Resource Revenue	675.9	679.1	215.5	820.3	141.2
<i>Mining and Petroleum Taxes</i>	113.6	89.5	65.5	160.1	70.6
<i>Mining, Petroleum and Gas Dividends</i>	562.3	500.0	150.0	500.0	0.0
<i>SWF Stabilisation Fund</i>	0.0	89.5	0.0	160.2	70.6
Revenue as percentage of GDP	15.6%	15.9%	6.8%	15.8%	-0.1%
<b>Expenditure</b>	<b>13,319.7</b>	<b>14,717.8</b>	<b>5,878.2</b>	<b>14,931.1</b>	<b>213.2</b>
<b>Expense<sup>2</sup></b>	<b>12,004.8</b>	<b>13,218.2</b>	<b>5,342.1</b>	<b>13,431.4</b>	<b>213.2</b>
Compensation of employees	4,376.4	4,152.9	2,038.0	4,366.9	213.9
Use of goods and services	4,138.1	4,491.4	1,631.4	4,491.4	0.0
Interest	1,524.9	1,801.6	930.3	1,801.6	0.0
Grants	1,383.2	2,247.0	520.4	2,247.0	0.0
Other expense	582.2	525.3	222.0	524.6	-0.7
<b>Net Acquisition of Non-Financial Assets*</b>	<b>1,315.0</b>	<b>1,499.6</b>	<b>536.2</b>	<b>1,499.6</b>	<b>0.0</b>
Fixed Assets	1,315.0	1,499.6	536.2	1,499.6	0.0
Expense as percentage of GDP	16.3%	16.5%	6.5%	16.4%	-0.1%
<b>Gross Operating Balance</b>	<b>-479.7</b>	<b>-487.6</b>	<b>211.3</b>	<b>-487.6</b>	<b>0.0</b>
<b>Net Lending (+) / Net Borrowing (-)</b>	<b>-1,794.7</b>	<b>-1,987.2</b>	<b>-324.9</b>	<b>-1,987.2</b>	<b>0.0</b>
Net lending/borrowing as percentage of GDP	-2.4%	-2.5%	-0.4%	-2.4%	0.1%
Primary Balance	-269.8	-185.6	605.4	-185.6	-0.1
Non-resource net lending (+)/borrowing (-)	-2,470.6	-2,666.2	-540.4	-2,807.5	-141.2
Non-resource primary balance	-945.7	-864.6	389.8	-1,005.9	-141.3
<b>Net Financial Transactions</b>	<b>1,794.7</b>	<b>1,987.2</b>	<b>324.9</b>	<b>1,987.2</b>	<b>0.0</b>
<b>Net Acquisition of Financial Assets</b>	<b>-180.4</b>	<b>0.0</b>	<b>488.0</b>	<b>0.0</b>	<b>0.0</b>
Domestic	-180.4		488.0	0.0	0.0
External	-				-
<b>Net Incurrence of Liabilities</b>	<b>1,614.3</b>	<b>1,987.2</b>	<b>812.9</b>	<b>1,987.2</b>	<b>0.0</b>
Domestic	736.2	373.8	181.9	-1,357.1	-1,730.9
<i>Treasury Bills</i>	530.9	30.2	-16.5	-1,700.7	-1,730.9
<i>Treasury Bonds</i>	205.3	343.6	198.4	343.6	0.0
External	878.0	1,613.4	631.0	3,344.3	1,730.9
<i>Debt securities</i>	0.0	640.0	0.0	1,630.8	990.8
<i>Loans</i>	878.0	973.4	631.0	1,713.5	740.1
<b>Government Deposits</b>					
<b>Gross Government debt</b>	<b>23,558.2</b>	<b>25,807.5</b>	<b>24,371.2</b>	<b>25,545.5</b>	<b>-262.0</b>
Domestic	17,173.1	17,723.2	17,355.1	15,816.1	-1,907.1
<i>Treasury bills</i>	9,194.4	9,388.5	9,178.0	7,493.8	-1,894.7
<i>Treasury bonds</i>	7,978.7	8,334.7	8,177.1	8,322.3	-12.4
External	6,385.1	8,084.3	7,016.1	9,729.4	1,645.1
<i>Debt securities</i>	0.0	640.0	0.0	1,630.8	990.8
<i>Loans</i>	6,385.1	7,444.3	7,016.1	8,098.6	654.3
<b>Net Change in Stock of Debt</b>	<b>1,614.2</b>	<b>2,249.3</b>	<b>813.0</b>	<b>1,987.3</b>	<b>-262.0</b>
<b>As a % of GDP</b>	<b>31.9%</b>	<b>32.2%</b>	<b>29.8%</b>	<b>31.2%</b>	<b>-1.0%</b>
<b>Gross Domestic Product<sup>3</sup></b>	<b>73,860.7</b>	<b>80,113.4</b>	<b>81,901.9</b>	<b>81,901.9</b>	<b>1,788.5</b>

Source: Department of Treasury

1. General government representing National, Provincial and Local Level Governments, Autonomous Bougainville Government and Commercial and Statutory Authorities. The statement is produced to reflect transactions on a modified cash basis of accounting and includes in-kind related transactions.

2. Include items that may require reclassification due to interfaces from the legacy systems, (The Provincial Government Accounting System, ALESCO payroll and the Department of Public Works and Implementation, Oracle system).

3. Total nominal GDP by economic activity, Actual: National Statistics Office and Projections: Treasury Department.

4. Interest excluding Fees and charges relating to debt

\*Net Acquisition of Non-Financial Assets as per GFS classification excludes operational component of capital projects.

These are captured under Use of Goods & Services & Grants

**TABLE 2: STATEMENT SOURCES AND USES OF CASH FOR THE GENERAL GOVERNMENT<sup>1</sup> (Kina, million)**

(Kina Million)	2017 Actual	2018 Budget	June Outturn	2018 MYEFO	Budget Variance
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
<b>Revenue cash flows</b>	<b>10,085.2</b>	<b>11,706.0</b>	<b>4,739.9</b>	<b>11,919.2</b>	<b>213.2</b>
Taxes	9,141.4	9,639.4	4,255.2	9,821.9	182.6
Social contributions	0.0				0.0
Grants	0.0	0.0	0.0	0.0	0.0
Other receipts	943.8	2,066.7	484.7	2,097.3	30.6
<i>Revenue as percentage of GDP</i>	<i>13.7%</i>	<i>14.6%</i>	<i>5.8%</i>	<i>14.6%</i>	<i>-0.1%</i>
<b>Expense cash flows<sup>2</sup></b>	<b>10,457.5</b>	<b>12,072.2</b>	<b>4,477.1</b>	<b>12,284.7</b>	<b>212.5</b>
Compensation of employees	4,268.9	4,031.5	1,986.4	4,244.8	213.2
Uses of goods and services	4,138.1	4,491.4	1,631.4	4,491.4	0.0
Interest	1,524.9	1,801.6	930.3	1,801.6	0.0
Subsidies	0.0	0.0	0.0	0.0	0.0
Grants	-56.7	1,222.4	-293.0	1,222.4	0.0
Social benefits	0.0	0.0	0.0	0.0	0.0
Other payments	582.2	525.3	222.0	524.6	-0.7
<i>Expense as percentage of GDP</i>	<i>14.2%</i>	<i>15.1%</i>	<i>5.5%</i>	<i>15.0%</i>	<i>-0.1%</i>
<b>Net cash inflow from operating activities</b>	<b>-372.3</b>	<b>-366.1</b>	<b>262.9</b>	<b>-365.5</b>	<b>0.7</b>
<b>CASH FLOWS FROM TRANSACTIONS IN NONFINANCIAL ASSETS:</b>					0.0
<b>Net cash outflow from investment in nonfinancial assets</b>	<b>1,315.0</b>	<b>1,499.6</b>	<b>536.2</b>	<b>1,499.6</b>	<b>0.0</b>
Fixed assets	1,315.0	1,499.6	536.2	1,499.6	0.0
Inventories	0.0				0.0
Valuables	0.0				0.0
Nonproduced assets	0.0				0.0
<b>Expenditure cash flows</b>	<b>11,772.4</b>	<b>13,571.8</b>	<b>5,013.2</b>	<b>13,784.3</b>	<b>212.5</b>
<b>Cash surplus (+) / Cash deficit (-)</b>	<b>-1,687.2</b>	<b>-1,865.8</b>	<b>-273.3</b>	<b>-1,865.1</b>	<b>0.7</b>
<i>Surplus/Deficit as percentage of GDP</i>	<i>-2.3%</i>	<i>-2.3%</i>	<i>-0.3%</i>	<i>-2.3%</i>	<i>0.1%</i>
<b>CASH FLOWS FROM TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING)</b>					0.0
<b>Net acquisition of financial assets other than cash</b>	<b>-180.4</b>	<b>0.0</b>	<b>488.0</b>	<b>0.0</b>	<b>0.0</b>
Domestic	-180.4	0.0	488.0	0.0	0.0
External	0.0				0.0
<b>Net incurrence of liabilities</b>	<b>1,614.3</b>	<b>1,987.2</b>	<b>812.9</b>	<b>1,987.2</b>	<b>0.0</b>
Domestic	736.2	373.8	181.9	-1,357.1	-1,730.9
External	878.0	1,613.4	631.0	3,344.3	1,730.9
<b>Net cash inflow from financing activities</b>	<b>1,794.7</b>	<b>1,987.2</b>	<b>324.9</b>	<b>1,987.2</b>	<b>0.0</b>
<b>Gross Domestic Product<sup>3</sup></b>	<b>73,860.7</b>	<b>80,113.4</b>	<b>81,901.9</b>	<b>81,901.9</b>	<b>1,788.5</b>

**p**

Source: Department of Treasury

1. Central government representing National, Provincial and Local Level Governments, Autonomous Bougainville Government and Commercial and Statutory Authorities. The statement is produced to reflect transactions on a modified cash basis of accounting where information is available.

2. Include items that may require reclassification due to interfaces from the legacy systems, (The Provincial Government Accounting System, ALESCO payroll and the Department of Public Works and Implementation, Oracle system)

3. Total nominal GDP by economic activity, Actual: National Statistics Office and Projections: Treasury Department.



**TABLE 3: GENERAL GOVERNMENT REVENUE ECONOMIC CLASSIFICATION (Kina, million)**

(Kina Million)	2017 Actual	2018 Budget	June Outturn	2018 MYEFO	Budget Variance
<b>REVENUE<sup>1</sup></b>	<b>11,525.1</b>	<b>12,730.7</b>	<b>5,553.3</b>	<b>12,943.8</b>	<b>213.1</b>
<b>TAXES</b>	<b>9,141.4</b>	<b>9,639.4</b>	<b>4,255.2</b>	<b>9,821.9</b>	<b>182.6</b>
<b>Taxes on Income, Profits and Capital Gains</b>	<b>5,317.4</b>	<b>5,564.9</b>	<b>2,360.2</b>	<b>5,567.7</b>	<b>2.8</b>
<b>Payable by individuals</b>	<b>3,093.8</b>	<b>3,250.2</b>	<b>1,493.2</b>	<b>3,131.0</b>	<b>-119.2</b>
Personal Income Tax	3,093.8	3,250.2	1,493.2	3,131.0	-119.2
<b>Payable by corporations and other enterprises</b>	<b>1,950.4</b>	<b>2,092.9</b>	<b>765.8</b>	<b>2,195.6</b>	<b>102.7</b>
Company Tax	1,794.1	1,971.5	672.6	1,991.5	20.0
Mining and Petroleum Taxes	113.6	89.5	65.5	160.1	70.6
Royalties Tax	25.6	18.9	16.6	25.7	6.8
Management Tax	17.1	13.0	11.1	18.3	5.3
<b>Other taxes on income, profits and capital gains</b>	<b>273.1</b>	<b>221.8</b>	<b>101.1</b>	<b>241.1</b>	<b>19.3</b>
Dividend Withholding Tax Mining	-	-	-	-	-
Dividend Withholding Tax Non Mining	181.7	137.4	49.2	137.4	-
Interest Withholding Tax	91.4	84.2	52.0	103.5	19.3
Tax Related Court Fines	-	-	-	-	-
Sundry IRC Taxes & Income	0.0	0.2	0.0	0.2	-
<b>Taxes on Payroll and Workforce</b>	<b>11.2</b>	<b>-</b>	<b>4.9</b>	<b>10.0</b>	<b>10.0</b>
Training Levy	11.2	-	4.9	10.0	10.0
<b>Taxes on Property</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Taxes on Goods and Services</b>	<b>3,255.1</b>	<b>3,448.3</b>	<b>1,587.6</b>	<b>3,618.1</b>	<b>169.8</b>
<b>General taxes on goods and services</b>	<b>1,911.3</b>	<b>2,034.2</b>	<b>966.3</b>	<b>2,166.6</b>	<b>132.4</b>
<b>Value Added Tax</b>	<b>1,868.8</b>	<b>1,974.2</b>	<b>907.7</b>	<b>2,086.6</b>	<b>112.5</b>
GST <sup>2</sup>	1,868.8	1,974.2	907.7	2,086.6	112.5
<b>Sales taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Turnover &amp; other general taxes on goods and services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Taxes on financial and capital transactions</b>	<b>42.4</b>	<b>60.0</b>	<b>58.6</b>	<b>80.0</b>	<b>20.0</b>
Stamp Duties	42.4	60.0	58.6	80.0	20.0
<b>Excise</b>	<b>1,105.0</b>	<b>1,177.4</b>	<b>476.0</b>	<b>1,177.4</b>	<b>-</b>
Excise Duty	757.3	782.3	356.0	782.3	-
Import Excise	347.8	395.1	120.1	395.1	-
<b>Taxes on specific services</b>	<b>228.9</b>	<b>220.2</b>	<b>103.4</b>	<b>217.6</b>	<b>-2.6</b>
Bookmakers' Turnover Tax	36.0	33.0	9.0	23.8	-9.2
Gaming Machine Turnover Tax	178.7	174.4	91.0	181.0	6.6
Departure Tax	14.2	12.8	3.4	12.8	-
<b>Taxes on use of goods and on permission to use goods or perform activities</b>	<b>7.1</b>	<b>13.1</b>	<b>1.2</b>	<b>13.1</b>	<b>-</b>
<b>Other taxes on goods and services</b>	<b>2.7</b>	<b>3.4</b>	<b>40.8</b>	<b>43.4</b>	<b>40.0</b>
Sundry Taxes (Customs)	2.7	3.4	40.8	43.4	40.0
<b>Taxes on International Trade and Transactions</b>	<b>557.7</b>	<b>626.1</b>	<b>302.6</b>	<b>626.1</b>	<b>-</b>
<b>Customs and other import duties</b>	<b>260.3</b>	<b>296.1</b>	<b>137.6</b>	<b>296.1</b>	<b>-</b>
Import Duty	246.4	296.1	137.6	296.1	-
Other Import Taxes	14.0	-	-	-	-
<b>Taxes on exports</b>	<b>297.3</b>	<b>330.0</b>	<b>164.9</b>	<b>330.0</b>	<b>-</b>
Export Tax	297.3	330.0	164.9	330.0	-
<b>Other taxes on international trade and transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GRANTS</b>	<b>1,439.9</b>	<b>1,024.6</b>	<b>813.4</b>	<b>1,024.6</b>	<b>-</b>
<b>From Foreign Governments</b>	<b>1,281.9</b>	<b>752.8</b>	<b>748.6</b>	<b>752.8</b>	<b>-</b>
Current	1,025.5	602.2	598.9	602.2	-
Cash	-	-	-	-	-
In-Kind	1,025.5	602.2	598.9	602.2	-
Capital	256.4	150.6	149.7	150.6	-
Cash	-	-	-	-	-
In-Kind	256.4	150.6	149.7	150.6	-
<b>From International Organizations</b>	<b>158.0</b>	<b>271.8</b>	<b>64.8</b>	<b>271.8</b>	<b>-</b>
Current	126.4	217.4	51.8	217.4	-
Cash	-	-	-	-	-
In-Kind	126.4	217.4	51.8	217.4	-
Capital	31.6	54.4	13.0	54.4	-
Cash	-	-	-	-	-
In-Kind	31.6	54.4	13.0	54.4	-
<b>OTHER REVENUE</b>	<b>943.8</b>	<b>2,066.7</b>	<b>484.7</b>	<b>2,097.3</b>	<b>30.6</b>
<b>Property Income</b>	<b>860.9</b>	<b>1,321.9</b>	<b>472.6</b>	<b>1,281.9</b>	<b>-40.0</b>
Interest	-	0.7	-	0.7	-
Dividends	841.6	1,250.0	430.0	1,250.0	-
Mining Petroleum and Gas Dividends	562.3	500.0	150.0	500.0	-
Dividends from Statutory Authorities	279.3	625.0	280.0	625.0	-
Shares in Private Enterprise	-	-	-	-	-
Dividends from State Owned Enterprises	-	125.0	-	125.0	-
Other Dividends	-	-	-	-	-
Withdrawals from income of quasi-corporations	-	40.0	-	-	-40.0
Rent	19.3	31.2	8.1	31.2	-
Reinvested earnings on foreign direct investment	-	-	-	-	-
<b>Sales of goods and services</b>	<b>62.8</b>	<b>112.5</b>	<b>3.8</b>	<b>112.5</b>	<b>-</b>
Administrative fees	22.9	46.6	0.9	46.6	-
Incidental sales by nonmarket establishments	39.9	65.8	2.9	65.8	-
<b>Imputed sales of goods and services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fines, penalties, and forfeits</b>	<b>1.6</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>	<b>-</b>
<b>Transfers not elsewhere classified</b>	<b>18.5</b>	<b>631.3</b>	<b>8.3</b>	<b>702.0</b>	<b>70.6</b>
<b>Current transfers not elsewhere classified</b>	<b>18.5</b>	<b>631.3</b>	<b>8.3</b>	<b>702.0</b>	<b>70.6</b>
<b>Subsidies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other current transfers</b>	<b>18.5</b>	<b>631.3</b>	<b>8.3</b>	<b>702.0</b>	<b>70.6</b>
Payroll Commission	17.4	16.0	-	16.0	-
State Services and Statutory Authority	0.3	525.0	-	525.0	-
Sundry/(Other) Income	0.8	0.8	-	0.8	-
SWF	-	89.5	-	160.2	70.6
<b>Capital transfers not elsewhere classified</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Premiums, fees and claims related to nonlife insurance and standardised guarantee sch</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source: Department of Treasury

- Under the GFS 2014 methodology, non-payable infrastructure tax credits, revenue on asset sales, recoveries and Trust Accounts are not classified as revenue
- GST represents the total of collections by Provinces, PNG Ports and less Refunds.

**TABLE 4: GENERAL GOVERNMENT BUDGETARY EXPENDITURE BY ECONOMIC CLASSIFICATION (Kina, million)**

Economic Items	2017 Actual	2018 Budget	June Outturn	2018 MYEFO	Budget Variance
<b>Compensation of Employees</b>	<b>4,376.4</b>	<b>4,153.6</b>	<b>2,038.0</b>	<b>4,366.9</b>	<b>213.2</b>
<b>Wages and salaries [GFS]</b>	<b>4,201.2</b>	<b>3,750.3</b>	<b>1,861.8</b>	<b>3,963.6</b>	<b>213.2</b>
Wages and salaries in cash	4,093.7	3,628.2	1,810.2	3,841.4	213.2
Wages and salaries in kind	107.4	122.1	51.6	122.1	-
<b>Employers' social contributions</b>	<b>175.2</b>	<b>403.3</b>	<b>176.2</b>	<b>403.3</b>	<b>-</b>
Actual employers' social contributions	175.2	403.3	176.2	403.3	-
<b>Use of goods and services</b>	<b>4,138.1</b>	<b>4,491.4</b>	<b>1,631.4</b>	<b>4,491.4</b>	<b>-</b>
Use of goods and services	4,138.1	4,491.4	1,631.4	4,491.4	-
<b>Grants</b>	<b>1,383.2</b>	<b>2,247.0</b>	<b>520.4</b>	<b>2,247.0</b>	<b>-</b>
Grants to other general government units	1,383.2	2,247.0	520.4	2,247.0	-
<b>Interest</b>	<b>1,524.9</b>	<b>1,801.6</b>	<b>930.3</b>	<b>1,801.6</b>	<b>-</b>
To nonresidents	1,356.0	1,552.5	841.0	1,552.5	-
To residents other than general government	168.9	249.1	89.3	249.1	-
<b>Net Aquisition Nonfinancial assets</b>	<b>1,315.0</b>	<b>1,498.6</b>	<b>536.2</b>	<b>1,498.6</b>	<b>-</b>
<b>Aquisition of Fixed assets (Buildings and Structures)</b>	<b>1,315.0</b>	<b>1,498.6</b>	<b>536.2</b>	<b>1,498.6</b>	<b>-</b>
Aquisition of Fixed assets (Buildings and Structures)	1,275.2	1,421.6	519.8	1,421.6	-
Information, computer, and telecommunications (ICT) equipment	22.3	20.4	9.5	20.4	-
Machinery and equipment other than transport equipment	12.6	15.6	4.3	15.6	-
Other structures	3.4	37.0	0.2	37.0	-
Transport equipment	1.6	4.0	2.3	4.0	-
<b>Other expenses</b>	<b>582.2</b>	<b>525.2</b>	<b>222.0</b>	<b>525.2</b>	<b>-</b>
Premiums, fees, and claims related to nolife insurance and standardized guarante	0.1	75.3	26.4	75.3	-
Transfers not elsewhere classified	582.1	449.9	195.6	449.9	-
<b>Grand Total</b>	<b>13,319.8</b>	<b>14,717.5</b>	<b>5,878.2</b>	<b>14,930.7</b>	<b>213.1</b>

Source: Department of Treasury

**TABLE 5: GENERAL BUDGETARY EXPENDITURE BY ECONOMIC CLASSIFICATION (Kina, million)**

	2017 Actual	2018 Budget	June Outturn	2018 MYEFO	Budget Variance
<b>NATIONAL DEPARTMENTS</b>	<b>5,728.3</b>	<b>6,472.7</b>	<b>2,319.0</b>	<b>6,556.2</b>	<b>83.4</b>
<b>Compensation of Employees</b>	<b>2,286.2</b>	<b>2,284.9</b>	<b>1,118.6</b>	<b>2,368.4</b>	<b>83.4</b>
<b>Wages and salaries</b>	<b>2,128.8</b>	<b>1,898.6</b>	<b>948.4</b>	<b>1,982.1</b>	<b>83.4</b>
Wages and salaries in cash	2,067.7	1,827.5	916.7	1,911.0	83.4
Wages and salaries in kind	61.0	71.1	31.7	71.1	-
<b>Employers' social contributions</b>	<b>157.5</b>	<b>386.3</b>	<b>170.2</b>	<b>386.3</b>	<b>-</b>
Actual employers' social contributions	157.5	386.3	170.2	386.3	-
<b>Use of goods and services</b>	<b>2,306.6</b>	<b>2,660.5</b>	<b>786.4</b>	<b>2,660.5</b>	<b>-</b>
Use of goods and services	2,306.6	2,660.5	786.4	2,660.5	-
<b>Grants</b>	<b>613.2</b>	<b>643.5</b>	<b>298.7</b>	<b>643.5</b>	<b>-</b>
Grants to other general government units	613.2	643.5	298.7	643.5	-
<b>Net Acquisition Nonfinancial assets</b>	<b>442.5</b>	<b>760.6</b>	<b>89.0</b>	<b>760.6</b>	<b>-</b>
Aquisition of Fixed assets (Buildings and Structures)	442.5	760.6	89.0	760.6	-
Aquisition of Fixed assets (Buildings and Structures)	418.4	687.5	74.7	687.5	-
Information, computer, and telecommunications (ICT) equipment	8.9	18.4	8.1	18.4	-
Machinery and equipment other than transport equipment	10.4	13.9	3.7	13.9	-
Other structures	3.4	37.0	0.2	37.0	-
Transport equipment	1.4	3.9	2.3	3.9	-
<b>Other expenses</b>	<b>79.8</b>	<b>123.2</b>	<b>26.4</b>	<b>123.2</b>	<b>-</b>
Premiums, fees, and claims related to nolife insurance and standardized guarantee schemes	0.1	75.4	26.4	75.4	-
Transfers not elsewhere classified	79.7	47.8		47.8	-
<b>PROVINCIAL GOVERNMENTS</b>	<b>3,178.5</b>	<b>3,606.4</b>	<b>1,108.1</b>	<b>3,736.1</b>	<b>129.8</b>
<b>Compensation of Employees</b>	<b>1,686.4</b>	<b>1,456.4</b>	<b>738.7</b>	<b>1,586.2</b>	<b>129.8</b>
Wages and salaries	1,685.5	1,456.4	738.6	1,586.2	129.8
Wages and salaries in cash	1,645.1	1,416.0	721.8	1,545.8	129.8
Wages and salaries in kind	40.4	40.4	16.8	40.4	-
Employers' social contributions	0.9	-	0.0	-	-
Actual employers' social contributions	0.9	-	0.0	-	-
<b>Use of goods and services</b>	<b>631.7</b>	<b>719.4</b>	<b>214.5</b>	<b>719.4</b>	<b>-</b>
Use of goods and services	631.7	719.4	214.5	719.4	-
<b>Grants</b>	<b>659.3</b>	<b>1,402.0</b>	<b>153.9</b>	<b>1,402.0</b>	<b>-</b>
Grants to other general government units	659.3	1,402.0	153.9	1,402.0	-
Current Grants to other general government units	504.9	711.9	38.4	711.9	-
Capital Grants to other general government units	154.4	690.1	115.5	690.1	-
<b>Net Acquisition Nonfinancial assets</b>	<b>201.0</b>	<b>28.5</b>	<b>1.0</b>	<b>28.5</b>	<b>-</b>
Aquisition of Fixed assets (Buildings and Structures)	201.0	28.5	1.0	28.5	-
Aquisition of Fixed assets (Buildings and Structures)	43.0	27.5	1.0	27.5	-
<b>AUTONOMOUS BOUGAINVILLE ADMINISTRATION</b>	<b>165.2</b>	<b>213.2</b>	<b>73.9</b>	<b>213.2</b>	<b>-</b>
<b>Compensation of Employees</b>	<b>111.3</b>	<b>95.7</b>	<b>47.2</b>	<b>95.7</b>	<b>-</b>
Wages and salaries	111.2	95.7	47.2	95.7	-
Wages and salaries in cash	108.8	92.8	46.5	92.8	-
Wages and salaries in kind	2.4	2.9	0.7	2.9	-
<b>Use of goods and services</b>	<b>22.4</b>	<b>27.8</b>	<b>10.2</b>	<b>27.8</b>	<b>-</b>
Use of goods and services	22.4	27.8	10.2	27.8	-
<b>Grants</b>	<b>31.5</b>	<b>89.7</b>	<b>16.5</b>	<b>89.7</b>	<b>-</b>
Grants to other general government units	31.5	89.7	16.5	89.7	-
Current Grants to other general government units	9.5	15.7	15.7	15.7	-
Capital Grants to other general government units	22.0	74.0	16.5	74.0	-
<b>COMMERCIAL &amp; STATUTORY AUTHORITIES</b>	<b>597.9</b>	<b>942.4</b>	<b>422.5</b>	<b>942.4</b>	<b>0.0</b>
<b>Compensation of Employees</b>	<b>292.4</b>	<b>315.9</b>	<b>133.6</b>	<b>316.6</b>	<b>-</b>
<b>Wages and salaries</b>	<b>275.7</b>	<b>299.6</b>	<b>127.6</b>	<b>299.6</b>	<b>-</b>
Wages and salaries in cash	272.1	291.8	125.1	291.8	-
Wages and salaries in kind	3.6	7.8	2.5	7.8	-
<b>Employers' social contributions</b>	<b>16.6</b>	<b>16.3</b>	<b>6.0</b>	<b>17.0</b>	<b>-</b>
Actual employers' social contributions	16.6	17.0	6.0	17.0	-
<b>Use of goods and services</b>	<b>137.3</b>	<b>392.9</b>	<b>93.1</b>	<b>392.9</b>	<b>0.0</b>
Use of goods and services	137.3	392.9	93.1	392.9	0.0
<b>Grants</b>	<b>38.9</b>	<b>61.6</b>	<b>10.1</b>	<b>61.6</b>	<b>-</b>
Grants to other general government units	38.9	61.6	10.1	61.6	-
<b>Net Acquisition Nonfinancial assets</b>	<b>115.8</b>	<b>151.9</b>	<b>185.6</b>	<b>151.9</b>	<b>-</b>
Aquisition of Fixed assets (Buildings and Structures)	115.8	151.9	185.6	151.9	-
Aquisition of Fixed assets (Buildings and Structures)	113.4	148.0	183.6	148.0	-
Machinery and equipment other than transport equipment	2.2	1.8	0.6	1.8	-
Transport equipment	0.2	0.1	0.0	0.1	-
NFA: Information, computer, & telecommunications equipment	-	2.0	-	2.0	-
<b>Other expenses</b>	<b>13.6</b>	<b>20.2</b>	<b>0.1</b>	<b>19.5</b>	<b>-</b>
Transfers not elsewhere classified	13.6	19.5	0.1	19.5	-
<b>INTEREST PAYMENT</b>	<b>1,633.9</b>	<b>1,864.7</b>	<b>978.9</b>	<b>1,864.7</b>	<b>-</b>
<b>Use of goods and services</b>	<b>109.0</b>	<b>63.1</b>	<b>48.6</b>	<b>63.1</b>	<b>-</b>
Use of goods and services	109.0	63.1	48.6	63.1	-
<b>Interest</b>	<b>1,524.9</b>	<b>1,801.6</b>	<b>930.3</b>	<b>1,801.6</b>	<b>-</b>
To residents other than general government	1,356.0	1,552.5	841.0	1,552.5	-
To nonresidents [GFS]	168.9	249.1	89.3	249.1	-
<b>Donor Grants</b>	<b>1,439.9</b>	<b>1,024.6</b>	<b>813.4</b>	<b>1,024.6</b>	<b>-</b>
<b>Use of goods and services</b>	<b>882.6</b>	<b>555.2</b>	<b>456.4</b>	<b>555.2</b>	<b>-</b>
Use of goods and services	882.6	555.2	456.4	555.2	-
<b>Grants</b>	<b>40.3</b>	<b>50.2</b>	<b>41.3</b>	<b>50.2</b>	<b>-</b>
Grants to other general government units	40.3	50.2	41.3	50.2	-
<b>Net Acquisition Nonfinancial assets</b>	<b>66.4</b>	<b>168.4</b>	<b>150.8</b>	<b>168.4</b>	<b>-</b>
Aquisition of Fixed assets (Buildings and Structures)	66.4	168.4	150.8	168.4	-
<b>Other expenses</b>	<b>450.7</b>	<b>250.8</b>	<b>165.0</b>	<b>250.8</b>	<b>-</b>
Transfers not elsewhere classified	450.7	250.8	165.0	250.8	-
Current transfers not elsewhere classified	450.7	250.8	165.0	250.8	-
<b>Concessional Loan</b>	<b>576.1</b>	<b>593.9</b>	<b>162.5</b>	<b>593.9</b>	<b>-</b>
<b>Use of goods and services</b>	<b>48.6</b>	<b>72.6</b>	<b>22.1</b>	<b>72.6</b>	<b>-</b>
Use of goods and services	48.6	72.6	22.1	72.6	-
<b>Net Acquisition Nonfinancial assets</b>	<b>489.3</b>	<b>390.2</b>	<b>109.8</b>	<b>390.2</b>	<b>-</b>
Aquisition of Fixed assets (Buildings and Structures)	489.3	390.2	109.8	390.2	-
Aquisition of Fixed assets (Buildings and Structures)	476.0	390.2	109.8	390.2	-
Information, computer, and telecommunications (ICT) equipment	13.4	-	-	-	-
<b>Other expenses</b>	<b>38.2</b>	<b>131.1</b>	<b>30.6</b>	<b>131.1</b>	<b>-</b>
Transfers not elsewhere classified	38.2	131.1	30.6	131.1	-
<b>Total Expenditure &amp; Net Lending</b>	<b>13,319.7</b>	<b>14,717.9</b>	<b>5,878.2</b>	<b>14,931.1</b>	<b>213.2</b>

Source: Department of Treasury.

\* Includes GST and Bookmakers Tax transfers to Provinces.

**TABLE 6: TRANSACTIONS IN ASSETS AND LIABILITIES FOR GENERAL GOVERNMENT<sup>1</sup> (Kina, million)**

	2017 Actual	2018 Budget	June Outturn	2018 MYEFO	Budget Variance
<b>Net Acquisition of Financial Assets</b>	-180.4	-	488.0	-	-
<b>Domestic</b>	<b>-180.4</b>	<b>-</b>	<b>488.0</b>	<b>-</b>	<b>-</b>
Currency and deposits	-180.4	-	488.0	-	-
Other accounts receivable	-	-	-	-	-
<b>External</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Incurrence of Liabilities</b>	<b>1,614.3</b>	<b>1,987.2</b>	<b>812.9</b>	<b>1,987.2</b>	<b>0.0</b>
<b>Domestic</b>	<b>736.2</b>	<b>373.8</b>	<b>181.9</b>	<b>1,357.1</b>	<b>1,730.9</b>
Debt securities	736.2	373.8	181.9	1,357.1	1,730.9
<i>New instruments</i>	12,535.8	10,388.5	6,367.1	10,399.1	10.6
<i>Amortisation</i>	11,799.6	10,014.7	6,185.1	11,756.2	1,741.5
Treasury Bills	530.9	30.2	16.5	1,700.7	1,730.9
<i>New instruments</i>	11,648.1	9,388.5	6,056.2	9,399.1	10.6
<i>Amortisation</i>	11,117.2	9,358.3	6,072.6	11,099.8	1,741.5
Treasury Bonds	205.3	343.6	198.4	343.6	-
<i>New instruments</i>	887.7	1,000.0	310.9	1,000.0	-
<i>Amortisation</i>	682.3	656.4	112.5	656.4	-
<b>External</b>	<b>878.0</b>	<b>1,613.4</b>	<b>631.0</b>	<b>3,344.3</b>	<b>1,730.9</b>
Monetary gold and special drawing rights (SDR's)	-	-	-	-	-
Currency and deposits	-	-	-	-	-
Debt securities	-	640.0	-	1,630.8	990.8
<i>New instruments</i>	-	640.0	-	1,630.8	990.8
<i>Amortisation</i>	-	-	-	-	-
Holdings gains and losse*	-	-	-	-	-
Concessional financing	-	-	-	-	-
<i>New instruments</i>	-	-	-	-	-
<i>Amortisation</i>	-	-	-	-	-
<i>Holdings gains and losse*</i>	-	-	-	-	-
Commercial financing	-	640.0	-	1,630.8	990.8
<i>New instruments</i>	-	640.0	-	1,630.8	990.8
<i>Amortisation</i>	-	-	-	-	-
<i>Holdings gains and losse*</i>	-	-	-	-	-
Extraordinary financing	-	-	-	-	-
<i>New instruments</i>	-	-	-	-	-
<i>Amortisation</i>	-	-	-	-	-
<i>Holdings gains and losse*</i>	-	-	-	-	-
Loans	878.0	973.4	631.0	1,713.5	740.1
<i>New borrowing</i>	1,149.3	1,273.7	782.4	2,027.6	753.9
<i>Amortisation</i>	271.3	300.3	151.5	314.1	13.8
<i>Holdings gains and losse*</i>	-	-	-	-	-
Concessional financing	576.1	337.4	33.5	324.8	12.6
<i>New borrowing</i>	802.4	593.9	162.5	593.9	-
<i>Amortisation</i>	226.3	256.5	129.1	269.1	12.6
<i>Holdings gains and losse*</i>	-	-	-	-	-
Commercial financing	346.9	39.8	619.9	619.9	580.1
<i>New borrowing</i>	346.9	39.8	619.9	619.9	580.1
<i>Amortisation</i>	-	-	-	-	-
<i>Holdings gains and losse*</i>	-	-	-	-	-
Extraordinary financing	- 45.0	596.2	22.4	768.8	172.6
<i>New borrowing</i>	-	640.0	-	813.8	173.8
<i>Amortisation</i>	45.0	43.8	22.4	45.0	1.2
<i>Holdings gains and losse*</i>	-	-	-	-	-
Insurance, pension, and standardized guarantee schemes	-	-	-	-	-
Financial derivatives and employee stock options	-	-	-	-	-
Other accounts payable	-	-	-	-	-

Source: Department of Treasury

1. General government representing National, Provincial and Local Level Governments, Autonomous Bougainville Government and Commercial and Statutory Authorities

\* Holding gains and losses (or revaluation) is a change in the monetary value of an asset or liability resulting from changes in the level and structure of prices (for example, from changes in interest rates) and/or exchange rates, assuming that the assets or liabilities has not changed qualitatively or quantitatively.

**TABLE 7: GENERAL GOVERNMENT DEBT<sup>1</sup> (Kina, million)**

	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>June Outturn</b>	<b>2018 MYEFO</b>	<b>Budget Variance</b>
<b>Domestic</b>	<b>17,173.1</b>	<b>17,723.2</b>	<b>17,355.1</b>	<b>15,816.1</b>	<b>- 1,907.1</b>
Debt securities	<b>17,173.1</b>	<b>17,723.2</b>	<b>17,355.1</b>	<b>15,816.1</b>	<b>- 1,907.1</b>
<i>Treasury Bills</i>	9,194.4	9,388.5	9,178.0	7,493.8	- 1,894.7
<i>Treasury Bonds</i>	7,978.7	8,334.7	8,177.1	8,322.3	- 12.4
Loans	-	-	-	-	-
<i>Domestic Debt as % of GDP</i>	23.3%	22.1%	21.2%	19.3%	-2.8%
<b>External</b>	<b>6,385.1</b>	<b>8,084.3</b>	<b>7,016.1</b>	<b>9,729.4</b>	<b>1,645.1</b>
Debt securities	-	<b>640.0</b>	-	<b>1,630.8</b>	<b>990.8</b>
<i>Concessional financing</i>	-	-	-	-	-
<i>Commercial financing</i>	-	640.0	-	1,630.8	990.8
<i>Extraordinary financing</i>	-	-	-	-	-
Loans	6,385.1	7,444.3	7,016.1	8,098.6	654.3
<i>Concessional financing</i>	5,396.4	5,228.7	5,202.6	5,493.9	265.2
<i>Commercial financing</i>	1,033.7	1,429.6	1,653.6	1,653.6	224.0
<i>Extraordinary financing</i>	- 45.0	786.0	159.9	951.1	165.1
<i>External Debt as % of GDP</i>	8.6%	10.1%	8.6%	11.9%	1.8%
<b>Total Central Government Debt</b>	<b>23,558.3</b>	<b>25,808.0</b>	<b>24,371.2</b>	<b>25,545.5</b>	<b>- 262.5</b>
<i>Total debt as percentage of GDP</i>	<b>31.9%</b>	<b>32.2%</b>	<b>29.8%</b>	<b>31.2%</b>	<b>-1.0%</b>
<b>Gross Domestic Product<sup>2</sup></b>	<b>73,860.7</b>	<b>80,113.4</b>	<b>81,901.9</b>	<b>81,901.9</b>	<b>1,788.5</b>

Source: Department of Treasury

1. General Government Representing National, Provincial and Local Level , Gov't and CSA

2. Total nominal GDP by economic activity, Actual: NSO and Projection: Dep't of Treasury

Note: Treasury Bills outstanding for 2018 nets the proposed foreign currency balance from the additional external bond proceeds.

# PART 2

## MID – YEAR EXPENDITURE

### 2.1 FUNDED EXPENDITURE SINCE THE 2018 BUDGET

The total appropriated expenditure for 2018 was K14,206.0 million<sup>9</sup> which includes debt interest payments and excludes debt amortisation. The 2018 Budget has continued to support the Government's expenditure on key policies including TFF Education, Fee Free Primary Health Care, Infrastructure, Agriculture, Tourism, Rural Development, Small to Medium Enterprises (SMEs), facilitating the 2018 LLG Elections and Hosting of the APEC Summit.

Table 19 shows a summary of the 2018 Budget and expenditure up to 30<sup>th</sup> June.

**Table19: Summary of 2018 Budget by Budget Components (Kina, million)**

Detail	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Budget
<b>Operational</b>	<b>9,562.1</b>	<b>9,769.6</b>	<b>4,895.0</b>	<b>4,255.9</b>	<b>44.5%</b>
Compensation Of Employees	4,153.3	4,156.2	1,275.4	2,147.6	51.7%
Use of goods and services	2,150.4	2,068.2	992.1	689.3	32.1%
Interest	1,807.0	2,092.1	1,928.2	930.3	51.5%
Subsidies	73.8	73.8	39.6	26.1	35.4%
Grants	1,213.4	1,213.7	555.7	424.6	35.0%
Social Benefits	0.0	0.0	0.0	0.9	0.0%
Other expense	0.0	0.0	0.0	0.4	0.0%
Net acquisition of financial assets	57.6	56.6	56.6	12.9	22.4%
Non-financial assets	106.5	109.0	47.2	23.8	22.4%
<b>Capital Investment</b>	<b>3,025.4</b>	<b>3,103.0</b>	<b>823.9</b>	<b>646.5</b>	<b>21.4%</b>
Compensation Of Employees	0.3	0.3	0.2	0.1	33.3%
Use of goods and services	1,067.5	1,080.6	360.4	215.2	20.2%
Subsidies	20.0	20.0	5.0	-	0.0%
Grants	1,113.0	1,168.0	230.6	179.4	16.1%
Non-financial assets	824.6	834.1	227.7	251.8	30.5%
<b>Donor Grants</b>	<b>1,024.6</b>	<b>1,024.6</b>	<b>0.0</b>	<b>813.4</b>	<b>79.4%</b>
Use of goods and services	574.9	574.9	0.0	456.4	79.4%
Grants	52.0	52.0	0.0	41.3	79.4%
Other expense	207.8	207.8	0.0	165.0	79.4%
Non-financial assets	189.9	189.9	0.0	150.8	79.4%
<b>Concessional Loans</b>	<b>593.9</b>	<b>593.9</b>	<b>0.0</b>	<b>162.5</b>	<b>27.4%</b>
Use of goods and services	80.8	80.8	0.0	22.1	27.4%
Other expense	111.8	111.8	0.0	30.6	27.4%
Non-financial assets	401.3	401.3	0.0	109.8	27.4%
<b>Grand Total</b>	<b>14,206.0</b>	<b>14,491.1</b>	<b>5,718.9</b>	<b>5,878.2</b>	<b>41.4%</b>

Source: Department of Treasury (GFS 2014)

Expenditure up to the end of June totalled K5,878.2 million, against total authorised warrants of K5,718.9 million. Total warrants authorised and the expenditure are trending behind by K1,384.2 million or 19.5 per cent and K1,224.7 million or 17.2 per cent lower than pro-rata

<sup>9</sup> Excludes the GST and Bookmakers Turnover Tax (BTT) transfer to provinces, which amounts to K511.9 million.

amounts (50.0 per cent). This is due to stringent expenditure management measures introduced by the Government to match the performance of revenue collections. The expenditure level has decreased by 6.1 per cent compared to 39.1 per cent expenditure ratio of the corresponding period of 2017. This, however, may not be a proper comparison as a significant amount of expenditure data from the provinces have not been captured in the 2018 MYEFO report.

The Operational Budget expended a total of K4,255.9 million up to the end of June or 44.5 per cent of the 2018 budgeted Operational amount and 86.9 per cent of its warranted amount of K4,895.0 million. GoPNG Capital Investment Expenditure up to the end of June stood at K646.5 million or 21.4 per cent of the 2018 budgeted Capital amount and 78.5 per cent of the warranted amount of K823.9 million, while donor support grants and concessional loan drawdowns totalled K162.5 million and K813.4 million respectively.

Compensation of Employees (PE) expended a total of K2,146.9 million or 51.7 per cent of its 2018 appropriation. This expenditure captures the first instalment of the 3.0 per cent public servant salary increase which was implemented in mid-June.

Goods and Services (GS) accounts for K682.4 million or 33.0 per cent of its budget appropriation. Expenditure on GS is below its authorised warrants by 31.2 per cent and is running below the 50.0 per cent pro-rata allocation of its budget by 34.0 per cent. This is due to the current tight fiscal conditions with lower revenue collections preventing timely expenditure allocations. Although warrants are being released, only priority funding is being remitted to agencies, as such expenditure is lower than expected.

Refer to Attachment (F) for Compensation of Employees (PE) and GS expenditure up to 30<sup>th</sup> June by Account Type.

## **APPROPRIATION TRANSFERS**

### **Section 3 Transfers (Secretary's Advance)**

Under the Miscellaneous expenditure, the Government has appropriated funding in 2018 to cater for unforeseen expenditure that might arise during the course of the fiscal year. This appropriation is known as Section 3 (Secretary's Advance) and Section 4 Transfers. The Appropriation Act allows movements under this funding.

Secretary's Advance (SA) was appropriated K50.0 million in 2018. As at the end of May, K34.5 million or 69.0 per cent of the SA has been expended. A total of K11.1 million or 22.1 per cent was expended in February, K7.84 million or 15.6 per cent was expended in March and K15.5 million or 31.1 per cent was expended in April to June. The major expenditure that consumed the largest share of the SA is Outstanding Service Bills of K11.2 million or 22.4 per cent followed by counterpart funding of Capital expenditure by K3.8 million or 7.6 per cent and Operations of K2.9 million or 5.9 per cent. See Table 20 for the transfers.



**Table 20: Secretary's Advance expenditure since the 2018 Budget (Kina, million)**

Date	Dept.	Particulars /Description	Section 3	
			Plus (+)	Minus (-)
6/02/2018	208	To cover services to Norton Rose, Twivey		2,142,488
7/02/2018	541	To assist NHC cater for its salary bills		500,000
8/02/2018	208	Norton Rose Fulbright prof fees (bal)		357,453
16/02/2018	208	To cater for South PAC outstanding bills		1,500,000
22/02/2018	208	To cater for Treasury B/Liaison Program		92,089
27/02/2018	541	Salary Rescue Package for NHC		500,000
27/02/2018	207	To cater for outstanding hire car bills		5,000,000
27/02/2018	254	To cater for 2017 MIB payment		1,000,000
2/03/2018	230	Recounts directed by National Court		2,000,000
2/03/2018	206	To cater for initial start of the PMMR		300,000
6/03/2018	503	To cater for OC pensioners allowances		1,000,000
14/03/2018	207	To offset Kara Hire Cars bal payment.		703,250
15/03/2018	207	Settle Lama outstanding hire car bill.		3,000,000
19/03/2018	207	Assistance to Police Personnel in Alotau		600,000
21/03/2018	542	LEAVE FARES FOR NCC		237,800
19/04/2018	236	Transfer to DHERST for Ministers office		200,000
20/04/2018	228	Police Internal Affairs Unit - Project		1,500,000
20/04/2018	233	Leave fares for censorship		123,000
7/05/2018	205	ABG REFERENDUM FUNDING		2,500,000
14/05/2018	207	Waigani Court House Dev		2,000,000
28/05/2018	207	Land Compo payment on medical grounds.		255,000
7/06/2018	546	Section 3 - Transfer To Sec Advance		3,000,000
7/06/2018	207	Facilitate payment for TBEA.		3,000,000
18/06/2018	240	To cater for YWAM		1,500,000
19/06/2018	207	To cater for YWAM		1,500,000
	<b>Total</b>			<b>34,511,080</b>

Source: Department of Treasury (GFS 2014)

## Section 4 Transfers

The Appropriation Act also allows for Section 4 movements. The movements are transfers within agencies and from one agency to another. At the end of June, Section 4 transfers amounted to K1,544.6 million of which K321.4 million were for transfers made within agencies (internal transfers) and K1,223.2 million were for transfers made between agencies. Attachment E shows movements in Section 4 Transfers.

## 2.2 2018 BUDGET EXECUTION

The 2018 Budget Appropriation of K14,206.0 million<sup>10</sup> provides for a continuing focus of spending on the Government's key policy priorities. Major spending commitments in 2018 are listed in Table 21.

<sup>10</sup> Excludes the GST and Bookmakers Turnover Tax (BTT) transfer to provinces, which amounts to K511.9 million



**Table 21: Summary by Government Priorities (Kina, million)**

Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Bud
<b>Compensation Of Employees[GFS]</b>	<b>4,153.6</b>	<b>4,156.5</b>	<b>1,275.6</b>	<b>2,146.9</b>	<b>51.7%</b>
Medical Supplies Procurement & Distribution	0.6	0.6	0.4	0.4	66.7%
Nambawan Supa Exit Payments	151.5	151.5	45.0	10.0	6.6%
Others	3,540.7	3,546.2	1,033.1	1,883.4	53.2%
PHA's	252.1	252.1	128.5	114.1	45.3%
Port Moresby General Hospital	38.3	35.7	6.1	33.2	86.7%
State Share Contribution to Nambawan Supa - Automation	170.5	170.5	62.5	105.9	62.1%
<b>Use of goods and services [GFS]</b>	<b>3,901.40</b>	<b>3,831.30</b>	<b>1,409.20</b>	<b>1,395.80</b>	<b>35.8%</b>
2018 LLG Elections - Security and Logistics	100.0	83.1	20.0	20.0	20.0%
APEC	270.0	254.5	72.0	52.0	19.3%
Arrears	90.0	56.8	0.0	0.0	0.0%
Court Cases	28.0	28.0	9.0	3.2	11.4%
District Support Improvement Program	158.0	158.0	72.0	71.0	44.9%
Education Subsidies	0.7	0.7	0.3	0.2	28.6%
Emergency Roads & Bridges Funding	5.0	5.0	5.0	4.8	96.0%
Foreign Missions	10.0	16.5	15.0	12.5	125.0 %
Free Primary Health Care	20.0	20.0	0.0	0.0	0.0%
HIV/AIDS	3.7	3.7	3.7	3.7	100.0 %
Hospital Rehabilitation & Redevelopment	2.3	2.3	0.3	0.0	0.0%
Infrastructure Development Grants (IDG)	100.0	100.0	0.0	0.0	0.0%
Maintenance of National Priority Roads	85.0	85.0	68.0	34.6	40.7%
Medical Supplies Procurement & Distribution	213.9	213.9	89.6	88.0	41.1%
Multi-Departmental Office Accommodation	236.0	236.0	105.0	99.6	42.2%
Multi-Departmental Utilities	109.8	109.8	103.5	94.8	86.3%
National Land and Housing Program	1.0	1.0	1.0	0.9	90.0%
Others	2,358.40	2,365.90	805.1	874.3	37.1%
PHA's	34.0	34.0	18.1	15.6	45.9%
Port Moresby General Hospital	20.2	1.7	1.7	1.7	8.4%
Provincial Support Improvement Program	55.4	55.4	19.9	18.9	34.1%
<b>Interest Payments</b>	<b>1,807.0</b>	<b>2,092.1</b>	<b>1,928.2</b>	<b>930.3</b>	<b>51.5%</b>
Interest	1,807.0	2,092.1	1,928.2	930.3	51.5%
<b>Subsidies</b>	<b>93.8</b>	<b>93.8</b>	<b>44.6</b>	<b>26.1</b>	<b>27.8%</b>
Others	32.0	32.0	10.6	3.0	9.4%
Tertiary Educn Study Assistance Scheme	61.8	61.8	34.0	23.2	37.5%
<b>Grants</b>	<b>2,376.5</b>	<b>2,431.7</b>	<b>786.3</b>	<b>646.1</b>	<b>27.2%</b>
Agriculture and SME Funding	50.0	50.0	11.0	5.0	10.0%
District Support Improvement Program	732.0	732.0	126.0	125.0	17.1%
Education Fee Free Subsidy	0.0	601.3	300.0	260.0	0.0%
Education Subsidies	601.3	0.0	0.0	0.0	0.0%
Others	610.5	665.7	256.5	184.0	30.1%
PHA's	72.9	72.9	28.0	23.5	32.2%
Provincial Support Improvement Program	164.6	164.6	29.1	25.1	15.2%
Restoration Development Grants (ABG)	15.0	15.0	0.0	0.0	0.0%
Special Interventions Program -Bougainville	40.0	40.0	27.0	14.5	36.3%
Special Support Grant (SSG)	16.0	16.0	2.8	2.8	17.5%
Tertiary Educn Study Assistance Scheme	9.8	9.8	6.0	5.3	54.1%
Ward SIP	64.4	64.4	0.0	0.9	1.4%
<b>Social Benefits [GFS]</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.9</b>	<b>0.0%</b>
Others	0.0	0.0	0.0	0.9	0.0%
<b>Other expense</b>	<b>381.8</b>	<b>381.8</b>	<b>0.0</b>	<b>195.9</b>	<b>51.3%</b>
Others	381.8	381.8	0.0	195.9	51.3%
<b>Non-financial assets</b>	<b>1,492.0</b>	<b>1,504.1</b>	<b>274.9</b>	<b>536.2</b>	<b>35.9%</b>
Court House Design and Maintenance	80.0	79.0	11.0	11.0	13.8%
Emergency Roads & Bridges Funding	5.0	5.0	0.0	0.0	0.0%
Hospital Rehabilitation & Redevelopment	81.7	81.7	1.7	0.0	0.0%

Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Bud
Lae-Nadzab Road (4Lane)	15.0	15.0	6.0	5.8	38.7%
Maintenance of National Priority Roads	10.0	8.0	0.0	0.0	0.0%
National Land and Housing Program	19.0	19.0	6.0	0.0	0.0%
Others	1,277.9	1,294.5	249.1	518.3	40.6%
PHA's	1.8	1.8	1.0	0.9	50.0%
Port Moresby General Hospital	1.7	0.1	0.1	0.1	5.9%
<b>Grand Total</b>	<b>14,206.0</b>	<b>14,491.1</b>	<b>5,718.9</b>	<b>5,878.2</b>	<b>41.4%</b>

Source: Department of National Planning and Department of Treasury

- This table excludes reporting of GST Transfers and Bookmakers Turnover Tax to Provinces.

Total Government Expenditure of K5,878.2 million up to end June is comprised of GoPNG funded expenditure of K4,902.4 million, K813.4 million from Donor Grants and K162.5 million from Concessional Loans. Expenditures from Donor Grants and Concessional Loans are reflected separately as a result of delay in IFMS postings.

### *Spending on the Medium Term Development Plan (MTDP) Enablers*

The 2018 Budget is driven by the priorities of the Government as stipulated in the Alotau Accord 2 which are adopted in the MTDP-3. These are Economic Growth with a renewed focus on Agriculture, Infrastructure, Quality Health Care, Quality Education and Skills Development and Law and Order. The budget is also driven by other priorities of Government which are APEC-related infrastructure developments, preparation for the National Population Census and the ongoing fixed commitments to the provinces and districts. These priorities are integrated into the programs and projects funded under the Capital Investment Budget.

Of the K646.5 million, 41.5 per cent was spent on the ongoing Fixed Commitments, particularly, PSIP, DSIP, Ward SIP and other special grants to the provinces; 35.7 per cent of the funds were spent on infrastructure projects as key enablers for socio-economic activities, 8.8 per cent was spent on the Economic sector particularly in Agriculture and SMEs, 5.2 per cent of the funds were spent in education, 3.7 per cent of the funds were spent on administration, 2.3 per cent of the funds were spent on the law and justice sector, 1.5 per cent of the funds were spent on the health sector while the remaining 1.0 per cent was spent on programs related to community and culture.

Table 22 below highlights the major areas of capital investment expenditure on Government priorities as at end June.

### *FUNDING FOR CAPITAL INVESTMENT EXPENDITURE*

The Warrant released is 27.0 per cent of the revised appropriation. The spending is just 78.0 per cent of the warrants authorised.

**Table 22: Spending on Government Priority Projects 2018 (Kina, million)**

Program/Project	Initial Appro.	Current Appro.	War. Auth.	Tot. Ex. + Commitment	Warr. (%)	Ex. (%)
<b>Capital Expenditure Budget Totals</b>	<b>1,308.50</b>	<b>1,322.50</b>	<b>281.4</b>	<b>150.9</b>	<b>21%</b>	<b>54%</b>
Infrastructure Development Grant	100.0	100.0	0.0	0.0	0.0	0.0
State Equity Fund (Agriculture and Others)	100.0	100.0	23.2	10.0	0.2	0.4
Court House Design and Maintenance	80.0	79.0	11.0	10.0	0.1	0.9
Port Moresby Sewerage Project	60.0	60.0	29.5	12.0	0.5	0.4
SME Funding for Non-Agriculture Activities	50.0	50.0	3.0	0.0	0.1	0.0
District/Rural Hospital Redevelopment	50.0	50.0	12.0	0.0	0.2	0.0

Program/Project	Initial Appro,	Current Appro.	War. Auth.	Tot. Ex. + Commitment	Warr. (%)	Ex. (%)
Jackson's Airport Upgrade and Rehabilitation	50.0	65.0	22.0	18.0	0.3	0.8
West Pacific University	40.0	40.0	15.0	15.0	0.4	1.0
Special Interventions Program -Bougainville	40.0	40.0	17.0	14.5	0.4	0.9
Six Mile SME Incubation Centre	30.0	30.0	0.0	0.0	0.0	0.0
Port Moresby Industrial Centre Development	30.0	30.0	0.0	0.0	0.0	0.0
ANGAU - Lae Cancer Unit	30.0	30.0	1.0	0.0	0.0	0.0
PMGH - Cancer and Heart Institute	28.5	28.5	4.0	4.0	0.1	1.0
Identity Card (with Biometrics)	23.0	23.0	6.0	2.2	0.3	0.4
Financial Management Project	20.0	20.0	7.0	6.0	0.4	0.9
National Land and Housing Program	20.0	20.0	7.0	0.9	0.4	0.1
People's Microbank	20.0	20.0	5.0	0.0	0.3	0.0
Rural Jetties Program	20.0	20.0	4.0	0.0	0.2	0.0
Civil Aviation Sector Development Investment Program (T2&3)	20.0	20.0	9.0	9.0	0.5	1.0
2020 Population Census Preparation	15.0	15.0	6.0	3.3	0.4	0.6
Oil Palm Small Holder Roads	15.0	15.0	1.0	0.5	0.1	0.5
Establish Provincial Cocoa Nurseries Project	15.0	15.0	6.0	5.9	0.4	1.0
Nursing College Infra. Rehabilitation	15.0	15.0	5.0	3.5	0.3	0.7
Teacher's College Infra Rehabilitation	15.0	15.0	0.0	0.0	0.0	0.0
Wewak School of Nursing	15.0	15.0	6.0	0.0	0.4	0.0
Restoration and Development Grant	15.0	15.0	0.0	0.0	0.0	0.0
Lae-Nadzab Road (4Lane)	15.0	15.0	6.0	5.8	0.4	1.0
Kumul Submarine Cable	15.0	15.0	15.0	6.0	1.0	0.4
Technical and Business College Infra. Rehabilitation	12.0	12.0	3.0	2.1	0.3	0.7
Yekimbole-Kiniambu Road	10.0	10.0	5.0	0.0	0.5	0.0
PNG Church Partnership Programme	10.0	10.0	0.0	0.0	0.0	0.0
Social Health Awareness Program	10.0	10.0	5.0	4.9	0.5	1.0
Kokoda Track Initiative	10.0	10.0	1.0	0.0	0.1	0.0
National Cattle Breeding Farm (PPP)	10.0	10.0	2.0	0.0	0.2	0.0
National Plantation Rehabilitation Agency	10.0	10.0	4.0	3.0	0.4	0.8
Polytechnic Institutions Development Program	10.0	10.0	2.0	1.2	0.2	0.6
Medical University	10.0	10.0	0.0	0.0	0.0	0.0
TVET Smart Specialisation Program	10.0	10.0	2.0	0.2	0.2	0.1
Universities Rehabilitation, Accreditation and QA	10.0	10.0	1.0	0.6	0.1	0.6
Central Administration Building	10.0	10.0	0.4	0.4	0.0	1.0
Mount Hagen Court House	10.0	10.0	0.0	0.0	0.0	0.0
CS Infrastructure	10.0	10.0	2.5	0.0	0.3	0.0
Police Infrastructure Project	10.0	10.0	2.3	0.9	0.2	0.4
Civic Action Program - Missing Link - Baiyer - Madang Road	10.0	10.0	1.5	0.0	0.2	0.0
PNGDF APEC Preparations	10.0	10.0	1.5	0.7	0.2	0.5
Manam Islanders Resettlement Project	10.0	10.0	0.0	0.0	0.0	0.0
Komo - Halimbo Road	10.0	10.0	0.0	0.0	0.0	0.0
Maria - Kopiago Road	10.0	10.0	0.0	0.0	0.0	0.0
Kikori Wharf Developement	10.0	10.0	1.0	0.0	0.1	0.0
Manus Wharf Development	10.0	10.0	1.0	0.0	0.1	0.0
Vanimo Wharf Development	10.0	10.0	2.0	0.1	0.2	0.1
Wewak Wharf Development	10.0	10.0	2.0	0.1	0.2	0.1
Highlands Region Roads Improvement Investment Program -III	10.0	10.0	2.0	2.0	0.2	1.0
Highlands Region Roads Improvement Program (HRRRIIP II )	10.0	10.0	3.0	3.0	0.3	1.0
Hoskins - Kimbe Road	10.0	10.0	0.5	0.0	0.1	0.0
Karamui - Gumine (Missing Link)	10.0	10.0	5.0	0.0	0.5	0.0
National Bridges Program	10.0	10.0	4.0	0.0	0.4	0.0
National Highway Aitape - Vanimo	10.0	10.0	0.0	0.0	0.0	0.0
Pomio-Kokopo Road (Missing Link)	10.0	10.0	0.0	0.0	0.0	0.0
Talasea Ring Road	10.0	10.0	0.0	0.0	0.0	0.0
Wau - Bulolo Highway Rehabilitation	10.0	10.0	0.0	0.0	0.0	0.0
Communication Surveillance & Airtraffic Mngmnt Replacement	10.0	10.0	1.0	0.0	0.1	0.0

Program/Project	Initial Appro.	Current Appro.	War. Auth.	Tot. Ex. + Commitment	Warr. (%)	Ex. (%)
Highlands Region Roads Improvement Investment Program	10.0	10.0	1.0	1.0	0.1	1.0
Provincial and District Water Project	10.0	10.0	5.0	4.0	0.5	0.8

Source: Department of National Planning and Monitoring

The major expenditure items over K10.0 million in the first two quarters of 2018 were on the SIPs to eight (8) provinces, State Equity Fund, Western Pacific University, Special Intervention Program (SIP) – Bougainville, Jackson's Airport Upgrade and Port Moresby Sewerage Upgrade.

Spending on these priorities are affected by cash flow challenges.

DNPM will maintain close consultation with the implementing agencies to ensure that the Government's development priorities are delivered within the fiscal parameters of the 2018 Budget.

### INFRASTRUCTURE TAX CREDIT (ITC) SCHEME

The NEC through NEC Decision No.13/2017 placed a moratorium on the approvals of new TCS projects on 14<sup>th</sup> September 2017. However, ongoing projects approved prior to the date of the NEC Decision are still been implemented. Expenditure on TCS projects as at May 2018 was K56.6 million. However, this is a preliminary figure and it is expected that expenditure for the first two quarters will be higher once all reports are submitted to DNPM.

### GRANT FINANCING

Grant financing is usually allocated to finance Capital Expenditure as it is part of the Capital Investment Budget. In the 2018 Capital Budget, grant financing increased from K968.1 million in 2017 to K1,024.6 million. Of the K1,024.6 million grant financing in 2018, K752.8 million (73.5 per cent of total grants) comes from the foreign governments. The Government of Australia, through the Department of Foreign Affairs and Trade (DFAT) continues to remain the largest donor, allocating K642.0 million, despite a decrease of K84.1 million from K727.0 million in 2017. The other grant donors include the Japanese Government through the Japanese International Cooperation Agency (JICA) and the New Zealand Government through NZAID. The United States of America through USAID is also a grant financier however, when the 2018 capital investment budget was formulated, USAID were not able to provide any information on their grants due to the US Congress yet to agree on a budget to support PNG.

The Inter-governmental organisations, including the multilateral banks, provided K271.8 million (26.5 per cent of total grants) as grant financing in 2018. The European Union was the largest contributor with K135.6 million; followed by the UN with K120.0 million; while the Asian Development Bank and the World Bank Group allocated K9.3 million and K6.9 million, respectively.

For the first six (6) months of 2018, the estimated disbursements amounted to K813.4 million which equated to about 79.4 per cent of the total grant appropriation. However, this analysis

may not necessarily be real in terms of implementation and expenditure.<sup>11</sup> Four notable Development Partners, the United Nations (UN), the USAID, the NZAID and PRC were not able to provide their first six months expenditure due to the different fiscal year.

The grants, whether they are current or capital, are all provided In-Kind. There is no cash transfer to the GoPNG public accounts, apart from trust accounts operated by a few grant projects which may not necessarily qualify as cash in the Government system.

**Table 23: Grants – 2017-2018 (Kina, million)**

	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>June Outturn</b>	<b>% of Budget</b>
<b>Donor Grants</b>	<b>1,439.9</b>	<b>1,024.6</b>	<b>813.4</b>	<b>79.4%</b>
<b>Use of goods and services</b>	<b>882.6</b>	<b>555.2</b>	<b>456.4</b>	<b>82.2%</b>
Use of goods and services	882.6	555.2	456.4	82.2%
<b>Grants</b>	<b>40.3</b>	<b>50.2</b>	<b>41.3</b>	<b>82.2%</b>
Grants to other general government units	40.3	50.2	41.3	82.2%
<b>Net Acquisition Non-financial assets</b>	<b>66.4</b>	<b>168.4</b>	<b>150.8</b>	<b>89.5%</b>
Acquisition of Fixed assets (Buildings and Structures)	66.4	168.4	150.8	89.5%
<b>Other expenses</b>	<b>450.7</b>	<b>250.8</b>	<b>165.0</b>	<b>65.8%</b>
Transfers not elsewhere classified	450.7	250.8	165.0	65.8%

Source: Department of Treasury

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<sup>11</sup> This could mean DFAT and other grant financiers projections for 2018 capital budget may have been reduced during the 2018 Budget formulation to accommodate the fiscal space that is needed. Therefore, their expenditure rate may a little over than what we will be expecting from the total grant figure of K1,024.6 million budgeted for 2018.

# **PART 3 ATTACHMENTS**

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**ATTACHMENT A: SUMMARY OF NATIONAL BUDGET EXPENDITURE**

**ATTACHMENT B: NATIONAL DEPARTMENT BUDGET EXPENDITURE**

**ATTACHMENT C: COMMERCIAL STATUTORY AGENCY BUDGET EXPENDITURE**

**ATTACHMENT D: PROVINCIAL ADMINISTRATION BUDGET EXPENDITURE**

**ATTACHMENT E: MOVEMENTS IN SECTION 4 TRANSFERS**

**ATTACHMENT F: GOODS & SERVICES AND PERSONNEL EMOLUNMENTS  
EXPENDITURE**

Attachment A:

SUMMARY OF NATIONAL BUDGET EXPENDITURE MYEFO 2018 (KINA, MILLION)

Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Budget
<b>National Departments</b>	<b>5,641.6</b>	<b>5,153.8</b>	<b>1,766.5</b>	<b>1,702.9</b>	<b>30.2%</b>
Compensation Of Employees[GFS]	1,616.8	1,628.3	799.3	883.9	54.7%
Use of goods and services [GFS]	1,877.3	1,928.9	658.1	548.1	29.2%
Subsidies	69.4	69.4	37.8	25.3	36.5%
Grants	765.6	219.3	73.1	49.0	6.4%
Other expense	321.1	321.1	-	65.5	20.4%
Non financial assets	991.4	986.9	198.3	131.0	13.2%
<b>Statutory Authorities</b>	<b>1,759.7</b>	<b>1,784.9</b>	<b>580.0</b>	<b>832.5</b>	<b>47.3%</b>
Compensation Of Employees[GFS]	583.1	589.8	291.4	251.5	43.1%
Use of goods and services [GFS]	592.9	601.6	199.6	229.3	38.7%
Subsidies	21.0	21.0	5.5	0.4	1.9%
Grants	61.6	61.8	16.7	20.4	33.1%
Other expense	53.7	53.7	-	65.2	121.4%
Non financial assets	447.5	457.0	66.8	265.7	59.4%
<b>Provincial Administrations</b>	<b>3,410.1</b>	<b>3,415.1</b>	<b>576.8</b>	<b>1,442.3</b>	<b>42.3%</b>
Compensation Of Employees[GFS]	1,552.1	1,552.1	73.9	785.9	50.6%
Use of goods and services [GFS]	250.6	255.6	104.9	219.5	87.6%
Grants	1,549.3	1,549.3	396.6	305.5	19.7%
Other expense	6.9	6.9	-	65.2	944.9%
Non financial assets	51.1	51.1	1.5	66.1	129.4%
<b>Debt Services</b>	<b>1,864.7</b>	<b>2,148.7</b>	<b>1,984.9</b>	<b>978.9</b>	<b>52.5%</b>
Interest [GFS]	1,807.0	2,092.1	1,928.2	930.3	51.5%
Use of goods and services [GFS]	57.6	56.6	56.6	48.6	84.4%
<b>Miscellaneous</b>	<b>1,529.9</b>	<b>1,988.6</b>	<b>810.7</b>	<b>921.7</b>	<b>60.2%</b>
Compensation Of Employees[GFS]	401.7	386.3	111.1	116.7	29.1%
Use of goods and services [GFS]	1,122.9	988.5	390.0	460.1	41.0%
Subsidies	3.4	3.4	1.4	0.4	11.8%
Grants	-	601.3	300.0	270.3	0.0%
Social Benefits [GFS]	-	-	-	0.9	0.0%
Non financial assets	2.0	9.1	8.3	73.3	3665.0%
<b>Grand Total</b>	<b>14,206.0</b>	<b>14,491.1</b>	<b>5,718.9</b>	<b>5,878.2</b>	<b>41.4%</b>

Source: Department of Treasury.

Attachment B:

NATIONAL DEPARTMENTS BUDGET EXPENDITURE MYEFO 2018 (KINA, MILLION)

Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Budget
<b>202-Office of Governor-General</b>	<b>5.5</b>	<b>6.9</b>	<b>4.3</b>	<b>4.0</b>	<b>73.4%</b>
<b>Compensation Of Employees[GFS]</b>	<b>2.1</b>	<b>3.6</b>	<b>2.5</b>	<b>2.3</b>	<b>112.6%</b>
Wages and Salaries	2.0	2.0	1.0	0.9	43.2%
Wages and Salaries in Cash	-	1.5	1.5	1.5	0.0%
Actual Employers Social Contributions	0.1	0.1	0.1	0.0	25.0%
<b>Use of goods and services [GFS]</b>	<b>3.0</b>	<b>3.0</b>	<b>1.7</b>	<b>1.5</b>	<b>50.8%</b>
Use of Goods and Services	3.0	3.0	1.7	1.5	50.8%
<b>Non financial assets</b>	<b>0.4</b>	<b>0.4</b>	<b>0.1</b>	<b>0.1</b>	<b>37.1%</b>
NFA: Machinery & equipment other than transport equipment	0.4	0.4	0.1	0.1	37.1%
<b>203-Department of Prime Minister &amp; NEC</b>	<b>156.6</b>	<b>170.7</b>	<b>60.2</b>	<b>48.1</b>	<b>30.7%</b>
<b>Compensation Of Employees[GFS]</b>	<b>47.0</b>	<b>47.0</b>	<b>23.2</b>	<b>26.9</b>	<b>57.2%</b>
Wages and Salaries	45.6	44.9	21.7	24.6	54.0%
Wages and Salaries in Cash	0.1	0.6	0.3	0.5	454.5%
Actual Employers Social Contributions	1.0	1.0	0.9	1.5	159.4%
Wages and Salaries in Kind	0.3	0.5	0.3	0.2	85.2%
<b>Use of goods and services [GFS]</b>	<b>79.1</b>	<b>93.2</b>	<b>36.7</b>	<b>21.2</b>	<b>26.7%</b>
To Private Enterprises	0.0	0.0	-	-	0.0%
Use of Goods and Services	79.1	93.2	36.7	21.2	26.7%
<b>Other expense</b>	<b>30.0</b>	<b>30.0</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
Current Transfers not elsewhere Classified	30.0	30.0	-	-	0.0%
<b>Non financial assets</b>	<b>0.5</b>	<b>0.5</b>	<b>0.3</b>	<b>0.1</b>	<b>16.0%</b>
NFA:Fixed assets	0.1	0.1	0.0	0.0	12.5%
NFA:Machinery & equipment other than transport equipment	0.4	0.4	0.2	0.1	16.7%
<b>204-National Statistical Office</b>	<b>25.9</b>	<b>25.9</b>	<b>11.2</b>	<b>9.0</b>	<b>34.7%</b>
<b>Compensation Of Employees[GFS]</b>	<b>5.2</b>	<b>5.2</b>	<b>2.7</b>	<b>3.1</b>	<b>58.8%</b>
Wages and Salaries	4.8	4.8	2.2	2.6	54.9%
Wages and Salaries in Cash	0.2	0.2	0.2	0.2	100.0%
Actual Employers Social Contributions	0.3	0.3	0.3	0.3	91.2%
<b>Use of goods and services [GFS]</b>	<b>20.7</b>	<b>20.7</b>	<b>8.6</b>	<b>5.9</b>	<b>28.6%</b>
Use of Goods and Services	20.7	20.7	8.6	5.9	28.6%
<b>205-Office of Bougainville Affairs</b>	<b>2.7</b>	<b>5.4</b>	<b>3.6</b>	<b>1.9</b>	<b>69.9%</b>
<b>Compensation Of Employees[GFS]</b>	<b>1.8</b>	<b>1.8</b>	<b>0.8</b>	<b>1.1</b>	<b>62.8%</b>
Wages and Salaries	1.6	1.6	0.6	1.0	65.2%
Wages and Salaries in Cash	0.0	0.0	0.0	0.0	50.0%
Actual Employers Social Contributions	0.1	0.1	0.1	0.0	23.1%
Wages and Salaries in Kind	0.1	0.1	0.0	0.0	80.0%
<b>Use of goods and services [GFS]</b>	<b>0.9</b>	<b>3.6</b>	<b>2.9</b>	<b>0.7</b>	<b>83.0%</b>
Use of Goods and Services	0.9	3.6	2.9	0.7	83.0%
<b>Non financial assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>50.0%</b>
NFA:Machinery & equipment other than transport equipment	0.0	0.0	0.0	0.0	50.0%
<b>206-Department of Finance</b>	<b>53.2</b>	<b>56.1</b>	<b>26.2</b>	<b>23.5</b>	<b>44.1%</b>
<b>Compensation Of Employees[GFS]</b>	<b>15.2</b>	<b>15.2</b>	<b>7.5</b>	<b>9.0</b>	<b>59.2%</b>
Wages and Salaries	13.8	13.8	6.8	9.0	64.9%
Wages and Salaries in Cash	0.1	0.1	0.0	-	-1183.3%
				0.7	
Actual Employers Social Contributions	0.6	0.6	0.3	0.3	58.6%
Wages and Salaries in Kind	0.7	0.7	0.5	0.4	52.2%
<b>Use of goods and services [GFS]</b>	<b>28.9</b>	<b>31.8</b>	<b>15.7</b>	<b>11.9</b>	<b>41.0%</b>
To Private Enterprises	1.2	1.2	0.6	0.5	39.7%
Use of Goods and Services	27.8	30.7	15.1	11.4	41.0%
<b>Non financial assets</b>	<b>9.1</b>	<b>9.1</b>	<b>3.0</b>	<b>2.6</b>	<b>29.1%</b>
NFA:Fixed assets	2.0	2.0	1.0	0.7	36.0%
NFA:Information, computer, & telecommunications equipment	7.0	7.0	1.9	1.7	24.3%
NFA:Machinery & equipment other than transport equipment	0.1	0.1	0.1	0.0	25.0%
NFA:Other structures	-	-	-	0.2	0.0%
<b>208-Department of Treasury</b>	<b>140.2</b>	<b>148.6</b>	<b>28.6</b>	<b>25.6</b>	<b>18.3%</b>
<b>Compensation Of Employees[GFS]</b>	<b>14.7</b>	<b>14.7</b>	<b>7.5</b>	<b>6.3</b>	<b>43.1%</b>
Wages and Salaries	13.7	13.4	6.8	5.8	42.5%
Wages and Salaries in Cash	-	0.2	0.2	0.1	0.0%



Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Budget
Actual Employers Social Contributions	0.8	0.8	0.3	0.3	38.8%
Wages and Salaries in Kind	0.2	0.2	0.2	0.1	65.0%
<b>Use of goods and services [GFS]</b>	<b>112.2</b>	<b>120.6</b>	<b>13.8</b>	<b>12.9</b>	<b>11.5%</b>
To Private Enterprises	0.0	0.0	0.0	0.0	100.0%
Use of Goods and Services	112.2	120.6	13.8	12.9	11.5%
<b>Non financial assets</b>	<b>13.3</b>	<b>13.3</b>	<b>7.3</b>	<b>6.3</b>	<b>47.7%</b>
NFA:Information, computer, & telecommunications equipment	13.3	13.3	7.3	6.3	47.7%
<b>209-Registrar For Political Parties</b>	<b>5.9</b>	<b>6.4</b>	<b>2.6</b>	<b>3.0</b>	<b>50.8%</b>
<b>Compensation Of Employees[GFS]</b>	<b>3.9</b>	<b>3.9</b>	<b>1.7</b>	<b>2.4</b>	<b>60.3%</b>
Wages and Salaries	3.6	3.6	1.5	2.2	61.5%
Actual Employers Social Contributions	0.2	0.2	0.2	0.1	41.7%
Wages and Salaries in Kind	0.1	0.1	0.1	0.1	71.4%
<b>Use of goods and services [GFS]</b>	<b>0.9</b>	<b>1.4</b>	<b>0.9</b>	<b>0.6</b>	<b>72.1%</b>
Use of Goods and Services	0.9	1.4	0.9	0.6	72.1%
<b>Subsidies</b>	<b>1.1</b>	<b>1.1</b>	-	-	<b>0.0%</b>
To other Sectors	1.1	1.1	-	-	0.0%
<b>Non financial assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>50.0%</b>
NFA:Machinery & equipment other than transport equipment	0.0	0.0	0.0	0.0	50.0%
<b>211-PNG Customs Service</b>	<b>70.2</b>	<b>70.2</b>	<b>31.4</b>	<b>16.7</b>	<b>23.7%</b>
<b>Compensation Of Employees[GFS]</b>	<b>44.8</b>	<b>44.8</b>	<b>19.6</b>	<b>16.6</b>	<b>37.0%</b>
Wages and Salaries	40.1	40.1	17.5	16.0	39.8%
Actual Employers Social Contributions	3.1	3.1	1.4	0.6	19.9%
Wages and Salaries in Kind	1.6	1.6	0.7	0.0	0.6%
<b>Use of goods and services [GFS]</b>	<b>20.4</b>	<b>20.4</b>	<b>9.5</b>	<b>0.1</b>	<b>0.2%</b>
To Private Enterprises	0.1	0.1	0.0	-	0.0%
Use of Goods and Services	20.3	20.3	9.5	0.1	0.2%
<b>Non financial assets</b>	<b>5.0</b>	<b>5.0</b>	<b>2.2</b>	-	<b>0.0%</b>
NFA:Fixed assets	4.8	4.8	2.1	-	0.0%
NFA:Machinery & equipment other than transport equipment	0.2	0.2	0.1	-	0.0%
<b>212-Information Technology Division</b>	<b>10.3</b>	<b>10.3</b>	<b>5.9</b>	<b>3.9</b>	<b>38.1%</b>
<b>Compensation Of Employees[GFS]</b>	<b>3.3</b>	<b>3.3</b>	<b>1.7</b>	<b>0.6</b>	<b>18.8%</b>
Wages and Salaries	2.9	2.9	1.5	0.5	17.0%
Wages and Salaries in Cash	0.3	0.3	0.2	0.0	14.8%
Actual Employers Social Contributions	-	-	-	0.0	0.0%
Wages and Salaries in Kind	0.2	0.2	0.1	0.1	46.7%
<b>Use of goods and services [GFS]</b>	<b>7.0</b>	<b>7.0</b>	<b>4.2</b>	<b>3.3</b>	<b>47.2%</b>
Use of Goods and Services	7.0	7.0	4.2	3.3	47.2%
<b>Non financial assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	-	<b>0.0%</b>
NFA:Machinery & equipment other than transport equipment	0.0	0.0	0.0	-	0.0%
<b>213-Fire Services</b>	<b>18.6</b>	<b>18.6</b>	<b>10.0</b>	<b>10.8</b>	<b>58.0%</b>
<b>Compensation Of Employees[GFS]</b>	<b>13.4</b>	<b>13.4</b>	<b>6.8</b>	<b>8.8</b>	<b>66.0%</b>
Wages and Salaries	12.2	12.2	5.8	8.0	65.7%
Wages and Salaries in Cash	0.1	0.1	0.1	0.0	40.0%
Actual Employers Social Contributions	0.4	0.4	0.3	0.2	46.3%
Wages and Salaries in Kind	0.6	0.6	0.6	0.6	88.9%
<b>Use of goods and services [GFS]</b>	<b>4.0</b>	<b>4.0</b>	<b>2.4</b>	<b>1.8</b>	<b>44.5%</b>
To Private Enterprises	0.0	0.0	-	-	0.0%
Use of Goods and Services	4.0	4.0	2.4	1.8	44.6%
<b>Non-financial assets</b>	<b>1.3</b>	<b>1.3</b>	<b>0.8</b>	<b>0.2</b>	<b>16.0%</b>
NFA:Fixed assets	1.2	1.2	0.8	0.2	16.4%
NFA:Machinery & equipment other than transport equipment	0.0	0.0	-	-	0.0%
<b>217-Department of Foreign Affairs and Trade</b>	<b>38.9</b>	<b>32.5</b>	<b>5.1</b>	<b>7.6</b>	<b>19.4%</b>
<b>Compensation Of Employees[GFS]</b>	<b>28.8</b>	<b>28.8</b>	<b>3.1</b>	<b>5.8</b>	<b>20.2%</b>
Wages and Salaries	28.2	28.2	2.9	5.2	18.4%
Wages and Salaries in Cash	-	-	-	0.0	0.0%
Actual Employers Social Contributions	0.3	0.3	0.1	0.5	203.8%
Wages and Salaries in Kind	0.3	0.3	0.1	0.1	28.1%
<b>Use of goods and services [GFS]</b>	<b>10.1</b>	<b>3.7</b>	<b>2.0</b>	<b>1.7</b>	<b>17.2%</b>
Use of Goods and Services	10.1	3.7	2.0	1.7	17.2%
<b>218-Office of the Public Prosecutor</b>	<b>8.1</b>	<b>8.1</b>	<b>4.2</b>	<b>4.0</b>	<b>49.4%</b>
<b>Compensation Of Employees[GFS]</b>	<b>5.7</b>	<b>5.7</b>	<b>2.9</b>	<b>2.8</b>	<b>49.4%</b>
Wages and Salaries	5.6	5.6	2.9	2.7	47.5%

Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Budget
Actual Employers Social Contributions	-	-	-	0.2	0.0%
Wages and Salaries in Kind	0.1	0.1	0.0	0.0	9.1%
<b>Use of goods and services [GFS]</b>	<b>2.4</b>	<b>2.4</b>	<b>1.3</b>	<b>1.2</b>	<b>49.2%</b>
To Private Enterprises	0.1	0.1	0.1	0.1	100.0%
Use of Goods and Services	2.3	2.3	1.2	1.1	47.9%
<b>Non-financial assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>50.0%</b>
NFA:Machinery & equipment other than transport equipment	0.0	0.0	0.0	0.0	50.0%
<b>219-PNG Institute of Public Administration</b>	<b>6.0</b>	<b>6.3</b>	<b>2.6</b>	<b>2.5</b>	<b>41.2%</b>
<b>Compensation Of Employees[GFS]</b>	<b>4.3</b>	<b>4.6</b>	<b>2.2</b>	<b>2.5</b>	<b>57.5%</b>
Wages and Salaries	4.3	4.3	2.2	2.4	56.4%
Wages and Salaries in Cash	-	-	-	-	0.0%
Actual Employers Social Contributions	-	-	-	0.1	0.0%
Wages and Salaries in Kind	-	0.3	0.0	-	0.0%
<b>Use of goods and services [GFS]</b>	<b>1.7</b>	<b>1.7</b>	<b>0.4</b>	<b>-</b>	<b>0.0%</b>
Use of Goods and Services	1.7	1.7	0.4	-	0.0%
<b>220-Department of Personnel Management</b>	<b>87.9</b>	<b>98.4</b>	<b>20.2</b>	<b>14.3</b>	<b>16.3%</b>
<b>Compensation Of Employees[GFS]</b>	<b>12.2</b>	<b>22.2</b>	<b>16.5</b>	<b>11.4</b>	<b>93.7%</b>
Wages and Salaries	11.3	11.3	5.9	4.8	42.8%
Wages and Salaries in Cash	0.0	0.1	0.1	0.0	400.0%
Actual Employers Social Contributions	0.6	10.6	10.3	6.3	1101.8%
Wages and Salaries in Kind	0.4	0.4	0.4	0.3	76.3%
<b>Use of goods and services [GFS]</b>	<b>75.4</b>	<b>75.9</b>	<b>3.5</b>	<b>2.8</b>	<b>3.8%</b>
To Private Enterprises	0.0	0.0	0.0	0.0	100.0%
Use of Goods and Services	75.4	75.9	3.5	2.8	3.7%
<b>Non financial assets</b>	<b>0.3</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>27.6%</b>
NFA:Machinery & equipment other than transport equipment	0.3	0.3	0.1	0.1	27.6%
<b>221-Public Service Commission</b>	<b>5.8</b>	<b>5.8</b>	<b>2.9</b>	<b>2.8</b>	<b>48.0%</b>
<b>Compensation Of Employees[GFS]</b>	<b>4.5</b>	<b>4.8</b>	<b>2.4</b>	<b>2.4</b>	<b>51.8%</b>
Wages and Salaries	4.1	4.1	2.1	2.1	50.2%
Wages and Salaries in Cash	-	0.0	0.0	-	0.0%
Actual Employers Social Contributions	0.4	0.4	0.2	0.2	57.5%
Wages and Salaries in Kind	-	0.2	0.1	0.0	0.0%
<b>Use of goods and services [GFS]</b>	<b>1.1</b>	<b>0.9</b>	<b>0.5</b>	<b>0.4</b>	<b>34.9%</b>
To Private Enterprises	0.0	0.0	0.0	-	0.0%
Use of Goods and Services	1.1	0.9	0.5	0.4	35.2%
<b>Non-financial assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>33.3%</b>
NFA:Machinery & equipment other than transport equipment	0.1	0.1	0.1	0.0	33.3%
<b>222-Office of the Public Solicitor</b>	<b>13.9</b>	<b>13.9</b>	<b>5.8</b>	<b>5.4</b>	<b>38.6%</b>
<b>Compensation Of Employees[GFS]</b>	<b>8.7</b>	<b>8.7</b>	<b>4.4</b>	<b>4.2</b>	<b>48.3%</b>
Wages and Salaries	7.8	7.8	3.8	3.9	50.1%
Wages and Salaries in Cash	0.1	0.1	0.1	0.0	33.3%
Actual Employers Social Contributions	0.5	0.5	0.3	0.1	24.1%
Wages and Salaries in Kind	0.2	0.2	0.2	0.1	52.4%
<b>Use of goods and services [GFS]</b>	<b>2.1</b>	<b>2.2</b>	<b>1.4</b>	<b>1.1</b>	<b>53.5%</b>
To Private Enterprises	0.1	0.2	0.2	0.2	160.0%
Use of Goods and Services	2.0	2.0	1.2	1.0	48.3%
<b>Non-financial assets</b>	<b>3.1</b>	<b>3.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.7%</b>
NFA:Fixed assets	3.0	3.0	-	-	0.0%
NFA:Machinery & equipment other than transport equipment	0.1	0.0	0.0	0.0	40.0%
<b>225-Department of Attorney-General</b>	<b>136.4</b>	<b>141.1</b>	<b>53.8</b>	<b>52.5</b>	<b>38.5%</b>
<b>Compensation Of Employees[GFS]</b>	<b>76.7</b>	<b>76.7</b>	<b>39.2</b>	<b>40.3</b>	<b>52.6%</b>
Wages and Salaries	75.3	75.3	38.1	39.3	52.2%
Wages and Salaries in Cash	-	-	-	0.0	0.0%
Actual Employers Social Contributions	1.1	1.1	0.8	0.8	68.8%
Wages and Salaries in Kind	0.3	0.3	0.3	0.3	81.3%
<b>Use of goods and services [GFS]</b>	<b>57.1</b>	<b>61.8</b>	<b>13.4</b>	<b>11.2</b>	<b>19.6%</b>
To Private Enterprises	0.2	0.2	0.2	0.1	57.1%
Use of Goods and Services	56.9	61.6	13.3	11.1	19.4%
<b>Subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>50.0%</b>
To other Sectors	0.0	0.0	0.0	0.0	50.0%
<b>Grants</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>0.0%</b>
Current	0.0	0.0	0.0	-	0.0%

Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Budget
<b>Non-financial assets</b>	<b>2.5</b>	<b>2.5</b>	<b>1.2</b>	<b>1.0</b>	<b>38.6%</b>
NFA:Fixed assets	2.1	2.1	0.9	0.7	35.4%
NFA:Machinery & equipment other than transport equipment	0.4	0.4	0.4	0.2	54.5%
<b>226-Department of Corrective Institutional Services</b>	<b>129.7</b>	<b>129.7</b>	<b>64.0</b>	<b>50.0</b>	<b>38.6%</b>
<b>Compensation Of Employees[GFS]</b>	<b>92.3</b>	<b>92.3</b>	<b>47.1</b>	<b>38.1</b>	<b>41.3%</b>
Wages and Salaries	76.8	76.8	35.9	30.3	39.4%
Wages and Salaries in Cash	4.6	4.6	2.6	3.3	70.8%
Actual Employers Social Contributions	7.7	7.7	5.5	2.7	34.4%
Wages and Salaries in Kind	3.1	3.1	3.1	1.9	61.0%
<b>Use of goods and services [GFS]</b>	<b>27.3</b>	<b>27.3</b>	<b>14.3</b>	<b>11.9</b>	<b>43.8%</b>
Use of Goods and Services	27.3	27.3	14.3	11.9	43.8%
<b>Non-financial assets</b>	<b>10.2</b>	<b>10.2</b>	<b>2.5</b>	<b>-</b>	<b>0.0%</b>
NFA:Fixed assets	10.2	10.2	2.5	-	0.0%
<b>227-Provincial Treasuries</b>	<b>36.5</b>	<b>36.5</b>	<b>18.5</b>	<b>18.5</b>	<b>50.6%</b>
<b>Compensation Of Employees[GFS]</b>	<b>29.6</b>	<b>29.6</b>	<b>15.1</b>	<b>16.5</b>	<b>55.6%</b>
Wages and Salaries	27.3	27.3	14.1	15.6	57.2%
Wages and Salaries in Cash	0.7	0.7	0.3	0.2	30.9%
Actual Employers Social Contributions	0.2	0.2	0.1	0.3	112.5%
Wages and Salaries in Kind	1.3	1.3	0.6	0.3	25.4%
<b>Use of goods and services [GFS]</b>	<b>6.8</b>	<b>6.8</b>	<b>3.4</b>	<b>2.0</b>	<b>29.2%</b>
Use of Goods and Services	6.8	6.8	3.4	2.0	29.2%
<b>Non-financial assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>11.1%</b>
NFA:Machinery & equipment other than transport equipment	0.1	0.1	0.0	0.0	11.1%
<b>228-Department of Police</b>	<b>258.5</b>	<b>262.0</b>	<b>132.8</b>	<b>138.7</b>	<b>53.7%</b>
<b>Compensation Of Employees[GFS]</b>	<b>205.6</b>	<b>205.6</b>	<b>103.7</b>	<b>114.9</b>	<b>55.9%</b>
Wages and Salaries	184.5	184.5	90.9	105.0	56.9%
Wages and Salaries in Cash	0.6	0.6	0.4	0.4	66.7%
Actual Employers Social Contributions	11.0	11.0	6.2	4.0	36.2%
Wages and Salaries in Kind	9.5	9.5	6.2	5.6	58.5%
<b>Use of goods and services [GFS]</b>	<b>41.2</b>	<b>44.9</b>	<b>26.6</b>	<b>22.9</b>	<b>55.6%</b>
Use of Goods and Services	41.2	44.9	26.6	22.9	55.6%
<b>Non-financial assets</b>	<b>11.7</b>	<b>11.5</b>	<b>2.6</b>	<b>0.9</b>	<b>7.8%</b>
NFA:Fixed assets	10.2	10.2	2.1	0.8	7.3%
NFA:Machinery & equipment other than transport equipment	1.5	1.3	0.6	0.2	10.6%
<b>229-Department of National Planning and Monitoring</b>	<b>484.6</b>	<b>484.6</b>	<b>66.8</b>	<b>24.7</b>	<b>5.1%</b>
<b>Compensation Of Employees[GFS]</b>	<b>9.3</b>	<b>9.3</b>	<b>4.8</b>	<b>5.2</b>	<b>55.5%</b>
Wages and Salaries	8.8	8.8	4.4	5.0	56.2%
Wages and Salaries in Cash	0.1	0.1	0.1	0.1	85.7%
Wages and Salaries in Kind	0.4	0.4	0.3	0.2	34.9%
<b>Use of goods and services [GFS]</b>	<b>306.3</b>	<b>306.3</b>	<b>50.9</b>	<b>19.5</b>	<b>6.4%</b>
To Private Enterprises	0.1	0.1	0.0	0.0	14.3%
Use of Goods and Services	306.2	306.2	50.9	19.5	6.4%
<b>Grants</b>	<b>50.0</b>	<b>50.0</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
Current	50.0	50.0	-	-	0.0%
<b>Other expense</b>	<b>89.8</b>	<b>89.8</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
Current Transfers not elsewhere Classified	89.8	89.8	-	-	0.0%
<b>Non-financial assets</b>	<b>29.2</b>	<b>29.2</b>	<b>11.1</b>	<b>0.0</b>	<b>0.1%</b>
NFA:Fixed assets	29.0	29.0	11.0	-	0.0%
NFA:Machinery & equipment other than transport equipment	0.2	0.2	0.1	0.0	17.6%
<b>230-Electoral Commission</b>	<b>21.6</b>	<b>38.3</b>	<b>20.8</b>	<b>13.4</b>	<b>61.8%</b>
<b>Compensation Of Employees[GFS]</b>	<b>5.3</b>	<b>5.3</b>	<b>2.3</b>	<b>2.7</b>	<b>50.8%</b>
Wages and Salaries	4.2	4.2	1.3	1.8	42.4%
Wages and Salaries in Cash	0.6	0.6	0.6	0.6	98.3%
Actual Employers Social Contributions	0.3	0.3	0.3	0.2	69.7%
Wages and Salaries in Kind	0.2	0.2	0.1	0.1	52.4%
<b>Use of goods and services [GFS]</b>	<b>16.2</b>	<b>32.9</b>	<b>18.5</b>	<b>10.7</b>	<b>66.0%</b>
To Private Enterprises	0.1	0.1	-	-	0.0%
Use of Goods and Services	16.1	32.8	18.5	10.7	66.4%
<b>Non-financial assets</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>11.1%</b>
NFA:Fixed assets	0.0	0.0	-	-	0.0%
NFA:Information, computer, & telecommunications equipment	0.1	0.1	-	-	0.0%

Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Budget
NFA:Machinery & equipment other than transport equipment	0.1	0.1	0.0	0.0	20.0%
<b>231-National Intelligence Organisation</b>	<b>3.9</b>	<b>3.9</b>	<b>2.0</b>	<b>1.5</b>	<b>40.0%</b>
<b>Compensation Of Employees[GFS]</b>	<b>2.8</b>	<b>2.8</b>	<b>1.5</b>	<b>1.2</b>	<b>40.5%</b>
Wages and Salaries	2.5	2.5	1.2	0.9	35.8%
Wages and Salaries in Cash	0.1	0.1	0.1	0.1	88.9%
Actual Employers Social Contributions	0.1	0.1	0.1	0.1	70.0%
Wages and Salaries in Kind	0.1	0.1	0.1	0.1	81.8%
<b>Use of goods and services [GFS]</b>	<b>1.0</b>	<b>1.0</b>	<b>0.5</b>	<b>0.4</b>	<b>40.2%</b>
To Private Enterprises	0.0	0.0	-	-	0.0%
Use of Goods and Services	1.0	1.0	0.5	0.4	40.2%
<b>Non-financial assets</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
NFA:Machinery & equipment other than transport equipment	0.0	0.0	-	-	0.0%
<b>232-Provincial and Local Government Affairs</b>	<b>42.6</b>	<b>57.2</b>	<b>24.7</b>	<b>18.3</b>	<b>42.8%</b>
<b>Compensation Of Employees[GFS]</b>	<b>8.5</b>	<b>8.5</b>	<b>4.3</b>	<b>3.6</b>	<b>43.1%</b>
Wages and Salaries	7.9	7.9	4.1	3.6	44.7%
Actual Employers Social Contributions	0.3	0.3	0.1	0.1	23.3%
Wages and Salaries in Kind	0.2	0.2	0.2	0.0	9.5%
<b>Use of goods and services [GFS]</b>	<b>10.7</b>	<b>25.3</b>	<b>20.4</b>	<b>14.6</b>	<b>136.4%</b>
To Private Enterprises	0.0	0.0	-	-	0.0%
Use of Goods and Services	10.7	25.3	20.4	14.6	136.7%
<b>Other expense</b>	<b>23.4</b>	<b>23.4</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
Current Transfers not elsewhere Classified	23.4	23.4	-	-	0.0%
<b>Non-financial assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>20.0%</b>
NFA:Machinery & equipment other than transport equipment	0.1	0.1	0.0	0.0	20.0%
<b>233-Office of Censorship</b>	<b>6.8</b>	<b>6.9</b>	<b>5.0</b>	<b>5.0</b>	<b>74.4%</b>
<b>Compensation Of Employees[GFS]</b>	<b>2.0</b>	<b>2.1</b>	<b>1.0</b>	<b>1.5</b>	<b>77.6%</b>
Wages and Salaries	1.9	1.9	0.9	1.4	74.2%
Actual Employers Social Contributions	0.1	0.1	0.1	-	0.0%
Wages and Salaries in Kind	-	0.1	0.1	0.1	0.0%
<b>Use of goods and services [GFS]</b>	<b>4.7</b>	<b>4.7</b>	<b>3.9</b>	<b>3.5</b>	<b>73.0%</b>
Use of Goods and Services	4.7	4.7	3.9	3.5	73.0%
<b>Non-financial assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>100.0%</b>
NFA:Machinery & equipment other than transport equipment	0.0	0.0	0.0	0.0	100.0%
<b>234-Department of Defence</b>	<b>208.7</b>	<b>210.7</b>	<b>97.0</b>	<b>109.4</b>	<b>52.5%</b>
<b>Compensation Of Employees[GFS]</b>	<b>126.8</b>	<b>126.8</b>	<b>64.1</b>	<b>87.2</b>	<b>68.8%</b>
Wages and Salaries	101.2	101.2	42.5	72.1	71.2%
Wages and Salaries in Cash	-	-	-	0.1	0.0%
Actual Employers Social Contributions	11.5	11.5	9.3	6.3	55.0%
Wages and Salaries in Kind	14.0	14.0	12.3	8.7	62.1%
<b>Use of goods and services [GFS]</b>	<b>58.4</b>	<b>60.4</b>	<b>28.5</b>	<b>20.8</b>	<b>35.5%</b>
Use of Goods and Services	58.4	60.4	28.5	20.8	35.5%
<b>Subsidies</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>97.8%</b>
To other Sectors	0.9	0.9	0.9	0.9	97.8%
<b>Other expense</b>	<b>5.0</b>	<b>5.0</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
Current Transfers not elsewhere Classified	5.0	5.0	-	-	0.0%
<b>Non-financial assets</b>	<b>17.6</b>	<b>17.6</b>	<b>3.5</b>	<b>0.6</b>	<b>3.5%</b>
NFA:Fixed assets	17.6	17.6	3.5	0.6	3.5%
NFA:Machinery & equipment other than transport equipment	0.0	0.0	-	-	0.0%
<b>235-Department of Education</b>	<b>876.8</b>	<b>275.5</b>	<b>106.0</b>	<b>84.3</b>	<b>9.6%</b>
<b>Compensation Of Employees[GFS]</b>	<b>115.3</b>	<b>115.4</b>	<b>49.5</b>	<b>65.9</b>	<b>57.1%</b>
Wages and Salaries	102.0	102.0	41.8	63.4	62.2%
Wages and Salaries in Cash	1.6	1.8	1.6	0.6	35.9%
Actual Employers Social Contributions	1.0	0.8	0.0	0.6	57.9%
Wages and Salaries in Kind	10.9	10.9	6.1	1.4	13.1%
<b>Use of goods and services [GFS]</b>	<b>133.5</b>	<b>132.1</b>	<b>41.7</b>	<b>15.8</b>	<b>11.8%</b>
To Private Enterprises	0.3	0.3	0.2	0.0	6.9%
Use of Goods and Services	133.2	131.8	41.5	15.8	11.8%
<b>Subsidies</b>	<b>2.2</b>	<b>2.2</b>	<b>1.5</b>	<b>0.2</b>	<b>10.9%</b>
To other Sectors	2.2	2.2	1.5	0.2	10.9%
<b>Grants</b>	<b>601.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
Current	601.3	-	-	-	0.0%
<b>Other expense</b>	<b>2.9</b>	<b>2.9</b>	<b>-</b>	<b>0.4</b>	<b>12.1%</b>

Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Budget
Current Transfers not elsewhere Classified	2.9	2.9	-	-	0.0%
To other Sectors	-	-	-	0.4	0.0%
<b>Non-financial assets</b>	<b>21.6</b>	<b>22.9</b>	<b>13.4</b>	<b>2.1</b>	<b>9.5%</b>
NFA:Buildings and structures	-	-	-	-	0.0%
NFA:Fixed assets	20.3	20.3	11.9	1.2	5.9%
NFA:Machinery & equipment other than transport equipment	1.3	2.0	1.0	0.4	32.5%
NFA:Other structures	-	-	-	-	0.0%
NFA:Transport equipment	-	0.6	0.5	0.4	0.0%
<b>236-Department of Higher Education Research Science &amp; Technology</b>	<b>242.7</b>	<b>242.9</b>	<b>84.5</b>	<b>55.9</b>	<b>23.0%</b>
<b>Compensation Of Employees[GFS]</b>	<b>4.7</b>	<b>4.7</b>	<b>2.4</b>	<b>2.2</b>	<b>47.1%</b>
Wages and Salaries	4.0	4.0	2.0	2.1	52.5%
Wages and Salaries in Cash	-	-	-	0.0	0.0%
Actual Employers Social Contributions	0.3	0.3	0.2	-	0.0%
Wages and Salaries in Kind	0.4	0.4	0.2	0.1	20.0%
<b>Use of goods and services [GFS]</b>	<b>16.5</b>	<b>16.7</b>	<b>6.1</b>	<b>1.9</b>	<b>11.7%</b>
To Private Enterprises	-	-	-	-	0.0%
Use of Goods and Services	16.5	16.7	6.1	1.9	11.7%
<b>Subsidies</b>	<b>64.1</b>	<b>64.1</b>	<b>34.3</b>	<b>23.2</b>	<b>36.1%</b>
To other Sectors	64.1	64.1	34.3	23.2	36.1%
<b>Grants</b>	<b>9.8</b>	<b>9.8</b>	<b>6.0</b>	<b>5.3</b>	<b>54.5%</b>
Current	9.8	9.8	6.0	5.3	54.5%
<b>Other expense</b>	<b>25.3</b>	<b>25.3</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
Current Transfers not elsewhere Classified	25.3	25.3	-	-	0.0%
<b>Non-financial assets</b>	<b>122.2</b>	<b>122.2</b>	<b>35.7</b>	<b>23.2</b>	<b>19.0%</b>
NFA:Fixed assets	122.2	122.2	35.7	23.2	19.0%
NFA:Machinery & equipment other than transport equipment	0.0	0.0	0.0	0.0	50.0%
<b>237-PNG National Commission for UNESCO</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.7</b>	<b>0.0%</b>
<b>Compensation Of Employees[GFS]</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.7</b>	<b>0.0%</b>
Wages and Salaries	-	-	-	0.7	0.0%
<b>238-Milne Bay Provincial Health Authority</b>	<b>31.9</b>	<b>31.9</b>	<b>16.1</b>	<b>19.1</b>	<b>59.9%</b>
<b>Compensation Of Employees[GFS]</b>	<b>21.4</b>	<b>21.4</b>	<b>10.9</b>	<b>14.8</b>	<b>69.1%</b>
Wages and Salaries	20.1	20.1	10.3	14.2	70.4%
Wages and Salaries in Cash	0.3	0.3	0.2	0.2	57.6%
Actual Employers Social Contributions	0.6	0.6	0.3	0.3	49.1%
Wages and Salaries in Kind	0.4	0.4	0.2	0.2	42.9%
<b>Use of goods and services [GFS]</b>	<b>3.9</b>	<b>3.9</b>	<b>2.0</b>	<b>1.6</b>	<b>42.0%</b>
Use of Goods and Services	3.9	3.9	2.0	1.6	42.0%
<b>Grants</b>	<b>6.3</b>	<b>6.3</b>	<b>3.1</b>	<b>2.6</b>	<b>40.3%</b>
Current	6.3	6.3	3.1	2.6	40.3%
<b>Non-financial assets</b>	<b>0.3</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>42.9%</b>
NFA:Fixed assets	0.0	0.0	-	-	0.0%
NFA:Information, computer, & telecommunications equipment	0.0	0.0	0.0	0.0	50.0%
NFA:Machinery & equipment other than transport equipment	0.1	0.1	0.0	0.0	44.4%
NFA:Transport equipment	0.2	0.2	0.1	0.1	43.8%
<b>239-Western Highlands Provincial Health Authority</b>	<b>36.2</b>	<b>36.2</b>	<b>18.4</b>	<b>18.1</b>	<b>50.0%</b>
<b>Compensation Of Employees[GFS]</b>	<b>28.8</b>	<b>28.8</b>	<b>14.7</b>	<b>15.1</b>	<b>52.5%</b>
Wages and Salaries	25.8	25.8	13.2	14.0	54.2%
Wages and Salaries in Cash	1.4	1.4	0.7	0.7	48.9%
Actual Employers Social Contributions	1.2	1.2	0.6	0.2	20.0%
Wages and Salaries in Kind	0.4	0.4	0.2	0.2	44.2%
<b>Use of goods and services [GFS]</b>	<b>4.1</b>	<b>4.1</b>	<b>2.0</b>	<b>1.7</b>	<b>41.0%</b>
To Private Enterprises	0.0	0.0	0.0	0.0	50.0%
Use of Goods and Services	4.0	4.0	2.0	1.7	40.9%
<b>Grants</b>	<b>3.1</b>	<b>3.1</b>	<b>1.5</b>	<b>1.2</b>	<b>40.0%</b>
Current	3.1	3.1	1.5	1.2	40.0%
<b>Non-financial assets</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</b>	<b>40.6%</b>
NFA:Fixed assets	0.2	0.2	0.1	0.1	43.5%
NFA:Machinery & equipment other than transport equipment	0.1	0.1	0.1	0.0	44.4%
<b>240-Department of Health</b>	<b>598.4</b>	<b>599.9</b>	<b>190.9</b>	<b>150.6</b>	<b>25.2%</b>
<b>Compensation Of Employees[GFS]</b>	<b>60.4</b>	<b>60.4</b>	<b>30.8</b>	<b>40.5</b>	<b>67.1%</b>
Wages and Salaries	50.9	50.9	24.5	33.6	66.1%

Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Budget
Wages and Salaries in Cash	2.3	2.3	1.8	2.0	86.3%
Actual Employers Social Contributions	4.9	4.9	3.0	3.8	78.9%
Wages and Salaries in Kind	2.4	2.4	1.5	1.1	45.5%
<b>Use of goods and services [GFS]</b>	<b>328.7</b>	<b>330.2</b>	<b>119.8</b>	<b>103.2</b>	<b>31.4%</b>
Use of Goods and Services	328.7	330.2	119.8	103.2	31.4%
<b>Subsidies</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>100.0%</b>
To other Sectors	1.0	1.0	1.0	1.0	100.0%
<b>Grants</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>100.0%</b>
Current	1.1	1.1	1.1	1.1	100.0%
<b>Other expense</b>	<b>85.3</b>	<b>85.3</b>	-	-	<b>0.0%</b>
Current Transfers not elsewhere Classified	85.3	85.3	-	-	0.0%
<b>Non-financial assets</b>	<b>121.9</b>	<b>121.9</b>	<b>38.2</b>	<b>4.9</b>	<b>4.0%</b>
NFA:Fixed assets	121.9	121.9	38.2	4.8	4.0%
NFA:Machinery & equipment other than transport equipment	0.0	0.0	0.0	0.0	100.0%
<b>241-Hospital Management Services</b>	<b>510.8</b>	<b>488.1</b>	<b>178.2</b>	<b>192.2</b>	<b>37.6%</b>
<b>Compensation Of Employees[GFS]</b>	<b>270.4</b>	<b>267.8</b>	<b>134.3</b>	<b>165.5</b>	<b>61.2%</b>
Wages and Salaries	157.2	157.2	77.3	113.3	72.1%
Wages and Salaries in Cash	103.0	101.4	51.2	44.8	43.4%
Actual Employers Social Contributions	5.5	4.5	3.2	5.3	96.7%
Wages and Salaries in Kind	4.7	4.7	2.6	2.2	47.4%
<b>Use of goods and services [GFS]</b>	<b>57.3</b>	<b>38.8</b>	<b>19.1</b>	<b>15.4</b>	<b>26.9%</b>
To Private Enterprises	0.0	0.0	0.0	0.0	100.0%
Use of Goods and Services	57.3	38.8	19.1	15.4	26.9%
<b>Grants</b>	<b>21.0</b>	<b>21.0</b>	<b>10.5</b>	<b>8.7</b>	<b>41.5%</b>
Current	21.0	21.0	10.5	8.7	41.5%
<b>Other expense</b>	<b>20.0</b>	<b>20.0</b>	-	-	<b>0.0%</b>
Current Transfers not elsewhere Classified	20.0	20.0	-	-	0.0%
<b>Non-financial assets</b>	<b>142.1</b>	<b>140.6</b>	<b>14.3</b>	<b>2.5</b>	<b>1.7%</b>
NFA:Fixed assets	141.7	140.3	14.1	2.2	1.6%
NFA:Machinery & equipment other than transport equipment	0.5	0.3	0.3	0.2	50.0%
<b>242-Department of Community Development</b>	<b>63.0</b>	<b>63.0</b>	<b>13.7</b>	<b>13.0</b>	<b>20.7%</b>
<b>Compensation Of Employees[GFS]</b>	<b>8.1</b>	<b>8.1</b>	<b>4.2</b>	<b>4.3</b>	<b>53.4%</b>
Wages and Salaries	7.0	7.0	3.5	3.4	48.5%
Wages and Salaries in Cash	-	-	-	0.0	0.0%
Actual Employers Social Contributions	0.4	0.4	0.2	0.5	122.5%
Wages and Salaries in Kind	0.7	0.7	0.5	0.4	59.7%
<b>Use of goods and services [GFS]</b>	<b>45.3</b>	<b>45.3</b>	<b>9.5</b>	<b>8.7</b>	<b>19.1%</b>
Use of Goods and Services	45.3	45.3	9.5	8.7	19.1%
<b>Subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>100.0%</b>
To other Sectors	0.0	0.0	0.0	0.0	100.0%
<b>Grants</b>	<b>9.5</b>	<b>9.5</b>	-	-	<b>0.0%</b>
Current	9.5	9.5	-	-	0.0%
<b>Non-financial assets</b>	<b>0.0</b>	<b>0.0</b>	-	-	<b>0.0%</b>
NFA:Machinery & equipment other than transport equipment	0.0	0.0	-	-	0.0%
<b>244-Eastern Highlands Provincial Health Authority</b>	<b>41.7</b>	<b>41.7</b>	<b>20.9</b>	<b>23.2</b>	<b>55.6%</b>
<b>Compensation Of Employees[GFS]</b>	<b>30.0</b>	<b>30.0</b>	<b>15.3</b>	<b>18.7</b>	<b>62.4%</b>
Wages and Salaries	27.3	27.3	13.9	17.2	62.7%
Wages and Salaries in Cash	1.6	1.6	0.9	0.8	50.9%
Actual Employers Social Contributions	0.4	0.4	0.2	0.5	121.6%
Wages and Salaries in Kind	0.6	0.6	0.3	0.3	45.2%
<b>Use of goods and services [GFS]</b>	<b>4.3</b>	<b>4.3</b>	<b>2.0</b>	<b>1.7</b>	<b>39.4%</b>
Use of Goods and Services	4.3	4.3	2.0	1.7	39.4%
<b>Grants</b>	<b>7.5</b>	<b>7.5</b>	<b>3.5</b>	<b>2.8</b>	<b>37.3%</b>
Current	7.5	7.5	3.5	2.8	37.3%
<b>245-Conservation and Environment Protection Authority</b>	<b>23.2</b>	<b>23.2</b>	<b>3.9</b>	<b>2.6</b>	<b>11.2%</b>
<b>Compensation Of Employees[GFS]</b>	<b>6.1</b>	<b>6.1</b>	<b>2.1</b>	<b>2.6</b>	<b>42.6%</b>
Wages and Salaries	5.5	5.5	1.6	2.6	47.0%
Actual Employers Social Contributions	0.4	0.4	0.4	-	0.0%
Wages and Salaries in Kind	0.2	0.2	0.2	-	0.0%
<b>Use of goods and services [GFS]</b>	<b>14.1</b>	<b>14.1</b>	<b>1.8</b>	-	<b>0.0%</b>
Use of Goods and Services	14.1	14.1	1.8	-	0.0%
<b>Other expense</b>	<b>3.0</b>	<b>3.0</b>	-	-	<b>0.0%</b>
Current Transfers not elsewhere Classified	3.0	3.0	-	-	0.0%



Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Budget
<b>246-Office of Urbanization</b>	<b>1.3</b>	<b>1.3</b>	<b>0.7</b>	<b>0.9</b>	<b>66.2%</b>
<b>Compensation Of Employees[GFS]</b>	<b>1.2</b>	<b>1.2</b>	<b>0.6</b>	<b>0.8</b>	<b>67.8%</b>
Wages and Salaries	1.1	1.1	0.5	0.7	67.9%
Wages and Salaries in Kind	0.1	0.1	0.1	0.1	66.7%
<b>Use of goods and services [GFS]</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>50.0%</b>
Use of Goods and Services	0.1	0.1	0.1	0.1	50.0%
<b>247-Department of Agriculture and Livestock</b>	<b>46.1</b>	<b>46.1</b>	<b>7.9</b>	<b>8.8</b>	<b>19.2%</b>
<b>Compensation Of Employees[GFS]</b>	<b>8.1</b>	<b>8.1</b>	<b>4.2</b>	<b>5.5</b>	<b>68.2%</b>
Wages and Salaries	7.2	7.2	3.4	4.6	64.4%
Wages and Salaries in Cash	0.3	0.3	0.2	0.1	33.3%
Actual Employers Social Contributions	0.2	0.2	0.2	0.3	206.3%
Wages and Salaries in Kind	0.5	0.5	0.5	0.5	96.0%
<b>Use of goods and services [GFS]</b>	<b>37.8</b>	<b>37.8</b>	<b>3.6</b>	<b>1.3</b>	<b>3.4%</b>
Use of Goods and Services	37.8	37.8	3.6	1.3	3.4%
<b>Non-financial assets</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>2.0</b>	<b>1353.3%</b>
NFA:Fixed assets	-	-	-	2.0	0.0%
NFA:Information, computer, & telecommunications equipment	-	-	-	-	0.0%
NFA:Machinery & equipment other than transport equipment	0.2	0.2	0.0	0.0	26.7%
<b>248-Southern Highlands Provincial Health Authority</b>	<b>38.0</b>	<b>38.0</b>	<b>19.3</b>	<b>18.2</b>	<b>47.7%</b>
<b>Compensation Of Employees[GFS]</b>	<b>30.3</b>	<b>30.3</b>	<b>15.5</b>	<b>14.9</b>	<b>49.3%</b>
Wages and Salaries	29.3	29.3	14.9	14.7	50.1%
Wages and Salaries in Cash	0.1	0.1	0.1	0.0	28.6%
Actual Employers Social Contributions	0.5	0.5	0.3	0.0	8.0%
Wages and Salaries in Kind	0.3	0.3	0.2	0.2	55.9%
<b>Use of goods and services [GFS]</b>	<b>2.4</b>	<b>2.4</b>	<b>1.2</b>	<b>1.1</b>	<b>44.5%</b>
Use of Goods and Services	2.4	2.4	1.2	1.1	44.5%
<b>Grants</b>	<b>5.2</b>	<b>5.2</b>	<b>2.5</b>	<b>2.1</b>	<b>40.6%</b>
Current	5.2	5.2	2.5	2.1	40.6%
<b>Non-financial assets</b>	<b>0.3</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>32.0%</b>
NFA:Fixed assets	0.2	0.2	0.1	0.1	33.3%
NFA:Machinery & equipment other than transport equipment	0.1	0.1	0.0	0.0	33.3%
NFA:Transport equipment	0.0	0.0	0.0	0.0	25.0%
<b>249-New Ireland Provincial Health Authority</b>	<b>27.4</b>	<b>27.4</b>	<b>14.6</b>	<b>6.5</b>	<b>23.9%</b>
<b>Compensation Of Employees[GFS]</b>	<b>26.0</b>	<b>26.0</b>	<b>13.9</b>	<b>5.9</b>	<b>22.7%</b>
Wages and Salaries	23.9	23.9	12.8	5.2	21.9%
Wages and Salaries in Cash	0.5	0.5	0.3	0.2	47.9%
Actual Employers Social Contributions	1.2	1.2	0.6	0.2	16.5%
Wages and Salaries in Kind	0.5	0.5	0.3	0.2	50.0%
<b>Use of goods and services [GFS]</b>	<b>1.3</b>	<b>1.3</b>	<b>0.7</b>	<b>0.6</b>	<b>48.0%</b>
Use of Goods and Services	1.3	1.3	0.7	0.6	48.0%
<b>Non-financial assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>40.0%</b>
NFA:Fixed assets	0.1	0.1	0.0	0.0	40.0%
NFA:Machinery & equipment other than transport equipment	0.1	0.1	0.0	0.0	40.0%
NFA:Transport equipment	-	-	-	-	0.0%
<b>252-Department of Lands and Physical Planning</b>	<b>31.1</b>	<b>31.6</b>	<b>15.0</b>	<b>9.4</b>	<b>30.2%</b>
<b>Compensation Of Employees[GFS]</b>	<b>12.7</b>	<b>12.7</b>	<b>4.9</b>	<b>6.7</b>	<b>52.3%</b>
Wages and Salaries	12.4	12.4	4.6	6.4	51.5%
Actual Employers Social Contributions	0.3	0.3	0.3	0.2	84.6%
Wages and Salaries in Kind	0.1	0.1	0.1	0.0	80.0%
<b>Use of goods and services [GFS]</b>	<b>8.4</b>	<b>8.9</b>	<b>6.7</b>	<b>2.7</b>	<b>31.9%</b>
To Private Enterprises	0.1	0.1	0.1	-	0.0%
Use of Goods and Services	8.3	8.8	6.7	2.7	32.1%
<b>Non-financial assets</b>	<b>9.9</b>	<b>9.9</b>	<b>3.4</b>	<b>0.1</b>	<b>0.5%</b>
NFA:Fixed assets	9.8	9.8	3.2	-	0.0%
NFA:Machinery & equipment other than transport equipment	0.1	0.1	0.1	0.1	38.5%
<b>253-West New Britain Provincial Health Authority</b>	<b>36.9</b>	<b>36.9</b>	<b>18.4</b>	<b>19.9</b>	<b>54.1%</b>
<b>Compensation Of Employees[GFS]</b>	<b>28.1</b>	<b>28.1</b>	<b>14.4</b>	<b>16.7</b>	<b>59.3%</b>
Wages and Salaries	21.8	21.8	11.1	14.2	65.0%
Wages and Salaries in Cash	3.3	3.3	1.7	1.3	39.2%
Actual Employers Social Contributions	0.7	0.7	0.4	0.3	34.2%
Wages and Salaries in Kind	2.2	2.2	1.1	0.9	42.3%
<b>Use of goods and services [GFS]</b>	<b>4.6</b>	<b>4.6</b>	<b>2.1</b>	<b>1.7</b>	<b>36.4%</b>

Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Budget
Use of Goods and Services	4.6	4.6	2.1	1.7	36.4%
<b>Grants</b>	<b>4.1</b>	<b>4.1</b>	<b>1.9</b>	<b>1.6</b>	<b>38.1%</b>
Current	4.1	4.1	1.9	1.6	38.1%
<b>Non-financial assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>33.3%</b>
NFA:Machinery & equipment other than transport equipment	0.1	0.1	0.0	0.0	33.3%
<b>254-Department of Mineral Policy and Geohazards Management</b>	<b>9.4</b>	<b>10.4</b>	<b>5.6</b>	<b>4.5</b>	<b>47.9%</b>
<b>Compensation Of Employees[GFS]</b>	<b>4.2</b>	<b>4.2</b>	<b>2.1</b>	<b>2.2</b>	<b>53.3%</b>
Wages and Salaries	3.7	3.7	1.9	2.0	55.4%
Wages and Salaries in Cash	0.0	0.0	0.0	0.1	1100.0%
Actual Employers Social Contributions	0.2	0.2	0.1	0.0	16.7%
Wages and Salaries in Kind	0.2	0.2	0.1	0.0	9.1%
<b>Use of goods and services [GFS]</b>	<b>3.8</b>	<b>4.8</b>	<b>2.9</b>	<b>2.0</b>	<b>52.9%</b>
To Private Enterprises	0.1	0.1	0.0	0.0	11.1%
Use of Goods and Services	3.7	4.7	2.8	2.0	54.2%
<b>Non-financial assets</b>	<b>1.5</b>	<b>1.5</b>	<b>0.6</b>	<b>0.3</b>	<b>19.9%</b>
NFA:Fixed assets	1.2	1.2	0.3	-	0.0%
NFA:Machinery & equipment other than transport equipment	0.0	0.0	0.0	-	0.0%
NFA:Transport equipment	0.3	0.3	0.3	0.3	100.0%
<b>255-Department of Petroleum and Energy</b>	<b>24.4</b>	<b>24.4</b>	<b>11.8</b>	<b>10.4</b>	<b>42.5%</b>
<b>Compensation Of Employees[GFS]</b>	<b>7.5</b>	<b>7.5</b>	<b>4.1</b>	<b>4.2</b>	<b>56.4%</b>
Wages and Salaries	5.8	5.8	2.4	2.4	41.4%
Wages and Salaries in Cash	0.6	0.6	0.6	0.8	126.2%
Actual Employers Social Contributions	0.6	0.6	0.6	0.6	95.3%
Wages and Salaries in Kind	0.4	0.4	0.4	0.4	100.0%
<b>Use of goods and services [GFS]</b>	<b>16.2</b>	<b>16.2</b>	<b>7.1</b>	<b>5.6</b>	<b>34.7%</b>
To Private Enterprises	0.1	0.1	0.0	0.0	40.0%
Use of Goods and Services	16.2	16.2	7.1	5.6	34.7%
<b>Non-financial assets</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>0.5</b>	<b>75.0%</b>
NFA:Fixed assets	0.1	0.1	0.1	0.0	66.7%
NFA:Machinery & equipment other than transport equipment	0.2	0.2	0.1	0.1	33.3%
NFA:Transport equipment	0.5	0.5	0.5	0.4	91.1%
<b>256-Manus Provincial Health Authority</b>	<b>16.7</b>	<b>16.7</b>	<b>8.4</b>	<b>6.9</b>	<b>41.3%</b>
<b>Compensation Of Employees[GFS]</b>	<b>11.9</b>	<b>11.9</b>	<b>6.1</b>	<b>4.9</b>	<b>41.4%</b>
Wages and Salaries	10.6	10.6	5.4	4.3	40.8%
Wages and Salaries in Cash	0.4	0.4	0.2	0.2	40.5%
Actual Employers Social Contributions	0.8	0.8	0.4	0.4	52.0%
Wages and Salaries in Kind	0.2	0.2	0.1	0.1	41.2%
<b>Use of goods and services [GFS]</b>	<b>3.0</b>	<b>3.0</b>	<b>1.5</b>	<b>1.3</b>	<b>41.1%</b>
Use of Goods and Services	3.0	3.0	1.5	1.3	41.1%
<b>Grants</b>	<b>1.6</b>	<b>1.6</b>	<b>0.8</b>	<b>0.6</b>	<b>40.1%</b>
Current	1.6	1.6	0.8	0.6	40.1%
<b>Non-financial assets</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>43.8%</b>
NFA:Fixed assets	0.1	0.1	0.0	0.0	42.9%
NFA:Machinery & equipment other than transport equipment	0.1	0.1	0.1	0.0	44.4%
<b>257-Department of Public Enterprises</b>	<b>2.0</b>	<b>3.1</b>	<b>1.3</b>	<b>1.5</b>	<b>77.3%</b>
<b>Compensation Of Employees[GFS]</b>	<b>2.0</b>	<b>2.0</b>	<b>0.2</b>	<b>0.7</b>	<b>34.3%</b>
Wages and Salaries	1.8	1.8	0.1	0.6	33.1%
Wages and Salaries in Cash	0.1	0.1	0.1	0.1	50.0%
Actual Employers Social Contributions	0.1	0.1	-	0.0	60.0%
Wages and Salaries in Kind	0.1	0.1	0.0	0.0	20.0%
<b>Use of goods and services [GFS]</b>	<b>-</b>	<b>1.1</b>	<b>1.1</b>	<b>0.8</b>	<b>0.0%</b>
Use of Goods and Services	-	1.1	1.1	0.8	0.0%
<b>258-Department of Information and Communication</b>	<b>17.5</b>	<b>17.5</b>	<b>2.5</b>	<b>1.5</b>	<b>8.5%</b>
<b>Compensation Of Employees[GFS]</b>	<b>1.4</b>	<b>1.4</b>	<b>0.7</b>	<b>0.8</b>	<b>55.3%</b>
Wages and Salaries	1.3	1.3	0.7	0.7	56.9%
Actual Employers Social Contributions	0.1	0.1	-	0.0	40.0%
<b>Use of goods and services [GFS]</b>	<b>1.6</b>	<b>1.6</b>	<b>0.7</b>	<b>0.7</b>	<b>43.3%</b>
Use of Goods and Services	1.6	1.6	0.7	0.7	43.3%
<b>Non-financial assets</b>	<b>14.4</b>	<b>14.4</b>	<b>1.0</b>	<b>-</b>	<b>0.0%</b>
NFA:Fixed assets	14.4	14.4	1.0	-	0.0%
NFA:Machinery & equipment other than transport equipment	0.0	0.0	-	-	0.0%



Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Budget
<b>259-Department of Transport</b>	<b>54.8</b>	<b>61.5</b>	<b>26.2</b>	<b>8.0</b>	<b>14.6%</b>
<b>Compensation Of Employees[GFS]</b>	<b>9.8</b>	<b>11.7</b>	<b>6.8</b>	<b>5.9</b>	<b>60.0%</b>
Wages and Salaries	8.8	9.5	5.0	5.0	57.5%
Wages and Salaries in Cash	0.4	1.4	1.2	0.3	75.0%
Actual Employers Social Contributions	0.5	0.5	0.3	0.3	52.0%
Wages and Salaries in Kind	0.2	0.3	0.3	0.3	200.0%
<b>Use of goods and services [GFS]</b>	<b>8.6</b>	<b>13.5</b>	<b>11.4</b>	<b>2.1</b>	<b>24.6%</b>
To Private Enterprises	0.0	0.0	-	-	0.0%
Use of Goods and Services	8.6	13.5	11.4	2.1	24.6%
<b>Non-financial assets</b>	<b>36.4</b>	<b>36.4</b>	<b>8.1</b>	<b>0.0</b>	<b>0.0%</b>
NFA:Fixed assets	36.0	36.0	8.0	-	0.0%
NFA:Machinery & equipment other than transport equipment	0.2	0.1	0.1	0.0	5.6%
NFA:Transport equipment	0.3	0.3	-	-	0.0%
<b>260-Enga Provincial Health Authority</b>	<b>39.3</b>	<b>39.3</b>	<b>20.2</b>	<b>14.1</b>	<b>35.9%</b>
<b>Compensation Of Employees[GFS]</b>	<b>32.2</b>	<b>32.2</b>	<b>16.4</b>	<b>11.0</b>	<b>34.0%</b>
Wages and Salaries	29.6	29.6	15.1	10.0	33.8%
Wages and Salaries in Cash	1.2	1.2	0.6	0.5	38.0%
Actual Employers Social Contributions	0.7	0.7	0.3	0.2	30.4%
Wages and Salaries in Kind	0.7	0.7	0.4	0.3	41.4%
<b>Use of goods and services [GFS]</b>	<b>3.8</b>	<b>3.8</b>	<b>1.8</b>	<b>1.5</b>	<b>40.1%</b>
To Private Enterprises	0.0	0.0	0.0	0.0	50.0%
Use of Goods and Services	3.8	3.8	1.8	1.5	40.0%
<b>Grants</b>	<b>3.2</b>	<b>3.2</b>	<b>1.9</b>	<b>1.6</b>	<b>50.2%</b>
Current	3.2	3.2	1.9	1.6	50.2%
<b>Non-financial assets</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>40.9%</b>
NFA:Fixed assets	0.1	0.1	0.1	0.1	38.5%
NFA:Machinery & equipment other than transport equipment	0.1	0.1	0.1	0.0	40.0%
<b>261-Department of Commerce and Industry</b>	<b>62.1</b>	<b>62.1</b>	<b>7.6</b>	<b>6.9</b>	<b>11.1%</b>
<b>Compensation Of Employees[GFS]</b>	<b>6.9</b>	<b>6.9</b>	<b>3.5</b>	<b>3.7</b>	<b>54.0%</b>
Wages and Salaries	6.1	6.1	2.9	2.9	47.1%
Wages and Salaries in Cash	-	-	-	-	0.0%
Actual Employers Social Contributions	0.4	0.4	0.3	0.6	130.2%
Wages and Salaries in Kind	0.4	0.4	0.3	0.3	72.7%
<b>Use of goods and services [GFS]</b>	<b>54.5</b>	<b>54.5</b>	<b>3.6</b>	<b>2.7</b>	<b>5.0%</b>
To Private Enterprises	-	-	-	-	0.0%
Use of Goods and Services	54.4	54.4	3.6	2.7	5.0%
<b>Non-financial assets</b>	<b>0.7</b>	<b>0.7</b>	<b>0.5</b>	<b>0.5</b>	<b>67.1%</b>
NFA:Machinery & equipment other than transport equipment	0.1	0.1	0.0	0.0	50.0%
NFA:Transport equipment	0.6	0.6	0.4	0.4	69.4%
<b>262-Department of Industrial Relations</b>	<b>20.3</b>	<b>20.3</b>	<b>11.1</b>	<b>10.8</b>	<b>53.2%</b>
<b>Compensation Of Employees[GFS]</b>	<b>12.3</b>	<b>12.3</b>	<b>5.3</b>	<b>6.6</b>	<b>53.3%</b>
Wages and Salaries	11.4	11.4	4.7	6.1	53.4%
Actual Employers Social Contributions	0.2	0.2	0.0	0.1	87.5%
Wages and Salaries in Kind	0.8	0.8	0.5	0.4	45.5%
<b>Use of goods and services [GFS]</b>	<b>7.7</b>	<b>7.7</b>	<b>5.6</b>	<b>4.2</b>	<b>53.7%</b>
To Private Enterprises	0.0	0.0	-	-	0.0%
Use of Goods and Services	7.7	7.7	5.6	4.2	53.6%
<b>Non-financial assets</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>34.8%</b>
NFA:Machinery & equipment other than transport equipment	0.2	0.2	0.2	0.1	34.8%
<b>263-National Tripartite Consultative Council</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.2</b>	<b>38.9%</b>
<b>Compensation Of Employees[GFS]</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.1</b>	<b>32.5%</b>
Wages and Salaries	0.4	0.4	0.4	0.1	32.5%
<b>Use of goods and services [GFS]</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>57.1%</b>
Use of Goods and Services	0.1	0.1	0.1	0.1	57.1%
<b>264-Department of Works and Implementation</b>	<b>709.3</b>	<b>703.0</b>	<b>181.7</b>	<b>111.8</b>	<b>15.8%</b>
<b>Compensation Of Employees[GFS]</b>	<b>52.0</b>	<b>52.0</b>	<b>22.7</b>	<b>30.8</b>	<b>59.2%</b>
Wages and Salaries	45.8	45.8	17.3	29.6	64.7%
Wages and Salaries in Cash	1.6	1.6	1.6	0.5	32.9%
Actual Employers Social Contributions	0.5	0.5	0.5	-	0.0%
Wages and Salaries in Kind	4.1	4.1	3.3	0.6	15.1%
<b>Use of goods and services [GFS]</b>	<b>208.0</b>	<b>205.7</b>	<b>112.7</b>	<b>60.8</b>	<b>29.2%</b>
To Private Enterprises	0.0	0.0	0.0	-	0.0%
Use of Goods and Services	207.9	205.6	112.6	60.8	29.2%

Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Budget
<b>Other expense</b>	<b>36.3</b>	<b>36.3</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
Current Transfers not elsewhere Classified	36.3	36.3	-	-	0.0%
<b>Non-financial assets</b>	<b>413.1</b>	<b>409.1</b>	<b>46.3</b>	<b>20.2</b>	<b>4.9%</b>
NFA:Fixed assets	412.6	408.6	45.8	20.1	4.9%
NFA:Machinery & equipment other than transport equipment	0.5	0.5	0.5	0.1	16.7%
<b>265-Hela provincial Health Authority</b>	<b>29.5</b>	<b>29.5</b>	<b>14.8</b>	<b>4.3</b>	<b>14.5%</b>
<b>Compensation Of Employees[GFS]</b>	<b>20.6</b>	<b>20.6</b>	<b>10.5</b>	<b>0.8</b>	<b>3.9%</b>
Wages and Salaries	18.7	18.7	9.6	0.3	1.7%
Wages and Salaries in Cash	0.8	0.8	0.4	0.3	33.8%
Actual Employers Social Contributions	0.6	0.6	0.3	0.0	3.6%
Wages and Salaries in Kind	0.5	0.5	0.3	0.2	42.0%
<b>Use of goods and services [GFS]</b>	<b>1.7</b>	<b>1.7</b>	<b>0.9</b>	<b>0.7</b>	<b>41.2%</b>
Use of Goods and Services	1.7	1.7	0.9	0.7	41.2%
<b>Grants</b>	<b>7.2</b>	<b>7.2</b>	<b>3.4</b>	<b>2.8</b>	<b>38.4%</b>
Current	7.2	7.2	3.4	2.8	38.4%
<b>Non-financial assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>33.3%</b>
NFA:Fixed assets	0.0	0.0	0.0	0.0	33.3%
NFA:Machinery & equipment other than transport equipment	0.0	0.0	0.0	0.0	33.3%
<b>266-Sandaun Provincial Health Authority</b>	<b>33.9</b>	<b>33.9</b>	<b>16.5</b>	<b>16.3</b>	<b>48.2%</b>
<b>Compensation Of Employees[GFS]</b>	<b>19.9</b>	<b>19.9</b>	<b>10.1</b>	<b>11.3</b>	<b>56.7%</b>
Wages and Salaries	18.1	18.1	8.5	9.9	54.6%
Wages and Salaries in Cash	0.2	0.2	0.2	0.1	54.2%
Actual Employers Social Contributions	0.5	0.5	0.4	0.2	42.2%
Wages and Salaries in Kind	1.1	1.1	1.1	1.1	100.0%
<b>Use of goods and services [GFS]</b>	<b>4.0</b>	<b>4.0</b>	<b>3.7</b>	<b>3.5</b>	<b>87.0%</b>
Use of Goods and Services	4.0	4.0	3.7	3.5	87.0%
<b>Grants</b>	<b>9.7</b>	<b>9.7</b>	<b>2.3</b>	<b>1.3</b>	<b>12.9%</b>
Current	9.7	9.7	2.3	1.3	12.9%
<b>Non-financial assets</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>100.0%</b>
NFA:Fixed assets	0.2	0.2	0.2	0.2	100.0%
NFA:Machinery & equipment other than transport equipment	0.2	0.2	0.2	0.2	100.0%
<b>267-Department of Implementation and Rural Development</b>	<b>6.4</b>	<b>61.9</b>	<b>30.8</b>	<b>2.3</b>	<b>36.3%</b>
<b>Compensation Of Employees[GFS]</b>	<b>5.5</b>	<b>5.5</b>	<b>2.8</b>	<b>2.0</b>	<b>37.0%</b>
Wages and Salaries	4.5	4.5	2.2	1.9	43.4%
Wages and Salaries in Cash	0.0	0.0	0.0	0.0	100.0%
Actual Employers Social Contributions	0.8	0.8	0.4	0.1	9.9%
Wages and Salaries in Kind	0.2	0.2	0.2	0.0	8.3%
<b>Use of goods and services [GFS]</b>	<b>0.7</b>	<b>1.2</b>	<b>0.5</b>	<b>0.2</b>	<b>32.9%</b>
To Private Enterprises	0.0	0.0	0.0	0.0	50.0%
Use of Goods and Services	0.7	1.2	0.4	0.2	32.4%
<b>Grants</b>	<b>-</b>	<b>55.0</b>	<b>27.5</b>	<b>-</b>	<b>0.0%</b>
Current	-	55.0	27.5	-	0.0%
<b>Non-financial assets</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>23.1%</b>
NFA:Information, computer, & telecommunications equipment	0.1	0.1	0.0	0.0	25.0%
NFA:Machinery & equipment other than transport equipment	0.1	0.1	0.0	0.0	20.0%
<b>268-Central Supply &amp; Tenders Board</b>	<b>2.2</b>	<b>2.2</b>	<b>1.1</b>	<b>0.8</b>	<b>38.2%</b>
<b>Compensation Of Employees[GFS]</b>	<b>1.5</b>	<b>1.5</b>	<b>0.8</b>	<b>0.7</b>	<b>47.7%</b>
Wages and Salaries	1.4	1.4	0.7	0.7	49.6%
Actual Employers Social Contributions	0.1	0.1	0.1	0.0	10.0%
<b>Use of goods and services [GFS]</b>	<b>0.7</b>	<b>0.7</b>	<b>0.3</b>	<b>0.1</b>	<b>17.4%</b>
To Private Enterprises	-	-	-	-	0.0%
Use of Goods and Services	0.7	0.7	0.3	0.1	17.4%
<b>Non financial assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>50.0%</b>
NFA:Machinery & equipment other than transport equipment	0.0	0.0	0.0	0.0	50.0%
<b>607-Madang Provincial Health Authority</b>	<b>12.2</b>	<b>12.2</b>	<b>3.4</b>	<b>3.2</b>	<b>26.6%</b>
<b>Compensation Of Employees[GFS]</b>	<b>0.8</b>	<b>0.8</b>	<b>0.2</b>	<b>0.1</b>	<b>6.3%</b>
Wages and Salaries	0.8	0.8	0.2	0.1	6.3%
<b>Use of goods and services [GFS]</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>35.0%</b>
Use of Goods and Services	0.2	0.2	0.1	0.1	35.0%
<b>Grants</b>	<b>11.2</b>	<b>11.2</b>	<b>3.1</b>	<b>3.1</b>	<b>28.0%</b>

Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Budget
Current	11.2	11.2	3.1	3.1	28.0%
<b>608-Oro Provincial Health Authority</b>	<b>10.5</b>	<b>10.5</b>	<b>3.0</b>	<b>2.8</b>	<b>26.5%</b>
<b>Compensation Of Employees[GFS]</b>	<b>0.8</b>	<b>0.8</b>	<b>0.2</b>	-	<b>0.0%</b>
Wages and Salaries	0.8	0.8	0.2	-	0.0%
<b>Use of goods and services [GFS]</b>	<b>0.3</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>32.0%</b>
Use of Goods and Services	0.3	0.3	0.1	0.1	32.0%
<b>Grants</b>	<b>9.5</b>	<b>9.5</b>	<b>2.7</b>	<b>2.7</b>	<b>28.3%</b>
Current	9.5	9.5	2.7	2.7	28.3%
<b>609-Alotau Provincial Health Authority</b>	<b>1.0</b>	<b>1.0</b>	<b>0.3</b>	<b>0.1</b>	<b>9.0%</b>
<b>Compensation Of Employees[GFS]</b>	<b>0.8</b>	<b>0.8</b>	<b>0.2</b>	-	<b>0.0%</b>
Wages and Salaries	0.8	0.8	0.2	-	0.0%
<b>Use of goods and services [GFS]</b>	<b>0.3</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>36.0%</b>
Use of Goods and Services	0.3	0.3	0.1	0.1	36.0%
<b>619-East Sepik Provincial Health Authority</b>	<b>5.6</b>	<b>5.6</b>	<b>1.5</b>	<b>1.4</b>	<b>24.3%</b>
<b>Compensation Of Employees[GFS]</b>	<b>0.8</b>	<b>0.8</b>	<b>0.1</b>	-	<b>0.0%</b>
Wages and Salaries	0.8	0.8	0.1	-	0.0%
<b>Use of goods and services [GFS]</b>	<b>0.3</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>36.0%</b>
Use of Goods and Services	0.3	0.3	0.1	0.1	36.0%
<b>Grants</b>	<b>4.6</b>	<b>4.6</b>	<b>1.3</b>	<b>1.3</b>	<b>27.7%</b>
Current	4.6	4.6	1.3	1.3	27.7%
<b>Grand Total</b>	<b>5,641.6</b>	<b>5,153.8</b>	<b>1,766.5</b>	<b>1,702.9</b>	<b>30.2%</b>

Source: Department of Treasury.

Attachment C:

COMMERCIAL STATUTORY AGENCY BUDGET EXPENDITURE MYEFO 2018 (KINA, MILLION)

Details	2018 Budget	Revised Budget	Warrant Authorised	June Out-turn	(%) of Exp vs R/Bud
<b>201-National Parliament</b>	<b>117.06</b>	<b>119.56</b>	<b>69.23</b>	<b>60.44</b>	<b>51%</b>
<b>Compensation Of Employees[GFS]</b>	<b>90.56</b>	<b>93.06</b>	<b>54.76</b>	<b>48.16</b>	<b>52%</b>
Actual Employers Social Contributions	16.66	19.16	12.20	11.70	61%
Wages and Salaries	21.00	21.00	16.24	14.74	70%
Wages and Salaries in Cash	51.65	51.65	25.87	21.27	41%
Wages and Salaries in Kind	1.25	1.25	0.45	0.45	36%
<b>Use of goods and services [GFS]</b>	<b>18.69</b>	<b>18.69</b>	<b>11.11</b>	<b>9.54</b>	<b>51%</b>
To Private Enterprises	0.80	0.80	0.40	0.34	42%
Use of Goods and Services	17.89	17.89	10.72	9.20	51%
<b>Subsidies</b>	<b>0.80</b>	<b>0.80</b>	<b>0.39</b>	<b>0.33</b>	<b>41%</b>
To other Sectors	0.80	0.80	0.39	0.33	41%
<b>Non financial assets</b>	<b>7.00</b>	<b>7.00</b>	<b>2.97</b>	<b>2.41</b>	<b>34%</b>
NFA:Fixed assets	2.50	2.50	1.16	0.96	38%
NFA:Machinery & equipment other than transport equipment	2.50	2.50	1.01	0.81	32%
NFA:Transport equipment	2.00	2.00	0.80	0.64	32%
<b>215-PNG Immigration and Citizenship Services</b>	<b>12.96</b>	<b>12.96</b>	<b>1.75</b>	<b>4.48</b>	<b>35%</b>
<b>Compensation Of Employees[GFS]</b>	<b>8.96</b>	<b>8.96</b>	<b>0.75</b>	<b>4.48</b>	<b>50%</b>
Actual Employers Social Contributions	0.02	0.02	0.00	0.00	0%
Wages and Salaries	8.94	8.94	0.75	4.48	50%
<b>Use of goods and services [GFS]</b>	<b>4.00</b>	<b>4.00</b>	<b>1.00</b>	<b>0.00</b>	<b>0%</b>
Use of Goods and Services	4.00	4.00	1.00	0.00	0%
<b>216-Internal Revenue Commission</b>	<b>103.35</b>	<b>103.35</b>	<b>51.05</b>	<b>20.70</b>	<b>20%</b>
<b>Compensation Of Employees[GFS]</b>	<b>57.62</b>	<b>57.62</b>	<b>29.43</b>	<b>20.70</b>	<b>36%</b>
Actual Employers Social Contributions	2.32	2.32	1.41	0.58	25%
Wages and Salaries	54.50	54.50	27.39	20.36	37%
Wages and Salaries in Cash	0.00	0.00	0.00	-0.23	0%
Wages and Salaries in Kind	0.80	0.80	0.62	0.00	0%
<b>Use of goods and services [GFS]</b>	<b>41.48</b>	<b>41.48</b>	<b>18.52</b>	<b>0.00</b>	<b>0%</b>
To Private Enterprises	0.53	0.53	0.38	0.00	0%
Use of Goods and Services	40.95	40.95	18.14	0.00	0%
<b>Non financial assets</b>	<b>4.24</b>	<b>4.24</b>	<b>3.11</b>	<b>0.00</b>	<b>0%</b>
NFA:Fixed assets	3.33	3.33	2.28	0.00	0%
NFA:Machinery & equipment other than transport equipment	0.91	0.91	0.83	0.00	0%
<b>223-Judiciary Services</b>	<b>205.08</b>	<b>204.08</b>	<b>52.69</b>	<b>48.37</b>	<b>24%</b>
<b>Compensation Of Employees[GFS]</b>	<b>71.71</b>	<b>71.71</b>	<b>27.30</b>	<b>31.19</b>	<b>43%</b>
Actual Employers Social Contributions	2.59	2.59	1.65	1.62	62%
Wages and Salaries	66.99	66.99	24.84	28.62	43%
Wages and Salaries in Cash	0.67	0.67	0.32	0.71	107%
Wages and Salaries in Kind	1.46	1.46	0.49	0.24	17%
<b>Use of goods and services [GFS]</b>	<b>38.71</b>	<b>38.71</b>	<b>13.50</b>	<b>5.74</b>	<b>15%</b>
Use of Goods and Services	38.71	38.71	13.50	5.74	15%
<b>Other expense</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0%</b>
Current Transfers not elsewhere Classified	5.00	5.00	0.00	0.00	0%
<b>Non financial assets</b>	<b>89.65</b>	<b>88.65</b>	<b>11.88</b>	<b>11.44</b>	<b>13%</b>
NFA:Fixed assets	87.64	86.64	11.21	11.11	13%
NFA:Machinery & equipment other than transport equipment	2.01	2.01	0.67	0.34	17%
<b>224-Magisterial Services</b>	<b>38.30</b>	<b>38.30</b>	<b>19.50</b>	<b>13.28</b>	<b>35%</b>
<b>Compensation Of Employees[GFS]</b>	<b>34.14</b>	<b>34.14</b>	<b>17.43</b>	<b>11.40</b>	<b>33%</b>
Actual Employers Social Contributions	1.74	1.74	0.90	0.03	2%
Wages and Salaries	31.99	31.99	16.33	11.20	35%
Wages and Salaries in Cash	0.02	0.02	0.01	0.01	46%
Wages and Salaries in Kind	0.40	0.40	0.20	0.16	41%
<b>Use of goods and services [GFS]</b>	<b>1.89</b>	<b>1.89</b>	<b>0.95</b>	<b>0.79</b>	<b>42%</b>
Use of Goods and Services	1.89	1.89	0.95	0.79	42%
<b>Non financial assets</b>	<b>2.26</b>	<b>2.26</b>	<b>1.12</b>	<b>1.09</b>	<b>48%</b>
NFA:Fixed assets	2.00	2.00	1.00	1.00	50%
NFA:Machinery & equipment other than transport equipment	0.26	0.26	0.12	0.09	36%
<b>243-National Volunteer Services</b>	<b>2.87</b>	<b>2.87</b>	<b>1.46</b>	<b>0.98</b>	<b>34%</b>
<b>Compensation Of Employees[GFS]</b>	<b>2.26</b>	<b>2.26</b>	<b>1.15</b>	<b>0.73</b>	<b>32%</b>
Actual Employers Social Contributions	0.11	0.11	0.04	0.00	0%

Details	2018 Budget	Revised Budget	Warrant Authorised	June Out-turn	(%) of Exp vs R/Bud
Wages and Salaries	1.58	1.58	0.89	0.55	35%
Wages and Salaries in Cash	0.44	0.44	0.19	0.15	35%
Wages and Salaries in Kind	0.13	0.13	0.03	0.02	18%
<b>Use of goods and services [GFS]</b>	<b>0.59</b>	<b>0.59</b>	<b>0.30</b>	<b>0.24</b>	<b>41%</b>
To Private Enterprises	0.02	0.02	0.01	0.01	29%
Use of Goods and Services	0.57	0.57	0.29	0.24	42%
<b>Non financial assets</b>	<b>0.02</b>	<b>0.02</b>	<b>0.01</b>	<b>0.01</b>	<b>36%</b>
NFA:Machinery & equipment other than transport equipment	0.02	0.02	0.01	0.01	36%
<b>251-PNG Science &amp; Technology Secretariat</b>	<b>2.67</b>	<b>2.67</b>	<b>1.35</b>	<b>1.14</b>	<b>43%</b>
<b>Compensation Of Employees[GFS]</b>	<b>1.92</b>	<b>1.92</b>	<b>0.98</b>	<b>0.91</b>	<b>47%</b>
Actual Employers Social Contributions	0.13	0.13	0.07	0.05	38%
Wages and Salaries	1.79	1.79	0.92	0.86	48%
Wages and Salaries in Kind	0.00	0.00	0.00	0.00	33%
<b>Use of goods and services [GFS]</b>	<b>0.69</b>	<b>0.69</b>	<b>0.34</b>	<b>0.22</b>	<b>32%</b>
To Private Enterprises	0.01	0.01	0.00	0.00	33%
Use of Goods and Services	0.69	0.69	0.34	0.22	32%
<b>Non financial assets</b>	<b>0.06</b>	<b>0.06</b>	<b>0.03</b>	<b>0.02</b>	<b>32%</b>
NFA:Transport equipment	0.06	0.06	0.03	0.02	32%
<b>269-Office of Tourism Arts and Culture</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.33</b>	<b>0%</b>
<b>Compensation Of Employees[GFS]</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.33</b>	<b>0%</b>
Actual Employers Social Contributions	0.00	0.00	0.00	0.03	0%
Wages and Salaries	0.00	0.00	0.00	0.29	0%
<b>501-Konebada Petroleum Park Authority</b>	<b>2.54</b>	<b>2.54</b>	<b>2.07</b>	<b>1.44</b>	<b>56%</b>
<b>Compensation Of Employees[GFS]</b>	<b>2.20</b>	<b>2.20</b>	<b>2.00</b>	<b>1.37</b>	<b>62%</b>
Actual Employers Social Contributions	0.25	0.25	0.15	0.00	0%
Wages and Salaries	1.70	1.70	1.70	1.37	81%
Wages and Salaries in Kind	0.25	0.25	0.15	0.00	0%
<b>Use of goods and services [GFS]</b>	<b>0.34</b>	<b>0.34</b>	<b>0.07</b>	<b>0.07</b>	<b>19%</b>
Use of Goods and Services	0.34	0.34	0.07	0.07	19%
<b>502-Office of the Auditor-General</b>	<b>17.69</b>	<b>17.69</b>	<b>9.02</b>	<b>9.02</b>	<b>51%</b>
<b>Compensation Of Employees[GFS]</b>	<b>13.11</b>	<b>13.11</b>	<b>6.69</b>	<b>6.69</b>	<b>51%</b>
Actual Employers Social Contributions	0.06	0.06	0.02	0.02	35%
Wages and Salaries	13.04	13.04	6.67	6.67	51%
<b>Use of goods and services [GFS]</b>	<b>4.44</b>	<b>4.44</b>	<b>2.26</b>	<b>2.26</b>	<b>51%</b>
To Private Enterprises	0.20	0.20	0.07	0.07	38%
Use of Goods and Services	4.24	4.24	2.19	2.19	52%
<b>Non financial assets</b>	<b>0.15</b>	<b>0.15</b>	<b>0.06</b>	<b>0.06</b>	<b>40%</b>
NFA:Machinery & equipment other than transport equipment	0.15	0.15	0.06	0.06	40%
<b>503-Ombudsman Commission</b>	<b>20.13</b>	<b>21.13</b>	<b>10.95</b>	<b>9.07</b>	<b>43%</b>
<b>Compensation Of Employees[GFS]</b>	<b>13.75</b>	<b>14.75</b>	<b>7.43</b>	<b>6.21</b>	<b>42%</b>
Actual Employers Social Contributions	1.45	2.45	1.03	0.83	34%
Wages and Salaries	11.95	11.95	6.24	5.24	44%
Wages and Salaries in Cash	0.02	0.02	0.01	0.01	42%
Wages and Salaries in Kind	0.32	0.32	0.15	0.12	38%
<b>Use of goods and services [GFS]</b>	<b>4.21</b>	<b>4.21</b>	<b>2.15</b>	<b>1.80</b>	<b>43%</b>
To Private Enterprises	0.07	0.07	0.04	0.03	40%
Use of Goods and Services	4.13	4.13	2.11	1.77	43%
<b>Non financial assets</b>	<b>2.18</b>	<b>2.18</b>	<b>1.37</b>	<b>1.06</b>	<b>49%</b>
NFA:Fixed assets	2.00	2.00	1.30	1.00	50%
NFA:Machinery & equipment other than transport equipment	0.18	0.18	0.07	0.06	34%
<b>505-National Research Institute</b>	<b>4.33</b>	<b>5.03</b>	<b>3.08</b>	<b>1.94</b>	<b>39%</b>
<b>Compensation Of Employees[GFS]</b>	<b>3.35</b>	<b>3.35</b>	<b>1.71</b>	<b>1.44</b>	<b>43%</b>
Actual Employers Social Contributions	0.58	0.58	0.27	0.23	40%
Wages and Salaries	2.41	2.41	1.26	1.06	44%
Wages and Salaries in Cash	0.08	0.08	0.04	0.03	42%
Wages and Salaries in Kind	0.27	0.27	0.14	0.11	42%
<b>Use of goods and services [GFS]</b>	<b>0.99</b>	<b>1.69</b>	<b>1.37</b>	<b>0.51</b>	<b>30%</b>
Use of Goods and Services	0.99	1.69	1.37	0.51	30%
<b>506-National Training Council</b>	<b>72.03</b>	<b>72.03</b>	<b>1.03</b>	<b>0.86</b>	<b>1%</b>
<b>Compensation Of Employees[GFS]</b>	<b>0.97</b>	<b>0.97</b>	<b>0.49</b>	<b>0.41</b>	<b>42%</b>
Actual Employers Social Contributions	0.05	0.05	0.03	0.01	30%
Wages and Salaries	0.91	0.91	0.45	0.39	43%
Wages and Salaries in Cash	0.00	0.00	0.00	-0.01	0%
Wages and Salaries in Kind	0.02	0.02	0.01	0.01	80%

Details	2018 Budget	Revised Budget	Warrant Authorised	June Out- turn	(%) of Exp vs R/Bud
<b>Use of goods and services [GFS]</b>	<b>71.05</b>	<b>71.05</b>	<b>0.53</b>	<b>0.45</b>	<b>1%</b>
To Private Enterprises	0.00	0.00	0.00	0.00	38%
Use of Goods and Services	71.05	71.05	0.53	0.45	1%
<b>Non financial assets</b>	<b>0.01</b>	<b>0.01</b>	<b>0.00</b>	<b>0.00</b>	<b>25%</b>
NFA:Machinery & equipment other than transport equipment	0.01	0.01	0.00	0.00	25%
<b>507-National Economic &amp; Fiscal Commission</b>	<b>3.32</b>	<b>3.32</b>	<b>2.13</b>	<b>1.15</b>	<b>35%</b>
<b>Compensation Of Employees[GFS]</b>	<b>1.85</b>	<b>1.85</b>	<b>0.94</b>	<b>0.01</b>	<b>1%</b>
Actual Employers Social Contributions	0.16	0.16	0.05	0.00	0%
Wages and Salaries	1.63	1.63	0.87	0.00	0%
Wages and Salaries in Cash	0.04	0.04	0.01	0.01	18%
Wages and Salaries in Kind	0.02	0.02	0.01	0.00	28%
<b>Use of goods and services [GFS]</b>	<b>1.38</b>	<b>1.38</b>	<b>1.16</b>	<b>1.12</b>	<b>81%</b>
Use of Goods and Services	1.38	1.38	1.16	1.12	81%
<b>Non financial assets</b>	<b>0.09</b>	<b>0.09</b>	<b>0.02</b>	<b>0.02</b>	<b>23%</b>
NFA:Fixed assets	0.04	0.04	0.01	0.01	25%
NFA:Machinery & equipment other than transport equipment	0.05	0.05	0.01	0.01	21%
<b>509-Border Development Authority (BDA)</b>	<b>3.63</b>	<b>3.63</b>	<b>1.85</b>	<b>1.85</b>	<b>51%</b>
<b>Compensation Of Employees[GFS]</b>	<b>2.18</b>	<b>2.18</b>	<b>1.11</b>	<b>1.11</b>	<b>51%</b>
Actual Employers Social Contributions	0.27	0.27	0.09	0.09	34%
Wages and Salaries	1.49	1.49	0.94	0.94	63%
Wages and Salaries in Cash	0.20	0.20	0.05	0.05	25%
Wages and Salaries in Kind	0.22	0.22	0.03	0.03	16%
<b>Use of goods and services [GFS]</b>	<b>1.46</b>	<b>1.46</b>	<b>0.74</b>	<b>0.74</b>	<b>51%</b>
Use of Goods and Services	1.46	1.46	0.74	0.74	51%
<b>510-Legal Training Institute</b>	<b>2.37</b>	<b>3.37</b>	<b>1.43</b>	<b>1.43</b>	<b>42%</b>
<b>Compensation Of Employees[GFS]</b>	<b>1.81</b>	<b>2.81</b>	<b>1.15</b>	<b>1.15</b>	<b>41%</b>
Actual Employers Social Contributions	0.12	0.32	0.09	0.09	29%
Wages and Salaries	1.67	2.42	1.03	1.03	43%
Wages and Salaries in Kind	0.03	0.08	0.02	0.02	28%
<b>Use of goods and services [GFS]</b>	<b>0.37</b>	<b>0.37</b>	<b>0.18</b>	<b>0.18</b>	<b>47%</b>
To Private Enterprises	0.01	0.01	0.01	0.01	46%
Use of Goods and Services	0.36	0.36	0.17	0.17	47%
<b>Subsidies</b>	<b>0.08</b>	<b>0.08</b>	<b>0.05</b>	<b>0.05</b>	<b>70%</b>
To other Sectors	0.08	0.08	0.05	0.05	70%
<b>Non financial assets</b>	<b>0.11</b>	<b>0.11</b>	<b>0.05</b>	<b>0.05</b>	<b>48%</b>
NFA:Machinery & equipment other than transport equipment	0.11	0.11	0.05	0.05	48%
<b>511-Papua New Guinea Climate Change Authority</b>	<b>17.36</b>	<b>17.36</b>	<b>2.45</b>	<b>2.45</b>	<b>14%</b>
<b>Compensation Of Employees[GFS]</b>	<b>3.83</b>	<b>3.83</b>	<b>1.16</b>	<b>1.69</b>	<b>44%</b>
Actual Employers Social Contributions	0.00	0.00	0.00	0.31	0%
Wages and Salaries	3.83	3.83	1.16	1.35	35%
Wages and Salaries in Cash	0.00	0.00	0.00	0.03	0%
<b>Use of goods and services [GFS]</b>	<b>2.37</b>	<b>2.37</b>	<b>1.27</b>	<b>0.74</b>	<b>31%</b>
To Private Enterprises	0.04	0.04	0.02	0.01	33%
Use of Goods and Services	2.33	2.33	1.25	0.73	31%
<b>Subsidies</b>	<b>0.02</b>	<b>0.02</b>	<b>0.00</b>	<b>0.00</b>	<b>17%</b>
To other Sectors	0.02	0.02	0.00	0.00	17%
<b>Other expense</b>	<b>11.06</b>	<b>11.06</b>	<b>0.00</b>	<b>0.00</b>	<b>0%</b>
Current Transfers not elsewhere Classified	11.06	11.06	0.00	0.00	0%
<b>Non financial assets</b>	<b>0.08</b>	<b>0.08</b>	<b>0.02</b>	<b>0.01</b>	<b>17%</b>
NFA:Machinery & equipment other than transport equipment	0.08	0.08	0.02	0.01	17%
<b>512-University of Papua New Guinea</b>	<b>51.38</b>	<b>51.38</b>	<b>26.24</b>	<b>20.86</b>	<b>41%</b>
<b>Compensation Of Employees[GFS]</b>	<b>51.38</b>	<b>51.38</b>	<b>26.24</b>	<b>20.86</b>	<b>41%</b>
Actual Employers Social Contributions	3.50	3.50	1.55	1.08	31%
Wages and Salaries	46.98	46.98	24.45	19.62	42%
Wages and Salaries in Kind	0.90	0.90	0.24	0.16	18%
<b>513-University of Technology</b>	<b>45.14</b>	<b>45.14</b>	<b>22.49</b>	<b>19.21</b>	<b>43%</b>
<b>Compensation Of Employees[GFS]</b>	<b>38.62</b>	<b>38.62</b>	<b>19.72</b>	<b>16.57</b>	<b>43%</b>
Wages and Salaries	38.62	38.62	19.72	16.57	43%
<b>Use of goods and services [GFS]</b>	<b>1.72</b>	<b>1.72</b>	<b>0.97</b>	<b>0.84</b>	<b>49%</b>
Use of Goods and Services	1.72	1.72	0.97	0.84	49%
<b>Non financial assets</b>	<b>4.80</b>	<b>4.80</b>	<b>1.80</b>	<b>1.80</b>	<b>38%</b>
NFA:Fixed assets	4.80	4.80	1.80	1.80	38%
<b>514-University of Goroka</b>	<b>33.42</b>	<b>33.42</b>	<b>12.35</b>	<b>10.44</b>	<b>31%</b>



Details	2018 Budget	Revised Budget	Warrant Authorised	June Out- turn	(%) of Exp vs R/Bud
<b>Compensation Of Employees[GFS]</b>	<b>22.00</b>	<b>22.00</b>	<b>11.24</b>	<b>9.44</b>	<b>43%</b>
Actual Employers Social Contributions	1.67	1.67	0.84	0.70	42%
Wages and Salaries	19.25	19.25	9.98	8.37	43%
Wages and Salaries in Kind	1.08	1.08	0.42	0.37	34%
<b>Use of goods and services [GFS]</b>	<b>1.43</b>	<b>1.43</b>	<b>0.72</b>	<b>0.62</b>	<b>43%</b>
Use of Goods and Services	1.43	1.43	0.72	0.62	43%
<b>Non financial assets</b>	<b>9.99</b>	<b>9.99</b>	<b>0.40</b>	<b>0.38</b>	<b>4%</b>
NFA:Fixed assets	9.80	9.80	0.30	0.30	3%
NFA:Machinery & equipment other than transport equipment	0.19	0.19	0.10	0.08	42%
<b>515-University of Environment &amp; Natural Resources</b>	<b>19.46</b>	<b>19.46</b>	<b>9.94</b>	<b>8.35</b>	<b>43%</b>
<b>Compensation Of Employees[GFS]</b>	<b>18.74</b>	<b>18.74</b>	<b>9.57</b>	<b>8.04</b>	<b>43%</b>
Wages and Salaries	18.74	18.74	9.57	8.04	43%
<b>Use of goods and services [GFS]</b>	<b>0.72</b>	<b>0.72</b>	<b>0.36</b>	<b>0.30</b>	<b>42%</b>
Use of Goods and Services	0.72	0.72	0.36	0.30	42%
<b>516-Papua New Guinea Sports Foundation</b>	<b>17.76</b>	<b>20.26</b>	<b>7.89</b>	<b>6.38</b>	<b>31%</b>
<b>Compensation Of Employees[GFS]</b>	<b>6.16</b>	<b>6.16</b>	<b>3.15</b>	<b>1.95</b>	<b>32%</b>
Actual Employers Social Contributions	0.50	0.50	0.21	0.03	7%
Wages and Salaries	5.60	5.60	2.92	1.91	34%
Wages and Salaries in Cash	0.00	0.00	0.00	-0.02	0%
Wages and Salaries in Kind	0.06	0.06	0.03	0.02	39%
<b>Use of goods and services [GFS]</b>	<b>3.70</b>	<b>6.20</b>	<b>4.41</b>	<b>4.11</b>	<b>66%</b>
To Private Enterprises	0.02	0.02	0.01	0.01	42%
Use of Goods and Services	3.68	6.18	4.39	4.10	66%
<b>Other expense</b>	<b>6.01</b>	<b>6.01</b>	<b>0.00</b>	<b>0.00</b>	<b>0%</b>
Current Transfers not elsewhere Classified	6.01	6.01	0.00	0.00	0%
<b>Non financial assets</b>	<b>1.89</b>	<b>1.89</b>	<b>0.33</b>	<b>0.33</b>	<b>17%</b>
NFA:Fixed assets	1.85	1.85	0.32	0.32	17%
NFA:Machinery & equipment other than transport equipment	0.04	0.04	0.01	0.01	26%
<b>517-National Narcotics Bureau</b>	<b>2.34</b>	<b>2.34</b>	<b>0.98</b>	<b>1.00</b>	<b>43%</b>
<b>Compensation Of Employees[GFS]</b>	<b>2.34</b>	<b>2.34</b>	<b>0.98</b>	<b>1.00</b>	<b>43%</b>
Actual Employers Social Contributions	0.18	0.18	0.00	0.13	74%
Wages and Salaries	1.95	1.95	0.98	0.87	44%
Wages and Salaries in Kind	0.21	0.21	0.00	0.00	0%
<b>518-PNG Maritime College</b>	<b>9.36</b>	<b>4.36</b>	<b>2.22</b>	<b>1.87</b>	<b>43%</b>
<b>Compensation Of Employees[GFS]</b>	<b>4.16</b>	<b>4.16</b>	<b>2.13</b>	<b>1.79</b>	<b>43%</b>
Actual Employers Social Contributions	0.38	0.38	0.17	0.14	38%
Wages and Salaries	3.64	3.64	1.89	1.58	44%
Wages and Salaries in Cash	0.09	0.09	0.04	0.04	42%
Wages and Salaries in Kind	0.06	0.06	0.03	0.02	41%
<b>Use of goods and services [GFS]</b>	<b>0.69</b>	<b>0.19</b>	<b>0.10</b>	<b>0.08</b>	<b>42%</b>
Use of Goods and Services	0.69	0.19	0.10	0.08	42%
<b>Non financial assets</b>	<b>4.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0%</b>
NFA:Fixed assets	4.50	0.00	0.00	0.00	0%
<b>519-National Aids Council Secretariat</b>	<b>6.87</b>	<b>6.87</b>	<b>2.48</b>	<b>1.82</b>	<b>26%</b>
<b>Compensation Of Employees[GFS]</b>	<b>3.42</b>	<b>3.42</b>	<b>1.75</b>	<b>1.20</b>	<b>35%</b>
Actual Employers Social Contributions	0.21	0.21	0.10	0.09	44%
Wages and Salaries	3.12	3.12	1.59	1.06	34%
Wages and Salaries in Kind	0.09	0.09	0.05	0.04	49%
<b>Use of goods and services [GFS]</b>	<b>2.35</b>	<b>2.35</b>	<b>0.18</b>	<b>0.15</b>	<b>6%</b>
To Private Enterprises	0.01	0.01	0.00	0.00	42%
Use of Goods and Services	2.34	2.34	0.17	0.14	6%
<b>Grants</b>	<b>1.10</b>	<b>1.10</b>	<b>0.56</b>	<b>0.47</b>	<b>42%</b>
Current	1.10	1.10	0.56	0.47	42%
<b>Non financial assets</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>42%</b>
NFA:Machinery & equipment other than transport equipment	0.00	0.00	0.00	0.00	42%
<b>520-Institute of Medical Research</b>	<b>14.15</b>	<b>14.15</b>	<b>6.78</b>	<b>5.95</b>	<b>42%</b>
<b>Compensation Of Employees[GFS]</b>	<b>9.36</b>	<b>9.36</b>	<b>4.78</b>	<b>4.02</b>	<b>43%</b>
Actual Employers Social Contributions	0.45	0.45	0.19	0.16	37%
Wages and Salaries	8.76	8.76	4.51	3.78	43%
Wages and Salaries in Kind	0.16	0.16	0.09	0.08	48%
<b>Use of goods and services [GFS]</b>	<b>2.79</b>	<b>2.79</b>	<b>0.90</b>	<b>0.84</b>	<b>30%</b>
Use of Goods and Services	2.79	2.79	0.90	0.84	30%
<b>Non financial assets</b>	<b>2.00</b>	<b>2.00</b>	<b>1.10</b>	<b>1.10</b>	<b>55%</b>
NFA:Fixed assets	2.00	2.00	1.10	1.10	55%

Details	2018 Budget	Revised Budget	Warrant Authorised	June Out- turn	(%) of Exp vs R/Bud
<b>521-National Youth Commission</b>	<b>3.31</b>	<b>3.31</b>	<b>1.68</b>	<b>1.92</b>	<b>58%</b>
<b>Compensation Of Employees[GFS]</b>	<b>1.83</b>	<b>1.83</b>	<b>0.94</b>	<b>1.29</b>	<b>70%</b>
Wages and Salaries	1.72	1.72	0.89	1.25	73%
Wages and Salaries in Cash	0.03	0.03	0.01	0.01	40%
Wages and Salaries in Kind	0.08	0.08	0.03	0.02	31%
<b>Use of goods and services [GFS]</b>	<b>1.37</b>	<b>1.37</b>	<b>0.68</b>	<b>0.56</b>	<b>41%</b>
Use of Goods and Services	1.37	1.37	0.68	0.56	41%
<b>Non financial assets</b>	<b>0.10</b>	<b>0.10</b>	<b>0.07</b>	<b>0.06</b>	<b>60%</b>
NFA:Machinery & equipment other than transport equipment	0.10	0.10	0.07	0.06	60%
<b>522-Constitutional and Law Reform Commission</b>	<b>5.61</b>	<b>8.61</b>	<b>6.19</b>	<b>4.20</b>	<b>49%</b>
<b>Compensation Of Employees[GFS]</b>	<b>2.62</b>	<b>2.62</b>	<b>1.34</b>	<b>-0.01</b>	<b>0%</b>
Actual Employers Social Contributions	0.16	0.16	0.07	0.00	0%
Wages and Salaries	2.46	2.46	1.27	0.00	0%
Wages and Salaries in Cash	0.00	0.00	0.00	-0.01	0%
Wages and Salaries in Kind	0.01	0.01	0.00	0.00	42%
<b>Use of goods and services [GFS]</b>	<b>2.98</b>	<b>5.98</b>	<b>4.84</b>	<b>4.20</b>	<b>70%</b>
To Private Enterprises	0.03	0.03	0.01	0.01	41%
Use of Goods and Services	2.95	5.95	4.83	4.19	70%
<b>Non financial assets</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.00</b>	<b>47%</b>
NFA:Machinery & equipment other than transport equipment	0.01	0.01	0.01	0.00	47%
<b>523-Papua New Guinea Accidents Investigation Commission</b>	<b>5.29</b>	<b>5.29</b>	<b>2.79</b>	<b>2.37</b>	<b>45%</b>
<b>Compensation Of Employees[GFS]</b>	<b>4.93</b>	<b>4.93</b>	<b>2.61</b>	<b>2.22</b>	<b>45%</b>
Actual Employers Social Contributions	0.53	0.53	0.31	0.27	52%
Wages and Salaries	4.11	4.11	2.20	1.85	45%
Wages and Salaries in Cash	0.18	0.18	0.05	0.05	31%
Wages and Salaries in Kind	0.12	0.12	0.04	0.04	29%
<b>Use of goods and services [GFS]</b>	<b>0.36</b>	<b>0.36</b>	<b>0.18</b>	<b>0.16</b>	<b>43%</b>
To Private Enterprises	0.04	0.04	0.01	0.01	30%
Use of Goods and Services	0.32	0.32	0.17	0.14	45%
<b>524-Independent Public Business Corporation</b>	<b>135.42</b>	<b>135.42</b>	<b>54.50</b>	<b>203.33</b>	<b>150%</b>
<b>Use of goods and services [GFS]</b>	<b>75.00</b>	<b>75.00</b>	<b>54.50</b>	<b>20.50</b>	<b>27%</b>
Use of Goods and Services	75.00	75.00	54.50	20.50	27%
<b>Non financial assets</b>	<b>60.42</b>	<b>60.42</b>	<b>0.00</b>	<b>182.83</b>	<b>303%</b>
NFA:Fixed assets	60.42	60.42	0.00	182.83	303%
<b>525-National Broadcasting Commission</b>	<b>21.01</b>	<b>21.01</b>	<b>10.36</b>	<b>10.36</b>	<b>49%</b>
<b>Compensation Of Employees[GFS]</b>	<b>17.69</b>	<b>17.69</b>	<b>9.17</b>	<b>9.17</b>	<b>52%</b>
Actual Employers Social Contributions	0.03	0.03	0.02	0.02	77%
Wages and Salaries	17.60	17.60	9.11	9.11	52%
Wages and Salaries in Kind	0.07	0.07	0.05	0.05	70%
<b>Use of goods and services [GFS]</b>	<b>3.31</b>	<b>3.31</b>	<b>1.18</b>	<b>1.18</b>	<b>36%</b>
Use of Goods and Services	3.31	3.31	1.18	1.18	36%
<b>Non financial assets</b>	<b>0.02</b>	<b>0.02</b>	<b>0.00</b>	<b>0.00</b>	<b>25%</b>
NFA:Machinery & equipment other than transport equipment	0.02	0.02	0.00	0.00	25%
<b>526-National Maritime Safety Authority</b>	<b>7.29</b>	<b>7.29</b>	<b>1.18</b>	<b>1.05</b>	<b>14%</b>
<b>Compensation Of Employees[GFS]</b>	<b>1.15</b>	<b>1.15</b>	<b>0.61</b>	<b>0.52</b>	<b>45%</b>
Actual Employers Social Contributions	0.17	0.17	0.06	0.05	31%
Wages and Salaries	0.91	0.91	0.52	0.44	49%
Wages and Salaries in Kind	0.08	0.08	0.03	0.02	33%
<b>Use of goods and services [GFS]</b>	<b>1.14</b>	<b>1.14</b>	<b>0.57</b>	<b>0.53</b>	<b>47%</b>
Use of Goods and Services	1.14	1.14	0.57	0.53	47%
<b>Non financial assets</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0%</b>
NFA:Fixed assets	5.00	5.00	0.00	0.00	0%
<b>530-Investment Promotion Authority</b>	<b>1.88</b>	<b>1.88</b>	<b>0.91</b>	<b>0.59</b>	<b>32%</b>
<b>Grants</b>	<b>1.88</b>	<b>1.88</b>	<b>0.91</b>	<b>0.59</b>	<b>32%</b>
Current	1.88	1.88	0.91	0.59	32%
<b>531-Small Business Development Corporation</b>	<b>32.99</b>	<b>32.99</b>	<b>1.53</b>	<b>1.28</b>	<b>4%</b>
<b>Compensation Of Employees[GFS]</b>	<b>2.86</b>	<b>2.86</b>	<b>1.46</b>	<b>1.23</b>	<b>43%</b>
Actual Employers Social Contributions	0.32	0.32	0.08	0.08	25%
Wages and Salaries	2.43	2.43	1.32	1.10	45%
Wages and Salaries in Kind	0.11	0.11	0.06	0.05	43%
<b>Use of goods and services [GFS]</b>	<b>30.13</b>	<b>30.13</b>	<b>0.06</b>	<b>0.05</b>	<b>0%</b>
Use of Goods and Services	30.13	30.13	0.06	0.05	0%



Details	2018 Budget	Revised Budget	Warrant Authorised	June Out- turn	(%) of Exp vs R/Bud
<b>532-National Institute of Standards &amp; Industrial Technology</b>	<b>4.66</b>	<b>4.66</b>	<b>0.92</b>	<b>0.99</b>	<b>21%</b>
<b>Compensation Of Employees[GFS]</b>	<b>2.29</b>	<b>2.29</b>	<b>0.19</b>	<b>0.76</b>	<b>33%</b>
Actual Employers Social Contributions	0.22	0.22	0.02	0.02	10%
Wages and Salaries	1.97	1.97	0.16	0.73	37%
Wages and Salaries in Kind	0.11	0.11	0.01	0.01	8%
<b>Use of goods and services [GFS]</b>	<b>2.36</b>	<b>2.36</b>	<b>0.73</b>	<b>0.23</b>	<b>10%</b>
To Private Enterprises	0.12	0.12	0.02	0.02	17%
Use of Goods and Services	2.24	2.24	0.71	0.21	9%
<b>533-Industrial Centers Development Corporation</b>	<b>33.39</b>	<b>33.39</b>	<b>1.74</b>	<b>1.55</b>	<b>5%</b>
<b>Compensation Of Employees[GFS]</b>	<b>2.36</b>	<b>2.36</b>	<b>1.23</b>	<b>1.04</b>	<b>44%</b>
Actual Employers Social Contributions	0.13	0.13	0.04	0.04	33%
Wages and Salaries	2.21	2.21	1.17	0.98	44%
Wages and Salaries in Cash	0.01	0.01	0.00	0.00	48%
Wages and Salaries in Kind	0.01	0.01	0.01	0.01	49%
<b>Use of goods and services [GFS]</b>	<b>31.03</b>	<b>31.03</b>	<b>0.52</b>	<b>0.51</b>	<b>2%</b>
Use of Goods and Services	31.03	31.03	0.52	0.51	2%
<b>535-Mineral Resources Authority</b>	<b>11.00</b>	<b>11.00</b>	<b>3.60</b>	<b>0.00</b>	<b>0%</b>
<b>Use of goods and services [GFS]</b>	<b>11.00</b>	<b>11.00</b>	<b>3.60</b>	<b>0.00</b>	<b>0%</b>
Use of Goods and Services	11.00	11.00	3.60	0.00	0%
<b>536-Kokonas Industry Koproration</b>	<b>15.86</b>	<b>15.86</b>	<b>8.55</b>	<b>7.58</b>	<b>48%</b>
<b>Compensation Of Employees[GFS]</b>	<b>4.14</b>	<b>4.14</b>	<b>2.11</b>	<b>1.44</b>	<b>35%</b>
Actual Employers Social Contributions	0.17	0.17	0.06	0.06	36%
Wages and Salaries	3.86	3.86	2.01	1.34	35%
Wages and Salaries in Kind	0.10	0.10	0.04	0.04	38%
<b>Use of goods and services [GFS]</b>	<b>6.36</b>	<b>6.36</b>	<b>4.61</b>	<b>4.32</b>	<b>68%</b>
Use of Goods and Services	6.36	6.36	4.61	4.32	68%
<b>Grants</b>	<b>0.06</b>	<b>0.06</b>	<b>0.03</b>	<b>0.02</b>	<b>33%</b>
Current	0.06	0.06	0.03	0.02	33%
<b>Non financial assets</b>	<b>5.30</b>	<b>5.30</b>	<b>1.80</b>	<b>1.80</b>	<b>34%</b>
NFA:Fixed assets	5.30	5.30	1.80	1.80	34%
<b>537-National Airports Corporation</b>	<b>115.87</b>	<b>130.87</b>	<b>33.00</b>	<b>173.33</b>	<b>132%</b>
<b>Use of goods and services [GFS]</b>	<b>22.00</b>	<b>22.00</b>	<b>11.00</b>	<b>11.00</b>	<b>50%</b>
Use of Goods and Services	22.00	22.00	11.00	11.00	50%
<b>Non financial assets</b>	<b>93.87</b>	<b>108.87</b>	<b>22.00</b>	<b>162.33</b>	<b>149%</b>
NFA:Fixed assets	93.87	108.87	22.00	162.33	149%
<b>538-Papua New Guinea Air Services Limited</b>	<b>10.00</b>	<b>10.00</b>	<b>1.00</b>	<b>0.00</b>	<b>0%</b>
<b>Use of goods and services [GFS]</b>	<b>10.00</b>	<b>10.00</b>	<b>1.00</b>	<b>0.00</b>	<b>0%</b>
Use of Goods and Services	10.00	10.00	1.00	0.00	0%
<b>539-National Museum and Art Gallery</b>	<b>5.12</b>	<b>5.12</b>	<b>2.61</b>	<b>1.70</b>	<b>33%</b>
<b>Compensation Of Employees[GFS]</b>	<b>4.13</b>	<b>4.13</b>	<b>2.11</b>	<b>1.28</b>	<b>31%</b>
Actual Employers Social Contributions	0.06	0.06	0.03	0.00	0%
Wages and Salaries	4.06	4.06	2.08	1.28	31%
<b>Use of goods and services [GFS]</b>	<b>0.64</b>	<b>0.64</b>	<b>0.38</b>	<b>0.31</b>	<b>49%</b>
To Private Enterprises	0.01	0.01	0.01	0.01	56%
Use of Goods and Services	0.63	0.63	0.37	0.31	49%
<b>Subsidies</b>	<b>0.09</b>	<b>0.09</b>	<b>0.04</b>	<b>0.04</b>	<b>39%</b>
To other Sectors	0.09	0.09	0.04	0.04	39%
<b>Grants</b>	<b>0.03</b>	<b>0.03</b>	<b>0.01</b>	<b>0.01</b>	<b>33%</b>
Current	0.03	0.03	0.01	0.01	33%
<b>Non financial assets</b>	<b>0.24</b>	<b>0.24</b>	<b>0.07</b>	<b>0.06</b>	<b>27%</b>
NFA:Fixed assets	0.04	0.04	0.01	0.01	37%
NFA:Machinery & equipment other than transport equipment	0.12	0.12	0.04	0.04	30%
NFA:Transport equipment	0.08	0.08	0.02	0.01	17%
<b>540-Water PNG</b>	<b>15.00</b>	<b>15.00</b>	<b>6.00</b>	<b>5.00</b>	<b>33%</b>
<b>Use of goods and services [GFS]</b>	<b>3.50</b>	<b>3.50</b>	<b>0.90</b>	<b>0.70</b>	<b>20%</b>
Use of Goods and Services	3.50	3.50	0.90	0.70	20%
<b>Non financial assets</b>	<b>11.50</b>	<b>11.50</b>	<b>5.10</b>	<b>4.30</b>	<b>37%</b>
NFA:Fixed assets	11.50	11.50	5.10	4.30	37%
<b>541-National Housing Corporation</b>	<b>6.35</b>	<b>8.35</b>	<b>3.09</b>	<b>2.42</b>	<b>29%</b>
<b>Compensation Of Employees[GFS]</b>	<b>0.00</b>	<b>2.00</b>	<b>2.00</b>	<b>1.36</b>	<b>68%</b>
Wages and Salaries	0.00	2.00	2.00	2.00	100%
Wages and Salaries in Cash	0.00	0.00	0.00	-0.64	0%
<b>Use of goods and services [GFS]</b>	<b>0.35</b>	<b>0.35</b>	<b>0.09</b>	<b>0.06</b>	<b>18%</b>
Use of Goods and Services	0.35	0.35	0.09	0.06	18%
<b>Non financial assets</b>	<b>6.00</b>	<b>6.00</b>	<b>1.00</b>	<b>1.00</b>	<b>17%</b>

Details	2018 Budget	Revised Budget	Warrant Authorised	June Out- turn	(%) of Exp vs R/Bud
NFA:Fixed assets	6.00	6.00	1.00	1.00	17%
<b>542-National Cultural Commission</b>	<b>3.52</b>	<b>4.76</b>	<b>3.18</b>	<b>2.76</b>	<b>58%</b>
<b>Compensation Of Employees[GFS]</b>	<b>3.01</b>	<b>3.25</b>	<b>1.77</b>	<b>1.36</b>	<b>42%</b>
Actual Employers Social Contributions	0.04	0.04	0.01	0.00	7%
Wages and Salaries	2.73	2.73	1.39	1.03	38%
Wages and Salaries in Cash	0.00	0.00	0.00	-0.01	0%
Wages and Salaries in Kind	0.25	0.49	0.37	0.34	69%
<b>Use of goods and services [GFS]</b>	<b>0.51</b>	<b>1.51</b>	<b>1.41</b>	<b>1.40</b>	<b>93%</b>
Use of Goods and Services	0.51	1.51	1.41	1.40	93%
<b>543-National Development Bank</b>	<b>130.00</b>	<b>130.00</b>	<b>23.00</b>	<b>8.00</b>	<b>6%</b>
<b>Use of goods and services [GFS]</b>	<b>60.00</b>	<b>60.00</b>	<b>7.00</b>	<b>3.00</b>	<b>5%</b>
Use of Goods and Services	60.00	60.00	7.00	3.00	5%
<b>Subsidies</b>	<b>20.00</b>	<b>20.00</b>	<b>5.00</b>	<b>0.00</b>	<b>0%</b>
To other Sectors	20.00	20.00	5.00	0.00	0%
<b>Grants</b>	<b>50.00</b>	<b>50.00</b>	<b>11.00</b>	<b>5.00</b>	<b>10%</b>
Current	50.00	50.00	11.00	5.00	10%
<b>545-Rural Airstrip Authority</b>	<b>9.06</b>	<b>9.06</b>	<b>1.93</b>	<b>1.41</b>	<b>16%</b>
<b>Use of goods and services [GFS]</b>	<b>3.06</b>	<b>3.06</b>	<b>1.43</b>	<b>0.91</b>	<b>30%</b>
Use of Goods and Services	3.06	3.06	1.43	0.91	30%
<b>Non financial assets</b>	<b>6.00</b>	<b>6.00</b>	<b>0.50</b>	<b>0.50</b>	<b>8%</b>
NFA:Fixed assets	6.00	6.00	0.50	0.50	8%
<b>546-PNG Power Limited</b>	<b>116.50</b>	<b>118.50</b>	<b>6.00</b>	<b>14.78</b>	<b>12%</b>
<b>Use of goods and services [GFS]</b>	<b>21.31</b>	<b>23.31</b>	<b>6.00</b>	<b>6.11</b>	<b>26%</b>
Use of Goods and Services	21.31	23.31	6.00	6.11	26%
<b>Other expense</b>	<b>12.13</b>	<b>12.13</b>	<b>0.00</b>	<b>0.00</b>	<b>0%</b>
Current Transfers not elsewhere Classified	12.13	12.13	0.00	0.00	0%
<b>Non financial assets</b>	<b>83.06</b>	<b>83.06</b>	<b>0.00</b>	<b>8.67</b>	<b>10%</b>
NFA:Fixed assets	83.06	83.06	0.00	8.67	10%
<b>547-Telikom (PNG) Limited</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>	<b>0%</b>
<b>Use of goods and services [GFS]</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>	<b>0%</b>
Use of Goods and Services	5.00	5.00	5.00	0.00	0%
<b>549-Office of Coastal Fisheries Development Agency</b>	<b>2.20</b>	<b>2.20</b>	<b>0.87</b>	<b>0.10</b>	<b>4%</b>
<b>Compensation Of Employees[GFS]</b>	<b>2.06</b>	<b>2.06</b>	<b>0.80</b>	<b>0.03</b>	<b>2%</b>
Actual Employers Social Contributions	0.11	0.11	0.04	0.03	30%
Wages and Salaries	1.94	1.94	0.76	0.00	0%
<b>Use of goods and services [GFS]</b>	<b>0.15</b>	<b>0.15</b>	<b>0.07</b>	<b>0.06</b>	<b>42%</b>
To Private Enterprises	0.01	0.01	0.01	0.01	70%
Use of Goods and Services	0.14	0.14	0.06	0.05	39%
<b>551-National Fisheries Authority</b>	<b>36.89</b>	<b>36.89</b>	<b>4.00</b>	<b>0.00</b>	<b>0%</b>
<b>Compensation Of Employees[GFS]</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0%</b>
Wages and Salaries in Cash	0.00	0.00	0.00	0.00	0%
<b>Use of goods and services [GFS]</b>	<b>36.89</b>	<b>36.89</b>	<b>4.00</b>	<b>0.00</b>	<b>0%</b>
Use of Goods and Services	36.89	36.89	4.00	0.00	0%
<b>553-Fresh Produce Development Company</b>	<b>25.26</b>	<b>25.26</b>	<b>11.45</b>	<b>11.06</b>	<b>44%</b>
<b>Compensation Of Employees[GFS]</b>	<b>3.67</b>	<b>3.67</b>	<b>1.87</b>	<b>1.57</b>	<b>43%</b>
Wages and Salaries	3.51	3.51	1.79	1.21	35%
Wages and Salaries in Cash	0.03	0.03	0.01	0.30	1097%
Wages and Salaries in Kind	0.13	0.13	0.07	0.05	42%
<b>Use of goods and services [GFS]</b>	<b>14.87</b>	<b>14.87</b>	<b>8.15</b>	<b>8.06</b>	<b>54%</b>
To Private Enterprises	0.01	0.01	0.01	0.00	40%
Use of Goods and Services	14.86	14.86	8.14	8.05	54%
<b>Other expense</b>	<b>4.66</b>	<b>4.66</b>	<b>0.00</b>	<b>0.00</b>	<b>0%</b>
Current Transfers not elsewhere Classified	4.66	4.66	0.00	0.00	0%
<b>Non financial assets</b>	<b>2.07</b>	<b>2.07</b>	<b>1.43</b>	<b>1.43</b>	<b>69%</b>
NFA:Information, computer, & telecommunications equipment	2.00	2.00	1.40	1.40	70%
NFA:Machinery & equipment other than transport equipment	0.07	0.07	0.03	0.03	39%
<b>554-PNG Coffee Industry Corporation</b>	<b>21.09</b>	<b>21.34</b>	<b>11.68</b>	<b>9.84</b>	<b>46%</b>
<b>Compensation Of Employees[GFS]</b>	<b>2.04</b>	<b>2.04</b>	<b>1.14</b>	<b>0.99</b>	<b>49%</b>
Actual Employers Social Contributions	0.24	0.24	0.10	0.10	41%
Wages and Salaries	1.70	1.70	0.98	0.84	50%
Wages and Salaries in Kind	0.10	0.10	0.06	0.05	48%
<b>Use of goods and services [GFS]</b>	<b>7.36</b>	<b>7.36</b>	<b>4.64</b>	<b>4.20</b>	<b>57%</b>
To Private Enterprises	0.02	0.02	0.00	0.00	17%
Use of Goods and Services	7.34	7.34	4.63	4.20	57%
<b>Grants</b>	<b>4.50</b>	<b>4.75</b>	<b>2.00</b>	<b>2.00</b>	<b>42%</b>

Details	2018 Budget	Revised Budget	Warrant Authorised	June Out-turn	(%) of Exp vs R/Bud
Current	4.50	4.75	2.00	2.00	42%
<b>Non financial assets</b>	<b>7.20</b>	<b>7.20</b>	<b>3.90</b>	<b>2.65</b>	<b>37%</b>
NFA:Fixed assets	7.20	7.20	3.90	2.65	37%
<b>557-PNG National Forest Authority</b>	<b>34.68</b>	<b>34.68</b>	<b>12.87</b>	<b>9.78</b>	<b>28%</b>
<b>Compensation Of Employees[GFS]</b>	<b>22.61</b>	<b>22.61</b>	<b>9.28</b>	<b>7.06</b>	<b>31%</b>
Actual Employers Social Contributions	0.35	0.35	0.23	0.13	36%
Wages and Salaries	20.76	20.76	8.19	6.36	31%
Wages and Salaries in Cash	0.90	0.90	0.51	0.37	41%
Wages and Salaries in Kind	0.60	0.60	0.36	0.21	34%
<b>Use of goods and services [GFS]</b>	<b>7.44</b>	<b>7.44</b>	<b>3.50</b>	<b>2.63</b>	<b>35%</b>
To Private Enterprises	0.20	0.20	0.05	0.05	25%
Use of Goods and Services	7.24	7.24	3.45	2.58	36%
<b>Other expense</b>	<b>4.28</b>	<b>4.28</b>	<b>0.00</b>	<b>0.00</b>	<b>0%</b>
Current Transfers not elsewhere Classified	4.28	4.28	0.00	0.00	0%
<b>Non financial assets</b>	<b>0.35</b>	<b>0.35</b>	<b>0.09</b>	<b>0.09</b>	<b>25%</b>
NFA:Machinery & equipment other than transport equipment	0.35	0.35	0.09	0.09	25%
<b>558-Tourism Promotion Authority</b>	<b>30.26</b>	<b>30.26</b>	<b>6.23</b>	<b>5.48</b>	<b>18%</b>
<b>Compensation Of Employees[GFS]</b>	<b>2.28</b>	<b>2.28</b>	<b>1.16</b>	<b>0.98</b>	<b>43%</b>
Actual Employers Social Contributions	0.11	0.11	0.03	0.03	32%
Wages and Salaries	1.98	1.98	1.06	0.88	44%
Wages and Salaries in Kind	0.19	0.19	0.06	0.06	34%
<b>Use of goods and services [GFS]</b>	<b>17.31</b>	<b>17.31</b>	<b>5.05</b>	<b>4.49</b>	<b>26%</b>
To Private Enterprises	0.82	0.82	0.14	0.14	17%
Use of Goods and Services	16.50	16.50	4.91	4.35	26%
<b>Other expense</b>	<b>10.58</b>	<b>10.58</b>	<b>0.00</b>	<b>0.00</b>	<b>0%</b>
Current Transfers not elsewhere Classified	10.58	10.58	0.00	0.00	0%
<b>Non financial assets</b>	<b>0.09</b>	<b>0.09</b>	<b>0.02</b>	<b>0.02</b>	<b>19%</b>
NFA:Machinery & equipment other than transport equipment	0.09	0.09	0.02	0.02	19%
<b>559-PNG Oil Palm Industry Corporation</b>	<b>15.00</b>	<b>15.00</b>	<b>1.00</b>	<b>1.00</b>	<b>7%</b>
<b>Use of goods and services [GFS]</b>	<b>1.00</b>	<b>1.00</b>	<b>0.30</b>	<b>0.30</b>	<b>30%</b>
Use of Goods and Services	1.00	1.00	0.30	0.30	30%
<b>Non financial assets</b>	<b>14.00</b>	<b>14.00</b>	<b>0.70</b>	<b>0.70</b>	<b>5%</b>
NFA:Fixed assets	14.00	14.00	0.70	0.70	5%
<b>562-National Agriculture Research Institute</b>	<b>12.55</b>	<b>12.55</b>	<b>5.10</b>	<b>4.40</b>	<b>35%</b>
<b>Compensation Of Employees[GFS]</b>	<b>7.78</b>	<b>7.78</b>	<b>3.98</b>	<b>3.34</b>	<b>43%</b>
Actual Employers Social Contributions	1.55	1.55	0.49	0.49	31%
Wages and Salaries	5.93	5.93	3.38	2.74	46%
Wages and Salaries in Cash	0.06	0.06	0.03	0.03	48%
Wages and Salaries in Kind	0.24	0.24	0.08	0.08	34%
<b>Use of goods and services [GFS]</b>	<b>4.74</b>	<b>4.74</b>	<b>1.11</b>	<b>1.05</b>	<b>22%</b>
Use of Goods and Services	4.74	4.74	1.11	1.05	22%
<b>Non financial assets</b>	<b>0.03</b>	<b>0.03</b>	<b>0.01</b>	<b>0.01</b>	<b>44%</b>
NFA:Machinery & equipment other than transport equipment	0.03	0.03	0.01	0.01	44%
<b>563-National Agriculture Quarantine &amp; Inspection Authority</b>	<b>8.30</b>	<b>8.30</b>	<b>2.59</b>	<b>4.63</b>	<b>56%</b>
<b>Compensation Of Employees[GFS]</b>	<b>8.30</b>	<b>8.30</b>	<b>2.59</b>	<b>4.63</b>	<b>56%</b>
Actual Employers Social Contributions	1.03	1.03	0.33	0.31	30%
Wages and Salaries	6.70	6.70	2.06	4.35	65%
Wages and Salaries in Cash	0.00	0.00	0.00	-0.02	0%
Wages and Salaries in Kind	0.56	0.56	0.21	0.00	0%
<b>565-Civil Aviation Safety Authority</b>	<b>10.71</b>	<b>10.71</b>	<b>5.65</b>	<b>4.79</b>	<b>45%</b>
<b>Compensation Of Employees[GFS]</b>	<b>10.21</b>	<b>10.21</b>	<b>5.39</b>	<b>4.57</b>	<b>45%</b>
Actual Employers Social Contributions	0.73	0.73	0.26	0.23	32%
Wages and Salaries	9.26	9.26	5.06	4.29	46%
Wages and Salaries in Cash	0.00	0.00	0.00	0.00	0%
Wages and Salaries in Kind	0.21	0.21	0.07	0.05	24%
<b>Use of goods and services [GFS]</b>	<b>0.50</b>	<b>0.50</b>	<b>0.26</b>	<b>0.22</b>	<b>43%</b>
Use of Goods and Services	0.50	0.50	0.26	0.22	43%
<b>566-Cocoa Board</b>	<b>24.85</b>	<b>24.85</b>	<b>12.20</b>	<b>11.06</b>	<b>44%</b>
<b>Compensation Of Employees[GFS]</b>	<b>4.35</b>	<b>4.35</b>	<b>2.35</b>	<b>1.59</b>	<b>36%</b>
Actual Employers Social Contributions	0.22	0.22	0.09	0.07	33%
Wages and Salaries	3.17	3.17	1.86	1.19	38%
Wages and Salaries in Cash	0.09	0.09	0.04	0.03	33%
Wages and Salaries in Kind	0.87	0.87	0.36	0.29	34%

Details	2018 Budget	Revised Budget	Warrant Authorised	June Out-turn	(%) of Exp vs R/Bud
<b>Use of goods and services [GFS]</b>	<b>3.50</b>	<b>3.50</b>	<b>2.85</b>	<b>2.67</b>	<b>76%</b>
Use of Goods and Services	3.50	3.50	2.85	2.67	76%
<b>Grants</b>	<b>4.00</b>	<b>4.00</b>	<b>2.20</b>	<b>2.00</b>	<b>50%</b>
Current	4.00	4.00	2.20	2.00	50%
<b>Non financial assets</b>	<b>13.00</b>	<b>13.00</b>	<b>4.80</b>	<b>4.80</b>	<b>37%</b>
NFA:Fixed assets	13.00	13.00	4.80	4.80	37%
<b>567-National Road Authority</b>	<b>10.00</b>	<b>10.00</b>	<b>1.00</b>	<b>1.00</b>	<b>10%</b>
<b>Non financial assets</b>	<b>10.00</b>	<b>10.00</b>	<b>1.00</b>	<b>1.00</b>	<b>10%</b>
NFA:Fixed assets	10.00	10.00	1.00	1.00	10%
<b>569-Independent Consumer and Competition Commission</b>	<b>8.23</b>	<b>8.23</b>	<b>4.15</b>	<b>2.79</b>	<b>34%</b>
<b>Compensation Of Employees[GFS]</b>	<b>6.33</b>	<b>6.33</b>	<b>3.23</b>	<b>2.20</b>	<b>35%</b>
Actual Employers Social Contributions	0.31	0.31	0.10	0.10	32%
Wages and Salaries	5.76	5.76	3.05	2.02	35%
Wages and Salaries in Kind	0.26	0.26	0.09	0.09	33%
<b>Use of goods and services [GFS]</b>	<b>1.70</b>	<b>1.70</b>	<b>0.86</b>	<b>0.53</b>	<b>31%</b>
Use of Goods and Services	1.70	1.70	0.86	0.53	31%
<b>Non-financial assets</b>	<b>0.20</b>	<b>0.20</b>	<b>0.06</b>	<b>0.06</b>	<b>30%</b>
NFA:Machinery & equipment other than transport equipment	0.20	0.20	0.06	0.06	30%
<b>Grand Total</b>	<b>1,759.73</b>	<b>1,784.92</b>	<b>579.95</b>	<b>832.52</b>	<b>46.6%</b>

Source: Department of Treasury.

#### Attachment D:

#### PROVINCIAL ADMINISTRATION BUDGET EXPENDITURE MYEFO 2018 (KINA, MILLION)

Details	2018 Budget	revised Budget	Warrant Authorised	June Out-turn	% of Exp vs R/Bud
<b>571-Fly River Provincial Administration</b>	<b>141.80</b>	<b>141.80</b>	<b>26.60</b>	<b>48.87</b>	<b>34%</b>
<b>Compensation Of Employees[GFS]</b>	<b>58.72</b>	<b>58.72</b>	<b>1.80</b>	<b>27.94</b>	<b>48%</b>
Current	58.72	58.72	1.80	27.94	48%
<b>Use of goods and services [GFS]</b>	<b>10.00</b>	<b>10.00</b>	<b>2.00</b>	<b>2.00</b>	<b>20%</b>
Use of Goods and Services	10.00	10.00	2.00	2.00	20%
<b>Grants</b>	<b>73.08</b>	<b>73.08</b>	<b>22.80</b>	<b>18.93</b>	<b>26%</b>
Current	73.08	73.08	22.80	18.93	26%
<b>572-Gulf Provincial Administration</b>	<b>87.79</b>	<b>87.79</b>	<b>21.85</b>	<b>31.17</b>	<b>36%</b>
<b>Compensation Of Employees[GFS]</b>	<b>29.45</b>	<b>29.45</b>	<b>0.40</b>	<b>13.65</b>	<b>46%</b>
Current	29.45	29.45	0.40	13.65	46%
<b>Use of goods and services [GFS]</b>	<b>20.00</b>	<b>20.00</b>	<b>7.00</b>	<b>6.00</b>	<b>30%</b>
Use of Goods and Services	20.00	20.00	7.00	6.00	30%
<b>Grants</b>	<b>38.34</b>	<b>38.34</b>	<b>14.45</b>	<b>11.52</b>	<b>30%</b>
Capital	10.00	10.00	3.00	1.00	10%
Current	28.34	28.34	11.45	10.52	37%
<b>573-Central Provincial Administration</b>	<b>151.03</b>	<b>151.03</b>	<b>35.55</b>	<b>53.10</b>	<b>35%</b>
<b>Compensation Of Employees[GFS]</b>	<b>69.90</b>	<b>69.90</b>	<b>11.79</b>	<b>37.70</b>	<b>54%</b>
Current	69.90	69.90	11.79	37.70	54%
<b>Use of goods and services [GFS]</b>	<b>50.00</b>	<b>50.00</b>	<b>10.00</b>	<b>10.00</b>	<b>20%</b>
Use of Goods and Services	50.00	50.00	10.00	10.00	20%
<b>Grants</b>	<b>31.14</b>	<b>31.14</b>	<b>13.76</b>	<b>5.40</b>	<b>17%</b>
Current	31.14	31.14	13.76	5.40	17%
<b>574-National Capital District</b>	<b>53.35</b>	<b>58.35</b>	<b>14.00</b>	<b>25.65</b>	<b>44%</b>
<b>Compensation Of Employees[GFS]</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-0.01</b>	<b>0%</b>
Wages and Salaries in Cash	0.00	0.00	0.00	-0.01	0%
<b>Use of goods and services [GFS]</b>	<b>3.00</b>	<b>8.00</b>	<b>6.00</b>	<b>17.66</b>	<b>221%</b>
Use of Goods and Services	3.00	8.00	6.00	17.66	221%
<b>Grants</b>	<b>43.44</b>	<b>43.44</b>	<b>8.00</b>	<b>8.00</b>	<b>18%</b>
Current	43.44	43.44	8.00	8.00	18%
<b>Other expense</b>	<b>6.91</b>	<b>6.91</b>	<b>0.00</b>	<b>0.00</b>	<b>0%</b>
Current Transfers not elsewhere Classified	6.91	6.91	0.00	0.00	0%
<b>575-Milne Bay Provincial Administration</b>	<b>142.10</b>	<b>142.10</b>	<b>33.48</b>	<b>49.10</b>	<b>35%</b>
<b>Compensation Of Employees[GFS]</b>	<b>64.93</b>	<b>64.93</b>	<b>11.20</b>	<b>32.06</b>	<b>49%</b>
Current	64.93	64.93	11.20	32.06	49%
Wages and Salaries	0.00	0.00	0.00	0.00	0%
Wages and Salaries in Cash	0.00	0.00	0.00	0.00	0%

Details	2018 Budget	revised Budget	Warrant Authorised	June Out-turn	% of Exp vs R/Bud
<b>Grants</b>	<b>77.17</b>	<b>77.17</b>	<b>22.27</b>	<b>17.04</b>	<b>22%</b>
Capital	46.00	46.00	8.00	8.00	17%
Current	31.17	31.17	14.27	9.04	29%
<b>576-Oro Provincial Administration</b>	<b>84.65</b>	<b>84.65</b>	<b>12.82</b>	<b>27.56</b>	<b>33%</b>
<b>Compensation Of Employees[GFS]</b>	<b>37.12</b>	<b>37.12</b>	<b>1.32</b>	<b>17.99</b>	<b>48%</b>
Current	37.12	37.12	1.32	17.99	48%
Wages and Salaries in Cash	0.00	0.00	0.00	0.00	0%
<b>Grants</b>	<b>47.53</b>	<b>47.53</b>	<b>11.49</b>	<b>9.57</b>	<b>20%</b>
Capital	27.00	27.00	3.00	3.00	11%
Current	20.53	20.53	8.49	6.57	32%
<b>577-Southern Highlands Provincial Administration</b>	<b>189.24</b>	<b>189.24</b>	<b>33.68</b>	<b>75.02</b>	<b>40%</b>
<b>Compensation Of Employees[GFS]</b>	<b>94.70</b>	<b>94.70</b>	<b>0.73</b>	<b>49.26</b>	<b>52%</b>
Current	94.70	94.70	0.73	49.26	52%
Wages and Salaries in Cash	0.00	0.00	0.00	0.00	0%
<b>Use of goods and services [GFS]</b>	<b>50.00</b>	<b>50.00</b>	<b>17.00</b>	<b>17.00</b>	<b>34%</b>
Use of Goods and Services	50.00	50.00	17.00	17.00	34%
<b>Grants</b>	<b>44.54</b>	<b>44.54</b>	<b>15.95</b>	<b>8.76</b>	<b>20%</b>
Capital	10.00	10.00	3.00	2.00	20%
Current	34.54	34.54	12.95	6.76	20%
<b>578-Enga Provincial Administration</b>	<b>162.92</b>	<b>162.92</b>	<b>26.78</b>	<b>58.83</b>	<b>36%</b>
<b>Compensation Of Employees[GFS]</b>	<b>77.49</b>	<b>77.49</b>	<b>0.44</b>	<b>38.07</b>	<b>49%</b>
Current	77.49	77.49	0.44	38.07	49%
Wages and Salaries in Cash	0.00	0.00	0.00	0.00	0%
<b>Use of goods and services [GFS]</b>	<b>13.50</b>	<b>13.50</b>	<b>11.00</b>	<b>11.00</b>	<b>81%</b>
Use of Goods and Services	13.50	13.50	11.00	11.00	81%
<b>Grants</b>	<b>71.93</b>	<b>71.93</b>	<b>15.33</b>	<b>9.77</b>	<b>14%</b>
Capital	46.50	46.50	3.00	3.00	6%
Current	25.43	25.43	12.33	6.77	27%
<b>579-Western Highlands Provincial Administration</b>	<b>156.81</b>	<b>156.81</b>	<b>17.10</b>	<b>59.24</b>	<b>38%</b>
<b>Compensation Of Employees[GFS]</b>	<b>91.95</b>	<b>91.95</b>	<b>0.39</b>	<b>46.33</b>	<b>50%</b>
Actual Employers Social Contributions	0.00	0.00	0.00	0.00	0%
Current	91.95	91.95	0.39	46.33	50%
Wages and Salaries in Cash	0.00	0.00	0.00	0.00	0%
<b>Use of goods and services [GFS]</b>	<b>11.52</b>	<b>11.52</b>	<b>0.00</b>	<b>0.00</b>	<b>0%</b>
Use of Goods and Services	11.52	11.52	0.00	0.00	0%
<b>Grants</b>	<b>53.34</b>	<b>53.34</b>	<b>16.72</b>	<b>12.91</b>	<b>24%</b>
Capital	39.00	39.00	10.00	10.00	26%
Current	14.34	14.34	6.72	2.91	20%
<b>580-Simbu Provincial Administration</b>	<b>194.07</b>	<b>194.07</b>	<b>31.90</b>	<b>66.19</b>	<b>34%</b>
<b>Compensation Of Employees[GFS]</b>	<b>83.82</b>	<b>83.82</b>	<b>0.26</b>	<b>42.40</b>	<b>51%</b>
Current	83.82	83.82	0.26	42.40	51%
Wages and Salaries	0.00	0.00	0.00	0.00	0%
Wages and Salaries in Cash	0.00	0.00	0.00	0.00	0%
<b>Use of goods and services [GFS]</b>	<b>14.00</b>	<b>14.00</b>	<b>14.00</b>	<b>14.00</b>	<b>100%</b>
Use of Goods and Services	14.00	14.00	14.00	14.00	100%
<b>Grants</b>	<b>96.25</b>	<b>96.25</b>	<b>17.65</b>	<b>9.80</b>	<b>10%</b>
Capital	56.00	56.00	0.00	0.00	0%
Current	40.25	40.25	17.65	9.80	24%
<b>581-Eastern Highlands Provincial Administration</b>	<b>228.29</b>	<b>228.29</b>	<b>35.51</b>	<b>75.42</b>	<b>33%</b>
<b>Compensation Of Employees[GFS]</b>	<b>92.64</b>	<b>92.64</b>	<b>0.63</b>	<b>49.13</b>	<b>53%</b>
Current	92.64	92.64	0.63	49.13	53%
Wages and Salaries in Cash	0.00	0.00	0.00	0.00	0%
<b>Use of goods and services [GFS]</b>	<b>3.00</b>	<b>3.00</b>	<b>2.00</b>	<b>2.00</b>	<b>67%</b>
Use of Goods and Services	3.00	3.00	2.00	2.00	67%
<b>Grants</b>	<b>132.65</b>	<b>132.65</b>	<b>32.88</b>	<b>24.30</b>	<b>18%</b>
Capital	87.00	87.00	16.00	16.00	18%
Current	45.65	45.65	16.88	8.30	18%
<b>582-Morobe Provincial Administration</b>	<b>285.87</b>	<b>285.87</b>	<b>27.27</b>	<b>106.71</b>	<b>37%</b>
<b>Compensation Of Employees[GFS]</b>	<b>162.91</b>	<b>162.91</b>	<b>4.40</b>	<b>86.06</b>	<b>53%</b>
Current	162.91	162.91	4.40	86.06	53%
Wages and Salaries in Cash	0.00	0.00	0.00	0.00	0%
<b>Use of goods and services [GFS]</b>	<b>4.00</b>	<b>4.00</b>	<b>2.00</b>	<b>2.00</b>	<b>50%</b>
Use of Goods and Services	4.00	4.00	2.00	2.00	50%
<b>Grants</b>	<b>111.33</b>	<b>111.33</b>	<b>20.87</b>	<b>18.66</b>	<b>17%</b>
Capital	96.00	96.00	18.00	18.00	19%
Current	15.33	15.33	2.87	0.66	4%
<b>Non-financial assets</b>	<b>7.63</b>	<b>7.63</b>	<b>0.00</b>	<b>0.00</b>	<b>0%</b>
NFA:Fixed assets	7.63	7.63	0.00	0.00	0%



Details	2018 Budget	revised Budget	Warrant Authorised	June Out-turn	% of Exp vs R/Bud
<b>583-Madang Provincial Administration</b>	<b>235.66</b>	<b>235.66</b>	<b>31.06</b>	<b>84.00</b>	<b>36%</b>
<b>Compensation Of Employees[GFS]</b>	<b>112.80</b>	<b>112.80</b>	<b>0.73</b>	<b>57.83</b>	<b>51%</b>
Actual Employers Social Contributions	0.00	0.00	0.00	0.00	0%
Current	112.80	112.80	0.73	57.83	51%
Wages and Salaries in Cash	0.00	0.00	0.00	0.00	0%
<b>Use of goods and services [GFS]</b>	<b>20.00</b>	<b>20.00</b>	<b>2.00</b>	<b>2.00</b>	<b>10%</b>
Use of Goods and Services	20.00	20.00	2.00	2.00	10%
<b>Grants</b>	<b>102.86</b>	<b>102.86</b>	<b>28.33</b>	<b>24.17</b>	<b>23%</b>
Capital	60.00	60.00	12.00	12.00	20%
Current	42.86	42.86	16.33	12.17	28%
<b>584-East Sepik Provincial Administration</b>	<b>221.42</b>	<b>221.42</b>	<b>35.71</b>	<b>69.97</b>	<b>32%</b>
<b>Compensation Of Employees[GFS]</b>	<b>96.68</b>	<b>96.68</b>	<b>0.73</b>	<b>46.85</b>	<b>48%</b>
Actual Employers Social Contributions	0.00	0.00	0.00	0.00	0%
Current	96.68	96.68	0.73	46.85	48%
Wages and Salaries in Cash	0.00	0.00	0.00	0.00	0%
<b>Use of goods and services [GFS]</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>1.00</b>	<b>50%</b>
Use of Goods and Services	2.00	2.00	2.00	1.00	50%
<b>Grants</b>	<b>121.74</b>	<b>121.74</b>	<b>32.47</b>	<b>22.13</b>	<b>18%</b>
Capital	68.00	68.00	14.00	13.00	19%
Current	53.74	53.74	18.47	9.13	17%
<b>Non-financial assets</b>	<b>1.00</b>	<b>1.00</b>	<b>0.50</b>	<b>0.00</b>	<b>0%</b>
NFA:Fixed assets	1.00	1.00	0.50	0.00	0%
<b>585-Sandaun Provincial Administration</b>	<b>138.07</b>	<b>138.07</b>	<b>26.50</b>	<b>44.37</b>	<b>32%</b>
<b>Compensation Of Employees[GFS]</b>	<b>52.47</b>	<b>52.47</b>	<b>0.43</b>	<b>25.77</b>	<b>49%</b>
Current	52.47	52.47	0.43	25.77	49%
Wages and Salaries in Cash	0.00	0.00	0.00	0.00	0%
<b>Grants</b>	<b>85.60</b>	<b>85.60</b>	<b>26.08</b>	<b>18.60</b>	<b>22%</b>
Capital	49.00	49.00	10.00	10.00	20%
Current	36.60	36.60	16.08	8.60	24%
<b>586-Manus Provincial Administration</b>	<b>52.45</b>	<b>52.45</b>	<b>6.75</b>	<b>19.01</b>	<b>36%</b>
<b>Compensation Of Employees[GFS]</b>	<b>27.67</b>	<b>27.67</b>	<b>0.61</b>	<b>14.00</b>	<b>51%</b>
Current	27.67	27.67	0.61	14.00	51%
<b>Use of goods and services [GFS]</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>100%</b>
Use of Goods and Services	1.50	1.50	1.50	1.50	100%
<b>Grants</b>	<b>23.28</b>	<b>23.28</b>	<b>4.64</b>	<b>3.50</b>	<b>15%</b>
Capital	18.50	18.50	2.50	2.50	14%
Current	4.78	4.78	2.14	1.00	21%
<b>587-New Ireland Provincial Administration</b>	<b>87.07</b>	<b>87.07</b>	<b>8.87</b>	<b>33.01</b>	<b>38%</b>
<b>Compensation Of Employees[GFS]</b>	<b>49.83</b>	<b>49.83</b>	<b>1.50</b>	<b>25.99</b>	<b>52%</b>
Current	49.83	49.83	1.50	25.99	52%
Wages and Salaries in Cash	0.00	0.00	0.00	0.00	0%
<b>Use of goods and services [GFS]</b>	<b>7.40</b>	<b>7.40</b>	<b>5.40</b>	<b>5.40</b>	<b>73%</b>
Use of Goods and Services	7.40	7.40	5.40	5.40	73%
<b>Grants</b>	<b>29.83</b>	<b>29.83</b>	<b>1.96</b>	<b>1.63</b>	<b>5%</b>
Capital	25.10	25.10	1.00	1.00	4%
Current	4.73	4.73	0.96	0.63	13%
<b>588-East New Britain Provincial Administration</b>	<b>183.17</b>	<b>183.17</b>	<b>18.13</b>	<b>63.90</b>	<b>35%</b>
<b>Compensation Of Employees[GFS]</b>	<b>93.01</b>	<b>93.01</b>	<b>0.49</b>	<b>47.33</b>	<b>51%</b>
Actual Employers Social Contributions	0.00	0.00	0.00	0.00	0%
Current	93.01	93.01	0.49	47.33	51%
Wages and Salaries in Cash	0.00	0.00	0.00	0.00	0%
<b>Use of goods and services [GFS]</b>	<b>14.00</b>	<b>14.00</b>	<b>13.00</b>	<b>13.00</b>	<b>93%</b>
Use of Goods and Services	14.00	14.00	13.00	13.00	93%
<b>Grants</b>	<b>61.16</b>	<b>61.16</b>	<b>4.64</b>	<b>3.57</b>	<b>6%</b>
Capital	39.00	39.00	0.00	0.00	0%
Current	22.16	22.16	4.64	3.57	16%
<b>Non-financial assets</b>	<b>15.00</b>	<b>15.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0%</b>
NFA:Fixed assets	15.00	15.00	0.00	0.00	0%
<b>589-West New Britain Provincial Administration</b>	<b>112.26</b>	<b>112.26</b>	<b>14.16</b>	<b>41.09</b>	<b>37%</b>
<b>Compensation Of Employees[GFS]</b>	<b>66.39</b>	<b>66.39</b>	<b>1.35</b>	<b>31.67</b>	<b>48%</b>
Current	66.39	66.39	1.35	31.67	48%
Wages and Salaries	0.00	0.00	0.00	0.00	0%
Wages and Salaries in Cash	0.00	0.00	0.00	0.00	0%
<b>Grants</b>	<b>45.87</b>	<b>45.87</b>	<b>12.81</b>	<b>9.43</b>	<b>21%</b>
Capital	30.00	30.00	6.00	6.00	20%
Current	15.87	15.87	6.81	3.43	22%
<b>590-Autonomous Bougainville Administration</b>	<b>222.38</b>	<b>222.38</b>	<b>55.89</b>	<b>73.91</b>	<b>33%</b>
<b>Compensation Of Employees[GFS]</b>	<b>95.69</b>	<b>95.69</b>	<b>15.44</b>	<b>47.21</b>	<b>49%</b>

Details	2018 Budget	revised Budget	Warrant Authorised	June Out-turn	% of Exp vs R/Bud
Current	95.69	95.69	15.44	47.21	49%
<b>Use of goods and services [GFS]</b>	<b>15.21</b>	<b>15.21</b>	<b>6.00</b>	<b>6.00</b>	<b>39%</b>
Use of Goods and Services	15.21	15.21	6.00	6.00	39%
<b>Grants</b>	<b>111.48</b>	<b>111.48</b>	<b>34.45</b>	<b>20.70</b>	<b>19%</b>
Capital	74.00	74.00	29.00	16.50	22%
Current	37.48	37.48	5.45	4.20	11%
<b>591-Hela Provincial Administration</b>	<b>147.10</b>	<b>147.10</b>	<b>40.46</b>	<b>46.73</b>	<b>32%</b>
<b>Compensation Of Employees[GFS]</b>	<b>39.22</b>	<b>39.22</b>	<b>11.32</b>	<b>21.33</b>	<b>54%</b>
Current	39.22	39.22	11.32	21.33	54%
<b>Use of goods and services [GFS]</b>	<b>11.00</b>	<b>11.00</b>	<b>4.00</b>	<b>2.00</b>	<b>18%</b>
Use of Goods and Services	11.00	11.00	4.00	2.00	18%
<b>Grants</b>	<b>73.89</b>	<b>73.89</b>	<b>24.14</b>	<b>22.40</b>	<b>30%</b>
Capital	34.00	34.00	9.00	8.00	24%
Current	39.89	39.89	15.14	14.40	36%
<b>Non-financial assets</b>	<b>23.00</b>	<b>23.00</b>	<b>1.00</b>	<b>1.00</b>	<b>4%</b>
NFA:Fixed assets	23.00	23.00	1.00	1.00	4%
<b>592-Jiwaka Provincial Administration</b>	<b>132.60</b>	<b>132.60</b>	<b>22.79</b>	<b>41.77</b>	<b>31%</b>
<b>Compensation Of Employees[GFS]</b>	<b>54.74</b>	<b>54.74</b>	<b>7.92</b>	<b>27.32</b>	<b>50%</b>
Actual Employers Social Contributions	0.00	0.00	0.00	0.05	0%
Current	54.74	54.74	7.92	27.27	50%
<b>Use of goods and services [GFS]</b>	<b>0.50</b>	<b>0.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0%</b>
Use of Goods and Services	0.50	0.50	0.00	0.00	0%
<b>Grants</b>	<b>72.86</b>	<b>72.86</b>	<b>14.87</b>	<b>14.45</b>	<b>20%</b>
Capital	34.00	34.00	2.00	2.00	6%
Current	38.86	38.86	12.87	12.45	32%
<b>Non-financial assets</b>	<b>4.50</b>	<b>4.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0%</b>
NFA:Fixed assets	4.50	4.50	0.00	0.00	0%
<b>Grand Total</b>	<b>3,410.10</b>	<b>3,415.10</b>	<b>576.84</b>	<b>1,442.32</b>	<b>42.2%</b>

Source: Department of Treasury.

#### Attachment E:

#### MOVEMENTS IN SECTION 4 TRANSFERS

Date	Particulars /Description	Section 4 Movements				
		Transfer Within		Transfer Out/In		
		Dept	Amount	Dept	Dept	Amount
4/01/2018	To offset salary overrun			207	563	29,040,195
4/01/2018	To offset salary overrun			207	266	193,404,720
4/01/2018	To offset salary overrun			207	234	157,308,667
4/01/2018	Transfer to offset salary overruns.			203	262	38,206,419
5/01/2018	Contra Entry.	229	2,493,898	229	229	
25/01/2018				207	235	100,000,000
7/02/2018	For Lawyers Practising Certificates.	222	61,393	222	222	
7/02/2018	To cater for MSG meeting-9-16 Feb-18			203	207	1,800,000
9/02/2018	arrangement			207	257	500,000
9/02/2018	Retrenchment funding to DPM			207	220	5,000,000
9/02/2018	HDA & LEAVE FARES WITHIN	208	29,700	208	208	
14/02/2018	For MSG			207	208	870,900
14/02/2018	Cater for shortfalls in appropriation	230	2,006,600	230	230	
14/02/2018	Volcano relief operations, Kadovar - ESP			207	232	2,000,000
14/02/2018	redistribution of funds to two new Divs	206	850,000	206	206	
22/02/2018	transfer to 207 PMGH			207	241	22,635,012
22/02/2018	Transfer from Education to 207 Treasury			207	235	501,302,000
26/02/2018	cater for Police women conference -Kimbe	228	947,630	228	228	
26/02/2018	To assist National Honors & Awards Council			203	207	500,000
28/02/2018	Trf to NCOBA ABG Minister Support funds			205	207	250,000
2/03/2018	For bond travel and administrative costs			208	299	1,000,000
5/03/2018	To cater for State Commitment made			203	207	2,000,000
8/03/2018	Transfer from various divisions to corre	235	1,861,000	235	235	
9/03/2018	For Wong Partnership LLP payment.			207	225	4,174,332
9/03/2018	To repay 3 BSP state guaranteed loans.	299	100,000,000	299	299	

Date	Particulars /Description	Section 4 Movements				
		Transfer Within		Transfer Out/In		
		Dept	Amount	Dept	Dept	Amount
13/03/2018	Transfer to Overtime	220	40,000	220	220	
14/03/2018	Contra entry on doc 3045	235	5,000	235	235	
20/03/2018	To facilitate 1qtr programs for LLG Elec			207	230	10,000,000
21/03/2018	Salary & OT payment for NWS Transport			207	259	1,700,000
22/03/2018	to cater for unfunded items			207	259	645,300
22/03/2018	To cater for consul payment for CEO APEC			203	207	500,000
23/03/2018	error and moving to correct vote			207	259	45,000
27/03/2018	To complete Abau District Office constru			207	208	1,885,000
27/03/2018	To replish item 228 for police training	228	921,200	228	228	
27/03/2018	GST for Scan release to Kund. Gen. Hosp	207	358,000	207	207	
9/04/2018	Settlement of legal bills - PM & DoT	207	1,192,000	207	207	
11/04/2018	Trf Disaster Centre DPLLG			207	232	5,000,000
11/04/2018	to cater for operational and o/t for CSD	208	224,100	208	208	
11/04/2018	For reimbursement to MPs' RBF - NP			201	207	2,500,000
13/04/2018	Reinstate WHP LM Allowances Approp	225	117,000	225	225	
13/04/2018	Trf to National Disaster Centre-DPLLG			207	232	2,588,600
16/04/2018	Trf to DPLLG LLG ALLOWANCES			207	232	5,000,000
16/04/2018	Being for leave and overtime	221	230,000	221	221	
16/04/2018	NHC Salary Transfer			207	541	1,000,000
18/04/2018	o/s paymnts to Milbank and Dentons			208	299	57,064
20/04/2018	As per Chief Sec's advice			207	220	500,000
20/04/2018	DJAG & Lands Dept - Task Force			207	252	1,000,000
23/04/2018		228	332,314	228	228	
23/04/2018				207	522	3,000,000
24/04/2018	Purchase of Vehicle	203	70,000	203	203	
25/04/2018	Transfer of OFLC funds to Div. for imple			203	207	2,000,000
25/04/2018	Physical Audit,Western Province			203	207	275,600
27/04/2018	Contra Entry	203	70,000	203	203	
27/04/2018	Purchase of Vehicle	203	70,000	203	203	
30/04/2018	For Green Cloud consultancy payment			206	207	80,000
2/05/2018	to cater for urgent admin expenses	259	1,000	259	259	
4/05/2018	Transfer from 207 to NCC			207	542	1,000,000
4/05/2018	OLC Digitizing fund from item 227 to 233	203	2,000,000	203	203	
7/05/2018	To cater for the transition exercise			207	257	580,000
8/05/2018	To cater for shortfalls in 2018 approp.			207	209	500,000
14/05/2018	Section 3 - Transfer To Sec Advance			223	546	
14/05/2018	For recount of Samarai-Murua & Sohe Ele			207	230	800,000
14/05/2018	For staff o/s SDMA and SPID staff L/Far	208	300,000	208	208	
14/05/2018	To cater for Policy reform activities			207	505	700,000
22/05/2018	Facilitate o/s bills for Lama Hire Cars	207	3,500,000	207	207	
22/05/2018	Facilitate o/s bills for IMHC	207	5,000,000	207	207	
24/05/2018	Retrenchment Program trf DPM			207	220	5,000,000
25/05/2018	Twivey & Norton Rose Lega Bills payments	207	2,554,704	207	207	
25/05/2018	To cater for APEC related costs			207	208	500,000
28/05/2018	Part pymnt of claim No.1 on CSTB No:3322			207	264	2,000,000
30/05/2018	to assist for PNGIMR 50th anniversary	207	10,000	207	207	
31/05/2018	To cater for o/s overtime for GG's Office			202	207	1,477,415
31/05/2018	To cater for SIP montioring programs.			207	267	500,000
31/05/2018	Funding to Provinces for LLG Elections			207	230	4,000,000
1/06/2018	Jacksons International Airport Upgrade			207	537	15,000,000
1/06/2018	To cater for LTI payroll transition			207	510	1,000,000
1/06/2018	PM's Commitment to Sports Commission			207	516	2,500,000
1/06/2018	contra entry for negaitive balance			207	230	100,000
5/06/2018	from om votes under 217 to FM vote 207			207	217	6,464,100
5/06/2018	Settle o/s bills for Kara Hire Car Ltd	207	1,500,000	207	207	
6/06/2018	Transfer to NCD vote rebuild UPNG dormit			207	574	5,000,000
7/06/2018	PNGIPA LEAVE FARES			207	219	280,000



Date	Particulars /Description	Section 4 Movements				
		Transfer Within		Transfer Out/In		
		Dept	Amount	Dept	Dept	Amount
12/06/2018	Transfer to other votes within NDOE	235	2,669,000	235	235	
14/06/2018				207	554	250,000
15/06/2018	Transfer for wages/leave fares and overt	203	770,000	203	203	
18/06/2018	To cater for PM's travel to China.			203	207	2,000,000
18/06/2018	transfer to Transport Dept			259	518	5,000,000
19/06/2018	For Mendi Callout Security Operations			207	234	4,000,000
19/06/2018	Service pymnt BSP State Guaranteed Loans	299	46,250,000	299	299	
19/06/2018	To cater for N/Waste Manage. System			206	207	2,500,000
20/06/2018	Transfer as approved by Sec Treasury			207	264	2,300,000
20/06/2018	Facilitate outstanding bills for IMHC.	207	2,000,000	207	207	
21/06/2018	Transfer as approved by Sec Treasury			207	264	2,000,000
21/06/2018	Urgent payment to Agricom & PNG TTA	207	4,000,000	207	207	
22/06/2018	To cater for legal fees & repairs	254	160,000	254	254	
27/06/2018	Trf to Gas Proj. Office - PM & NEC			203	207	5,000,000
28/06/2018	Debt repayment - BSP state Guarant Loans	299	138,855,000	299	299	
28/06/2018	Payment of P/DSG to the 111 Members			207	267	55,000,000
			<b>321,449,539</b>			<b>1,223,220,324</b>

Source: Department of Treasury.

#### Attachment F:

#### GOODS & SERVICES AND PERSONNEL EMOLUNMENTS EXPENDITURE ACCOUNT TYPE (KINA, MILLION)

Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Bud
<b>Operational</b>	<b>9,562.1</b>	<b>9,769.6</b>	<b>4,895.0</b>	<b>4,255.9</b>	<b>44.51%</b>
<b>Compensation Of Employees[GFS]</b>	<b>4,153.3</b>	<b>4,156.2</b>	<b>1,275.4</b>	<b>2,037.8</b>	<b>49.06%</b>
Current	1,552.1	1,552.1	73.9	785.8	50.63%
Wages and Salaries	1,877.4	1,871.9	866.9	959.4	51.10%
Wages and Salaries in Cash	181.5	184.9	97.8	82.3	45.34%
Wages and Salaries in Kind	78.9	80.2	52.7	34.1	43.22%
Actual Employers Social Contributions	463.5	467.1	184.1	176.2	38.02%
<b>Use of goods and services [GFS]</b>	<b>2,150.4</b>	<b>2,068.2</b>	<b>992.1</b>	<b>771.6</b>	<b>35.88%</b>
To Private Enterprises	17.5	16.7	13.7	10.0	57.14%
Use of Goods and Services	2,133.0	2,051.6	978.4	761.6	35.71%
<b>Subsidies</b>	<b>73.8</b>	<b>73.8</b>	<b>39.6</b>	<b>26.1</b>	<b>35.37%</b>
To other Sectors	73.8	73.8	39.6	26.1	35.37%
<b>Grants</b>	<b>1,213.4</b>	<b>1,213.7</b>	<b>555.7</b>	<b>424.6</b>	<b>34.99%</b>
Current	1,213.4	1,213.7	555.7	424.6	34.99%
<b>Interest [GFS]</b>	<b>1,807.0</b>	<b>2,092.1</b>	<b>1,928.2</b>	<b>930.3</b>	<b>51.48%</b>
To Non-residents	249.1	249.0	249.0	89.3	35.85%
To Residents other than General Government	1,558.0	1,843.1	1,679.2	841.0	53.98%
<b>Net acquisition of financial assets</b>	<b>57.6</b>	<b>56.6</b>	<b>56.6</b>	<b>40.4</b>	<b>70.14%</b>
Use of Goods and Services	57.6	56.6	56.6	40.4	70.14%
<b>Other expense</b>				<b>0.4</b>	<b>0.00%</b>
To other Sectors				0.4	0.00%
<b>Social Benefits [GFS]</b>				<b>0.9</b>	<b>0.00%</b>
Social Assistance Benefits in Cash				0.9	0.00%
<b>Non-financial assets</b>	<b>106.5</b>	<b>109.0</b>	<b>47.2</b>	<b>23.8</b>	<b>22.35%</b>
NFA:Fixed assets	73.4	75.0	29.1	10.8	14.71%
NFA:Information, computer, & telecommunications equipment	13.5	13.5	7.3	6.4	47.41%
NFA:Machinery & equipment other than transport equipment	15.7	16.0	8.2	4.3	27.39%
NFA:Transport equipment	4.0	4.6	2.6	2.3	57.50%
<b>Capital Investment</b>	<b>3,025.4</b>	<b>3,103.0</b>	<b>823.9</b>	<b>646.5</b>	<b>21.37%</b>
<b>Compensation Of Employees[GFS]</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</b>	<b>33.33%</b>
Wages and Salaries in Cash	0.3	0.3	0.2	0.1	33.33%
<b>Use of goods and services [GFS]</b>	<b>1,067.5</b>	<b>1,080.6</b>	<b>360.4</b>	<b>215.2</b>	<b>20.16%</b>

Details	2018 Budget	Revised Budget	Warrant Authorised	June Outturn	(%) of Exp vs Bud
Use of Goods and Services	1,067.5	1,080.6	360.4	215.2	20.16%
<b>Subsidies</b>	<b>20.0</b>	<b>20.0</b>	<b>5.0</b>	<b>-</b>	<b>0.00%</b>
To other Sectors	20.0	20.0	5.0	-	0.00%
<b>Grants</b>	<b>1,113.0</b>	<b>1,168.0</b>	<b>230.6</b>	<b>179.4</b>	<b>16.12%</b>
Capital	849.1	849.1	149.5	132.0	15.55%
Current	263.9	318.9	81.1	47.4	17.96%
<b>Non-financial assets</b>	<b>824.6</b>	<b>834.1</b>	<b>227.7</b>	<b>251.8</b>	<b>30.54%</b>
NFA:Buildings and structures			-		0.00%
NFA:Fixed assets	815.6	825.1	224.4	248.5	30.47%
NFA:Information, computer, & telecommunications equipment	9.0	9.0	3.3	3.1	34.44%
NFA:Other structures				0.2	0.00%
<b>Donor Grants</b>	<b>1,003.0</b>	<b>1,003.0</b>		<b>813.5</b>	<b>81.11%</b>
<b>Use of goods and services [GFS]</b>	<b>555.8</b>	<b>555.8</b>		<b>456.4</b>	<b>82.12%</b>
Use of Goods and Services	555.8	555.8		456.4	82.12%
<b>Grants</b>	<b>50.0</b>	<b>50.0</b>		<b>41.3</b>	<b>82.60%</b>
Current	50.0	50.0		41.3	82.60%
<b>Other expense</b>	<b>249.6</b>	<b>249.6</b>		<b>165.0</b>	<b>66.11%</b>
Current Transfers not elsewhere Classified	249.6	249.6		165.0	66.11%
<b>Non-financial assets</b>	<b>147.6</b>	<b>147.6</b>		<b>150.8</b>	<b>102.17%</b>
NFA:Fixed assets	147.6	147.6		150.8	102.17%
<b>Concessional Loans</b>	<b>615.5</b>	<b>615.5</b>		<b>162.5</b>	<b>26.40%</b>
<b>Use of goods and services [GFS]</b>	<b>70.0</b>	<b>70.0</b>		<b>22.1</b>	<b>31.57%</b>
Use of Goods and Services	70.0	70.0		22.1	31.57%
<b>Other expense</b>	<b>132.2</b>	<b>132.2</b>		<b>30.6</b>	<b>23.15%</b>
Current Transfers not elsewhere Classified	132.2	132.2		30.6	23.15%
<b>Non-financial assets</b>	<b>413.3</b>	<b>413.3</b>		<b>109.8</b>	<b>26.57%</b>
NFA:Fixed assets	413.3	413.3		109.8	26.57%
<b>Grand Total</b>	<b>14,206.0</b>	<b>14,491.1</b>	<b>5,718.9</b>	<b>5,878.2</b>	<b>41.38%</b>

Source: Department of Treasury