



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

**2020**

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## FOREWORD

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COVID-19 has provided the most difficult backdrop to economic and fiscal management encountered in PNG for many decades. The challenges are likely to continue for some time yet, and may even get worse. It has been a great challenge not only for the Government but also for our people and our businesses. These adverse conditions have been shared with all nations. We need to go back a century for a pandemic as bad, and back to the Great Depression 90 years ago for such a global economic downturn. These are unprecedented times.

This MYEFO report is the first report issued by the Treasury since the pandemic took hold, and clearly shows the fiscal and financial impact of this devastating virus on much of the first half of the year. The execution of the 2020 Budget, as in all countries, has been seriously challenged. According to the International Monetary Fund, the world economy will shrink by 4.9 per cent and government borrowing around the world will rise by 13.9 per cent of GDP in a single year.

At the start of 2020, and prior to COVID-19 taking hold, business conditions remained subdued after the previous Government's mismanagement. It takes time to turn an economic ship around, although the economy did pick up by nearly 6 per cent from a small recession in 2018 under the previous government to a moderate recovery in 2019. Lower company tax collections, tight cash flow conditions and poor employment outcomes at the start of the year reflected this. The onset of the COVID-19 pandemic exacerbated these conditions, dramatically changing things for the worse from early March 2020.

This has seriously impacted the Government's revenue from both tax and non-tax sources and increased the need for expenditure, particularly towards the COVID-19 response and to meet critical demands for economic stimulus. COVID-19 containment measures globally have reduced external demand for PNG's major export commodities and lowered the prices we receive for most of our commodities, especially oil and LNG. At the same time necessary domestically implemented preventive measures have reduced domestic demand here in PNG. The experience of other countries is that a failure to act quickly enough and have time to prepare has even worse economic impacts.

This Mid-Year Economic and Fiscal Outlook (MYEFO) report by the Treasury projects the PNG economy will contract in nominal terms from an initial 2020 Budget estimate of K92,206 million down to K81,497 million. Globally, and after allowing for inflation, the COVID-19 pandemic has reversed growth from an estimated positive 3.3 per cent forecast in January 2020, down to a negative forecast in June 2020 of 4.9 per cent, and a likelihood that this figure will be reduced even further in the next update. In contrast, PNG is doing much better with a negative impact on real growth only about half the adverse impact faced by other countries. The PNG economy is expected to have real growth of negative 3.0 per cent in 2020, down from the positive 2.0 per cent growth anticipated at the time of the 2020 Budget. The contraction is broad-based and cuts across all sectors of the economy. Lower export earnings and lower US dollar denominated tax and dividend payments means that the foreign exchange market will continue to be short of foreign currencies for the foreseeable future, although the Government's successful external borrowing efforts in 2020 should cushion the impact on the market, and foreign reserves remain sufficient.

When examining the reduction in the nominal size of the PNG economy, the Treasury estimates that over 85 per cent of the reduction is due to the impacts of COVID-19.

The Government, in line with the policy response around the world, has responded and offset some of the worst economic effects of this pandemic. The pandemic has hurt the prospects of multiple sectors, particularly transport, accommodation, tourism and more vulnerable business sectors, including SMEs. The fall in international commodity prices, particularly oil and LNG, has also had dramatic impacts on our economy. Given debt sustainability concerns, the Economic Stimulus Package set out in my Ministerial Statement in April, with an update in June, focused on non-budget measures to stimulate the economy. Measures to provide early access to superannuation arrangements are about to be put into effect after initial legislative delays. This is estimated to provide around K600 million to the families of workers who have lost their jobs. Monetary policy actions such as lowering interest rates and cash reserve requirements were expected to support a further K600 million in loan and repayment support for our private sector. Recent figures from BPNG indicate that this has proceeded well, with an estimated K1,785 million in loans benefitting from the repayment moratorium.

The Government has also provided budget funds to the emergency response to COVID-19. The Government provided an initial response package of K45.3 million focused on health programs. As part of the K5.7 billion Economic Stimulus Package, a further K600.0 million was allocated. This was split between two main programs - Health and Security (K280.0 million) and Economic Support (K320.0 million). A key driver behind the package was to focus on decentralized action, with significant funding directed to provincial and district administrations. This was based on learnings from the policy failures around the 2015 Drought and Frost disaster response. A major priority has also been given to supporting agriculture and micro, small and medium enterprises.

Let me address the fiscal outturn over the first half of 2020. During this time, the Government expended K6,900.4 million, or 38.9 per cent, of the non-donor budget for 2020. This expenditure was financed by a total revenue envelope of K4,814.6 million, much less than was expected in the budget, and the remaining deficit of K2,085.8 million (2.6 per cent of GDP) was financed by net borrowing. Over the first half of 2020, the Government raised net financing of K3,207.2 million, in excess of the fiscal deficit for the half, with the difference (K1,121.4 million) held as cash balances.

The end June 2020 revenue collection of K4,814.6 million, was just over a third of the original budget forecast. Revenue collection performance has been poor across corporate income taxes, goods and services tax, mining and petroleum taxes and non-tax revenue collections. The Supreme Court judgement on the *PMMR Act* has also rendered a substantial portion of the Government's income source at risk. As a result, revenue estimates for 2020 (on a no-additional policy change basis) have been downgraded in this MYEFO by K2,736.3 million.

Total Government expenditure will be adjusted based on first half trends and the 2020 Supplementary Budget to K17,989 million. This is a reduction of K737 million from the original 2020 Budget. In addition, the Government has absorbed the full, K645.3 million, domestic COVID-19 costs, discussed before as part of our crucial response to this crisis. Combined, this represents a major fiscal consolidation. The policy preference would have been to increase expenditure to support the economy in these most difficult of times. However, after years of economic mismanagement, and a build-up in debt and arrears from K8 billion in 2012 to K37 billion by 2019, and with interest costs rising from K460 million in 2012 to K2,102 million in 2019, there was a need to balance the importance of lifting expenditure with longer-term debt sustainability. The Government has chosen a balanced and responsible course through this exceedingly difficult trade-off. The Government will instead target the most economically beneficial expenditures, including the stimulus measures and PIP spending.

We estimate that the fiscal deficit will rise from the 2020 budgeted level of K4,631 million to K6,630 million by the end of 2020. The increase in the estimated deficit is driven by the

substantial decline in revenue. It is partially offset by the government's decision to identify savings of K737 million. This represents a conservative fiscal approach in the context of a global pandemic. However, to re-iterate this point, after eight years of excessive debt build-ups, there was a need to balance the desirability of government expenditure to support the economy with longer-term debt sustainability.

The nominal fall in GDP is enough to lift the 2020 Budget debt to GDP ratio from 40.3 per cent to 45.6 per cent. By itself, without any change in debt levels, this would have led to the 2020 Budget exceeding the 45 per cent limit in the Fiscal Responsibility Act (FRA). The extraordinary fall in government revenues, partly offset by expenditure reductions, lifts the deficit by K1,999 million and the debt to GDP ratio to 48.9 per cent. Looking forward, the impacts of COVID-19 are expected to continue into 2021, with scenarios lifting the debt to GDP ratio to over 55 per cent even with improved revenues and severe constraints on the operating budget.

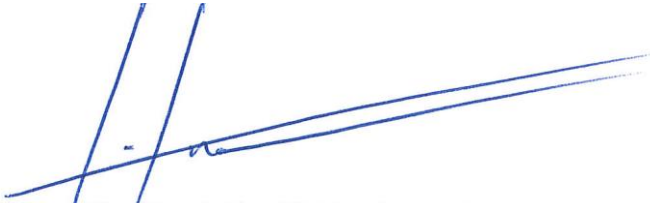
The Supplementary Budget will contain changes to the FRA to accommodate this outlook, while retaining the longer-term debt targets. Debt sustainability is arguably better measured by examining other ratios that take account of the whether debt is cheap or expensive. The work done by the Government to lower interest costs, as well as work with the Paris Club COVID-19 initiative to defer official bilateral debt costs, is partially reflected in reductions in estimated debt interest costs in 2020 of K64 million. This allows the Government to carry a larger, cheaper debt burden to respond to the crisis.

Given the MYEFO estimates, the financing requirement for 2020 (excluding the use of cash balances) is projected to increase to K6,360 million – up from the 2020 Budgeted Total Net Borrowing requirement of K4,631 million. COVID-19 has required a re-planning of financing options. The Government announced a planned issuance of K2.5 billion in domestic Treasury Bonds, of which K2.1 billion had already been issued by end June 2020, and executed a Rapid Credit Facility with the IMF, raising K1,258.3 million. And as conditions changed, our plans for international partnerships changed. The Government suspended pursuit of ADB's Partial Credit Guarantee scheme due to increasing costs and poor emerging market bond conditions that would not make this a favourable debt instrument. We also suspended the World Bank's second Economic and Fiscal Resilience Development Policy Operation as it conflicted with the necessary response to COVID-19 economic pressures. However, the Government continues to take advantage of all available facilities in response to the COVID crisis. Negotiations are underway for emergency financing from the World Bank and ADB through their additional COVID-19 emergency response facilities, which more than offsets these reductions. Support is being received from bilateral partners and Australia remains committed to re-financing the EFA loan and providing additional support for PNG in 2020.

There is the prospect that much of the remaining international financing will arrive late in the year. Until then, there is a risk that cash flow will become even tighter. In line with international practice, PNG has a temporary advance facility from its central bank. However, PNG's level is very low relative to other countries, and has fallen over the last twenty years as a share of government revenues and expenditures. Given the importance of ensuring sufficient cash flows within the year while waiting for the remaining international support, the government is looking to amend the Central Banking Act to increase these temporary advance limits. These funds have to be repaid within 12 months and are subject to monetary policy requirements. The change does not constitute direct quantitative easing – it is simply a lift in an existing facility to better manage within year cash flows. As the temporary advance has to be repaid at the end of the year, it is not part of budget deficit financing.

Given the figures in the 2020 MYEFO, and in response to COVID-19, the Government will undertake a Supplementary Budget. We are pleased to be able to say that we have twice

agreed a macro-fiscal framework with our international partners, both through our International Monetary Fund Staff Monitored Program and the Rapid Credit Facility support. This has helped us maintain credibility internationally and get buy in for the Government's policy response. This has allowed us to work with the international community to support the PNG people through these extraordinary times – a once-in-a-century war on the COVID-19 pandemic. We thank our friends in the international community for their increased levels of support. We thank our people, especially our front-line health workers taking on so much. We grieve with families who have lost loved ones, and fear that more grieving is to come. So much more could have been done if the cupboard wasn't so bare after years of economic mismanagement. The Marape-Stevens Government continues to drive its vision for sustainable broad-based growth. PNG will emerge from this war on COVID-19 stronger than ever before.



**HON. IAN LING-STUCKEY, CMG. MP**  
**Minister for Treasury**

## INTRODUCTION

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The purpose of the MYEFO Report, as prescribed in the FRA (Section 11), is to provide updated fiscal information, especially for the current financial year, discuss any revisions to the fiscal parameters and implications for the budget strategy and medium-term fiscal strategy, and provide an explanation of government revenue and expenditure since the Budget to allow the Parliament and the public to assess developments against those set out in the 2020 Budget.

The MYEFO essentially covers the General Government fiscal and financial operations in the government sector and is required to be based on the same reporting standards as the 2020 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

The first half of the year 2020 has been an enormously challenging environment in which to execute the National Budget, compounded further as PNG enters its second lockdown on fears of community contamination of the COVID-19 virus. At the end of 2019 and at the start of 2020, and prior to the adverse COVID-19 impact, business conditions in PNG remained subdued and were worse than anticipated in the 2020 budget. This was reflected in lower company tax collections, tight cash flow conditions and poor business conditions. The onset of the COVID-19 pandemic exacerbated these already subdued conditions, dramatically changing things for the worse from early March 2020.

The deterioration in domestic and international economic conditions has adversely and seriously impacted the Government's revenue from both tax and non-tax sources and increased the demand for expenditure, particularly towards the COVID-19 response and to meet demands for economic stimulus. They are expected to continue to affect the economy and budget up until at least 2021. The expansionary budget strategy set in 2020 to repay Government arrears, contain operational spending and expand the development budget, is under significant stress and the financing mix has been altered in response.

The performance of the PNG economy in the first half of 2020 has been adversely impacted by the COVID-19. The closure of the Porgera Mine, perhaps for a significant period, as well as the protracted negotiations over the LNG projects, have exacerbated weak economic conditions and the outlook for the economy. The COVID-19 containment measures globally have reduced external demand for PNG's major export commodities, while domestically implemented preventive measures have reduced domestic demand.

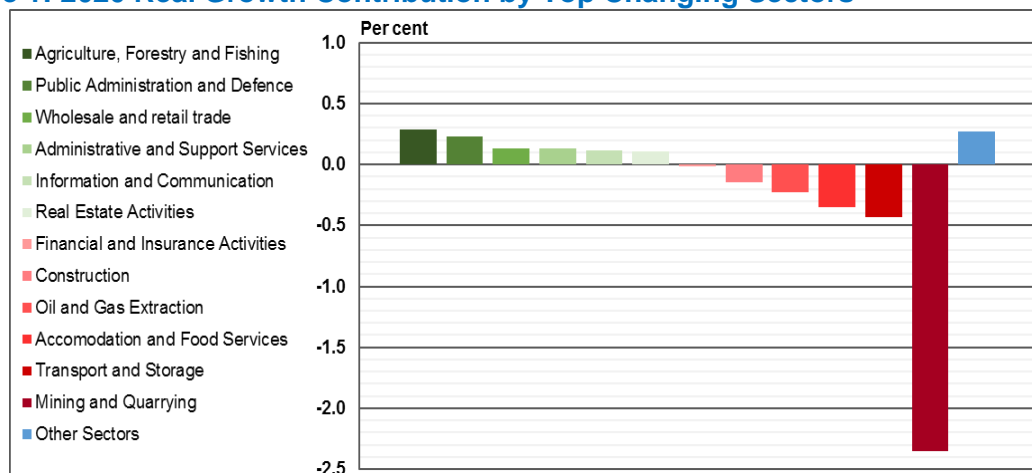
This year's Mid-Year Economic and Fiscal Outlook (MYEFO) report projects the PNG economy to contract by (negative) 3.0 per cent, an overall reduction of 5.0 percentage points from the 2020 Budget forecast of 2.0 per cent growth. Whilst the impact is significant, it is substantially better than many other countries that have recorded dramatic declines in GDP. The projected contraction is broad-based and cuts across all sectors of the economy. Sector projections for real GDP comprise:

- Transport (-20.0 per cent detraction from growth), accommodation (-20.8 per cent) and construction (-2.5 per cent);
- Mining and Quarrying (-20.2 per cent detraction from growth) - impacted by a combination of lower average copper prices over the first 5 months of 2020 and the closure of the Porgera and Ok Tedi mines. This sector accounts for 11.6 per cent of GDP; and
- Oil and Gas Sector (-1.1 per cent detraction from growth), mostly due to changes to base level production volumes from which sector growth is extrapolated. The 2020 Budget growth estimate was based on higher projected 2019 LNG production volumes. This was revised and replaced by a lower actual volume for 2019 LNG production from which MYEFO's growth projection is estimated, hence a further detraction from growth of 1.1 per cent. Nonetheless, its impact is significant given the sector accounts for



21.0 per cent of GDP. Importantly, the impact of much lower prices will be felt more on nominal GDP or sector income flows.

**Figure 1: 2020 Real Growth Contribution by Top Changing Sectors**



Source: Department of Treasury

The MYEFO projects the Non-Resource sector to contract by (negative) 0.6 per cent this year in real terms. Major sub-sectors, i.e. Agriculture, Forestry and Fisheries (18.0 per cent contribution to overall GDP), Wholesale and Retail (9.0 per cent), and Construction (6.0 per cent) are expected to contract, driving the weakening.

On the monetary front, the Kina exchange rate has continued its depreciation against the US Dollar over the first half of 2020, although there has been some improvement in the demand-supply balance due to the reduction of foreign exchange orders for imports, resulting in a reduced but continuing supply shortfall in the commercial market for foreign exchange. Moreover, the expectation of reduced export earnings and lower US Dollar denominated tax and dividend payments means that the foreign exchange market may continue to remain short for some time, further depressing business sentiment and capital inflows. The Government's efforts in 2020 to finance a significant portion of its fiscal deficit from US Dollar denominated external borrowings will support BPNG's reserves, and is expected to underpin further foreign exchange support to the market over the second half.

## Fiscal update

**Table 1: Estimated and Projected Outcomes**

| Details   | 2019 Actual     | 2020 Budget     | June Outturn    | 2020 MYEFO      |
|---|-----------------|-----------------|-----------------|-----------------|
| Total Revenue & Grants                          | 13,680.5        | 14,095.4        | 4,814.6         | 11,359.1        |
| Total Expenditure & Net Lending                 | 17,852.5        | 18,726.5        | 6,900.4         | 17,989.3        |
| <b>Net Lending (+)/Net Borrowing (-)</b>        | <b>-4,172.0</b> | <b>-4,631.1</b> | <b>-2,085.8</b> | <b>-6,630.2</b> |
| <b>% of GDP</b>                                 | <b>-4.9%</b>    | <b>-5.0%</b>    | <b>-2.6%</b>    | <b>-8.1%</b>    |
| Cash Balance                                    | -783.9*         | 0.0             | 1,121.4**       | -445.6          |
| Adjusted Net Lending (+) / Net Borrowing (-)    | -3,388.1        | -4,631.1        | -3,207.2        | -6,184.8        |
| Total Public Debt Stock (Based on 2019 Actuals) | 33,666.9***     | 37,185.0        | 36,874.0        | 39,851.5        |
| <b>Debt as a % of GDP</b>                       | <b>39.8%</b>    | <b>40.3%</b>    | <b>45.2%</b>    | <b>48.9%</b>    |
| <b>GDP (K'm)</b>                                | <b>84,554.1</b> | <b>92,206.2</b> | <b>81,497.1</b> | <b>81,497.1</b> |

Source: Department of Treasury

\*Includes cash balance drawdown from trusts. 2019 Trust balance was accrued in the Sovereign Bond trust account brought forward from 2018. 2020 Trust balances were accrued in external borrowing trust accounts from the World Bank and ADB external borrowings in 2019, brought forward into 2020.

\*\* Trust Balance (proceeds from the IMF loan - RCF).

\*\*\* Debt Stock excludes Cash Balance draw down of K1,228.6m from 2018 which is already captured in the debt books in 2018.

In the first half of the year, the Government expended K6,900.4 million or 36.8 per cent of the total appropriation for 2020 (expenditure excludes any expenditures on grant funded donor projects, for which information is not currently available). The expenditure was financed by a total revenue envelope of K4,814.6 million or 34.2 per cent of the revenue expected for the year at the time of the 2020 Budget, and the remaining deficit of K2,085.8 million (2.6 per cent of GDP) was financed by net borrowing. Over the first half of 2020, the Government raised net financing of K3,207.2 million (3.9 per cent of GDP), in excess of the fiscal deficit for the half, with the difference (K1,121.4 million<sup>1</sup>) held in the Trust Accounts as cash balances, available to be drawn down over the second half to meet expenditures including debt service. The Government's stock of debt at mid-year stands at 45.2 per cent of GDP.

In 2020 the Government is projecting the fiscal deficit to rise from the 2020 budgeted level of K4,631.1 million (-5.0 per cent of GDP) to K6,630.2 million (-8.1 per cent of GDP) by the end of 2020. This mainly reflects estimated revenue shortfall of K2,736.3 million. Expenditure outcome has been revised based both on projection and policy response by the government to contain the deficit spending. Significant financing inflows in the first half came from the COVID-19 bond issuance and from the International Monetary Fund (IMF) Rapid Credit Facility (RCF). Financing the budget deficit under the MYEFO estimate for 2020 is estimated to raise the Government's debt stock to 48.9 per cent of GDP by year's end. This level breaches the *Fiscal Responsibility Act's (FRA)* prescribed upper limit of 45.0 per cent.<sup>2</sup>

In the first half of 2020, the Government raised K3,207.2 million in financing: K2,023.7 million (in net terms) came from the domestic market predominately from the special COVID-19 Treasury Bond issuances (net K1,439.6 million for bonds) and Treasury Bill issuances (net

<sup>1</sup> Balance at Trust accounts at a given point in time.

<sup>2</sup> The Treasury is in the process of establishing a general government debt series which includes the debt of provincial and local level governments, as well as liabilities to NSL. Also under the FRA amendments, the GDP estimate methodology and calculation done by Treasury is also required to now based on international best practice according to IMF standards. This changed approach is also in the process of development. Consequently, with the inclusion of the broader debt measure and the changed GDP estimation process, the debt ratio is likely to be higher than that stated in this MYEFO.

K638.5 million), with the difference relating to the repayment of K54.3 million from a called guaranteed loan; K1,183.5 million additional (i.e. in net terms) was borrowed from the external market, predominately from the drawdown of the IMF RCF of K1,258.3 million (USD363.0 million equivalent) as well as other concessional loans less a large commercial loan repayment on Credit Suisse.

The Government is expected to cover the remaining MYEFO estimated financing requirement for 2020 from the final tranche of the COVID-19 Treasury Bond (K456.0 million), additional domestic debt issuance and external concessional sources currently under negotiations. These include bilateral budget support from Australia and other bilateral partners and multilateral emergency and policy linked funds from the ADB and World Bank. Although the amounts are currently under negotiations, the indications are that these will be sufficient to cover the estimated remaining financing gap for 2020.

The Government will also utilise all remaining cash balances that were carried forward from 2019.

### **Revenues and Expenditures in 2020**

In 2020, the revenue estimate in this MYEFO has been revised down from K14,095.4 million to K11,359.1 million (13.9 per cent of GDP).

At the mid-year juncture, revenue collections are K4,814.7 million or 34.2 per cent of the original budget forecast, when this should have been closer to 40.0 per cent of collections as per the Government's revenue schedule. Revenues are already trailing in Corporate Income Tax (companies reduced provisional tax payment to preserve cash flow) and Goods and Services Tax (indications of slow consumption). Mining and Petroleum Taxes were also underpaid as their advance tax payments were affected by a low-mineral price environment and variable international demand conditions. However, a significant impact in the estimated revenue decline is due to much lower Non-tax revenue collections which were only K264.2 million by mid-year 2020 (13.2 per cent of the 2020 budget estimates).

For the remaining part of 2020, the ongoing impact of COVID-19 on business activity, international trade and domestic demand is likely to reduce expectations for tax revenue collections further over the second half of 2020. Dividends are also considered to be at risk as past experience has suggested PNG's state-owned enterprises are sensitive to negative external shocks. The Supreme Court judgement on the PMMR Act has also rendered a substantial portion of the government's income source at risk. As a result, revenue estimates for 2020 have been downgraded in this MYEFO by K2,736.3 million, comprising reductions of K1,660.7 million in Tax and K1,075.6 million in Non-tax revenues.

Total Government expenditure in 2020 is now being projected at an aggregate of K17,989.3 million. The budget estimate is largely, to ensure continuity of operational service delivery and implementation of key capital projects, maintaining the Government's efforts to the COVID-19 pandemic response and implementation of the economic stimulus package.

The Government remains on track to deliver the full budget for compensation of employees in 2020, having expended 47.5 per cent of the 2020 Budget by mid-year and also eliminating arrears from the 3.0 per cent pay increment due for 2019. In the second half the government is expected to implement the 2020 retirement program (K430.0 million), which was slightly disrupted due to Covid-19 early in the year. Other constitutionally guaranteed payments such as functional grants for provinces, interest payments, GST and BTT transfers remain on schedule.

The two main items currently trailing significantly in expenses are the operational outlays of the government agencies for goods and services and the Government's Public Investment Program (PIP). Essentially, this represents lower spending by government agencies, excluding those in the health sector, which were deemed non-essential during the 2.5 months long State of Emergency and which had to scale back operations. This also created room to re-allocate funding towards the COVID-19 emergency response program. Expenditure under these items at mid-year was 30.9 per cent and 27.6 per cent respectively, well behind their pro-rata 2020 budget ceilings.

With the disruption to service delivery in non-essential sectors expected to continue over the second half of 2020, a number of these expenditures will be removed from the appropriations for 2020 and some of these will be replaced by programs in health for the Government's response to Covid-19 pandemic and towards the Economic Stimulus Package. The overall outcome would be an aggregate expenditure target of K17,989.3 million in 2020.

## **Financing**

The 2020 Budgeted Total Net Borrowing requirement was K4,631.1 million. Given the MYEFO estimates, the financing requirement for 2020 is now being re-estimated to K6,184.7 million with the remaining fiscal gap of K445.6 million funded through a drawdown in cash balances left from 2019.

The first half of the year has substantially revised the sources of financing as a number of sources identified initially have been suspended while others have presented themselves due to the emergency scenario. The Government announced a planned issuance of K2.5 billion in domestic Treasury Bonds, of which K2.1 billion has already been issued in the market by end June 2020. The Government executed the IMF RCF at 100.0 per cent of quota (offered under emergency provisions for pandemic response) raising K1,258.3 million. These two facilities along with Treasury Bill issuances have underpinned deficit financing in the first half of 2020.

Under external financing, the Government has now suspended pursuit of ADB's Partial Credit Guarantee scheme, which proved uneconomic given current international market conditions, and the World Bank's second Economic and Fiscal Resilience Development Policy Operation (DPO) due to the reversal in the fiscal trajectory as a result of COVID-19. As a substitute, negotiations are now underway for emergency financing from the World Bank under a separate policy linked program. The ADB has also raised an additional COVID-19 emergency response facility which will also be accessed by the Government.

Bilateral support is being provided by Australia to refinance the EFA bridging loan and provide additional budget support for 2020. We are also exploring options with other bilateral partners. Consultations are underway to finalise arrangements.

PNG is also now in consultation with bilateral lenders who are members of the Paris Club, under the G20 Debt Service Suspension Initiative (DSSI), to postpone debt service payments related to various bilateral/official loans. This will create additional room in the budget for 2020 as debt service payments due in 2020 are likely to be deferred. This could potentially create an additional K75.7 million in fiscal savings. The maturity period for the deferred debt payments is 4 years including a 1-year grace period.

## **COVID-19 Expenditure Summary**

For the emergency response to COVID-19, and as part of a K5.7 billion Economic Stimulus Package, K600.0 million was carved out of the Operational and Capital Budget and redirected to new 'votes' established using the Treasury and Finance Miscellaneous vote. As per NEC

decisions (Dec. 133 and 134), expenditures were divided into two main programs - Health and Security containment (K280.0 million) and Economy Support programs (K320.0 million). This is further to K45.0 million released earlier bring the total COVID emergency response for the Government up to K645.0 million.

At the mid-year point, total warrants released under this allocation have amounted to K437.5 million or 72.9 per cent of the Revised Appropriation, of which the main programs that have had their budget released are: Wash Programs for Districts (K60.0 million); Health Sector (K67.0 million); Security & Defense Boarder Posts (K113.0 million); Citizens repatriation program (K15.0 million); food distribution programs through churches and city authorities (K5.0 million); Agriculture Development for Provinces and Districts (K111.0 million); and MSME's and households (K44.5 million).

Total year-to-date expenditure under the COVID-19 emergency response program amounted to only K93.1 million or 21.3 per cent of the total warrants released to date. The lower expenditure outcome is due to bulk of the warrants being released late in May and June.

## **1.2 ECONOMIC OUTLOOK**

### **International Economic Outlook – More Severe Economic Fallout and an Uncertain Recovery**

The sharp deterioration in the global economic environment and outlook following the onset of the COVID-19 pandemic continues to impact the PNG economy adversely through trade and capital flows related to PNG's key primary export commodities from the mining, agriculture, fishery and forestry sectors that form an important part of PNG's GDP.

The IMF, in its World Economic and Outlook (WEO) report for June 2020, cautioned that global growth was projected to contract further to -4.9 per cent, more severe than its forecast in the April 2020 WEO. According to the June 2020 WEO, consumption growth, investment and net exports have been downgraded for most economies reflecting the large adverse aggregate demand shock from lockdowns and an increase in precautionary savings. In particular, investment levels are anticipated to be subdued amid high uncertainty. Policy support has partially offset the deterioration in private domestic demand.

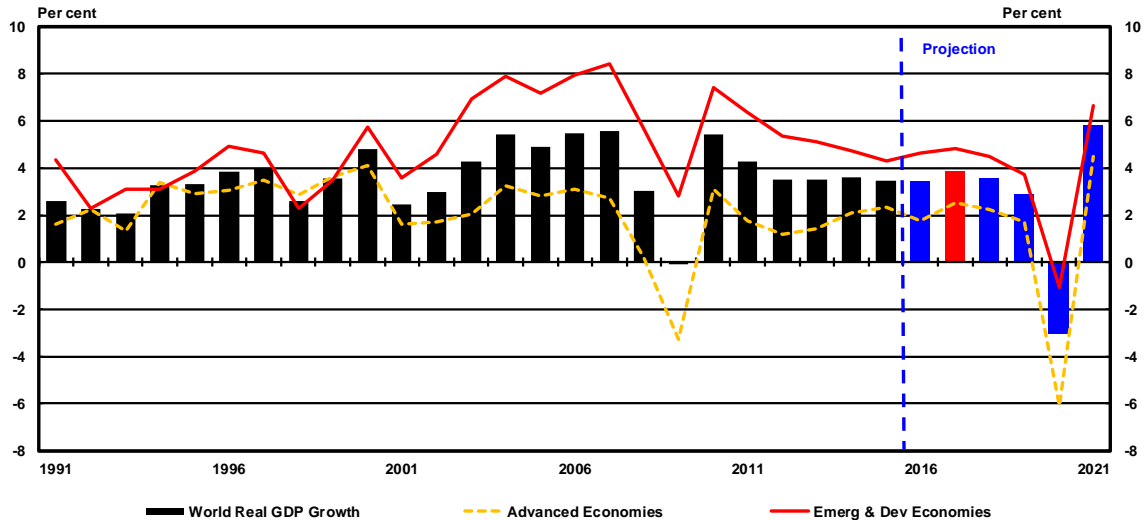
However, global activity is expected to trough in the second quarter this year. In 2021, global growth is projected to recover, increasing to 5.4 per cent as consumption growth strengthens gradually next year, and as investment improves.

Nevertheless, uncertainty remains at high levels. The depth of the contraction combined with the magnitude and persistence of the adverse COVID-19 shock are key elements impacting current forecasts. Even those elements depend on several uncertain factors including:

- The length of the pandemic and business and consumer responses to the pandemic;
- Adherence to social distancing requirements;
- Displaced workers' ability to secure employment, possibly in different sectors;
- Scarring from firm closures and unemployment due to workers exiting the workforce which may make it more difficult for activity to bounce back once the pandemic fades;
- The impact of changes to strengthen workplace safety—such as staggered work shifts, enhanced hygiene and cleaning between shifts, new workplace practices relating to proximity of personnel on production lines—which all incur business costs;
- Global supply chain reconfigurations that affect productivity as companies try to enhance their resilience to supply disruptions;

- The extent of cross-border spill overs from weaker external demand as well as funding shortfalls; and
- Eventual resolution of the current disconnects between asset valuations and prospects for economic activity.

**Chart 1: Global Economic Growth (1991-2021)**



Source: IMF 2020 June World Economic Outlook (WEO)

### ***Policy Priorities or Support***

Policy makers are now faced with formidable challenges as they seek to contain the devastating health, macroeconomic and social effects of the pandemic.

The IMF June 2020 WEO concludes that all countries should work together as a global community through strong multilateral cooperation on multiple fronts. Countries should address the following policy priority areas in order to manage the health emergency and recover from the aftermath of the pandemic:

- Countries should ensure that their health care systems are adequately resourced through international initiatives such as financial assistance to countries with limited health care capacity;
- Economic policy should continue to cushion household income losses with sizable, well-targeted measures as well as provide support to firms suffering from mandated restrictions;
- Stimulus policies need to be provided to lift demand and incentivize the reallocation of resources away from sectors that are likely to emerge persistently smaller after the pandemic;
- Liquidity assistance through debt relief and financing through the global financial safety nets needs to be provided to countries confronted with large external shocks;
- Policy makers must cooperate to resolve trade and technology tensions that endanger an eventual recovery from the COVID-19 crisis.

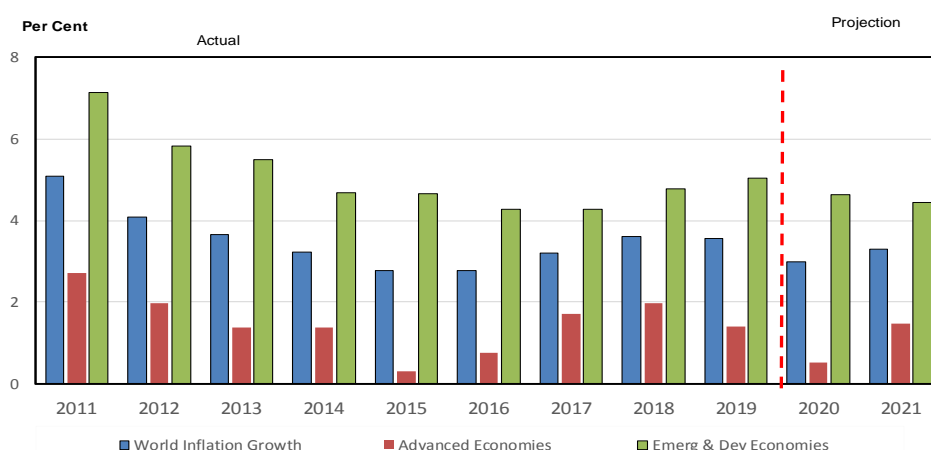
The IMF states that the global community must act now to avoid a repeat of this catastrophe by building global stockpiles of essential supplies and protective equipment, funding research and supporting public health systems, and putting in place effective modalities for delivering relief to the neediest.

## Global Inflation Outlook

WEO inflation projections have generally been revised downward, with larger cuts typically in 2020 and for advanced economies. Downward price pressure from weaker economic activity because of the decline in aggregate demand, together with lower energy prices, seems to more than offset upward cost pressure from supply disruptions so far.

Inflation is expected to rise gradually in 2021, consistent with the projected pickup in activity. Nonetheless, the inflation outlook remains muted, reflecting expectations of persistently weak aggregate demand.

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



Source: IMF 2020 June World Economic Outlook (WEO)

## Commodity Prices

### Mineral and Petroleum Commodities

Prices for PNG's petroleum exports have declined sharply since the release of 2020 Budget, hit hard by the fall in demand for travel due to COVID-19 restrictions from end February 2020. Since hitting bottom in April/May 2020, petroleum product prices have partially recovered, but remain well down on budget assumptions. PNG's key base metal prices, particularly copper and nickel, also were impacted by COVID, but these prices have since recovered somewhat with copper, in fact, hitting 2-year highs in July 2020. As uncertainty has heightened globally, gold prices have continued to reach record highs and in July 2020 were well above budget.

The IMF commodity price index (Chart 3) declined by 18.9 per cent between August 2019 and May 2020. The decline in commodity prices over this period reflected the unprecedented decline in global activity due to COVID-19 with the re-emergence of US-China trade tensions and deliberations on supply restrictions by the Organisation of Petroleum Exporting Countries and its partners (OPEC) also impacting market conditions. Looking ahead, prospects of a faster economic recovery, OPEC+ decisions to trim oil production and lessening in US-China trade tensions remain notable upside risk to prices.

## *Petroleum*

Oil prices have decreased sharply since early March, driven by the negative impact of the pandemic on the travel and transport industries and oil market fundamentals. Coinciding with this drastic fall in global demand was the collapse in the Agreement by OPEC+ to cut oil output. As a result, oil prices hit negative levels for a short period (-US\$37.6 per barrel) on 20 April due to capacity limits on storage facilities.

Subsequently, oil prices reversed some of the losses in May driven by a renewed Agreement by OPEC+ to cut production by 9.7 million barrels per day for three months till end July 2020, as well as improvements in demand from the easing of lockdowns and domestic travel restrictions globally. Production in several non-OPEC+ producing countries (such as from US shale oil) has also fallen in response to lower oil prices.

Oil prices in June 2020 were on average US\$38.3 per barrel compared to US\$28.7 per barrel in May. In July to date prices have exceeded US\$40 per barrel on average.

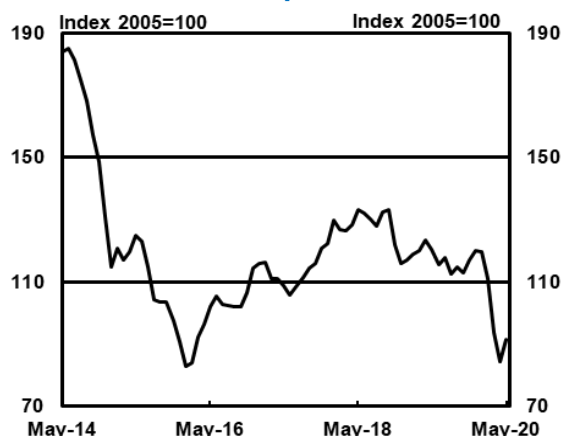
Looking ahead, the continuous impact of COVID-19, the intensity and duration of the second wave against the prospects for a vaccine, escalating geopolitical conflicts in major oil producing countries, weak compliance to agreed OPEC+ output cuts and the intensifying US-China trade tensions could weigh on any recovery in prices over the second half of the year. On this basis and in line with global growth projections, the assumption underpinning the MYEFO assumes oil prices to average around US\$35.8 per barrel over 2020.

Prices of Liquefied Natural Gas (LNG), which is a significant export commodity out of PNG, have been historically linked to Oil prices through long term contracts for supply and demand. This is because while LNG has been gaining prominence, its main substitute in energy remains to be Oil. Although this may vary globally, this has remained true for the Asian markets where PNG sells 100 per cent of its cargoes. Therefore, for the purposes of tracking trends in the LNG price and making informed estimates of projection, the Oil price is used a good indicator. This is also complemented often with publicly released LNG price estimates by the World Bank and Petroleum Association of Japan. The price projection for PNG LNG is thus, a composite index of various data sources including the Crude Oil and World Bank LNG Japan import price from its pink sheet data and depends also on consensus economics.

The LNG price projection for 2020 has been revised lower from US\$10 per trillion cubic feet (tcf) by 17.0 per cent and assumes an average price of US\$8.3 per tcf for the year. Although this represents a significant drop, it is not as much as the drop in price for crude oil because of the reasons mentioned above. Firstly, over 85-90 per cent of the PNG LNG export contracts are long term contracts that require expiry before a price re-negotiation can take place. Secondly, the quality of PNG LNG's calorific value has allowed it to command a premium price in the market for LNG.

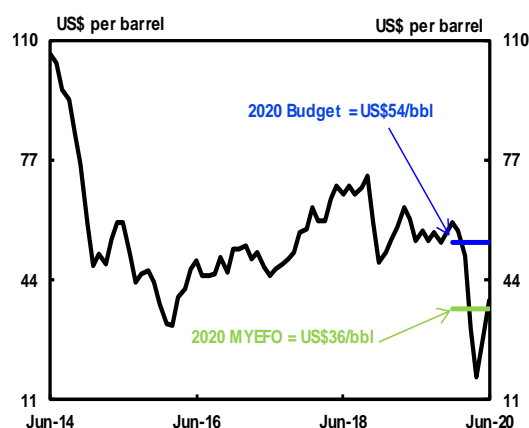


**Chart 3: IMF Export Price Index**



Source: International Monetary Fund (IMF)

**Chart 4: Oil Price**



Source: IMF and Energy Information Administration

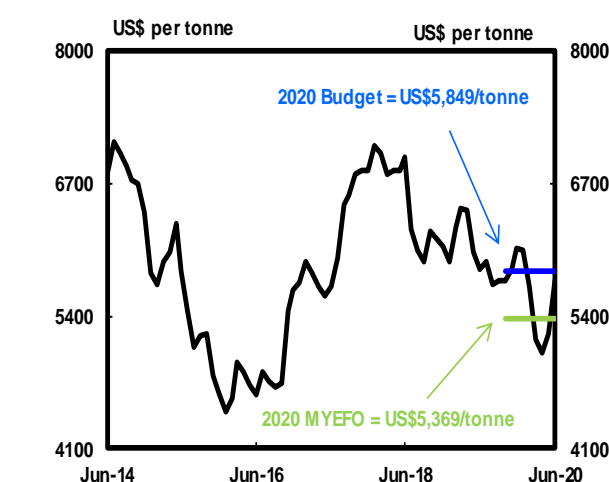
## Copper

Copper prices fell dramatically in the first four months of the year driven by the temporary closure of industrial factories firstly in China (which accounts for about half metal consumption globally) then in Europe and the United States due to containment measures to control the COVID-19 pandemic.

More recently, prices have strengthened supported by supply issues and improved economic conditions as containment measures have been eased globally, particularly in China. As of 30 June 2020, prices were above US\$6,000.0 per tonne and reached 2-year highs above US\$6,500 in July 2020.

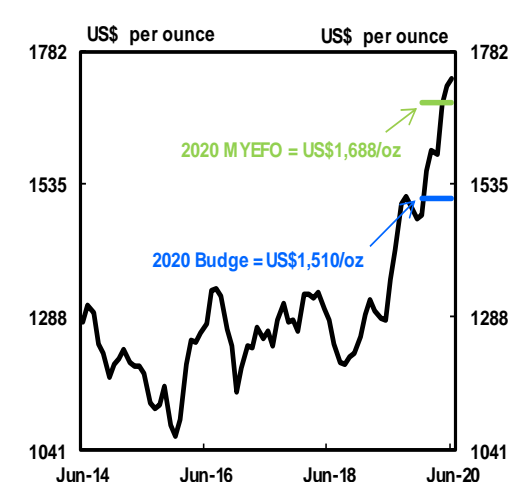
Looking ahead, whilst the copper price outlook is positive, much will depend on world industrial output and the easing in supply restraints. In 2020, copper prices are forecast to average around US\$5,369 per tonne, 8 per cent lower than the 2020 Budget assumption.

**Chart 5: Copper Price**



Source: IMF and London Metal Exchange

**Chart 6: Gold Price**



Source: IMF and Bank of England

## Gold

Gold prices have rallied strongly over the 2020 year to date (apart from a very short correction in March 2020), supported by the high level of uncertainty in the global economy, some supply disruptions, very low interest rates and very large stimulus packages which are expected to be inflationary over the medium term.

Monetary policy easing (QE) across the world to mitigate the impact of COVID-19 has supported gold prices. Emergency interest rate cuts and substantial quantitative easing measures taken by the US Federal Reserve and other Central Banks have driven real interest rates on Treasury bonds lower.

As of 30 June 2020, spot prices were trading at US\$1,769.0 per ounce, and have since reached all-time record highs above US\$1,880 per ounce in latter July 2020. This is well above the 2020 Budget assumption of average prices of US\$1,510 per ounce in 2020.

Looking ahead, gold prices are expected to continue to benefit from a surge to safe haven assets over the remainder of 2020, as the COVID-19 pandemic plays out. Based on this factor, the gold price assumption in the MYEFO has been increased to average US\$1,688.0 per ounce in 2020.

### *Mineral and Petroleum Budget Assumptions*

Reflecting developments in global mineral and petroleum commodity prices, the 2020 Budget assumptions for PNG's key mineral and petroleum exports have been revised<sup>3</sup>. The Budget copper price assumption of US\$5,849.0 per tonne (Chart 5) has been revised down to US\$5,369.0 per tonne. The Budget oil price assumption of US\$54.0 per barrel has been revised down to US\$35.8 per barrel (Chart 4). The gold price has been revised up to US\$1,688.0 per ounce from US\$1,510.0 per ounce as at Budget (Chart 6).

### *Agriculture Commodities*

#### *Coffee*

Coffee prices have trended higher during the COVID-19 pandemic reflecting limited production and supply combined with increased consumption. In the first four months of 2020, prices have risen by 24.7 per cent compared to the corresponding period last year. Demand support was from increased home consumption and panic buying. On the supply side, poor harvest prospects in some major coffee producing countries (e.g. bad weather in Brazil – the major producer for Arabica coffee) and supply chain disruptions caused by lockdowns supported prices. However, prices have weakened slightly in June, declining by 5.0 per cent to US\$3,432.0 per tonne from US\$3,611.6 per tonne recorded in May. Looking at the potential implications of the second COVID wave now impacting the globe on production and supply as well as the projected increase in consumption, coffee prices are expected to rise over the remainder of 2020, exceeding 2020 Budget assumptions.

#### *Cocoa*

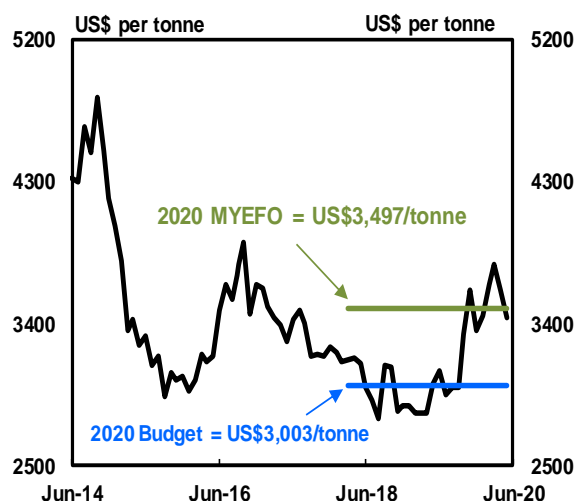
Cocoa prices reversed recent gains over the first half of the 2020 year, largely driven by worries on demand size due to the surge of the pandemic in some consuming countries namely the Americas, Asia and Oceania on the supply-side and while the pandemic has taken

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<sup>3</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.

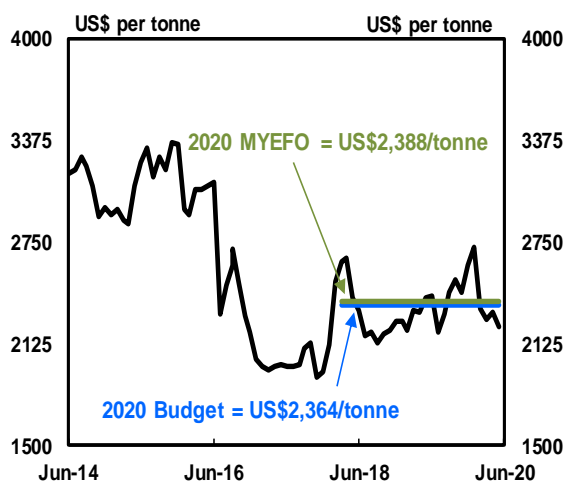
a heavy toll on the global cocoa production through lockdown in African producing nations, ample stock in the market is weighing on cocoa prices. With cocoa production and logistics being labour intensive, the containment measures to control the pandemic have resulted in labour immobility and, as a result, dwarfed cocoa output and supply. Due to those development cocoa prices are anticipated to remain broadly with budget forecast.

**Chart 7: Coffee Price**



Source: International Coffee Organisation

**Chart 8: Cocoa Price**



Source: International Cocoa Organisation

### *Palm Oil*

Palm oil prices began the year on a declining trend, at least over the first five months reflecting the slump in the crude oil price and weaker biodiesel demand. In May, palm oil prices averaged around US\$485.0 per tonne.

Recent developments have indicated a turnaround in palm oil prices. Palm oil prices have strengthened in June due to the continuous depletion of palm oil stocks against a constrained production level reflecting a total shutdown in major plantations in Malaysia due to COVID containment measures. Furthermore, demand by importers of Malaysia's palm oil were encouraged by the recent tax exemption on Malaysia's crude palm oil exports provided under the National Economic Recovery Plan – aimed at managing the country's high palm oil stock level.

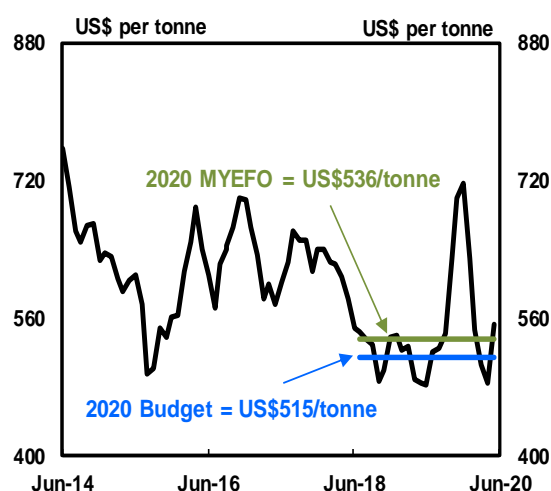
Throughout the month of June, prices improved to average around US\$555.0 per tonne, 15.0 per cent higher than the May average of US\$485.0 per tonne. As major palm oil producing countries are faced with tight supply, depleting stock levels and improved demand conditions, palm oil prices are expected to be higher, on average, in 2020 compared to 2019.

### *Copra Oil*

Though prices were weighed down by subdued demand conditions initially, coconut oil prices rose in the second quarter, averaging US\$862.0 per tonne, a 25.0 per cent increase from US\$688.0 per tonne recorded over the same period last year. The rise in prices were supported by disruption to production in major producing countries including the Philippines and Indonesia. The fall in production in these major producing countries was driven by lockdowns and shutdown measures to contain the spread of the virus.

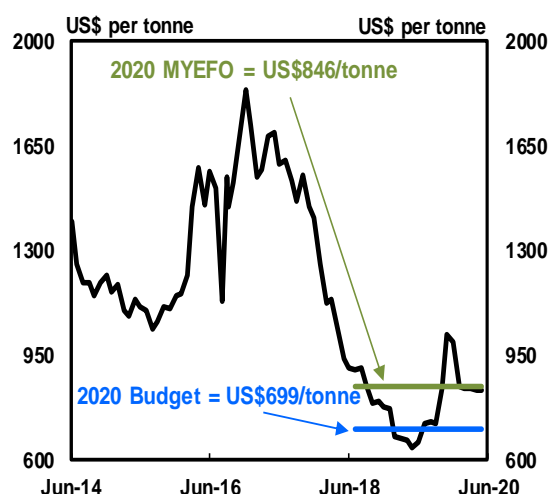
Going forward, it is expected that coconut oil price will be supported by supply shortages and improved demand as lockdowns are relaxed and economies reopen.

**Chart 9: Palm Oil Price**



Source: Malaysia Palm Oil Council

**Chart 10: Copra Oil Price**



Source: Index Mundi

Reflective of the developments in the global agriculture commodity market, the 2020 Budget price assumptions for PNG's key agriculture exports have been revised. Coffee prices have been revised up to US\$3,497.0 per tonne, palm oil up to US\$536.0 per tonne, copra oil up to US\$846.0 and cocoa up to US\$2,388.0 per tonne on average in 2020.

### Exchange Rate Developments

Despite the decline in the BPNG's Trade Weighted Index (TWI) over the first 6 months of 2020, it remains on average 3.5 per cent higher than over the first 6 months of 2019. The increase, compared to the corresponding period in 2019, in PNG's TWI reflects net appreciation of the Kina against major trading partners particularly the Australian Dollar driven by cross-currency movements as the latter currency became weaker against a strengthening US Dollar in the first four months. As a result, the Kina appreciated by 5.8 per cent against the Australian Dollar, but depreciated by 1.6 per cent against US Dollar over the same period.

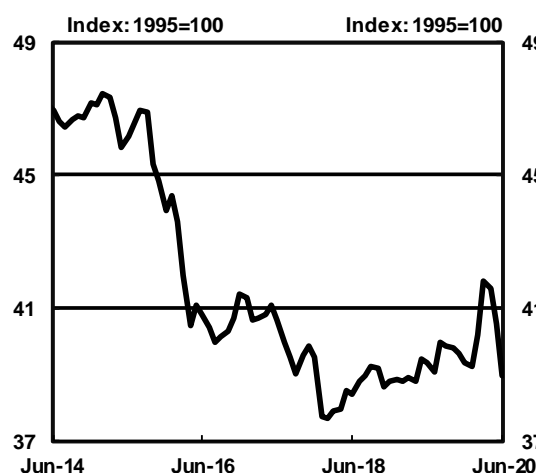
Over the 12 months to end June 2020, the Kina also appreciated against other key trading currencies including: the Singapore Dollar (+1.6 per cent), Chinese Renminbi (+2.0 per cent), Malaysian Ringgit (+1.5 per cent), Euro (+0.9 per cent) and New Zealand Dollar (+5.6 per cent), while it depreciated against the Hong Kong Dollar (-2.6 per cent) and the Japanese Yen (-3.2 per cent).

Since the release of the Monetary Policy Statement (MPS) in March by the BPNG, the Kina has depreciated (down 1.0 per cent) against the US Dollar, decreasing from US\$0.2931 in March quarter 2020 to US\$0.2901 in June quarter 2020. Following the initial appreciation, the Kina depreciated against the Australian Dollar (down 0.6 per cent) from A\$0.4454 in March 2020 to A\$0.4429 in June quarter 2020 as the Australian Dollar gains against the US Dollar.

The ongoing depreciation of the Kina against the US Dollar reflects the persistent imbalance in the PNG foreign exchange market and the strengthening of the US Dollar against other foreign currencies. Against the Australian Dollar, the Kina has weakened due to cross currency movements, with the Australian Dollar strengthening against the US Dollar.

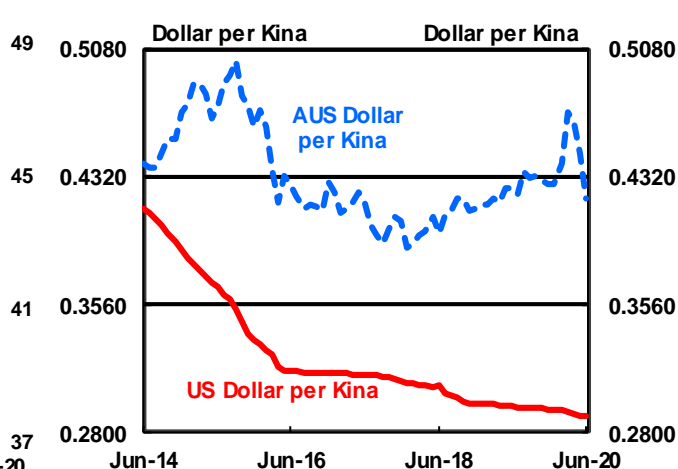
Foreign currency inflows have been adversely affected by lower taxation receipts from mineral companies, sharply lower foreign investment inflows, capital repatriation pressures and failure to achieve the Government's full programmed external borrowing amount over the first half of 2020. In late June, the Central Bank received a loan of USD363.6 million from the IMF's Rapid Credit Facility which improved the level of foreign reserves. However, the commercial market for foreign exchange remains short on US Dollars and dependent on BPNG active intervention levels. Lower mineral export proceeds over the first half of 2020 tend to be reflected in changes in mineral company offshore FX accounts which insulate, to some extent, the impact on the Kina.

**Chart 11: Trade Weighted Index**



Source: Bank of PNG

**Chart 12: Exchange Rate Developments**



Source: Bank of PNG

## Domestic Economic Outlook

### 2019 Economic Update

As widely expected, the PNG economy recovered in 2019 achieving real GDP growth of 4.9 per cent, following the earthquake-induced contraction in 2018, above the 2019 Budget projection of 4.0 per cent. The recovery was driven primarily by the rebound in the petroleum sector, though a relatively slower rate than estimated in the 2020 Budget.

Growth in the Non-Mining sector was revised down slightly to 2.8 per cent compared to the 2020 budget forecast of 2.9 per cent. The downgrade reflected mostly moderation in the Agriculture Forestry & Fisheries (AFF) sector growth rate.

Oil and Gas sector growth (that accounts for 21 per cent of real GDP) rebounded 13.8 per cent in 2019, marginally lower compared to the Budget estimate of 14.4 per cent. The downgrade to growth reflects lower than projected LNG output realised and to a lesser extent disruption to oil output due to the failure in the landing buoy at the Kumul Marine Terminal.

LNG production realised reached 433 Tbtu at end 2019, down 2.7 per cent from budget estimates, while condensate production realised was on par with forecast. Compared to the 2018 outcome of 382 Tbtu, 2019 output increased by 13.4 per cent, while condensate output increased by 23.5 per cent.

Growth in the Agriculture Fisheries Forestry sector for 2019 was 1.8 per cent, down from the 2020 budget estimate of 2.5 per cent. This reflected the decline in palm oil production reported by major local producers due to the volcano eruption in West New Britain Province.

In the Mining & Quarrying sector, growth was 3.0 per cent, up from the 2020 budget estimate of 2.3 per cent. The upgrade to growth reflected reported annual increases in gold and copper production in Ok Tedi and Porgera, attributed to higher recovery rates in both mines in the last quarter of 2019.

### **2020 Economic Outlook**

The COVID-19 outbreak in early 2020 and the related containment measures to mitigate the spread created economic fallout globally adversely impacted the PNG economy. While the world impact adversely affected PNG's trade export receipts and foreign investment inflows, the domestic containment measures through the State of Emergency (SOE) adversely affected business and consumer sentiment and domestic demand. Underlying business conditions, prior to COVID, were also subdued which reflected in lower company tax receipts and stagnant employment levels early in the year. As a result, the PNG economy experienced a sharp contraction in economic activity and real and nominal GDP growth rates, with the latter particularly affected by the decline in commodity prices for PNG's exports.

The 2020 budget strategy of programming a large fiscal deficit based on a strong (9.0 per cent) nominal GDP growth rate in 2020, funded in large part by domestic borrowing particularly over the first half of 2020, resulted in the budget being under tight cash-flow pressure from early in 2020.

In 2020, the domestic economy is now projected to contract in real terms by (negative) 3.0 per cent, 5.0 percentage points lower than the 2020 Budget projection of (positive) 2.0 per cent. The decline in real growth is driven mostly by the contraction in the mining and quarrying sector and the accommodation & food, transport & storage, construction and services sectors of the economy. The impact of the State of Emergency restrictions and lock down measures on business activity and travel has dampened economic activity in these sectors. These unforeseen events, combined with the expected decline in the Oil & Gas sector real growth rate due to the normalisation in LNG production, drove real GDP growth projections into negative territory.

Real growth in the Mining and Quarrying sector is projected to contract by -20.2 per cent. The sharp decline is mainly attributed to the indefinite closure of the Porgera mine due to the State's decision to disallow extension of the Special Mining Lease to Barrick Ltd. The mine has been placed on care and maintenance status as negotiations and legal matters pertaining to mining lease are on foot. To date the mine's reopening remains uncertain. The closure of Porgera alone contributed to around -11.6 per cent of the decline in the sector. The downgrade also includes the six weeks mine closure at Ok Tedi due to a few Covid-19 cases being discovered at mine site and resulting quarantine measures for majority of the mine staff. Adverse production issues at Lihir also contributed to the downgrade, in spite of the rising gold price.

Furthermore, the COVID-19 restrictions on labour mobility and commodity price conditions also affected the sector's growth resulting in an overall downgrade to all mineral commodity production, as most mines continue to adjust their operations due to mine specific production difficulties. These have offset the positive incentive on production from the increase in gold prices over 2020 and the more recent mid-year increase in copper prices.

The expected contraction in output in the Oil and Gas sector by -1.1 per cent in 2020 is an improvement from the 2020 Budget growth projection of -4.9 per cent. This is a base effect due to the lower than expected 2019 production level, rather than a lift in production levels in 2020. Importantly, lower than expected oil and gas prices in 2020 will mean a significant lowering of this sector's contribution to nominal GDP.

Further, contributing to the contraction in the domestic economy's growth for 2020 is the projected slower growth in the AFF sector. The AFF sector is projected to grow at 1.9 per cent in 2020 significantly lower than the budget projection of 3.4 per cent. This is despite the expected lift in prices for PNG's agricultural export products over 2020. The lower growth rate is driven by an overall downgrade to all agricultural export production in the first half of the year due to the nationwide lockdown which restricted farmers' mobility to work their farms.

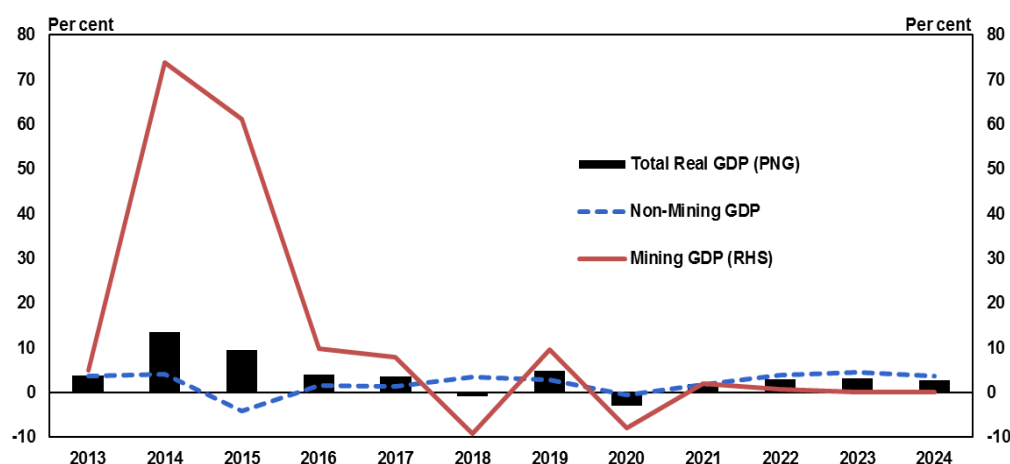
- For cocoa, output has been downgraded due to the lower rate<sup>4</sup> of recovery from wet beans to dry beans.
- Palm oil production recovered well in the second quarter of 2020, however annual production forecasts remain lower by around 6.0 per cent compared to budget expectations. The downgrade to the production forecast is attributable to lower demand from the global hospitality industry and lower crude oil prices that have negated the price advantage of biofuels and generally improved conditions in consumer confidence.
- Log exports have declined as global demand subsided due to COVID-19. In addition, the adoption of the Government's new tax regime on unprocessed logs to encourage downstream processing of forestry products, may also have contributed to the declining quantity of log exports.
- The Fisheries industry is projected to grow in real terms in 2020 despite the COVID-19 impact. Precautionary demand boosted fish product demand as consumers stockpiled in anticipation of lockdowns. Production of fish products is anticipated to pick up by around 6.0 per cent in the second half of 2020 as PNG waters exit the seven-year warm water cycle and tuna stocks are likely to return to PNG territory as well as the coming on-season for beche-de-mer (sea cucumber). Globally, there is anticipation for a shift in protein preference from farm products to fish products in the short term given the nature of the COVID-19 virus and its link to farm products.

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<sup>4</sup> Normal recovery rate from wet cocoa beans to dry beans is 37%-40%. Actual rate has been low at 27% since 2019.



**Chart 13: Economic Growth (2012-2020)**



Source: Department of Treasury

The Business Liaison Survey (BLS) shows that sectors in general have been hit hard by the COVID-19 containment measures and lockdowns in PNG.

The transport, hotels, restaurants and construction industries were most affected as a result of the two-week and two months of nationwide lockdown. The transport, accommodation, construction and finance sectors are projected now to contract by 20.0 per cent, 20.8 per cent, 2.5 per cent and 0.5 per cent, respectively. The secondary effect of the shutdown was also felt in other sectors such as retail & wholesale trade, manufacturing and other services' sectors, however to a lesser extent. However, the falls were partially offset by gains in other sectors that were directly supported by COVID-19 related government spending, such as public administration and defence, health and social work, and wholesale and retail trade, all projected to expand by 5.0 per cent, 5.0 per cent and 2.7 per cent, respectively.

Overall, the growth outlook for the Non-Mining sector for 2020 has been revised down to a contraction of 0.6 per cent, 3.9 percentage points lower than the budget estimate of 3.3 per cent.

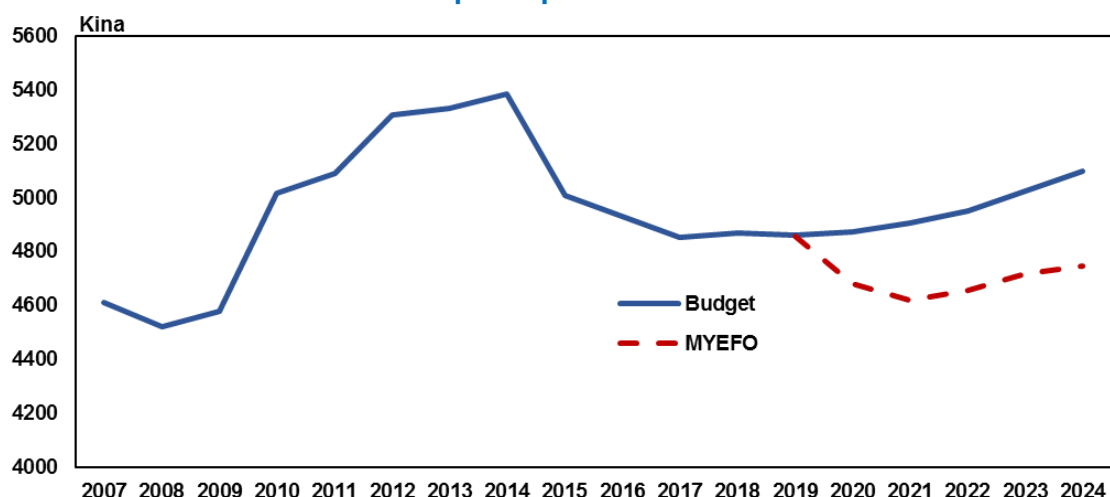
### Non-Resource GDP

The Real Non-Resource GDP growth rate per capita is a good measure of the impact on the economic livelihoods of more than 80.0 per cent of Papua New Guineans. This is the part of GDP that captures own consumption production and excludes the impact of inflation (local price increase) but incorporates the effect of population growth.

As indicated in chart 14, after rising strongly between 2009 and 2014 due to the indirect effects of the LNG construction and initial production boom on the non-resources sector, the "Real Non-Resource GDP per capita" livelihood indicator declined subsequently between 2014 and 2019. The indicator is expected to decline further in light of the impact of COVID-19 on the non-resource sector. Despite the setback in 2019-20, the Government has maintained its commitment to lifting the growth rate to above 5.0 per cent per annum going forward.



**Chart 14: Real Non-Resource GDP per capita**



Source: Department of Treasury

**Table 2: Key Economic Parameters**

**TABLE 13: OTHER MAJOR ASSUMPTIONS UNDERLYING THE BUDGET**

|   | 2020<br>Budget  | 2020<br>MYEFO   |
|---|-----------------|-----------------|
| <b>Total Nominal GDP (Kina Million)</b> | <b>92,206.2</b> | <b>81,497.1</b> |
| <b>Economic Growth</b>                  |                 |                 |
| Total Real GDP (%)                      | 2.0             | -3.0            |
| Non-mining Real GDP (%)                 | 3.3             | -0.6            |
| <b>Inflation</b>                        |                 |                 |
| Average on Average (%)                  | 5.7             | 3.7             |
| Dec on Dec (%)                          | 6.2             | 4.9             |
| Exchange rate                           |                 |                 |
| Real Exchange Rate Index (2007 = 100)   | 133.1           | 133.1           |
| Interest rate                           |                 |                 |
| Kina Facility Rate (KFR)                | 5.5             | 3.0             |
| Inscribed Stock (3 year yield)          | 8.3             | 8.3             |
| <b>Mineral Prices</b>                   |                 |                 |
| Gold (US\$/oz)                          | 1,510.0         | 1,688.3         |
| Copper (US\$/ton)                       | 5,849.0         | 5,368.6         |
| Oil (Kutubu Crude: US\$/barrel)         | 54.0            | 35.8            |
| LNG (US\$ per thousand cubic feet)      | 10.0            | 8.3             |
| Condensate (US\$/barrel)                | 54.0            | 35.8            |
| Nickel (US\$/tonne)                     | 11,034.0        | 10,353.7        |
| Cobalt (US\$/tonne)                     | 23,180.0        | 21,691.0        |
| <b>Agricultural Prices</b>              |                 |                 |
| Coffee (US\$/Tonne)                     | 3,292.1         | 3,496.8         |
| Palm Oil (US\$/Tonne)                   | 516.8           | 535.8           |
| Cocoa (US\$/Tonne)                      | 2,335.9         | 2,388.1         |
| Copra Oil (US\$/Tonne)                  | 699.0           | 846.0           |
| Copra (US\$/Tonne)                      | 708.3           | 708.3           |

Source: Department of Treasury

Note: Total Nominal GDP (2019-20) is based on Treasury's Estimate

**Box: Coronavirus and Non-Coronavirus Impacts on 2020 GDP**

The COVID-19 outbreak has had a significant impact on PNG's growth prospects. These are set out in the following table, including a breakup between impacts directly related to COVID-19. These are estimated to exceed 85 per cent of the drop in nominal GDP.

| Impact                     | Specific Impact                  | Real Growth % | Absolute Values (Real), Kina millions | Nominal Growth % | Absolute Values (Nominal), Kina millions |
|----------------------------|----------------------------------|---------------|---------------------------------------|------------------|--|
| <b>2020 Budget</b>         |                                  | <b>2.0</b>    | <b>67877.5</b>                        | <b>9.0</b>       | <b>92206.2</b>                           |
| <b>1. COVID Impact</b>     | 1.1. COVID Shutdown (SOE)        | -1.2          | -342.5                                | -1.3             | -1128.8                                  |
|                            | 1.2. Ok Tedi (Temporary Closure) | -0.4          | -257.2                                | -0.4             | -308.3                                   |
|                            | 1.3. Others                      | -1.9          | -1784.4                               | -8.5             | -7773.4                                  |
| <b>2. Non-COVID Impact</b> | 2.1. Porgera Closure             | -1.4          | -898.5                                | -1.6             | -1381.3                                  |
|                            | 2.2. Lihir production downgrade  | -0.1          | -76.2                                 | -0.1             | -117.2                                   |
| <b>Variance</b>            | <b>All</b>                       | <b>-5.0</b>   | <b>-3358.8</b>                        | <b>-12.0</b>     | <b>-10709.1</b>                          |
| <b>MYEFO</b>               | <b>All</b>                       | <b>-3.0</b>   | <b>64518.7</b>                        | <b>-3.0</b>      | <b>81497.1</b>                           |

The "1.3 Others" impact covers the COVID-19 impacts of falls in international demand for PNG's exports and the fall in international prices. The international demand falls caused a broad based reduction across sectors, as well as more significant impacts in the mining, and oil and gas sector as international prices fall below the original expectations in the 2020 budget

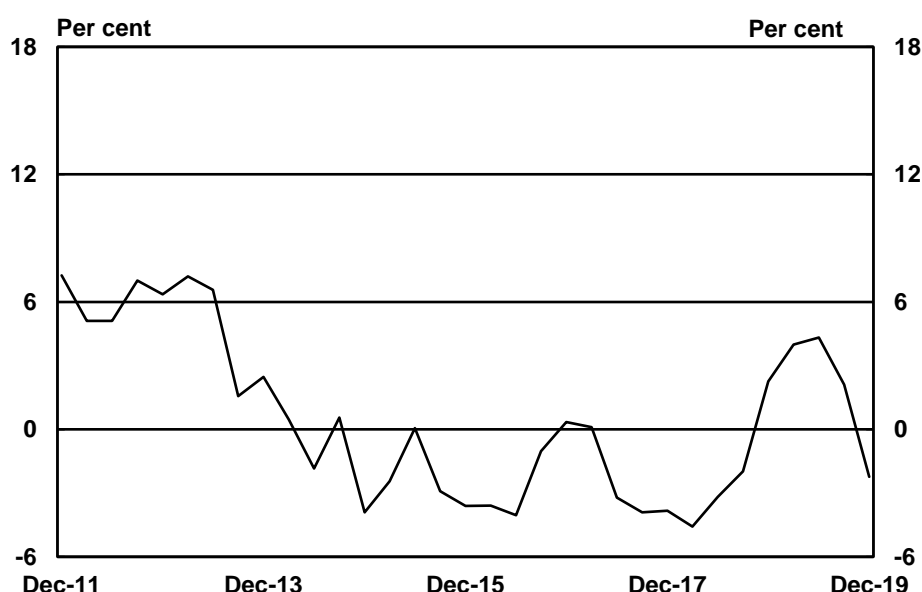
**Employment Update**

Total employment in the formal private sector in 2019 contracted by 2.2 per cent driven by contraction in non-mining employment growth<sup>5</sup>. According to BPNG's 2019 December Quarterly Economic Bulletin (QEB), non-mining sector employment contracted by 2.7 per cent through the year to the December quarter 2019 reflecting the subdued state of the domestic economy, weak foreign direct investment and foreign exchange shortages in the economy over the period.

However, employment growth in the mining sector was 4.0 per cent, lower than the 24.4 per cent growth recorded in the corresponding period in 2018. The higher employment growth in the mining sector in 2018 was attributed to an increase exploration activity. The moderate mining employment growth in 2019 is attributed to recruitment by OTML and Oil Search.

<sup>5</sup> Non-Mining sector employment refers to employment in agriculture, manufacturing, transportation and finance and businesses sector while mining sector employment is in the mining, oil and gas sector.

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



Source: Bank of PNG

The employment contraction in the non-mining sector is most prominent in Building & Construction (down 13.5 per cent), Transportation (down 4.1 per cent), Agriculture/Forestry/Fisheries (down 4.0 per cent) and Financial/Business & Other Services (down 3.8 per cent).

In contrast, the Manufacturing and Retail sectors recorded employment growth of 6.8 per cent and 2.6 per cent, respectively, with the wholesale sector remaining unchanged. The increase in employment in the manufacturing sector is likely due to government protection of local industries in recent budgets and import substitution amid the challenges of foreign exchange shortages.

The BPNG's provisional employment data for the March quarter 2020 indicates a further slight fall in total private formal sector employment on a quarterly and yearly basis. Total formal private sector employment contracted by 1.1 per cent in the quarter, or the third consecutive fall recorded in quarterly estimates. Over the year to March 2020, total formal private sector employment has contracted by 4.5 per cent – a substantial decline compared to the 2.2 per cent fall recorded over the year to the December quarter 2019.

The unfavourable employment data for the March quarter 2020 reflects the continuation of low business investment levels and sentiment evident in late 2019, despite the increase in construction and other activity as reflected in the 2019 FBO from a K495 million increase in concessional loan projects. The early impact of the COVID-19 pandemic on domestic economic activity also added to the adverse economic outlook. The measures implemented to contain the spread of the virus both globally and locally including lockdowns and shutdowns of businesses is likely to have an even greater adverse effect in the June quarter 2020 which is expected to lead to an acceleration in job losses particularly in the tourism, transport, retail and other services sectors.

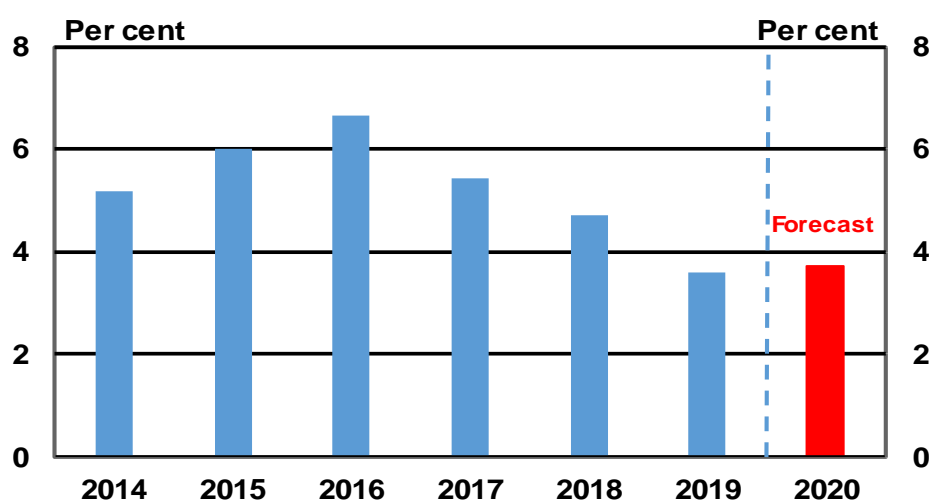
Going forward, total private sector employment is expected to contract in 2020 reflecting the COVID-19 pandemic impact coupled with the job losses (2,000+ jobs) due to suspension of Porgera's mining licence. Oil Search Ltd has also made redundancies of approximately 500

of its employees, including in PNG, due to the decision to restructure business costs as its revenue has been impacted heavily by lower oil and gas prices. Although the government plans on retaining the budget for public service in 2020, and may even be expected to add workforce in essential sectors such as health and police, impact on total formal employment will be negative overall as a result of Covid-19 pandemic.

### ***Inflation Outlook***

Headline inflation is projected to be 3.7 per cent in 2020, slightly higher than the 2019 outcome of 3.6 per cent, but lower than the 2020 Budget projection of 5.7 per cent. The downward revision from the budget is driven by the lower than expected 2019 and March quarter 2020 inflation outcomes. The inflation outlook for 2020 also reflects the weaker than projected domestic demand for goods and services, decline in oil prices and downgraded Australian inflation outlook (major source of PNG's imports). Those factors together are expected to cushion inflationary pressures emanating from supply disruptions and the more accommodative monetary policy stance in response to COVID-19.

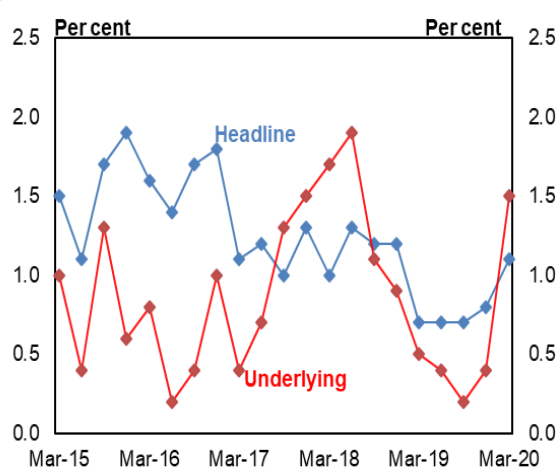
**Chart 16: Inflation Outcome and Projection (2014-2020)**



Source: Department of Treasury

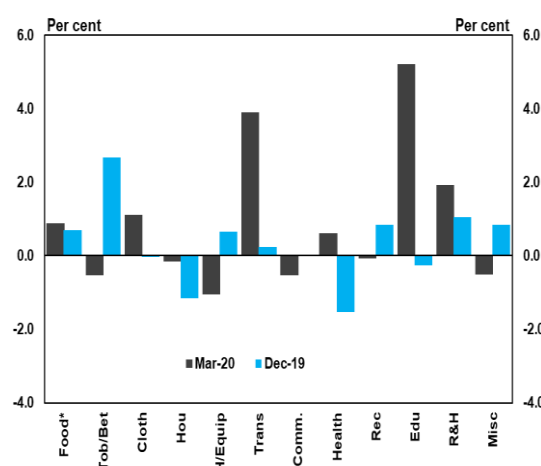
The headline inflation outcome in the March quarter of 2020 was 1.1 per cent, higher than the 0.8 per cent recorded in the fourth quarter 2019 (Chart 17). Prices rose across all the major urban centres with Goroka-Mt Hagen-Madang increasing by 1.5 per cent followed by Lae (1.1 per cent), Alotau-Kimbe-Rabaul (1.1 per cent) and Port Moresby (0.6 per cent). Against the fourth quarter 2019, price increases in the March quarter were observed in Education (5.2 per cent), Transport (3.9 per cent), Restaurant and Hotels (1.9 per cent), Clothing and Footwear (up 1.1 per cent), Food and Non-Alcoholic Beverages (0.9 per cent) and Health (0.6 per cent), which more than offset price falls in Communication, Housing and Household equipment (Chart 18).

**Chart 17: Headline and Underlying Inflation- March Quarter 2020**



Source: National Statistical Office

**Chart 18: Expenditure Basket – March Quarter 2020 growth**



Source: National Statistical Office

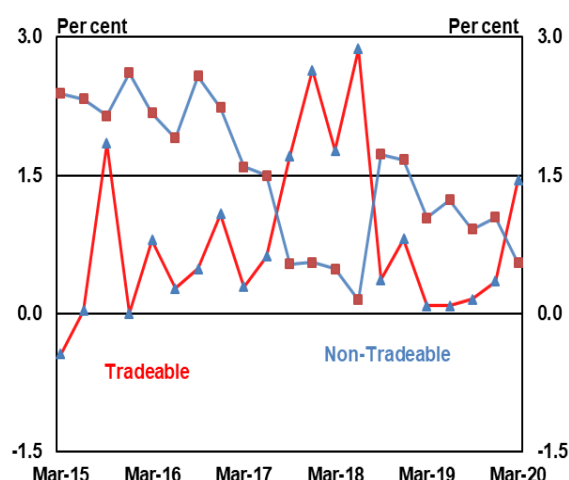
The underlying measure of inflation that excludes seasonal and price-controlled items<sup>6</sup> grew by 1.5 per cent in the March quarter, compared to 0.4 per cent recorded in the previous quarter (Chart 17). Between March 2019 and March 2020, underlying inflation declined sharply by 2.4 per cent, reversing the upward trajectory observed in the last twelve months.

Imported inflation increased by 1.5 per cent in the March quarter 2020 compared to 0.3 per cent in the previous quarter. Prices have increased for many imported items namely Motor Vehicle Purchases (9.9 per cent), Women and Girl Wear (3.8 per cent), Operations of Transport (3.5 per cent), Meat (2.9 per cent), Dairy Products, Eggs & Cheese (2.8 per cent), Men's Wear (2.3 per cent), Boys Wear (2.1 per cent) and Oils & Fats (1.4 per cent). These more than offset decreases in the prices of other imported items.

Over the past twelve months (March 2019 to March 2020), imported inflation grew at 2.0 per cent compared to 4.2 per cent a year ago (Chart 20). Price increases were recorded for imported items including Meat (6.9 per cent), Operations of Transport (5.6 per cent), Women and Girl Wear (5.6 per cent), Fuels and Lubricants (5.1 per cent), Motor Vehicle Purchases (4.3 per cent) and Dairy Products, Eggs, Cheese (3.2 per cent). Conversely, import items with price decreases included Household Furniture and Furnishings (9.1 per cent), Medical Supplies (6.5 per cent), Foot Wear (3.3 per cent), Oils and Fats (2.0 per cent), Boys Wear (1.5 per cent) and Head Wear (0.2 per cent).

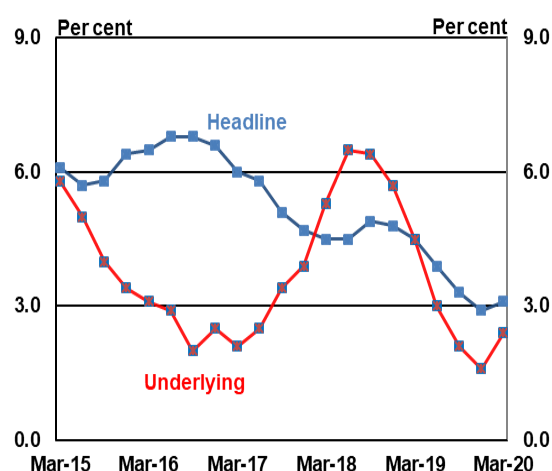
<sup>6</sup> Seasonal items refer to; for example, fruits and vegetables, and Betel-nut and price controlled-items refer to, for example, transport fares, telephone services and medical services.

**Chart 19: Tradable and non-Tradable Inflation March Quarter 20120**



Source: National Statistical Office

**Chart 20: Headline and Underlying Inflation through the year (March 2019 to March 2020)**



Source: National Statistical Office

Non-tradeable or Domestic inflation was 0.6 per cent in the March quarter 2020 (Chart 19) reflecting price increases for Betel Nut (6.9 per cent), Alcoholic Beverages (6.8 per cent), Fares (5.9 per cent), Tobacco (5.9 per cent), Fruits and Vegetables (2.8 per cent), Fish (2.5 per cent) and Sugars & Confectionery (2.0 per cent). This more than offset the fall in the prices of other domestic items.

Over the past twelve months (March quarter 2019 to March quarter 2020), prices of domestic items rose by 3.8 per cent compared to 4.7 per cent recorded a year ago. The rise in domestic goods prices reflected increases in the prices of Postal Services (8.4 per cent), Medical Services (7.7 per cent), Alcoholic Beverages (6.8 per cent), Fares (5.9 per cent), Education fees (3.9 per cent), Accommodation (3.8 per cent) and Fish (2.5 per cent). In contrast, the domestic items with prices falls included Housing Maintenance (5.3 per cent), Cooking (4.4 per cent) and Telephone Services (2.1 per cent).

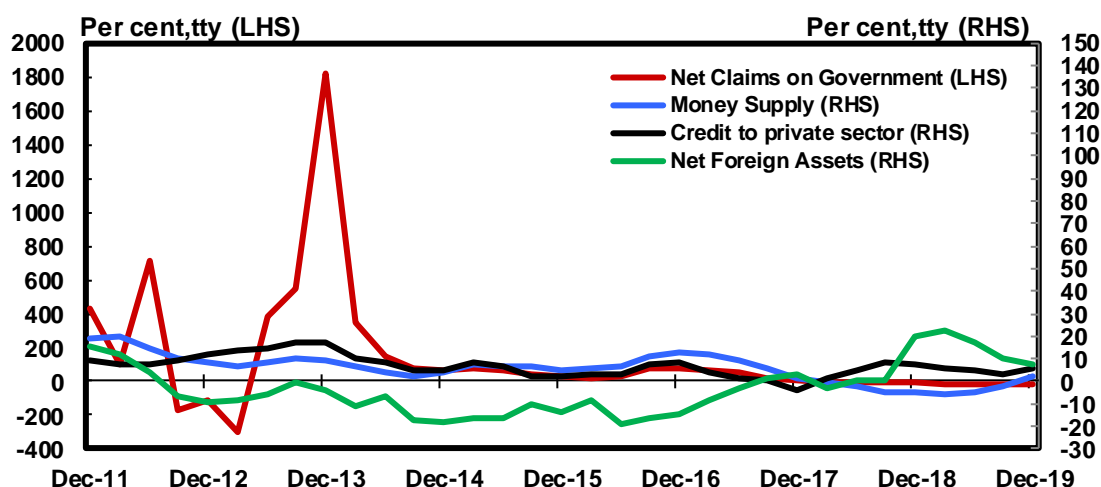
### Monetary Developments

The Bank of PNG (BPNG) continued its accommodative monetary policy stance by progressively reducing its Kina Facility Rate (KFR) to 3.0 per cent by 30 March 2020, from 5.0 per cent in December 2019. The monetary easing in March is part of BPNG's policy response to the impact of COVID-19, which also featured a reduction to the Cash Reserve Requirement (CRR) from 10.0 per cent to 7.0 per cent and the introduction of a Quantitative Easing (QE) program to buy back government securities from the private sector and inject liquidity. The accommodative stance of monetary policy is underpinned by lower inflation outcomes, relatively stable kina exchange rate and the contraction in domestic demand from COVID-19. Given the expected continuation of these trends, the BPNG is expected to maintain its accommodative policy stance for the remainder of the year.

The broad money supply over the twelve months to the December quarter 2019 rose by 2.4 per cent to K21,652.7 million, up from K21,139.7 million in the corresponding period of 2018 (Chart 21). This is primarily attributed to net claims on Central Government decreasing by 14.3 per cent whilst credit to the Private Sector rose by 5.5 per cent. The decrease in the net claims on the Central Government reflects the reduction in the holdings of inscribed stock by the commercial banks over 2019.

Net Foreign Assets (NFA) rose on average by 7.5 per cent to K6,958.6 million from K6,471.2 million in the corresponding period of 2018.

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



Source: Bank of PNG

According to the BPNG 2020 March Monetary Policy Statement, the broad money supply is projected to increase by 5.4 per cent in 2020. Net Claims on Government are expected to rise by 14.6 per cent and Credit to the Private Sector to increase by 4.0 per cent, while NFAs are projected to be lower than 2019. The decrease in NFAs is expected from lower export receipts and inflows from external financing. The Monetary base is projected to increase by 8.2 per cent influenced by the increase in Net Domestic Assets.

### Balance of Payments

According to BPNG's 2019 December Quarterly Economic Bulletin, the current account recorded a surplus of K18,856.0 million (23.1 percent of GDP), K648.7 million or 3.6 per cent higher than the surplus recorded in 2018. This slight expansion mirrored development in the trade account, which also grew strongly at 15.7 per cent in 2019 driven by the rebound in petroleum sector output following the impact of the 2018 earthquake.

The Transfer Account recorded a small surplus offsetting a widening of the Income Account deficit. Overall, the Balance of Payments recorded a surplus of K423.3 million in 2019, with the higher surplus in the current account more than offsetting deficits in the capital and financial account.

In the March quarter 2020, the current account recorded a surplus of K4,380.7 million, which is 7.8 per cent lower than the previous quarter and is driven by improvements in the income account offsetting some of the weakness in the trade account. The transfers account declined marginally during the quarter.

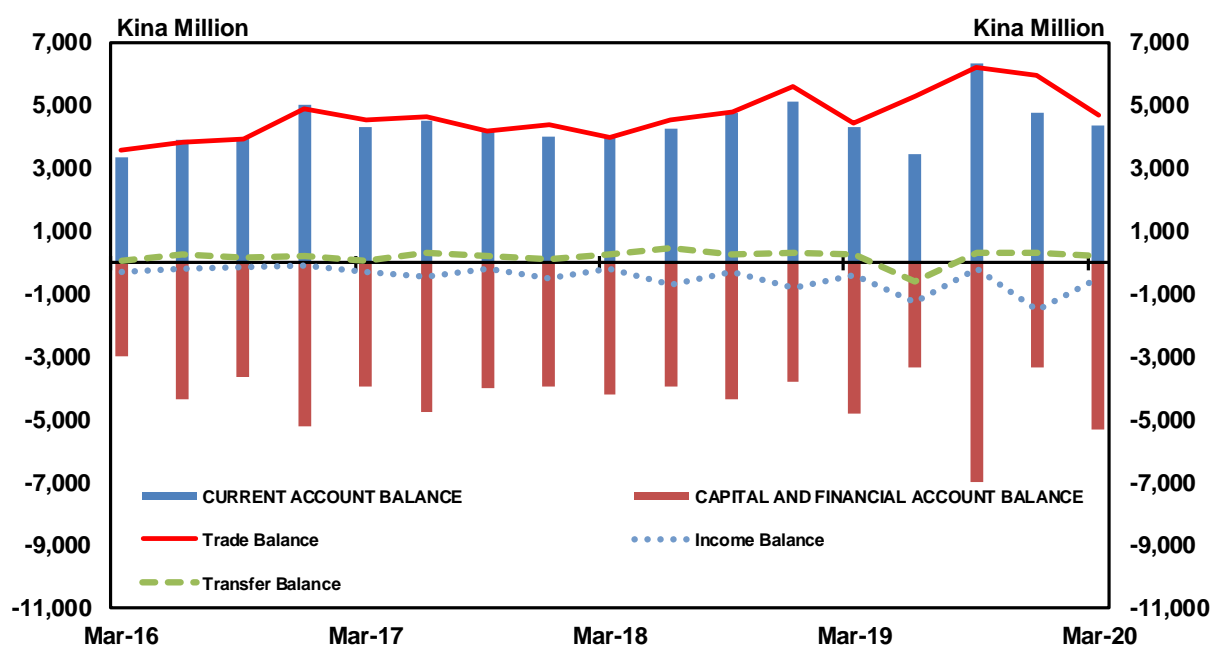
In particular:

- The trade account recorded a surplus of K4,673.6 million in the March quarter 2020, 21.6 per cent lower than the previous quarter;

- The income account recorded a deficit of K524.0 million in the March quarter 2020. This is an improvement on the deficit of K1531.0 million recorded in the previous quarter and is due to lower dividend and compensation of employee payments to shareholders and residents overseas;
- The transfer account recorded a surplus of K231.5 million in the March quarter 2020, slightly lower than the surplus of K317.9 million recorded in the previous quarter. This was mainly due to lower receipts of gifts and grants during the quarter;
- The capital and financial account recorded a deficit of K5,309.1 million in the March quarter 2020 reflecting the continued financing commitment of key projects in the mineral sector and outflows to finance investments abroad by resident companies; and
- In light of the developments discussed above in each account, the overall Balance of Payments position in the first quarter 2020 was a deficit of K926.0 million. This meant that the inflows from the current account were outweighed by outflows in the capital and financial account.

With mineral commodity prices expected to trade below budget forecasts and mineral output unexpectedly below earlier expectations, this is anticipated to worsen the adverse trends in the current account in coming quarters. Based on this, the current account is expected to record a relatively low surplus position at end 2020.

**Chart 22: Balance of Payment Quarterly (Kina, million: 2016-2019)**



Source: Department of Treasury and BPNG

### International Reserves

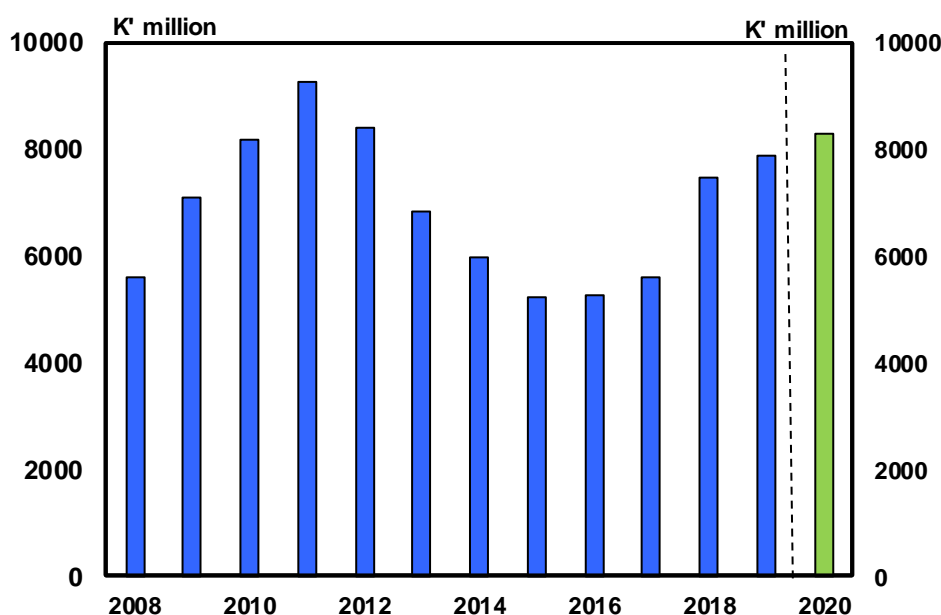
According to BPNG's 2020 March Monetary Policy Statement, foreign exchange inflows improved in 2019 reflecting higher export receipts and external budget financing. The level of gross foreign exchange reserves was US\$2,312.8 million (K7,880.0 million) as at end December 2019, sufficient for 5.4 months of total and 9.3 months of non-mineral import cover. The level of gross foreign exchange reserve, however, fell to US\$2,034.6 million



(K6,873.8 million) by 30 April 2020 attributed to repayment of government commercial debt and interventions in the foreign exchange market by BPNG to make up for the commercial shortfall in foreign exchange.

In 2020, the gross foreign exchange reserve level is expected to be supported by the external financing inflows including the US\$363 million Rapid Credit Facility (RCF) from the IMF, together with additional external support under the Economic Stimulus Package (ESP). As a result of the substantial external financing in US\$ denominated loans, the stock of international reserves at the end of 2020 may be higher than 2019.

**Chart 23: International Reserves Annual (Kina, million: 2008-2020)**



Source: Bank of PNG

## 1.3 THE FISCAL POSITION AND OUTLOOK

### Overview Mid-Year Fiscal Position

In early 2020 (pre COVID-19) business conditions remained subdued reflected in lower than expected company tax receipts. There was also no change in the status of foreign exchange imbalances and uncertainty over major resource project developments. The onset of COVID-19 dramatically exacerbated these underlying trends resulting a major shock to GDP and the fiscal position of the Government.

In response to the pandemic and risk of a high rate of outbreak locally, the Government introduced containment strategies to better prepare its systems and citizens for greater resilience. The Government implemented a countrywide lockdown/shutdown for two weeks followed by a State of Emergency for two months. The Government has also introduced an Economic Stimulus Package targeted at meeting the health and security needs of the population, whilst also targeting adversely affected industries and the vulnerable.

The challenges in accessing the programmed external financing over the first 5 months of 2020 and the reliance on the domestic system where liquidity was constrained, meant that fiscal cash flows were very tight leading to the need to restrain expenditures that were not

COVID related. The COVID bond issuance and the receipt of the IMF RCF funds relieved cash flow pressures late in the first half, allowing the Government to focus expenditure on the priority COVID response, as well as fund other urgent government priority expenditures contained in the 2020 Budget.

In the 2020 Budget (approved in late 2019 and prior to the COVID-19 threat), total expenditure was estimated at K18,726.5 million to be financed by total revenue of K14,095.4 million and net borrowing of K4,631.1 million through a combination of external concessionary and domestic financing.

The 2020 Budget was the first full budget under the new Marape-Steven Government and was framed within the revised *Medium-Term Fiscal Strategy (MTFS 2020-2024)*. The Government outlined this fiscal strategy in its program with the IMF (a Staff Monitored Program); and the National Budget reflected this strategy. The framework targeted the following fiscal goals:

- maintain revenue above 14.0 per cent of GDP over the medium term;
- reduce expenditure to 16.0 per cent of GDP by 2024;
- increase share of capital (PIP) in total expenditure to over 40% by 2024;
- achieve a gradual reduction in the deficit over the medium-term to below 2.0 per cent of GDP by 2024; and
- drive a reduction in the debt to GDP ratio to below 40.0 per cent by 2024 and further to below 35.0 per cent by 2029 in compliance with the *Fiscal Responsibility Act (FRA) (2019 Amended)* target.

With the onset of COVID-19 and the substantial adverse impact on the economy, there is a clear imperative to revise the programmed fiscal path.

In the first half of the year, the Government expended a total of K6,900.4 million or 36.8 per cent of the total appropriation. The expenditure was financed by a total revenue envelope of K4,814.6 million or 34.2 per cent of the programmed revenue budget for the year and a net borrowing of K2,085.8 million. The Government in the first half of the year raised a total net financing of K3,207.2 million. The remainder of the borrowings (K1,121.4 million<sup>7</sup>) were held in the Debt Repayment Account (DRA) and Other Commitment Ledger Account (OCLA) to be drawn down throughout the year.

COVID-19 response expenditures covering containment efforts and increased funding of key response areas, as well as components of the economic response plan worth K600.0m<sup>8</sup>, were met over the first half of 2020. The Government introduced new measures in the health sector to prepare for a worst-case scenario and implemented components of the economic stimulus package within the first-half revenue and cash flow constraints.

By end June, the total revenue outcome was K4,814.6 million or 36.6 per cent of the 2020 Budget estimate (excluding grants). This is K1,767.1 million which is lower than the mid-year (50.0 per cent) budget target of K6,581.7 million (excluding grants where confirmation data is yet to be received). Outcomes for both Taxes and Other Revenue for the reporting period were below projections. Donor grant outcomes will need to await confirmation but are likely to be higher than budgeted given the 2019 FBO outcome.

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<sup>7</sup> Balance at Trust accounts at a given point in time.

<sup>8</sup> As per NEC Decision (Dec. 133 & 134), the COVID-19 expenditure is divided into two (2) main programs – Health & Security containment (K280.0 million) and Economy Support programs (K320.0 million).

**Table 3: Key Fiscal Aggregates 2019-2020 (Kina, million)**

| Kina Million   | 2019<br>Actuals | 2020<br>Budget  | June<br>Outturn | 2020<br>MYEFO   | Budget<br>Variance |
|--|-----------------|-----------------|-----------------|-----------------|--------------------|
| <b>TRANSACTIONS AFFECTING NET WORTH:</b>                       |                 |                 |                 |                 |                    |
| <b>Revenue</b>   | <b>13,680.5</b> | <b>14,095.4</b> | <b>4,814.6</b>  | <b>11,359.1</b> | <b>-2,736.3</b>    |
| Taxes  | 10,918.1        | 11,307.8        | 4,550.5         | 9,647.2         | -1,660.6           |
| <i>Taxes on Income, profits, and capital gains</i>             | 6,070.4         | 6,229.5         | 2,516.4         | 5,470.6         | -758.9             |
| <i>Taxes on payroll and workforce</i>                          | 1.9             | 0.0             | 0.7             | 1.4             | 1.4                |
| <i>Taxes on goods and services</i>                             | 3,936.6         | 4,195.1         | 1,666.8         | 3,437.9         | -757.2             |
| <i>Taxes on international trade and transactions</i>           | 909.3           | 883.2           | 366.6           | 737.3           | -145.9             |
| Grants   | 1,775.6         | 932.1           | 0.0             | 932.1           | 0.0                |
| Other Revenue  | 986.8           | 1,855.5         | 264.1           | 779.8           | -1,075.7           |
| <i>Dividends</i>   | 1,033.5         | 1,205.0         | 172.0           | 500.0           | -705.0             |
| <i>PMMR Revenue</i>  | 655.0           | 641.9           | 55.0            | 205.00          | -436.9             |
| <i>Fees and Charges</i>  | 88.5            | 162.9           | 39.0            | 74.09           | -88.8              |
| <i>SWF Inflows</i>   | -               | 0.0             | -               | -               | 0.0                |
| <i>Interest &amp; Fees from Lending</i>                        | 0.0             | 0.7             | 0.0             | 0.7             | 0.0                |
| Resource Revenue   | 1,141.9         | 1,361.2         | 181.2           | 511.2           | -850.0             |
| <i>Mining and Petroleum Taxes</i>                              | 760.7           | 561.2           | 81.2            | 161.2           | -400.0             |
| <i>Mining, Petroleum and Gas Dividends</i>                     | 381.2           | 800.0           | 100.0           | 350.0           | -450.0             |
| <i>Transfer from the Stabilization Fund (SWF)</i>              | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                |
| Revenue as percentage of GDP                                   | 16.2%           | 15.3%           | 5.9%            | 13.9%           | -1.3%              |
| <b>Total Expenditure and lending</b>                           | <b>17,852.5</b> | <b>18,726.5</b> | <b>6,900.4</b>  | <b>17,989.3</b> | <b>-737.2</b>      |
| Expense as percentage of GDP                                   | 21.1%           | 20.3%           | 8.5%            | 22.1%           | 1.8%               |
| <b>Expense<sup>2</sup></b>                                     | <b>14,840.6</b> | <b>15,287.6</b> | <b>5,984.2</b>  | <b>14,411.4</b> | <b>-876.2</b>      |
| Compensation of employees                                      | 5,423.8         | 5,672.8         | 2,695.4         | 5,762.8         | 90.0               |
| Use of goods and services                                      | 5,800.7         | 4,516.0         | 1,363.7         | 3,685.4         | -830.6             |
| Interest*  | 2,129.1         | 2,140.5         | 1,011.5         | 2,048.0         | -92.5              |
| Grants   | 1,400.9         | 2,583.9         | 872.2           | 2,583.9         | 0.0                |
| Social benefits  | 0.0             | 256.4           | 0.0             | 217.7           | -43.1              |
| Other expense  | 86.1            | 118.1           | 41.5            | 113.6           | 0.0                |
| <b>Net Acquisition of Non-Financial Assets**</b>               | <b>3,011.8</b>  | <b>3,438.9</b>  | <b>916.3</b>    | <b>3,577.8</b>  | <b>139.0</b>       |
| Fixed Assets   | 3,011.8         | 3,438.9         | 916.3           | 3,577.8         | 139.0              |
| <b>Gross Operating Balance<sup>3</sup></b>                     | <b>-1,160.1</b> | <b>-1,192.3</b> | <b>-1,169.5</b> | <b>-3,052.3</b> | <b>-1,860.1</b>    |
| <b>Net Lending (+) / Net Borrowing (-)</b>                     | <b>-4,172.0</b> | <b>-4,631.1</b> | <b>-2,085.8</b> | <b>-6,630.2</b> | <b>-1,999.1</b>    |
| Net lending/borrowing as percentage of GDP                     | -4.9%           | -5.0%           | -2.6%           | -8.1%           | -3.1%              |
| Non-resource primary balance as percentage of Non-resource GDP | -5.5%           | -5.8%           | -2.0%           | -8.2%           | -2.4%              |
| FRA deficit (as a share of non-resource GDP)                   | -3.2%           | -3.8%           | -0.8%           | -5.2%           | -1.4%              |
| <b>Transactions in financial assets and liabilities</b>        | <b>4,172.0</b>  | <b>4,631.1</b>  | <b>2,085.8</b>  | <b>6,630.3</b>  | <b>1,553.6</b>     |
| <b>Net Acquisition of Financial Assets</b>                     | <b>- 783.9</b>  | <b>-</b>        | <b>1,121.4</b>  | <b>- 445.6</b>  | <b>-</b>           |
| Domestic***  | - 783.9         | -               | 1,121.4         | - 445.6         | -                  |
| External   | -               | -               | -               | -               | -                  |
| <b>Net Incurrence of Liabilities</b>                           | <b>3,388.1</b>  | <b>4,631.1</b>  | <b>3,207.2</b>  | <b>6,184.7</b>  | <b>1,553.6</b>     |
| Domestic   | 1,054.3         | 1,257.2         | 2,023.7         | 1,923.0         | 665.8              |
| <i>Debt securities: Treasury bills</i>                         | 1,513.8         | 328.1           | 638.5           | 328.1           | 0.0                |
| <i>Debt securities: Treasury bonds</i>                         | -355.7          | 1,029.6         | 1,439.6         | 1,695.4         | 665.8              |
| <i>Loans</i>   | -103.8          | -100.5          | -54.3           | -100.5          | 0.0                |
| External   | 2,333.9         | 3,373.8         | 1,183.5         | 4,261.6         | 887.8              |
| <i>Debt securities: Sovereign bonds</i>                        | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                |
| <i>Loans</i>   | 2,333.9         | 3,373.8         | 1,183.5         | 4,261.6         | 887.8              |
| <b>Gross Debt Stock</b>  | <b>33,666.9</b> | <b>37,185.0</b> | <b>36,874.0</b> | <b>39,851.5</b> | <b>2,666.5</b>     |
| <b>Debt as % of GDP</b>  | <b>39.8%</b>    | <b>40.3%</b>    | <b>45.2%</b>    | <b>48.9%</b>    | <b>8.6%</b>        |
| <b>Gross Domestic Product<sup>5</sup></b>                      | <b>84,554.1</b> | <b>92,206.2</b> | <b>81,497.1</b> | <b>81,497.1</b> | <b>-10,709.1</b>   |
| <b>Non-resource GDP</b>  | <b>58,277.8</b> | <b>66,010.2</b> | <b>62,191.1</b> | <b>62,191.1</b> | <b>-3,819.1</b>    |

Source: Department of Treasury

\*Net Acquisition of Non-Financial Assets, excludes operational costs like maintenance and repair of fixed assets, which are included in the use of goods and services

FRA deficit (as a share of non-resource GDP) means the annual net lending or borrowing amount in fiscal accounts adjusted for interest payments, and taxes and dividends from the mining, petroleum and gas sector, but does not include expenditure and interest cost from reconstruction and growth debt.

\*Interest excludes other debt related payment of K16.4 which is captured under Uses of Goods and Services.

The lower outcome for tax and non-tax revenue compared to what was projected to be collected by end June broadly reflects the impact of COVID-19 on revenues, adverse supreme

court ruling on PMMR Act's constitutionality and, to a lesser extent, the Porgera mine shutdown.

Over the first six (6) months, Tax Revenue was at 40.8 per cent of the total projection (or 81.5 per cent of the pro rata 50.0 per cent estimate for the period). Against the estimates for the first six (6) months: taxes on Income, Profits and Capital Gains were at 81.5 per cent; taxes on Goods and Services (GST) were 82.0 per cent, and taxes on International Trade were 86.0 per cent. From the K1,000.9 million (pro rata 50.0 per cent of budgeted amount) expected from Other Revenue (Dividends, PMMR and Departmental Fess & Charges), only K264.1 million was realised. The main reduction on this revenue stream came from lower dividends.

On Donor Support Grants, no data was provided to Department of National Planning and Monitoring by development partners at the time of this MYEFO report, therefore, no amount is reported. However, looking at the past trend and the COVID-19 related assistance received from donor partners, the outcome is expected to be higher than budgeted. A detailed report will be presented in the 2020 Final Budget Outcome report.

In the first half of the year, the Government expended a total of K6,900.4 million or 36.8 per cent of the total appropriation.

Capital Budget expenditures (including SIP expenditures) are tracking below (27.0 per cent) the pro-rata budgeted appropriation for end June – K1,617.4 million has been expended against the appropriation of K5,980.5 million. Key commitments such as SIPs, PIPs and counterpart-funded projects continue to be prioritized. Compared to other PIP projects, SIPs funding is on track compared to the budget mid-year target. The implementation of other PIP projects has been adversely affected due to cash flow constraints and payments of salaries (non-development) expenditure.

Operational Budget Expenditures (excluding SIPs) amounted to K5,283.1 million which is 41.5 per cent of the pro rata budget appropriation. Personnel emolument expenditures for the first half, at K2,695.4 million, are within the full year budgeted level of K5,672.8 million. Similarly, interest costs over the first half are also within the programmed budgeted amount. Goods and services expenditures are significantly lower than budgeted for the first half, and, given the cash flow constraints, is where the burden of adjustment will fall.

The fiscal deficit at end June 2020 was K2,085.8 million, significantly below the pro rata (50.0 per cent) programmed deficit of K2,315.6 million. The decline in revenue was offset fully by the restraints placed on goods and services and capital expenditures to meet the lower financing and cash flow availability. Despite the decline in goods and services expenditure, the Government was still able to make inroads into its outstanding arrears which declined by K131.0 <sup>9</sup>million over the first six (6) months.

The COVID-19 shock has delayed about 15.0 per cent of the external budget financing expected in the first half of the year with an outturn of 35.0 per cent. This mainly reflected the withdrawal of the programmed ADB partial credit guarantee loan due to unfavourable market conditions. However, the Government managed to secure a Rapid Credit Facility (RCF) loan of K1,258.3 million from the International Monetary Fund on very favourable terms of zero (0) per cent interest. The Government also borrowed through the domestic market through the issuance of COVID-19 Treasury Bonds (K2,110.6 million) as well additional

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<sup>9</sup> 2019 3.0 per cent CPI arrears paid in early 2020 and also includes Judiciary CPI arrears back dated 2015.

Treasury Bills. This resulted in a net borrowing of K3,207.2 million. Part of the financing raised is still quarantined in the DRA to cover upcoming debt service payments.

Consequently, the debt stock outcome at end June 2020 is K36,874.0 million (45.2 per cent of estimated end June nominal GDP) which is within the prescribed limit of 45.0 per cent of GDP as per the *Fiscal Responsibility Act (2019 amended)*, but significantly higher than the budget target of 40.3 per cent and the medium-term trend targets. The cause for increase in the debt to GDP ratio has two components. First, debt is higher than expected by the middle of the year due to the build-up in cash reserves. Second, the nominal value of GDP has fallen by 10.0 per cent reflecting largely the drop in oil and gas prices and their impacts on nominal GDP. The latter effect of GDP is having a more significant impact on the debt to GDP ratio than the extra debt levels expected by the end of the year.

The MYEFO includes a Use of Cash Balances in financing for the deficit of K445.6 million. This reflects an over-financing for the 2019 Budget deficit. In the 2019 FBO, the government reported the utilisation of K1,228.6 million of cash balances left in the Sovereign Bond and ADB HSSDP trust accounts (financing raised in 2018), to pay for the 2019 deficit of K4,172.0 million. In 2019, the Government raised further financing through the net incurrence of liabilities of K3,388.1 million. Thus, total funds available to finance the 2019 deficit was K4,616.7 million (cash balance plus net incurrence of liabilities). This value exceeded the deficit for 2019 by K445.6 million. This was retained as a cash balance in trust accounts from domestic debt raised late in 2019. The government is projecting to fully utilise the cash balance in the domestic trust accounts in 2020 towards the 2020 deficit.

### **Fiscal Outlook for 2020**

Based on the first six (6) months fiscal trends, Total Revenue and Grants is projected to decrease by K2,736.3 million to K11,359.1 million from the 2020 Budget projection of K14,095.4 million.

Total Expenditure and Net Lending, is planned at K17,989.3 million by end 2020. With the expected decline in revenue, this is projected to result in an increase in the fiscal deficit in 2020 by K1,999.1 million to K6,630.2 million.

As a result, the total public debt stock is projected to increase to K39,851.5 million, or 48.9 per cent of GDP, significantly higher than both the 40.3 per cent budget target for 2020 and the 39.8 per cent outcome for 2019. A significant portion of increase in the debt ratio is because of the fall in nominal GDP. Specifically, from the 2020 Budget, the move from an estimated 40.3 per cent to 48.9 per cent is due to a 3.5 per cent increase in debt and the remainder the fall in GDP.

The programmed deficit would now result in the 45.0 per cent FRA limit being exceeded. With an expectation that oil and gas prices will begin to improve in 2021, nominal GDP growth will accelerate and help reduce the temporary spike in this debt ratio. Raising adequate funds externally and domestically remains a challenge given the adverse impact of COVID-19 on liquidity and appetite in financial markets. This is a common challenge facing many countries around the world and why quantitative easing, and expansion of government borrowing, has been broadly accepted to respond to this once in a century set of circumstances.

Expected risks from external financing are more related to potential delays in securing the planned budget support from the ADB, the World Bank, Australia and other bilateral partners. Prior to end June 2020, PNG formally applied for debt suspension under the G-20 Debt Service Suspension Initiative. However, there is substantial uncertainty over the amount of relief that will be gained as it is unclear if China is fully participating in the G-20 initiative.

Overall, if the programmed external financing initiatives are not realised fully and, combined with the expected revenue shortfall, this will result in cash flow constraints which could impact the magnitude of the fiscal deficit outturn for 2020. It will also adversely impact the amount of arrears reduction that has been programmed to be paid in 2020.

The inclusion of the three domestic loan guarantees in 2018 where there have been calls on the State, increased the total debt stock in 2018 which has been carried forward into 2019 and 2020 stock levels. Formulating options for the restructuring of these loans is a key debt management priority going forward both to seek recoveries and to provide the appropriate performance and sanction framework for SOEs.

The non-resource primary balance is expected to deteriorate to -8.1 per cent, against the 2020 Budget target of -5.8 per cent and the 2019 actual of -5.2 per cent.

The Government aims to deliver the COVID-19 Health Response and its Economic Stimulus Package by reprogramming expenditures that are deemed non-essential in light of the pandemic and programmes that are delayed and are unlikely to be implemented in 2020. Key Government priorities and essential services such as education subsidies and HELP, emergency roads and bridges, disaster relief funding, provincial functional grants and commitment towards direct investments in provinces through the Services Improvement Programs (SIPs) will be maintained in 2020.

## **1.4 TOTAL REVENUE AND GRANTS**

Total Revenue and Grants projection for 2020 has been revised down by K2,736.3 million in the 2020 MYEFO to K11,359.1 million, compared to the 2020 Budget projection of K14,095.4 million.

The revised projection highlights the expected shortfalls in Company Income Tax (CIT) due to a fall in domestic business activities and the downgrade in profit expectations from a number of large taxpayers according to the newly established Large Taxpayers' Office. It also reflects substantial downward revisions in Mining and Petroleum Tax (MPT) due to the decline in petroleum commodity prices. Other major reductions in Taxes include Goods and Services Taxes, Import Duty and Export Tax, which have all been affected by the impacts of the COVID-19 pandemic.

The Other Revenue category projection has also been downgraded significantly which includes dividend collections, statutory transfers (PMMR receipts), and fees & charges. The downward revisions reflect the negative economic impacts of the COVID-19 pandemic, as well as the Supreme Court ruling nullifying the constitutionality of the *Public Monies Management Regulation (PMMR) Act* thereby nullifying the collection from statutory transfers for the remainder of 2020.

Tax and Other Revenue categories are projected to decline by K1,660.7 million and K1,075.7 million, respectively (refer Table 4). Donor Grant projections have not been revised and remain as per the Budget estimates although they are expected to increase in light of the 2019 FBO outcome as well as additional support for COVID-19.

**Table 4: Total Revenue and Grants 2019-2020 (Kina, million)**

|                             | <b>2019<br/>Actual</b> | <b>2020<br/>Budget</b> | <b>June<br/>Outturn</b> | <b>2020<br/>MYEFO</b> | <b>Budget<br/>Variation</b> |
|-----------------------------|------------------------|------------------------|-------------------------|-----------------------|-----------------------------|
| <b>Tax Revenue</b>          | <b>10,918.1</b>        | <b>11,307.9</b>        | <b>4,550.5</b>          | <b>9,647.2</b>        | <b>-1,660.7</b>             |
| <i>Per cent of GDP</i>      | 12.9%                  | 12.3%                  | 5.6%                    | 11.8%                 | 0.0                         |
| <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>      | -                      | -                      | -                       | -                     | -                           |
| <b>Grants</b>               | <b>1,775.6</b>         | <b>932.1</b>           | <b>0.0</b>              | <b>932.1</b>          | <b>0.0</b>                  |
| <i>Per cent of GDP</i>      | 2.2%                   | 1.0%                   | 0.0%                    | 1.1%                  | 0.0                         |
| <b>Other Revenue</b>        | <b>986.8</b>           | <b>1,855.4</b>         | <b>264.2</b>            | <b>779.8</b>          | <b>-1,075.6</b>             |
| <i>Per cent of GDP</i>      | 1.2%                   | 2.0%                   | 0.3%                    | 1.0%                  | 0.0                         |
| <b>Total Revenue</b>        | <b>13,680.4</b>        | <b>14,095.4</b>        | <b>4,814.7</b>          | <b>11,359.1</b>       | <b>-2,736.3</b>             |
| <i>Per cent of GDP</i>      | 16.2%                  | 15.3%                  | 5.9%                    | 13.9%                 | 0.0                         |

Source: Department of Treasury

## TAX REVENUE

Tax revenue collections for the first half of the year are below the mid-year pro-rata rate at 80.5 per cent due to largely the disruptions to business activity brought about by the COVID-19 pandemic, including the two-week nationwide lock-down followed by the two-month State of Emergency restriction. Tax revenue is anticipated to remain sluggish in the second half as businesses, spending, consumption and trade adapt and then resume to the new normal.

Collections in Company Income Tax, Mining and Petroleum Tax, Import Excise, Export Tax and Good and Services Tax are projected to decline against the 2020 Budget estimates.

In addition, the COVID-19 response measures have also disrupted implementation of the Medium Term Revenue Strategy (2018 – 2022) reforms and tax compliance activities. The administrative relief measures undertaken by the IRC to mitigate impacts of the national lockdown on taxpayers have delayed the focus on compliance activities.

The total tax revenue projection is now revised to K9,647.2 million, K1,660.7 million lower than the 2020 Budget estimate and 11.6 per cent lower than the 2019 actual.

### Taxes on Income, Profits and Capital Gains

Taxes on Income, Profits and Capital Gains have been revised from the original estimate of K6,229.5 million to K5,470.6 million, a downward revision of K758.9 million. Major contributors to this revision are Company Income Tax (lower by K436.8 million), Mining and Petroleum Tax (lower by K400.0 million), and Non-Resident Insurers Withholding Tax (lower by K35.0 million).

The Corporate Income Tax estimate has been revised from K2,085.4 million to K1,648.6 million, a downward revision of K436.8 million. Based on the June Outturn, the actual collection of CIT provisional in the first installment was K403.0 million, K141.0 million lower than the projected collection which, combined with the regular CIT collection, recorded a total of K560.0 million for first half of 2020.

The pre-COVID-19 estimate for provisional tax (advanced CIT paid in three installments over the year) was an average of K544.0 million per installment. Remaining installments are due at the end of July and October. The IRC has revised the payment schedule for provisional tax in 2020 bringing forward advanced payments of corporate income tax earlier in the year, but have reverted to the old schedule of payment to allow taxpayers some cash flow relief under the administrative easing of regulations in response to COVID-19.



The shortfall reflects an environment of thin profit margins as companies face tighter cash flow positions due to unfunded operational expenses (because of COVID-19 restrictions and prevention strategies) and ending up not meeting their instalment payments. This situation is further aggravated by the expected contraction in economic activity this year which paves a downside collection trend for CIT.

Administratively, the IRC's progress on compliance and MTRS activities slowed or was shelved due to the new operating environment and restrictions as no enforcement or compliance efforts have been deployed. Most of IRC's working staff were placed under staff rotation and desk audits instead of site audits during the State of Emergency period.

These scenarios indicate lower prospects for corporate tax collections in 2020, as businesses file for cash flow relief measures to delay lodgment and payment as instructed by the IRC. In addition, a sluggish cash flow environment in the economy coupled with the new restrictions to business activities are more likely to hinder CIT collections in 2020.

**Table 5: Taxes on Income, Profits and Capital Gains 2019-2020 (Kina, million)**

|   | <b>2019<br/>Actual</b> | <b>2020<br/>Budget</b> | <b>June<br/>Outturn</b> | <b>2020<br/>MYEFO</b> | <b>Budget<br/>Variation</b> |
|---|------------------------|------------------------|-------------------------|-----------------------|-----------------------------|
| <b>Taxes on Income, Profits and Capital Gains</b> | <b>6,070.4</b>         | <b>6,229.4</b>         | <b>2,516.4</b>          | <b>5,470.6</b>        | <b>-758.8</b>               |
| Personal Income Tax                               | 3,211.6                | 3,215.0                | 1,702.6                 | 3,308.0               | 93.0                        |
| Company Tax                                       | 1,696.9                | 2,085.4                | 560.6                   | 1,648.6               | -436.8                      |
| Mining and Petroleum Taxes                        | 760.7                  | 561.2                  | 81.2                    | 161.2                 | -400.0                      |
| Royalties Tax                                     | 25.8                   | 29.6                   | 16.6                    | 33.7                  | 4.1                         |
| Management Tax                                    | 17.2                   | 19.8                   | 11.0                    | 21.5                  | 1.7                         |
| Dividend Withholding Tax Non-Mining               | 215.0                  | 171.0                  | 81.1                    | 171.0                 | 0.0                         |
| Non-Resident Insurers Withholding Tax             | 14.6                   | 40.0                   | 2.5                     | 5.0                   | -35.0                       |
| Interest Withholding Tax                          | 128.0                  | 107.3                  | 60.7                    | 121.4                 | 14.1                        |
| Tax Related Court Fines                           | 0.0                    | 0.0                    | 0.0                     | 0.0                   | 0.0                         |
| Sundry IRC Taxes & Income                         | 0.6                    | 0.1                    | 0.1                     | 0.2                   | 0.1                         |

Source: Department of Treasury

The 2020 Budget MPT estimate of K561.2 million is expected to be hit hardest and fall short by K400.0 million down to K161.2 million by year-end.

The significant downward revision is driven by the collapse in petroleum prices and forecasts, and adverse technical supply and cost issues in other mineral exports brought about by the impact of COVID-19 on world markets and domestic operations. The impact of the COVID-19 State of Emergency declared domestically has affected operations of local mineral and petroleum companies by affecting labor mobility. The shutdown of the Porgera gold mine will impact local employment and government revenue in mining and petroleum taxes.

According to the IRC, MPT collections in the first half comprise mostly of wash up payments from 2019, which amounted to K81.2 million as per June 2020 outturns. This is 64.1 per cent lower compared to the same period in 2019. Given these trends, MPT collections for 2020 are expected to be substantially below the 2019 outcomes.

Personal Income Tax year to-date collections, in contrast, have been resilient. The June Outturn report showed Personal Income Tax (PIT) collections of K1,702.6 million, 10.0 per cent above budget target at the mid-year point. The higher collection trend is mainly due to the ceasing of GST credit offsets against PIT liabilities provided to companies in September 2019. The ceasing of credit offsets allows the IRC to collect the full Personal



Income Tax liabilities, although at the cost of GST collections. The higher PIT collections also reflects growth in the public sector head count and wage bill.

For 2020, PIT is expected to pick up slightly above the budget target reflecting a full year without credit offsets against PIT liabilities and one-off PIT payments due to layoffs during the two-week nationwide shutdown and SOE restrictions. This also accounts for the impact of the Porgera mine laying off its workers (an estimate loss of up to K60.0 million), while layoffs due to COVID-19 in the services sectors are likely to be under the tax-free threshold of the PIT.

### Taxes on Payroll and Workforce

Tax collections on the Payroll and Workforce amounted to K0.7 million in the first half. This revenue mainly reflects delayed collections after the Training Levy tax was repealed in the 2018 Budget. The 2020 Budget projection estimated a zero outturn. However, with actual collections over the first six months, the Government is expected now to collect K1.4 million in 2020.

**Table 6: Taxes on Payroll and Workforce 2019-2020 (Kina, million)**

| Tax on Payroll & Workforce | 2019 Actual | 2020 Budget | June Outturn | 2020 MYEFO | Budget Variation |
|----------------------------|-------------|-------------|--------------|------------|------------------|
| Training Levy              | 1.9         | 0.0         | 0.7          | 1.4        | 1.4              |
| <b>Total</b>               | <b>1.9</b>  | <b>0.0</b>  | <b>0.7</b>   | <b>1.4</b> | <b>1.4</b>       |

Source: Department of Treasury

### Taxes on Goods and Services

Taxes on Goods and Services collection is projected to decline substantially by K754.9 million to K3,437.9 million from the 2020 Budget estimate of K4,192.8 million. The projected decline is based on year-to-date collection trends that are 21.0 per cent below the mid-year pro-rata rate which reflects continued weakness in GST inland and ports, Excise Duty, Import Excise, Gaming Machine Tax, Stamp Duty and Departure Tax collections.

**Table 7: Taxes on Goods and Services 2019-2020 (Kina, million)**

|  | 2019 Actual    | 2020 Budget    | June Outturn   | 2020 MYEFO     | Budget Variation |
|--|----------------|----------------|----------------|----------------|------------------|
| <b>Taxes on Goods and Services</b>   | <b>3,936.5</b> | <b>4,192.8</b> | <b>1,666.8</b> | <b>3,437.9</b> | <b>-754.9</b>    |
| GST <sup>1</sup>   | 2,252.5        | 2,341.9        | 951.4          | 2,002.9        | -339.0           |
| Stamp Duties   | 46.6           | 55.5           | 17.6           | 35.3           | -20.2            |
| Excise Duty  | 1,061.0        | 1,215.0        | 482.1          | 964.2          | -250.8           |
| Import Excise  | 299.7          | 292.0          | 136.8          | 273.7          | -18.4            |
| Bookmakers' Turnover Tax   | 17.2           | 18.2           | 5.1            | 10.2           | -8.0             |
| Gaming Machine Turnover Tax  | 227.2          | 246.7          | 66.8           | 140.2          | -106.5           |
| Departure Tax  | 28.6           | 23.9           | 3.3            | 6.6            | -17.3            |
| Motor Vehicle Registration   | 2.0            | 0.0            | 1.7            | 2.3            | 2.3              |
| Other taxes on use of goods and on permission to use goods or perform activities | 0.5            | 0.6            | 0.2            | 0.6            | 0.0              |
| Other taxes on goods and services  | 1.2            | -1.0           | 1.8            | 2.0            | 3.0              |

Source: Department of Treasury

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

Both Ports and Inland GST collections in the first half of the year recorded 41.6 per cent and 42.5 per cent, respectively, against annual projections. The ongoing impact of COVID-19 is likely to adversely affect GST recovery efforts in the second half of 2020.

Overall, GST transfers to the Consolidated Revenue Fund are projected to fall short of the 2020 Budget estimate consistent with revised collections from Inland and Port sections. Lower collections may be exacerbated by the increased provisioning of GST refunds to businesses importing health related items such as PPEs and medicines as part of COVID-19 support measures to business houses.

Excise duty collections are projected to fall by K250.8 million to K964.2 million against budget projections of K1,215.0 million. This is due to subdued collections over the first half of 2020 amounting to K482.1 million, which is only 39.7 per cent of the overall budget estimate. The below-target collection reflects the impact of the nation-wide shutdown on domestic activities and disruptions to spending and consumption.

Import excise is projected to decline by K18.4 million to K273.7 million from an initial budget estimate of K292.0 million. This is based on mid-year collection performance of 47.0 per cent against the budget estimate. The lower collection reflects dampened demand for excisable import products such as fuel, restrictions to travels and the implementation of lower Import Excise Tariff rates on imports of new and used vehicles introduced in the 2020 Budget. Looking ahead, the post COVID-19 new normal measures are expected to support domestic demand for excisable products. Consequently, import excise collections are expected to be cushioned against any dramatic declines in this tax head.

Gaming Machine Tax (GMT) is projected to fall by K106.5 million from an initial estimate of K246.7 million to K140.2 million. Year-to-date collections recorded K66.8 million or 27.1 per cent of the budget estimate. This tax head had a direct hit from COVID-19 preventive measures and is not likely to recover under the “new normal” measures. GMT collection is forecast to fall below the 2019 outcome by more than 50.0 per cent.

Departure Tax collections over the first half amounted to K3.3 million, or 13.8 per cent of the budget estimate, and are forecast to be below the budget target by K17.3 million or 27.6 per cent. This is mainly due to the closure of airports and suspension of flights due to the COVID-19 border controls and movement restrictions with international flights. These restrictions are expected to continue until year-end.

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

Taxes on International Trade and Transactions are projected to decrease by K145.9 million from the 2020 Budget estimate of K883.2 million to the MYEFO estimate of K737.3 million.

Export Tax collections in the first half were higher compared to the same time last year by 6.8 per cent. This is due to the increase in export duty rates on old-growth logs from 32.0 per cent to 50.0 per cent introduced in the 2020 Budget to improve the capture of resource rents and encourage downstream processing. Compared to the Budget projection for 2020, the export tax is trailing. A substantial portion to export tax in 2020 was expected to be contributed by unprocessed logs because of the increase announced in export duties.

Despite the observed fall in export volumes of dutiable log products as a result of local restrictions and reduced demand from China, an increase in log prices of about 5.1 per cent supported export duty collections over the first half. The expectation on export volumes remains subdued for 2020 meaning export duty collections are expected to weaken over the course of 2020. Overall, export tax is projected to decline to K390.0 million, a shortfall of K65.4 million from the budget estimate of K455.4 million.

**Table 8: Taxes on International Trade and Transactions 2019-2020 (Kina, million)**

|  | 2019<br>Actual | 2020<br>Budget | June<br>Outturn | 2020<br>MYEFO | Budget<br>Variation |
|--|----------------|----------------|-----------------|---------------|---------------------|
| <b>Taxes on International Trade &amp; Transactions</b> | <b>808.6</b>   | <b>883.2</b>   | <b>302.5</b>    | <b>737.3</b>  | <b>-145.9</b>       |
| Import Duty  | 409.4          | 427.8          | 137.6           | 347.3         | -80.5               |
| Other Import Taxes                                     | 101.8          | 0.0            | 0.0             | 0.0           | 0.0                 |
| Export Tax   | 297.3          | 455.4          | 164.9           | 390.0         | -65.4               |

Source: Department of Treasury

Import Duty collections are projected to be lower by K80.5 million against budget projection of K427.8 million. The MYEFO projects import duty collections of K347.3 million that reflect disruptions to trade, such as restrictions to trading routes and heightened scrutiny at international borders, combined with temporary suspension to operations in some domestic ports.

## GRANTS

Donor Grants for 2020 are maintained at the budget projection of K932.1 million. Unfortunately, this MYEFO do not update on donor grants for the first half of the year because the Department of National Planning and Monitoring is yet to receive updates from donors.

**Table 9: Grants – 2019-2020 (Kina, million)**

|                                  | 2019<br>Actual | 2020<br>Budget | June<br>Outturn | 2020<br>MYEFO | Budget<br>Variation |
|----------------------------------|----------------|----------------|-----------------|---------------|---------------------|
| <b>GRANTS</b>                    | <b>1,775.6</b> | <b>932.1</b>   | <b>0.0</b>      | <b>932.1</b>  | <b>0.0</b>          |
| From Foreign Governments         | 1,408.4        | 766.2          | 0.0             | 766.2         | 0.0                 |
| Current                          | 1,126.7        | 612.9          | 0.0             | 612.9         | 0.0                 |
| Cash                             | 0.0            | 0.0            | 0.0             | 0.0           | 0.0                 |
| In-Kind                          | 1,126.7        | 612.9          | 0.0             | 612.9         | 0.0                 |
| Capital                          | 281.7          | 153.2          | 0.0             | 153.2         | 0.0                 |
| Cash                             | 0.0            | 0.0            | 0.0             | 0.0           | 0.0                 |
| In-Kind                          | 281.7          | 153.2          | 0.0             | 153.2         | 0.0                 |
| From International Organizations | 367.1          | 165.9          | 0.0             | 165.9         | 0.0                 |
| Current                          | 293.7          | 132.7          | 0.0             | 132.7         | 0.0                 |
| Cash                             | 0.0            | 0.0            | 0.0             | 0.0           | 0.0                 |
| In-Kind                          | 293.7          | 132.7          | 0.0             | 132.7         | 0.0                 |
| Capital                          | 73.4           | 33.2           | 0.0             | 33.2          | 0.0                 |
| Cash                             | 0.0            | 0.0            | 0.0             | 0.0           | 0.0                 |
| In-Kind                          | 73.4           | 33.2           | 0.0             | 33.2          | 0.0                 |

Source: Department of Treasury

## OTHER REVENUE

A total of K1,855.4 million<sup>10</sup> was estimated from the Other Revenues category in the 2020 Budget. This comprised K1,050.0 million from dividends, K654.2 million as Statutory Transfers (most of it relates to *Public Money Management Regulation [PMMR] Act 2017*) and K151.3 million comprising mainly of fees and charges.

The MYEFO projects Other Revenue to decline from K1,075.7 million to K779.8 million. The downward revision is driven by a K436.9 million anticipated shortfalls from statutory transfers and K124.6 million from fees & charges.

<sup>10</sup> Excludes the SWF pass through because its already captured under MPT

The former is largely due to the Supreme Court decision to nullify the *PMMR Act 2017* on 27 May 2020. The nullification infers no guarantee that the budget projection on statutory transfers will be remitted to the Consolidated Revenue Account, except for the K55.0 million that was transferred before the Supreme Court ruling. Therefore, the MYEFO forecast on statutory transfers' monies has been revised down to reflect this reality. There are potential upside risks to recovery of this projection as there are viable legal options for the Government to consider restoring the intent of *PMMR Act*.

Dividend payments from respective agencies and authorities amounted to K172.0 million, 16.4 per cent against the 2020 Budget estimate at end June 2020. The MYEFO revised forecast for dividends is K500.0 million, which is K550.0 million lower than the budget estimate of K1,050.0 million. The downgrade in collections is due to expectations that the current cash flow difficulties faced by State Owned Enterprises due to the economic contraction will reduce dividend payments this year. Of the K500.0 million forecast, K350.0 million is expected from Mining Petroleum and Gas dividends (KPHL K250.0 million and OTML K100.0 million), while K150.0 million is from State enterprises (mainly BPNG).

**Table 10: Other Revenue – 2019-2020 (Kina, million)**

|   | 2019<br>Actual | 2020<br>Budget | June<br>Outturn | 2020<br>MYEFO | Budget<br>Variation |
|---|----------------|----------------|-----------------|---------------|---------------------|
| <b>OTHER REVENUE</b>                                | <b>986.8</b>   | <b>1,855.4</b> | <b>264.2</b>    | <b>779.8</b>  | <b>-1,075.7</b>     |
| <b>Property Income</b>                              | <b>529.5</b>   | <b>1,153.8</b> | <b>185.7</b>    | <b>525.4</b>  | <b>-628.4</b>       |
| Interest  | 0.0            | 0.7            | 0.0             | 0.7           | 0.0                 |
| Dividends   | 501.2          | 1050.0         | 172.0           | 500.0         | -550.0              |
| <i>Mining Petroleum and Gas Dividends</i>           | <i>381.2</i>   | <i>800.0</i>   | <i>100.0</i>    | <i>350.0</i>  | <i>-450.0</i>       |
| <i>Dividends from Statutory Authorities</i>         | <i>120.0</i>   | <i>150.0</i>   | <i>72.0</i>     | <i>150.0</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>100.0</i>   | <i>0.0</i>      | <i>0.0</i>    | <i>-100.0</i>       |
| Rent  | 28.2           | 103.1          | 13.7            | 24.7          | -78.4               |
| <b>Sales of goods and services</b>                  | <b>37.3</b>    | <b>46.7</b>    | <b>4.9</b>      | <b>34.2</b>   | <b>-12.5</b>        |
| <i>Administrative fees</i>                          | <i>14.2</i>    | <i>4.0</i>     | <i>2.4</i>      | <i>4.6</i>    | <i>0.6</i>          |
| <i>Incidental sales by nonmarket establishments</i> | <i>23.0</i>    | <i>42.7</i>    | <i>2.5</i>      | <i>29.6</i>   | <i>-13.1</i>        |
| <b>Fines, penalties, and forfeits</b>               | <b>1.8</b>     | <b>0.8</b>     | <b>1.7</b>      | <b>1.8</b>    | <b>1.0</b>          |
| <b>Transfers not elsewhere classified</b>           | <b>418.2</b>   | <b>654.2</b>   | <b>71.9</b>     | <b>218.3</b>  | <b>-435.9</b>       |
| <i>Current transfers not elsewhere classified</i>   | <i>418.2</i>   | <i>654.2</i>   | <i>71.9</i>     | <i>218.3</i>  | <i>-435.9</i>       |

Source: Department of Treasury

## 1.5 REVENUE MEASURES UPDATE

The revenue measures passed in the 2020 National Budget were essential in supporting the financing of the annual budget given the magnitude of the fiscal challenges faced at the time. These measures were sector based to help raise revenue, address social issues and boost economic growth.

In 2020, the total additional revenue estimated to be generated from these revenue measures is K168.0 million. Most of these measures have come into operation on 1 January 2020. The major revenue measures include:

- enhancing Land Lease Rental Payments (+K80.0 million);
- increasing excise duty on alcohol and cigarettes (+K79.2 million);
- capturing resource rents on export of unprocessed old-growth logs by increasing the progressive duty rate from the current average of 32 per cent to an average of 50 per cent (+K48.8 million); and
- reducing import excise on imported brand new and used vehicles as a measure to

stimulate the local economy through direct and indirect job creation (-K40.0 million).

In the first half of this year, revenue collections were trending below targets due to the impact of COVID-19 on PNG business activities and households' income. There was also low realisation of the additional revenue measures introduced in the 2020 Budget. The adverse trend is expected to continue in the second half of the year.

In addition, Treasury is doing further work on measures announced in 2020 Budget. Some of these measures are expected to be announced as part of the 2021 Budget.

Below is an update on the implementation of the 2020 Budget major revenue measures in the first half of this year.

## **Tax Revenue Measures Update**

### **1.5.1 Enhancing Land Lease Rental Payments**

The reform to support increased land lease rental collections with the Department of Lands and Physical Planning is behind schedule due to the impact of COVID-19 among other impeding factors.

The schedule for the Billing System is estimated to be completed by end August 2020. The electronic payment systems, namely, goLands and eLands will be launched and go live in August 2020.

The eLands system allows the Lessees as registered users to pay land rental online using a branded card (such as Visa or Master Cards) at their convenience. All rental payments will be done using cards. Therefore, the Department of Lands and Physical Planning is making payments of leased land rentals on time and as easy as possible. The Lessees will be able to apply online for payment through the eLand website and pay on a regular basis.

When the electronic payment systems go live, the goLands system will be able to do a complete billing run and have the total amount to be levied for each year from 2014 to 2020 inclusive. The total outstanding land rental for the past seven (7) years (2014-2020) is estimated at K300.0 million. This total amount is based on approximately 45,000 leases at an average rental of K1,000.00 per year.

In the first half of the year, there was no additional revenue collected from the outstanding land rentals due to COVID-19 including other factors impeding the project schedule at the Department of Lands and Physical Planning. Additional revenue is expected to be collected when the electronic payment system goes live in August 2020. It is estimated that less than 50.0 per cent of revenue estimated in the 2020 Budget will be collected in the second half of the year.

### **1.5.2 Increase Excise on Alcohol and Tobacco**

The *Excise Tariff (2020 Budget) (Amendment) Bill 2019* has been certified by Parliament and the excise measures are in force. These include the increase in six monthly excise adjustment rates from 2.5 per cent to 5.0 per cent, one-off 10.0 per cent increase to excise on alcohol and tobacco, and specific additional increases to anti-social drinks (drinks with higher alcohol content). This measure is expected to generate an additional K79.2 million in 2020.

In the first half of the year, total excise revenue from alcohol and tobacco trended lower by negative 33.0 per cent from the corresponding period in the previous year. The fall is mainly

from the local excise. The fall in excise revenue for tobacco and alcohol is due to the effect of COVID-19 lockdowns which significantly reduced economic activities and household income and as such higher excise tax imposed.

The tobacco excise revenue from the first tier fell by 15.0 per cent while the second tier increased by more than 50.0 per cent.

In the second half of the year, it is expected that additional revenue generated will be lower than the 2020 Budget projection.

### **1.5.3 Reduce Excise on Imported Vehicles**

In the 2020 Budget, the Government introduced a significant reduction on the import excise rates for imported vehicles. As a result, the excise rate for imported vehicles (brand new and used) is reduced by 56.0 per cent. The excise duty rates for brand new and used vehicles with lower engine capacity is reduced from 60.0 and 80.0 per cent respectively to 20.0 per cent. The duty rates for sporting and luxury vehicles is reduced from 110.0 per cent and 120.0 per cent for new and used vehicles respectively to 40.0 per cent. This measure was expected to reduce Government revenue by K40.0 million in 2020.

In the first half of the year, as a result of this reform, the excise revenue collection was down by 4.4 per cent compared to the first months of 2019. However, the reduction in the import excise rates increased demand for imported vehicles by 14.0 per cent as well as increased the import GST and import duty.

### **1.5.4 Log Export Duty**

In the 2020 Budget, the Government increased the average progressive export duty rate from 32 per cent to 50 per cent. This is intended to capture the resource rents from exploiting old-growth logs, encourage downstream processing and act as a default corporate tax. This measure does not apply to plantation logs and was expected to raise K49.0 million in 2020.

In the first half of the year, the revenue from the export of unprocessed round logs increased by 40.0 per cent compared to the corresponding period in the previous year. The increase in the log export duty is mainly from an increase in the export of tropical wood in round form and the imposition of the higher export duty rate on unprocessed logs.

### **1.5.5 Introduction of Small Medium Enterprise (SME) Taxation Regime**

The legislation to give effect to the SME taxation regime was passed and certified by Parliament and is pending Gazettal Notice for implementation.

The SME taxation regime is intended to assist the SME's through a simplified record keeping system, simplified accounting and taxing rules, reduction in the tax burden and encouragement of small business activities. This was also expected to bring SMEs operating in the informal sector into the "formal sector" with a simplified and concessionary tax arrangement.

The delay in implementing this tax reform is due to some minor adjustments that need to be made to reflect the true intent of the policy before the SME taxation regime is implemented. These changes are expected to be introduced as part of the 2021 Budget. The SME Taxation regime is expected to reduce compliance costs by SMEs and improve the revenue base.

### **1.5.6 Tightening the Thin-Capitalisation Rule for Resource Sector**

The Government tightened the thin capitalisation rule by reducing the debt to equity ratio for the extractive sector from 3:1 to 2:1 to align with that of the non-extractive sector. *The Income Tax (2020 Budget) (Amendment) Bill 2019* was passed and certified by Parliament. However, the amendment is yet to come into force.

This is because the taxpayers, especially from the extractive sector, needed a lead time of twelve (12) months to adjust their existing financing arrangement before the new Thin Capitalisation rule came into operation. Necessary amendments to the Income Tax Act will be made to give effect to this reform to come into operation on 1 January 2021.

This measure is expected to have a positive revenue impact over time through limiting interest deductions.

### **1.5.7 Updates on the Rewritten Income Tax Act**

The purpose of rewriting the Income Tax Act (ITA) was to simplify and modernise the tax legislation to improve tax administration and compliance. The new ITA is expected to be more user friendly and easier to read and comply with by ordinary taxpayers.

In February 2020, the consultation draft of the rewritten ITA was published on Treasury's website to seek the public's view. In response, a number of submissions have been received and they are being assessed as part of the rewrite process.

A final consultation will be held with stakeholders on specific issues on a case by case basis in August 2020. Businesses are concerned that a significant number of issues remain to be resolved to ensure a smooth transition to the updated ITA. Following consultations, and after there is confidence that the modernization is not having unintended policy consequences, the ITA will be updated and finalized for tabling in Parliament. This is now more likely to be sometime in 2021.

### **1.5.8 Implementation of *Tax Administration Act 2017***

Government introduced the *Tax Administration Act (TAA) 2017* in the 2018 budget. The TAA set out clear procedures for main tax heads, administrative rules and taxpayer obligations and rights. The TAA will come into effect upon release of the Gazettal Notice.

The TAA is expected to improve tax administration and compliance, hence increase revenue generation.

The Internal Revenue Commission (IRC) is undertaking administrative reforms in preparation for the implementation of the TAA. COVID-19 is having an adverse impact on the planned timing. There is a possibility of staged implementation of the changes, although the initial changes from the TAA are still expected to be implemented on 1 January.

## **Minor Policy and Technical Amendments**

### **1.5.9 Reduce the Amount of Disputed Tax**

This measure has reduced the percentage of disputed tax that must be paid before a tax appeal can progress to 50.0 per cent. The implementation is backdated to 1<sup>st</sup> January 2018 as per the commencement clause. No new appeals have been filed so far in 2020.

**1.5.10 Amend the due dates for Provisional Tax to align with companies operating under a Substituted Accounting Period.**

The change was made effective as of 1<sup>st</sup> January 2020. The Internal Revenue Commission has advised taxpayers of the amendment made and this measure is currently in force. Due to COVID-19, a temporary extension of lodgement was allowed for all 2019 Company Income Tax Returns.



## 1.6 EXPENDITURE AND NET LENDING

Total expenditure for the first half of the 2020 fiscal year was K6,900.5 million, 36.8 per cent against the expenditure envelope of K18,726.5 million as appropriated in the 2020 Budget. This is lower by around K2,462.8 million compared to the pro-rata expenditure projection/target of K9,363.2 million for the first six (6) months.

The lower outturn reflects severe cash flow constraints and operational restrictions imposed under the COVID-19 arrangements. The outcomes for the operational and capital spending categories are 41.4 per cent and 27.0 per cent against their respective budget appropriations for the year.

The Government undertook preventative measures, including a two-week nation-wide lockdown, followed by a two-month State of Emergency (SOE), due to COVID-19. The lower outcome for the first six (6) months can also be explained by the reprioritization measures resulting in deferment or cancellation of some of the government's main budgeted programs for the year such as the 2020 National Census. Operational expenditures have also been diverted to the COVID-19 pandemic response programs.

Donor grant funded expenditures have not been recorded<sup>11</sup> for the first six (6) months of the year, which reflects non-reporting (or delay in reporting) from donor partners to the Government. Donor partners have been supportive of the Government's COVID-19 response program through procuring and disbursing personal protection equipment (PPE) and other medical equipment, and providing technical support, advice and training for local health officials. A detailed report on donor support grants will be available in the 2020 Final Budget Outcome report.

Concessional loan funded expenditure (drawdowns) recorded K601.1 million as at 30<sup>th</sup> June, which is 44.0 per cent of the budgeted estimate of K1,365.0 million. The Government is committed to providing the GoPNG component (counterpart funding) of the loan agreements to facilitate quick concessional loan drawdowns from the existing loans. This is guided by the Government's "Connect PNG" policy platform. Refer to section below on 'Capital Budget Expenditure' for details of projects funded.

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<sup>11</sup> Total of K932.1 million was appropriated in the 2020 Budget for project support grants. Reports on actual year to date expenditure for the first six (6) months of the year was not reported by the development partners, hence not reflected in this MYEFO report. Delay in reporting by donors can be attributed to the different account process involved for the respective donor partners. A more up-to-date Project Support grant financing report will be available later in the year as some donors have different financial period.

**Table 11: Total Expenditure and Net Lending<sup>12</sup> 2019-2020 (Kina, million)**

| Funding Source                             | 2019 Actual     | 2020 Budget     | June Outturn   | 2020 MYEFO      | Outturn as % of Budget |
|--|-----------------|-----------------|----------------|-----------------|------------------------|
| <b>Operational Component</b>               | <b>11,764.4</b> | <b>12,746.0</b> | <b>5,283.0</b> | <b>11,599.8</b> | <b>41.4%</b>           |
| Compensation of Employees                  | 5,423.8         | 5,672.8         | 2,695.1        | 5,762.8         | 47.5%                  |
| Goods and Services                         | 3,071.6         | 3,789.1         | 1,169.0        | 2,645.4         | 30.9%                  |
| Interest Payment**                         | 2,147.2         | 2,156.9         | 1,011.5        | 2,064.4         | 46.9%                  |
| Provincial Functional grants               | 508.1           | 541.1           | 114.0          | 541.1           | 21.1%                  |
| GST & Book Makers Transfers                | 613.7           | 586.1           | 293.4          | 586.1           | 50.1%                  |
| <b>Capital Investment Component</b>        | <b>6,088.0</b>  | <b>5,980.5</b>  | <b>1,617.4</b> | <b>6,389.5</b>  | <b>27.0%</b>           |
| GoPNG                                      | 3,000.7         | 3,683.4         | 1,016.3        | 4,092.4         | 27.6%                  |
| Donor Support Grants                       | 1,775.6         | 932.1           | 0.0            | 932.1           | 0.0%                   |
| Loans                                      | 1,311.7         | 1,365.0         | 601.1          | 1,365.0         | 44.0%                  |
| <b>Total Expenditure &amp; Net Lending</b> | <b>17,852.4</b> | <b>18,726.5</b> | <b>6,900.4</b> | <b>17,989.3</b> | <b>36.8%</b>           |
| <b>% of GDP</b>                            | <b>29.4%</b>    | <b>20.9%</b>    | <b>8.5%</b>    | <b>22.1%</b>    |                        |

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

\*The GoPNG Capital component includes K300.0 million of capital arrears, which was originally captured under the operational (goods and services) as part of the total K1,052m Arrears at the time of the budget. This has been reflected in accordingly in this MYEFO.

\*\* Interest payments in this table includes total debt servicing costs, i.e. interest plus fees and charges. In the GFS classification, fees and charges related to debt servicing are captured under goods and services.

## Operational Budget Expenditure

Operational expense in the first half of the year was K5,283.0 million or 41.4 per cent of the 2020 Budget appropriation. The lower outcome in the operational expenditure category is attributed to the COVID-19 imposed SOE which forced Government agencies to scale down operations, cancel some of the operational activities that were deemed as low priority and shift funding towards containment of COVID-19 in PNG. There were also severe cash flow constraints over the first 5 months because of timing delays in programmed external financing.

Operational expenditures have picked up in the later part of the second quarter following the end of the COVID-19 SOE and with receipt of the proceeds of the domestic COVID bond issuance program and the IMF RCF loan proceeds. Operational expenditures are anticipated to maintain recent trends over the remaining months of 2020.

Operational expenses such as utilities, rentals, medical supplies (drugs and equipment) and other recurrent expenses (officers supplies, fuel, overseas missions, TFF, etc.) are tracking well within their pro-rata projections in the first half. However, the Government's arrears<sup>13</sup> payment program has undergone some delays in execution, but is expected to accelerate in the second half of the year.

Of the total operational expense outturn of K5,283.0 million, CoE was the largest expense item at K2,695.1 million, followed by other operational budget items (goods and services, GST transfers and functional grants) with K1,576.5 million<sup>14</sup> and Debt Service (Interest) payments at K1,011.5 million as highlighted in Table 11.

<sup>12</sup> The table 11 and fiscal table Statement of Operations differs due to presentation of the funding source to its expense items. Table 11 illustrates the Operations and Capital expense components separately whilst Statement of Operation presents the aggregate expense under each economic items.

<sup>13</sup> Total budget for arrears was K1,050.0 million which comprises of retirement of public servants of age 65 plus (K430.0 million), 3.0 per cent pay raise for 2019 (K122.0 million), capital budget arrears (K300.0 million) and operational arrears (K200.0 million). In early 2020, an arrear verification committee was setup and early works commenced in stock taking for the arrears verification program. However, as COVID-19 pandemic affected government operations, the arrears payments were initially deferred to make room for emergency response expenses and other priority items. To date, the Government has cleared arrears in the 3.0 per cent pay rise for 2019 while other arrears remain unpaid. The government is still working to fully implement the arrears payment program in 2020.

<sup>14</sup> Includes GST & BTT transfers of K293.4 million.

**Table 12: Expenditure by Agency Type and Funding Source 2019-2020 (Kina, million)**

| Agency Type                                | 2019 Actual     | 2020 Budget     | June Outturn   | 2020 MYEFO      | Outturn as % of Budget |
|--|-----------------|-----------------|----------------|-----------------|------------------------|
| National Departments                       | 8,120.4         | 7,934.4         | 2,278.7        | 7,318.9         | 28.7%                  |
| Provincial Governments                     | 3,123.9         | 3,946.8         | 1,969.7        | 3,885.6         | 49.9%                  |
| Autonomous Bougainville Government         | 159.4           | 241.0           | 106.9          | 241.0           | 44.4%                  |
| Commercial & Statutory Authorities         | 1,214.3         | 2,150.4         | 932.5          | 2,182.3         | 43.4%                  |
| Interest Payments*                         | 2,147.2         | 2,156.9         | 1,011.5        | 2,064.4         | 46.9%                  |
| Loans                                      | 1,311.7         | 1,365.0         | 601.1          | 1,365.0         | 44.0%                  |
| Donor Support Grants                       | 1,775.6         | 932.1           | 0.0            | 932.1           | 0.0%                   |
| <b>Total Expenditure &amp; Net Lending</b> | <b>17,852.5</b> | <b>18,726.6</b> | <b>6,900.4</b> | <b>17,989.3</b> | <b>36.8%</b>           |

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

Total expenditure under National Departments was K2,278.7 million or 28.7 per cent against budget appropriation of K7,934.4 million. Compared to this time last year, the outcome is lower by K1,039.4 million or 31.3 per cent. The lower outcome is attributed to the impact of the pandemic which affected normal Government's operations. Priority expenditures under National Departments have been maintained while non-essential services have been scaled back. Funding for some non-essential services has been re-appropriated towards the Government's efforts in fighting the COVID-19 virus.

Priority expenditure items expended under National Departments include: Tuition Fee Free Education (K124.6 million or 50.0 per cent), Utilities and Rentals (K201.5 million or 50.4 per cent), Medical Drugs (K132.2 million or 53.3 per cent, PHAs (K85.4 million or 43.4 per cent) and COVID-19 containment fund (K30.9 million or 24.9 per cent). Expenditures under National Departments have picked up in June and are anticipated to ramp up as the Government accelerates spending on some of the programs that have been deferred or put on hold. However, given current rate of implementation, CSA's expenditure at year's end is expected to be lower than originally budgeted, reflecting the impact of COVID-19 on their work programs in 2020.

The expenditure outcome under Provincial Governments, including the Autonomous Bougainville Government (ABG) totalled K2,076.6 million, which is 49.6 per cent compared to the total budget appropriation of K4,187.8 million for the year. The Compensation of Employees outcome for both the Provincial Governments and the ABG for the first half of the year totalled K1,067.9 million which represent 51.4 per cent of the expenditure under provinces (PG+ABG). SIPs and functional grants payments were recorded at K499.5 million and K114.0 million, respectively.

Total expenditure for Commercial and Statutory Authorities (CSA) totalled to K932.5 million or 43.4 per cent against its budget appropriation. Compensation of Employees recorded K543.5 million or 45.4 per cent while other expenses totalled K329.2 million or 40.9 per cent against budgeted. In line with MTDP-III 2018 – 2022, funding of K329.2 million was allocated to ongoing priority projects such as Court House Design and Maintenance (K55.0 million), Health Grants (K23.3 million) to assist with COVID-19 related expenses, Port Moresby General Hospital (K14.9 million) while the balance was expended on MSME and other economic stimulus programs.

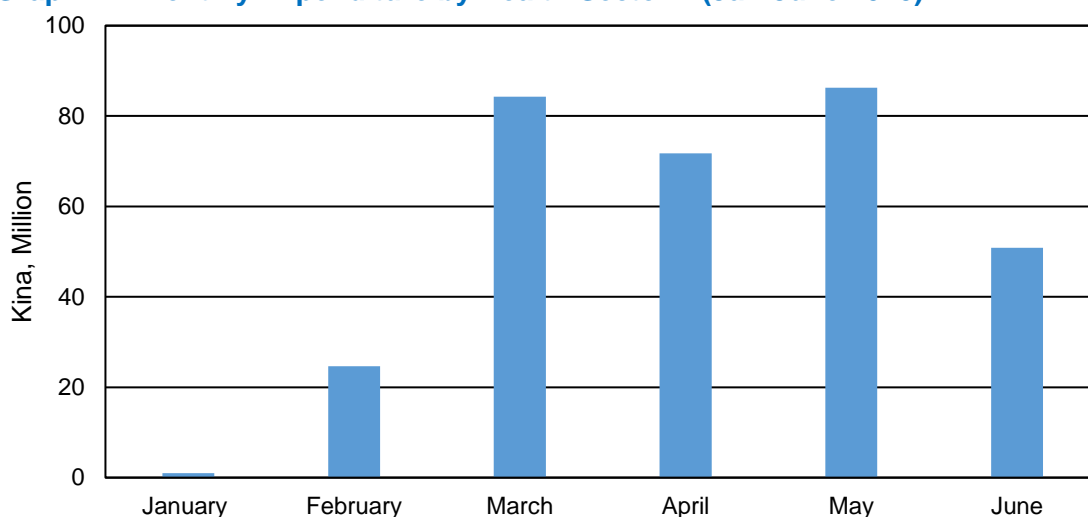
Total interest payments (including fees and charges) for the first half of the year amounted to K1,011.5 million, which represents about 46.9 per cent of its budget appropriation for the year. A large portion of interest cost came from domestic borrowing, which recorded 76.3 per cent

of the total interest cost paid to date, while external debt interest costs recorded 23.7 per cent. Large spikes were recorded in the months of February and May with interest payments of K198.9 million and K349.0 million, respectively, reflecting the maturity structures of government securities. The interest cost for 2020 is projected to be under by K16.4 million against the budget estimate at year's end.

### Health Sector and COVID-19 Related Expenditures

The health sector expended a total of K370.3 million or 48.9 per cent of its budget appropriation for the year. As illustrated in Graph 24, the Government has ramped-up spending in the Health sector starting in February as part of its efforts to contain the entry and spread of COVID-19 in PNG. The funding was mainly towards procurement of personal protection equipment (PPE) and testing kits, setting up of the National Control Centre (NOC), and the State of Emergency (SoE) security operations, especially in the border provinces (hot spots).

**Graph 24: Monthly Expenditure by Health Sector – (Jan-June 2020)**



Source: Department of Treasury

Following the emergency response to COVID-19, a total of K600.0 million was identified within the Operational Budget under the Treasury and Finance Miscellaneous vote for expenditure. These are expenditure items that can be transferred quickly to compliment expenditure items in other priority areas in response to emerging challenges.

As per *NEC Decision (Dec. 133 & 134)*, the COVID-19 expenditure is divided into two (2) main programs – Health & Security containment (K280.0 million) and Economy Support programs (K320.0 million).

As at 30<sup>th</sup> June 2020, total warrants released for the COVID-19 emergency response expenditures amounted to K437.5 million or 73.0 per cent of the identified amount (K600.0 million). Of the warrants released to date, main programs funded includes WASH programs for districts (K60.0 million), Health Sector (K67.0 million), Security & Defense Boarder Posts (K113.0 million), Citizens Repatriation Program (K15.0 million), Food Distribution Programs through Churches and City Authorities (K5.0 million), Agriculture Development for Provinces and Districts (K111.0 million), and MSME's and households (K44.5 million). Details on warrants released to date by programs are provided in Part 2 of this report.

From the warrants released, total year-to-date expenditure under the COVID-19 emergency response program amounted to only K93.1 million or 21.3 per cent of the total warrants released to date (refer Table 13). The lower expenditure outcome is attributed to bulk of the warrants being released late in May and June. Hence, at the time of the MYEFO report, the actual expenditures incurred were not picked up in the IFMS.

**Table 13: COVID-19 Expenditure by Sector and Programs as at 30 June 2020 (Kina, million)**

| <b>Sector and Programs</b>   | <b>June Outturn</b> |
|--|---------------------|
| <b>Administration</b>  | <b>7.6</b>          |
| Food distribution and Garden Promotion program under PM&NEC        | 0.0                 |
| COVID19 - PNG Citizens Repatriation under Department of FA & Trade | 5.6                 |
| 211- Customs COVID-19 Interventions                                | 2.0                 |
| <b>Economic &amp; Infrastructure</b>                               | <b>2.0</b>          |
| NAQIA COVID-19 Containment fund                                    | 2.0                 |
| <b>Law and order</b>   | <b>17.1</b>         |
| Defence Boarder Post   | 3.6                 |
| Security Services additional Costs                                 | 13.5                |
| NOC Centre COVID-19 Fund   | 0.0                 |
| <b>Provinces</b>   | <b>17.1</b>         |
| Wash, MSME& Agriculture Development                                | 14.1                |
| NCD COVID-19 Containment Fund                                      | 1.0                 |
| Morobe COVID-19 Containment Fund                                   | 1.0                 |
| New Ireland Provincial Government-C19 Containment Fund             | 1.0                 |
| <b>Social</b>  | <b>49.3</b>         |
| Additional Allocation to PHA's & HSIP for Dept. of Health          | 45.3                |
| POMGH COVID- 19 Containment fund                                   | 2.0                 |
| IMR COVID-19 Containment fund                                      | 2.0                 |
| <b>Grand Total</b>   | <b>93.1</b>         |

Source: Department of Treasury

Detailed report on the implementation of these programs will be made available in the 2020 FBO report.

### Compensation of Employees

The total expenditure under compensation of employees in the June outturn is K2,695.1 million or 47.5 per cent compared against the 2020 Budget appropriation. This amount reflects the 3.0 per cent CPI pay increment for 2019 that was paid in instalments from January to June 2020 (Pay Period Ending 13). The payment also includes the CPI pay increment for Judiciary Service personnel that was in arrears since 2015. These payments were backdated and cleared up to 2019. With the 3.0 per cent CPI pay increment arrears now cleared, the payroll is expected to return to paying current salaries. However, arrears in retiring public servants over the age of 65 by 2019 (K430.0 million appropriated in 2020) is yet to be cleared.

The 2020 Budget execution of compensation of employees also included a program to retire public servants. This program has suffered some delay due to COVID-19 service disruptions in government and employees remain on the recurrent payroll. A large portion of the public servants that are expected to be retired are teachers. Lack of complete data on age of teachers from Department of Personnel Management has made it hard to execute the retirement policy. Furthermore, payroll in 2020 is affected by increase in the recruitment of essential staff of up

to 2,733 personnel largely from education (teachers), health (such as nurses and health workers) and law & order sectors (police).

The projected outcome for CoE is estimated to be higher by around K90.2 million against the 2020 Budget estimate by the end of the year. However, as Government operations return to the (new) normal, government agencies are expected to fast-track the Government's public service retirement plan in the third quarter, as well as settling the CoE arrears.

**Table 14: Compensation of Employees by Item Types (Kina, million)**

| Compensation of Employees     | 2019 Actual    | 2020 Budget    | June Outturn   | 2020 MYEFO     | Outturn as % of Budget |
|-------------------------------|----------------|----------------|----------------|----------------|------------------------|
| National Dept. & CSA Salaries | 2,404.0        | 2,372.5        | 1,289.1        | 2,422.5        | 54.3%                  |
| Teacher Sal Gr                | 1,670.5        | 1,379.9        | 879.2          | 1,419.9        | 63.7%                  |
| Retirement                    | 592.9          | 1,130.4        | 247.1          | 1,130.4        | 21.9%                  |
| Staffing Grants               | 354.6          | 358.7          | 183.3          | 358.7          | 51.1%                  |
| MPs                           | 88.6           | 68.9           | 35.1           | 68.9           | 50.9%                  |
| Wages Allow                   | 124.2          | 126.2          | 29.8           | 126.2          | 23.6%                  |
| Leave fares                   | 140.9          | 129.4          | 14.6           | 129.4          | 11.3%                  |
| Overtime                      | 28.9           | 33.4           | 10.0           | 33.5           | 29.9%                  |
| Other PE Items                | 19.2           | 73.4           | 7.0            | 73.4           | 9.5%                   |
| <b>Grand Total</b>            | <b>5,423.8</b> | <b>5,672.8</b> | <b>2,695.2</b> | <b>5,762.8</b> | <b>47.5%</b>           |

Source: Department of Treasury

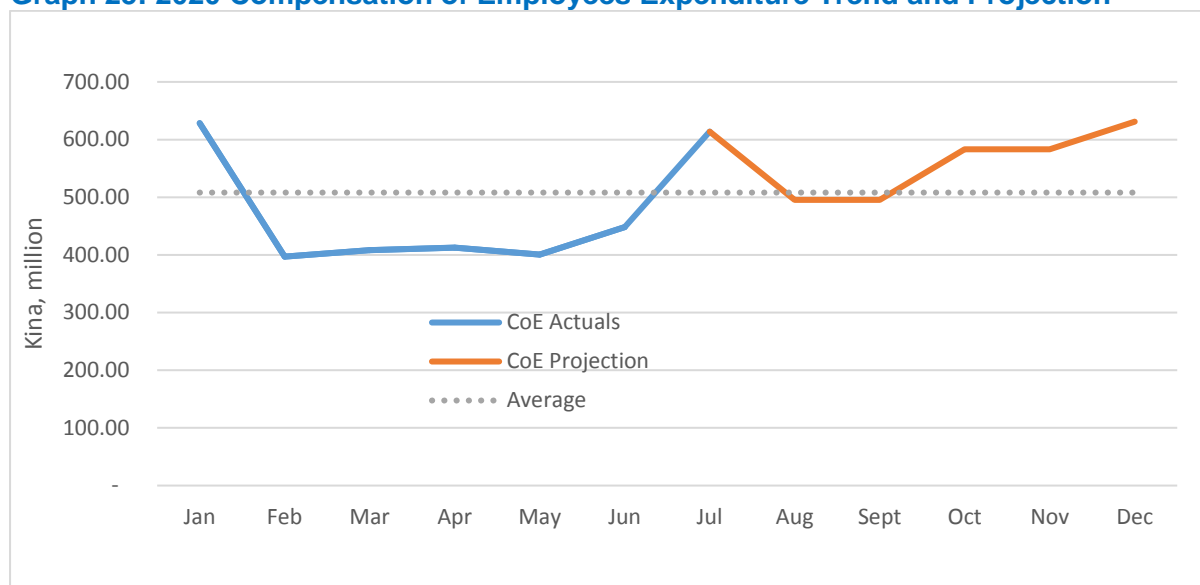
Salary expense in National Departments and Teachers' Salaries continues to trend above projections, reflecting the 2019 CPI pay increment (K122.0 million budgeted in 2020) implemented in 2020, while payments in Retirement (Nambawan Supa and State Share contribution), Wage Allowances, Leave Fares, Overtime and Other CoE items are trailing below pro-rata projections.

In the 2020 Budget, the Government has set aside K430.0 million to pay for arrears in retirement benefits for employees exiting the public service in 2020. This only comprises public servants who had reached the retirement age prior to 2020 but have remained on payroll because the government was unable to pay for their retirement benefits in the past. Other items that are included in the retirement category are public servants reaching retirement age in 2020 and employer contribution for superannuation (8.4 per cent).

Of the K430.0 million retirement budget – the Department of Personnel Management (DPM) has identified a number of agencies with potential retirees. For instance, the Royal Papua New Guinea Constabulary identified 566 personnel for retirement (both Civilian & Uniform) in 2020 with an estimated cost of K74.0 million. These personnel will be retired in batches starting with 133 personnel for an estimated cost of K12.0 million to be implemented in the third quarter. In addition to these direct retirement payments, Treasury is required to pay Nambawan Super the outstanding liabilities of superannuation expenses. These are generally estimated to be three (3) times higher than the direct retirement costs. Both sets of costs were included in the K430 million arrears estimate.

The COVID-19 SOE has delayed the verification process of retirees resulting in the slowdown of warranting. However, it has picked up in June and responsible agencies are awaiting facilitation of outstanding service allowances before issuing the retirement monies to DPM for execution.

**Graph 25: 2020 Compensation of Employees Expenditure Trend and Projection**



Source: Department of Treasury

Due to the COVID-19 pandemic, many planned OSPEAC activities were adversely affected. Despite that, OSPEAC managed to:

- implement the 2019 3.0 per cent pay increment for Public Servants;
- commence work on payroll and manpower cleansing. Manpower templates have been circulated to agencies through Treasury Budget Circular 5. The circular requires agencies to complete the Manpower template, with details of approved establishment, current staff on strength and the respective cost. The circular also provided agencies their payroll information from the central government payroll system (Ascender) for pay 4 and were requested to compare and confirm their manpower details with the Ascender pay 4 record; and
- Correct anomalies - Treasury is working closely with the Department of Finance ITD to correct anomalies in the Ascender payroll coding and linking Ascender and IFMS codes. Work in this area is being progressed.

OSPEAC has resumed work after the relaxing of the SOE on the 2020 retirement exercise that is focused on offsetting the carryovers from 2017, 2018 and 2019 retirement. DPM will provide the retirement strategy plan with accurate manpower data. Furthermore, OSPEAC has commenced work on looking at alternatives to address payroll overruns, one of which is to link payroll to release of warrants.

### Capital Budget Expenditure

Total expenditure on Development and Capital Investment amounted to K1,617.4 million or 27.0 per cent against its budget appropriation in the first six (6) months of the year. This



includes domestically funded expenditures (K1,016.3 million), and loan-funded expenditures (K601.1 million) by development partners<sup>15</sup>.

The lower outcome for the first six (6) months of the year is mainly due to the impact of the COVID-19 pandemic, coupled with lower revenue collection and financing constraints. Several projects had to be put on hold following the Government's announcement of the nation-wide lockdown and SOE restrictions.

Key Government commitments such as SIPs, PIPs and counterpart funding, especially for projects, which are likely to inject immediate economic stimulus have been funded in the first half of the year. Projects with no implementation progress and low priority have been deferred and/or funding reallocated to critical COVID-19 related expenses and frontloading of funding towards priority projects to provide stimulus for the economy.

The PNG Connect Strategic Road Links for Phase 1 (on the 7 Priority Highways) is the critical investment program under the current government's commitments with a total of K277.5 million appropriation. Of the appropriation, K27.1 million or 9.8 per cent has been expended in first half. The low implementation rate is mostly attributed to compliance issues with newly introduced procurement processes, which have affected the warranting and disbursement of funds on a timely manner. This has further delayed implementation of the programs.

The major expenditure items in the first two quarters of 2020 were on the Special Intervention Program, Court House Design and Maintenance, State Equity Fund (Agriculture and Others) and programmes related to infrastructure and hospital development.

Spending on these key investment priorities were affected by cash flow challenges. DNPM is maintaining close consultation with the implementing agencies to ensure government's development priorities are delivered within the fiscal parameters of the 2020 Budget.

Budgeted loan funded projects (of which outturn up to June is K601.1 million) in the first half of the year included the Nazab Airport Redevelopment Project (K166.0 million), construction of the New Enga Provincial Hospital (K79.5 million), Civil Aviation Development Investment Program (CADIP) (K57.0 million), Sustainable Highlands Highway Investment Program (SHHIP) (K48.9 million), PNG Rural Bridge Project (K34.2 million), World Bank COVID-19 Emergency Response project (K34.2 million), and Road Maintenance & Rehabilitation Project (RMRP) (K14.0 million).

Under the 'new normal', implementation of most projects/programs are expected to pick-up in the third and fourth quarter.

**Table 15: 2020 GoPNG Capital Expenditure by Sectors**

| Sectors        | 2020 Budget | June Outturn | 2020 MYEFO | Outturn as % of Budget |
|----------------|-------------|--------------|------------|------------------------|
| Provinces      | 1,255.7     | 601.1        | 1,255.7    | 47.9%                  |
| Administration | 688.7       | 96.8         | 688.7      | 0.1%                   |
| Transport      | 864.0       | 74.7         | 1,163.6*   | 8.6%                   |
| Law & Justice  | 142.0       | 68.8         | 142.0      | 48.4%                  |
| Health         | 148.0       | 66.5         | 148.0      | 44.9%                  |
| Economic       | 357.0       | 57.4         | 357.0      | 16.1%                  |

<sup>15</sup> The expenditure status was not reported by the development Partners, hence actual disbursement in the first six months is not reflected in this MYEFO. A more up-to-date Project Support grant financing report will be available later in the year as some donors have different financial period.



|                     |                |                |                |              |
|---------------------|----------------|----------------|----------------|--------------|
| Utilities           | 83.0           | 20.0           | 83.0           | 24.1%        |
| Education           | 113.0          | 17.0           | 113.0          | 15.1%        |
| Community & Culture | 32.0           | 14.0           | 32.0           | 43.7%        |
| <b>Grand Total</b>  | <b>3,683.4</b> | <b>1,016.2</b> | <b>3,983.0</b> | <b>27.6%</b> |

Source: Department of Treasury and National Planning & Monitoring.

\*Includes K300.0 million capital works arrears

The domestically funded capital investment at end June 2020 was K1,016.2 million, which is 72.4 per cent lower than the budget appropriation of K3,683.4 million.

The Provincial sector recorded the highest expenditure at K601.1 million or 59.1 per cent of the total half year expenditure incurred. Key expenditure items under the sector included SIPs<sup>16</sup> (K499.5 million), Special Support Grants (K23.0 million), ABG Special Intervention Program (K10.0 million), and District Development Authority's COVID-19 Expenditures (K8.8 million).

The Administration sector recorded only 9.5 per cent (K96.8 million) of the funds, which included some major projects such as the Special Intervention program (K14.0 million), State Equity Funds- Agriculture (K8.0 million), and Rural Water Supply (K7.5 million).

The major spending in the Transport sector recorded 6.8 per cent funding (K68.8 million), which is the National Highway Rehabilitation Program (K10.0 million). Main programs funded under the Law and Justice sector included Court House Design and Maintenance (K58.0 million) and Ombudsman Commission Case Management System (K2.0 million). Under the health sector (K66.5 million or 6.5 per cent), the main program funded was the Health Management Improvement Program (K51.5 million).

The 2020 MYEFO planned capital budget expenditures (GoPNG component) is estimated to be the same as planned in the 2020 National Budget. The capital budget will only be cut to the extent of accommodating the Economic Stimulus Package as the Marape-Steven Government moves to contain the socio-economic impact of the COVID-19 and steps up its efforts in building critical infrastructure, especially in the health sector in the provinces and initial work in laying the foundation of its "Connect PNG" policy platform.

## 1.7 STATUS OF TRUST ACCOUNTS

Pursuant to *Section 15 of the Public Finance Management Act (PFMA), (Amended 2016)*, the Department of Finance (DoF) gives authorization to any government institution, whether it be Statutory Authority or National Department, to establish and operate trust accounts, either, National Budget, Donor Funded or Counter Funded. 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 government agencies to properly plan and implement their priority projects.

A total of K12,993.4 million (K12,818.5 million from 2019 FBO + K174.9 million), up to and including the 2020 Budget appropriations has been expended through the Budget Funded Trust Accounts since 2005 for the implementation of government's various priority programs. These trust accounts have largely been funded from additional mineral revenue in supplementary budgets and annual budgets.

The following is the expenditure report for all the budget funded trust accounts from 1 January

<sup>16</sup> Note that SIPs funding are COVID related as the Government channels funding to the Districts and Provinces to help them build their capacity and infrastructure necessary to fight COVID-19 at sub-government levels.

to 30 June 2020. As at the reporting date, the trust account appropriations for the 2020 Budget cannot be highlighted as all these funds were and could still be issued directly to the department and agencies concerned.

Including the 2020 appropriations for trust accounts in 2020 Budget a total of K174.9 million have being expended between January to June 2020.

**Table 16: Movement of Funds in Budget Funded Trust Accounts from 1 January – 30 June 2020 (Kina, million)**

| Trust Account Name  | Balance as at 1-Jan-2020 | Debit (Receipts) | Credit (Payments) | Balance as at 30-June-2020 |
|---|--------------------------|------------------|-------------------|----------------------------|
| Flexible, Open and Distance Education (FODE) Rehabilitation - GoPNG                                   | 0.00                     | 0.30             | 0.12              | 0.18                       |
| Tuition Fee Free Education Trust Account  | 110.58                   | 98.45            | 153.50            | 55.53                      |
| PNG Rural Communications Project GOPNG  | 2.26                     | 0.00             | 0.47              | 1.79                       |
| Port Moresby Roads Trust Account  | 0.04                     | 0.00             | 0.00              | 0.04                       |
| Small Medium Enterprise (SME) Risk Sharing Facility (GoPNG)   | 0.00                     | 0.98             | 0.72              | 0.26                       |
| Central City Trust Account  | 26.80                    | 0.00             | 0.00              | 26.80                      |
| Financial Management Improvement Programme (FMIP) – GoPNG   | 0.03                     | 6.94             | 6.27              | 2.70                       |
| FMIP Provincial Capacity Building Imprest Trust Account   | 0.70                     | 1.23             | 1.68              | 0.25                       |
| Infrastructure Development (UBSA) Grant (IDG) Account – Main  | 7.91                     | 0.00             | 0.00              | 7.91                       |
| Infrastructure Development (UBSA) Grant Account (IDG) Sub   | 1.39                     | 0.00             | 0.00              | 1.39                       |
| PNG High Impact Infrastructure Projects   | 0.01                     | 0.00             | 0.00              | 0.01                       |
| Public Service Audit Program  | 0.59                     | 0.00             | 0.00              | 0.59                       |
| 2017 PNG National General Election - Finance, Procurement, Personnel and Logistic Trust               | 0.03                     | 0.00             | 0.00              | 0.03                       |
| Department of Prime Minister & NEC APEC Operations (OP) Plan 2018 TA                                  | 0.00                     | 0.01             | 0.00              | 0.01                       |
| APEC – Authority  | 0.02                     | 0.00             | 0.00              | 0.02                       |
| Highlands Region Road Improvement Investment Program (HRRIP) Project 2 - GoPNG Counterpart Funding TA | 1.44                     | 1.00             | 1.00              | 1.44                       |
| Multiple LNG Development Trust Account  | 0.30                     | 2.50             | 0.89              | 1.91                       |
| Coastal Vessels Account   | 0.14                     | 0.00             | 0.00              | 0.14                       |
| 2020 National Population and Housing Census Trust Account   | 0.00                     | 15.57            | 10.25             | 5.32                       |
| Kokopau to Arawa Road   | 0.03                     | 0.00             | 0.00              | 0.03                       |
| <b>Total</b>  | <b>154.45</b>            | <b>126.98</b>    | <b>174.90</b>     | <b>106.53</b>              |

Source: Department of Finance.

Note:

1. The total January opening balance of all Budget Funded trust accounts has changed from the one previously reported in the 2019 MYEFO Report because some new budget funded trust accounts has been added onto the list.
2. The Tuition Fee Free (TFF) Education trust accounts receipts and expenses are inclusive of both the TFF Fee component and the Commodity component of Free Education Policy initiated by the previous O'Neil-Abel Government. The receipt and expenditure also reflect all its subsidiary accounts.
3. Trust Accounts that has balances below K20,000 are represented by K0.01 million and below K10,000 are reflected as zero balance.
4. \* - The balances and fund movements of the eight trust accounts with asterisk could not be determined due to non – availability of bank statements at the time of MYEFO Report preparation.
5. Some Trust Accounts with zero transaction are not shown.

The opening balance of the Budget Funded Trust Accounts as at 1<sup>st</sup> January 2020 was K154.5 million. Expenditure incurred in this period totalled K174.9 million with K127.0 million

as receipts within the same period and the closing balance as at 30 June 2020 was K106.53 million.

Following is a summary of expenditures above K5.0 million from Budget Funded Trust Accounts for the period 1 January to 30 June 2020

- K153.5 million was expended on the Government's Tuition Free Fee (TFF) Education Policy rollout.
- K6.3 million was expended on the Financial Management Improvement Program (FMIP) project.
- K10.3 million was expended on the 2020 National Population and Housing Census Trust Account.

Many trust accounts did not incur expenses and it is assumed the operations of the trust accounts might have been affected by the recent impact of COVID-19 pandemic thus, a decrease in expenses including the receipts into trust accounts.

## **1.8 FINANCING**

The 2020 the Total Net Borrowing requirement was budgeted at K4,631.1 million. The Government planned to finance this deficit through net external borrowing amounting to K3,373.8 million and net domestic borrowing amounting to K1,257.3 million.

Over the first half of 2020, the total net financing was K3,207.2 million, about 69.3 per cent of the 2020 budget deficit financing. Of the K3,207.2 million, external financing accounted for K1,183.5 million and domestic financing covered K2,023.7 million.

### ***External Financing***

Over the first half of 2020, external principal repayments totalled K676.0 million or 30.3 per cent of the budgeted programmed amount of K2,233.1 million. This amount excludes the refinancing of the Export Finance Australia (EFA) loan which has been extended to November 2020. The amortisation schedule for the remainder of 2020 for external loan repayments is on target as appropriated in the 2020 Budget.

Total gross external borrowing in the first half of 2020 totalled K1,859.4 million. Of the total borrowing, concessional loan drawdown accounted for K601.1 million, extraordinary loan drawdowns from the COVID-19 IMF Rapid Credit Facility (RCF) were K1,258.3 million (USD363.6 million), whilst there were no disbursements from commercial financing. The IMF RCF loan was a significant unprogrammed increase in external financing in the first half of the year. The USD300 million programmed ADB partial credit guarantee loan has now been suspended due to low market appetite following the COVID-19 impact on emerging markets along with the World Bank's second Economic and Fiscal Resilience DPO. Negotiations are underway for emergency financing from the World Bank and ADB through their additional COVID-19 emergency response facilities which would fully off-set these reductions. Additional support is being received from bilateral partners and Australia remains committed to re-financing the EFA loan and providing additional support for PNG in 2020.

The Government's borrowing under concessional loans was K601.1 million or 44.0 per cent of the budgeted amount of K1,365.0 million. This shows a strong performance of loan funded projects despite the pandemic. It is anticipated that this trend of disbursement of concessional loans will continue and reach the target of the budgeted amount by the end of the year.

The net external borrowing over the first half of 2020 totalled K1,183.5 million or 35.1 per cent of total budgeted external net financing. In the second half of 2020, external budget support expected includes, USD150.0 million (K510.0 million) from Asian Development Bank Health Services Sector Development Program (HSSDP), USD250.0 million (K850.0 million) from ADB COVID-19 Pandemic Response Option and USD100.0 million (K340.0 million) from the SOE Reform program, and the remaining from bilateral partners. The remaining financing gap is expected to be made up with assistance from the Australian Treasury and other partners.

**Table 17: External Borrowing 2019 – 2020 (Kina, million)**

|                               | <b>2019<br/>Outcome</b> | <b>2020<br/>Budget</b> | <b>2020 June<br/>Outturn</b> | <b>2020<br/>MYEFO</b> |
|-------------------------------|-------------------------|------------------------|------------------------------|-----------------------|
| <b>New External Borrowing</b> | <b>2,726.4</b>          | <b>6,106.9</b>         | <b>1,859.4</b>               | <b>6,494.7</b>        |
| Securities                    | 0.0                     | 0.0                    | 0.0                          | 0.0                   |
| Concessional Financing        | 1,311.7                 | 1,365.0                | 601.1                        | 1,365.0               |
| Commercial Financing          | 54.8                    | 967.7                  | 0.0                          | 0.0                   |
| Exceptional Financing         | 1,359.9                 | 3,274.2                | 1,258.3                      | 5,129.7               |
| <b>Repayment of Principal</b> | <b>392.6</b>            | <b>2,233.1</b>         | <b>676.0</b>                 | <b>2,233.1</b>        |
| <b>Net External Borrowing</b> | <b>2,333.9</b>          | <b>3,373.8</b>         | <b>1,183.5</b>               | <b>4,261.6</b>        |

Source: Department of Treasury

### **Domestic Funding**

Over the first half of 2020, new domestic borrowing totalled K7,988.3 million or 65.7 per cent of the 2020 budgeted amount of K12,167.8 million. Principal repayments totalled K5,910.3 million or 54.7 per cent of the 2020 budget appropriations. This resulted in domestic net financing of K2,023.7 million. The higher than budgeted level of new borrowings reflected the need for funds from the domestic market in lieu of delays in securing external budget support financing. The higher volume of repayments also reflects the short duration of the Treasury Bills portfolio that now needs to be rolled over more frequently. This higher refinancing risk is being monitored and addressed in the (revised) MTdS 2018-22.

Treasury Bills recorded a net borrowing of K638.5 million, while Treasury Bonds had a net borrowing of K1,439.6 million. This is attributed mainly to COVID-19 emergency funding needs and the front-loading issuance of Treasury Bonds in April and May 2020. The higher net borrowing in Treasury Bills is also attributed to budget financing needs amid the COVID-19 emergency and to finance the large Treasury bond redemptions in May 2020.

**Table 18: Domestic Borrowing 2019 – 2020 (Kina, million)**

|                               | <b>2019<br/>Outcome</b> | <b>2020<br/>Budget</b> | <b>2020 June<br/>Outturn</b> | <b>2020<br/>MYEFO</b> |
|-------------------------------|-------------------------|------------------------|------------------------------|-----------------------|
| <b>New Domestic Borrowing</b> | <b>12,327.2</b>         | <b>12,167.8</b>        | <b>7,988.3</b>               | <b>12,832.7</b>       |
| Treasury Bills Financing      | 11,691.5                | 9,600.3                | 5,877.8                      | 9,600.3               |
| Inscribed Stocks Financing    | 635.7                   | 2,567.5                | 2,110.6                      | 3,232.4               |
| Loans                         | 0.0                     | 0.0                    | 0.0                          | 0.0                   |
| <b>Repayment of Principal</b> | <b>11,272.9</b>         | <b>10,910.6</b>        | <b>5,964.6</b>               | <b>10,909.7</b>       |
| Treasury Bills Maturities     | 10,177.7                | 9,272.2                | 5,239.3                      | 9,272.2               |
| Inscribed Stocks Maturities   | 991.4                   | 1,537.9                | 671.0                        | 1,537.0               |
| Loans                         | 103.8                   | 100.5                  | 54.3                         | 100.5                 |
| <b>Net Domestic Borrowing</b> | <b>1,054.2</b>          | <b>1,257.2</b>         | <b>2,023.7</b>               | <b>1,923.0</b>        |

Source: Department of Treasury

## 2020 Net Financing

Over the first half of 2020, Total Net Financing was K3,207.2 million, comprising K1,183.5 million in external net borrowing and K2,023.7 million in domestic net borrowing. For the full year 2020, the Government plans to fund its planned deficit of K6,630.2 million by raising K4,262.1 million in external financing, K1,923.0 million in net domestic financing and drawing down cash balances of K445.6million.

Under 2020 MYEFO, the Government plans to raise K4,262.1 million in net external financing to fund the deficit. Of this, K1,183.5 million has been realised in the first half. 100% of the loans obtained from development partners and friendly bilateral support are concessionary in nature (interest rates of less than 5%), minimizing the risk of interest cost blowout as a result of the pandemic. Any additional external financing raised above this amount will be retained in cash balances in the Government trust accounts allowing funds to be available for the execution of the 2021 Budget.

The net domestic financing in 2020 is estimated to be K1,923.0 million. Since K2,023.7 has already been realised in the first half, the remaining year's issuance will focus on rolling over domestic debt and net redemptions. Of this, K2,500.0 million in COVID-19 Treasury Bonds have already been announced by the Government in the first half. The Government will execute domestic financing split between Treasury Bonds and Bills based on prevailing liquidity conditions in the market over the remaining portion of 2020. There is also an issue around the within year time of cash flows. A significant portion of the concessionary international financing is expected very late in 2020. This will require continued acquisition of net domestic stock above budgeted levels to support cash flows until the multilateral and bilateral funds are received. Currently, the Temporary Advance Facility is limited to K300 million which is small relative to the late payments of up to K2 billion in international funding.

**Table 19: Summary of Net Borrowing 2019 – 2020 (Kina, million)**

|  | 2019<br>Outcome | 2020 Budget    | 2020 June<br>Outturn | 2020<br>MYEFO  |
|--|-----------------|----------------|----------------------|----------------|
| <b>NET FINANCING</b>                   |                 |                |                      |                |
| Net Domestic Borrowing                 | 1,054.2         | 1,257.2        | 2,023.7              | 1,923.0        |
| Net External Borrowing                 | 2,333.9         | 3,373.8        | 1,183.5              | 4,261.6        |
|  |                 |                |                      |                |
| <b>Total Net Borrowing</b>             | <b>3,388.1</b>  | <b>4,631.1</b> | <b>3,207.2</b>       | <b>6,184.6</b> |
|  |                 |                |                      |                |
| <b>Deficit</b>                         | <b>4,172.0</b>  | <b>4,631.1</b> | <b>2,085.8</b>       | <b>6,630.2</b> |
| <b>Use of Trust &amp; WPA Balance*</b> | <b>-783.9</b>   | <b>0.0</b>     | <b>1,121.4</b>       | <b>-445.6</b>  |

Source: Department of Treasury

\*\*2020 borrowings (IMF RCF & COVID-19 Treasury Bond) balance in Trusts (DRA & ACLA)

## 1.9 PUBLIC DEBT AND CONTINGENT LIABILITIES

### Public Debt

**Table 20: Central Government Debt 2019 – 2020 (Kina, million)**

|                                       | 2019<br>Outcome | 2020<br>Budget  | June<br>Outturn | 2020 MYEFO      |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Domestic</b>                       | <b>19,333.5</b> | <b>20,140.3</b> | <b>21,357.2</b> | <b>21,256.5</b> |
| Treasury Bills                        | 10,191.3        | 10,012.9        | 10,829.8        | 10,519.5        |
| Inscribed Stock                       | 7,966.6         | 9,052.0         | 9,406.2         | 9,662.0         |
| Loans                                 | 1,175.6         | 1,075.4         | 1,121.3         | 1,075.1         |
| <i>Domestic Debt as % GDP</i>         | 22.9%           | 21.8%           | 226.2%          | 26.1%           |
|                                       |                 |                 |                 |                 |
| <b>External</b>                       | <b>14,333.4</b> | <b>17,044.7</b> | <b>15,516.8</b> | <b>18,595.0</b> |
| International Agencies (Concessional) | 8,676.7         | 9,166.0         | 9,062.0         | 9,669.2         |
| Commercial Loans                      | 1,970.4         | 1,982.8         | 1,527.9         | 1,088.2         |
| Extraordinary                         | 1,985.6         | 4,195.2         | 3,226.1         | 6,136.9         |
| Securities                            | 1,700.7         | 1,700.7         | 1,700.7         | 1,700.7         |
| <i>External Debt as % GDP</i>         | 17.0%           | 18.5%           | 19.0%           | 22.8%           |
|                                       |                 |                 |                 |                 |
| <b>Total Public Debt Outstanding</b>  | <b>33,666.9</b> | <b>37,185.0</b> | <b>36,874.0</b> | <b>39,851.9</b> |
| <i>As % GDP</i>                       | 39.8%           | 40.3%           | 45.2%           | 48.9%           |

Source: Department of Treasury

One measure of debt sustainability is the Debt to GDP ratio. According to the recently amended *Fiscal Responsibility Act (2019)*, Amendments No. 19 of 2019 of the *FRA* state that the Government will seek to maintain the level of General Government debt between 35-45 per cent of GDP for a period of 10 years (2020-2030). By *FRA* definition, General Government Debt means all borrowings that require future payment of principal and interest to a creditor, and based on international best practice according to International Monetary Fund standards.

Consistent with the MTdS stated in the 2020 Budget, the MYEFO's expanded deficit will be financed mostly through external concessionary financing. The Government has made every effort to access the sources of financing that have been made available by various international institutions due to COVID-19 pandemic and bilateral support. A significant feature of these loans is the concessionary nature of lending at under 5.0 per cent interest rates. Commercial external financing is proving too expensive at this time where globally, a number of institutions have been downgraded in ratings including PNG's sovereign ratings. Concessional financing to the limit of external financing planned under the MYEFO has greatly reduced the potential for interest rate blowout for PNG, a challenge that is currently facing other sovereign entities.

The remaining deficit financing will be covered by domestic security instruments. On the back of indirect quantitative easing announced by the Bank of PNG consistent with their Act and current monetary policy, the government has already been able to announce COVID-19 Treasury Bonds to the limit planned under the 2020 Budget and is on track for full subscription by end of August 2020. With Treasury Bill issuance and redemption planned as per 2020 Budget, an additional K664.9 million will be raised from Treasury Bonds in the second half of 2020, anticipated to be supported by a second round of indirect quantitative easing by Bank of PNG. In practice, some of the additional amount may be covered by Treasury Bills.



Overall, the MYEFO projections look to further decrease the share of domestic financing in the Government's debt stock vis-à-vis external financing. In 2020, the domestic financing is estimated to be 53.3 percent of total debt stock down from 57.4 percent in 2019. Correspondingly, external debt is projected to increase to 46.7 percent in 2020, up from 42.6 percent in 2019. Furthermore, share of expensive commercial financing in total external financing will reduce from 15.6 percent in 2019 to 7.0 percent in 2020 with the repayment of the Credit Suisse commercial loan.

In this respect, the rebalancing of the Government's debt portfolio towards a greater share of concessionary foreign debt, as set out in the MTdS, is likely to be achieved by 2020-21, before the target year of 2022. Moreover, this opens the potential to restructure the domestic debt portfolio from 2021 and progress into medium-term.

### Contingent Liabilities

Domestic explicit guarantees provided to BSP for the Solwara 1, NCDC Roads and the Motukea Port Projects reflected in the 2018 Statement have now been categorised as loans as per the due diligence and IMF recommendations and all moved to Statement G, which list out all Central Government loans that the State is currently repaying. The guarantees provided to BSP have materialised and the State has been servicing these loans.

The external loan guarantees shown in Table 20 are in various stages of reconciliation and are likely to be either extinguished or minimal as explained in the notes to the table.

**Table 21: Contingent Liabilities (Domestic & External Loan Guarantees) (Kina, million)**

| Borrowers                         | Lender                       | Loan Details/Purpose                  | Currency | Original Amount Guaranteed | Balance Outstanding as at 31-Dec-19 |              |
|-----------------------------------|------------------------------|---------------------------------------|----------|----------------------------|-------------------------------------|--------------|
|                                   |                              |                                       |          | Currencies ('000)          | Currencies ('000)                   | Kina (K'000) |
|                                   | FOREIGN LENDERS              |                                       |          |                            |                                     |              |
| Pacific Aviation Safety Office    | Asian Development bank       | PASO Loan Guarantee                   | AUD      | 1,978,608.00               | 942,692.00                          | 2,250,936    |
| MRDC Pty Ltd & MRL Pty. Ltd       | n/a                          | Finance Contract Agreement - 26.04.95 | EUR      | 21,000.00                  | 21,000.00                           | 80,183       |
| MRDC Pty Ltd                      | n/a                          | Finance Contract Agreement - 28.06.96 | EUR      | 25,000.00                  | 25,000.00                           | 95,456       |
| Telikom PNG Ltd                   | n/a                          | Agreement 27.07.95                    | USD      | 26,282.05                  | 26,282.05                           | 89,547       |
| Independent Public Business Corp. | EFIC Australia Credit Agency | Completion Guarantee for PNG LNG      | USD      | 1,624,310.00               | 1,624,310.00                        | 5,534,276    |
| Independent Public Business Corp. | EFIC Australia Credit Agency | State Equity Financing for PNG LNG    | USD      | 1,825,484.78               | 1,825,484.78                        | 6,219,710    |
| Independent Public Business Corp. | EFIC Australia Credit Agency | Counter Guarantee for PNG LNG         | USD      | 268,037.00                 | 268,037.00                          | 913,244      |
| Innovative Agro-Industry Ltd      | Bank Leumi Le-Israel B.M.    | Central Dairy Limited (2016)          | USD      | 36,739.61                  | 36,739.61                           | 112,000      |
| Total Overseas Guarantee          |                              |                                       |          |                            |                                     | 15,295,352   |

Notes: Notes:

- Guarantee provided to ADB for the PASO Project implemented by the Pacific Aviation Safety Office is still current and will be repaid in full by 15 July 2032. Loan payments are done by PASO twice a year. Documents now in place showing original amount borrowed. This corrects the original amount shown on the previous statement. [Is the decimal place in the correct spot for this project – seems unlikely to be an original AUD1.9 billion guarantee – or some K5 billion]
- Unknown lender/s for the two (2) MRDC loans is/are yet to be established. Treasury to work closely with MRDC to locate this information
- Unknown lender for the Telikom loan. Treasury to also work closely with Telikom to locate information concerning this loan.
- Guarantee provided to Bank Leumi Le-Israel B.M is currently active but the State has not yet been called upon by the Bank. This may indicate the Borrower has the financial capacity to repay its own financial obligations.
- Treasury (FMD) still has to confirm status of the three (3) loans indicated below with KCH/KPHL/Oil Search whether they have been fully repaid or still outstanding. It is very likely that the Completion Guarantee and Counter Guarantee have been extinguished when the PNG LNG project was successfully completed and commenced operations.

|                                   |                                    |     |           |
|-----------------------------------|------------------------------------|-----|-----------|
| Independent Public Business Corp. | Completion Guarantee for PNG LNG   | USD | 1,624,310 |
| Independent Public Business Corp. | State Equity Financing for PNG LNG | USD | 1,825,485 |
| Independent Public Business Corp. | Counter Guarantee for PNG LNG      | USD | 268,037   |

- The exchange rates used to convert the foreign amounts to Kina in the above statement, except the guarantee provided to Bank Leumi Le-Israel Bank, are as at 31 December 2019 (BPNG midrate for respective currencies).
- The exchange rate used to convert the guarantee provided to Bank Leumi Le-Israel Bank is BSP TT sell rate as at 11 March 2020. State and the Innovative Agro-Industry Ltd (IAI) have confirmed arrangements for IAI to take out a loan from BSP and refinance their loan with Bank Leumi Le-Israel Bank. Using the BSP exchange rate as at 11 March 2020 provides State an approximate closure on how much exposure it has in providing this guarantee to BSP. State exposure is at 50% of the kina equivalent.

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

The global economy has drastically weakened with COVID-19 having a more negative impact over the first half of 2020 than anticipated. Lockdown measures by many economies to mitigate the spread of the Corona Virus has seen a huge reduction in global economic activity. This in conjunction with the ongoing trade tensions between the US and China will continue to pose serious implications on overall trade in the global market. This presents challenges for the PNG economy in terms of trade, commodity prices, investment and financial flows going forward. As experienced during the first half of 2020 the lack of demand has petroleum prices trending well below budget projections translating to lower than projected export earnings and government revenue.

Government planned revenue reforms for 2020 have been delayed somewhat as the negative impact of the State of Emergency (SOE) lockdown impeded normal business activity. Temporary emergency tax relief measures had to be imposed to assist businesses and households during the lockdown to support cash flow. In this respect, the SOE lockdown and emergency tax relief measures have increased the fragility of the State's tax collection results. Progressing state planned revenue reforms for 2020 on widening the tax collection base and enforcing compliance are going to be a challenging task this year given the slowdown in economic activity and there is a huge risk that these reforms will be thwarted and implementation slowed. Further, this will adversely affect revenue inflows and budget execution, thus placing downward pressure on economic growth and development.

In terms of expenditure, fiscal risks have emerged as a result of lower than expected revenue and delays in external financing. Expenses for the first half of 2020 were focused on mitigating the risks of the COVID-19 pandemic and the imposition of relief measures to assist the economy. Prior challenging expenditure issues like growth in CoE and office rental expenditures are trending well against budget but there are still potential risks that they will expand posing a danger to capital spending and/or current debt levels. To maintain the programmed debt to GDP trends, as required in the Government's revised *FRA*, it will be important to contain fiscal spending over the remainder of 2020. The risk in not containing these potential expenditure increases is that the fiscal program will be forced off track with sustainability concerns over debt levels.

The revision in the budget deficit for 2020 will require an amendment to *FRA*'s Debt to GDP upper limit of 45.0 per cent and an overall revision the medium term fiscal framework to reduce this debt. Current projections show the debt level is at risk of exceeding the legislative debt limit.

In relation to monetary and exchange rate policy, the foreign exchange imbalance continues to impede economic activity and business in the country. The expansion in the imbalance over the first half of 2020 is of concern. If the imbalance cannot be reduced, then there is a risk that investment inflows will be slower in the recovery phase. The continuation of this imbalance will adversely affect domestic economic growth and revenue projections in the MTFS.



## 1.11 FISCAL OUTTURN TABLES

**TABLE 1: STATEMENT OF OPERATIONS FOR THE GENERAL GOVERNMENT (Kina, million)**

| Kina Million   | 2019<br>Actuals | 2020<br>Budget  | June<br>Outturn | 2020<br>MYEFO   | Budget<br>Variance |
|--|-----------------|-----------------|-----------------|-----------------|--------------------|
| <b>TRANSACTIONS AFFECTING NET WORTH:</b>                       |                 |                 |                 |                 |                    |
| <b>Revenue</b>   | <b>13,680.5</b> | <b>14,095.4</b> | <b>4,814.6</b>  | <b>11,359.1</b> | <b>-2,736.3</b>    |
| Taxes  | 10,918.1        | 11,307.8        | 4,550.5         | 9,647.2         | -1,660.6           |
| <i>Taxes on Income, profits, and capital gains</i>             | 6,070.4         | 6,229.5         | 2,516.4         | 5,470.6         | -758.9             |
| <i>Taxes on payroll and workforce</i>                          | 1.9             | 0.0             | 0.7             | 1.4             | 1.4                |
| <i>Taxes on goods and services</i>                             | 3,936.6         | 4,195.1         | 1,666.8         | 3,437.9         | -757.2             |
| <i>Taxes on international trade and transactions</i>           | 909.3           | 883.2           | 366.6           | 737.3           | -145.9             |
| Grants   | 1,775.6         | 932.1           | 0.0             | 932.1           | 0.0                |
| Other Revenue  | 986.8           | 1,855.5         | 264.1           | 779.8           | -1,075.7           |
| <i>Dividends</i>   | 1,033.5         | 1,205.0         | 172.0           | 500.0           | -705.0             |
| <i>PMMR Revenue</i>  | 655.0           | 641.9           | 55.0            | 205.00          | -436.9             |
| <i>Fees and Charges</i>  | 88.5            | 162.9           | 39.0            | 74.09           | -88.8              |
| <i>SWF Inflows</i>   | -               | 0.0             | -               | -               | 0.0                |
| <i>Interest &amp; Fees from Lending</i>                        | 0.0             | 0.7             | 0.0             | 0.7             | 0.0                |
| Resource Revenue   | 1,141.9         | 1,361.2         | 181.2           | 511.2           | -850.0             |
| <i>Mining and Petroleum Taxes</i>                              | 760.7           | 561.2           | 81.2            | 161.2           | -400.0             |
| <i>Mining, Petroleum and Gas Dividends</i>                     | 381.2           | 800.0           | 100.0           | 350.0           | -450.0             |
| <i>Transfer from the Stabilization Fund (SWF)</i>              | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                |
| Revenue as percentage of GDP                                   | 16.2%           | 15.3%           | 5.9%            | 13.9%           | -1.3%              |
| <b>Total Expenditure and lending</b>                           | <b>17,852.5</b> | <b>18,726.5</b> | <b>6,900.4</b>  | <b>17,989.3</b> | <b>-737.2</b>      |
| Expense as percentage of GDP                                   | 21.1%           | 20.3%           | 8.5%            | 22.1%           | 1.8%               |
| <b>Expense<sup>2</sup></b>                                     | <b>14,840.6</b> | <b>15,287.6</b> | <b>5,984.2</b>  | <b>14,411.4</b> | <b>-876.2</b>      |
| Compensation of employees                                      | 5,423.8         | 5,672.8         | 2,695.4         | 5,762.8         | 90.0               |
| Use of goods and services                                      | 5,800.7         | 4,516.0         | 1,363.7         | 3,685.4         | -830.6             |
| Interest*  | 2,129.1         | 2,140.5         | 1,011.5         | 2,048.0         | -92.5              |
| Grants   | 1,400.9         | 2,583.9         | 872.2           | 2,583.9         | 0.0                |
| Social benefits  | 0.0             | 256.4           | 0.0             | 217.7           | -43.1              |
| Other expense  | 86.1            | 118.1           | 41.5            | 113.6           | 0.0                |
| <b>Net Acquisition of Non-Financial Assets**</b>               | <b>3,011.8</b>  | <b>3,438.9</b>  | <b>916.3</b>    | <b>3,577.8</b>  | <b>139.0</b>       |
| Fixed Assets   | 3,011.8         | 3,438.9         | 916.3           | 3,577.8         | 139.0              |
| <b>Gross Operating Balance<sup>3</sup></b>                     | <b>-1,160.1</b> | <b>-1,192.3</b> | <b>-1,169.5</b> | <b>-3,052.3</b> | <b>-1,860.1</b>    |
| <b>Net Lending (+) / Net Borrowing (-)</b>                     | <b>-4,172.0</b> | <b>-4,631.1</b> | <b>-2,085.8</b> | <b>-6,630.2</b> | <b>-1,999.1</b>    |
| Net lending/borrowing as percentage of GDP                     | -4.9%           | -5.0%           | -2.6%           | -8.1%           | -3.1%              |
| Non-resource primary balance as percentage of Non-resource GDP | -5.5%           | -5.8%           | -2.0%           | -8.2%           | -2.4%              |
| FRA deficit (as a share of non-resource GDP)                   | -3.2%           | -3.8%           | -0.8%           | -5.2%           | -1.4%              |
| <b>Transactions in financial assets and liabilities</b>        | <b>4,172.0</b>  | <b>4,631.1</b>  | <b>2,085.8</b>  | <b>6,630.3</b>  | <b>1,553.6</b>     |
| <b>Net Acquisition of Financial Assets</b>                     | <b>- 783.9</b>  | <b>-</b>        | <b>1,121.4</b>  | <b>445.6</b>    | <b>-</b>           |
| Domestic***  | - 783.9         | -               | 1,121.4         | 445.6           | -                  |
| External   | -               | -               | -               | -               | -                  |
| <b>Net Incurrence of Liabilities</b>                           | <b>3,388.1</b>  | <b>4,631.1</b>  | <b>3,207.2</b>  | <b>6,184.7</b>  | <b>1,553.6</b>     |
| Domestic   | 1,054.3         | 1,257.2         | 2,023.7         | 1,923.0         | 665.8              |
| <i>Debt securities: Treasury bills</i>                         | 1,513.8         | 328.1           | 638.5           | 328.1           | 0.0                |
| <i>Debt securities: Treasury bonds</i>                         | -355.7          | 1,029.6         | 1,439.6         | 1,695.4         | 665.8              |
| Loans  | -103.8          | -100.5          | -54.3           | -100.5          | 0.0                |
| External   | 2,333.9         | 3,373.8         | 1,183.5         | 4,261.6         | 887.8              |
| <i>Debt securities: Sovereign bonds</i>                        | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                |
| Loans  | 2,333.9         | 3,373.8         | 1,183.5         | 4,261.6         | 887.8              |
| <b>Gross Debt Stock</b>  | <b>33,666.9</b> | <b>37,185.0</b> | <b>36,874.0</b> | <b>39,851.5</b> | <b>2,666.5</b>     |
| <b>Debt as % of GDP</b>  | <b>39.8%</b>    | <b>40.3%</b>    | <b>45.2%</b>    | <b>48.9%</b>    | <b>8.6%</b>        |
| <b>Gross Domestic Product<sup>5</sup></b>                      | <b>84,554.1</b> | <b>92,206.2</b> | <b>81,497.1</b> | <b>81,497.1</b> | <b>-10,709.1</b>   |
| <b>Non-resource GDP</b>  | <b>58,277.8</b> | <b>66,010.2</b> | <b>62,191.1</b> | <b>62,191.1</b> | <b>-3,819.1</b>    |

Source: Department of Treasury

- General government represents national and provincial governments, the Autonomous Bougainville government and commercial and statutory authorities. District and local level governments are reflected as grants from provincial governments. The statement is produced to reflect transactions on a modified cash basis of accounting and includes in-kind related transactions
- 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).
- Represents, revenue minus expense, excluding consumption of fixed capital (CFC). CFC are not yet calculated and reported for the government accounts in PNG.
- Represent net lending/net borrowing excluding interest expense or net interest expense.
- Total nominal GDP estimates by Treasury Department.

\* Interest excludes other debt related payment of K16.4 which is captured under Uses of Goods and Services.

\*\*Net Acquisition of Non-Financial Assets, excludes operational costs like maintenance and repair of fixed assets which are included in the use of goods and services.

\*\*\*Trust drawdown in 2019 Jan-June from retained external borrowing (Sovereign Bond) in 2018 to finance 2019 expenditure and accounts receivable.

**TABLE 2: STATEMENT SOURCES AND USES OF CASH FOR THE GENERAL GOVERNMENT (Kina, million)**

| Kina Million   | 2019<br>Actuals | 2020<br>Budget  | June<br>Outturn | 2020<br>MYEFO   | Budget<br>Variance |
|--|-----------------|-----------------|-----------------|-----------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                 |                 |                 |                 |                    |
| <b>Revenue Cash Flows</b>  | <b>11,904.3</b> | <b>13,163.3</b> | <b>4,814.6</b>  | <b>10,427.0</b> | <b>-2,736.3</b>    |
| Taxes  | 10,918.1        | 11,307.8        | 4,550.5         | 9,647.2         | -1,660.6           |
| Grants   | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                |
| Other Revenue  | 986.8           | 1,855.5         | 264.1           | 779.8           | -1,075.7           |
| <i>Revenue as percentage of GDP</i>  | <i>14.1%</i>    | <i>14.3%</i>    | <i>5.9%</i>     | <i>12.8%</i>    | <i>-1.5%</i>       |
| <b>Expense cash flows<sup>2</sup></b>  | <b>13,277.9</b> | <b>14,101.6</b> | <b>5,964.7</b>  | <b>12,332.0</b> | <b>-833.1</b>      |
| Compensation of employees  | 4,145.1         | 4,892.4         | 2,675.9         | 4,982.4         | 90.0               |
| Uses of goods and services   | 5,516.6         | 4,366.9         | 1,363.7         | 3,536.3         | -830.6             |
| Interest   | 2,129.1         | 2,140.5         | 1,011.5         | 2,048.0         | -92.5              |
| Grants   | 1,400.9         | 2,583.9         | 872.2           | 1,651.8         | 0.0                |
| Other payments   | 86.1            | 118.1           | 41.5            | 113.6           | 0.0                |
| <i>Expense as percentage of GDP</i>  | <i>15.7%</i>    | <i>15.3%</i>    | <i>7.3%</i>     | <i>15.1%</i>    | <i>-0.2%</i>       |
| <b>Net cash inflow from operating activities</b>                                     | <b>-1,373.6</b> | <b>-938.3</b>   | <b>-1,150.1</b> | <b>-1,905.0</b> | <b>-1,903.2</b>    |
| <b>CASH FLOWS FROM TRANSACTIONS IN NONFINANCIAL ASSETS:</b>                          |                 |                 |                 |                 |                    |
| <b>Net cash outflow from investment in nonfinancial assets</b>                       | <b>3,011.8</b>  | <b>3,438.9</b>  | <b>916.3</b>    | <b>3,577.8</b>  | <b>139.0</b>       |
| <b>Expenditure cash flows</b>  | <b>16,289.7</b> | <b>17,540.5</b> | <b>6,881.0</b>  | <b>15,909.9</b> | <b>-694.1</b>      |
| <b>Cash surplus (+) / Cash deficit (-)</b>   | <b>-4,385.4</b> | <b>-4,377.2</b> | <b>-2,066.3</b> | <b>-5,482.9</b> | <b>-2,042.2</b>    |
| <i>Surplus/Deficit as percentage of GDP</i>  | <i>-5.2%</i>    | <i>-4.7%</i>    | <i>-2.5%</i>    | <i>-6.7%</i>    | <i>-2.0%</i>       |
| <b>CASH FLOWS FROM TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):</b> |                 | 4,631.1         | 3,207.2         | 2,455.9         |                    |
| <b>Net acquisition of financial assets other than cash</b>                           | -               | -               | -               | -               | -                  |
| Domestic   | -               | -               | -               | -               | -                  |
| External   | -               | -               | -               | -               | -                  |
| <b>Net incurrence of liabilities</b>   | <b>3,388.1</b>  | <b>4,631.1</b>  | <b>3,207.2</b>  | <b>2,455.9</b>  | <b>1,553.6</b>     |
| Domestic   | 1,054.3         | 1,257.2         | 2,023.7         | 1,923.0         | 665.8              |
| External   | 2,333.9         | 3,373.8         | 1,183.5         | 4,261.6         | 887.8              |
| <b>Net cash inflow from financing activities</b>                                     | <b>3,388.1</b>  | <b>4,631.1</b>  | <b>3,207.2</b>  | <b>2,455.9</b>  | <b>1,553.6</b>     |
| <i>Net cash inflows as percentage of GDP</i>   | <i>4.0%</i>     | <i>5.0%</i>     | <i>3.9%</i>     | <i>3.0%</i>     | <i>-2.0%</i>       |
| <b>Net change in the stock of cash</b>   | <b>-997.3</b>   | <b>253.9</b>    | <b>1,140.8</b>  | <b>-3,027.0</b> | <b>-488.6</b>      |
| <b>Gross Domestic Product<sup>3</sup></b>  | <b>84,554.1</b> | <b>92,206.2</b> | <b>81,497.1</b> | <b>81,497.1</b> | <b>-10,709.1</b>   |

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 Statistical Office and Projections: Treasury Department.

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

| Kina Million   | 2019<br>Actuals | 2020<br>Budget  | June<br>Outturn | 2020<br>MYEFO   | Budget<br>Variance |
|--|-----------------|-----------------|-----------------|-----------------|--------------------|
| <b>REVENUE<sup>1</sup></b>   | <b>13,680.5</b> | <b>14,095.4</b> | <b>4,814.6</b>  | <b>11,359.1</b> | <b>- 2,736.3</b>   |
| <b>TAXES</b>   | <b>10,918.1</b> | <b>11,307.8</b> | <b>4,550.5</b>  | <b>9,647.2</b>  | <b>- 1,660.6</b>   |
| <b>Taxes on Income, Profits and Capital Gains</b>                    | <b>6,070.4</b>  | <b>6,229.5</b>  | <b>2,516.4</b>  | <b>5,470.6</b>  | <b>- 758.9</b>     |
| <b>Payable by individuals</b>  | <b>3,211.6</b>  | <b>3,215.0</b>  | <b>1,702.6</b>  | <b>3,308.0</b>  | <b>93.0</b>        |
| Personal Income Tax  | 3,211.6         | 3,215.0         | 1,702.6         | 3,308.0         | 93.0               |
| <b>Payable by corporations and other enterprises</b>                 | <b>2,500.6</b>  | <b>2,696.0</b>  | <b>669.3</b>    | <b>1,865.0</b>  | <b>- 831.0</b>     |
| Company Tax  | 1,696.9         | 2,085.4         | 560.6           | 1,648.6         | - 436.8            |
| Mining and Petroleum Taxes   | 760.7           | 561.2           | 81.2            | 161.2           | - 400.0            |
| Royalties Tax  | 25.8            | 29.6            | 16.6            | 33.7            | 4.1                |
| Management Tax   | 17.2            | 19.8            | 11.0            | 21.5            | 1.7                |
| <b>Other taxes on income, profits and capital gains</b>              | <b>358.2</b>    | <b>318.4</b>    | <b>144.4</b>    | <b>297.6</b>    | <b>- 20.9</b>      |
| Dividend Withholding Tax Non Mining                                  | 215.0           | 171.0           | 81.1            | 171.0           | - 0.0              |
| Interest Withholding Tax   | 128.0           | 107.3           | 60.7            | 5.0             | - 102.3            |
| Non-Resident Insurers Withholding Tax                                | 14.6            | 40.0            | 2.5             | 121.4           | 81.4               |
| Sundry IRC Taxes & Income  | 0.6             | 0.1             | 0.1             | 0.2             | 0.1                |
| <b>Taxes on Payroll and Workforce</b>                                | <b>1.9</b>      | <b>-</b>        | <b>0.7</b>      | <b>1.4</b>      | <b>- 1.4</b>       |
| <b>Taxes on Goods and Services</b>                                   | <b>3,936.6</b>  | <b>4,195.1</b>  | <b>1,666.8</b>  | <b>3,437.9</b>  | <b>- 757.2</b>     |
| <b>General taxes on goods and services</b>                           | <b>2,299.2</b>  | <b>2,397.4</b>  | <b>969.0</b>    | <b>2,038.2</b>  | <b>- 359.2</b>     |
| <b>Value Added Tax</b>   | <b>2,252.5</b>  | <b>2,341.9</b>  | <b>951.4</b>    | <b>2,002.9</b>  | <b>- 339.0</b>     |
| GST <sup>2</sup>   | 2,252.5         | 2,341.9         | 951.4           | 2,002.9         | - 339.0            |
| <b>Taxes on financial and capital transactions</b>                   | <b>46.6</b>     | <b>55.5</b>     | <b>17.6</b>     | <b>35.3</b>     | <b>- 20.2</b>      |
| <b>Excise</b>  | <b>1,360.7</b>  | <b>1,507.0</b>  | <b>618.9</b>    | <b>1,237.9</b>  | <b>- 269.2</b>     |
| Excise Duty  | 1,061.0         | 1,215.0         | 482.1           | 964.2           | - 250.8            |
| Import Excise  | 299.7           | 292.0           | 136.8           | 273.7           | - 18.4             |
| <b>Profits of fiscal monopolies</b>                                  | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>           |
| <b>Taxes on specific services</b>                                    | <b>273.0</b>    | <b>288.8</b>    | <b>75.2</b>     | <b>156.9</b>    | <b>- 131.8</b>     |
| Bookmakers' Turnover Tax   | 17.2            | 18.2            | 5.1             | 10.2            | - 8.0              |
| Gaming Machine Turnover Tax  | 227.2           | 246.7           | 66.8            | 140.2           | - 106.5            |
| Departure Tax  | 28.6            | 23.9            | 3.3             | 6.6             | - 17.3             |
| <b>Taxes on use of goods and on permission to use goods or perfo</b> | <b>2.5</b>      | <b>0.9</b>      | <b>1.9</b>      | <b>2.9</b>      | <b>2.0</b>         |
| <b>Other taxes on goods and services</b>                             | <b>1.2</b>      | <b>1.0</b>      | <b>1.8</b>      | <b>2.0</b>      | <b>1.0</b>         |
| Sundry Taxes (Customs)   | 1.2             | 1.0             | 1.8             | 2.0             | 1.0                |
| <b>Taxes on International Trade and Transactions</b>                 | <b>909.3</b>    | <b>883.2</b>    | <b>366.6</b>    | <b>737.3</b>    | <b>- 145.9</b>     |
| <b>Customs and other import duties</b>                               | <b>511.2</b>    | <b>427.8</b>    | <b>173.6</b>    | <b>347.3</b>    | <b>- 80.5</b>      |
| Import Duty  | 409.4           | 427.8           | 173.6           | 347.3           | - 80.5             |
| <b>Taxes on exports</b>  | <b>398.1</b>    | <b>455.4</b>    | <b>193.0</b>    | <b>390.0</b>    | <b>- 65.4</b>      |
| Export Tax   | 398.1           | 455.4           | 193.0           | 390.0           | - 65.4             |
| <b>GRANTS</b>  | <b>1,775.6</b>  | <b>932.1</b>    | <b>-</b>        | <b>932.1</b>    | <b>-</b>           |
| From Foreign Governments   | 1,408.5         | 766.2           | -               | 766.2           | -                  |
| Current  | 1,126.8         | 612.9           | -               | 612.9           | -                  |
| Capital  | 281.7           | 153.2           | -               | 153.2           | -                  |
| From International Organizations                                     | 367.1           | 165.9           | -               | 165.9           | -                  |
| Current  | 293.7           | 132.7           | -               | 132.7           | -                  |
| Capital  | 73.4            | 33.2            | -               | 33.2            | -                  |
| Cash   | -               | -               | -               | -               | -                  |
| In-Kind  | 73.4            | 33.2            | -               | 33.2            | -                  |
| <b>OTHER REVENUE</b>   | <b>986.8</b>    | <b>1,855.5</b>  | <b>264.1</b>    | <b>779.8</b>    | <b>- 1,075.7</b>   |
| <b>Property Income</b>   | <b>529.5</b>    | <b>1,153.7</b>  | <b>185.7</b>    | <b>525.4</b>    | <b>- 628.4</b>     |
| <b>Interest</b>  | <b>-</b>        | <b>0.7</b>      | <b>-</b>        | <b>0.7</b>      | <b>-</b>           |
| <b>Interest from non-residents</b>                                   | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>           |
| <b>Interest from residents other than general government</b>         | <b>0.7</b>      | <b>0.7</b>      | <b>-</b>        | <b>0.7</b>      | <b>-</b>           |
| <b>Dividends</b>   | <b>501.2</b>    | <b>1,050.0</b>  | <b>172.0</b>    | <b>500.0</b>    | <b>- 550.0</b>     |
| Withdraw als from income of quasi-corporations                       | -               | -               | -               | -               | -                  |
| Property income from investment income disbursements                 | -               | -               | -               | -               | -                  |
| <b>Rent</b>  | <b>28.2</b>     | <b>103.1</b>    | <b>13.7</b>     | <b>24.7</b>     | <b>- 78.4</b>      |
| Reinvested earnings on foreign direct investment                     | -               | -               | -               | -               | -                  |
| <b>Sales of goods and services</b>                                   | <b>37.3</b>     | <b>46.7</b>     | <b>4.8</b>      | <b>34.2</b>     | <b>- 12.4</b>      |
| Sales by market establishments                                       | -               | -               | -               | -               | -                  |
| Administrative fees  | 14.2            | 4.0             | 2.4             | 4.6             | 0.7                |
| Incidental sales by nonmarket establishments                         | 23.0            | 42.7            | 2.4             | 29.6            | - 13.1             |
| <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>1.8</b>      | <b>0.8</b>      | <b>1.7</b>      | <b>1.8</b>      | <b>1.0</b>         |
| <b>Transfers not elsewhere classified</b>                            | <b>418.2</b>    | <b>654.3</b>    | <b>71.9</b>     | <b>218.3</b>    | <b>- 435.9</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 BUDGETARY EXPENDITURE BY ECONOMIC CLASSIFICATION (Kina, million)**

| Kina Million   | 2019<br>Actuals | 2020<br>Budget  | June<br>Outturn | 2020<br>MYEFO   | Budget<br>Variance |
|--|-----------------|-----------------|-----------------|-----------------|--------------------|
| <b>Compensation of Employees</b>                           | <b>5,423.8</b>  | <b>5,672.8</b>  | <b>2,695.4</b>  | <b>5,762.8</b>  | <b>90.0</b>        |
| <b>Wages and salaries</b>                                  | <b>4,827.5</b>  | <b>4,542.4</b>  | <b>2,448.1</b>  | <b>4,632.4</b>  | <b>90.0</b>        |
| Wages and salaries in cash                                 | 4,685.2         | 4,358.5         | 2,428.6         | 4,448.5         | 90.0               |
| Wages and salaries in kind                                 | 142.2           | 183.9           | 19.5            | 183.9           | 0.0                |
| <b>Employers' social contributions</b>                     | <b>596.3</b>    | <b>1,130.4</b>  | <b>247.3</b>    | <b>1,130.4</b>  | <b>0.0</b>         |
| Actual social contributions                                | 596.3           | 1,130.4         | 247.3           | 1,130.4         | 0.0                |
| <b>Use of goods and services*</b>                          | <b>5,800.7</b>  | <b>4,516.0</b>  | <b>1,363.7</b>  | <b>3,685.4</b>  | <b>-830.6</b>      |
| Use of goods and services                                  | 5,800.7         | 4,516.0         | 1,363.7         | 3,685.4         | -830.6             |
| Use of goods and services                                  | 5,800.7         | 4,516.0         | 1,363.7         | 3,685.4         | -830.6             |
| <b>Interest**</b>  | <b>2,129.1</b>  | <b>2,140.5</b>  | <b>1,011.5</b>  | <b>2,048.0</b>  | <b>-92.5</b>       |
| <b>To nonresidents</b>                                     | <b>449.0</b>    | <b>573.3</b>    | <b>240.2</b>    | <b>521.4</b>    | <b>-51.8</b>       |
| Interest to Non residents                                  | 449.0           | 573.3           | 240.2           | 521.4           | -51.8              |
| <b>To residents other than general government</b>          | <b>1,680.1</b>  | <b>1,567.2</b>  | <b>771.2</b>    | <b>1,526.6</b>  | <b>-40.7</b>       |
| Interest to residents other than general governments       | 1,680.1         | 1,567.2         | 771.2           | 1,526.6         | -40.7              |
| <b>Grants***</b>   | <b>1,400.9</b>  | <b>2,583.9</b>  | <b>872.2</b>    | <b>2,583.9</b>  | <b>0.0</b>         |
| <b>Grants to other general government units</b>            | <b>1,400.9</b>  | <b>2,583.9</b>  | <b>872.2</b>    | <b>2,583.9</b>  | <b>0.0</b>         |
| Grants to other general governments current                | 1,399.4         | 1,975.4         | 614.7           | 1,975.4         | 0.0                |
| Grants to other general governments capital                | 1.5             | 608.4           | 257.5           | 608.4           | 0.0                |
| <b>Social Benefits</b>                                     | <b>0.0</b>      | <b>256.4</b>    | <b>0.0</b>      | <b>217.7</b>    | <b>-38.7</b>       |
| Social assistance benefits                                 | 0.0             | 256.4           | 0.0             | 217.7           | -38.7              |
| Social assistance benefits in cash                         | 0.0             | 256.4           | 0.0             | 217.7           | -38.7              |
| <b>Other expenses</b>                                      | <b>86.1</b>     | <b>118.1</b>    | <b>41.5</b>     | <b>113.6</b>    | <b>-4.4</b>        |
| Transfers not elsewhere classified                         | 86.1            | 118.1           | 41.5            | 113.6           | -4.4               |
| Other expense - Current transfers not elsewhere classified | 86.1            | 118.1           | 41.5            | 113.6           | -4.4               |
| <b>Net Aquisition Nonfinancial assets****</b>              | <b>3,011.8</b>  | <b>3,438.9</b>  | <b>916.3</b>    | <b>3,577.9</b>  | <b>139.0</b>       |
| <b>Nonproduced assets</b>                                  | <b>0.0</b>      | <b>0.2</b>      | <b>0.0</b>      | <b>0.2</b>      | <b>0.0</b>         |
| NFA: Intangible nonproduced assets                         | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                |
| NFA: Land  | 0.0             | 0.2             | 0.0             | 0.2             | 0.0                |
| <b>Aquisition of Fixed assets</b>                          | <b>3,011.8</b>  | <b>3,438.7</b>  | <b>916.3</b>    | <b>3,577.7</b>  | <b>139.0</b>       |
| NFA: Buildings and structures                              | 0.0             | 1,186.3         | 402.8           | 1,186.3         | 0.0                |
| NFA: Dwellings   | 0.0             | 49.5            | 0.0             | 49.5            | 0.0                |
| NFA: Fixed assets  | 2,402.7         | 2,081.5         | 465.5           | 2,081.5         | 0.0                |
| NFA: Information, computer, & telecommunications equipment | 10.3            | 53.6            | 23.3            | 53.6            | 0.0                |
| NFA: Machinery & equipment other than transport equipment  | 19.8            | 15.3            | 5.8             | 15.3            | 0.0                |
| NFA: Other structures                                      | 11.8            | 46.0            | 0.0             | 185.0           | 139.0              |
| NFA: Transport equipment                                   | 5.7             | 6.5             | 1.5             | 6.5             | 0.0                |
| <b>Total expenditure</b>                                   | <b>17,852.5</b> | <b>18,726.5</b> | <b>6,900.4</b>  | <b>17,989.3</b> | <b>-737.2</b>      |
| <b>as % of GDP</b>   | <b>21.1%</b>    | <b>20.3%</b>    | <b>8.5%</b>     | <b>22.1%</b>    | <b>1.8%</b>        |

Source: Department of Treasury

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

| Kina Million   | 2019<br>Actuals | 2020<br>Budget  | June<br>Output | 2020<br>MYEFO   | Budget<br>Variances |
|--|-----------------|-----------------|----------------|-----------------|---------------------|
| <b>National Departments</b>  | <b>8,120.4</b>  | <b>7,943.6</b>  | <b>2,278.7</b> | <b>7,318.9</b>  | <b>-624.7</b>       |
| <b>Compensation of Employees</b>                                   | <b>2,632.8</b>  | <b>2,671.0</b>  | <b>1,083.9</b> | <b>2,721.0</b>  | <b>50.0</b>         |
| <b>Wages and salaries</b>  | <b>2,087.4</b>  | <b>1,574.8</b>  | <b>866.3</b>   | <b>1,624.8</b>  | <b>50.0</b>         |
| Wages and salaries in cash   | 2,009.2         | 1,477.8         | 859.1          | 1,527.8         | 50.0                |
| Wages and salaries in kind   | 78.3            | 97.0            | 7.2            | 97.0            | 0.0                 |
| <b>Employers' social contributions</b>                             | <b>545.4</b>    | <b>1,096.1</b>  | <b>217.5</b>   | <b>1,096.1</b>  | <b>0.0</b>          |
| Actual social contributions  | 545.4           | 1,096.1         | 217.5          | 1,096.1         | 0.0                 |
| <b>Use of goods and services</b>                                   | <b>4,107.7</b>  | <b>2,994.7</b>  | <b>776.2</b>   | <b>2,358.7</b>  | <b>-636.0</b>       |
| Use of goods and services  | 4,107.7         | 2,994.7         | 776.2          | 2,358.7         | -636.0              |
| <b>Grants</b>  | <b>727.5</b>    | <b>776.9</b>    | <b>154.4</b>   | <b>776.9</b>    | <b>0.0</b>          |
| <b>Grants to other general government units</b>                    | <b>727.5</b>    | <b>776.9</b>    | <b>154.4</b>   | <b>776.9</b>    | <b>0.0</b>          |
| Grants to other general governments current                        | 727.5           | 776.9           | 154.4          | 776.9           | 0.0                 |
| Grants to other general governments capital                        | 0.0             | 0.0             | 0.0            | 0.0             | 0.0                 |
| <b>Other expenses</b>  | <b>84.8</b>     | <b>111.2</b>    | <b>40.3</b>    | <b>111.2</b>    | <b>0.0</b>          |
| <b>Transfers not elsewhere classified</b>                          | <b>84.8</b>     | <b>111.2</b>    | <b>40.3</b>    | <b>111.2</b>    | <b>0.0</b>          |
| Other expense - Current transfers not elsewhere classified         | 84.8            | 111.2           | 40.3           | 111.2           | 0.0                 |
| <b>Net Acquisition Nonfinancial assets</b>                         | <b>567.6</b>    | <b>1,180.7</b>  | <b>224.0</b>   | <b>1,180.7</b>  | <b>0.0</b>          |
| <b>Nonproduced assets</b>  | <b>0.0</b>      | <b>0.2</b>      | <b>0.0</b>     | <b>0.2</b>      | <b>0.0</b>          |
| NFA: Intangible nonproduced assets                                 | 0.0             | 0.2             | 0.0            | 0.2             | 0.0                 |
| NFA: Land  | 0.0             | 0.0             | 0.0            | 0.0             | 0.0                 |
| <b>Acquisition of Fixed assets</b>                                 | <b>567.6</b>    | <b>1,180.4</b>  | <b>224.0</b>   | <b>1,180.4</b>  | <b>0.0</b>          |
| NFA: Buildings and structures                                      | 0.0             | 10.0            | 0.0            | 10.0            | 0.0                 |
| NFA: Dwellings   | 0.0             | 15.0            | 0.0            | 15.0            | 0.0                 |
| NFA: Fixed assets  | 533.9           | 1,099.2         | 219.5          | 1,099.2         | 0.0                 |
| NFA: Information, computer, & telecommunications equipment         | 10.2            | 7.4             | 2.8            | 7.4             | 0.0                 |
| NFA: Machinery & equipment other than transport equipment          | 7.5             | 15.3            | 1.5            | 15.3            | 0.0                 |
| NFA: Other structures  | 11.8            | 27.1            | 0.0            | 27.1            | 0.0                 |
| NFA: Transport equipment   | 4.2             | 6.4             | 0.2            | 6.4             | 0.0                 |
| <b>Social Benefits</b>   | <b>0.0</b>      | <b>208.5</b>    | <b>0.0</b>     | <b>169.8</b>    | <b>-38.7</b>        |
| <b>Social assistance benefits</b>                                  | <b>0.0</b>      | <b>208.5</b>    | <b>0.0</b>     | <b>169.8</b>    | <b>-38.7</b>        |
| Social assistance benefits in cash                                 | 0.0             | 208.5           | 0.0            | 169.8           | -38.7               |
| Social assistance benefits in kind                                 | 0.0             | 0.0             | 0.0            | 0.0             | 0.0                 |
| <b>Provincial Governments</b>                                      | <b>3,123.9</b>  | <b>3,940.3</b>  | <b>1,969.7</b> | <b>3,885.6</b>  | <b>-54.8</b>        |
| <b>Compensation of Employees</b>                                   | <b>1,960.3</b>  | <b>1,686.3</b>  | <b>1,008.0</b> | <b>1,726.3</b>  | <b>40.0</b>         |
| <b>Wages and salaries</b>  | <b>1,960.2</b>  | <b>1,686.3</b>  | <b>1,008.0</b> | <b>1,726.3</b>  | <b>40.0</b>         |
| Wages and salaries in cash   | 1,916.3         | 1,640.8         | 1,004.4        | 1,680.8         | 40.0                |
| Wages and salaries in kind   | 43.9            | 45.5            | 3.6            | 45.5            | 0.0                 |
| <b>Employers' social contributions</b>                             | <b>0.1</b>      | <b>0.0</b>      | <b>0.0</b>     | <b>0.0</b>      | <b>0.0</b>          |
| Actual social contributions  | 0.1             | 0.0             | 0.0            | 0.0             | 0.0                 |
| <b>Use of goods and services</b>                                   | <b>520.7</b>    | <b>522.7</b>    | <b>261.2</b>   | <b>427.9</b>    | <b>-94.8</b>        |
| Use of goods and services  | 520.7           | 522.7           | 261.2          | 427.9           | -94.8               |
| <b>Grants</b>  | <b>636.4</b>    | <b>1,686.3</b>  | <b>681.9</b>   | <b>1,686.3</b>  | <b>0.0</b>          |
| <b>Grants to other general government units</b>                    | <b>636.4</b>    | <b>1,686.3</b>  | <b>681.9</b>   | <b>1,686.3</b>  | <b>0.0</b>          |
| Grants to other general governments current*                       | 636.4           | 1,077.9         | 434.4          | 1,077.9         | 0.0                 |
| Grants to other general governments capital                        | 1.5             | 608.4           | 247.5          | 608.4           | 0.0                 |
| <b>Net Acquisition Nonfinancial assets</b>                         | <b>6.5</b>      | <b>45.0</b>     | <b>18.5</b>    | <b>45.0</b>     | <b>0.0</b>          |
| <b>Acquisition of Fixed assets</b>                                 | <b>6.5</b>      | <b>45.0</b>     | <b>18.5</b>    | <b>45.0</b>     | <b>0.0</b>          |
| NFA: Fixed assets*   | 6.5             | 45.0            | 18.5           | 45.0            | 0.0                 |
| <b>Autonomous Bougainville Government</b>                          | <b>159.4</b>    | <b>241.0</b>    | <b>106.9</b>   | <b>241.0</b>    | <b>0.0</b>          |
| <b>Compensation of Employees</b>                                   | <b>123.9</b>    | <b>118.5</b>    | <b>59.9</b>    | <b>118.5</b>    | <b>0.0</b>          |
| <b>Wages and salaries</b>  | <b>123.9</b>    | <b>118.5</b>    | <b>59.9</b>    | <b>118.5</b>    | <b>0.0</b>          |
| Wages and salaries in cash   | 120.5           | 109.5           | 58.6           | 109.5           | 0.0                 |
| Wages and salaries in kind   | 3.3             | 9.0             | 1.3            | 9.0             | 0.0                 |
| <b>Employers' social contributions</b>                             | <b>0.0</b>      | <b>0.0</b>      | <b>0.0</b>     | <b>0.0</b>      | <b>0.0</b>          |
| Actual social contributions  | 0.0             | 0.0             | 0.0            | 0.0             | 0.0                 |
| <b>Use of goods and services</b>                                   | <b>33.5</b>     | <b>97.5</b>     | <b>37.0</b>    | <b>97.5</b>     | <b>0.0</b>          |
| Use of goods and services  | 33.5            | 97.5            | 37.0           | 97.5            | 0.0                 |
| <b>Grants</b>  | <b>0.0</b>      | <b>25.0</b>     | <b>10.0</b>    | <b>25.0</b>     | <b>0.0</b>          |
| <b>Grants to other general government units</b>                    | <b>0.0</b>      | <b>25.0</b>     | <b>10.0</b>    | <b>25.0</b>     | <b>0.0</b>          |
| Grants to other general governments current                        | 0.0             | 25.0            | 0.0            | 25.0            | 0.0                 |
| Grants to other general governments capital                        | 0.0             | 0.0             | 0.0            | 0.0             | 0.0                 |
| <b>Net Acquisition Nonfinancial assets</b>                         | <b>2.0</b>      | <b>0.0</b>      | <b>0.0</b>     | <b>0.0</b>      | <b>0.0</b>          |
| Fixed Assets   | 2.0             | 0.0             | 0.0            | 0.0             | 0.0                 |
| <b>Commercial &amp; Statutory Authorities</b>                      | <b>1,214.3</b>  | <b>2,147.6</b>  | <b>932.5</b>   | <b>2,182.4</b>  | <b>34.8</b>         |
| <b>Compensation of Employees</b>                                   | <b>706.7</b>    | <b>1,197.0</b>  | <b>543.5</b>   | <b>1,197.0</b>  | <b>0.0</b>          |
| <b>Wages and salaries</b>  | <b>656.0</b>    | <b>1,162.7</b>  | <b>513.9</b>   | <b>1,162.7</b>  | <b>0.0</b>          |
| Wages and salaries in cash   | 639.3           | 1,130.4         | 493.3          | 1,130.4         | 0.0                 |
| Wages and salaries in kind   | 16.6            | 32.3            | 7.3            | 32.3            | 0.0                 |
| <b>Employers' social contributions</b>                             | <b>50.8</b>     | <b>34.3</b>     | <b>29.7</b>    | <b>34.3</b>     | <b>0.0</b>          |
| Actual social contributions  | 50.8            | 34.3            | 29.7           | 34.3            | 0.0                 |
| <b>Use of goods and services</b>                                   | <b>300.7</b>    | <b>551.0</b>    | <b>249.8</b>   | <b>451.2</b>    | <b>-99.8</b>        |
| Use of goods and services  | 300.7           | 551.0           | 249.8          | 451.2           | -99.8               |
| <b>Grants</b>  | <b>7.8</b>      | <b>95.6</b>     | <b>26.0</b>    | <b>95.6</b>     | <b>0.0</b>          |
| <b>Grants to other general government units</b>                    | <b>7.8</b>      | <b>95.6</b>     | <b>26.0</b>    | <b>95.6</b>     | <b>0.0</b>          |
| Grants to other general governments current                        | 7.8             | 95.6            | 26.0           | 95.6            | 0.0                 |
| <b>Other expenses</b>  | <b>1.3</b>      | <b>1.9</b>      | <b>1.2</b>     | <b>1.9</b>      | <b>0.0</b>          |
| <b>Transfers not elsewhere classified</b>                          | <b>1.3</b>      | <b>1.9</b>      | <b>1.2</b>     | <b>1.9</b>      | <b>0.0</b>          |
| Other expense - Current transfers not elsewhere classified         | 1.3             | 1.9             | 1.2            | 1.9             | 0.0                 |
| <b>Net Acquisition Nonfinancial assets</b>                         | <b>197.8</b>    | <b>249.8</b>    | <b>112.1</b>   | <b>388.8</b>    | <b>139.0</b>        |
| <b>Acquisition of Fixed assets</b>                                 | <b>197.8</b>    | <b>249.8</b>    | <b>112.1</b>   | <b>388.8</b>    | <b>139.0</b>        |
| NFA: Buildings and structures                                      | 0.0             | 2.3             | 0.0            | 2.3             | 0.0                 |
| NFA: Dwellings   | 0.0             | 34.5            | 0.0            | 34.5            | 0.0                 |
| NFA: Fixed assets  | 183.8           | 193.7           | 106.1          | 193.7           | 0.0                 |
| NFA: Machinery & equipment other than transport equipment          | 12.4            | 0.0             | 4.3            | 0.0             | 0.0                 |
| NFA: Other structures  | 0.0             | 19.0            | 0.0            | 158.0           | 139.0               |
| NFA: Transport equipment   | 1.5             | 0.0             | 1.3            | 0.0             | 0.0                 |
| NFA: Information, computer, and telecommunications (ICT) equipment | 0.1             | 0.3             | 0.3            | 0.3             | 0.0                 |
| <b>Social Benefits</b>   | <b>0.0</b>      | <b>48.0</b>     | <b>0.0</b>     | <b>48.0</b>     | <b>0.0</b>          |
| <b>Social assistance benefits</b>                                  | <b>0.0</b>      | <b>48.0</b>     | <b>0.0</b>     | <b>48.0</b>     | <b>0.0</b>          |
| Social assistance benefits in cash                                 | 0.0             | 48.0            | 0.0            | 48.0            | 0.0                 |
| Social assistance benefits in kind                                 | 0.0             | 0.0             | 0.0            | 0.0             | 0.0                 |
| <b>Out of scope for GFS coding purposes</b>                        | <b>0.0</b>      | <b>4.4</b>      | <b>0.0</b>     | <b>0.0</b>      | <b>-4.4</b>         |
| <b>Debt Service (Interest Payment)</b>                             | <b>2,147.2</b>  | <b>2,156.9</b>  | <b>1,011.5</b> | <b>2,064.4</b>  | <b>-92.5</b>        |
| <b>Use of goods and services</b>                                   | <b>18.1</b>     | <b>16.4</b>     | <b>0.0</b>     | <b>16.4</b>     | <b>0.0</b>          |
| Use of goods and services  | 18.1            | 16.4            | 0.0            | 16.4            | 0.0                 |
| <b>Interest</b>  | <b>2,129.1</b>  | <b>2,140.5</b>  | <b>1,011.5</b> | <b>2,048.0</b>  | <b>-92.5</b>        |
| <b>To nonresidents</b>   | <b>449.0</b>    | <b>573.3</b>    | <b>240.2</b>   | <b>521.4</b>    | <b>-51.8</b>        |
| Interest to Non residents  | 449.0           | 573.3           | 240.2          | 521.4           | -51.8               |
| <b>To residents other than general government</b>                  | <b>1,680.1</b>  | <b>1,567.2</b>  | <b>771.2</b>   | <b>1,526.6</b>  | <b>-40.7</b>        |
| Interest to residents other than general governments               | 1,680.1         | 1,567.2         | 771.2          | 1,526.6         | -40.7               |
| <b>Expenditure supported by donor grants</b>                       | <b>1,775.6</b>  | <b>932.1</b>    | <b>0.0</b>     | <b>932.1</b>    | <b>0.0</b>          |
| <b>Use of goods and services</b>                                   | <b>696.9</b>    | <b>244.2</b>    | <b>0.0</b>     | <b>244.2</b>    | <b>0.0</b>          |
| Use of goods and services  | 696.9           | 244.2           | 0.0            | 244.2           | 0.0                 |
| <b>Grants</b>  | <b>29.3</b>     | <b>71.4</b>     | <b>0.0</b>     | <b>71.4</b>     | <b>0.0</b>          |
| <b>Grants to other general government units</b>                    | <b>29.3</b>     | <b>71.4</b>     | <b>0.0</b>     | <b>71.4</b>     | <b>0.0</b>          |
| Grants to other general governments current                        | 29.3            | 71.4            | 0.0            | 71.4            | 0.0                 |
| <b>Net Acquisition Nonfinancial assets</b>                         | <b>1,049.4</b>  | <b>616.5</b>    | <b>0.0</b>     | <b>616.5</b>    | <b>0.0</b>          |
| <b>Acquisition of Fixed assets (Buildings and Structures)</b>      | <b>1,049.4</b>  | <b>616.5</b>    | <b>0.0</b>     | <b>616.5</b>    | <b>0.0</b>          |
| NFA: Fixed assets  | 621.6           | 213.2           | 0.0            | 213.2           | 0.0                 |
| Other expense - Current transfers not elsewhere classified         | 427.8           | 403.3           | 0.0            | 403.3           | 0.0                 |
| <b>Expenditure financed by concessional loans</b>                  | <b>1,311.7</b>  | <b>1,365.0</b>  | <b>601.1</b>   | <b>1,365.0</b>  | <b>0.0</b>          |
| <b>Use of goods and services</b>                                   | <b>123.2</b>    | <b>89.5</b>     | <b>39.4</b>    | <b>89.5</b>     | <b>0.0</b>          |
| Use of goods and services  | 123.2           | 89.5            | 39.4           | 89.5            | 0.0                 |
| <b>Net Acquisition Nonfinancial assets</b>                         | <b>1,188.6</b>  | <b>1,275.5</b>  | <b>561.7</b>   | <b>1,275.5</b>  | <b>0.0</b>          |
| <b>Acquisition of Fixed assets (Buildings and Structures)</b>      | <b>1,188.6</b>  | <b>1,275.5</b>  | <b>561.7</b>   | <b>1,275.5</b>  | <b>0.0</b>          |
| NFA: Buildings and structures                                      | 0.0             | 914.6           | 402.8          | 914.6           | 0.0                 |
| NFA: Fixed assets  | 1,055.0         | 275.7           | 121.4          | 275.7           | 0.0                 |
| NFA: Information, computer, & telecommunications equipment         | 0.0             | 45.8            | 20.2           | 45.8            | 0.0                 |
| NFA: Machinery & equipment other than transport equipment          | 0.0             | 0.0             | 0.0            | 0.0             | 0.0                 |
| Other expense - Current transfers not elsewhere classified         | 133.6           | 39.4            | 17.4           | 39.4            | 0.0                 |
| <b>Total expenditure</b>   | <b>17,852.5</b> | <b>18,726.5</b> | <b>6,900.5</b> | <b>17,989.3</b> | <b>-737.2</b>       |
| <b>as % of GDP</b>   | <b>21.1%</b>    | <b>20.3%</b>    | <b>8.5%</b>    | <b>22.1%</b>    | <b>1.8%</b>         |

Source: Department of Treasury.

\* Includes GST and Bookmakers Tax transfers to Provinces.

TABLE 6: TRANSACTIONS IN ASSETS AND LIABILITIES FOR GENERAL GOVERNMENT (Kina, million).

| Kina Million   | 2019<br>Actuals | 2020<br>Budget | June<br>Outturn | 2020<br>MYEFO  | Budget<br>Variance |
|--|-----------------|----------------|-----------------|----------------|--------------------|
| <b>Net Acquisition of Financial Assets</b>             | -783.9          | 0.0            | 1,121.4         | -445.6         | -445.6             |
| <b>Domestic</b>  | <b>-783.9</b>   | <b>0.0</b>     | <b>1,121.4</b>  | <b>-445.6</b>  | <b>-445.6</b>      |
| Currency and deposits                                  | -783.9          | 0.0            | 1,121.4         | -445.6         | -445.6             |
| Other accounts receivable                              | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| <b>External</b>  | <b>0.0</b>      | <b>0.0</b>     | <b>0.0</b>      | <b>0.0</b>     | <b>0.0</b>         |
| <b>Net Incurrence of Liabilities</b>                   | <b>3,388.1</b>  | <b>4,631.1</b> | <b>3,207.2</b>  | <b>6,184.7</b> | <b>1,553.6</b>     |
| <b>Domestic</b>  | <b>1,054.3</b>  | <b>1,257.2</b> | <b>2,023.7</b>  | <b>1,923.0</b> | <b>665.8</b>       |
| Debt securities  | 1,158.1         | 1,357.7        | 2,078.0         | 2,023.5        | 665.8              |
| New instruments  | 12,327.2        | 12,167.8       | 7,988.3         | 12,832.7       | 664.9              |
| Amortisation   | 11,169.1        | 10,810.1       | 5,910.3         | 10,809.2       | -0.9               |
| <i>Treasury Bills</i>                                  | 1,513.8         | 328.1          | 638.5           | 328.1          | 0.0                |
| <i>New instruments</i>                                 | 11,691.5        | 9,600.3        | 5,877.8         | 9,600.3        | 0.0                |
| <i>Amortisation</i>                                    | 10,177.7        | 9,272.2        | 5,239.3         | 9,272.2        | 0.0                |
| <i>Treasury Bonds</i>                                  | -355.7          | 1,029.6        | 1,439.6         | 1,695.4        | 665.8              |
| <i>New instruments</i>                                 | 635.7           | 2,567.5        | 2,110.6         | 3,232.4        | 664.9              |
| <i>Amortisation</i>                                    | 991.4           | 1,537.9        | 671.0           | 1,537.0        | -0.9               |
| Loans  | -103.8          | -100.5         | -54.3           | -100.5         | 0.0                |
| New borrowing  | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| Amortisation   | 103.8           | 100.5          | 54.3            | 100.5          | 0.0                |
| Insurance, pension, and standardized guarantee schemes | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| Financial derivatives and employee stock options       | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| Other accounts payable                                 | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| <b>External</b>  | <b>2,333.9</b>  | <b>3,373.8</b> | <b>1,183.5</b>  | <b>4,261.6</b> | <b>887.8</b>       |
| Monetary gold and special drawing rights (SDR's)       | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| Currency and deposits                                  | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| Debt securities  | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| New instruments  | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| Amortisation   | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| <i>Concessional financing</i>                          | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| <i>New instruments</i>                                 | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| <i>Amortisation</i>                                    | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| <i>Commercial financing</i>                            | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| <i>New instruments</i>                                 | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| <i>Amortisation</i>                                    | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| <i>Extraordinary financing</i>                         | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| <i>New instruments</i>                                 | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| <i>Amortisation</i>                                    | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| <b>Loans</b>   | <b>2,333.9</b>  | <b>3,373.8</b> | <b>1,183.5</b>  | <b>4,261.6</b> | <b>887.8</b>       |
| New borrowing  | 2,726.4         | 5,606.9        | 1,859.4         | 6,494.7        | 887.8              |
| Amortisation   | 392.6           | 2,233.1        | 676.0           | 2,233.1        | 0.0                |
| <i>Concessional financing</i>                          | 968.0           | 992.5          | 385.4           | 992.5          | 0.0                |
| <i>New borrowing</i>                                   | 1,311.7         | 1,365.0        | 601.1           | 1,365.0        | 0.0                |
| <i>Amortisation</i>                                    | 343.7           | 372.5          | 215.8           | 372.5          | 0.0                |
| <i>Commercial financing</i>                            | 36.8            | 85.5           | -442.5          | -882.2         | -967.7             |
| <i>New borrowing</i>                                   | 54.8            | 967.7          | 0.0             | 0.0            | -967.7             |
| <i>Amortisation</i>                                    | 17.9            | 882.2          | 442.5           | 882.2          | 0.0                |
| <i>Extraordinary financing</i>                         | 1,329.1         | 2,295.8        | 1,240.6         | 4,151.3        | 1,855.5            |
| <i>New borrowing</i>                                   | 1,359.9         | 3,274.2        | 1,258.3         | 5,129.7        | 1,855.5            |
| <i>Amortisation</i>                                    | 30.9            | 978.4          | 17.7            | 978.4          | 0.0                |
| Insurance, pension, and standardized guarantee schemes | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| Financial derivatives and employee stock options       | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |
| Other accounts payable                                 | 0.0             | 0.0            | 0.0             | 0.0            | 0.0                |

Source: Department of Treasury

- 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: CENTRAL GOVERNMENT DEBT (Kina, million)**

| Kina Million                              | 2019<br>Actuals | 2020<br>Budget  | June<br>Outturn | 2020<br>MYEFO   | Budget<br>Variance |
|---|-----------------|-----------------|-----------------|-----------------|--------------------|
| <b>Domestic</b>                           | <b>19,333.5</b> | <b>20,140.3</b> | <b>21,357.2</b> | <b>21,256.5</b> | <b>1116.2</b>      |
| <b>Debt securities</b>                    | <b>18,157.9</b> | <b>19,064.9</b> | <b>20,235.9</b> | <b>20,181.4</b> | <b>1116.5</b>      |
| <i>Treasury Bills</i>                     | 10,191.3        | 10,012.9        | 10,829.8        | 10,519.4        | 506.5              |
| <i>Treasury Bonds</i>                     | 7,966.6         | 9,052.0         | 9,406.2         | 9,662.0         | 610.0              |
| <b>Loans</b>                              | <b>1,175.6</b>  | <b>1,075.4</b>  | <b>1,121.3</b>  | <b>1,075.1</b>  | <b>-0.3</b>        |
| <b>External</b>                           | <b>14,333.4</b> | <b>17,044.7</b> | <b>15,516.8</b> | <b>18,595.0</b> | <b>1,550.3</b>     |
| <b>Debt securities</b>                    | <b>1,700.7</b>  | <b>1,700.7</b>  | <b>1,700.7</b>  | <b>1,700.7</b>  | <b>0.0</b>         |
| <i>Concessional financing</i>             | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                |
| <i>Commercial financing</i>               | 1,700.7         | 1,700.7         | 1,700.7         | 1,700.7         | 0.0                |
| <i>Extraordinary financing</i>            | 0.0             | 0.0             | 0.0             | 0.0             | 0.0                |
| <b>Loans</b>                              | <b>12,632.7</b> | <b>15,344.0</b> | <b>13,816.1</b> | <b>16,894.3</b> | <b>1,550.3</b>     |
| <i>Concessional financing</i>             | 8,676.7         | 9,166.0         | 9,062.0         | 9,669.2         | 503.2              |
| <i>Commercial financing</i>               | 1,970.4         | 1,982.8         | 1,527.9         | 1,088.2         | -894.6             |
| <i>Extraordinary financing</i>            | 1,985.6         | 4,195.2         | 3,226.1         | 6,136.9         | 1941.7             |
| <b>Total Central Government Debt</b>      | <b>33,666.9</b> | <b>37,185.0</b> | <b>36,874.0</b> | <b>39,851.5</b> | <b>2,666.5</b>     |
| <i>Total debt as percentage of GDP</i>    | 39.8%           | 40.3%           | 45.2%           | 48.9%           | 8.6%               |
| <b>Gross Domestic Product<sup>2</sup></b> | <b>84,554.1</b> | <b>92,206.2</b> | <b>81,497.1</b> | <b>81,497.1</b> | <b>-10,709.1</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: Outturn stock is based on the 2019 stock.



# PART 2 MID – YEAR EXPENDITURE

## 2.1 FUNDED EXPENDITURE SINCE THE 2020 BUDGET

Total appropriated Government of Papua New Guinea (GoPNG) Budget in 2020 amounts to K18,140.0 million<sup>17</sup> (excluding debt amortization and GST transfers to provinces). This remaining total comprises Operational Budget of K12,159.9 million and GoPNG Capital Investment budget appropriation of K3,683.4 million and Donor Grants and Concessional Loans worth K932.1 million and K1,365.0 million, respectively.

This section of the report presents the GoPNG component of the budget, more specifically the Operational component while GoPNG Capital Investment programs, Donor Grants Support and Concessional Loans are reported separately in expenditure Section 2.2 under Capital Investment programs.

The Operational Budget was initially appropriated K12,159.9 million but was later reduced by K206.3 million to K11,953.6 million through a transfer mostly towards Capital Budget (Section 3). The transfer was made from “*Compensation of Employees*” (CoE), where K237.1 million was transferred to the Capital Investment Budgets and within into Goods and Services (GS) and Functional Grants. The transfer increased the Capital Investment Budget by K206.3 million, GS Budget by K21.9 million and Functional Grants Budget by K9.0 million. Hence, K30.9 million of the transfer was within the Operational Budget while K206.3 million was moved across to the Capital Investment Budget to cater for COVID-19 containment programs in the provinces.

Table 22 shows a summary of the 2020 Budget and corresponding expenditure by funding types up to the end of June.

**Table 22: Summary of 2020 GoPNG Budget by Budget Components (Kina, million)**

| Expenditure by Funding Source | 2020 Budget     | 2020 Rev. Budget | Warrant Authorised | June Outturn   | Exp. vs RBUD (%) | Exp. vs WA (%) |
|-------------------------------|-----------------|------------------|--------------------|----------------|------------------|----------------|
| <b>Operational</b>            | <b>12,159.9</b> | <b>11,953.6</b>  | <b>3,249.5</b>     | <b>4,989.6</b> | <b>41.7%</b>     | <b>153.5%</b>  |
| Compensation of Employees     | 5,672.7         | 5,435.6          | 578.4              | 2,695.1        | 49.6%            | 466.0%         |
| Good and Services             | 3,789.2         | 3,811.0          | 1,528.5            | 1,169.0        | 30.7%            | 76.5%          |
| Functional Grants             | 541.1           | 550.1            | 122.8              | 114.0          | 20.7%            | 92.8%          |
| Interest                      | 2,156.9         | 2,156.9          | 1,019.8            | 1,011.5        | 46.9%            | 99.2%          |
| <b>Capital Investment</b>     | <b>3,683.4</b>  | <b>3,889.7</b>   | <b>1,595.2</b>     | <b>1,016.3</b> | <b>26.1%</b>     | <b>63.7%</b>   |
| PIP                           | 2,573.4         | 2,779.7          | 1,027.7            | 516.8          | 18.6%            | 50.3%          |
| SIPS                          | 1,110.0         | 1,110.0          | 567.5              | 499.5          | 45.0%            | 88.0%          |
| <b>Grand Total</b>            | <b>15,843.3</b> | <b>15,843.3</b>  | <b>4,844.7</b>     | <b>6,005.9</b> | <b>37.9%</b>     | <b>124.0%</b>  |

Source: Department of Treasury

This table excludes reporting of GST Transfers and Bookmakers Turnover Tax to Provinces, Concessional Loans, Donor Support and grants and Counterpart Funding.

<sup>17</sup> Excludes GST transfers to Provinces and Book makers turn over tax



The revised operational budget of K11,953.6<sup>18</sup> million comprises of K5,435.6 million for CoE, K3,811.0 million for GS, K550.1 million for Functional Grants and K2,156.9 million for Interest payments. The revised Capital Investment (GoPNG) Budget of K3,889.7 million comprises of K1,110.0 million in Services Improvement Program (SIP) expenditure and K2,779.7 million in Public Investment Program (PIP) expenditure.

As at the 30<sup>th</sup> of June 2020, the sum of K6,005.9 million was expended against the revised GoPNG budget of K15,843.3 million, which equates to 37.9 per cent. From total expenditure, K4,989.6 million was expended (83.1 per cent of total) through the Operational Budget and K1,016.3 million (16.9 per cent of total) from the Capital Investment Budget.

Total operational expenditure of K4,989.6million comprised of K2,695.1 million in the Compensation of Employees, K1,169.0 million in Good and Services, K114.0 million in Functional Grants and K1,011.5 million in Debt interest repayment. Total operational expenditure for the period equates to 41.7 per cent of revised Operational Budget. Details of capital expenditure (including Donor Grants and Concessional Loans) are reported separately in the Capital Investment in Section 2.2 further below.

Compensation of Employees (CoE) is by far the highest expenditure item with 54.0 per cent of total operational expense and 45.5 per cent of revised budget expenditure. CoE expenditure at the end of June totalled K2,695.1 million. Actual total CoE expenditure by the end of June is in par with the revised budget appropriation and within pro-rata estimates. Table 23 below shows the details of the CoE.

Goods and Services expenditure amounted of K1,169.0 million as at 30<sup>th</sup> June, which is 23.4 per cent against total operational expenditure over the same period and 30.7 per cent against the revised operational budget. Further, this is 76.5 per cent of warrants issued. The majority of detailed priority expenditures for GS activities are presented by sector in Table 23.

Expenditure for Debt Interest totalled K1,011.5 million. This total comprises of K771.2 million for domestic debt interest and K240.2 million for external debt interest. Debt Interest repayments expended 46.9 per cent of its appropriated budget and 99.2 per cent of warrants issued.

**Table.23: Composition of the Compensation of Employees (Kina, million)**

| Components                       | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrants     | June<br>Outturn | Exp vs<br>RBud<br>(%) | Exp vs<br>WA (%) |
|----------------------------------|----------------------------|---------------------------|--------------|-----------------|-----------------------|------------------|
| <b>Compensation of Employees</b> | <b>5,672.8</b>             | <b>5,435.6</b>            | <b>578.4</b> | <b>2,695.1</b>  | <b>49.6%</b>          | <b>466.0%</b>    |
| Wages Allow                      | 126.2                      | 124.8                     | 42.5         | 29.8            | 23.9%                 | 70.1%            |
| Teacher Sal Gr                   | 1,379.9                    | 1,379.9                   | 879.2        | 879.2           | 63.7%                 | 100.0%           |
| Teach Leave                      | 40.2                       | 40.2                      | 5.7          | 2.6             | 6.5%                  | 45.6%            |
| Staffing Grants                  | 358.7                      | 358.7                     | 183.3        | 183.3           | 51.1%                 | 100.0%           |
| Sal & Allow                      | 2,372.5                    | 2,332.8                   | 1,289.1      | 1,289.1         | 55.3%                 | 100.0%           |
| Retirement                       | 1,130.4                    | 933.4                     | 247.1        | 247.1           | 26.5%                 | 100.0%           |
| PS Leave Fare                    | 14.3                       | 14.3                      | 3.2          | 2.3             | 16.1%                 | 71.9%            |
| Payroll Cost                     | 0.0                        | 0.0                       | 0.0          | 0.0             | 0.0%                  | 0.0%             |
| Parliamentary Se                 | 8.2                        | 8.2                       | 0.6          | 0.6             | 7.3%                  | 100.0%           |
| Overtime                         | 33.4                       | 33.9                      | 10.0         | 10.0            | 29.5%                 | 100.0%           |
| MPs                              | 68.9                       | 68.9                      | 35.1         | 35.1            | 50.9%                 | 100.0%           |
| Leave fares                      | 129.4                      | 129.8                     | 28.5         | 14.6            | 11.2%                 | 51.2%            |

<sup>18</sup> The figure used here slightly differs from part one to show revised appropriation in relation to section 3 and 4 fund transfers to different Agencies and economic items.

|                    |                |                |                |                |              |              |
|--------------------|----------------|----------------|----------------|----------------|--------------|--------------|
| L/Fare-Cont        | 0.0            | 0.0            | 0.0            | 0.0            | 0.0%         | 0.0%         |
| L/Fare-Citizen     | 0.0            | 0.0            | 0.0            | 0.0            | 0.0%         | 0.0%         |
| Ed Benefit         | 7.2            | 7.2            | 2.8            | 1.5            | 20.8%        | 53.6%        |
| ABG Electoral C    | 1.9            | 1.9            | 0.0            | 0.0            | 0.0%         | 0.0%         |
| ABG Community A    | 1.6            | 1.6            | 0.0            | 0.0            | 0.0%         | 0.0%         |
| <b>Grand Total</b> | <b>5,672.8</b> | <b>5,435.6</b> | <b>2,727.1</b> | <b>2,695.2</b> | <b>49.6%</b> | <b>98.8%</b> |

Source: Department of Treasury

Table 24 is a summary of 2020 Budget National Priorities by Sector, with corresponding expenditure up to the end of June.

**Table.24: National Priority Expenditure as at 30<sup>th</sup> June 2020 (Kina, million)**

| Details  | Budget         | Revised        | Warrant        | June Outturn   | E vs RB (%) | E vs WA (%)  |
|--|----------------|----------------|----------------|----------------|-------------|--------------|
| <b>Administration</b>                                  | <b>290.5</b>   | <b>287.3</b>   | <b>57.0</b>    | <b>32.7</b>    | <b>11.4</b> | <b>57.3</b>  |
| 2020 Population Census Preparation                     | 50.0           | 30.8           | 15.0           | 11.1           | 36.0        | 73.9         |
| COVID-19 Containment Funds                             | 0.0            | 23.0           | 23.0           | 7.6            | 33.1        | 33.1         |
| District Support Grant                                 | 55.5           | 55.5           | 0.0            | 0.0            | 0.0         | 0.0          |
| Infrastructure Development Grants (IDG)                | 100.0          | 100.0          | 5.0            | 0.0            | 0.0         | 0.0          |
| Special Intervention Program                           | 20.0           | 13.0           | 14.0           | 14.0           | 107.5       | 99.8         |
| Ward SIP   | 65.0           | 65.0           | 0.0            | 0.0            | 0.0         | 0.0          |
| <b>Economic</b>  | <b>200.0</b>   | <b>202.0</b>   | <b>2.0</b>     | <b>2.0</b>     | <b>1.0</b>  | <b>100.0</b> |
| COVID-19 Containment Funds                             | 0.0            | 2.0            | 2.0            | 2.0            | 100.0       | 100.0        |
| SME Funding for Agriculture                            | 200.0          | 200.0          | 0.0            | 0.0            | 0.0         | 0.0          |
| <b>Education</b>                                       | <b>568.1</b>   | <b>265.4</b>   | <b>67.8</b>    | <b>33.4</b>    | <b>12.6</b> | <b>49.3</b>  |
| National Scholarships Scheme                           | 8.6            | 8.6            | 0.6            | 0.6            | 7.2         | 100.0        |
| TESAS  | 69.9           | 69.9           | 36.1           | 31.2           | 44.7        | 86.4         |
| TFF  | 489.6          | 127.1          | 0.5            | 0.1            | 0.1         | 26.0         |
| TFF- Higher Education Loan Program                     | 0.0            | 59.8           | 30.5           | 1.4            | 2.4         | 4.7          |
| <b>Health</b>  | <b>248.0</b>   | <b>351.3</b>   | <b>249.5</b>   | <b>181.5</b>   | <b>51.7</b> | <b>72.7</b>  |
| COVID-19 Containment Funds                             | 0.0            | 116.3          | 116.3          | 49.3           | 42.4        | 42.4         |
| Medical Supplies Procurement & Distribution            | 248.0          | 235.0          | 133.2          | 132.2          | 56.3        | 99.3         |
| <b>Law &amp; Justice</b>                               | <b>75.6</b>    | <b>228.8</b>   | <b>221.3</b>   | <b>77.5</b>    | <b>33.9</b> | <b>35.0</b>  |
| Court House Design and Maintenance                     | 70.0           | 70.0           | 70.0           | 58.0           | 82.9        | 82.9         |
| COVID-19 Containment Funds                             | 0.0            | 153.2          | 149.0          | 17.3           | 11.3        | 11.6         |
| Overseas Missions                                      | 5.6            | 5.6            | 2.3            | 2.2            | 39.2        | 95.3         |
| <b>Miscellaneous</b>                                   | <b>2123.1</b>  | <b>2,032.8</b> | <b>434.2</b>   | <b>563.0</b>   | <b>27.7</b> | <b>129.7</b> |
| 2020 Population Census Preparation                     | 50.0           | 0.0            | 0.0            | 0.0            | 0.0         | 0.0          |
| Arrears  | 799.6          | 660.4          | 0.0            | 0.0            | 0.0         | 0.0          |
| Court Cases  | 26.0           | 8.6            | 6.9            | 6.9            | 80.7        | 100.0        |
| COVID-19 Containment Control Account                   | 0.0            | 162.5          | 0.0            | 0.0            | 0.0         | 0.0          |
| Foreign Missions                                       | 20.0           | 20.0           | 16.1           | 16.1           | 80.4        | 100.0        |
| Free Primary Health Care                               | 30.0           | 0.0            | 0.0            | 0.0            | 0.0         | 0.0          |
| Multi-Departmental Office Accommodation                | 200.0          | 120.0          | 99.5           | 97.5           | 81.3        | 98.0         |
| Multi-Departmental Utilities                           | 200.0          | 160.0          | 104.6          | 104.0          | 65.0        | 99.4         |
| Nambawan Supa Exit Payments                            | 144.2          | 84.2           | 64.2           | 49.9           | 59.2        | 77.7         |
| Natural Disasters                                      | 30.0           | 0.0            | 0.0            | 0.0            | 0.0         | 0.0          |
| Other Government Commitments                           | 0.0            | 18.4           | 18.4           | 18.4           | 100.0       | 100.0        |
| Retirement Fund  | 461.5          | 461.5          | 0.0            | 0.0            | 0.0         | 0.0          |
| State Share Contribution to Nambawan Supa - Automation | 161.8          | 34.6           | 0.0            | 145.8          | 421.5       | 0.0          |
| TFF  | 0.0            | 124.5          | 124.5          | 124.5          | 100.0       | 100.0        |
| TFF- Higher Education Loan Program                     | 0.0            | 178.2          | 0.0            | 0.0            | 0.0         | 0.0          |
| <b>Provinces</b>                                       | <b>1,152.7</b> | <b>1,388.2</b> | <b>827.0</b>   | <b>557.6</b>   | <b>40.2</b> | <b>67.4</b>  |
| COVID-19 Containment Funds                             | 0.0            | 215.5          | 215.5          | 14.1           | 6.5         | 6.5          |
| DSIP   | 890.0          | 890.0          | 454.5          | 395.5          | 44.4        | 87.0         |
| PSIP   | 220.0          | 220.0          | 113.0          | 104.0          | 47.3        | 92.0         |
| Special Intervention Program                           | 0.0            | 10.0           | 10.0           | 10.0           | 100.0       | 100.0        |
| Special Purpose Authority (SPA)                        | 8.0            | 8.0            | 8.0            | 8.0            | 100.0       | 100.0        |
| Special Support Grant (SSG)                            | 34.7           | 44.7           | 26.0           | 26.0           | 58.2        | 100.0        |
| <b>Transport</b>                                       | <b>98.8</b>    | <b>98.8</b>    | <b>23.6</b>    | <b>10.2</b>    | <b>10.3</b> | <b>43.1</b>  |
| Emergency Roads & Bridges Funding                      | 10.0           | 10.0           | 3.7            | 0.6            | 5.7         | 15.5         |
| Highlands H/Way Roads Maintenance                      | 37.6           | 37.6           | 8.2            | 4.2            | 11.1        | 50.8         |
| Maintenance of National Priority Roads                 | 51.2           | 51.2           | 11.7           | 5.4            | 10.6        | 46.4         |
| <b>Grand Total</b>                                     | <b>4,756.8</b> | <b>4,854.6</b> | <b>1,882.3</b> | <b>1,457.8</b> | <b>30.0</b> | <b>77.4</b>  |

Source: Department of Treasury

The 2020 Budget National Priorities total K4,854.6 million. To end June, expenditure on priority items totalled K1,457.8 million which represents 30.0 per cent of its appropriated budget. Against warrants, it is 77.4 per cent of total warrants issued. Warrants and corresponding expenditure for priority programs have been managing well in the first half of the year. Furthermore, the Government has prioritised expenditure (by sector) for activities related to the containment COVID-19. A total of K600.0 million has been sourced from Division 207 to fund COVID-19 containment expenditure. Total expenditure for the COVID-19 containment programs amounts to K90.3 million as at the 31<sup>st</sup> of June. This represents only 13.0 per cent of the allocated COVID-19 budget, even though, almost 75.0 per cent of the budget was warranted.

## APPROPRIATION TRANSFERS

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

The Section 3 transfer entitled as Secretary's Advance appropriated under Treasury and Finance Miscellaneous vote is budgeted generally for reallocation of appropriation for new activities or insufficiently budgeted expenditures under the operational or capital budget. The Secretary of Treasury has the power under the Appropriation Act to allow these transfers, which is limited to a maximum amount of 10.0 per cent of the total budget appropriated in a fiscal year.

In 2020, a total of K40.6 million is appropriated under the Secretary's Advance for transfers representing an increase of K5.8 million or 17.0 per cent compared to the 2019 Appropriation. As of 30<sup>th</sup> June 2020, the total funding appropriated under Secretary's advance has been re-allocated and expended on various needs.

Further, with pressure around COVID-19 and general unforeseen expenditures, the Secretary's Advance Appropriation was revised upward to K91.3 million, K50.7 million or 124.9 per cent above the initial budget. These movements were facilitated under Miscellaneous Sector (K41.1 million) for legal and outstanding bills, Law and Order Sector (K21.1 million) for Security and COVID-19 containment, Education Sector with K9.8 million for Western Pacific University and other educational infrastructures, while the balance catered for other priority expenditures.

Table 25, shows the Section 3 movement summary by sector. (Refer attachment for details)

**Table 25: Secretary's Advance expenditure as at 30<sup>th</sup> June 2020 (Kina, million)**

| Transfer by Sector | Net transfer | Sum of Plus (+) | Sum of Minus (-) | Percent       |
|--------------------|--------------|-----------------|------------------|---------------|
| Administration     | -8.1         | 24.2            | 16.1             | 17.7%         |
| Education          | 1.8          | 8.0             | 9.8              | 10.8%         |
| Health             | -1.0         | 1.0             | 0.0              | 0.0%          |
| Law & Justice      | 21.2         | 0.0             | 21.2             | 23.2%         |
| Miscellaneous      | 40.2         | 0.9             | 41.1             | 45.0%         |
| Provinces          | -6.6         | 6.6             | 0.0              | 0.0%          |
| Transport          | -7.0         | 10.0            | 3.0              | 3.3%          |
| <b>Grand Total</b> | <b>40.6</b>  | <b>50.7</b>     | <b>91.3</b>      | <b>100.0%</b> |

Source: Department of Treasury

## Section 4 Transfers

The Appropriation Bills Act also allows for the Section 4 budget movements. These movements were to allow for adjustment of appropriation between agencies or within the agency if there is insufficient funding or no appropriation to meet the expenditures.

As of 30 June 2020, Section 4 transfers amounted to K2,018.2 million of which K733.8 million were internal transfers within agencies and K1,284.4 million were for transfers made between agencies.

The Miscellaneous Sector has K956.4 million or 74.5 per cent of movement which includes the K600.0 million specified for COVID-19 expenditures. The Education Sector follows closely with K238.0 million or 18.5 per cent movement to support the Governments' priority for the HELP program. In addition, other critical expenditures were also priorities while non-essential expenditures were revised downward.

Table 26 shows the section 4-movement summary by sector. (Refer attachments for details)

**Table 26: Section 4 expenditures as of 30<sup>th</sup> June, 2020 (Kina, million)**

| Sector                                     | Amount           | Percent       |
|--|------------------|---------------|
| <b>Transfers Within</b>                    |                  |               |
| Administration                             | 23               | 3.1%          |
| Health                                     | 2.5              | 0.3%          |
| Law & Justice                              | 3.7              | 0.5%          |
| Miscellaneous                              | 704.7            | 96.0%         |
| <b>Total</b>                               | <b>733.8</b>     | <b>100.0%</b> |
| <b>Transfers Out</b>                       |                  |               |
| Administration                             | -80              | 6.2%          |
| Economic                                   | -1               | 0.1%          |
| Education                                  | -238             | 18.5%         |
| Health                                     | -6               | 0.5%          |
| Law & Justice                              | -2               | 0.2%          |
| Miscellaneous                              | -956.4           | 74.5%         |
| Transport                                  | -1               | 0.1%          |
| <b>Total</b>                               | <b>-1,284.40</b> | <b>100.0%</b> |
| <b>Transfers In</b>                        |                  |               |
| Administration                             | 20.5             | 1.6%          |
| Community & Culture                        | 15               | 1.2%          |
| Debt Services                              | 0.8              | 0.1%          |
| Economic                                   | 18.8             | 1.5%          |
| Education                                  | 630.3            | 49.1%         |
| Health                                     | 118.3            | 9.2%          |
| Law & Justice                              | 168.6            | 13.1%         |
| Miscellaneous                              | 38.5             | 3.0%          |
| Provinces                                  | 272.6            | 21.2%         |
| Transport                                  | 0                | 0.0%          |
| Utilities                                  | 1                | 0.1%          |
| <b>Total</b>                               | <b>1,284.40</b>  | <b>100.0%</b> |
| <b>Grand Total (Transfers Within + In)</b> | <b>2,018.20</b>  | <b>100.0%</b> |

Source: Department of Treasury

## COVID-19 Expenditure Summary

Following emergency response to COVID-19, a total of K600.0 million is identified earlier within the Operational Budget under the Treasury and Finance Miscellaneous vote for movement.

As per NEC Decision (Dec. 133 & 134) the COVID-19 expenditure is divided into two main

programs for Health and Security containment (K280.0 million) and Economy Support programs (K320.0 million).

As of 30 June 2020, total warrants released for the emergency response to COVID-19 expenditures amounted to K437.5 million or 72.9 per cent of the Revised Appropriation. Of which the main programs that has their warrants released are; Wash Programs for Districts (K60.0 million), Health Sector (K67.0 million), Security & Defense Boarder Posts (K113.0 million), Citizens repatriation program (K15.0 million), food distribution programs through churches and city Authorities (K5.0 million), Agriculture Development for Provinces and Districts (K111.0 million), and MSME's and households (K44.5 million).

From the warrants released, total year-to-date expenditure under the COVID-19 emergency response program amounted to only K93.1 million or 21.3 per cent of the total warrants released to date (refer Table 13 in section 1.6). The lower expenditure outcome is attributed to bulk of the warrants being released late in May and June. Hence, at the time of the MYEFO report, the actual expenditures incurred were not picked up in the IFMS.

Table 27 shows the COVID-19 expenditures in details.

**Table 27: COVID-19 expenditures as of 30<sup>th</sup> June, 2020 (Kina, million)**

| <b>Program</b>  | <b>Initially Identified under 2020 Budget*</b> | <b>Funding Released YTD</b> | <b>Yet to be Released</b> |
|---|--|-----------------------------|---------------------------|
| <b>Health and Security</b>  | <b>280.0</b>                                   | <b>280.0</b>                | <b>0.0</b>                |
| Preventative Health Financing- Wash Program   | 60.0   | 60.0                        | 0.0                       |
| Additional allocation to PHAs   | 37.0   | 37.0                        | 0.0                       |
| Dept. of Health through HSIP  | 30.0   | 30.0                        | 0.0                       |
| Security Service additional costs   | 60.0   | 60.0                        | 0.0                       |
| Defense Border Posts  | 73.0   | 73.0                        | 0.0                       |
| Repatriation and support of Citizens  | 15.0   | 15.0                        | 0.0                       |
| Supporting administration of food distribution programs through churches and city authorities | 5.0  | 5.0                         | 0.0                       |
|   |  |                             |                           |
| <b>Economic Support</b>   | <b>320.0</b>                                   | <b>157.5</b>                | <b>162.5</b>              |
| Agriculture Development   | 113.0  | 111.0                       | 0.0                       |
| Return to garden Promotion  | 0.0  | 1.0                         | 0.0                       |
| Expediting Online Vehicle permit system   | 0.0  | 1.0                         | 0.0                       |
| Agriculture Export Crop - Compensation for Loss of Market access                              | 50.0   | 0.0                         | 50.0                      |
| MSMEs and Households  | 45.5   | 44.5                        | 1.0                       |
| Protecting Jobs   | 41.5   | 0.0                         | 41.5                      |
| Expediting Vehicle system   | 0.0  | 0.0                         | 0.0                       |
| COVID19 Flexible Response   | 70.0   | 0.0                         | 70.0                      |
|   |  |                             |                           |
| <b>Grand Total</b>  | <b>600.0</b>                                   | <b>437.5</b>                | <b>162.5</b>              |

Source: Department of Treasury

\*Based on NEC Decision 133 and 134.

## 2.2 CAPITAL EXPENDITURE

Total Capital Investment Budget of K5,980.5 million in the 2020 Budget is comprised of GoPNG funded expenditure of K3,683.4 million, K932.1 million is Project Support Grants and K1,365.0 million is Concessional Loan drawdowns.

**Table 28: Capital Investment Components (Kina, million)**

| Funding Source     | 2020 Budget    | 2020 Rev. Budget | Warrants       | June Outturn   | Exp vs WA (%) | Exp VS Rev. BUD (%) |
|--------------------|----------------|------------------|----------------|----------------|---------------|---------------------|
| GoPNG Capital      | 3,683.4        | 3,889.7          | 1,565.7        | 1,016.3        | 64.9%         | 26.1%               |
| Donor Grants       | 932.1          | 932.1            | 0.0            | 0.0            | 0.0%          | 0.0%                |
| Concessional Loans | 1,365.0        | 1,365.0          | 0.0            | 601.1          | 0.0%          | 44.0%               |
| <b>Grand total</b> | <b>5,980.5</b> | <b>6,186.8</b>   | <b>1,565.7</b> | <b>1,617.4</b> | <b>103.3%</b> | <b>26.1%</b>        |

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

\*Donor support grants and concessional loan drawdown are disbursed directly by the donors and/or creditors and not through the IFMS. Hence, no warrants have been posted.

Total GoPNG Expenditure in the first half of 2020 under the Capital Investment Budget is K1,617.4 million (see Table 28), which comprised of domestically funded expenditures (GoPNG) of K1,016.3 million and concessional loan drawdowns of K601.1 million. Project Support Grants expenditures are not captured due to lack of reporting from donor partners.

Disbursement of domestic funding in the Capital Investment component has been slow in the first half of 2020 due to the impact of the COVID-19 pandemic, which disrupted most of the capital works programs. At the end of June 2020, total warrants released (GoPNG expenditure) were 40.3 per cent of the revised appropriation amount. The slow warranting also reflects low revenues and financing capacity in the first half of 2019 due to adverse impact of the pandemic.

### External Concessional Loan Funded Expenditure

In terms of the Concessional Loan appropriation of K1,365.0 million for 2020, Loan drawdowns as at 30<sup>th</sup> June 2020 reached K601.1 million or 44.0 per cent of appropriation. This rate indicates relatively strong performance of loan funded projects despite of the pandemic.

### Project Support Grants

Total of K932.1 million was appropriated in the 2020 Budget for project support grants. The expenditure status for the first six (6) months of the year was not reported by the development partners. Hence, actual disbursement in the first six (6) months of the year is not reflected in this MYEFO.

A more up-to-date report on project support grants will be made available later in the year and in the 2020 FBO report as reports from donor partners become available. Delay in reporting from donor partners is mainly due to different donors having different financial reporting period and processes.

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

The 2020 Budget is the third fiscal year to fund the MTDP -III investments driven by the priority interventions from the Marape-Steven Government. The focus to promote inclusive and



sustainable Economic Growth remains a key driver for development investment while continuing efforts on improving service delivery outcomes in health and education.

The Government's effort to develop infrastructure, unlock land for business, secure state equities' financing, and resolve law and order issues are paramount in encouraging SME growth, provide a safe and attractive environment for foreign direct investment and tourism. These priorities are integrated into the programs and projects funded under the Capital Investment Budget.

As at 30<sup>th</sup> June 2020, K1,617.4 million was expended on Capital Investment programs (GoPNG component + Concessional Loans) against warrants released of K1,565.7 million. This outcome represents 26.1 per cent of the revised Capital Budget.

For the GoPNG component alone, actual expenditure amounted to K1,016.3 million at 30<sup>th</sup> June and represents 64.9 per cent of warrants released over same period. The unused warrants reflect the impacts of the COVID-19 pandemic on the Government's ability to raise revenue to support implementation of capital programs.

Table 29 below highlights some of the major areas of capital investment expenditure on Government priorities as at end of June 2020.

**Table 29: Spending on Government Priority Projects 2020 (Kina, million)**

| Description  | Revised Budget | Warrants YTD | June Outturn | Warrant % of Revised | Outturn % of Revised |
|--|----------------|--------------|--------------|----------------------|----------------------|
| 2020 Population Census Preparation                         | 30.8           | 15.0         | 10.9         | 73.0                 | 35.0                 |
| Financial Management Project                               | 10.0           | 1.5          | 0.7          | 47.0                 | 7.0                  |
| Court House Design and Maintenance                         | 70.0           | 70.0         | 58.0         | 83.0                 | 83.0                 |
| Special Intervention Program                               | 13.0           | 14.0         | 14.0         | 100.0                | 108.0                |
| Housing and Land Development Program                       | 20.0           | 5.0          | 4.0          | 80.0                 | 20.0                 |
| Rural Electrification Program                              | 15.0           | 10.0         | 5.1          | 51.0                 | 34.0                 |
| State Equity Fund (Agriculture and Others)                 | 20.0           | 8.0          | 8.0          | 100.0                | 40.0                 |
| Secondary Schools Infrastructure Rehabilitation            | 10.0           | 6.0          | 1.0          | 17.0                 | 10.0                 |
| Rural Water Supply   | 20.0           | 10.0         | 7.5          | 75.0                 | 38.0                 |
| National E-ID Card Project                                 | 20.0           | 8.0          | 7.0          | 88.0                 | 35.0                 |
| District Markets Program                                   | 19.0           | 9.0          | 7.0          | 78.0                 | 37.0                 |
| Transport Freight Subsidy Scheme for Existing Operators    | 20.0           | 10.0         | 4.0          | 40.0                 | 20.0                 |
| Civic Action Program - Missing Link - Baiyer - Madang Road | 10.0           | 4.0          | 1.4          | 35.0                 | 14.0                 |
| Mendi Hospital Redevelopment                               | 10.0           | 4.0          | 4.0          | 100.0                | 40.0                 |
| Hela Provincial Hospital Development                       | 10.0           | 4.0          | 4.0          | 100.0                | 40.0                 |
| National Land Development Program Phase II                 | 10.0           | 1.5          | 1.0          | 66.0                 | 10.0                 |
| Port Moresby Sewerage Project                              | 10.0           | 2.0          | 2.0          | 100.0                | 20.0                 |
| Nadzab Airport Terminal Redevelopment Project              | 10.0           | 2.5          | 2.5          | 100.0                | 25.0                 |
| Civil Aviation Development Investment Program Tranche 2    | 10.0           | 2.5          | 2.5          | 100.0                | 25.0                 |
| Civil Aviation Development Investment Program Tranche 3    | 10.0           | 2.5          | 2.5          | 100.0                | 25.0                 |
| Kumul Submarine Cable                                      | 10.0           | 3.0          | 3.0          | 100.0                | 30.0                 |
| Upgrading the Power Distribution System of Ramu Grid       | 10.0           | 4.0          | 4.0          | 100.0                | 40.0                 |
| Hagen Mendi Tari Grid Development Project                  | 10.0           | 1.5          | 1.0          | 67.0                 | 10.0                 |
| Tourism Sustainable Development Program                    | 20.0           | 11.0         | 10.0         | 91.0                 | 50.0                 |
| Oil Palm Small Holder Roads                                | 10.0           | 3.0          | 3.0          | 100.0                | 30.0                 |
| <b>GRAND TOTAL</b>   | <b>407.8</b>   | <b>212.0</b> | <b>168.1</b> | <b>52.0</b>          | <b>41.2</b>          |

Source: Department of National Planning and Monitoring.



The major expenditure items in the first two quarters of 2020 were on the Special Intervention Program, Court House Design and Maintenance, State Equity Fund (Agriculture and Others) and programs related to infrastructure and hospital development.

Spending on these key investment priorities are immensely affected by the cash flow challenges as well as the State of Emergency (SOE) lockdowns due to COVID-19. 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 2020 Budget.

### **Infrastructure Tax Credit (ITC) Scheme**

The Government continues to utilize the arrangements under the Tax Credit Scheme program to deliver projects within the mining, oil and gas, primary industry impacted areas and throughout the rest of PNG.

The ITC was generally used by developers to implement projects at a rate of 0.8 per cent for Mining and Petroleum companies and 1.5 per cent for Primary Industry companies and the Highlands Highway projects implemented at a special rate of 1.3 per cent.

In 2018, ITC performance was reviewed due to the changing economic landscape and the shift in the development agenda of Government. DNPM undertook the review in consultation with all key stakeholders.

The outcome of the review workshop was the production of revised ITC Guidelines. On 16<sup>th</sup> August 2018, during the *NEC Meeting No.20/2018*, *NEC Decision No. 238/2018* endorsed the new rates for the ITC as well as recommendations made for all procurements to be undertaken through the public procurement process and to be administered by the National Procurement Commission (NPC).

DNPM had established the ITC Project Management Unit (PMU) within its Programming & Monitoring Wing to coordinate and manage all ITC project submissions. The bidding process commenced in July 2019 in which most provinces and districts submitted new project submissions for facilitation.

### **Grant Financing**

The grants, whether they are current or capital, are all provided as 'in-kind'. There is no cash transfer through 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.

Grant financing is mostly allocated to finance Capital Expenditure, as it is part of the Capital Investment Budget. In the 2020 Capital Budget, grant financing was left broadly in line with the 2019 Supplementary Budget estimate of K943.1 million at K932.1 million. However, the 2019 FBO indicated that the actual grant financing outcome was much higher than expected at K1,775.6 million<sup>19</sup> in 2019. It is very likely that donor grant financing will once again be much higher than expected, especially given the generous international response to COVID-19.

However, reports on actual expenditure (disbursements) from the development partners have yet to come in, hence, grant financing is not reported in this MYEFO report. A more up-to-date report on grant financing will be made available later in the year (2020 FBO report) as reports

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<sup>19</sup> Donor Grants outcome reported in the 2019 FBO report.

from donor partners become available. Delay in reporting from donor partners is mainly due to donors having different financial reporting period and processes from the donor's end.

The Government of Australia, through the Department of Foreign Affairs and Trade (DFAT) continues to remain the largest donor. Other grant financiers include the Government of Japan through the Japan International Cooperation Agency (JICA); the European Union through its External Action Service; the New Zealand Government through the Ministry of Foreign Affairs and Trade; the United States of America through USAID and the State Department; the Republic of Korea; and the People's Republic of China.

These donor partners have been very supportive again this year. Apart from their usual support to PNG through their respective programs, they have stepped up their support through their involvement in the Government's COVID-19 response program. They, including the World Bank, ADB, WHO, UNICEF as well as other partners have been very supportive either through purchasing and distribution of PPEs, medical equipment, training for local medical staff or providing advice and technical support.

# PART 3 ATTACHMENTS

## ATTACHMENT A: EXPENDITURE CATEGORY BY SECTORS

### Expenditure Category By Sectors (Kina, Million)

| Details                        | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|--------------------------------|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| <b>Administration</b>          | <b>1546.0</b>              | <b>1585.6</b>             | <b>424.2</b>          | <b>454.8</b>    | <b>28.7%</b>             | <b>107.2%</b>     |
| Compensation Of Employees      | 567.8                      | 570.6                     | 103.6                 | 261.6           | 45.8%                    | 252.5%            |
| Use of goods and services      | 581.4                      | 629.1                     | 246.0                 | 135.2           | 21.5%                    | 55.0%             |
| Subsidies                      | 1.7                        | 1.7                       | 0.6                   | 0.6             | 35.3%                    | 100.0%            |
| Grants                         | 243.5                      | 243.5                     | 8.0                   | 5.0             | 2.1%                     | 62.5%             |
| Non-financial assets           | 151.6                      | 140.7                     | 66.0                  | 52.4            | 37.2%                    | 79.4%             |
| <b>Community &amp; Culture</b> | <b>106.5</b>               | <b>121.5</b>              | <b>42.9</b>           | <b>52.3</b>     | <b>43.0%</b>             | <b>121.9%</b>     |
| Compensation Of Employees      | 44.1                       | 44.1                      | 3.6                   | 17.3            | 39.2%                    | 480.6%            |
| Use of goods and services      | 42.5                       | 57.5                      | 25.7                  | 22.4            | 39.0%                    | 87.2%             |
| Subsidies                      | 1.3                        | 1.3                       | 0.4                   | 0.3             | 23.1%                    | 75.0%             |
| Grants                         | 0.6                        | 0.6                       | 0.3                   | 0.3             | 50.0%                    | 100.0%            |
| Non-financial assets           | 18.0                       | 18.0                      | 12.9                  | 12.0            | 66.7%                    | 93.0%             |
| <b>Economic</b>                | <b>628.3</b>               | <b>641.3</b>              | <b>145.3</b>          | <b>164.9</b>    | <b>25.7%</b>             | <b>113.5%</b>     |
| Compensation Of Employees      | 183.4                      | 183.4                     | 47.4                  | 80.3            | 43.8%                    | 169.4%            |
| Use of goods and services      | 394.9                      | 404.9                     | 79.7                  | 67.3            | 16.6%                    | 84.4%             |
| Subsidies                      | 0.5                        | 0.5                       | 0.3                   | 0.3             | 60.0%                    | 100.0%            |
| Grants                         | 1.2                        | 7.2                       | 3.4                   | 3.0             | 41.7%                    | 88.2%             |
| Non-financial assets           | 48.3                       | 45.3                      | 14.5                  | 14.0            | 30.9%                    | 96.6%             |
| <b>Education</b>               | <b>1185.9</b>              | <b>885.1</b>              | <b>279.4</b>          | <b>278.0</b>    | <b>31.4%</b>             | <b>99.5%</b>      |
| Compensation Of Employees      | 355.8                      | 355.8                     | 124.5                 | 178.4           | 50.1%                    | 143.3%            |
| Use of goods and services      | 165.9                      | 167.8                     | 52.0                  | 22.3            | 13.3%                    | 42.9%             |
| Subsidies                      | 94.4                       | 94.4                      | 41.2                  | 40.0            | 42.4%                    | 97.1%             |
| Grants                         | 486.5                      | 183.8                     | 30.5                  | 15.0            | 8.2%                     | 49.2%             |
| Non-financial assets           | 83.3                       | 83.3                      | 31.2                  | 22.3            | 26.8%                    | 71.5%             |
| <b>Health</b>                  | <b>1468.2</b>              | <b>1566.5</b>             | <b>537.0</b>          | <b>730.9</b>    | <b>46.7%</b>             | <b>136.1%</b>     |
| Compensation Of Employees      | 711.1                      | 709.7                     | 106.4                 | 397.3           | 56.0%                    | 373.4%            |
| Use of goods and services      | 503.7                      | 607.5                     | 353.6                 | 275.0           | 45.3%                    | 77.8%             |
| Subsidies                      | 7.1                        | 7.1                       | 0.2                   | 0.2             | 2.8%                     | 100.0%            |
| Grants                         | 116.7                      | 114.6                     | 37.2                  | 37.1            | 32.4%                    | 99.7%             |
| Non-financial assets           | 129.6                      | 127.6                     | 39.6                  | 21.3            | 16.7%                    | 53.8%             |
| <b>Law &amp; Justice</b>       | <b>1366.2</b>              | <b>1529.0</b>             | <b>472.3</b>          | <b>610.1</b>    | <b>39.9%</b>             | <b>129.2%</b>     |
| Compensation Of Employees      | 846.1                      | 846.1                     | 91.0                  | 429.0           | 50.7%                    | 471.4%            |
| Use of goods and services      | 331.8                      | 494.3                     | 267.0                 | 97.4            | 19.7%                    | 36.5%             |
| Subsidies                      | 5.7                        | 5.7                       | 2.4                   | 2.4             | 42.1%                    | 100.0%            |
| Grants                         | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| Non-financial assets           | 182.6                      | 182.9                     | 111.9                 | 81.3            | 44.5%                    | 72.7%             |
| <b>Provinces</b>               | <b>3601.6</b>              | <b>3861.2</b>             | <b>1021.4</b>         | <b>1814.8</b>   | <b>47.0%</b>             | <b>177.7%</b>     |
| Compensation Of Employees      | 1804.8                     | 1804.8                    | 9.5                   | 1067.9          | 59.2%                    | 11241.1%          |
| Use of goods and services      | 358.0                      | 414.9                     | 226.9                 | 188.3           | 45.4%                    | 83.0%             |
| Grants                         | 1393.8                     | 1594.5                    | 762.5                 | 538.3           | 33.8%                    | 70.6%             |
| Non-financial assets           | 45.0                       | 47.0                      | 22.5                  | 20.3            | 43.2%                    | 90.2%             |
| <b>Transport</b>               | <b>1139.1</b>              | <b>1127.1</b>             | <b>312.0</b>          | <b>182.3</b>    | <b>16.2%</b>             | <b>58.4%</b>      |
| Compensation Of Employees      | 126.8                      | 126.8                     | 13.4                  | 53.8            | 42.4%                    | 401.5%            |
| Use of goods and services      | 215.0                      | 215.0                     | 51.7                  | 17.9            | 8.3%                     | 34.6%             |
| Non-financial assets           | 797.3                      | 785.3                     | 246.9                 | 110.6           | 14.1%                    | 44.8%             |
| <b>Utilities</b>               | <b>122.8</b>               | <b>123.8</b>              | <b>41.8</b>           | <b>38.6</b>     | <b>31.2%</b>             | <b>92.3%</b>      |
| Compensation Of Employees      | 29.3                       | 29.3                      | 13.9                  | 13.7            | 46.8%                    | 98.6%             |
| Use of goods and services      | 77.5                       | 78.5                      | 21.9                  | 18.9            | 24.1%                    | 86.3%             |
| Non-financial assets           | 16.0                       | 16.0                      | 6.0                   | 6.0             | 37.5%                    | 100.0%            |
| <b>Miscellaneous</b>           | <b>2521.7</b>              | <b>2245.1</b>             | <b>548.5</b>          | <b>667.7</b>    | <b>29.7%</b>             | <b>121.7%</b>     |
| Compensation Of Employees      | 1003.4                     | 764.8                     | 65.2                  | 196.0           | 25.6%                    | 300.6%            |
| Use of goods and services      | 1492.6                     | 1315.0                    | 336.0                 | 324.4           | 24.7%                    | 96.5%             |
| Subsidies                      | 1.7                        | 0.8                       | 0.8                   | 0.8             | 100.0%                   | 100.0%            |
| Grants                         | 24.0                       | 164.5                     | 146.5                 | 146.5           | 89.1%                    | 100.0%            |
| <b>Debt Services</b>           | <b>2156.9</b>              | <b>2156.9</b>             | <b>1019.8</b>         | <b>1011.5</b>   | <b>46.9%</b>             | <b>99.2%</b>      |
| Interest                       | 2140.5                     | 2140.5                    | 1016.6                | 1011.5          | 47.3%                    | 99.5%             |
| Use of goods and services      | 16.4                       | 16.4                      | 3.2                   | 0.0             | 0.0%                     | 0.0%              |

| Details            | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|--------------------|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| <b>Grand Total</b> | <b>15,843.2</b>            | <b>15,843.1</b>           | <b>4,844.6</b>        | <b>6,005.9</b>  | <b>37.9%</b>             | <b>124.0%</b>     |

Source: Department of Treasury

## ATTACHMENT B: EXPENDITURE CATEGORY BY AGENCY TYPE

### Expenditure Category By Agency Type (Kina, Million)

| Details                            | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs<br>WA (%) |
|------------------------------------|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| <b>National Departments</b>        | <b>5,326.50</b>            | <b>5,315.00</b>           | <b>1,474.70</b>       | <b>1,535.50</b> | <b>28.9%</b>             | <b>104.1%</b>     |
| Compensation Of Employees          | 1,568.00                   | 1,567.20                  | 163.9                 | 865             | 55.2%                    | 527.8%            |
| Use of goods and services          | 1,734.10                   | 2,050.20                  | 834.3                 | 425.9           | 20.8%                    | 51.0%             |
| Subsidies                          | 108.5                      | 108.5                     | 43.7                  | 42.4            | 39.1%                    | 97.0%             |
| Grants                             | 752.9                      | 449.6                     | 48.2                  | 7.9             | 1.8%                     | 16.4%             |
| Non-financial assets               | 1,163.00                   | 1,139.50                  | 384.6                 | 194.3           | 17.1%                    | 50.5%             |
| <b>Statutory Authorities</b>       | <b>1,637.30</b>            | <b>1,665.80</b>           | <b>645.60</b>         | <b>679.00</b>   | <b>40.8%</b>             | <b>105.2%</b>     |
| Compensation Of Employees          | 894                        | 896.2                     | 296.4                 | 383.5           | 42.8%                    | 129.4%            |
| Use of goods and services          | 479.6                      | 504                       | 201.5                 | 166.7           | 33.1%                    | 82.7%             |
| Subsidies                          | 2.3                        | 2.3                       | 1.4                   | 1.4             | 60.9%                    | 100.0%            |
| Grants                             | 2.3                        | 8.3                       | 3.9                   | 2.1             | 25.3%                    | 53.8%             |
| Non-financial assets               | 259.1                      | 255                       | 142.4                 | 125.3           | 49.1%                    | 88.0%             |
| <b>Provincial Administrations</b>  | <b>3,601.60</b>            | <b>3,861.20</b>           | <b>1,021.40</b>       | <b>1,840.60</b> | <b>47.7%</b>             | <b>180.2%</b>     |
| Compensation Of Employees          | 1,804.80                   | 1,804.80                  | 9.5                   | 1,067.90        | 59.2%                    | 11241.1%          |
| Use of goods and services          | 358                        | 414.9                     | 226.9                 | 190.9           | 46.0%                    | 84.1%             |
| Grants                             | 1,393.80                   | 1,594.50                  | 762.5                 | 563.3           | 35.3%                    | 73.9%             |
| Non-financial assets               | 45                         | 47                        | 22.5                  | 18.5            | 39.4%                    | 82.2%             |
| <b>Provincial Health Authority</b> | <b>599.3</b>               | <b>599.3</b>              | <b>134.7</b>          | <b>269.6</b>    | <b>45.0%</b>             | <b>200.1%</b>     |
| Compensation Of Employees          | 402.5                      | 402.5                     | 43.4                  | 182.9           | 45.4%                    | 421.4%            |
| Use of goods and services          | 98.9                       | 100.4                     | 61.8                  | 59.2            | 59.0%                    | 95.8%             |
| Grants                             | 93.3                       | 91.8                      | 27.4                  | 25.4            | 27.7%                    | 92.7%             |
| Non-financial assets               | 4.6                        | 4.6                       | 2.1                   | 2.1             | 45.7%                    | 100.0%            |
| <b>Miscellaneous</b>               | <b>2,521.70</b>            | <b>2,245.10</b>           | <b>548.50</b>         | <b>669.70</b>   | <b>29.8%</b>             | <b>122.1%</b>     |
| Compensation Of Employees          | 1,003.40                   | 764.8                     | 65.2                  | 196             | 25.6%                    | 300.6%            |
| Use of goods and services          | 1,492.60                   | 1,315.00                  | 336                   | 326.4           | 24.8%                    | 97.1%             |
| Subsidies                          | 1.7                        | 0.8                       | 0.8                   | 0.8             | 100.0%                   | 100.0%            |
| Grants                             | 24                         | 164.5                     | 146.5                 | 146.5           | 89.1%                    | 100.0%            |
| <b>Debt Services</b>               | <b>2,156.90</b>            | <b>2,156.90</b>           | <b>1,019.80</b>       | <b>1,011.50</b> | <b>46.9%</b>             | <b>99.2%</b>      |
| Interest                           | 2,140.50                   | 2,140.50                  | 1,016.60              | 1,011.50        | 47.3%                    | 99.5%             |
| Use of goods and service           | 16.4                       | 16.4                      | 3.2                   | 0               | 0.0%                     | 0.0%              |
| <b>Grand Total</b>                 | <b>15,843.30</b>           | <b>15,843.30</b>          | <b>4,844.70</b>       | <b>6,005.90</b> | <b>37.9%</b>             | <b>124.0%</b>     |

Source: Department of Treasury

## ATTACHMENT C: EXPENDITURE CATEGORY BY INDIVIDUAL AGENCY

### Expenditure Category By Individual Agency (Kina, Million)

| Details                               | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|---------------------------------------|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| <b>201 National Parliament</b>        | <b>137.9</b>               | <b>134.4</b>              | <b>70.6</b>           | <b>70.6</b>     | <b>52.5%</b>             | <b>100.0%</b>     |
| <b>Operational</b>                    | <b>137.9</b>               | <b>134.4</b>              | <b>70.6</b>           | <b>70.6</b>     | <b>52.5%</b>             | <b>100.0%</b>     |
| Compensation Of Employees[GFS]        | 113.4                      | 113.4                     | 62.2                  | 62.2            | 54.9%                    | 100.0%            |
| Use of goods and services [GFS]       | 18.2                       | 15.5                      | 6.1                   | 6.1             | 39.4%                    | 100.0%            |
| Subsidies                             | 0.7                        | 0.7                       | 0.6                   | 0.6             | 85.7%                    | 100.0%            |
| Non-financial assets                  | 5.6                        | 4.8                       | 1.7                   | 1.7             | 35.4%                    | 100.0%            |
| <b>202 Office of Governor-General</b> | <b>11.3</b>                | <b>11.3</b>               | <b>3.7</b>            | <b>3.6</b>      | <b>31.9%</b>             | <b>97.3%</b>      |
| <b>Operational</b>                    | <b>11.3</b>                | <b>11.3</b>               | <b>3.7</b>            | <b>3.6</b>      | <b>31.9%</b>             | <b>97.3%</b>      |
| Compensation Of Employees[GFS]        | 3.0                        | 3.0                       | 0.6                   | 1.1             | 36.7%                    | 183.3%            |
| Use of goods and services [GFS]       | 7.9                        | 7.9                       | 3.1                   | 2.5             | 31.6%                    | 80.6%             |

| Details   | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|---|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| Non-financial assets                                | 0.3                        | 0.3                       | 0.1                   | 0.0             | 0.0%                     | 0.0%              |
| <b>203 Department of Prime Minister &amp; NEC</b>   | <b>156.7</b>               | <b>186.2</b>              | <b>52.1</b>           | <b>41.5</b>     | <b>22.3%</b>             | <b>79.7%</b>      |
| Operational   | 99.7                       | 133.2                     | 33.6                  | 41.5            | 31.2%                    | 123.5%            |
| Compensation Of Employees[GFS]                      | 57.1                       | 57.1                      | 6.5                   | 28.2            | 49.4%                    | 433.8%            |
| Use of goods and services [GFS]                     | 41.5                       | 75.0                      | 26.9                  | 13.2            | 17.6%                    | 49.1%             |
| Non-financial assets                                | 1.1                        | 1.1                       | 0.2                   | 0.1             | 9.1%                     | 50.0%             |
| <b>Capital Investment</b>                           | <b>57.0</b>                | <b>53.0</b>               | <b>18.5</b>           | <b>0.1</b>      | <b>0.2%</b>              | <b>0.5%</b>       |
| <b>204 National Statistical Office</b>              | <b>61.4</b>                | <b>42.2</b>               | <b>15.1</b>           | <b>14.6</b>     | <b>34.6%</b>             | <b>96.7%</b>      |
| Operational   | 10.4                       | 10.4                      | 0.1                   | 3.5             | 33.7%                    | 3500.0%           |
| Compensation Of Employees[GFS]                      | 7.5                        | 7.5                       | 0.0                   | 3.5             | 46.7%                    | 0.0%              |
| Use of goods and services [GFS]                     | 2.9                        | 2.9                       | 0.1                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>                           | <b>51.0</b>                | <b>31.8</b>               | <b>15.0</b>           | <b>11.1</b>     | <b>34.9%</b>             | <b>74.0%</b>      |
| <b>205 Office of Bougainville Affairs</b>           | <b>4.6</b>                 | <b>4.6</b>                | <b>1.0</b>            | <b>1.9</b>      | <b>41.3%</b>             | <b>190.0%</b>     |
| Operational   | 4.6                        | 4.6                       | 1.0                   | 1.9             | 41.3%                    | 190.0%            |
| Compensation Of Employees[GFS]                      | 2.6                        | 2.6                       | 0.2                   | 1.2             | 46.2%                    | 600.0%            |
| Use of goods and services [GFS]                     | 2.0                        | 2.0                       | 0.8                   | 0.8             | 40.0%                    | 100.0%            |
| Non-financial assets                                | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>206 Department of Finance</b>                    | <b>110.3</b>               | <b>112.3</b>              | <b>18.1</b>           | <b>18.1</b>     | <b>16.1%</b>             | <b>100.0%</b>     |
| Operational   | 37.3                       | 39.3                      | 6.1                   | 16.9            | 43.0%                    | 277.0%            |
| Compensation Of Employees[GFS]                      | 22.0                       | 22.0                      | 0.8                   | 12.9            | 58.6%                    | 1612.5%           |
| Use of goods and services [GFS]                     | 15.0                       | 17.0                      | 5.3                   | 4.0             | 23.5%                    | 75.5%             |
| Non-financial assets                                | 0.3                        | 0.3                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>                           | <b>73.0</b>                | <b>73.0</b>               | <b>12.0</b>           | <b>1.2</b>      | <b>1.6%</b>              | <b>10.0%</b>      |
| <b>207 Treasury and Finance – Miscellaneous</b>     | <b>2,521.7</b>             | <b>2,245.2</b>            | <b>548.6</b>          | <b>666.9</b>    | <b>29.7%</b>             | <b>121.6%</b>     |
| Operational   | 2,521.7                    | 2,245.2                   | 548.6                 | 666.9           | 29.7%                    | 121.6%            |
| Compensation Of Employees[GFS]                      | 1,003.4                    | 764.8                     | 65.2                  | 196.0           | 25.6%                    | 300.6%            |
| Use of goods and services [GFS]                     | 1,492.6                    | 1,315.0                   | 336.0                 | 324.4           | 24.7%                    | 96.5%             |
| Subsidies   | 1.7                        | 0.8                       | 0.8                   | 0.0             | 0.0%                     | 0.0%              |
| Grants  | 24.0                       | 164.5                     | 146.5                 | 146.5           | 89.1%                    | 100.0%            |
| <b>208 Department of Treasury</b>                   | <b>47.1</b>                | <b>47.9</b>               | <b>12.1</b>           | <b>14.1</b>     | <b>29.4%</b>             | <b>116.5%</b>     |
| Operational   | 47.1                       | 47.9                      | 12.1                  | 14.1            | 29.4%                    | 116.5%            |
| Compensation Of Employees[GFS]                      | 20.8                       | 21.3                      | 1.9                   | 6.6             | 31.0%                    | 347.4%            |
| Use of goods and services [GFS]                     | 18.3                       | 18.9                      | 7.2                   | 5.0             | 26.5%                    | 69.4%             |
| Non-financial assets                                | 8.0                        | 7.7                       | 3.0                   | 2.5             | 32.5%                    | 83.3%             |
| <b>209 Registrar For Political Parties</b>          | <b>7.5</b>                 | <b>7.5</b>                | <b>0.9</b>            | <b>3.1</b>      | <b>41.3%</b>             | <b>344.4%</b>     |
| Operational   | 7.5                        | 7.5                       | 0.9                   | 3.1             | 41.3%                    | 344.4%            |
| Compensation Of Employees[GFS]                      | 5.0                        | 5.0                       | 0.4                   | 2.7             | 54.0%                    | 675.0%            |
| Use of goods and services [GFS]                     | 1.4                        | 1.4                       | 0.5                   | 0.4             | 28.6%                    | 80.0%             |
| Subsidies   | 1.0                        | 1.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| Non-financial assets                                | 0.1                        | 0.1                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>211 PNG Customs Service</b>                      | <b>86.2</b>                | <b>88.2</b>               | <b>22.0</b>           | <b>36.7</b>     | <b>41.6%</b>             | <b>166.8%</b>     |
| Operational   | 72.2                       | 74.2                      | 14.8                  | 29.9            | 40.3%                    | 202.0%            |
| Compensation Of Employees[GFS]                      | 51.6                       | 51.6                      | 4.3                   | 22.9            | 44.4%                    | 532.6%            |
| Use of goods and services [GFS]                     | 18.9                       | 21.2                      | 10.1                  | 6.8             | 32.1%                    | 67.3%             |
| Non-financial assets                                | 1.7                        | 1.4                       | 0.4                   | 0.2             | 14.3%                    | 50.0%             |
| <b>Capital Investment</b>                           | <b>14.0</b>                | <b>14.0</b>               | <b>7.2</b>            | <b>6.8</b>      | <b>48.6%</b>             | <b>94.4%</b>      |
| <b>212 Information Technology Division</b>          | <b>7.6</b>                 | <b>7.6</b>                | <b>0.5</b>            | <b>1.5</b>      | <b>19.7%</b>             | <b>300.0%</b>     |
| Operational   | 7.6                        | 7.6                       | 0.5                   | 1.5             | 19.7%                    | 300.0%            |
| Compensation Of Employees[GFS]                      | 3.8                        | 3.8                       | 0.0                   | 1.2             | 31.6%                    | 0.0%              |
| Use of goods and services [GFS]                     | 3.8                        | 3.8                       | 0.5                   | 0.4             | 10.5%                    | 80.0%             |
| Non-financial assets                                | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>213 Fire Services</b>                            | <b>25.4</b>                | <b>25.4</b>               | <b>4.1</b>            | <b>10.9</b>     | <b>42.9%</b>             | <b>265.9%</b>     |
| Operational   | 20.4                       | 20.4                      | 2.6                   | 10.6            | 52.0%                    | 407.7%            |
| Compensation Of Employees[GFS]                      | 16.5                       | 16.5                      | 1.5                   | 9.5             | 57.6%                    | 633.3%            |
| Use of goods and services [GFS]                     | 3.9                        | 3.9                       | 1.1                   | 1.0             | 25.6%                    | 90.9%             |
| Non-financial assets                                | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>                           | <b>5.0</b>                 | <b>5.0</b>                | <b>1.5</b>            | <b>0.3</b>      | <b>6.0%</b>              | <b>20.0%</b>      |
| <b>215 PNG Immigration and Citizenship Services</b> | <b>15.1</b>                | <b>15.1</b>               | <b>0.0</b>            | <b>8.8</b>      | <b>58.3%</b>             | <b>0.0%</b>       |
| Operational   | 15.1                       | 15.1                      | 0.0                   | 8.8             | 58.3%                    | 0.0%              |
| Compensation Of Employees[GFS]                      | 15.1                       | 15.1                      | 0.0                   | 8.8             | 58.3%                    | 0.0%              |
| <b>216 Internal Revenue Commission</b>              | <b>109.6</b>               | <b>109.6</b>              | <b>24.5</b>           | <b>38.4</b>     | <b>35.0%</b>             | <b>156.7%</b>     |
| Operational   | 104.6                      | 104.6                     | 21.5                  | 37.4            | 35.8%                    | 174.0%            |

| Details  | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|--|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| Compensation Of Employees[GFS]                                 | 66.4                       | 66.4                      | 5.5                   | 27.6            | 41.6%                    | 501.8%            |
| Use of goods and services [GFS]                                | 35.7                       | 35.7                      | 14.9                  | 9.1             | 25.5%                    | 61.1%             |
| Non-financial assets   | 2.5                        | 2.5                       | 1.1                   | 0.7             | 28.0%                    | 63.6%             |
| <b>Capital Investment</b>                                      | <b>5.0</b>                 | <b>5.0</b>                | <b>3.0</b>            | <b>1.0</b>      | <b>20.0%</b>             | <b>33.3%</b>      |
| <b>217 Department of Foreign Affairs<br/>and Trade</b>         | <b>55.9</b>                | <b>70.9</b>               | <b>21.0</b>           | <b>14.5</b>     | <b>20.5%</b>             | <b>69.0%</b>      |
| <b>Operational</b>   | 50.9                       | 65.9                      | 21.0                  | 14.5            | 22.0%                    | 69.0%             |
| Compensation Of Employees[GFS]                                 | 38.8                       | 38.8                      | 3.4                   | 6.6             | 17.0%                    | 194.1%            |
| Use of goods and services [GFS]                                | 12.1                       | 27.1                      | 17.6                  | 8.0             | 29.5%                    | 45.5%             |
| <b>Capital Investment</b>                                      | <b>5.0</b>                 | <b>5.0</b>                | <b>0.0</b>            | <b>0.0</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>218 Office of the Public Prosecutor</b>                     | <b>10.4</b>                | <b>10.4</b>               | <b>1.6</b>            | <b>4.4</b>      | <b>42.3%</b>             | <b>275.0%</b>     |
| <b>Operational</b>   | 10.4                       | 10.4                      | 1.6                   | 4.4             | 42.3%                    | 275.0%            |
| Compensation Of Employees[GFS]                                 | 6.9                        | 6.9                       | 0.6                   | 3.4             | 49.3%                    | 566.7%            |
| Use of goods and services [GFS]                                | 3.5                        | 3.5                       | 1.0                   | 1.0             | 28.6%                    | 100.0%            |
| Non-financial assets   | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>219 PNG Institute of Public<br/>Administration</b>          | <b>10.2</b>                | <b>10.2</b>               | <b>1.4</b>            | <b>4.2</b>      | <b>41.2%</b>             | <b>300.0%</b>     |
| <b>Operational</b>   | 8.2                        | 8.2                       | 0.9                   | 4.2             | 51.2%                    | 466.7%            |
| Compensation Of Employees[GFS]                                 | 7.0                        | 7.0                       | 0.6                   | 4.0             | 57.1%                    | 666.7%            |
| Use of goods and services [GFS]                                | 1.3                        | 1.3                       | 0.3                   | 0.2             | 15.4%                    | 66.7%             |
| <b>Capital Investment</b>                                      | <b>2.0</b>                 | <b>2.0</b>                | <b>0.5</b>            | <b>0.0</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>220 Department of Personnel<br/>Management</b>              | <b>24.1</b>                | <b>24.2</b>               | <b>5.1</b>            | <b>7.6</b>      | <b>31.4%</b>             | <b>149.0%</b>     |
| <b>Operational</b>   | 21.1                       | 21.2                      | 3.1                   | 7.1             | 33.5%                    | 229.0%            |
| Compensation Of Employees[GFS]                                 | 15.7                       | 15.8                      | 1.6                   | 5.9             | 37.3%                    | 368.8%            |
| Use of goods and services [GFS]                                | 5.0                        | 5.0                       | 1.4                   | 1.2             | 24.0%                    | 85.7%             |
| Non-financial assets   | 0.4                        | 0.4                       | 0.1                   | 0.1             | 25.0%                    | 100.0%            |
| <b>Capital Investment</b>                                      | <b>3.0</b>                 | <b>3.0</b>                | <b>2.0</b>            | <b>0.5</b>      | <b>16.7%</b>             | <b>25.0%</b>      |
| <b>221 Public Service Commission</b>                           | <b>10.1</b>                | <b>10.1</b>               | <b>1.9</b>            | <b>3.2</b>      | <b>31.7%</b>             | <b>168.4%</b>     |
| <b>Operational</b>   | 7.1                        | 7.1                       | 0.9                   | 3.2             | 45.1%                    | 355.6%            |
| Compensation Of Employees[GFS]                                 | 5.5                        | 5.5                       | 0.5                   | 2.9             | 52.7%                    | 580.0%            |
| Use of goods and services [GFS]                                | 1.0                        | 1.0                       | 0.3                   | 0.3             | 30.0%                    | 100.0%            |
| Non-financial assets   | 0.6                        | 0.6                       | 0.1                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>                                      | <b>3.0</b>                 | <b>3.0</b>                | <b>1.0</b>            | <b>0.0</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>222 Office of the Public Solicitor</b>                      | <b>17.7</b>                | <b>17.7</b>               | <b>3.0</b>            | <b>6.1</b>      | <b>34.5%</b>             | <b>203.3%</b>     |
| <b>Operational</b>   | 14.7                       | 14.7                      | 2.0                   | 6.1             | 41.5%                    | 305.0%            |
| Compensation Of Employees[GFS]                                 | 11.2                       | 11.2                      | 1.0                   | 5.1             | 45.5%                    | 510.0%            |
| Use of goods and services [GFS]                                | 3.2                        | 3.2                       | 0.9                   | 0.8             | 25.0%                    | 88.9%             |
| Non-financial assets   | 0.4                        | 0.4                       | 0.1                   | 0.1             | 25.0%                    | 100.0%            |
| <b>Capital Investment</b>                                      | <b>3.0</b>                 | <b>3.0</b>                | <b>1.0</b>            | <b>0.0</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>223 Judiciary Services</b>                                  | <b>268.4</b>               | <b>268.4</b>              | <b>114.5</b>          | <b>119.3</b>    | <b>44.4%</b>             | <b>104.2%</b>     |
| <b>Operational</b>   | 198.4                      | 198.4                     | 44.5                  | 61.3            | 30.9%                    | 137.8%            |
| Compensation Of Employees[GFS]                                 | 88.6                       | 88.6                      | 7.3                   | 45.5            | 51.4%                    | 623.3%            |
| Use of goods and services [GFS]                                | 56.8                       | 56.8                      | 18.7                  | 9.3             | 16.4%                    | 49.7%             |
| Non-financial assets   | 53.0                       | 53.0                      | 18.5                  | 6.5             | 12.3%                    | 35.1%             |
| <b>Capital Investment</b>                                      | <b>70.0</b>                | <b>70.0</b>               | <b>70.0</b>           | <b>58.0</b>     | <b>82.9%</b>             | <b>82.9%</b>      |
| <b>224 Magisterial Services</b>                                | <b>48.4</b>                | <b>48.4</b>               | <b>4.0</b>            | <b>21.1</b>     | <b>43.6%</b>             | <b>527.5%</b>     |
| <b>Operational</b>   | 44.9                       | 44.9                      | 2.5                   | 19.6            | 43.7%                    | 784.0%            |
| Compensation Of Employees[GFS]                                 | 38.9                       | 38.9                      | 0.0                   | 18.1            | 46.5%                    | 0.0%              |
| Use of goods and services [GFS]                                | 5.8                        | 5.8                       | 2.4                   | 1.4             | 24.1%                    | 58.3%             |
| Non-financial assets   | 0.2                        | 0.2                       | 0.1                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>                                      | <b>3.5</b>                 | <b>3.5</b>                | <b>1.5</b>            | <b>1.5</b>      | <b>42.9%</b>             | <b>100.0%</b>     |
| <b>225 Department of Attorney-General</b>                      | <b>134.6</b>               | <b>141.7</b>              | <b>29.8</b>           | <b>57.9</b>     | <b>40.9%</b>             | <b>194.3%</b>     |
| <b>Operational</b>   | 123.6                      | 130.7                     | 26.8                  | 56.8            | 43.5%                    | 211.9%            |
| Compensation Of Employees[GFS]                                 | 101.3                      | 101.3                     | 8.5                   | 49.7            | 49.1%                    | 584.7%            |
| Use of goods and services [GFS]                                | 21.7                       | 28.5                      | 18.2                  | 7.1             | 24.9%                    | 39.0%             |
| Subsidies  | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| Grants   | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| Non-financial assets   | 0.5                        | 0.8                       | 0.1                   | 0.1             | 12.5%                    | 100.0%            |
| <b>Capital Investment</b>                                      | <b>11.0</b>                | <b>11.0</b>               | <b>3.0</b>            | <b>1.0</b>      | <b>9.1%</b>              | <b>33.3%</b>      |
| <b>226 Department of Corrective<br/>Institutional Services</b> | <b>163.1</b>               | <b>163.1</b>              | <b>39.9</b>           | <b>57.5</b>     | <b>35.3%</b>             | <b>144.1%</b>     |
| <b>Operational</b>   | 158.1                      | 158.1                     | 35.4                  | 57.5            | 36.4%                    | 162.4%            |
| Compensation Of Employees[GFS]                                 | 104.9                      | 104.9                     | 18.4                  | 44.0            | 41.9%                    | 239.1%            |
| Use of goods and services [GFS]                                | 53.0                       | 53.0                      | 16.9                  | 13.4            | 25.3%                    | 79.3%             |



| Details   | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|---|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| Non-financial assets  | 0.3                        | 0.3                       | 0.1                   | 0.1             | 33.3%                    | 100.0%            |
| <b>Capital Investment</b>   | <b>5.0</b>                 | <b>5.0</b>                | <b>4.5</b>            | <b>0.1</b>      | <b>2.0%</b>              | <b>2.2%</b>       |
| <b>227 Provincial Treasuries</b>  | <b>41.0</b>                | <b>41.0</b>               | <b>1.8</b>            | <b>20.7</b>     | <b>50.5%</b>             | <b>1150.0%</b>    |
| <b>Operational</b>  | 41.0                       | 41.0                      | 1.8                   | 20.7            | 50.5%                    | 1150.0%           |
| Compensation Of Employees[GFS]  | 34.1                       | 34.1                      | 0.1                   | 19.8            | 58.1%                    | 19800.0%          |
| Use of goods and services [GFS]   | 6.8                        | 6.8                       | 1.7                   | 1.0             | 14.7%                    | 58.8%             |
| Non-financial assets  | 0.2                        | 0.2                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>228 Department of Police</b>   | <b>380.7</b>               | <b>455.6</b>              | <b>134.2</b>          | <b>183.2</b>    | <b>40.2%</b>             | <b>136.5%</b>     |
| <b>Operational</b>  | 367.7                      | 442.6                     | 129.2                 | 183.2           | 41.4%                    | 141.8%            |
| Compensation Of Employees[GFS]  | 291.2                      | 291.2                     | 37.6                  | 152.6           | 52.4%                    | 405.9%            |
| Use of goods and services [GFS]   | 73.9                       | 148.8                     | 91.5                  | 30.5            | 20.5%                    | 33.3%             |
| Non-financial assets  | 2.6                        | 2.6                       | 0.1                   | 0.1             | 3.8%                     | 100.0%            |
| <b>Capital Investment</b>   | <b>13.0</b>                | <b>13.0</b>               | <b>5.0</b>            | <b>0.0</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>229 Department of National Planning and Monitoring</b>                   | <b>403.5</b>               | <b>395.5</b>              | <b>108.5</b>          | <b>73.5</b>     | <b>18.6%</b>             | <b>67.7%</b>      |
| <b>Operational</b>  | 31.3                       | 31.3                      | 4.5                   | 8.8             | 28.1%                    | 195.6%            |
| Compensation Of Employees[GFS]  | 16.9                       | 16.9                      | 1.4                   | 6.5             | 38.5%                    | 464.3%            |
| Use of goods and services [GFS]   | 14.0                       | 14.0                      | 2.8                   | 2.1             | 15.0%                    | 75.0%             |
| Non-financial assets  | 0.4                        | 0.4                       | 0.2                   | 0.1             | 25.0%                    | 50.0%             |
| <b>Capital Investment</b>   | <b>372.2</b>               | <b>364.2</b>              | <b>104.0</b>          | <b>64.7</b>     | <b>17.8%</b>             | <b>62.2%</b>      |
| <b>230 Electoral Commission</b>   | <b>15.5</b>                | <b>21.5</b>               | <b>8.2</b>            | <b>7.5</b>      | <b>34.9%</b>             | <b>91.5%</b>      |
| <b>Operational</b>  | 15.5                       | 21.5                      | 8.2                   | 7.5             | 34.9%                    | 91.5%             |
| Compensation Of Employees[GFS]  | 8.1                        | 8.1                       | 0.7                   | 2.4             | 29.6%                    | 342.9%            |
| Use of goods and services [GFS]   | 7.2                        | 13.2                      | 7.4                   | 5.2             | 39.4%                    | 70.3%             |
| Non-financial assets  | 0.2                        | 0.2                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>231 National Intelligence Organisation</b>                               | <b>7.7</b>                 | <b>7.7</b>                | <b>1.7</b>            | <b>1.7</b>      | <b>22.1%</b>             | <b>100.0%</b>     |
| <b>Operational</b>  | 4.7                        | 4.7                       | 0.7                   | 1.6             | 34.0%                    | 228.6%            |
| Compensation Of Employees[GFS]  | 3.2                        | 3.2                       | 0.3                   | 1.2             | 37.5%                    | 400.0%            |
| Use of goods and services [GFS]   | 1.4                        | 1.4                       | 0.5                   | 0.4             | 28.6%                    | 80.0%             |
| Non-financial assets  | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>   | <b>3.0</b>                 | <b>3.0</b>                | <b>1.0</b>            | <b>0.1</b>      | <b>3.3%</b>              | <b>10.0%</b>      |
| <b>232 Provincial and Local Government Affairs</b>                          | <b>60.2</b>                | <b>75.2</b>               | <b>25.9</b>           | <b>6.1</b>      | <b>8.1%</b>              | <b>23.6%</b>      |
| <b>Operational</b>  | 26.2                       | 41.2                      | 18.9                  | 5.9             | 14.3%                    | 31.2%             |
| Compensation Of Employees[GFS]  | 11.9                       | 11.9                      | 1.3                   | 4.2             | 35.3%                    | 323.1%            |
| Use of goods and services [GFS]   | 14.2                       | 29.2                      | 17.6                  | 1.7             | 5.8%                     | 9.7%              |
| Non-financial assets  | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>   | <b>34.0</b>                | <b>34.0</b>               | <b>7.0</b>            | <b>0.2</b>      | <b>0.6%</b>              | <b>2.9%</b>       |
| <b>233 Office of Censorship</b>   | <b>7.6</b>                 | <b>7.6</b>                | <b>2.6</b>            | <b>2.9</b>      | <b>38.2%</b>             | <b>111.5%</b>     |
| <b>Operational</b>  | 5.6                        | 5.6                       | 1.1                   | 2.4             | 42.9%                    | 218.2%            |
| Compensation Of Employees[GFS]  | 2.9                        | 2.9                       | 0.3                   | 1.7             | 58.6%                    | 566.7%            |
| Use of goods and services [GFS]   | 2.5                        | 2.5                       | 0.8                   | 0.7             | 28.0%                    | 87.5%             |
| Non-financial assets  | 0.2                        | 0.2                       | 0.1                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>   | <b>2.0</b>                 | <b>2.0</b>                | <b>1.5</b>            | <b>0.6</b>      | <b>30.0%</b>             | <b>40.0%</b>      |
| <b>234 Department of Defence</b>  | <b>294.4</b>               | <b>375.2</b>              | <b>125.0</b>          | <b>129.4</b>    | <b>34.5%</b>             | <b>103.5%</b>     |
| <b>Operational</b>  | 267.4                      | 348.2                     | 112.0                 | 125.4           | 36.0%                    | 112.0%            |
| Compensation Of Employees[GFS]  | 173.6                      | 173.6                     | 5.8                   | 95.8            | 55.2%                    | 1651.7%           |
| Use of goods and services [GFS]   | 81.0                       | 161.8                     | 102.1                 | 26.3            | 16.3%                    | 25.8%             |
| Subsidies   | 5.6                        | 5.6                       | 2.3                   | 2.2             | 39.3%                    | 95.7%             |
| Non-financial assets  | 7.2                        | 7.2                       | 1.8                   | 1.0             | 13.9%                    | 55.6%             |
| <b>Capital Investment</b>   | <b>27.0</b>                | <b>27.0</b>               | <b>13.0</b>           | <b>4.1</b>      | <b>15.2%</b>             | <b>31.5%</b>      |
| <b>235 Department of Education</b>  | <b>784.1</b>               | <b>423.4</b>              | <b>65.7</b>           | <b>106.2</b>    | <b>25.1%</b>             | <b>161.6%</b>     |
| <b>Operational</b>  | 746.1                      | 385.4                     | 61.2                  | 106.1           | 27.5%                    | 173.4%            |
| Compensation Of Employees[GFS]  | 134.0                      | 134.0                     | 11.8                  | 87.3            | 65.1%                    | 739.8%            |
| Use of goods and services [GFS]   | 109.3                      | 111.1                     | 41.3                  | 16.1            | 14.5%                    | 39.0%             |
| Subsidies   | 2.9                        | 2.9                       | 2.6                   | 2.2             | 75.9%                    | 84.6%             |
| Grants  | 486.5                      | 124.0                     | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| Non-financial assets  | 13.3                       | 13.3                      | 5.6                   | 0.5             | 3.8%                     | 8.9%              |
| <b>Capital Investment</b>   | <b>38.0</b>                | <b>38.0</b>               | <b>4.5</b>            | <b>0.2</b>      | <b>0.5%</b>              | <b>4.4%</b>       |
| <b>236 Department of Higher Education Research Science &amp; Technology</b> | <b>151.9</b>               | <b>211.7</b>              | <b>84.3</b>           | <b>45.1</b>     | <b>21.3%</b>             | <b>53.5%</b>      |
| <b>Operational</b>  | 101.9                      | 161.7                     | 71.8                  | 39.5            | 24.4%                    | 55.0%             |
| Compensation Of Employees[GFS]  | 7.2                        | 7.2                       | 0.7                   | 3.5             | 48.6%                    | 500.0%            |
| Use of goods and services [GFS]   | 3.1                        | 3.1                       | 2.0                   | 0.9             | 29.0%                    | 45.0%             |



| Details  | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|--|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| Subsidies  | 91.5                       | 91.5                      | 38.6                  | 33.7            | 36.8%                    | 87.3%             |
| Grants   | 0.0                        | 59.8                      | 30.5                  | 1.4             | 2.3%                     | 4.6%              |
| Non-financial assets   | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>                                    | <b>50.0</b>                | <b>50.0</b>               | <b>12.5</b>           | <b>5.6</b>      | <b>11.2%</b>             | <b>44.8%</b>      |
| <b>237 PNG National Commission for UNESCO</b>                | <b>0.0</b>                 | <b>0.0</b>                | <b>0.0</b>            | <b>0.7</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>Operational</b>   | 0.0                        | 0.0                       | 0.0                   | 0.7             | 0.0%                     | 0.0%              |
| Compensation Of Employees[GFS]                               | 0.0                        | 0.0                       | 0.0                   | 0.7             | 0.0%                     | 0.0%              |
| <b>238 Milne Bay Provincial Health Authority</b>             | <b>38.1</b>                | <b>38.1</b>               | <b>8.2</b>            | <b>24.3</b>     | <b>63.8%</b>             | <b>296.3%</b>     |
| <b>Operational</b>   | 38.1                       | 38.1                      | 8.2                   | 24.3            | 63.8%                    | 296.3%            |
| Compensation Of Employees[GFS]                               | 24.8                       | 24.8                      | 2.3                   | 18.4            | 74.2%                    | 800.0%            |
| Use of goods and services [GFS]                              | 6.2                        | 6.2                       | 4.3                   | 4.3             | 69.4%                    | 100.0%            |
| Grants   | 6.9                        | 6.9                       | 1.4                   | 1.4             | 20.3%                    | 100.0%            |
| Non-financial assets   | 0.3                        | 0.3                       | 0.3                   | 0.3             | 100.0%                   | 100.0%            |
| <b>239 Western Highlands Provincial Health Authority</b>     | <b>43.3</b>                | <b>43.3</b>               | <b>11.3</b>           | <b>24.1</b>     | <b>55.7%</b>             | <b>213.3%</b>     |
| <b>Operational</b>   | 43.3                       | 43.3                      | 11.3                  | 24.1            | 55.7%                    | 213.3%            |
| Compensation Of Employees[GFS]                               | 33.3                       | 33.3                      | 5.8                   | 18.6            | 55.9%                    | 320.7%            |
| Use of goods and services [GFS]                              | 6.5                        | 6.5                       | 4.2                   | 4.2             | 64.6%                    | 100.0%            |
| Grants   | 3.0                        | 3.0                       | 1.1                   | 1.1             | 36.7%                    | 100.0%            |
| Non-financial assets   | 0.5                        | 0.5                       | 0.2                   | 0.2             | 40.0%                    | 100.0%            |
| <b>240 Department of Health</b>                              | <b>485.1</b>               | <b>583.4</b>              | <b>280.5</b>          | <b>231.5</b>    | <b>39.7%</b>             | <b>82.5%</b>      |
| <b>Operational</b>   | 426.1                      | 525.4                     | 271.5                 | 230.5           | 43.9%                    | 84.9%             |
| Compensation Of Employees[GFS]                               | 78.1                       | 78.1                      | 6.8                   | 42.6            | 54.5%                    | 626.5%            |
| Use of goods and services [GFS]                              | 333.1                      | 432.4                     | 261.2                 | 187.7           | 43.4%                    | 71.9%             |
| Subsidies  | 7.1                        | 7.1                       | 0.2                   | 0.2             | 2.8%                     | 100.0%            |
| Grants   | 3.9                        | 3.9                       | 1.0                   | 0.0             | 0.0%                     | 0.0%              |
| Non-financial assets   | 4.0                        | 4.0                       | 2.4                   | 0.1             | 2.5%                     | 4.2%              |
| <b>Capital Investment</b>                                    | <b>59.0</b>                | <b>58.0</b>               | <b>9.0</b>            | <b>1.0</b>      | <b>1.7%</b>              | <b>11.1%</b>      |
| <b>241 Hospital Management Services</b>                      | <b>281.4</b>               | <b>277.4</b>              | <b>79.9</b>           | <b>183.6</b>    | <b>66.2%</b>             | <b>229.8%</b>     |
| <b>Operational</b>   | 200.4                      | 198.4                     | 52.4                  | 173.6           | 87.5%                    | 331.3%            |
| Compensation Of Employees[GFS]                               | 170.8                      | 169.4                     | 38.9                  | 163.4           | 96.5%                    | 420.1%            |
| Use of goods and services [GFS]                              | 10.0                       | 10.0                      | 4.5                   | 3.6             | 36.0%                    | 80.0%             |
| Grants   | 19.0                       | 18.4                      | 8.7                   | 6.4             | 34.8%                    | 73.6%             |
| Non-financial assets   | 0.6                        | 0.6                       | 0.3                   | 0.2             | 33.3%                    | 66.7%             |
| <b>Capital Investment</b>                                    | <b>81.0</b>                | <b>79.0</b>               | <b>27.5</b>           | <b>10.0</b>     | <b>12.7%</b>             | <b>36.4%</b>      |
| <b>242 Department of Community Development</b>               | <b>24.8</b>                | <b>24.8</b>               | <b>7.8</b>            | <b>9.0</b>      | <b>36.3%</b>             | <b>115.4%</b>     |
| <b>Operational</b>   | 11.8                       | 11.8                      | 1.8                   | 6.6             | 55.9%                    | 366.7%            |
| Compensation Of Employees[GFS]                               | 7.5                        | 7.5                       | 0.7                   | 5.5             | 73.3%                    | 785.7%            |
| Use of goods and services [GFS]                              | 4.0                        | 4.0                       | 1.1                   | 1.1             | 27.5%                    | 100.0%            |
| Subsidies  | 0.3                        | 0.3                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>                                    | <b>13.0</b>                | <b>13.0</b>               | <b>6.0</b>            | <b>2.4</b>      | <b>18.5%</b>             | <b>40.0%</b>      |
| <b>243 National Volunteer Services</b>                       | <b>5.9</b>                 | <b>5.9</b>                | <b>2.2</b>            | <b>2.3</b>      | <b>39.0%</b>             | <b>104.5%</b>     |
| <b>Operational</b>   | 4.9                        | 4.9                       | 1.2                   | 1.3             | 26.5%                    | 108.3%            |
| Compensation Of Employees[GFS]                               | 2.8                        | 2.8                       | 0.2                   | 0.6             | 21.4%                    | 300.0%            |
| Use of goods and services [GFS]                              | 2.1                        | 2.1                       | 0.9                   | 0.7             | 33.3%                    | 77.8%             |
| Non-financial assets   | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>                                    | <b>1.0</b>                 | <b>1.0</b>                | <b>1.0</b>            | <b>1.0</b>      | <b>100.0%</b>            | <b>100.0%</b>     |
| <b>244 Eastern Highlands Provincial Health Authority</b>     | <b>53.3</b>                | <b>53.3</b>               | <b>13.0</b>           | <b>28.3</b>     | <b>53.1%</b>             | <b>217.7%</b>     |
| <b>Operational</b>   | 53.3                       | 53.3                      | 13.0                  | 28.3            | 53.1%                    | 217.7%            |
| Compensation Of Employees[GFS]                               | 39.2                       | 39.2                      | 6.2                   | 21.6            | 55.1%                    | 348.4%            |
| Use of goods and services [GFS]                              | 7.0                        | 7.0                       | 4.3                   | 4.3             | 61.4%                    | 100.0%            |
| Grants   | 7.0                        | 7.0                       | 2.4                   | 2.4             | 34.3%                    | 100.0%            |
| <b>245 Conservation and Environment Protection Authority</b> | <b>16.5</b>                | <b>16.5</b>               | <b>3.5</b>            | <b>3.3</b>      | <b>20.0%</b>             | <b>94.3%</b>      |
| <b>Operational</b>   | 10.0                       | 10.0                      | 0.0                   | 3.3             | 33.0%                    | 0.0%              |
| Compensation Of Employees[GFS]                               | 10.0                       | 10.0                      | 0.0                   | 3.3             | 33.0%                    | 0.0%              |
| <b>Capital Investment</b>                                    | <b>6.5</b>                 | <b>6.5</b>                | <b>3.5</b>            | <b>0.0</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>246 Office of Urbanization</b>                            | <b>1.4</b>                 | <b>1.4</b>                | <b>0.3</b>            | <b>1.0</b>      | <b>71.4%</b>             | <b>333.3%</b>     |
| <b>Operational</b>   | 1.4                        | 1.4                       | 0.3                   | 1.0             | 71.4%                    | 333.3%            |
| Compensation Of Employees[GFS]                               | 1.4                        | 1.4                       | 0.3                   | 1.0             | 71.4%                    | 333.3%            |

| Details   | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|---|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| <b>247 Department of Agriculture and Livestock</b>                | <b>24.6</b>                | <b>24.6</b>               | <b>7.9</b>            | <b>13.5</b>     | <b>54.9%</b>             | <b>170.9%</b>     |
| Operational   | 13.6                       | 13.6                      | 2.4                   | 8.7             | 64.0%                    | 362.5%            |
| Compensation Of Employees[GFS]                                    | 10.8                       | 10.8                      | 1.6                   | 7.9             | 73.1%                    | 493.8%            |
| Use of goods and services [GFS]                                   | 2.7                        | 2.7                       | 0.9                   | 0.8             | 29.6%                    | 88.9%             |
| Non-financial assets  | 0.1                        | 0.1                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| Capital Investment  | 11.0                       | 11.0                      | 5.5                   | 4.8             | 43.6%                    | 87.3%             |
| <b>248 Southern Highlands Provincial Health Authority</b>         | <b>46.0</b>                | <b>46.0</b>               | <b>7.9</b>            | <b>12.4</b>     | <b>27.0%</b>             | <b>157.0%</b>     |
| Operational   | 46.0                       | 46.0                      | 7.9                   | 12.4            | 27.0%                    | 157.0%            |
| Compensation Of Employees[GFS]                                    | 35.1                       | 35.1                      | 3.2                   | 8.6             | 24.5%                    | 268.8%            |
| Use of goods and services [GFS]                                   | 4.0                        | 4.0                       | 3.6                   | 3.1             | 77.5%                    | 86.1%             |
| Grants  | 6.8                        | 6.8                       | 1.1                   | 0.6             | 8.8%                     | 54.5%             |
| Non-financial assets  | 0.1                        | 0.1                       | 0.1                   | 0.0             | 0.0%                     | 0.0%              |
| <b>249 New Ireland Provincial Health Authority</b>                | <b>39.0</b>                | <b>39.0</b>               | <b>7.0</b>            | <b>16.1</b>     | <b>41.3%</b>             | <b>230.0%</b>     |
| Operational   | 39.0                       | 39.0                      | 7.0                   | 16.1            | 41.3%                    | 230.0%            |
| Compensation Of Employees[GFS]                                    | 30.1                       | 30.1                      | 2.7                   | 12.6            | 41.9%                    | 466.7%            |
| Use of goods and services [GFS]                                   | 5.7                        | 6.6                       | 3.3                   | 2.7             | 40.9%                    | 81.8%             |
| Grants  | 3.2                        | 2.2                       | 0.9                   | 0.8             | 36.4%                    | 88.9%             |
| Non-financial assets  | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>251 PNG Science &amp; Technology Secretariat</b>               | <b>3.3</b>                 | <b>3.3</b>                | <b>0.6</b>            | <b>1.4</b>      | <b>42.4%</b>             | <b>233.3%</b>     |
| Operational   | 3.3                        | 3.3                       | 0.6                   | 1.4             | 42.4%                    | 233.3%            |
| Compensation Of Employees[GFS]                                    | 2.2                        | 2.2                       | 0.2                   | 1.1             | 50.0%                    | 550.0%            |
| Use of goods and services [GFS]                                   | 1.1                        | 1.1                       | 0.5                   | 0.4             | 36.4%                    | 80.0%             |
| <b>252 Department of Lands and Physical Planning</b>              | <b>44.4</b>                | <b>44.4</b>               | <b>7.9</b>            | <b>13.0</b>     | <b>29.3%</b>             | <b>164.6%</b>     |
| Operational   | 29.4                       | 29.4                      | 3.9                   | 9.8             | 33.3%                    | 251.3%            |
| Compensation Of Employees[GFS]                                    | 18.3                       | 18.3                      | 1.5                   | 7.7             | 42.1%                    | 513.3%            |
| Use of goods and services [GFS]                                   | 9.9                        | 9.9                       | 2.4                   | 2.1             | 21.2%                    | 87.5%             |
| Non-financial assets  | 1.2                        | 1.2                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| Capital Investment  | 15.0                       | 15.0                      | 4.0                   | 3.2             | 21.3%                    | 80.0%             |
| <b>253 West New Britain Provincial Health Authority</b>           | <b>46.1</b>                | <b>46.1</b>               | <b>9.5</b>            | <b>27.2</b>     | <b>59.0%</b>             | <b>286.3%</b>     |
| Operational   | 46.1                       | 46.1                      | 9.5                   | 27.2            | 59.0%                    | 286.3%            |
| Compensation Of Employees[GFS]                                    | 32.4                       | 32.4                      | 2.9                   | 20.7            | 63.9%                    | 713.8%            |
| Use of goods and services [GFS]                                   | 8.8                        | 9.3                       | 4.7                   | 4.7             | 50.5%                    | 100.0%            |
| Grants  | 4.9                        | 4.4                       | 1.8                   | 1.8             | 40.9%                    | 100.0%            |
| Non-financial assets  | 0.1                        | 0.1                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>254 Department of Mineral Policy and Geohazards Management</b> | <b>15.7</b>                | <b>17.7</b>               | <b>2.8</b>            | <b>3.6</b>      | <b>20.3%</b>             | <b>128.6%</b>     |
| Operational   | 11.2                       | 13.2                      | 2.3                   | 3.6             | 27.3%                    | 156.5%            |
| Compensation Of Employees[GFS]                                    | 5.2                        | 5.2                       | 0.6                   | 2.6             | 50.0%                    | 433.3%            |
| Use of goods and services [GFS]                                   | 5.5                        | 7.5                       | 1.5                   | 1.0             | 13.3%                    | 66.7%             |
| Non-financial assets  | 0.5                        | 0.5                       | 0.2                   | 0.0             | 0.0%                     | 0.0%              |
| Capital Investment  | 4.5                        | 4.5                       | 0.5                   | 0.0             | 0.0%                     | 0.0%              |
| <b>255 Department of Petroleum and Energy</b>                     | <b>30.4</b>                | <b>30.4</b>               | <b>9.1</b>            | <b>9.9</b>      | <b>32.6%</b>             | <b>108.8%</b>     |
| Operational   | 25.4                       | 25.4                      | 5.1                   | 7.0             | 27.6%                    | 137.3%            |
| Compensation Of Employees[GFS]                                    | 11.0                       | 11.0                      | 1.9                   | 4.5             | 40.9%                    | 236.8%            |
| Use of goods and services [GFS]                                   | 12.9                       | 12.9                      | 3.0                   | 2.5             | 19.4%                    | 83.3%             |
| Non-financial assets  | 1.6                        | 1.6                       | 0.1                   | 0.1             | 6.3%                     | 100.0%            |
| Capital Investment  | 5.0                        | 5.0                       | 4.0                   | 2.9             | 58.0%                    | 72.5%             |
| <b>256 Manus Provincial Health Authority</b>                      | <b>20.9</b>                | <b>20.9</b>               | <b>4.7</b>            | <b>10.2</b>     | <b>48.8%</b>             | <b>217.0%</b>     |
| Operational   | 20.9                       | 20.9                      | 4.7                   | 10.2            | 48.8%                    | 217.0%            |
| Compensation Of Employees[GFS]                                    | 13.8                       | 13.8                      | 1.3                   | 6.8             | 49.3%                    | 523.1%            |
| Use of goods and services [GFS]                                   | 4.5                        | 4.5                       | 2.3                   | 2.3             | 51.1%                    | 100.0%            |
| Grants  | 2.4                        | 2.4                       | 1.1                   | 1.1             | 45.8%                    | 100.0%            |
| Non-financial assets  | 0.2                        | 0.2                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>257 Department of Public Enterprises</b>                       | <b>0.0</b>                 | <b>0.0</b>                | <b>0.0</b>            | <b>0.2</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| Operational   | 0.0                        | 0.0                       | 0.0                   | 0.2             | 0.0%                     | 0.0%              |
| Compensation Of Employees[GFS]                                    | 0.0                        | 0.0                       | 0.0                   | 0.2             | 0.0%                     | 0.0%              |

| Details   | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|---|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| <b>258 Department of Information and Communication</b>        | <b>8.3</b>                 | <b>9.3</b>                | <b>3.5</b>            | <b>1.8</b>      | <b>19.4%</b>             | <b>51.4%</b>      |
| Operational   | 5.3                        | 6.3                       | 2.0                   | 1.8             | 28.6%                    | 90.0%             |
| Compensation Of Employees[GFS]                                | 1.8                        | 1.8                       | 0.0                   | 1.2             | 66.7%                    | 0.0%              |
| Use of goods and services [GFS]                               | 3.5                        | 4.5                       | 2.0                   | 0.6             | 13.3%                    | 30.0%             |
| Non-financial assets  | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| Capital Investment  | 3.0                        | 3.0                       | 1.5                   | 0.0             | 0.0%                     | 0.0%              |
| <b>259 Department of Transport</b>                            | <b>56.3</b>                | <b>56.3</b>               | <b>11.7</b>           | <b>8.8</b>      | <b>15.6%</b>             | <b>75.2%</b>      |
| Operational   | 24.3                       | 24.3                      | 3.7                   | 7.8             | 32.1%                    | 210.8%            |
| Compensation Of Employees[GFS]                                | 14.5                       | 14.5                      | 1.3                   | 6.5             | 44.8%                    | 500.0%            |
| Use of goods and services [GFS]                               | 9.0                        | 9.0                       | 2.3                   | 1.3             | 14.4%                    | 56.5%             |
| Non-financial assets  | 0.8                        | 0.8                       | 0.1                   | 0.0             | 0.0%                     | 0.0%              |
| Capital Investment  | 32.0                       | 32.0                      | 8.0                   | 1.0             | 3.1%                     | 12.5%             |
| <b>260 Enga Provincial Health Authority</b>                   | <b>47.0</b>                | <b>47.0</b>               | <b>8.1</b>            | <b>26.1</b>     | <b>55.5%</b>             | <b>322.2%</b>     |
| Operational   | 47.0                       | 47.0                      | 8.1                   | 26.1            | 55.5%                    | 322.2%            |
| Compensation Of Employees[GFS]                                | 37.3                       | 37.3                      | 3.4                   | 21.4            | 57.4%                    | 629.4%            |
| Use of goods and services [GFS]                               | 5.8                        | 5.8                       | 3.2                   | 3.2             | 55.2%                    | 100.0%            |
| Grants  | 2.0                        | 2.0                       | 1.0                   | 1.0             | 50.0%                    | 100.0%            |
| Non-financial assets  | 2.0                        | 2.0                       | 0.5                   | 0.5             | 25.0%                    | 100.0%            |
| <b>261 Department of Commerce and Industry</b>                | <b>225.0</b>               | <b>225.0</b>              | <b>5.8</b>            | <b>6.4</b>      | <b>2.8%</b>              | <b>110.3%</b>     |
| Operational   | 17.0                       | 17.0                      | 2.8                   | 5.4             | 31.8%                    | 192.9%            |
| Compensation Of Employees[GFS]                                | 10.1                       | 10.1                      | 0.9                   | 3.7             | 36.6%                    | 411.1%            |
| Use of goods and services [GFS]                               | 6.8                        | 6.8                       | 1.9                   | 1.7             | 25.0%                    | 89.5%             |
| Non-financial assets  | 0.1                        | 0.1                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| Capital Investment  | 208.0                      | 208.0                     | 3.0                   | 1.0             | 0.5%                     | 33.3%             |
| <b>262 Department of Industrial Relations</b>                 | <b>30.3</b>                | <b>30.3</b>               | <b>8.1</b>            | <b>13.5</b>     | <b>44.6%</b>             | <b>166.7%</b>     |
| Operational   | 28.3                       | 28.3                      | 7.1                   | 13.4            | 47.3%                    | 188.7%            |
| Compensation Of Employees[GFS]                                | 16.6                       | 16.6                      | 1.4                   | 8.4             | 50.6%                    | 600.0%            |
| Use of goods and services [GFS]                               | 11.5                       | 11.5                      | 5.6                   | 4.9             | 42.6%                    | 87.5%             |
| Non-financial assets  | 0.2                        | 0.2                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| Capital Investment  | 2.0                        | 2.0                       | 1.0                   | 0.1             | 5.0%                     | 10.0%             |
| <b>263 National Tripartite Consultative Council</b>           | <b>0.6</b>                 | <b>0.6</b>                | <b>0.0</b>            | <b>0.3</b>      | <b>50.0%</b>             | <b>0.0%</b>       |
| Operational   | 0.6                        | 0.6                       | 0.0                   | 0.3             | 50.0%                    | 0.0%              |
| Compensation Of Employees[GFS]                                | 0.5                        | 0.5                       | 0.0                   | 0.3             | 60.0%                    | 0.0%              |
| Use of goods and services [GFS]                               | 0.1                        | 0.1                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>264 Department of Works and Implementation</b>             | <b>1,002.0</b>             | <b>990.0</b>              | <b>275.1</b>          | <b>114.0</b>    | <b>11.5%</b>             | <b>41.4%</b>      |
| Operational   | 223.0                      | 223.0                     | 30.6                  | 51.9            | 23.3%                    | 169.6%            |
| Compensation Of Employees[GFS]                                | 90.0                       | 90.0                      | 1.5                   | 38.9            | 43.2%                    | 2593.3%           |
| Use of goods and services [GFS]                               | 103.4                      | 103.4                     | 18.8                  | 7.0             | 6.8%                     | 37.2%             |
| Non-financial assets  | 29.6                       | 29.6                      | 10.3                  | 6.0             | 20.3%                    | 58.3%             |
| Capital Investment  | 779.0                      | 767.0                     | 244.5                 | 62.2            | 8.1%                     | 25.4%             |
| <b>265 Hela provincial Health Authority</b>                   | <b>34.5</b>                | <b>34.5</b>               | <b>6.9</b>            | <b>14.1</b>     | <b>40.9%</b>             | <b>204.3%</b>     |
| Operational   | 34.5                       | 34.5                      | 6.9                   | 14.1            | 40.9%                    | 204.3%            |
| Compensation Of Employees[GFS]                                | 23.8                       | 23.8                      | 2.2                   | 10.3            | 43.3%                    | 468.2%            |
| Use of goods and services [GFS]                               | 3.5                        | 3.5                       | 2.4                   | 1.8             | 51.4%                    | 75.0%             |
| Grants  | 7.1                        | 7.1                       | 2.3                   | 2.0             | 28.2%                    | 87.0%             |
| Non-financial assets  | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>266 Sandaun Provincial Health Authority</b>                | <b>39.1</b>                | <b>39.1</b>               | <b>9.0</b>            | <b>18.4</b>     | <b>47.1%</b>             | <b>204.4%</b>     |
| Operational   | 39.1                       | 39.1                      | 9.0                   | 18.4            | 47.1%                    | 204.4%            |
| Compensation Of Employees[GFS]                                | 23.0                       | 23.0                      | 2.1                   | 12.9            | 56.1%                    | 614.3%            |
| Use of goods and services [GFS]                               | 5.5                        | 5.5                       | 4.9                   | 3.9             | 70.9%                    | 79.6%             |
| Grants  | 10.2                       | 10.2                      | 1.7                   | 1.3             | 12.7%                    | 76.5%             |
| Non-financial assets  | 0.3                        | 0.3                       | 0.3                   | 0.3             | 100.0%                   | 100.0%            |
| <b>267 Department of Implementation and Rural Development</b> | <b>69.1</b>                | <b>69.1</b>               | <b>1.3</b>            | <b>2.6</b>      | <b>3.8%</b>              | <b>200.0%</b>     |
| Operational   | 7.6                        | 7.6                       | 0.3                   | 2.6             | 34.2%                    | 866.7%            |
| Compensation Of Employees[GFS]                                | 6.3                        | 6.3                       | 0.0                   | 2.4             | 38.1%                    | 0.0%              |
| Use of goods and services [GFS]                               | 1.2                        | 1.2                       | 0.2                   | 0.2             | 16.7%                    | 100.0%            |
| Non-financial assets  | 0.1                        | 0.1                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| Capital Investment  | 61.5                       | 61.5                      | 1.0                   | 0.0             | 0.0%                     | 0.0%              |

| Details   | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|---|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| <b>268 Central Supply &amp; Tenders Board</b>                       | <b>6.2</b>                 | <b>6.2</b>                | <b>0.3</b>            | <b>0.8</b>      | <b>12.9%</b>             | <b>266.7%</b>     |
| <b>Operational</b>  | 5.2                        | 5.2                       | 0.3                   | 0.8             | 15.4%                    | 266.7%            |
| Compensation Of Employees[GFS]                                      | 2.4                        | 2.4                       | 0.0                   | 0.8             | 33.3%                    | 0.0%              |
| Use of goods and services [GFS]                                     | 2.8                        | 2.8                       | 0.3                   | 0.0             | 0.0%                     | 0.0%              |
| Non-financial assets  | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>   | <b>1.0</b>                 | <b>1.0</b>                | <b>0.0</b>            | <b>0.0</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>269 Office of Tourism Arts and Culture</b>                       | <b>0.0</b>                 | <b>0.0</b>                | <b>0.0</b>            | <b>0.1</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>Operational</b>  | 0.0                        | 0.0                       | 0.0                   | 0.1             | 0.0%                     | 0.0%              |
| Compensation Of Employees[GFS]                                      | 0.0                        | 0.0                       | 0.0                   | 0.1             | 0.0%                     | 0.0%              |
| <b>299 Treasury and Finance - Public Debt Charges</b>               | <b>2,156.9</b>             | <b>2,156.9</b>            | <b>1,019.8</b>        | <b>1,011.5</b>  | <b>46.9%</b>             | <b>99.2%</b>      |
| <b>Operational</b>  | 2,156.9                    | 2,156.9                   | 1,019.8               | 1,011.5         | 46.9%                    | 99.2%             |
| Interest [GFS]  | 2,140.5                    | 2,140.5                   | 1,016.6               | 0.0             | 0.0%                     | 0.0%              |
| Net acquisition of financial assets                                 | 16.4                       | 16.4                      | 3.2                   | 0.9             | 5.5%                     | 28.1%             |
| <b>351 National Office for Child &amp; Family Services</b>          | <b>5.5</b>                 | <b>5.5</b>                | <b>2.9</b>            | <b>2.6</b>      | <b>47.3%</b>             | <b>89.7%</b>      |
| <b>Operational</b>  | 3.5                        | 3.5                       | 0.9                   | 0.6             | 17.1%                    | 66.7%             |
| Compensation Of Employees[GFS]                                      | 1.8                        | 1.8                       | 0.1                   | 0.0             | 0.0%                     | 0.0%              |
| Use of goods and services [GFS]                                     | 1.7                        | 1.7                       | 0.7                   | 0.6             | 35.3%                    | 85.7%             |
| Non-financial assets  | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>   | <b>2.0</b>                 | <b>2.0</b>                | <b>2.0</b>            | <b>2.0</b>      | <b>100.0%</b>            | <b>100.0%</b>     |
| <b>352 PNG Office of Civil Registration &amp; National Identity</b> | <b>4.9</b>                 | <b>4.9</b>                | <b>0.7</b>            | <b>0.3</b>      | <b>6.1%</b>              | <b>42.9%</b>      |
| <b>Operational</b>  | 4.9                        | 4.9                       | 0.7                   | 0.3             | 6.1%                     | 42.9%             |
| Compensation Of Employees[GFS]                                      | 3.9                        | 3.9                       | 0.3                   | 0.0             | 0.0%                     | 0.0%              |
| Use of goods and services [GFS]                                     | 1.0                        | 1.0                       | 0.4                   | 0.3             | 30.0%                    | 75.0%             |
| <b>355 Office of Library &amp; Archives</b>                         | <b>9.2</b>                 | <b>9.2</b>                | <b>2.1</b>            | <b>2.1</b>      | <b>22.8%</b>             | <b>100.0%</b>     |
| <b>Operational</b>  | 9.2                        | 9.2                       | 2.1                   | 2.1             | 22.8%                    | 100.0%            |
| Compensation Of Employees[GFS]                                      | 4.2                        | 4.2                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| Use of goods and services [GFS]                                     | 4.3                        | 4.3                       | 1.8                   | 1.8             | 41.9%                    | 100.0%            |
| Subsidies   | 0.4                        | 0.4                       | 0.1                   | 0.1             | 25.0%                    | 100.0%            |
| Grants  | 0.1                        | 0.1                       | 0.0                   | 0.0             | 0.0%                     | #DIV/0!           |
| Non-financial assets  | 0.2                        | 0.2                       | 0.2                   | 0.2             | 100.0%                   | 100.0%            |
| <b>356 Securities Commission of PNG</b>                             | <b>4.7</b>                 | <b>4.7</b>                | <b>2.4</b>            | <b>2.4</b>      | <b>51.1%</b>             | <b>100.0%</b>     |
| <b>Operational</b>  | 4.7                        | 4.7                       | 2.4                   | 2.4             | 51.1%                    | 100.0%            |
| Compensation Of Employees[GFS]                                      | 1.8                        | 1.8                       | 1.5                   | 1.5             | 83.3%                    | 100.0%            |
| Use of goods and services [GFS]                                     | 2.9                        | 2.9                       | 0.9                   | 0.9             | 31.0%                    | 100.0%            |
| <b>357 Port Moresby General Hospital</b>                            | <b>75.3</b>                | <b>77.3</b>               | <b>26.3</b>           | <b>17.9</b>     | <b>23.2%</b>             | <b>68.1%</b>      |
| <b>Operational</b>  | 75.3                       | 77.3                      | 26.3                  | 17.9            | 23.2%                    | 68.1%             |
| Compensation Of Employees[GFS]                                      | 44.1                       | 44.1                      | 9.4                   | 1.0             | 2.3%                     | 10.6%             |
| Use of goods and services [GFS]                                     | 30.1                       | 32.1                      | 16.5                  | 16.5            | 51.4%                    | 100.0%            |
| Non-financial assets  | 1.1                        | 1.1                       | 0.4                   | 0.4             | 36.4%                    | 100.0%            |
| <b>358 Manan resettlement Authority</b>                             | <b>5.0</b>                 | <b>5.0</b>                | <b>2.0</b>            | <b>1.3</b>      | <b>26.0%</b>             | <b>65.0%</b>      |
| <b>Operational</b>  | 5.0                        | 5.0                       | 2.0                   | 1.3             | 26.0%                    | 65.0%             |
| Compensation Of Employees[GFS]                                      | -                          | 2.2                       | 0.9                   | 0.7             | 31.8%                    | 77.8%             |
| Use of goods and services [GFS]                                     | 5.0                        | 2.8                       | 1.1                   | 0.5             | 17.9%                    | 45.5%             |
| <b>502 Office of the Auditor-General</b>                            | <b>25.3</b>                | <b>25.3</b>               | <b>12.1</b>           | <b>11.2</b>     | <b>44.3%</b>             | <b>92.6%</b>      |
| <b>Operational</b>  | 25.3                       | 25.3                      | 12.1                  | 11.2            | 44.3%                    | 92.6%             |
| Compensation Of Employees[GFS]                                      | 15.1                       | 15.1                      | 7.3                   | 7.3             | 48.3%                    | 100.0%            |
| Use of goods and services [GFS]                                     | 9.8                        | 9.8                       | 4.6                   | 3.7             | 37.8%                    | 80.4%             |
| Non-financial assets  | 0.3                        | 0.3                       | 0.2                   | 0.1             | 33.3%                    | 50.0%             |
| <b>503 Ombudsman Commission</b>                                     | <b>31.0</b>                | <b>31.0</b>               | <b>16.6</b>           | <b>15.4</b>     | <b>49.7%</b>             | <b>92.8%</b>      |
| <b>Operational</b>  | 27.0                       | 27.0                      | 13.6                  | 12.4            | 45.9%                    | 91.2%             |
| Compensation Of Employees[GFS]                                      | 20.1                       | 20.1                      | 11.1                  | 10.6            | 52.7%                    | 95.5%             |
| Use of goods and services [GFS]                                     | 6.7                        | 6.7                       | 2.5                   | 1.8             | 26.9%                    | 72.0%             |
| Non-financial assets  | 0.2                        | 0.2                       | 0.1                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>   | <b>4.0</b>                 | <b>4.0</b>                | <b>3.0</b>            | <b>3.0</b>      | <b>75.0%</b>             | <b>100.0%</b>     |
| <b>505 National Research Institute</b>                              | <b>5.7</b>                 | <b>5.7</b>                | <b>2.6</b>            | <b>2.1</b>      | <b>36.8%</b>             | <b>80.8%</b>      |
| <b>Operational</b>  | 5.7                        | 5.7                       | 2.6                   | 2.1             | 36.8%                    | 80.8%             |
| Compensation Of Employees[GFS]                                      | 3.9                        | 3.9                       | 1.9                   | 1.6             | 41.0%                    | 84.2%             |
| Use of goods and services [GFS]                                     | 1.8                        | 1.8                       | 0.7                   | 0.5             | 27.8%                    | 71.4%             |
| <b>506 National Training Council</b>                                | <b>3.2</b>                 | <b>3.2</b>                | <b>0.6</b>            | <b>0.9</b>      | <b>28.1%</b>             | <b>150.0%</b>     |
| <b>Operational</b>  | 3.2                        | 3.2                       | 0.6                   | 0.9             | 28.1%                    | 150.0%            |
| Compensation Of Employees[GFS]                                      | 1.8                        | 1.8                       | 0.2                   | 0.6             | 33.3%                    | 300.0%            |

| Details  | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|--|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| Use of goods and services [GFS]                              | 1.3                        | 1.3                       | 0.5                   | 0.3             | 23.1%                    | 60.0%             |
| Non-financial assets   | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>507 National Economic &amp; Fiscal Commission</b>         | <b>5.1</b>                 | <b>5.1</b>                | <b>1.3</b>            | <b>1.2</b>      | <b>23.5%</b>             | <b>92.3%</b>      |
| Operational  | 5.1                        | 5.1                       | 1.3                   | 1.2             | 23.5%                    | 92.3%             |
| Compensation Of Employees[GFS]                               | 2.2                        | 2.2                       | 0.2                   | 0.4             | 18.2%                    | 200.0%            |
| Use of goods and services [GFS]                              | 2.9                        | 2.9                       | 1.1                   | 0.8             | 27.6%                    | 72.7%             |
| Non-financial assets   | 0.1                        | 0.1                       | 0.1                   | 0.1             | 100.0%                   | 100.0%            |
| <b>510 Legal Training Institute</b>                          | <b>4.8</b>                 | <b>4.8</b>                | <b>0.5</b>            | <b>1.5</b>      | <b>31.3%</b>             | <b>300.0%</b>     |
| Operational  | 3.8                        | 3.8                       | 0.5                   | 1.5             | 39.5%                    | 300.0%            |
| Compensation Of Employees[GFS]                               | 3.2                        | 3.2                       | 0.3                   | 1.4             | 43.8%                    | 466.7%            |
| Use of goods and services [GFS]                              | 0.4                        | 0.4                       | 0.2                   | 0.2             | 50.0%                    | 100.0%            |
| Subsidies  | 0.1                        | 0.1                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| Non-financial assets   | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>                                    | <b>1.0</b>                 | <b>1.0</b>                | <b>0.0</b>            | <b>0.0</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>511 Papua New Guinea Climate Change Authority</b>         | <b>10.4</b>                | <b>10.4</b>               | <b>2.7</b>            | <b>4.3</b>      | <b>41.3%</b>             | <b>159.3%</b>     |
| Operational  | 9.4                        | 9.4                       | 1.7                   | 3.3             | 35.1%                    | 194.1%            |
| Compensation Of Employees[GFS]                               | 4.8                        | 4.8                       | 0.0                   | 2.1             | 43.8%                    | 0.0%              |
| Use of goods and services [GFS]                              | 4.4                        | 4.4                       | 1.7                   | 1.2             | 27.3%                    | 70.6%             |
| Subsidies  | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| Non-financial assets   | 0.1                        | 0.1                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>                                    | <b>1.0</b>                 | <b>1.0</b>                | <b>1.0</b>            | <b>1.0</b>      | <b>100.0%</b>            | <b>100.0%</b>     |
| <b>512 University of Papua New Guinea</b>                    | <b>81.3</b>                | <b>81.3</b>               | <b>40.8</b>           | <b>30.8</b>     | <b>37.9%</b>             | <b>75.5%</b>      |
| Operational  | 77.3                       | 77.3                      | 40.8                  | 30.8            | 39.8%                    | 75.5%             |
| Compensation Of Employees[GFS]                               | 77.3                       | 77.3                      | 40.8                  | 30.8            | 39.8%                    | 75.5%             |
| <b>Capital Investment</b>                                    | <b>4.0</b>                 | <b>4.0</b>                | <b>0.0</b>            | <b>0.0</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>513 University of Technology</b>                          | <b>76.5</b>                | <b>76.5</b>               | <b>39.7</b>           | <b>30.7</b>     | <b>40.1%</b>             | <b>77.3%</b>      |
| Operational  | 66.5                       | 66.5                      | 34.7                  | 26.2            | 39.4%                    | 75.5%             |
| Compensation Of Employees[GFS]                               | 64.5                       | 64.5                      | 34.0                  | 25.9            | 40.2%                    | 76.2%             |
| Use of goods and services [GFS]                              | 2.0                        | 2.0                       | 0.7                   | 0.3             | 15.0%                    | 42.9%             |
| <b>Capital Investment</b>                                    | <b>10.0</b>                | <b>10.0</b>               | <b>5.0</b>            | <b>4.5</b>      | <b>45.0%</b>             | <b>90.0%</b>      |
| <b>514 University of Goroka</b>                              | <b>38.4</b>                | <b>38.4</b>               | <b>21.5</b>           | <b>17.7</b>     | <b>46.1%</b>             | <b>82.3%</b>      |
| Operational  | 31.4                       | 31.4                      | 17.0                  | 13.7            | 43.6%                    | 80.6%             |
| Compensation Of Employees[GFS]                               | 27.7                       | 27.7                      | 15.3                  | 12.6            | 45.5%                    | 82.4%             |
| Use of goods and services [GFS]                              | 3.5                        | 3.5                       | 1.6                   | 1.0             | 28.6%                    | 62.5%             |
| Non-financial assets   | 0.2                        | 0.2                       | 0.1                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>                                    | <b>7.0</b>                 | <b>7.0</b>                | <b>4.5</b>            | <b>4.0</b>      | <b>57.1%</b>             | <b>88.9%</b>      |
| <b>515 University of Environment &amp; Natural Resources</b> | <b>37.5</b>                | <b>37.5</b>               | <b>21.0</b>           | <b>16.5</b>     | <b>44.0%</b>             | <b>78.6%</b>      |
| Operational  | 33.5                       | 33.5                      | 17.5                  | 13.8            | 41.2%                    | 78.9%             |
| Compensation Of Employees[GFS]                               | 32.5                       | 32.5                      | 17.0                  | 13.4            | 41.2%                    | 78.8%             |
| Use of goods and services [GFS]                              | 1.1                        | 1.1                       | 0.5                   | 0.4             | 36.4%                    | 80.0%             |
| <b>Capital Investment</b>                                    | <b>4.0</b>                 | <b>4.0</b>                | <b>3.5</b>            | <b>2.8</b>      | <b>70.0%</b>             | <b>80.0%</b>      |
| <b>516 Papua New Guinea Sports Foundation</b>                | <b>20.5</b>                | <b>35.5</b>               | <b>14.7</b>           | <b>15.3</b>     | <b>43.1%</b>             | <b>104.1%</b>     |
| Operational  | 13.5                       | 28.5                      | 11.7                  | 12.3            | 43.2%                    | 105.1%            |
| Compensation Of Employees[GFS]                               | 7.6                        | 7.6                       | 0.6                   | 3.5             | 46.1%                    | 583.3%            |
| Use of goods and services [GFS]                              | 5.8                        | 20.8                      | 11.0                  | 8.8             | 42.3%                    | 80.0%             |
| Non-financial assets   | 0.1                        | 0.1                       | 0.1                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>                                    | <b>7.0</b>                 | <b>7.0</b>                | <b>3.0</b>            | <b>3.0</b>      | <b>42.9%</b>             | <b>100.0%</b>     |
| <b>517 National Narcotics Bureau</b>                         | <b>0.0</b>                 | <b>0.0</b>                | <b>0.0</b>            | <b>1.5</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| Operational  | 0.0                        | 0.0                       | 0.0                   | 1.5             | 0.0%                     | 0.0%              |
| Compensation Of Employees[GFS]                               | 0.0                        | 0.0                       | 0.0                   | 1.5             | 0.0%                     | 0.0%              |
| <b>518 PNG Maritime College</b>                              | <b>7.2</b>                 | <b>7.2</b>                | <b>3.1</b>            | <b>2.4</b>      | <b>33.3%</b>             | <b>77.4%</b>      |
| Operational  | 7.2                        | 7.2                       | 3.1                   | 2.4             | 33.3%                    | 77.4%             |
| Compensation Of Employees[GFS]                               | 6.4                        | 6.4                       | 2.8                   | 2.2             | 34.4%                    | 78.6%             |
| Use of goods and services [GFS]                              | 0.8                        | 0.8                       | 0.3                   | 0.2             | 25.0%                    | 66.7%             |
| <b>519 National Aids Council Secretariat</b>                 | <b>7.4</b>                 | <b>7.4</b>                | <b>3.5</b>            | <b>3.0</b>      | <b>40.5%</b>             | <b>85.7%</b>      |
| Operational  | 5.4                        | 5.4                       | 2.5                   | 2.0             | 37.0%                    | 80.0%             |
| Compensation Of Employees[GFS]                               | 4.0                        | 4.0                       | 2.0                   | 1.7             | 42.5%                    | 85.0%             |
| Use of goods and services [GFS]                              | 0.8                        | 0.8                       | 0.3                   | 0.2             | 25.0%                    | 66.7%             |
| Grants   | 0.6                        | 0.6                       | 0.2                   | 0.1             | 16.7%                    | 50.0%             |
| Non-financial assets   | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>                                    | <b>2.0</b>                 | <b>2.0</b>                | <b>1.0</b>            | <b>1.0</b>      | <b>50.0%</b>             | <b>100.0%</b>     |

| Details  | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|--|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| <b>520 Institute of Medical Research</b>                               | <b>19.8</b>                | <b>21.8</b>               | <b>12.0</b>           | <b>11.8</b>     | <b>54.1%</b>             | <b>98.3%</b>      |
| <b>Operational</b>   | 13.8                       | 15.8                      | 9.0                   | 8.8             | 55.7%                    | 97.8%             |
| Compensation Of Employees[GFS]   | 11.7                       | 11.7                      | 5.9                   | 5.8             | 49.6%                    | 98.3%             |
| Use of goods and services [GFS]  | 2.0                        | 4.0                       | 3.1                   | 2.9             | 72.5%                    | 93.5%             |
| <b>Capital Investment</b>  | <b>6.0</b>                 | <b>6.0</b>                | <b>3.0</b>            | <b>3.0</b>      | <b>50.0%</b>             | <b>100.0%</b>     |
| <b>521 National Youth Commission</b>                                   | <b>7.6</b>                 | <b>7.6</b>                | <b>3.3</b>            | <b>4.3</b>      | <b>56.6%</b>             | <b>130.3%</b>     |
| <b>Operational</b>   | 5.6                        | 5.6                       | 1.3                   | 2.3             | 41.1%                    | 176.9%            |
| Compensation Of Employees[GFS]   | 3.0                        | 3.0                       | 0.2                   | 1.5             | 50.0%                    | 750.0%            |
| Use of goods and services [GFS]  | 1.8                        | 1.8                       | 0.7                   | 0.6             | 33.3%                    | 85.7%             |
| Subsidies  | 0.5                        | 0.5                       | 0.3                   | 0.2             | 40.0%                    | 66.7%             |
| Non-financial assets   | 0.3                        | 0.3                       | 0.1                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>  | <b>2.0</b>                 | <b>2.0</b>                | <b>2.0</b>            | <b>2.0</b>      | <b>100.0%</b>            | <b>100.0%</b>     |
| <b>522 Constitutional and Law Reform Commission</b>                    | <b>5.1</b>                 | <b>5.1</b>                | <b>1.5</b>            | <b>1.2</b>      | <b>23.5%</b>             | <b>80.0%</b>      |
| <b>Operational</b>   | 3.6                        | 3.6                       | 0.5                   | 0.2             | 5.6%                     | 40.0%             |
| Compensation Of Employees[GFS]   | 3.0                        | 3.0                       | 0.2                   | 0.0             | 0.0%                     | 0.0%              |
| Use of goods and services [GFS]  | 0.6                        | 0.6                       | 0.3                   | 0.2             | 33.3%                    | 66.7%             |
| <b>Capital Investment</b>  | <b>1.5</b>                 | <b>1.5</b>                | <b>1.0</b>            | <b>1.0</b>      | <b>66.7%</b>             | <b>100.0%</b>     |
| <b>523 Papua New Guinea Accidents Investigation Commission</b>         | <b>10.5</b>                | <b>10.5</b>               | <b>4.5</b>            | <b>2.9</b>      | <b>27.6%</b>             | <b>64.4%</b>      |
| <b>Operational</b>   | 6.5                        | 6.5                       | 2.5                   | 1.9             | 29.2%                    | 76.0%             |
| Compensation Of Employees[GFS]   | 6.2                        | 6.2                       | 2.4                   | 1.8             | 29.0%                    | 75.0%             |
| Use of goods and services [GFS]  | 0.3                        | 0.3                       | 0.1                   | 0.1             | 33.3%                    | 100.0%            |
| <b>Capital Investment</b>  | <b>4.0</b>                 | <b>4.0</b>                | <b>2.0</b>            | <b>1.0</b>      | <b>25.0%</b>             | <b>50.0%</b>      |
| <b>524 Independent Public Business Corporation</b>                     | <b>10.0</b>                | <b>10.0</b>               | <b>2.0</b>            | <b>2.0</b>      | <b>20.0%</b>             | <b>100.0%</b>     |
| <b>Capital Investment</b>  | <b>10.0</b>                | <b>10.0</b>               | <b>2.0</b>            | <b>2.0</b>      | <b>20.0%</b>             | <b>100.0%</b>     |
| <b>525 National Broadcasting Commission</b>                            | <b>39.5</b>                | <b>39.5</b>               | <b>18.3</b>           | <b>16.2</b>     | <b>41.0%</b>             | <b>88.5%</b>      |
| <b>Operational</b>   | 34.5                       | 34.5                      | 16.8                  | 14.7            | 42.6%                    | 87.5%             |
| Compensation Of Employees[GFS]   | 27.6                       | 27.6                      | 13.9                  | 12.4            | 44.9%                    | 89.2%             |
| Use of goods and services [GFS]  | 7.0                        | 7.0                       | 3.0                   | 2.3             | 32.9%                    | 76.7%             |
| Non-financial assets   | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>  | <b>5.0</b>                 | <b>5.0</b>                | <b>1.5</b>            | <b>1.5</b>      | <b>30.0%</b>             | <b>100.0%</b>     |
| <b>526 National Maritime Safety Authority</b>                          | <b>4.6</b>                 | <b>4.6</b>                | <b>1.8</b>            | <b>1.6</b>      | <b>34.8%</b>             | <b>88.9%</b>      |
| <b>Operational</b>   | 1.6                        | 1.6                       | 0.8                   | 0.6             | 37.5%                    | 75.0%             |
| Compensation Of Employees[GFS]   | 1.4                        | 1.4                       | 0.7                   | 0.6             | 42.9%                    | 85.7%             |
| Use of goods and services [GFS]  | 0.1                        | 0.1                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>  | <b>3.0</b>                 | <b>3.0</b>                | <b>1.0</b>            | <b>1.0</b>      | <b>33.3%</b>             | <b>100.0%</b>     |
| <b>530 Investment Promotion Authority</b>                              | <b>1.0</b>                 | <b>1.0</b>                | <b>0.5</b>            | <b>0.5</b>      | <b>50.0%</b>             | <b>100.0%</b>     |
| <b>Capital Investment</b>  | <b>1.0</b>                 | <b>1.0</b>                | <b>0.5</b>            | <b>0.5</b>      | <b>50.0%</b>             | <b>100.0%</b>     |
| <b>531 Small Business Development Corporation</b>                      | <b>7.5</b>                 | <b>7.5</b>                | <b>3.6</b>            | <b>3.0</b>      | <b>40.0%</b>             | <b>83.3%</b>      |
| <b>Operational</b>   | 7.5                        | 7.5                       | 3.6                   | 3.0             | 40.0%                    | 83.3%             |
| Compensation Of Employees[GFS]   | 5.8                        | 5.8                       | 2.9                   | 2.4             | 41.4%                    | 82.8%             |
| Use of goods and services [GFS]  | 1.7                        | 1.7                       | 0.7                   | 0.5             | 29.4%                    | 71.4%             |
| <b>532 National Institute of Standards &amp; Industrial Technology</b> | <b>9.5</b>                 | <b>9.5</b>                | <b>2.8</b>            | <b>4.1</b>      | <b>43.2%</b>             | <b>146.4%</b>     |
| <b>Operational</b>   | 7.5                        | 7.5                       | 1.3                   | 2.6             | 34.7%                    | 200.0%            |
| Compensation Of Employees[GFS]   | 4.7                        | 4.7                       | 0.4                   | 2.0             | 42.6%                    | 500.0%            |
| Use of goods and services [GFS]  | 2.8                        | 2.8                       | 0.9                   | 0.6             | 21.4%                    | 66.7%             |
| <b>Capital Investment</b>  | <b>2.0</b>                 | <b>2.0</b>                | <b>1.5</b>            | <b>1.5</b>      | <b>75.0%</b>             | <b>100.0%</b>     |
| <b>533 Industrial Centers Development Corporation</b>                  | <b>4.8</b>                 | <b>4.8</b>                | <b>2.3</b>            | <b>1.9</b>      | <b>39.6%</b>             | <b>82.6%</b>      |
| <b>Operational</b>   | 4.8                        | 4.8                       | 2.3                   | 1.9             | 39.6%                    | 82.6%             |
| Compensation Of Employees[GFS]   | 3.3                        | 3.3                       | 1.6                   | 1.4             | 42.4%                    | 87.5%             |
| Use of goods and services [GFS]  | 1.6                        | 1.6                       | 0.6                   | 0.5             | 31.3%                    | 83.3%             |
| <b>535 Mineral Resources Authority</b>                                 | <b>10.5</b>                | <b>12.5</b>               | <b>5.0</b>            | <b>5.0</b>      | <b>40.0%</b>             | <b>100.0%</b>     |
| <b>Capital Investment</b>  | <b>10.5</b>                | <b>12.5</b>               | <b>5.0</b>            | <b>5.0</b>      | <b>40.0%</b>             | <b>100.0%</b>     |
| <b>536 Kokonas Industry Kopraton</b>                                   | <b>17.4</b>                | <b>17.4</b>               | <b>10.4</b>           | <b>9.5</b>      | <b>54.6%</b>             | <b>91.3%</b>      |
| <b>Operational</b>   | 9.4                        | 9.4                       | 4.4                   | 3.5             | 37.2%                    | 79.5%             |
| Compensation Of Employees[GFS]   | 6.5                        | 6.5                       | 3.2                   | 2.7             | 41.5%                    | 84.4%             |
| Use of goods and services [GFS]  | 1.7                        | 1.7                       | 0.8                   | 0.6             | 35.3%                    | 75.0%             |
| Grants   | 1.2                        | 1.2                       | 0.4                   | 0.3             | 25.0%                    | 75.0%             |



| Details  | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|--|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| <b>Capital Investment</b>                        | <b>8.0</b>                 | <b>8.0</b>                | <b>6.0</b>            | <b>6.0</b>      | <b>75.0%</b>             | <b>100.0%</b>     |
| <b>537 National Airports Corporation</b>         | <b>30.0</b>                | <b>30.0</b>               | <b>7.5</b>            | <b>7.5</b>      | <b>25.0%</b>             | <b>100.0%</b>     |
| <b>Capital Investment</b>                        | <b>30.0</b>                | <b>30.0</b>               | <b>7.5</b>            | <b>7.5</b>      | <b>25.0%</b>             | <b>100.0%</b>     |
| <b>538 Papua New Guinea Air Services Limited</b> | <b>3.0</b>                 | <b>3.0</b>                | <b>1.0</b>            | <b>1.0</b>      | <b>33.3%</b>             | <b>100.0%</b>     |
| <b>Capital Investment</b>                        | <b>3.0</b>                 | <b>3.0</b>                | <b>1.0</b>            | <b>1.0</b>      | <b>33.3%</b>             | <b>100.0%</b>     |
| <b>539 National Museum and Art Gallery</b>       | <b>10.2</b>                | <b>10.2</b>               | <b>2.1</b>            | <b>2.6</b>      | <b>25.5%</b>             | <b>123.8%</b>     |
| <b>Operational</b>                               | <b>8.2</b>                 | <b>8.2</b>                | <b>1.6</b>            | <b>2.6</b>      | <b>31.7%</b>             | <b>162.5%</b>     |
| Compensation Of Employees[GFS]                   | 5.1                        | 5.1                       | 0.4                   | 1.8             | 35.3%                    | 450.0%            |
| Use of goods and services [GFS]                  | 2.4                        | 2.4                       | 0.8                   | 0.6             | 25.0%                    | 75.0%             |
| Subsidies  | 0.1                        | 0.1                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| Grants   | 0.5                        | 0.5                       | 0.3                   | 0.2             | 40.0%                    | 66.7%             |
| Non-financial assets                             | 0.2                        | 0.2                       | 0.1                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>                        | <b>2.0</b>                 | <b>2.0</b>                | <b>0.5</b>            | <b>0.0</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>540 Water PNG</b>                             | <b>10.0</b>                | <b>10.0</b>               | <b>0.0</b>            | <b>0.0</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>Capital Investment</b>                        | <b>10.0</b>                | <b>10.0</b>               | <b>0.0</b>            | <b>0.0</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>541 National Housing Corporation</b>          | <b>13.8</b>                | <b>13.8</b>               | <b>0.1</b>            | <b>4.3</b>      | <b>31.2%</b>             | <b>4300.0%</b>    |
| <b>Operational</b>                               | <b>10.8</b>                | <b>10.8</b>               | <b>0.1</b>            | <b>4.3</b>      | <b>39.8%</b>             | <b>4300.0%</b>    |
| Compensation Of Employees[GFS]                   | 10.3                       | 10.3                      | 0.0                   | 4.2             | 40.8%                    | 0.0%              |
| Use of goods and services [GFS]                  | 0.5                        | 0.5                       | 0.1                   | 0.1             | 20.0%                    | 100.0%            |
| <b>Capital Investment</b>                        | <b>3.0</b>                 | <b>3.0</b>                | <b>0.0</b>            | <b>0.0</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>542 National Cultural Commission</b>          | <b>9.0</b>                 | <b>9.0</b>                | <b>4.1</b>            | <b>4.8</b>      | <b>53.3%</b>             | <b>117.1%</b>     |
| <b>Operational</b>                               | <b>6.0</b>                 | <b>6.0</b>                | <b>1.1</b>            | <b>1.8</b>      | <b>30.0%</b>             | <b>163.6%</b>     |
| Compensation Of Employees[GFS]                   | 4.1                        | 4.1                       | 0.3                   | 1.1             | 26.8%                    | 366.7%            |
| Use of goods and services [GFS]                  | 1.9                        | 1.9                       | 0.8                   | 0.6             | 31.6%                    | 75.0%             |
| <b>Capital Investment</b>                        | <b>3.0</b>                 | <b>3.0</b>                | <b>3.0</b>            | <b>3.0</b>      | <b>100.0%</b>            | <b>100.0%</b>     |
| <b>544 PNG DataCo</b>                            | <b>19.0</b>                | <b>19.0</b>               | <b>7.0</b>            | <b>7.0</b>      | <b>36.8%</b>             | <b>100.0%</b>     |
| <b>Capital Investment</b>                        | <b>19.0</b>                | <b>19.0</b>               | <b>7.0</b>            | <b>7.0</b>      | <b>36.8%</b>             | <b>100.0%</b>     |
| <b>545 Rural Airstrip Authority</b>              | <b>8.9</b>                 | <b>8.9</b>                | <b>2.6</b>            | <b>2.2</b>      | <b>24.7%</b>             | <b>84.6%</b>      |
| <b>Operational</b>                               | <b>3.9</b>                 | <b>3.9</b>                | <b>1.6</b>            | <b>1.2</b>      | <b>30.8%</b>             | <b>75.0%</b>      |
| Use of goods and services [GFS]                  | 3.9                        | 3.9                       | 1.6                   | 1.2             | 30.8%                    | 75.0%             |
| <b>Capital Investment</b>                        | <b>5.0</b>                 | <b>5.0</b>                | <b>1.0</b>            | <b>1.0</b>      | <b>20.0%</b>             | <b>100.0%</b>     |
| <b>546 PNG Power Limited</b>                     | <b>31.0</b>                | <b>31.0</b>               | <b>10.0</b>           | <b>8.5</b>      | <b>27.4%</b>             | <b>85.0%</b>      |
| <b>Capital Investment</b>                        | <b>31.0</b>                | <b>31.0</b>               | <b>10.0</b>           | <b>8.5</b>      | <b>27.4%</b>             | <b>85.0%</b>      |
| <b>547 Telikom (PNG) Limited</b>                 | <b>5.0</b>                 | <b>5.0</b>                | <b>1.0</b>            | <b>1.0</b>      | <b>20.0%</b>             | <b>100.0%</b>     |
| <b>Capital Investment</b>                        | <b>5.0</b>                 | <b>5.0</b>                | <b>1.0</b>            | <b>1.0</b>      | <b>20.0%</b>             | <b>100.0%</b>     |
| <b>551 National Fisheries Authority</b>          | <b>17.0</b>                | <b>17.0</b>               | <b>0.0</b>            | <b>0.0</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>Capital Investment</b>                        | <b>17.0</b>                | <b>17.0</b>               | <b>0.0</b>            | <b>0.0</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| <b>553 Fresh Produce Development Company</b>     | <b>13.9</b>                | <b>13.9</b>               | <b>7.9</b>            | <b>7.9</b>      | <b>56.8%</b>             | <b>100.0%</b>     |
| <b>Operational</b>                               | <b>6.9</b>                 | <b>6.9</b>                | <b>3.4</b>            | <b>3.4</b>      | <b>49.3%</b>             | <b>100.0%</b>     |
| Compensation Of Employees[GFS]                   | 5.3                        | 5.3                       | 2.7                   | 2.7             | 50.9%                    | 100.0%            |
| Use of goods and services [GFS]                  | 1.6                        | 1.6                       | 0.7                   | 0.7             | 43.8%                    | 100.0%            |
| Non-financial assets                             | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>                        | <b>7.0</b>                 | <b>7.0</b>                | <b>4.5</b>            | <b>4.5</b>      | <b>64.3%</b>             | <b>100.0%</b>     |
| <b>554 PNG Coffee Industry Corporation</b>       | <b>16.1</b>                | <b>16.1</b>               | <b>9.3</b>            | <b>8.6</b>      | <b>53.4%</b>             | <b>92.5%</b>      |
| <b>Operational</b>                               | <b>8.1</b>                 | <b>8.1</b>                | <b>3.8</b>            | <b>3.1</b>      | <b>38.3%</b>             | <b>81.6%</b>      |
| Compensation Of Employees[GFS]                   | 5.1                        | 5.1                       | 2.5                   | 2.1             | 41.2%                    | 84.0%             |
| Use of goods and services [GFS]                  | 3.1                        | 3.1                       | 1.2                   | 0.9             | 29.0%                    | 75.0%             |
| <b>Capital Investment</b>                        | <b>8.0</b>                 | <b>8.0</b>                | <b>5.5</b>            | <b>5.5</b>      | <b>68.8%</b>             | <b>100.0%</b>     |
| <b>557 PNG National Forest Authority</b>         | <b>44.4</b>                | <b>50.4</b>               | <b>15.7</b>           | <b>12.3</b>     | <b>24.4%</b>             | <b>78.3%</b>      |
| <b>Operational</b>                               | <b>39.9</b>                | <b>45.9</b>               | <b>14.7</b>           | <b>11.3</b>     | <b>24.6%</b>             | <b>76.9%</b>      |
| Compensation Of Employees[GFS]                   | 30.9                       | 30.9                      | 10.4                  | 10.4            | 33.7%                    | 100.0%            |
| Use of goods and services [GFS]                  | 8.0                        | 8.0                       | 1.1                   | 0.9             | 11.3%                    | 81.8%             |
| Grants   | 0.0                        | 6.0                       | 3.0                   | 0.0             | 0.0%                     | 0.0%              |
| Non-financial assets                             | 1.1                        | 1.1                       | 0.2                   | 0.0             | 0.0%                     | 0.0%              |
| <b>Capital Investment</b>                        | <b>4.5</b>                 | <b>4.5</b>                | <b>1.0</b>            | <b>1.0</b>      | <b>22.2%</b>             | <b>100.0%</b>     |
| <b>558 Tourism Promotion Authority</b>           | <b>36.8</b>                | <b>36.8</b>               | <b>17.8</b>           | <b>15.5</b>     | <b>42.1%</b>             | <b>87.1%</b>      |
| <b>Operational</b>                               | <b>13.8</b>                | <b>13.8</b>               | <b>5.8</b>            | <b>4.5</b>      | <b>32.6%</b>             | <b>77.6%</b>      |
| Compensation Of Employees[GFS]                   | 4.9                        | 4.9                       | 2.5                   | 2.1             | 42.9%                    | 84.0%             |
| Use of goods and services [GFS]                  | 7.7                        | 7.7                       | 2.7                   | 1.9             | 24.7%                    | 70.4%             |
| Subsidies  | 0.5                        | 0.5                       | 0.3                   | 0.2             | 40.0%                    | 66.7%             |
| Non-financial assets                             | 0.6                        | 0.6                       | 0.3                   | 0.3             | 50.0%                    | 100.0%            |
| <b>Capital Investment</b>                        | <b>23.0</b>                | <b>23.0</b>               | <b>12.0</b>           | <b>11.0</b>     | <b>47.8%</b>             | <b>91.7%</b>      |



| Details   | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|---|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| <b>559 PNG Oil Palm Industry Corporation</b>                          | <b>11.0</b>                | <b>11.0</b>               | <b>3.5</b>            | <b>3.5</b>      | <b>31.8%</b>             | <b>100.0%</b>     |
| Capital Investment  | 11.0                       | 11.0                      | 3.5                   | 3.5             | 31.8%                    | 100.0%            |
| <b>562 National Agriculture Research Institute</b>                    | <b>14.4</b>                | <b>14.4</b>               | <b>7.0</b>            | <b>6.6</b>      | <b>45.8%</b>             | <b>94.3%</b>      |
| Operational   | 12.4                       | 12.4                      | 6.0                   | 5.6             | 45.2%                    | 93.3%             |
| Compensation Of Employees[GFS]  | 11.0                       | 11.0                      | 5.5                   | 5.2             | 47.3%                    | 94.5%             |
| Use of goods and services [GFS]                                       | 1.1                        | 1.1                       | 0.4                   | 0.3             | 27.3%                    | 75.0%             |
| Non-financial assets  | 0.3                        | 0.3                       | 0.1                   | 0.1             | 33.3%                    | 100.0%            |
| Capital Investment  | 2.0                        | 2.0                       | 1.0                   | 1.0             | 50.0%                    | 100.0%            |
| <b>563 National Agriculture Quarantine &amp; Inspection Authority</b> | <b>10.5</b>                | <b>13.5</b>               | <b>3.5</b>            | <b>8.9</b>      | <b>65.9%</b>             | <b>254.3%</b>     |
| Operational   | 8.5                        | 11.5                      | 3.0                   | 8.4             | 73.0%                    | 280.0%            |
| Compensation Of Employees[GFS]  | 8.5                        | 8.5                       | 0.0                   | 5.4             | 63.5%                    | 0.0%              |
| Use of goods and services [GFS]                                       | 0.0                        | 3.0                       | 3.0                   | 3.0             | 100.0%                   | 100.0%            |
| Capital Investment  | 2.0                        | 2.0                       | 0.5                   | 0.5             | 25.0%                    | 100.0%            |
| <b>565 Civil Aviation Safety Authority</b>                            | <b>15.8</b>                | <b>15.8</b>               | <b>7.8</b>            | <b>6.2</b>      | <b>39.2%</b>             | <b>79.5%</b>      |
| Operational   | 15.8                       | 15.8                      | 7.8                   | 6.2             | 39.2%                    | 79.5%             |
| Compensation Of Employees[GFS]  | 14.7                       | 14.7                      | 7.4                   | 6.1             | 41.5%                    | 82.4%             |
| Use of goods and services [GFS]                                       | 1.1                        | 1.1                       | 0.4                   | 0.2             | 18.2%                    | 50.0%             |
| <b>566 Cocoa Board</b>  | <b>16.0</b>                | <b>16.0</b>               | <b>8.4</b>            | <b>7.7</b>      | <b>48.1%</b>             | <b>91.7%</b>      |
| Operational   | 9.0                        | 9.0                       | 4.4                   | 3.7             | 41.1%                    | 84.1%             |
| Compensation Of Employees[GFS]  | 7.3                        | 7.3                       | 3.7                   | 3.1             | 42.5%                    | 83.8%             |
| Use of goods and services [GFS]                                       | 1.7                        | 1.7                       | 0.8                   | 0.6             | 35.3%                    | 75.0%             |
| Capital Investment  | 7.0                        | 7.0                       | 4.0                   | 4.0             | 57.1%                    | 100.0%            |
| <b>567 National Road Authority</b>                                    | <b>8.0</b>                 | <b>8.0</b>                | <b>0.0</b>            | <b>0.0</b>      | <b>0.0%</b>              | <b>0.0%</b>       |
| Capital Investment  | 8.0                        | 8.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>569 Independent Consumer and Competition Commission</b>            | <b>12.1</b>                | <b>12.1</b>               | <b>5.4</b>            | <b>4.3</b>      | <b>35.5%</b>             | <b>79.6%</b>      |
| Operational   | 12.1                       | 12.1                      | 5.4                   | 4.3             | 35.5%                    | 79.6%             |
| Compensation Of Employees[GFS]  | 8.0                        | 8.0                       | 4.0                   | 3.3             | 41.3%                    | 82.5%             |
| Use of goods and services [GFS]                                       | 3.9                        | 3.9                       | 1.3                   | 0.9             | 23.1%                    | 69.2%             |
| Non-financial assets  | 0.3                        | 0.3                       | 0.1                   | 0.1             | 33.3%                    | 100.0%            |
| <b>571 Fly River Provincial Administration</b>                        | <b>129.8</b>               | <b>137.5</b>              | <b>37.2</b>           | <b>66.3</b>     | <b>48.2%</b>             | <b>178.2%</b>     |
| Operational   | 84.8                       | 84.8                      | 8.6                   | 44.4            | 52.4%                    | 516.3%            |
| Compensation Of Employees[GFS]  | 65.4                       | 65.4                      | 0.8                   | 36.8            | 56.3%                    | 4600.0%           |
| Grants  | 19.4                       | 19.4                      | 7.8                   | 7.6             | 39.2%                    | 97.4%             |
| Capital Investment  | 45.0                       | 52.7                      | 28.7                  | 21.9            | 41.6%                    | 76.3%             |
| <b>572 Gulf Provincial Administration</b>                             | <b>84.9</b>                | <b>90.5</b>               | <b>27.0</b>           | <b>36.0</b>     | <b>39.8%</b>             | <b>133.3%</b>     |
| Operational   | 52.9                       | 52.9                      | 5.4                   | 23.4            | 44.2%                    | 433.3%            |
| Compensation Of Employees[GFS]  | 33.5                       | 33.5                      | 0.3                   | 19.5            | 58.2%                    | 6500.0%           |
| Grants  | 19.4                       | 19.4                      | 5.1                   | 3.9             | 20.1%                    | 76.5%             |
| Capital Investment  | 32.0                       | 37.6                      | 21.6                  | 12.6            | 33.5%                    | 58.3%             |
| <b>573 Central Provincial Administration</b>                          | <b>167.2</b>               | <b>176.9</b>              | <b>42.3</b>           | <b>78.8</b>     | <b>44.5%</b>             | <b>186.3%</b>     |
| Operational   | 117.2                      | 117.2                     | 7.6                   | 52.9            | 45.1%                    | 696.1%            |
| Compensation Of Employees[GFS]  | 83.0                       | 83.0                      | 0.4                   | 48.0            | 57.8%                    | 12000.0%          |
| Grants  | 34.2                       | 34.2                      | 7.1                   | 4.9             | 14.3%                    | 69.0%             |
| Capital Investment  | 50.0                       | 59.7                      | 34.7                  | 25.9            | 43.4%                    | 74.6%             |
| <b>574 National Capital District</b>                                  | <b>43.3</b>                | <b>52.0</b>               | <b>30.0</b>           | <b>17.1</b>     | <b>32.9%</b>             | <b>57.0%</b>      |
| Operational   | 3.3                        | 4.3                       | 2.4                   | 2.4             | 55.8%                    | 100.0%            |
| Compensation Of Employees[GFS]  | 0.0                        | 0.0                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| Grants  | 3.3                        | 4.3                       | 2.4                   | 2.4             | 55.8%                    | 100.0%            |
| Capital Investment  | 40.0                       | 47.7                      | 27.7                  | 14.7            | 30.8%                    | 53.1%             |
| <b>575 Milne Bay Provincial Administration</b>                        | <b>154.0</b>               | <b>163.7</b>              | <b>40.6</b>           | <b>69.2</b>     | <b>42.3%</b>             | <b>170.4%</b>     |
| Operational   | 104.0                      | 104.0                     | 5.9                   | 47.3            | 45.5%                    | 801.7%            |
| Compensation Of Employees[GFS]  | 76.8                       | 76.8                      | 0.2                   | 43.3            | 56.4%                    | 21650.0%          |
| Grants  | 27.2                       | 27.2                      | 5.7                   | 4.0             | 14.7%                    | 70.2%             |
| Capital Investment  | 50.0                       | 59.7                      | 34.7                  | 21.9            | 36.7%                    | 63.1%             |
| <b>576 Oro Provincial Administration</b>                              | <b>87.5</b>                | <b>93.1</b>               | <b>26.7</b>           | <b>44.0</b>     | <b>47.3%</b>             | <b>164.8%</b>     |
| Operational   | 57.5                       | 57.5                      | 4.0                   | 27.5            | 47.8%                    | 687.5%            |
| Compensation Of Employees[GFS]  | 42.4                       | 42.4                      | 0.3                   | 23.9            | 56.4%                    | 7966.7%           |
| Grants  | 15.1                       | 15.1                      | 3.8                   | 3.6             | 23.8%                    | 94.7%             |
| Capital Investment  | 30.0                       | 35.6                      | 22.6                  | 16.6            | 46.6%                    | 73.5%             |

| Details   | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|---|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| <b>577 Southern Highlands Provincial Administration</b> | <b>197.8</b>               | <b>209.5</b>              | <b>56.7</b>           | <b>112.8</b>    | <b>53.8%</b>             | <b>198.9%</b>     |
| Operational   | 130.8                      | 130.8                     | 8.0                   | 80.7            | 61.7%                    | 1008.8%           |
| Compensation Of Employees[GFS]                          | 98.0                       | 98.0                      | 0.2                   | 73.1            | 74.6%                    | 36550.0%          |
| Grants  | 32.7                       | 32.7                      | 7.8                   | 7.6             | 23.2%                    | 97.4%             |
| Capital Investment                                      | <b>67.0</b>                | <b>78.7</b>               | <b>48.7</b>           | <b>32.1</b>     | <b>40.8%</b>             | <b>65.9%</b>      |
| <b>578 Enga Provincial Administration</b>               | <b>172.8</b>               | <b>189.5</b>              | <b>55.9</b>           | <b>96.4</b>     | <b>50.9%</b>             | <b>172.5%</b>     |
| Operational   | 106.8                      | 108.8                     | 8.2                   | 63.4            | 58.3%                    | 773.2%            |
| Compensation Of Employees[GFS]                          | 80.7                       | 80.7                      | 0.2                   | 55.7            | 69.0%                    | 27850.0%          |
| Grants  | 26.1                       | 28.1                      | 8.0                   | 7.6             | 27.0%                    | 95.0%             |
| Capital Investment                                      | <b>66.0</b>                | <b>80.7</b>               | <b>47.7</b>           | <b>33.1</b>     | <b>41.0%</b>             | <b>69.4%</b>      |
| <b>579 Western Highlands Provincial Administration</b>  | <b>181.8</b>               | <b>193.5</b>              | <b>41.8</b>           | <b>97.2</b>     | <b>50.2%</b>             | <b>232.5%</b>     |
| Operational   | 131.8                      | 131.8                     | 4.1                   | 71.3            | 54.1%                    | 1739.0%           |
| Compensation Of Employees[GFS]                          | 119.1                      | 119.1                     | 0.2                   | 67.6            | 56.8%                    | 33800.0%          |
| Grants  | 12.7                       | 12.7                      | 3.9                   | 3.7             | 29.1%                    | 94.9%             |
| Capital Investment                                      | <b>50.0</b>                | <b>61.7</b>               | <b>37.7</b>           | <b>25.9</b>     | <b>42.0%</b>             | <b>68.7%</b>      |
| <b>580 Simbu Provincial Administration</b>              | <b>206.4</b>               | <b>223.2</b>              | <b>60.1</b>           | <b>96.7</b>     | <b>43.3%</b>             | <b>160.9%</b>     |
| Operational   | 136.4                      | 136.4                     | 8.3                   | 59.4            | 43.5%                    | 715.7%            |
| Compensation Of Employees[GFS]                          | 95.1                       | 95.1                      | 0.2                   | 53.9            | 56.7%                    | 26950.0%          |
| Grants  | 41.3                       | 41.3                      | 8.2                   | 5.5             | 13.3%                    | 67.1%             |
| Capital Investment                                      | <b>70.0</b>                | <b>86.8</b>               | <b>51.8</b>           | <b>37.3</b>     | <b>43.0%</b>             | <b>72.0%</b>      |
| <b>581 Eastern Highlands Provincial Administration</b>  | <b>271.2</b>               | <b>289.1</b>              | <b>74.5</b>           | <b>120.6</b>    | <b>41.7%</b>             | <b>161.9%</b>     |
| Operational   | 171.2                      | 171.2                     | 8.7                   | 78.2            | 45.7%                    | 898.9%            |
| Compensation Of Employees[GFS]                          | 125.1                      | 125.1                     | 0.3                   | 72.9            | 58.3%                    | 24300.0%          |
| Grants  | 46.1                       | 46.1                      | 8.4                   | 5.3             | 11.5%                    | 63.1%             |
| Capital Investment                                      | <b>100.0</b>               | <b>117.9</b>              | <b>65.9</b>           | <b>42.4</b>     | <b>36.0%</b>             | <b>64.3%</b>      |
| <b>582 Morobe Provincial Administration</b>             | <b>293.0</b>               | <b>327.9</b>              | <b>88.2</b>           | <b>178.2</b>    | <b>54.3%</b>             | <b>202.0%</b>     |
| Operational   | 191.3                      | 196.3                     | 8.3                   | 121.9           | 62.1%                    | 1468.7%           |
| Compensation Of Employees[GFS]                          | 183.8                      | 183.8                     | 1.4                   | 115.5           | 62.8%                    | 8250.0%           |
| Grants  | 7.4                        | 12.4                      | 6.9                   | 6.4             | 51.6%                    | 92.8%             |
| Capital Investment                                      | <b>101.7</b>               | <b>131.6</b>              | <b>79.9</b>           | <b>56.2</b>     | <b>42.7%</b>             | <b>70.3%</b>      |
| <b>583 Madang Provincial Administration</b>             | <b>237.3</b>               | <b>251.1</b>              | <b>58.2</b>           | <b>109.5</b>    | <b>43.6%</b>             | <b>188.1%</b>     |
| Operational   | 163.3                      | 163.3                     | 7.4                   | 77.2            | 47.3%                    | 1043.2%           |
| Compensation Of Employees[GFS]                          | 127.4                      | 127.4                     | 0.4                   | 72.6            | 57.0%                    | 18150.0%          |
| Grants  | 35.9                       | 35.9                      | 7.0                   | 4.7             | 13.1%                    | 67.1%             |
| Capital Investment                                      | <b>74.0</b>                | <b>87.8</b>               | <b>50.8</b>           | <b>32.2</b>     | <b>36.7%</b>             | <b>63.4%</b>      |
| <b>584 East Sepik Provincial Administration</b>         | <b>216.5</b>               | <b>230.3</b>              | <b>60.1</b>           | <b>105.0</b>    | <b>45.6%</b>             | <b>174.7%</b>     |
| Operational   | 146.5                      | 146.5                     | 10.4                  | 72.8            | 49.7%                    | 700.0%            |
| Compensation Of Employees[GFS]                          | 100.7                      | 100.7                     | 0.3                   | 65.6            | 65.1%                    | 21866.7%          |
| Grants  | 45.8                       | 45.8                      | 10.1                  | 7.2             | 15.7%                    | 71.3%             |
| Capital Investment                                      | <b>70.0</b>                | <b>83.8</b>               | <b>49.8</b>           | <b>32.2</b>     | <b>38.4%</b>             | <b>64.7%</b>      |
| <b>585 Sandaun Provincial Administration</b>            | <b>146.8</b>               | <b>156.5</b>              | <b>46.4</b>           | <b>69.4</b>     | <b>44.3%</b>             | <b>149.6%</b>     |
| Operational   | 96.8                       | 96.8                      | 9.2                   | 43.6            | 45.0%                    | 473.9%            |
| Compensation Of Employees[GFS]                          | 62.0                       | 62.0                      | 0.4                   | 35.3            | 56.9%                    | 8825.0%           |
| Grants  | 34.9                       | 34.9                      | 8.8                   | 8.4             | 24.1%                    | 95.5%             |
| Capital Investment                                      | <b>50.0</b>                | <b>59.7</b>               | <b>37.2</b>           | <b>25.7</b>     | <b>43.0%</b>             | <b>69.1%</b>      |
| <b>586 Manus Provincial Administration</b>              | <b>70.1</b>                | <b>73.7</b>               | <b>19.4</b>           | <b>29.5</b>     | <b>40.0%</b>             | <b>152.1%</b>     |
| Operational   | 50.1                       | 50.1                      | 3.8                   | 21.3            | 42.5%                    | 560.5%            |
| Compensation Of Employees[GFS]                          | 36.3                       | 36.3                      | 0.2                   | 18.4            | 50.7%                    | 9200.0%           |
| Grants  | 13.8                       | 13.8                      | 3.7                   | 2.8             | 20.3%                    | 75.7%             |
| Capital Investment                                      | <b>20.0</b>                | <b>23.6</b>               | <b>15.6</b>           | <b>8.2</b>      | <b>34.7%</b>             | <b>52.6%</b>      |
| <b>587 New Ireland Provincial Administration</b>        | <b>97.6</b>                | <b>109.2</b>              | <b>31.9</b>           | <b>58.9</b>     | <b>53.9%</b>             | <b>184.6%</b>     |
| Operational   | 58.6                       | 59.6                      | 2.3                   | 34.7            | 58.2%                    | 1508.7%           |
| Compensation Of Employees[GFS]                          | 57.0                       | 57.0                      | 0.9                   | 33.3            | 58.4%                    | 3700.0%           |
| Grants  | 1.6                        | 2.6                       | 1.4                   | 1.3             | 50.0%                    | 92.9%             |
| Capital Investment                                      | <b>39.0</b>                | <b>49.6</b>               | <b>29.6</b>           | <b>24.2</b>     | <b>48.8%</b>             | <b>81.8%</b>      |
| <b>588 East New Britain Provincial Administration</b>   | <b>169.0</b>               | <b>178.7</b>              | <b>39.9</b>           | <b>88.6</b>     | <b>49.6%</b>             | <b>222.1%</b>     |
| Operational   | 119.0                      | 119.0                     | 5.2                   | 67.4            | 56.6%                    | 1296.2%           |

| Details   | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|---|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| Compensation Of Employees[GFS]                              | 106.5                      | 106.5                     | 0.2                   | 63.0            | 59.2%                    | 31500.0%          |
| Grants  | 12.5                       | 12.5                      | 5.0                   | 4.4             | 35.2%                    | 88.0%             |
| <b>Capital Investment</b>                                   | <b>50.0</b>                | <b>59.7</b>               | <b>34.7</b>           | <b>21.2</b>     | <b>35.5%</b>             | <b>61.1%</b>      |
| <b>589 West New Britain Provincial<br/>Administration</b>   | <b>139.8</b>               | <b>145.4</b>              | <b>27.8</b>           | <b>61.7</b>     | <b>42.4%</b>             | <b>221.9%</b>     |
| <b>Operational</b>  | 109.8                      | 109.8                     | 7.2                   | 48.4            | 44.1%                    | 672.2%            |
| Compensation Of Employees[GFS]                              | 79.5                       | 79.5                      | 0.6                   | 43.8            | 55.1%                    | 7300.0%           |
| Grants  | 30.3                       | 30.3                      | 6.5                   | 4.6             | 15.2%                    | 70.8%             |
| <b>Capital Investment</b>                                   | <b>30.0</b>                | <b>35.6</b>               | <b>20.6</b>           | <b>13.2</b>     | <b>37.1%</b>             | <b>64.1%</b>      |
| <b>590 Autonomous Bougainville<br/>Administration</b>       | <b>241.0</b>               | <b>258.6</b>              | <b>58.3</b>           | <b>106.9</b>    | <b>41.3%</b>             | <b>183.4%</b>     |
| <b>Operational</b>  | 151.0                      | 151.0                     | 10.6                  | 68.7            | 45.5%                    | 648.1%            |
| Compensation Of Employees[GFS]                              | 118.5                      | 118.5                     | 1.8                   | 59.9            | 50.5%                    | 3327.8%           |
| Grants  | 32.5                       | 32.5                      | 8.8                   | 8.8             | 27.1%                    | 100.0%            |
| <b>Capital Investment</b>                                   | <b>90.0</b>                | <b>107.7</b>              | <b>47.7</b>           | <b>38.2</b>     | <b>35.5%</b>             | <b>80.1%</b>      |
| <b>591 Hela Provincial Administration</b>                   | <b>149.7</b>               | <b>157.3</b>              | <b>56.4</b>           | <b>74.8</b>     | <b>47.6%</b>             | <b>132.6%</b>     |
| <b>Operational</b>  | 68.7                       | 68.7                      | 5.2                   | 32.5            | 47.3%                    | 625.0%            |
| Compensation Of Employees[GFS]                              | 46.9                       | 46.9                      | 0.1                   | 27.5            | 58.6%                    | 27500.0%          |
| Grants  | 21.8                       | 21.8                      | 5.2                   | 5.0             | 22.9%                    | 96.2%             |
| <b>Capital Investment</b>                                   | <b>81.0</b>                | <b>88.7</b>               | <b>51.2</b>           | <b>42.2</b>     | <b>47.6%</b>             | <b>82.4%</b>      |
| <b>592 Jiwaka Provincial Administration</b>                 | <b>144.3</b>               | <b>153.9</b>              | <b>41.9</b>           | <b>65.2</b>     | <b>42.4%</b>             | <b>155.6%</b>     |
| <b>Operational</b>  | 94.3                       | 94.3                      | 6.2                   | 42.4            | 45.0%                    | 683.9%            |
| Compensation Of Employees[GFS]                              | 67.0                       | 67.0                      | 0.1                   | 38.2            | 57.0%                    | 38200.0%          |
| Grants  | 27.2                       | 27.2                      | 6.1                   | 4.2             | 15.4%                    | 68.9%             |
| <b>Capital Investment</b>                                   | <b>50.0</b>                | <b>59.7</b>               | <b>35.7</b>           | <b>22.7</b>     | <b>38.0%</b>             | <b>63.6%</b>      |
| <b>603 East New Britain Provincial<br/>Health Authority</b> | <b>24.5</b>                | <b>24.5</b>               | <b>4.4</b>            | <b>8.8</b>      | <b>35.9%</b>             | <b>200.0%</b>     |
| <b>Operational</b>  | 24.5                       | 24.5                      | 4.4                   | 8.8             | 35.9%                    | 200.0%            |
| Compensation Of Employees[GFS]                              | 18.9                       | 18.9                      | 1.7                   | 6.6             | 34.9%                    | 388.2%            |
| Use of goods and services [GFS]                             | 2.9                        | 2.9                       | 1.6                   | 1.3             | 44.8%                    | 81.3%             |
| Grants  | 2.6                        | 2.6                       | 1.0                   | 0.8             | 30.8%                    | 80.0%             |
| Non-financial assets  | 0.1                        | 0.1                       | 0.0                   | 0.0             | 0.0%                     | 0.0%              |
| <b>605 Western Provincial Health<br/>Authority</b>          | <b>17.7</b>                | <b>17.7</b>               | <b>4.9</b>            | <b>4.2</b>      | <b>23.7%</b>             | <b>85.7%</b>      |
| <b>Operational</b>  | 17.7                       | 17.7                      | 4.9                   | 4.2             | 23.7%                    | 85.7%             |
| Compensation Of Employees[GFS]                              | 8.2                        | 8.2                       | 0.7                   | 0.1             | 1.2%                     | 14.3%             |
| Use of goods and services [GFS]                             | 3.2                        | 3.2                       | 2.4                   | 2.4             | 75.0%                    | 100.0%            |
| Grants  | 6.2                        | 6.2                       | 1.7                   | 1.7             | 27.4%                    | 100.0%            |
| Non-financial assets  | 0.1                        | 0.1                       | 0.1                   | 0.1             | 100.0%                   | 100.0%            |
| <b>607 East Sepik Provincial Health<br/>Authority</b>       | <b>31.4</b>                | <b>31.4</b>               | <b>9.7</b>            | <b>24.7</b>     | <b>78.7%</b>             | <b>254.6%</b>     |
| <b>Operational</b>  | 31.4                       | 31.4                      | 9.7                   | 24.7            | 78.7%                    | 254.6%            |
| Compensation Of Employees[GFS]                              | 14.6                       | 14.6                      | 1.3                   | 17.7            | 121.2%                   | 1361.5%           |
| Use of goods and services [GFS]                             | 8.0                        | 8.0                       | 5.2                   | 4.4             | 55.0%                    | 84.6%             |
| Grants  | 8.6                        | 8.6                       | 3.0                   | 2.5             | 29.1%                    | 83.3%             |
| Non-financial assets  | 0.3                        | 0.3                       | 0.2                   | 0.1             | 33.3%                    | 50.0%             |
| <b>608 Madang Provincial Health<br/>Authority</b>           | <b>34.6</b>                | <b>34.6</b>               | <b>8.4</b>            | <b>6.6</b>      | <b>19.1%</b>             | <b>78.6%</b>      |
| <b>Operational</b>  | 34.6                       | 34.6                      | 8.4                   | 6.6             | 19.1%                    | 78.6%             |
| Compensation Of Employees[GFS]                              | 19.7                       | 19.7                      | 1.8                   | 0.1             | 0.5%                     | 5.6%              |
| Use of goods and services [GFS]                             | 5.4                        | 5.4                       | 3.8                   | 3.8             | 70.4%                    | 100.0%            |
| Grants  | 9.2                        | 9.2                       | 2.6                   | 2.6             | 28.3%                    | 100.0%            |
| Non-financial assets  | 0.2                        | 0.2                       | 0.1                   | 0.1             | 50.0%                    | 100.0%            |
| <b>609 Morobe Provincial Health<br/>Authority</b>           | <b>34.4</b>                | <b>34.4</b>               | <b>8.2</b>            | <b>5.0</b>      | <b>14.5%</b>             | <b>61.0%</b>      |
| <b>Operational</b>  | 34.4                       | 34.4                      | 8.2                   | 5.0             | 14.5%                    | 61.0%             |
| Compensation Of Employees[GFS]                              | 24.2                       | 24.2                      | 3.6                   | 0.4             | 1.7%                     | 11.1%             |
| Use of goods and services [GFS]                             | 10.0                       | 10.0                      | 4.5                   | 4.5             | 45.0%                    | 100.0%            |
| Non-financial assets  | 0.3                        | 0.3                       | 0.2                   | 0.2             | 66.7%                    | 100.0%            |
| <b>611 Jiwaka Provincial Health<br/>Authority</b>           | <b>6.2</b>                 | <b>6.2</b>                | <b>2.9</b>            | <b>2.9</b>      | <b>46.8%</b>             | <b>100.0%</b>     |
| <b>Operational</b>  | 6.2                        | 6.2                       | 2.9                   | 2.9             | 46.8%                    | 100.0%            |
| Use of goods and services [GFS]                             | 2.3                        | 2.3                       | 1.4                   | 1.4             | 60.9%                    | 100.0%            |
| Grants  | 3.9                        | 3.9                       | 1.5                   | 1.5             | 38.5%                    | 100.0%            |
| <b>616 Gulf Provincial Health Authority</b>                 | <b>17.4</b>                | <b>17.4</b>               | <b>4.3</b>            | <b>3.5</b>      | <b>20.1%</b>             | <b>81.4%</b>      |

| Details                                    | 2020<br>Original<br>Budget | 2020<br>Revised<br>Budget | Warrant<br>Authorised | June<br>Outturn | Exp. vs<br>Rev. B<br>(%) | Exp. vs WA<br>(%) |
|--|----------------------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------|
| <b>Operational</b>                         | 17.4                       | 17.4                      | 4.3                   | 3.5             | 20.1%                    | 81.4%             |
| Compensation Of Employees[GFS]             | 9.5                        | 9.5                       | 0.9                   | 0.1             | 1.1%                     | 11.1%             |
| Use of goods and services [GFS]            | 2.7                        | 2.7                       | 2.2                   | 2.2             | 81.5%                    | 100.0%            |
| Grants                                     | 5.2                        | 5.2                       | 1.2                   | 1.2             | 23.1%                    | 100.0%            |
| <b>619 Oro Provincial Health Authority</b> | <b>25.9</b>                | <b>25.9</b>               | <b>6.6</b>            | <b>11.4</b>     | <b>44.0%</b>             | <b>172.7%</b>     |
| <b>Operational</b>                         | 25.9                       | 25.9                      | 6.6                   | 11.4            | 44.0%                    | 172.7%            |
| Compensation Of Employees[GFS]             | 14.7                       | 14.7                      | 1.3                   | 6.2             | 42.2%                    | 476.9%            |
| Use of goods and services [GFS]            | 7.0                        | 7.0                       | 3.8                   | 3.8             | 54.3%                    | 100.0%            |
| Grants                                     | 4.1                        | 4.1                       | 1.4                   | 1.4             | 34.1%                    | 100.0%            |
| Non-financial assets                       | 0.1                        | 0.1                       | 0.1                   | 0.1             | 100.0%                   | 100.0%            |
| <b>Grand Total</b>                         | <b>15,843.3</b>            | <b>15,843.3</b>           | <b>4,844.7</b>        | <b>6,005.9</b>  | <b>37.9%</b>             | <b>124.0%</b>     |

Source: Department of Treasury

## ATTACHMENT D: MOVEMENTS IN SECTION 3 TRANSFERS

### Expenditures By Movements in Section 3 (Secretary's Advance) transfers (Kina, Million)

| Transfer by Sector                          | Net transfer | Sum of<br>Plus (+) | Sum of<br>Minus (-) | (%)           |
|---|--------------|--------------------|---------------------|---------------|
| <b>Administration</b>                       | <b>-8.1</b>  | <b>24.2</b>        | <b>16.1</b>         | <b>17.7%</b>  |
| DPM LEAVE FARES FOR 2019                    | 0.1          | 0.0                | 0.1                 | 0.1%          |
| For the Commission of Inquiry into USB Loan | 3.5          | 0.0                | 3.5                 | 3.8%          |
| For Police & Defence COVID-19 funds         | -19.2        | 19.2               | 0.0                 | 0.0%          |
| Legal Bills – COI                           | 9.0          | 0.0                | 9.0                 | 9.9%          |
| Section 3 - Transfer to Sec Advance         | -5.0         | 5.0                | 0.0                 | 0.0%          |
| Transfer for Manyema By-Election            | 2.5          | 0.0                | 2.5                 | 2.7%          |
| Section 3 transfer (blank)                  | 1.0          | 0.0                | 1.0                 | 1.1%          |
| <b>Education</b>                            | <b>1.8</b>   | <b>8.0</b>         | <b>9.8</b>          | <b>10.8%</b>  |
| Section 3 - Transfer to Sec Advance         | 0.0          | 8.0                | 8.0                 | 8.8%          |
| To cater for UNICEF Reimbursement           | 1.8          | 0.0                | 1.8                 | 2.0%          |
| <b>Health</b>                               | <b>-1.0</b>  | <b>1.0</b>         | <b>0.0</b>          | <b>0.0%</b>   |
| Section 3 - Transfer to Sec Advance         | -1.0         | 1.0                | 0.0                 | 0.0%          |
| <b>Law &amp; Justice</b>                    | <b>21.2</b>  | <b>0.0</b>         | <b>21.2</b>         | <b>23.2%</b>  |
| For COVID-19 operations                     | 19.2         | 0.0                | 19.2                | 21.0%         |
| For Pogera Call out                         | 2.0          | 0.0                | 2.0                 | 2.2%          |
| <b>Miscellaneous</b>                        | <b>40.2</b>  | <b>0.9</b>         | <b>41.1</b>         | <b>45.0%</b>  |
| Legal Bills                                 | 1.3          | 0.0                | 1.3                 | 1.4%          |
| COVID 19 related expenditure                | 0.9          | 0.0                | 0.9                 | 1.0%          |
| Contra S4000003619                          | 6.6          | 0.0                | 6.6                 | 7.2%          |
| Error                                       | 0.9          | 0.0                | 0.9                 | 1.0%          |
| For OLAC                                    | 3.0          | 0.0                | 3.0                 | 3.3%          |
| For Police & Defence Outstanding bills      | 7.0          | 0.0                | 7.0                 | 7.7%          |
| KPPA Misc O/S                               | -0.9         | 0.9                | 0.0                 | 0.0%          |
| KPPA Misc O/S                               | 0.9          | 0.0                | 0.9                 | 1.0%          |
| KPPA Staff Entitlements                     | 1.5          | 0.0                | 1.5                 | 1.6%          |
| Section 3 - Transfer to Sec Advance         | -0.0         | 0.0                | 0.0                 | 0.0%          |
| To assist settle SHPG road contracts        | 4.0          | 0.0                | 4.0                 | 4.4%          |
| To assist Special Parliamentary Committee   | 1.0          | 0.0                | 1.0                 | 1.1%          |
| To cater for DDA operations                 | 5.0          | 0.0                | 5.0                 | 5.5%          |
| Misc O/S                                    | 3.0          | 0.0                | 3.0                 | 3.3%          |
| To pay for St John ambulance                | 1.0          | 0.0                | 1.0                 | 1.1%          |
| Top up to Kompam Rd Funding.                | 0.0          | 0.0                | 0.0                 | 0.0%          |
| Transfer of Kompam Ambum Rd Funds,          | 5.0          | 0.0                | 5.0                 | 5.5%          |
| <b>Provinces</b>                            | <b>-6.6</b>  | <b>6.6</b>         | <b>0.0</b>          | <b>0.0%</b>   |
| To contra S4000003619 / initial K6.6m       | -6.6         | 6.6                | 0.0                 | 0.0%          |
| Transport                                   | -7.0         | 10.0               | 3.0                 | 3.3%          |
| For OLAC                                    | 0.0          | 3.0                | 3.0                 | 3.3%          |
| For SHP road contracts                      | -4.0         | 4.0                | 0.0                 | 0.0%          |
| Transfer as directed by PM & Treasurer      | -3.0         | 3.0                | 0.0                 | 0.0%          |
| <b>Grand Total</b>                          | <b>40.6</b>  | <b>50.7</b>        | <b>91.3</b>         | <b>100.0%</b> |

Source: Department of Treasury

## ATTACHMENT E: MOVEMENTS IN SECTION 4 TRANSFERS

### Expenditures By Movements in Section 4 Transfers (Kina, Million)

| Sector                         | Particulars /Description                        | Amount       | (%)           |
|--------------------------------|---|--------------|---------------|
| <b>Transfers Within</b>        |   |              |               |
| Administration                 | Contra entry                                    | 1.6          | 0.2%          |
|                                | Contra-entry of SA no.4284 - K2m for GG         | 2.0          | 0.3%          |
|                                | Cover shortfall in 3 activities in Customs      | 10.8         | 1.5%          |
|                                | To cater for item 211 Salaries & Allowance      | 2.2          | 0.3%          |
|                                | To cater for all outstanding bills              | 1.6          | 0.2%          |
|                                | To cater for all outstanding claims             | 1.6          | 0.2%          |
|                                | To cater for GG & Valet's water/fencing         | 2.0          | 0.3%          |
|                                | To cater for Minister for Treasury's operations | 0.3          | 0.0%          |
|                                | To cater for Overtime (DOT)                     | 0.5          | 0.1%          |
|                                | To cater for shortfall in item 227              | 0.5          | 0.1%          |
| <b>Administration Total</b>    |   | <b>23.0</b>  | <b>3.1%</b>   |
| Health                         | Cater for COVID19 in the Province               | 1.5          | 0.2%          |
|                                | To cater for rentals                            | 1.0          | 0.1%          |
| <b>Health Total</b>            |   | <b>2.5</b>   | <b>0.3%</b>   |
| Law & Justice                  | Transfer to cater for LJSS GS budget            | 0.4          | 0.1%          |
|                                | Transfer to purchase Sec. Off/ Vehicle          | 0.3          | 0.0%          |
|                                | (blank)   | 3.0          | 0.4%          |
| <b>Law &amp; Justice Total</b> |   | <b>3.7</b>   | <b>0.5%</b>   |
| Miscellaneous                  | Cater for C-19 support package                  | 77.3         | 10.5%         |
|                                | Correction to SA # 3580                         | 4.0          | 0.5%          |
|                                | Covid 19 related expenditures                   | 300.0        | 40.9%         |
|                                | Covid Related Expenditure                       | 3.5          | 0.5%          |
|                                | East Awin Part Settlement                       | 4.1          | 0.6%          |
|                                | Economic stimulus package for COVID-19          | 221.8        | 30.2%         |
|                                | Emergency Funding for Abau Road Works           | 4.0          | 0.5%          |
|                                | For outstanding bills to Heli Niugini           | 5.0          | 0.7%          |
|                                | Legal bills for clerk of N-Parliament           | 2.1          | 0.3%          |
|                                | Settle Ministerial Commitment UBSA/LBSA         | 1.3          | 0.2%          |
|                                | Settlement of invoices for Heli Solution        | 3.7          | 0.5%          |
|                                | Tambul Landslide Disaster                       | 0.2          | 0.0%          |
|                                | To address KAL financial operations             | 2.0          | 0.3%          |
|                                | To cater for Harvey Nii Lawyers                 | 2.0          | 0.3%          |
|                                | To cater for Kalpi Hire Cars (SHPG)             | 0.9          | 0.1%          |
|                                | To cater for outstanding PM's commitment        | 2.0          | 0.3%          |
|                                | To cater for PM's Commitment to SI              | 20.0         | 2.7%          |
|                                | To cater for Legal Bills                        | 1.5          | 0.2%          |
|                                | To cater for sal. for Labour Mobility un        | 0.7          | 0.1%          |
|                                | To counter double transfers of K4.0m to         | 4.0          | 0.5%          |
|                                | To cover PM's commitments (state liabi)         | 15.0         | 2.0%          |
|                                | To effect transfer for commitment purpose       | 20.0         | 2.7%          |
|                                | To facilitate payment to PMKYGA                 | 5.0          | 0.7%          |
|                                | Legal Bills                                     | 0.7          | 0.1%          |
|                                | Transfer to OLCA account                        | 4.0          | 0.5%          |
| <b>Miscellaneous Total</b>     |   | <b>704.7</b> | <b>96.0%</b>  |
| <b>Total</b>                   |   | <b>733.8</b> | <b>100.0%</b> |
| <b>Transfer Out</b>            |   |              |               |
| Administration                 | BMC directive for legal bills                   | -5.0         | 0.4%          |
|                                | Food Distribution Program                       | -2.0         | 0.2%          |
|                                | For awareness campaign roll out                 | -1.0         | 0.1%          |
|                                | For distribution of food administration         | -3.0         | 0.2%          |
|                                | For Pogera Call Out                             | -2.0         | 0.2%          |
|                                | Minter Ellison Solicitors of Aust - COI         | -9.0         | 0.7%          |
|                                | NP's outstanding obligations                    | -3.5         | 0.3%          |
|                                | Other Commitment Ledger Account                 | -3.0         | 0.2%          |
|                                | Sinasina Bridge                                 | -4.5         | 0.4%          |
|                                | To assist Wabag Town Rehabilitation             | -1.0         | 0.1%          |
|                                | To cater for Pogera SNT as per BMC instr        | -6.0         | 0.5%          |
|                                | To cater for Wafi Mine Negotiations             | -15.0        | 1.2%          |
|                                | To reimburse Census capital funds.              | -15.0        | 1.2%          |
|                                | Transfer of ABG Infra funds from PM&NEC         | -10.0        | 0.8%          |
| <b>Administration Total</b>    |   | <b>-80.0</b> | <b>6.2%</b>   |
| Economic                       | To NAQIA to cater for Swine Flu                 | -1.0         | 0.1%          |
| <b>Economic Total</b>          |   | <b>-1.0</b>  | <b>0.1%</b>   |
| Education                      | To cater for HELP                               | -238.0       | 18.5%         |

| Sector                         | Particulars /Description                   | Amount          | (%)           |
|--------------------------------|--|-----------------|---------------|
| <b>Education Total</b>         |  | <b>-238.0</b>   | <b>18.5%</b>  |
| Health                         | Assist as counterpart funding              | -2.0            | 0.2%          |
|                                | For Covid-19 Operations                    | -2.0            | 0.2%          |
|                                | Transfer to Enga Provincial Government     | -2.0            | 0.2%          |
| <b>Health Total</b>            |  | <b>-6.0</b>     | <b>0.5%</b>   |
| Law & Justice                  | Reversal transfer to correct vote          | -2.0            | 0.2%          |
| <b>Law &amp; Justice Total</b> |  | <b>-2.0</b>     | <b>0.2%</b>   |
| Miscellaneous                  | ADB loan refund                            | -0.4            | 0.0%          |
|                                | BMC directive for legal bill payments      | -3.0            | 0.2%          |
|                                | BMC directive for legal bills              | -3.6            | 0.3%          |
|                                | Cater for SGS LOG monitoring Services      | -6.0            | 0.5%          |
|                                | Covid 19 expenditure - WASH program        | -21.4           | 1.7%          |
|                                | Covid 19 Related Expenditure               | -80.0           | 6.2%          |
|                                | Covid funds transferred to Districts       | -44.5           | 3.5%          |
|                                | For additional security costs              | -30.0           | 2.3%          |
|                                | For COVID 19 response                      | -12.0           | 0.9%          |
|                                | For Covid expenditures at Districts        | -89.0           | 6.9%          |
|                                | For Defence Border Posts                   | -38.0           | 3.0%          |
|                                | Funding to support PHAs                    | -15.0           | 1.2%          |
|                                | Funding Lae City Authority                 | -2.0            | 0.2%          |
|                                | Goroka by election funding assistance      | -1.8            | 0.1%          |
|                                | Online Vehicle Permit System               | -1.0            | 0.1%          |
|                                | PNG Soldiers allowances- Aussie bushfire   | -1.2            | 0.1%          |
|                                | Preventive Health Financing -WASH          | -6.6            | 0.5%          |
|                                | Preventive Health Financing WASH Pro       | -6.6            | 0.5%          |
|                                | Preventive Health Financing-WASH           | -21.6           | 1.7%          |
|                                | SNT Activities                             | -2.8            | 0.2%          |
|                                | TFF funding transfer                       | -37.0           | 2.9%          |
|                                | To accommodate for Coronavirus Containment | -10.0           | 0.8%          |
|                                | To assist Meyamyamya by-election.          | -1.7            | 0.1%          |
|                                | To be transferred to HSIP                  | -30.0           | 2.3%          |
|                                | To cater for Covid19 Operation             | -22.3           | 1.7%          |
|                                | To cater for COVID19 under Health Dept     | -22.0           | 1.7%          |
|                                | To cater for COVIDD-19 emergency           | -13.0           | 1.0%          |
|                                | To cater for HELP                          | -238.0          | 18.5%         |
|                                | To cater for IHMC outstanding bills        | -3.0            | 0.2%          |
|                                | To cater for outstanding ward councilors   | -15.0           | 1.2%          |
|                                | To cater for PNG Games in Mendi            | -15.0           | 1.2%          |
|                                | To cater for Service Providers Bills       | -1.3            | 0.1%          |
|                                | To cater for SLOS activities under DJAG    | -0.5            | 0.0%          |
|                                | To cater for Swine Flu                     | -1.0            | 0.1%          |
|                                | To cater for TFF                           | -50.0           | 3.9%          |
|                                | To facilitate COVID19 Response activity    | -3.0            | 0.2%          |
|                                | To fund HELP                               | -29.8           | 2.3%          |
|                                | To settle ADB refund for BDA               | -0.4            | 0.0%          |
|                                | Transfer back to DoW                       | -0.0            | 0.0%          |
|                                | Transfer of Covid 19 funds to Districts    | -5.1            | 0.4%          |
|                                | Transfer of Covid to Prov                  | -5.3            | 0.4%          |
|                                | Transfer to cater for covid 19 exp.        | -22.0           | 1.7%          |
|                                | Transfer to Div 207 for remittance to DoF  | -37.5           | 2.9%          |
|                                | Transfer to Lae City Authority             | -2.0            | 0.2%          |
|                                | Transfer to Namatanai District             | -5.0            | 0.4%          |
| <b>Miscellaneous Total</b>     |  | <b>-956.4</b>   | <b>74.5%</b>  |
| Transport                      | Transfer of Tambul/Kotol Rd funds          | -1.0            | 0.1%          |
| <b>Transport Total</b>         |  | <b>-1.0</b>     | <b>0.1%</b>   |
| <b>Total</b>                   |  | <b>-1,284.4</b> | <b>100.0%</b> |
| <b>Transfers In</b>            |  |                 |               |
| Administration                 | Contra entry                               | 0.0             | 0.0%          |
|                                | Contra-entry of SA no.4284 - K2m for GG    | 0.0             | 0.0%          |
|                                | Cover shortfall in 3 activities in Custo   | 0.0             | 0.0%          |
|                                | For COVID 19 response                      | 2.0             | 0.2%          |
|                                | Goroka by election funding assistance      | 1.8             | 0.1%          |
|                                | To assist Meyamyamya by-election.          | 1.7             | 0.1%          |
|                                | To cater for item 211 Salaries & Allowa    | 0.0             | 0.0%          |
|                                | To cater for all outstanding bills         | 0.0             | 0.0%          |
|                                | To cater for all outstanding claims        | 0.0             | 0.0%          |
|                                | To cater for GG & Valet's water/fencing    | 0.0             | 0.0%          |
|                                | To cater for Minister for Treasury's opr   | 0.0             | 0.0%          |
|                                | To cater for outstanding ward councilors   | 15.0            | 1.2%          |



| Sector                               | Particulars /Description                   | Amount       | (%)          |
|--------------------------------------|--|--------------|--------------|
|                                      | To cater for Overtime (DOT)                | 0.0          | 0.0%         |
|                                      | To cater for shortfall in item 227         | 0.0          | 0.0%         |
| <b>Administration Total</b>          |  | <b>20.5</b>  | <b>1.6%</b>  |
| Community & Culture                  | To cater for PNG Games in Mendi            | 15.0         | 1.2%         |
| <b>Community &amp; Culture Total</b> |  | <b>15.0</b>  | <b>1.2%</b>  |
| Debt Services                        | ADB loan refund                            | 0.4          | 0.0%         |
|                                      | To settle ADB refund for BDA               | 0.4          | 0.0%         |
| <b>Debt Services Total</b>           |  | <b>0.8</b>   | <b>0.1%</b>  |
| Economic                             | Cater for SGS LOG monitoring Services      | 6.0          | 0.5%         |
|                                      | For COVID 19 response                      | 2.0          | 0.2%         |
|                                      | SNT Activities                             | 2.8          | 0.2%         |
|                                      | To cater for Pogera SNT as per BMC instr   | 6.0          | 0.5%         |
|                                      | To cater for Swine Flu                     | 1.0          | 0.1%         |
|                                      | To NAQIA to cater for Swine Flu            | 1.0          | 0.1%         |
| <b>Economic Total</b>                |  | <b>18.8</b>  | <b>1.5%</b>  |
| Education                            | TFF funding transfer                       | 37.0         | 2.9%         |
|                                      | To cater for HELP                          | 476.0        | 37.1%        |
|                                      | To cater for TFF                           | 50.0         | 3.9%         |
|                                      | To fund HELP                               | 29.8         | 2.3%         |
|                                      | Transfer to Div 207 for remittance to DoF  | 37.5         | 2.9%         |
| <b>Education Total</b>               |  | <b>630.3</b> | <b>49.1%</b> |
| Health                               | Cater for COVID19 in the province          | 0.0          | 0.0%         |
|                                      | For COVID 19 response                      | 4.0          | 0.3%         |
|                                      | For Covid-19 Operations                    | 2.0          | 0.2%         |
|                                      | Funding to support PHAs                    | 15.0         | 1.2%         |
|                                      | To accommodate for Coronavirus containment | 10.0         | 0.8%         |
|                                      | To be transferred to HSIP                  | 30.0         | 2.3%         |
|                                      | To cater for Covid19 Operation             | 22.3         | 1.7%         |
|                                      | To cater for COVID19 under Health Dept     | 22.0         | 1.7%         |
|                                      | To cater for COVIDD-19 emergency           | 13.0         | 1.0%         |
|                                      | To cater for rentals                       | 0.0          | 0.0%         |
| <b>Health Total</b>                  |  | <b>118.3</b> | <b>9.2%</b>  |
| Law & Justice                        | BMC directive for legal bill payments      | 3.0          | 0.2%         |
|                                      | BMC directive for legal bills              | 3.6          | 0.3%         |
|                                      | Covid 19 Related Expenditure               | 80.0         | 6.2%         |
|                                      | For additional security costs              | 30.0         | 2.3%         |
|                                      | For COVID 19 response                      | 4.0          | 0.3%         |
|                                      | For Defence Border Posts                   | 38.0         | 3.0%         |
|                                      | For Pogera Call Out                        | 2.0          | 0.2%         |
|                                      | PNG Soldiers allowances- Aussie bushfire   | 1.2          | 0.1%         |
|                                      | Reversal transfer to correct vote          | 2.0          | 0.2%         |
|                                      | To cater for IHMC outstanding bills        | 3.0          | 0.2%         |
|                                      | To cater for Service Providers Bills       | 1.3          | 0.1%         |
|                                      | To cater for SLOS activities under DJAG    | 0.5          | 0.0%         |
|                                      | Transfer to cater for LJSS GS budget       | 0.0          | 0.0%         |
|                                      | Transfer to purchase Sec. Off/ Vehicle     | 0.0          | 0.0%         |
|                                      | (blank)                                    | 0.0          | 0.0%         |
| <b>Law &amp; Justice Total</b>       |  | <b>168.6</b> | <b>13.1%</b> |
| Miscellaneous                        | BMC directive for legal bills              | 5.0          | 0.4%         |
|                                      | Cater for C-19 support package             | 0.0          | 0.0%         |
|                                      | Correction to SA # 3580                    | 0.0          | 0.0%         |
|                                      | Covid 19 related expenditures              | 0.0          | 0.0%         |
|                                      | Covid Related Expenditure                  | 0.0          | 0.0%         |
|                                      | East Awin Part Settlement                  | 0.0          | 0.0%         |
|                                      | Economic stimulus package for COVID-19     | 0.0          | 0.0%         |
|                                      | Emergency Funding for Abau Road Works      | 0.0          | 0.0%         |
|                                      | Food Distribution Program                  | 2.0          | 0.2%         |
|                                      | For awareness campaign roll out            | 1.0          | 0.1%         |
|                                      | For distribution of food administration    | 3.0          | 0.2%         |
|                                      | For outstanding bills to Heli Niugini      | 0.0          | 0.0%         |
|                                      | Legal bills for clerk of N-Parliament      | 0.0          | 0.0%         |
|                                      | Minter Ellison Solicitors of Aust - COI    | 9.0          | 0.7%         |
|                                      | NP's outstanding obligations               | 3.5          | 0.3%         |
|                                      | Settle ministerial commitment UBSA/LBSA    | 0.0          | 0.0%         |
|                                      | Settlement of invoices for Heli Solution   | 0.0          | 0.0%         |
|                                      | Tambul Landslide Disaster                  | 0.0          | 0.0%         |
|                                      | To address KAL financial operations        | 0.0          | 0.0%         |
|                                      | To cater for Harvey Nii Lawyers            | 0.0          | 0.0%         |
|                                      | To cater for Kalpi Hire Cars               | 0.0          | 0.0%         |



| Sector                     | Particulars /Description                  | Amount         | (%)           |
|----------------------------|---|----------------|---------------|
|                            | To cater for outstanding PM's commitment  | 0.0            | 0.0%          |
|                            | To cater for PM's Commitment to SI        | 0.0            | 0.0%          |
|                            | To cater for Legal Bills                  | 0.0            | 0.0%          |
|                            | To cater for sal. for Labour Mobility un  | 0.0            | 0.0%          |
|                            | To counter double transfers of K4.0m to   | 0.0            | 0.0%          |
|                            | To cover PM's commitments (state liabi)   | 0.0            | 0.0%          |
|                            | To effect transfer for commitment purpose | 0.0            | 0.0%          |
|                            | To facilitate payment to PMKYGA           | 0.0            | 0.0%          |
|                            | To reimburse Census capital funds.        | 15.0           | 1.2%          |
|                            | Transfer for o/s legal b/outs for Amet L  | 0.0            | 0.0%          |
|                            | Transfer to OLCA account                  | 0.0            | 0.0%          |
| <b>Miscellaneous Total</b> |   | <b>38.5</b>    | <b>3.0%</b>   |
| Provinces                  | Assist as counterpart funding             | 2.0            | 0.2%          |
|                            | Covid 19 expenditure - WASH program       | 21.4           | 1.7%          |
|                            | Covid funds transferred to Districts      | 44.5           | 3.5%          |
|                            | For Covid expenditures at Districts       | 89.0           | 6.9%          |
|                            | Funding Lae City Authority                | 2.0            | 0.2%          |
|                            | Other Commitment Ledger Account           | 3.0            | 0.2%          |
|                            | Preventive Health Financing -WASH         | 6.6            | 0.5%          |
|                            | Preventive Health Financing WASH Pro      | 6.6            | 0.5%          |
|                            | Preventive Health Financing-WASH          | 21.6           | 1.7%          |
|                            | Sinasina Bridge                           | 4.5            | 0.4%          |
|                            | To assist Wabag Town Rehabilitation       | 1.0            | 0.1%          |
|                            | To cater for Wafi Mine Negotiations       | 15.0           | 1.2%          |
|                            | To facilitate COVID19 Response activity   | 3.0            | 0.2%          |
|                            | Transfer of ABG Infra funds from PM&NEC   | 10.0           | 0.8%          |
|                            | Transfer of Covid 19 funds to Districts   | 5.1            | 0.4%          |
|                            | Transfer of Covid to Prov                 | 5.3            | 0.4%          |
|                            | Transfer of Tambul/Kotol Rd funds         | 1.0            | 0.1%          |
|                            | Transfer to cater for covid 19 exp.       | 22.0           | 1.7%          |
|                            | Transfer to Enga provincial Government    | 2.0            | 0.2%          |
|                            | Transfer to Lae City Authority            | 2.0            | 0.2%          |
|                            | Transfer to Namatanai District            | 5.0            | 0.4%          |
| <b>Provinces Total</b>     |   | <b>272.6</b>   | <b>21.2%</b>  |
| Transport                  | Transfer back to DoW                      | 0.0            | 0.0%          |
| <b>Transport Total</b>     |   | <b>0.0</b>     | <b>0.0%</b>   |
| Utilities                  | Online Vehicle Permit System              | 1.0            | 0.1%          |
| <b>Utilities Total</b>     |   | <b>1.0</b>     | <b>0.1%</b>   |
| <b>Total</b>               |   | <b>1,284.4</b> | <b>100.0%</b> |

Source: Department of Treasury