



MID-YEAR ECONOMIC AND FISCAL OUTLOOK REPORT

2022

FOREWORD COVERING 2022 MYEFO AND 2022 SUPPLEMENTARY BUDGET

The 2022 Mid-Year Economic and Fiscal Outlook (MYEFO) report is the third report produced by the Treasury since the global COVID-19 pandemic outbreak. These have been challenging times for PNG as they have been for the world. The outbreak of the worst war in Europe since 1945 adds to the global challenges. PNG has also gone through its best funded election ever, with expenditure expected to be double that of 2017, but clearly things could have been better and lessons must be learnt. The election has delayed the publication of the MYEFO, especially as key staff were locked down during some very unfortunate election-related violence. And between my announcement to Parliament of key figures from this MYEFO on 31 August, the Government made decisions on the 2022 Supplementary Budget which I presented on 2 September. A table at the end of this Foreword will explain the differences between the MYEFO and the 2022 Supplementary Budget to ensure these are transparently on the public record.

Looking backwards to indicate the consistency of the Marape Government's approach to budget repair, the 2021 Supplementary Budget aimed to keep the fiscal deficit exactly the same as the 2021 Budget at K6,613 million. The 2021 Final Budget Outcome confirmed that the Marape Government over-achieved in keeping the budget deficit K342.6 million lower than estimated with an outcome of K6,270.4 million. The 2021 budget deficit outcome demonstrated once again not only this government's commitment to budget repair, but the demonstrated capacity to deliver.

Once again, the 2022 MYEFO updates revenue and expenditure figures are all premised on the policy priority of budget repair. This means ensuring the fiscal deficit is not worse than the 2022 Budget. The 2022 Supplementary Budget was based on the same premise – ensuring the fiscal deficit did not increase beyond K5,984.7 million.

This continued fiscal discipline is never easy. There are always calls for more expenditure in priority areas. And there are always calls to lower taxes. The approach to budget repair will remain one of prudence, wisdom and resilience. The government will also remain responsive to unexpected developments, but then tailor this to the overall task of budget repair so essential for building our economic independence.

For example, in 2020, we spent K507 million on direct COVID-19 funding, with the majority of this allocated to the local level. K1 million per District for agriculture to increase food security, K500,000 per district for cleaner water supply and sanitation and K500,000 per district for SME support. All of this COVID-19 direct expenditure was entirely matched by reductions in other areas of the budget. We were one of the few countries in the world where all COVID-19 funding was matched with reductions in other funding so that the 2020 GoPNG expenditure outcome was less than the 2020 Budget estimate.

Similarly, for this year, we are undertaking a major program of assistance to protect households from the cost of living pressures from the Ukraine-Russian war. K611 million set aside in the first Household Assistance Package, and a further K177.3 million in the second Household Assistance Package. All of this will be funded through offsetting cuts in other areas and increased revenues. Families will be assisted but there will be no impact on the progress of budget repair.

This MYEFO report by the Treasury projects the total nominal value of the economy will grow from K82,643 million in 2020, to K92,559 million in 2021 and to K110,302.8 million in 2022. This gain in nominal GDP of K27.7 billion in just two years is by far the largest increase in the Kina value of the economy in our history. The previous largest two year increase was

K12.8 billion in 2013 and 2014 as the PNG LNG gas production commenced, less than half the latest increases.

The MYEFO estimates the non-resource parts of the PNG economy will recover at a faster pace than originally expected. The MYEFO now projects PNG non-resource growth to be 4.4 per cent in real terms, up from the 3.5 per cent at the time of the budget. This is offset with a slower recovery now expected in the resource sector down from 9.9 per cent to 5.7 per cent. Combined, real GDP is expected to grow by 4.7 per cent in 2022, and a further 4.5 per cent in 2023.

The MYEFO also updates the non-resource real growth rates to 5.2 per cent in 2021, up from the 2022 Budget estimate of 3.9 per cent, reflecting a strong rebound from the negative 1.2 per cent in 2020 due to COVID-19. Combined with the real non-resource growth forecasts of 4.4 per cent in 2022 and 4.8 per cent in 2023, PNG indeed appears to be recovering strongly from the COVID-19 pandemic. Even allowing for the impact of the COVID-19 pandemic, real incomes per capita in the non-resource economy are increasing under the Marape Government. This is a major turnaround from the experience from 2014 to 2019.

Inflation is expected to average 6.2 per cent in 2022 before gradually declining in future years to under 5 per cent. This is slightly higher than the 2022 budget forecast of 5.6 per cent. The increase in inflation would have been significantly higher if the Government had not introduced its Household Assistance Package that has removed all taxes from fuel products and cut income taxes. Before the end of the year, it is also expected that increased educational subsidies will be distributed to cover school project fees, and actions to reduce costs for key household items such as flour, rice, tinned fish and Ox and Palm.

Contrary to social media hype, this is not hyperinflation. Indeed, an inflation rate between 5 and 10 per cent should be regarded as moderate in the context of PNG's economic history, and that of other developing nations. PNG's average inflation rate since Independence is 6.8 per cent. At 6.2 per cent, inflation is actually below PNG's historic average. It is also lower than inflation rates in 17 of the 44 years since 1978.

Let me now turn to the fiscal outturn over the first half of 2022. Over the first half of the year, the Government expended K10,067.0 million, or 45.4 per cent of total 2022 Budget expenditures. This was financed by total revenues of K7,988.9 million, or 49.3 per cent of total 2022 Budget revenues. The difference was K2,078.1 million, or 34.7 per cent of the estimated 2022 budget deficit. The deficit was financed through borrowings from domestic sources. As a precautionary measure, additional financing of K301.9 million was raised to provide a buffer for possible urgent expenditure requirements and will be used to meet expenditure requirements in the second half of the year. Including this additional financing, at 30 June 2022, total public debt was K50,568.1 million or 45.8 per cent of GDP.

The MYEFO reports reforecast total expenditure at K23,050.6 million, a projected increase of K875.8 million from the initial Budget figure. The main drivers for the increase are K810 million in payments to meet outstanding arrears and other commitments (so paying down some of PNG's hidden debt left by the former administration), payments for the Household Assistance Package of K160.0 million for school project fees, an overrun in CoE especially Teachers' Salaries of K295.5 million, K21.0 million for DSIP for the seven new electorates and the restoration in SIPs to K10 million costing K222 million. There are offsetting cuts estimated in the capital budget.

The MYEFO also reports a net increase in revenues of exactly the same amount as the expenditure increase of K875.8 million. This is driven primarily by an increase in resource revenues, offset in part by the tax cuts in the Household Assistance Package totalling

K568.3 million and underlying shortfalls in tax collections especially in GST of K365.5 million and excise taxes of K290 million.

The 2022 Supplementary Budget was largely based on these MYEFO figures. When considering the MYEFO, the view taken was that the planned cuts in the capital budget should be reduced by K423 million. Cuts of K100 million in goods and services were introduced. The net impact was an increase in 2022 expenditures of K323 million to K23,373.6 million. In line with the priority in budget repair, it was agreed by Ministers that the Ok Tedi dividends in 2022 would all flow to the Waigani Public Account rather than being re-directed to Kumul Minerals. This increased revenues by K360 million relative to the MYEFO forecast. The decision to defer the planned increase in the tax-free threshold to K20,000 until 1 January 2023 saved K60 million. Off-setting these revenue gains were re-estimated revenue losses of K97 million based on June Out-turn figures, especially for Interest With-holding Tax. The net impact of these changes were an increase in estimated revenues of K323 million to K17,389.0 million. This means that there was no change in the size of the budget deficit.

The increase in the size of the economy means that the budget deficit is estimated to fall from 5.9 per cent of GDP down to 5.4 per cent.

Similarly, the debt to GDP ratio is now estimated to fall from 51.9 per cent of GDP estimated in the 2022 Budget down to 47.8 per cent in the 2022 Supplementary Budget.

The debt to GDP figures are actually slightly lower than the figures used in my Parliamentary speeches as an error was found in the reported level of public debt at the time of the 2022 Budget (the correct figure from the 2022 Budget is included below).

The details on these adjustments are set out in the three tables below.

Further information on the 2022 Supplementary Budget, including the rationale for key changes, are set out in my Parliamentary speech covering the 2022 Supplementary Budget which should be available on the Treasury website as well as in Hansard.

2022 MYEFO - Fiscal Summary


	2021 Actuals	2022 Budget	2022 MYEFO	MYEFO Change
Revenues	13,860.4	16,190.2	17,066.0	875.8
Expenditures	20,130.8	22,174.8	23,050.6	875.8
Deficit	-6,270.4	-5,984.7	-5,984.7	0.0
Deficit as % of GDP	-6.7%	-5.9%	-5.4%	0.0
Debt	46,781.2	52,765.2	52,765.2	0.0
Debt as % GDP	50.1%	51.9%	47.8%	-4.0%
GDP (Kina Billions)	93,314.1	101,695.8	110,302.8	8,607.0

2022 Supplementary Budget - Updated Fiscal Summary

	2021 Actuals	2022 Budget	2022 Supplementary	2022 SB Change
Revenues	13,860.4	16,190.2	17,389.0	1,198.8
Expenditures	20,130.8	22,174.8	23,373.6	1,198.8
Deficit	-6,270.4	-5,984.7	-5,984.7	0.0
Deficit as % of GDP	-6.7%	-5.9%	-5.4%	0.0
Debt	46,781.2	52,765.2	52,765.2	0.0
Debt as % of GDP	50.1%	51.9%	47.8%	0.0
GDP (Kina Billions)	93,314.1	101,695.8	110,302.8	8,607.0

2022 Supplementary Budget - Key Aggregates

	2021 Actuals	2022 Budget	2022 Supplementary Budget	SB Change	% Change from Budget	% Change 2022 SB from 2021
Revenues	13,860.4	16,190.2	17,389.0	1,198.8	7%	9%
Resource Revenue Taxes	635.4	738.4	3,000.0	2,261.6	306%	356%
Petroleum Dividends	300.0	400.0	700.0	300.0	75%	100%
Revenue Gains (mainly ANZ DWT)	1,134.6	965.8	1,421.3	455.5	47%	40%
Revenue Losses (mainly GST)	7,206.2	8,339.3	7,596.1	-743.2	-9%	-10%
Other Taxes	2,153.3	1,729.3	1,632.3	-97.0	-6%	-5%
Other Dividends	230.5	750.0	650.0	-100.0	-13%	-43%
Other Non-Tax Revenues	112.5	1,442.5	1,132.7	-309.8	-21%	-275%
Donor Grants	2,088.0	1,824.9	1,824.9	0.0	0%	0%
Household Assistance Package 1			-485.0	-485.0		
Household Assistance Package 2			-83.3	-83.3		
Expenditures	20,130.8	22,174.8	23,373.6	1,198.8	5%	6%
Compensation of Employees	6,093.7	6,050.2	6,345.70	295.5	5%	5%
Goods and Services	5,411.0	5,048.7	5,558.70	510.0	10%	9%
Interest Costs	2,254.7	2,324.4	2,324.40	0.0	0%	0%
GoPNG Capital	3,945.5	5,858.3	6,091.60	233.3	4%	6%
Concessional Loans	1,493.5	1,318.4	1,318.40	0.0	0%	0%
Grants	1,862.4	1,574.9	1,574.90	0.0	0%	0%
Household Assistance Package 1 (Non-Tax)	0	0	126.0	126.0		
Household Assistance Package 2 (Non-Tax)	0	0	34.0	34.0		



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Minister for Treasury

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INTRODUCTION

The purpose of the MYEFO Report, as prescribed in the *Fiscal Responsibility Act* (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 2022 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 2022 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

1.1 OVERVIEW

Following more than two (2) years of the pandemic, spill-overs from the Russia-Ukraine war are set to slow global economic recovery sharply. The war is leading to elevated commodity prices, worsening supply disruptions, increasing food insecurity and poverty, contributing to tighter financial conditions and heightening policy uncertainty.

Against this backdrop, the IMF has downgraded global growth to 3.2 per cent for 2022 in its July 2022 World Economic Outlook (WEO), 0.4 percentage point lower than its April estimates. Numerous headwinds could derail the precarious global recovery. Among them is in particular, the possibility of high global inflation coupled with subdued growth, reminiscent of the 1970s stagflation, as a result of aggressive monetary policy tightening in advanced economies to rein in inflation. Growth in the emerging market and developing economies (EMDEs) is expected to be impacted more by the rising interest rates as EMDEs' central banks may be forced to tighten monetary policy at a faster rate to stem capital outflow and currency depreciation at the expense of domestic economic activity. Weaker institutional settings, less developed financial sectors, and limited fiscal space in EMDEs could lead to further debt distress in light of surging borrowing costs.

There is no rebound projected next year. Global growth is forecast to edge up only slightly, to a subdued 2.9 per cent in 2023, 0.7 percentage point lower than the IMF's April estimates, as many headwinds – in particular, high commodity and food prices and continued monetary tightening - are expected to persist. In 2024, global growth is projected to remain at 3.0 per cent, as activity converges to its long-run potential pace.

Volatility in energy markets, driven by strong demand recovery and supply constraints from the pandemic, is worsened by Russia's invasion of Ukraine. The sanctions imposed on Russia, which is the world's largest natural gas exporter and also accounts for a significant share of global crude oil exports, continue to keep commodity prices at elevated levels. As a result, prices for PNG's petroleum and liquefied natural gas (LNG) exports are 61.0 per cent above the 2022 Budget estimate. PNG's key base metal prices, particularly gold, copper and nickel increased substantially, with copper reaching an all-time high of US\$10,900 per tonne in March 2022. Metal prices have since stabilised, but the year-to-date averages are still trending above the Budget estimate, reflecting continued tightness in the international commodity market.

On the domestic front, PNG's 2022 economic growth has been revised down to 4.7 per cent in real term, 0.7 percentage point lower from the 2022 Budget forecast (5.4 per cent). The lower growth estimated was primarily driven by a substantial downgrade in the mining and quarrying sector, followed by adjustments made to non-resource sectors, notably agriculture, forestry, and fishing (AFF).

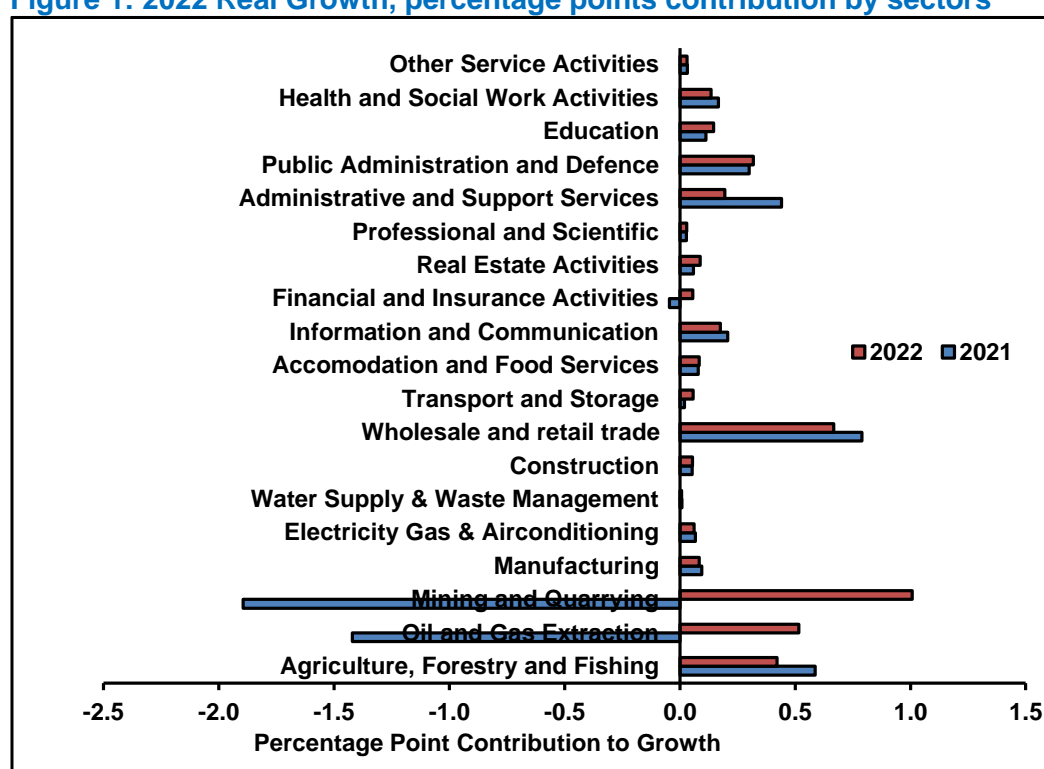
On the other hand, the growth projection for the non-resource sector has been revised up to 4.4 per cent, 0.9 percentage point higher than the 2022 Budget estimate (3.5 per cent), spurred by continued strong performance in wholesale and retail trade, public administration and defence, administrative and support services owing to election-related spending.

- The non-resource sector as a whole is estimated to grow by 4.4 per cent, 0.9 percentage point higher than the 2022 Budget. Growth in this sector is primarily driven by the election related spending, notably wholesale and retail trade (7.0 per cent), administrative and support services (2.5 per cent), public administration

and defence (6.0 per cent) and continued recovery in the manufacturing sector (5.0 per cent), offsetting the downgrades made to other BLS sectors.

- The Mining and Quarrying Sector is estimated to grow by 12.9 per cent in 2022, but it is significantly lower than the 2022 Budget estimate (35.8 per cent) due to the removal of the (9) nine-months production assumptions for Porgera mine and the reduction in the 2022 production projections for Ok Tedi and Lihir mines.
- Growth in the Oil and Gas sector has been revised up to 2.7 per cent, 3.6 percentage point higher than the 2022 Budget estimate (-0.9 per cent). The upward revision reflects the base effect of the lower LNG and condensate production outcome in 2021 due to the planned maintenance at the PNG LNG facility coupled with increased projection for crude petroleum production.
- Agriculture, Forestry and Fishing (AFF) has been revised down to 2.5 per cent in 2022, 0.4 percentage points lower than the 2022 Budget estimate of 2.9 per cent. The downgrade was attributed to lower logging production projected by the forestry sector in 2022 while performance in the agriculture and fisheries sectors remain in line with expectations.
- 2021 GDP growth was revised down from 1.5 per cent in the 2022 Budget to 0.3 per cent, primarily driven by a further downgrade to growth estimates in the resource sector activities reflecting lower than anticipated production.

Figure 1: 2022 Real Growth, percentage points contribution by sectors



Source: Department of Treasury

On the monetary front, the Kina exchange rate depreciated slightly against the US Dollar (USD) from \$0.285 to \$0.284 in February 2022 but has remained the same level since. The stable Kina reflects continued management of the exchange rate by the Bank of Papua New Guinea (BPNG) to control inflation. Against the Australian Dollar (AUD), the Kina appreciated from \$0.3928 to \$0.4121 reflecting the cross-currency movement as the AUD weakened against the USD in response to the US Federal Funds rate rising faster than expected. The demand-supply imbalance in the foreign exchange (FX) market persists in 2022, although the

volume of backlog orders has been stable and waiting times have improved, due to increased FX inflows from external borrowing and constant FX supply by BPNG. However, the issue of Kina convertibility came under the spotlight early this year with the country's fuel supplier warning that continued inability to convert Kina to the USD could undermine PNG's import of fuel products.

Headline inflation is estimated to be 6.2 per cent in 2022, higher than the outcome of 4.5 per cent in 2021 and the 5.6 per cent estimated in the 2022 Budget. The revision reflects the impact of high fuel prices stemming from the surge in global oil price, flowing into domestic prices through rising input and transport costs. Another contributing factor is the record-high inflation experienced in Australia (PNG's largest source of imports). In April 2022, Australia's inflation rate jumped to its worst point in two decades to 5.1 per cent and is likely to hit 7.0 per cent before year end, according to the Reserve Bank of Australia (RBA). Given PNG's high dependence on Australia for its goods and services, it is expected that Australia's inflation will be shared by PNG consumers.

Offsetting some of the inflationary pressures is the fiscal relief package introduced by the Government in May 2022, which includes temporary removal of 10.0 per cent GST, excise on fuel, and raising the income tax free threshold, is expected to provide some relief on general prices. Also contributing has been the relatively stable Kina exchange rate against the USD, which helped the Kina to appreciate against AUD through cross currency movements. However, such measures are not sustainable in the long run given the management of FX comes at the expense of the Kina convertibility.

In June 2022, BPNG increased the Kina Facility Rate (KFR) by 25.0 basis point to 3.25 per cent and the Cash Reserve Requirement (CRR) from 7.0 per cent to 8.0 per cent to counter accelerated inflation. However, monetary transmission in PNG remains weak due to stubbornly excess liquidity in the banking system, hence, no material impact on domestic price levels.

Fiscal Update

Table 1: MYEFO Outturn and Projected Outcomes for 2022 (Kina, million)

Details	2021 Actual	2022 Budget	2022 June Outturn	2022 MYEFO
Total Revenue & Grants	13,860.4	16,190.2	7,988.9	17,066
Total Expenditure & Net Lending	20,130.7	22,174.8	10,067	23,050.6
Net Lending (+)/Net Borrowing (-)	-6,270.3	-5,984.7	-2,078.1	-5,984.7
Per cent of GDP	-6.7%	-5.9%	-1.9%	-5.4%
Cash Balance	1,685.2	0	301.9	0
Adjusted Net Lending (+) / Net Borrowing (-)	-7,955.5	-5,984.7	-2,380	-5,984.7
Total Public Debt Stock	48,173.1	52,765.2	50,568.1.2	52,765.2
Debt as a % of GDP	50.1%	51.9%	44.6%	47.8%
Nominal GDP (K'm)	93,314.1*	101,695.8	110,302.8	110,302.8

Source: Department of Treasury

* 2021 Nominal GDP is as at 2021 FBO

In the first half of the year, the Government spent K10,067 million or 45.4 per cent of the total Budget estimate of K22,174.8 million. The expenditure was financed by total revenue of K7,988.9 million or 49.3 per cent of the 2022 Budget estimate, and the remaining deficit of K2,078.1 million (1.9 per cent of GDP) was financed by net borrowing. Over the first half of 2022, the Government raised net financing of K2,380 million (2.2 per cent of GDP), in excess of the fiscal deficit for the half year, with the difference (K301.9 million) held as cash balances to be drawn down over the second half of the year to meet expenditures and debt service. The Government's stock of debt at mid-year stands at 44.6 per cent of GDP.

In 2022, the Government is estimating the fiscal deficit to remain as projected in the 2022 Budget at K5,984.7 million or 5.4 per cent of GDP (an improvement of 0.4 per cent driven by upward revision of the nominal GDP). This mainly reflects better than expected revenue collections in 2022 which is projected to increase by K875.8 million, owing to favourable commodity prices and private sector recovery, offsetting expected overruns in the compensation of employees (CoE). A significant portion of financing inflows came from increased issuance of Treasury Bills and Bonds, due to the need to raise funds weekly to finance cash flows and the delays in accessing external financing in first half of the year. As a result, the Government's debt stock as a percent of GDP is expected to decrease from 51.9 per cent in the 2022 Budget to 47.8 per cent of GDP by year's end. Again, the improvement is driven by the upward revision of the nominal GDP, and is well within the Fiscal Responsibility Act's (FRA) prescribed limit of 60.0 per cent.

In the first half of 2022, the Government raised K2,380 million in financing, K2,565.9 million (in net terms) came from the domestic market, predominately from Treasury Bonds (net K953.1 million) and Treasury Bills (net K1,626.3 million), with the difference relating to the net repayment of K13.4 million in domestic loans offsetting K185.9 million (in net terms) of excess borrowing from the external market.

The Government is expected to cover the remaining MYEFO estimated financing requirement for 2022 from the Asian Development Bank's (ADB) third tranche of the SOE reform program (K880 million), and the World Bank's Emergency Development Policy Operation (EDPO) of potentially (K352 million), which is currently under discussion, and support from other international partners.

Revenues and Expenditures in 2022

The Total Revenue and Grants estimate for 2022 has been revised up by K875.8 million or 5.4 per cent to K17,066 million, compared to the 2022 Budget estimate of K16,190.2 million.

The vast majority of this increase is attributed to the estimated increase in the Mining and Petroleum taxes (MPT) by K2,261.6 million, driven by the significant improvement in the international prices of key export commodities (particularly LNG and oil) in the first half of 2022. It also reflects substantial upward revisions in the Dividend Withholding Taxes (DWT) by K386.9 million and the Gaming Machine tax (GMT) by K50 million which captures the one-off higher collection in the first half of the year. The increase offsets the downward revisions to Personal Income Tax (PIT) by K351.7 million, Goods and Services Taxes (GST) Inland and Ports by K523.8 million, Excise Duty by K441.4 million, and Import Excise K54.6 million, the fiscal relief measures introduced by the Government have been a significant driver of these reductions.

At the mid-year juncture, tax revenue collections were K6,840.7 million, 49.5 per cent of the 2022 Budget estimate. Several taxes have already exceeded the full-year Budget estimates as at June 2022. Most notably, the Government has collected K1,216.8 million in MPT, exceeding the K738.4 million estimated in the Budget by 164.8 per cent, reflecting higher resource receipts derived from the rise in oil and gas prices resulting from the Ukraine-Russia war. DWT has performed exceptionally well with K521.2 million collected, 122.4 per cent higher than K234.3 million estimated in the 2022 Budget, attributed to a one-off K328 million paid by the Australian and New Zealand (ANZ) bank in March as part of the 15.0 percent DWT obligation imposed on non-resident companies.

Once adjusted for the Government's fiscal relief package, PIT year to-date collections are broadly on-track. The June 2022 Outturn report showed PIT collections amounted to K1,764.5 million or 48.9 per cent of the 2022 Budget estimate. This outcome reflects the switching off of unverified GST credit offsets against Salaries and Wages Tax (SWT) enforced by the IRC, which has caused PIT to leap by a monthly average of K300 million from October 2019 to June 2022. That said, the PIT estimate is revised down by K351.7 million to

K3,256.6 million, reflecting the increase in the income tax free threshold component of the Government's fiscal relief package.

The Corporate Income Tax (CIT) June 2022 Outturn amounted to K667.9 million or 37.9 per cent of the 2022 Budget estimate, 25.8 per cent higher than collections in the same period in 2021. The year-on-year increase in collections reflects a strong recovery shown by most economic sectors due to relaxed border and lockdown measures.

Collections of Taxes on Goods and Services, especially GST, Excise Duty, and Import Excise, have been lower than expected. Overall, GST is tracking K365.5 million below expectations and Excise K290 million lower even after allowing for the tax relief on specific essential household items and GST removal on imports of fuel products included in the fiscal relief package.

For the remaining part of 2022, tax collections are expected to continue their progress toward the revised revenue target as the economy adjusts to the post-pandemic environment, coupled with high commodity prices.

The downside risk to the revenue estimates is the volatility of commodity prices and the Non-Tax Revenue Administration (NTRA) Bill, which could undermine statutory transfer (formerly PMMR) collections if not passed.

Total Expenditure and Net Lending in the first half of 2022 amounted to K10,067 million or 9.1 per cent of GDP, which was 45.4 per cent of the expenditure of K22,174.8 million appropriated in the 2022 Budget. This outcome is lower by around K1,020.4 million compared to the pro-rata expenditure projection/target of K11,087.4 million for the first six (6) months of 2022. The lower Outturn is mainly due to lower expenditure from the Capital Investment Budget, which reflects the late transmission of required procurement and yearly budget documentation by implementing agencies. Under the new procurement rules, agencies are required to submit their work and cash flow plans to the Department of Treasury and the Department of National Planning & Monitoring for approval in order for their warrants to be released and to be able to utilise their 2022 Budget appropriations.

Similar to last year, there is an expected overrun in the Compensation of Employees (CoE) of K295.5 million. The net overrun is attributed to estimated overruns in the National Departments & Commercial & Statutory Authorities Salaries, Teachers' Salary Grants, and leave fares. The higher outcome reflects the new teachers, health workers and disciplined forces (Police and Defence) that were recruited late last year and early this year. It also includes back-dated payments for teachers who were initially not on the payroll. Other operational components such as Goods and Services, Interest Payments, Provincial Functional Grants, GST and Book Makers Transfers are in line with the 2022 Budget estimate.

The 2022 June Outturn for the Capital Investment Budget (including donor grants and concessional loans), amounted to K3,272.6 million or 37.9 per cent against the 2022 Budget appropriation. This includes domestically funded expenditures (GoPNG) of K2,168.7 million and loan-funded expenditures of K231.3 million. Donor grants for development spending recorded K916.2 million at the June 2022 Outturn. The June Outturn for domestically funded capital investment (GoPNG) and the expenditure by Concessional Loans came in lower than the 2022 Budget estimate, reflecting the delay in implementation of some investment projects, especially in rural communities, due to the 2022 National Election.

Notable likely expenditure pressures include: unanticipated overruns in the 2022 Election budget and post-elections security operations; additional demand from newly-created districts (SIPs and Operational Funds); adjustments made to the 2022 Budget appropriations to account for any fiscal stimulus packages in light of the rising cost of living; the 3.0 per cent CPI pay increment as per the Salary Fixation Agreement; and the potential increase in legal bills due to election-related court cases following the 2022 National General Election

Financing

The 2022 Budget estimate for total net borrowing was K5,984.7 million, to be financed by net external borrowing of K3,744.6 million and net domestic borrowing and cash reserves of K2,240 million.

Over the first half of 2022, total net financing was K2,380 million, about 40.0 per cent of the 2022 Budget estimate. Of the K2,380 million, net external financing amounted to - K185.9 million (meaning a net repayment), while net domestic financing amounted to K2,565.9 million. The deficit in the first half of the year was K2,078.1 million, meaning that the net financing amount represents an over-financing of the deficit by K301.9 million. The additional financing raised was used to finance a portion of the 2021 cheque floats and transfers that were brought forward into 2022.

The challenge for the Government in the second half of 2022 is to meet large debt repayments and service costs such as the coupon payment of around K756 million due in August, and the Credit Suisse payment. On a positive note, interest rates on Government securities have declined due to improved cashflow management and a more aggressive stance taken by the Treasury in setting rates. The average rate on T-bills has fallen from 4.0 - 7.0 per cent in 2021 to 2.0 - 5.0 per cent over 2022, while the average rate on T-bonds has fallen from 8.0 - 13.0 per cent in 2021 to 6.0 - 8.0 per cent this year. There is still scope for the Government to push the rates down further by taking a tougher stance on debt auctions given the banking system is still impacted by excess liquidity and low deposit rates.

1.2 ECONOMIC OUTLOOK

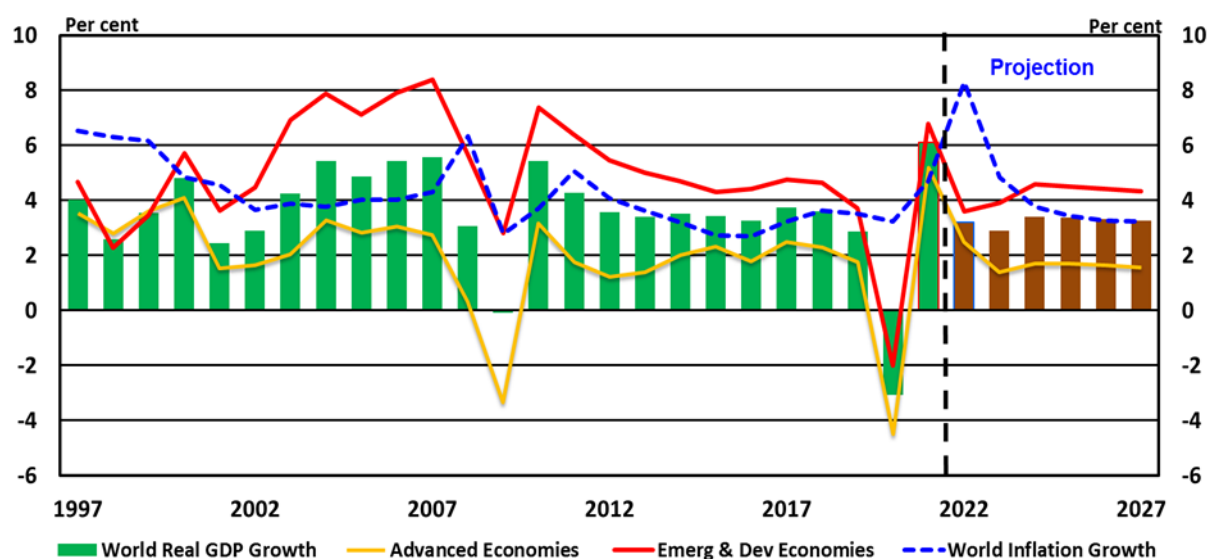
International Economic Outlook – Uncertainty Persist

A short-lived recovery in 2021 has subsided due to increasingly depressed developments in 2022 as the risk of further negative shocks began to materialise. Global output diminished in the second quarter of 2022 reflecting downturns in Russia and China, coupled with an unexpected drop in consumer spending in the United States. The world economy has been hit hard in 2022 while continuing to endure the effects from the aftermath of the pandemic. Numerous shocks have emerged, especially the unexpected surge in global inflation activating tighter financial conditions, a severe and unexpected slowdown in China (resulting from the COVID-19 outbreaks and lockdowns) and further destructive spill over effects from the Russia-Ukraine war.

The global growth forecast as per the 2022 July World Economic Outlook (WEO) update expects growth to slow from 6.1 per cent in 2021 to 3.2 per cent in 2022, which is 0.4 percentage points lower than the April 2022 WEO. In 2023, disinflationary monetary policy is expected to bite, with global output growing by just 2.9 per cent, 0.7 percentage point lower than the April WEO forecast.

For advanced economies, drastic downturns especially in the United States and the Euro area have dragged growth down to 2.5 per cent, a 0.8 percentage point drop from the April WEO. For the United States, growth has been revised down by 1.4 percentage point to 2.5 per cent in 2022, due to lower growth earlier this year reducing household purchasing power and tighter monetary policy. For the Euro area, substantial downgrades in France, Germany, and Spain more than offset the improved tourism and industrial activity in Italy, as spill overs from the Russia-Ukraine and tighter monetary policy has seen growth revised down by 0.2 percentage point.

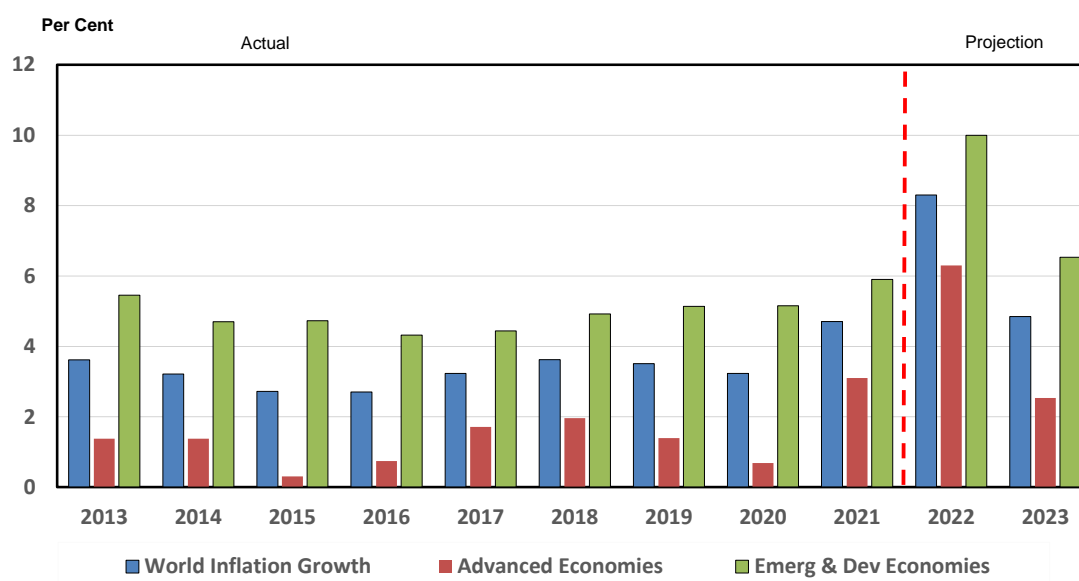
Chart 1: Global Economic Growth (1997-2027)



Source: IMF 2022 July World Economic Outlook (WEO) update

For emerging market and developing economies (EMDE), the severe slowdown in China's economy and a moderation in India's economic growth has slowed down growth by 0.8 percentage point. China's growth was revised down by 1.1 percentage point as further lockdowns and an expanding real estate crisis, combined with major global spill overs, have pushed growth down for the world's second largest economy and exporter to 3.3 per cent in 2022, which is the lowest growth in more than four decades. This excludes the impact of the initial COVID-19 crisis in 2020 but reflects the recent outbreak and lockdowns. Similarly, India's growth fell by 0.8 percentage point to 7.4 per cent mainly reflecting less favourable external conditions and more rapid policy tightening. In other EMDE regions, baseline growth revisions have shown moderate improvements due to favourable economic conditions in large economies, upside possibilities on the Russian trade prospects, and elevated commodity prices.

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



Source: IMF 2022 July World Economic Outlook (WEO) Update

Global Inflation Outlook

The Global inflation outlook remains pessimistic with an increased projection of 8.3 per cent in 2022 on a fourth-quarter over fourth-quarter basis, compared with 6.9 per cent in the April WEO. Advanced economies are also expecting an enormous upswing in their inflation growth to 6.3 per cent from 4.8 per cent in the April WEO. The rise is propelled by substantial pickups in the headline inflation of major global economies, such as the United Kingdom (2.7 per cent to 10.5 per cent), and the Euro area (2.9 per cent to 7.3 per cent). The 2023 forecast remains unchanged in general. For emerging market and developing economies, inflation in 2022 is expected to reach 10.0 per cent on a fourth-quarter-over-fourth-quarter basis. The revision in the EMDE's inflation have greater variations across regions, with a modest rise in emerging and developing Asia but larger revisions for Latin America, the Caribbean and developing Europe.

Risks Are Large and to the Downside

The risks to the outlook are skewed to the downside. The ongoing disruption to global trade with related side effects could be further intensified if the war in Ukraine forces more economies to apply trade sanctions against Russia. This could cause supply and demand mismatches and lead to unexpected commodity price fluctuations and increased energy prices as global supply subsides. The inflation upsurge could be difficult to tame if the labour markets become tighter than expected or if inflation prospects deviate from expectations. The re-emergence of the COVID-19 outbreak and lockdowns coupled with further expansion of the property sector crisis might further suppress Chinese growth. Also, geopolitical fragmentation could obstruct global trade and cooperation.

Commodity Prices

Mineral and Petroleum Commodities

Prices of PNG's commodities have maintained a higher price trajectory as developments across the globe continue to dictate price trends. The Ukraine-Russia war, a major phenomenon that cost thousands of lives, disrupted supply chains and supply of petroleum products, base metals, and food supplies, has worsened the supply situation, thus boosting prices. Over the first six months of 2022, inflation has been pushed by higher oil prices driven mainly by higher oil consumption globally as a result of the Russia-Ukraine war. The higher inflation has prompted most central banks led by the Federal Reserve into aggressive interest rate hikes, resulting in metals prices gradually easing beginning in April. Unlike base metals, prices of PNG petroleum products (oil and gas) have not subsided and continued to maintain an exponential growth trend, with the oil price reaching a record level of US\$121.5 per barrel (WTI) on 9th June 2022. The price of LNG has increased by around 62.0 per cent from the Budget estimate of US\$9.8 per MMBtu, and in June rose to average around US\$17.1 per MMBtu. The COVID-19 hit in China has provided some headwinds to commodity prices, as China is the largest consumer of base metals and petroleum products. However, most of the downward movement in prices is largely capped by extreme market conditions that are likely to be prolonged, hence, it is expected that PNG commodity prices will continue to remain at elevated levels going forward.

The IMF's primary commodity price index (see Chart 3) increased by 18.6 per cent between October 2021 and May 2022. The commodity price trend over the period reflects the worrisome global market fundamental situation that includes continued global supply tightness, the rapid increase in demand, the rise in inflation, the impact of the Russian-Ukraine war (especially on oil and food prices), and the impact of the COVID-19 in China which has translated into lower demand. Looking ahead, the OPEC+ planned production, the COVID-19 stimulus package in China, and the aggressive interest rate hike to curb inflation should continue to underpin the movement in commodity prices.

Petroleum

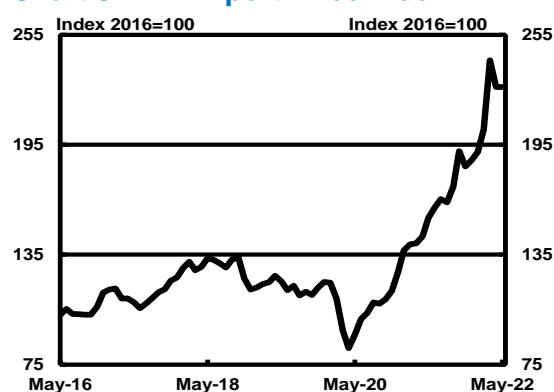
Oil prices are resiliently elevated, as supply tightness continues and the Russia-Ukraine war further exacerbates this issue. This has resulted in extreme market tightness, as demand rose significantly higher than supply. Extreme market conditions, such as further supply disruptions induced by the Russia-Ukraine war and the limited spare production capacity of the Organisation of Petroleum and Exporting Countries and its allies (OPEC+), continue to boost oil prices.

OPEC+ planned to boost production this year before the Russia-Ukraine war. However, the talks were disrupted when the Russia-Ukraine war commenced. Russia is the third largest producer of crude oil, behind America and Saudi Arabia, and the second largest exporter after the Saudis. Russia supplies 7 million to 8 million barrels of oil per day across the globe. It is noted that there would be no way to replace Russian crude oil exports if Moscow is completely removed from the global supply through sanctions, which would only lead to all-time high oil prices.

OPEC+ is planning to increase production by supplying 648,000 barrels of oil a day in July and August to meet rising demand. However, most of the OPEC+ producing countries have reported limited spare capacity to increase supply, which includes Russia who is facing Western sanctions. A handful of these OPEC+ countries are able to increase supply only by 160,000 barrels a day in July and 170,000 barrels a day in August.

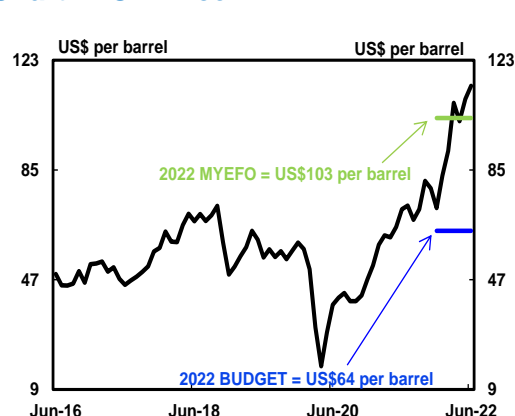
Going forward, prices will be high due to the continued tight market conditions, the limited capacity of OPEC+ to increase production, and the prolonged disruptions in Russia, which will have significant long-term impacts in the market. The higher demand across the globe will set prices firmly at elevated levels. Considering these developments, the assumption underpinning the MYEFO is that oil prices will average around US\$103 per barrel in 2022.

Chart 3: IMF Export Price Index



Source: International Monetary Fund (IMF)

Chart 4: Oil Price



Source: IMF and Energy Information Administration

Liquefied Natural Gas (LNG)

The LNG price assumption is linked to the Asian LNG market price benchmark given that PNG LNG exports are 100.0 per cent destined for Asian countries. Almost 70.0 per cent of the LNG traded in Asia is sold via long-term contracts, which link the price of LNG to the price of oil (commonly the Japanese customs-cleared crude oil), typically lagged by around three (3) to six (6) months. As such, the oil price is used as a good indicator on which to base LNG prices assumptions.

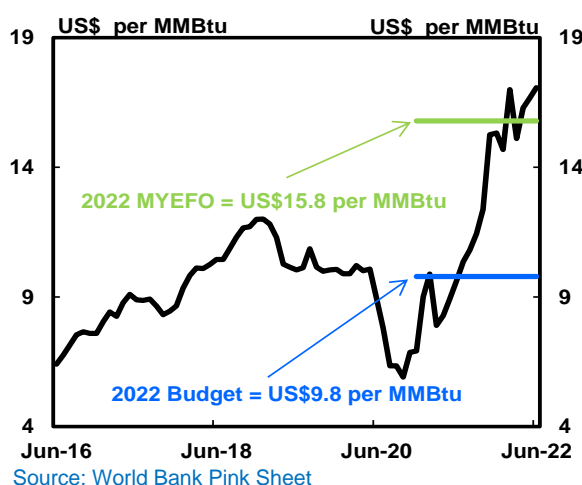
LNG prices largely track oil price movements, hence, a spike in the oil price will also lead to an increase in LNG prices. The oil price has been boosted by the Russia-Ukraine war, rising

from the average US\$70 per barrel to reach record highs averaging US\$94.2 per barrel in the first quarter of 2022. The tight market conditions, as demand increased faster than supply, drove the price rise. The oil price estimated in the Budget was US\$64 per barrel, and LNG at US\$9.8 per MMBtu, while in the first three months of 2022, it was US\$100 per barrel (LNG at US\$12.7 per MMBtu), and as oil prices rose to US\$103 per barrel, LNG further rose to average around US\$16.8 per barrel in the first six (6) months of 2022.

The current oil price trend is resilient and is anticipated to not subside soon. The main potential downside risks to the high oil price include interventions by the OPEC+ to boost supply, rapid interest rate hikes, and demand slowdown in China. However, this is expected to have a small impact on prices. Nonetheless, the oil price is likely to remain at elevated levels, as the current supply issues persist

Considering these developments, the LNG price estimate for 2022 has been revised significantly by 62 per cent to US\$15.8 per MMBtu from the US\$9.8 per MMBtu at Budget. As the recent World Bank pink sheet update shows, the Japan LNG price averaged US\$16.1 per MMBtu in the first half of 2022, a 47.7 per cent increase compared with the US\$10.9 per MMBtu recorded in the third quarter of 2021.

Chart 5: Liquefied Natural Gas (LNG) Price



Copper

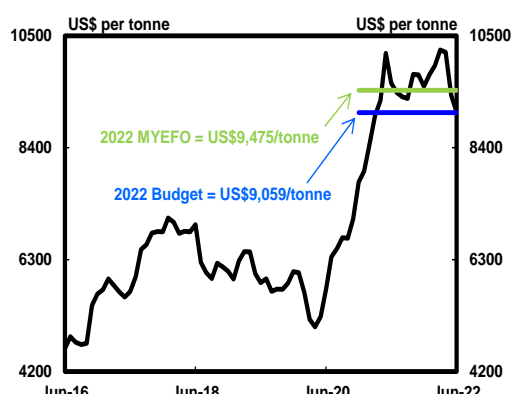
Similar to the other base metals, the copper price remained elevated. Copper prices are now estimated to average around US\$9,474.7 per tonne, 4.6 per cent higher than the 2022 Budget estimate. The copper price has performed strongly since the end of last year in tight market conditions, as supply continues to be lower. Over the first three (3) months of 2022, the Russia-Ukraine war has disrupted supply significantly, reducing the copper stock to record lows. Consequently, copper prices rose rapidly to reach a decade high of US\$10,360 per tonne on 30th March. In mid-April, copper started to lose some momentum, but on a small scale. The easing in prices reflect weaker demand in China induced by the COVID-19 lockdowns, the aggressive interest rate hike by the Federal Reserve Bank and others to curb inflation, and traders curbing copper purchases ahead of the Monsoon. The strengthening of the USD also weighed on the prices.

The global demand for copper has not subsided. It has been slightly volatile in China due to the recent COVID-19 lockdown restrictions. However, China has recovered from its lockdown, hence, there is expectation for copper prices to rebound strongly. In addition, there has been increased demand for copper, especially for electrical and industrial purposes and should underpin prices well into the future.

Copper supply restrictions were further exacerbated by a strike at the Chilean State-Owned copper producer Codelco, which arose out of environmental concerns. Chile is the world's largest copper producer and Codelco supplies 8.0 -10.0 per cent of the world's copper.

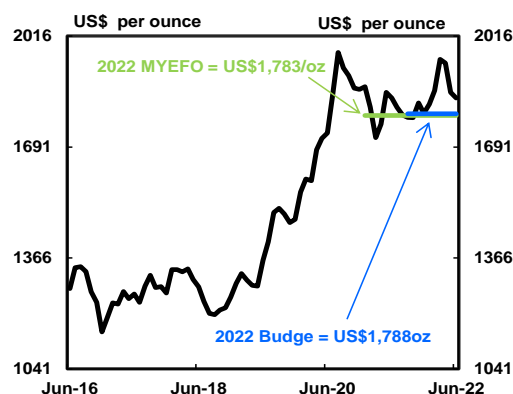
Looking ahead, the copper price outlook is positive on the expectation of persistent demand growth across the globe led by China and continued significant supply tightness as the Russia-Ukraine war escalates and Chile's production is halted. The future of copper is expected to grow because of the increased production of high thermal and electrical conductivity products. Downside risks include; slower economic growth due to the Russia-Ukraine war, rising inflation, further aggressive interest rate hikes, recession fears, and further outbreaks of the COVID-19 in China.

Chart 6: Copper Price



Source: IMF and London Metal Exchange

Chart 7: Gold Price



Source: IMF and Bank of England

Gold

The gold price has been resilient over the period driven mainly by safe haven demand. Developments including the COVID-19 outbreak in China, the Russia-Ukraine war, and inflationary pressures have boosted the safe haven need for gold, subsequently driving the gold price resurgence.

The gold price, after reaching a peak of US\$1,960 per ounce in March, has subsided, but gold price volatility compared to other metals is very low. The fall in prices was mainly driven by interest rate hikes by Federal Reserve and other central banks, and the strengthening of the USD, yields and bonds. However, the negative developments surrounding economic growth have caused upward pressure on gold.

The supply of gold has not really determined price movements. Gold supply is expected to increase by 2.5 per cent this year led by increases in China, Australia, North America and Africa. This is expected to be more than offset by increasing safe haven demand.

Looking ahead, gold prices are expected to be supported by the escalation in the Russia-Ukraine war, persistent higher inflation, geopolitical tensions in the Middle-East, and the renewed COVID-19 outbreak in China and across the globe. It is expected that the rally in gold prices will persist until some confidence returns to the market.

While noting the optimism in the price of gold remaining at elevated levels, its price assumption in the MYEFO has been cautiously reduced slightly to average around US\$1,783.4 per ounce in 2022.

Mineral and Petroleum Budget Assumptions

Reflecting developments in global mineral and petroleum commodity prices, the 2022 MYEFO assumptions for PNG's key mineral and petroleum exports have been revised¹. The Budget copper price assumption of US\$9,059.4 per tonne (see Chart 6) has been revised up to US\$9,474.7 per tonne. The Budget LNG price assumption of US\$9.8 per MMBtu has been revised up to US\$15.8 per MMBtu. The Budget oil price assumption of US\$63.9 per barrel has been revised up to US\$103 per barrel (see Chart 5). The gold price has been revised slightly down to US\$1,783.4 per ounce from the US\$1,788.1 per ounce as at Budget (see Chart 7).

Agriculture Commodities

Coffee

In the first six (6) months of 2022, coffee price rose 48.2 per cent above its 2022 Budget estimate of US\$4,602 per tonne and 38.4 per cent above the prices for the corresponding period in 2021.

The price rise is the extension of the two-year price rally since the pandemic. This is mainly due to the logistical impediments arising from the Russia-Ukraine war and a drop in output from Brazil, the world's leading producer, due to hostile weather conditions. Other related factors leading to supply disruption include the recent COVID-19 movement restrictions in Vietnam and the civil unrest in Colombia. These factors have boosted the price of the world's most popular hot beverage in the first six (6) months of 2022.

There are mixed signals for the price trend going forward. On the one hand, the supply-chain constraints mentioned above are expected to continue and thus support higher prices. On the other, falling demand due to sanctions against Russia (one of the world's largest coffee consumers), along with the COVID-19 outbreak in other major consumer countries such as China could lead to the closure of stores and restaurants, which would ease pressure on coffee demand and subsequently prices.

However, given the price trend and the magnitude of supply related constraints, the coffee price is expected to average around US\$5,978.1 per tonne in 2022. This is still 30.0 per cent above its 2022 Budget estimate, which anticipates the global supply disruption to surpass the weak demand sentiments thus keeping the price above Budget level going forward.

Cocoa

Over the year to June 2022, the cocoa price is 3.0 per cent below its 2022 Budget estimate of US\$2,557 per tonne and 0.4 per cent above the prices at the same time last year. The cocoa price rose since the end of 2021, hitting multi-year highs as global demand bounced back following the easing of the COVID-19 restrictions in the US and Europe. This boosted consumption of chocolate lifted the price.

However, the price rise ceased in February 2022 reflecting increased supply from the Ivory Coast and Ghana due to favourable weather conditions in the two major cocoa producing countries. Moreover, the major consumer - European Union (EU) also offered lower prices as part of its Environmental and Human rights campaign in controlling deforestation and discouraging child labour in cocoa production, which further depressed price.

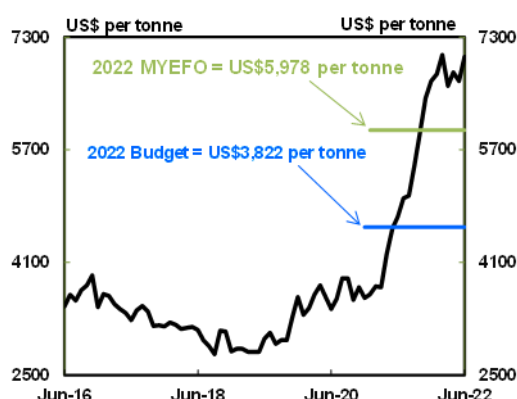
¹The price forecast methodology applied is the weighted average of the actual year-to-date average price from Jan 04 to Jun 30, and an assumption for the remainder of the year.

Furthermore, the price rise was halted by reduced demand as inflation led to lower consumer purchasing power. This situation is expected to restrict the consumption of non-essentials and luxury goods including cocoa products should the situation persist.

The market outlook for cocoa price varies widely but major banks and global organisations caution that weather risks remain high for this year, which could impact soft commodities' output and support the cocoa price forecast to rise. However, the inflation-based upsurge in prices is expected to threaten demand and consumption, which could push the price further down.

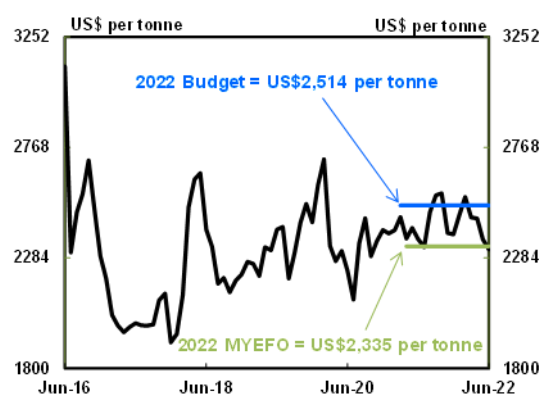
Given these developments and the price trend to date, the cocoa price is expected to average around US\$2,335.3 per tonne in 2022, which is 7.1 per cent below its Budget estimate, reflecting reduced consumer purchasing power due to the current inflation upsurge in major consumer countries.

Chart 8: Coffee Price



Source: International Coffee Organisation

Chart 9: Cocoa Price



Source: International Cocoa Organisation

Palm Oil

Palm oil prices began the year on an increasing trend, at least over the first six (6) months reflecting the collapse in the global crude oil supply as Indonesia banned its Palm oil exports to curb its domestic palm oil price hikes. The Russia-Ukraine war, which disrupted global sunflower oil supply, the COVID-19 pandemic situation, which disrupted logistical activities, the labour deficiencies in Malaysia's plantations, which lowered the country's palm oil production, and lower South American soybean production have disrupted the global palm oil supply and supported the price in the first half of 2022.

Over the year to June 2022, the price is 52.3 per cent above the 2022 Budget estimate of US\$905.3 per tonne and 38.3 per cent above the prices during the same time last year.

Recent developments in the global market have indicated a turnaround in palm oil prices. Palm oil prices have been going down following the lifting of the export ban by Indonesia since mid-May. Even though the price has been trending around historical highs since June 2021, the impact of the export ban lifting by Indonesia is expected to drive down the price as the world's biggest palm oil exporter aims to export around 6 million tonnes to cut its ballooning inventory back to normal levels.

Though the prices have been or is expected to be weighed down by Indonesia uplifting of the ban, palm oil price is expected to average around US\$1,106 per tonne in 2022, above the Budget estimate of US\$907 per barrel supported by market tightness.

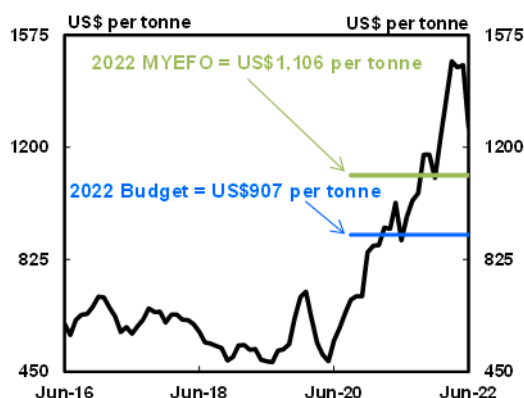
Coconut Oil

Over the year to June 2022, the coconut oil price is trending at 37.4 per cent above the Budget estimate of US\$1,470.1 per tonne and 25.3 per cent above the prices for same time last year. The most prominent price hike was recorded in March where the price hit a peak of US\$2,230.22 per tonne and then shrank in the following months.

There is expectation for a bearish market for coconut oil in the second half of 2022 as prices fell in two consecutive months after recording a historical hike in March 2022, due to increased supply. Going forward, major producing countries such as the Philippines, Indonesia and Papua New Guinea are expecting improved supply due to favourable weather conditions and harvest seasons. Therefore, the price of coconut oil is expected to rise again in the second half of 2022, which will be an incentive to boost exports, and are expected to trend above the Budget estimate and 2021 prices.

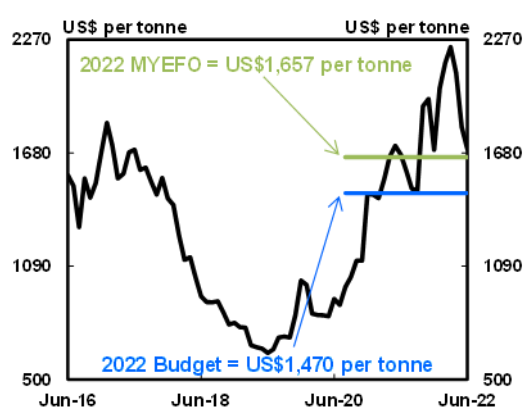
Considering the above price trend and market developments, coconut oil price is expected to be around US\$1,657.2 per tonne in 2022.

Chart 10: Palm Oil Price



Source: Malaysia Palm Oil Council

Chart 11: Copra Oil Price



Source: Index Mundi

Exchange Rate Developments

The PNG Kina has strengthened against major trading partner currencies over the first six months of 2022 compared to the same period last year. The Trade Weighted Index (WTI) rose by 4.6 per cent reflecting the net appreciation of the Kina against major trading partners, particularly against the AUD. The Kina appreciated by 6.8 per cent against the AUD, and depreciated by 0.2 per cent against the USD.

Between the end of 2021 and June 2022, the Kina has also appreciated against most of the other key trading currencies including the Chinese Renminbi (+4.7 per cent), Japanese Yen (+17.0 per cent), Singapore Dollar (+1.1 per cent), Taiwanese Dollar (+6.3 per cent), Philippine Peso (+6.3 per cent), while it depreciated against the USD (0.4 per cent).

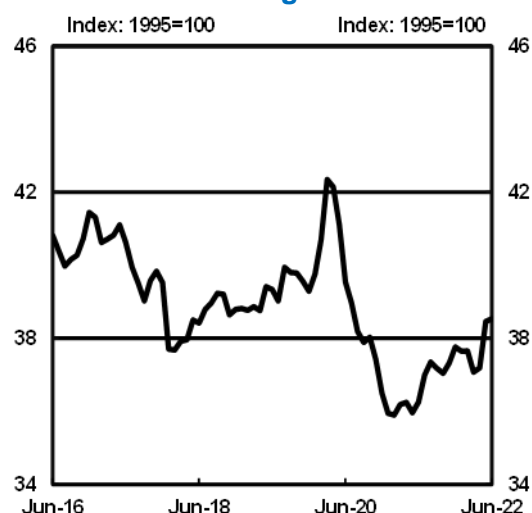
Since the release of the Monetary Policy Statement (MPS) in March by the Bank of PNG (BPNG), the Kina has been static (unchanged) against the USD, maintaining US\$0.2840 at end March 2022 to US\$0.2840 at end June 2022. Against the AUD, the Kina has appreciated by 8.6 per cent from AU\$0.3796 at end March 2022 to AU\$0.4121 at end June 2022.

Against the AUD, the Kina has appreciated due to the weakening of the AUD against the USD. The tightening of monetary policy in US, decreased demand for Australia's export commodities in China, and the pull-back of the COVID-19 stimulus measures have slowed down economic activity in Australia and weakened the Australian dollar.

Against the USD, the Kina exchange rate has depreciated slightly from US\$0.2850 to US\$0.2840 in February 2022 but has remained at the same level since. This reflects the continued management of the exchange rate by the BPNG in the exchange rate market to support the Kina against the USD and to control inflation.

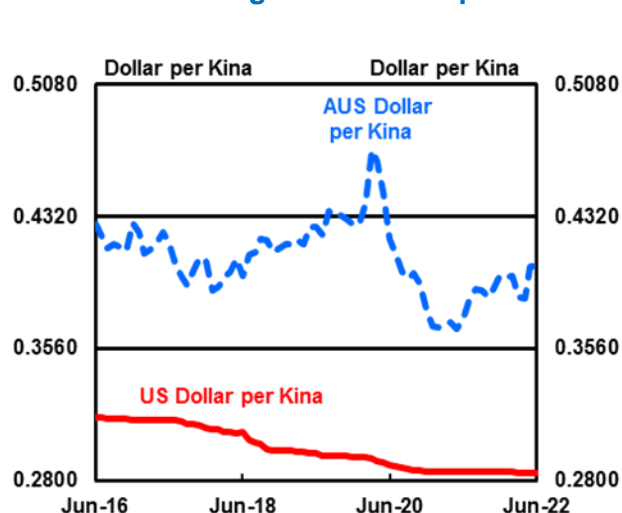
Based on the Treasury's model (see Chart 14), the Kina is estimated to appreciate against its major trading partners in real effective terms despite the gradual depreciation of the Kina. This is attributed to PNG's relatively higher inflation projected over the medium term and continuous management of the Kina by BPNG to prevent imported inflation and capital flight.

Chart 12: Trade Weighted Index



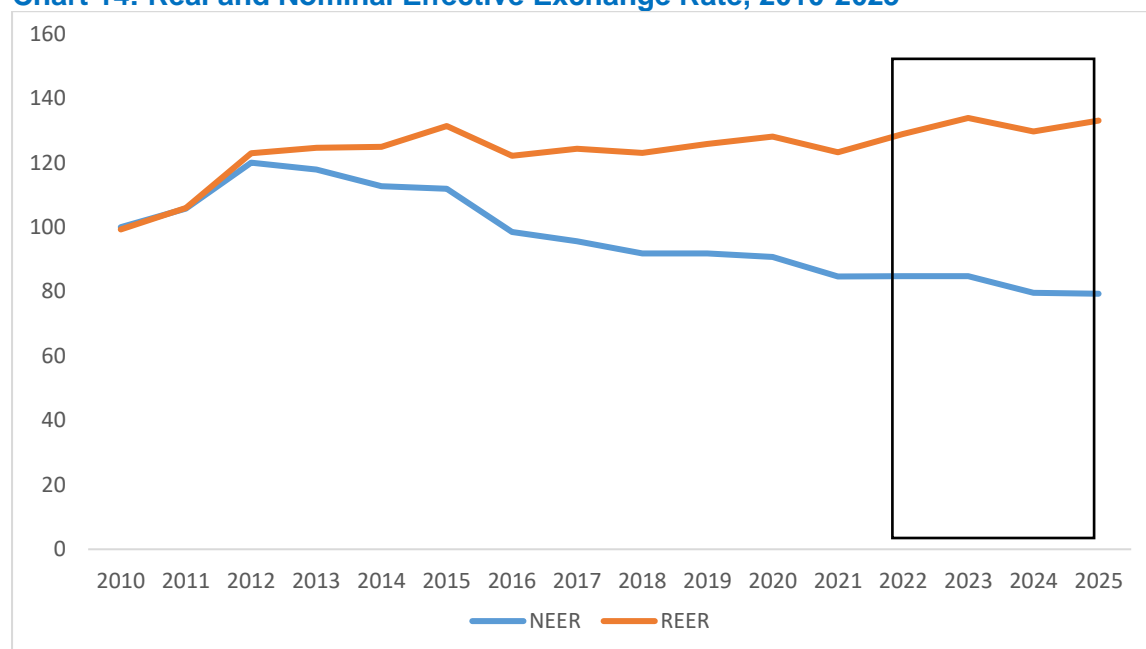
Source: Bank of PNG

Chart 13: Exchange Rate Developments



Source: Bank of PNG

Chart 14: Real and Nominal Effective Exchange Rate, 2010-2025



Source: PNG Treasury

Domestic Economic Outlook

2021 Economic Update

The PNG economy grew in real terms by 0.3 per cent in 2021, down from the 2022 Budget estimate of 1.5 per cent. The slower than anticipated growth is mainly attributed to further contractions in key sectors, in particular Mining and Quarrying and Oil and Gas.

The Mining and Quarrying sector is estimated to have contracted by 19.4 per cent in real terms compared to the 12.5 per cent contraction estimated in the 2022 Budget. This is largely driven by the lower than anticipated gold and copper output from Ok Tedi and Lihir mines due to the COVID-19 related disruptions and autoclave failure respectively, while Porgera remained closed.

The Oil and Gas sector contracted by 7.0 per cent compared to a contraction of only 0.7 per cent estimated in the Budget as the LNG and condensate actual output turned out to be lower than initially anticipated. LNG output was 413.5 trillion British thermal unit (tBtu) or 4.1 per cent lower compared to the original estimate of 430 tBtu. Similarly, condensate actual output was 8 bbl or 19.6 per cent lower compared to the Budget estimate of 10 bbl. The lower LNG and condensate output were due to scheduled maintenance carried out at the PNG LNG project site.

Despite the downgrade to the resource sector, the non-resource sector for 2021 is estimated to have grown by 5.2 per cent, up from the Budget estimate of 3.9 per cent. Supporting the higher growth in the non-resource sector were Agriculture, Forestry and Fishery (AFF), Wholesale and Retail Trade, and Health and Social Service sectors. The AFF sector in 2021 rebounded strongly from the pandemic, supported by the easing of travel restrictions and favorable commodity prices, thus leading to increased production from coffee, cocoa, palm oil and copra. Some of the key events underpinning the growth of AFF include:

- coffee production increased by 15.0 per cent from 683,000 bags in 2020 to 785,000 bags in 2021;
- palm oil production increased by 11.3 per cent as the crop weathered the impact of the COVID-19 and supported by higher international prices;
- an increase in copra production by 15.5 per cent due to higher prices; and
- 58.5 per cent increase in cocoa production attributed to higher prices.

The wholesale and retail sector is estimated to have grown by 9.0 per cent, up from 3.4 per cent estimated at Budget. GST collection in this sector increased by 9.3 per cent in 2020 and 23.8 per cent in 2021, indicating little disruption by the pandemic. According to Treasury's March quarter 2022 Business Liaison Survey (BLS), most of the businesses in this sector indicated stronger sales in 2021 compared to 2019 (pre-pandemic level). This trend is in line with other countries' experience where retail and wholesale trade thrived during the pandemic.

Overall, the PNG economy weathered the COVID-19 headwinds better than expected as shown by stronger recovery in the non-resource sector. Much of the stronger growth was also attributed to the Government's K5.7 billion COVID-19 economic stimulus package, easing of travel restrictions, and favourable commodity prices.

2022 Economic Outlook

In 2022, the PNG economy is expected to recover and grow at 4.7 per cent in real terms against the Budget estimate of 5.4 per cent, a downward revision of 0.7 percentage point. The downward revision to the growth forecast reflects a substantial downgrade in the Mining and Quarrying sector from 35.8 per cent estimated in the Budget to 12.9 per cent. This is attributed to a further delay in the Porgera mine resumption, which Treasury is now projecting to reopen

in second quarter of 2023 and lower than anticipated gold production from the two major mines, Ok Tedi and Lihir. Similar to 2021, growth is expected to be supported by a strong recovery in the non-resource sector, notably in some of the BLS sectors such as the Wholesale and Retail Trade, Public Administration and Defense, and Administrative and Support Services sectors, owing to election-related spending.

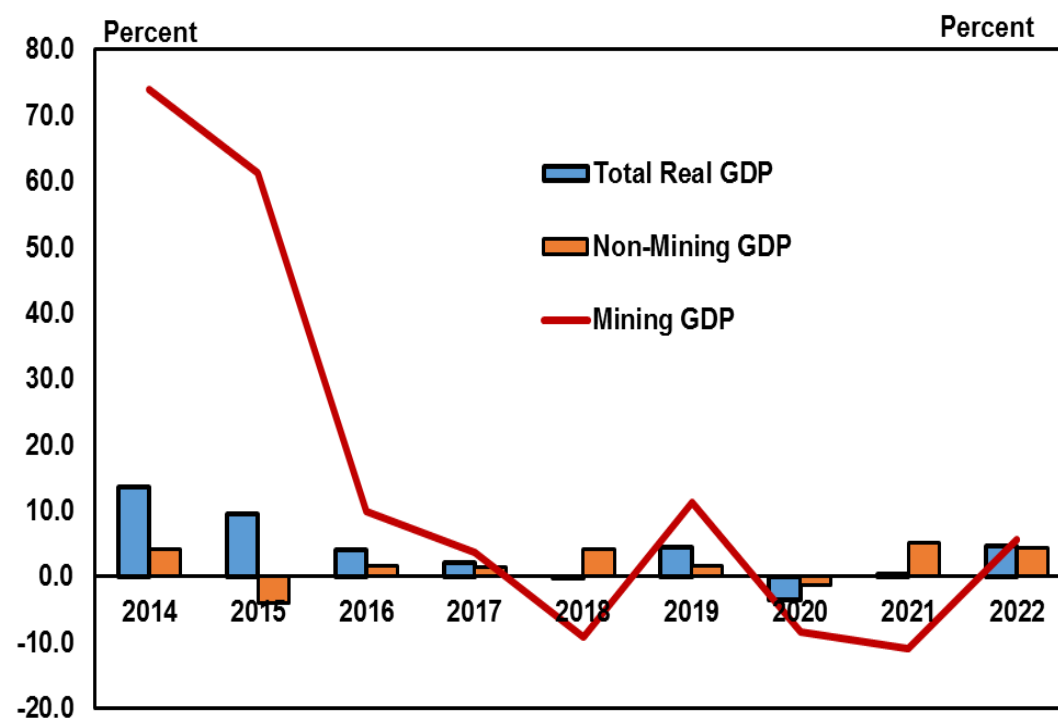
Growth in the Oil and Gas sector was revised up from -0.9 percent to 2.7 per cent reflecting the restoration of normal production volumes for LNG and condensate after a dismal performance in 2021. LNG production is set to rebound to 430 tBtu in 2022 following 414 tBtu recorded in 2021.

The AFF sector is estimated to grow by 2.5 per cent in 2022 compared to the 2022 Budget estimate of 2.9 per cent, reflecting a scale down of production volumes across a range of agriculture commodities particularly:

- round log exports are expected to decline by 24.7 per cent in 2022 due to the continuous demand disruptions in China owing to its strict zero COVID-19 policy to contain the reemergence of the COVID-19. The travel restrictions imposed by the Chinese Government have discouraged international travel, which made on-site inspection and purchasing of round log more challenging.
- palm oil production profile for 2022 is expected to decrease slightly by 1.1 per cent from the Budget estimate as one of the major oil refineries for NBPOL - Kumbango palm oil refinery was operating at partial capacity in the first quarter of 2022 due to a scheduled maintenance.
- revised cocoa production profile for 2022 is estimated to decrease by 8.7 per cent driven by lower cocoa prices.
- coffee production profile for 2022 is estimated to increase by 7.7 per cent, aided by the rising prices, the Government's Price support scheme, improved labour mobility and a bumper crop year. Despite the good year for coffee, downside risks to production include: the aging of coffee trees in the smallholder and plantation sectors; breakdown in rural infrastructure; increased lawlessness; the continual threat of quality problems; possible shortages of land and labour; major pest diseases; and election related disruption to farmers from attending to coffee production. Another short-term downward pressure on production could be through decreases in prices for farmers as buyers or exporters factor in the increased fuel and freight costs into their pricing. A lower price reduces incentive for farmers to increase production. Delays in funding the CIC Freight subsidy scheme could also reduce production and exports of coffee.

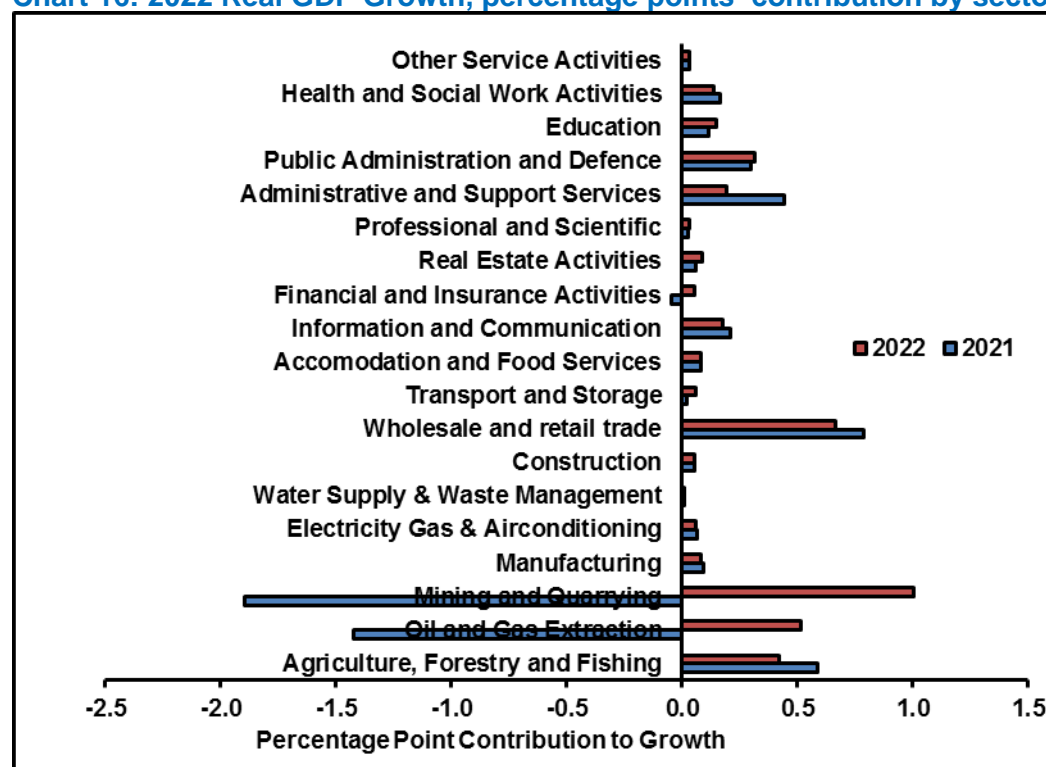
Overall, growth in the non-resource sector is estimated to have grown by 4.4 per cent, up from 3.5 per cent estimated in the Budget. Despite a downgrade in the AFF sector, election related spending is expected to spur growth in the BLS sectors such as Retail and Wholesale (7.0 per cent), Public Administration and Defense (6.0 per cent), and the Manufacturing sector (5.0 per cent).

Chart 15: Economic Growth (2014-2022)



Source: NSO and Department of Treasury

Chart 16: 2022 Real GDP Growth, percentage points' contribution by sectors



Source: Department of Treasury

Table 2: Key Economic Parameters 2022

	2022 Budget	2022 MYEFO
Total Nominal GDP (Kina Million)	101,695.8	110,302.8
Economic Growth		
Total Real GDP (%)	5.4	4.7
Non-mining Real GDP (%)	3.5	4.4
Inflation		
Average on Average (%)	5.6	6.2
Dec on Dec (%)	5.1	6.4
Exchange rate		
Real Exchange Rate Index (2007 = 100)	137.7	137.7
Interest rate		
Kina Rate Facility (KFR)	3.00	3.25
Inscribed Stock (3 year yield)	9.8	6.0
Mineral Prices		
Gold (US\$ per ounce)	1,788.1	1,783.4
Copper (US\$ per tonne)	9,058.7	9,474.7
Oil (Kutubu Crude: US\$ per barrel)	63.9	103.0
LNG (US\$ per thousand cubic feet)	9.8	16.6
Condensate (US\$ per barrel)	63.9	103.0
Nickel (US\$ per tonne)	14,080.0	17,646.7
Cobalt (US\$ per tonne)	40,159.4	50,744.8
Agriculture Prices		
Coffee (US\$ per tonne)	4,601.4	5,978.1
Palm Oil (US\$ per tonne)	905.1	1,106.4
Cocoa (US\$ per tonne)	2,556.4	2,335.3
Copra Oil (US\$ per tonne)	1,565.7	1,647.8

Source: Department of Treasury

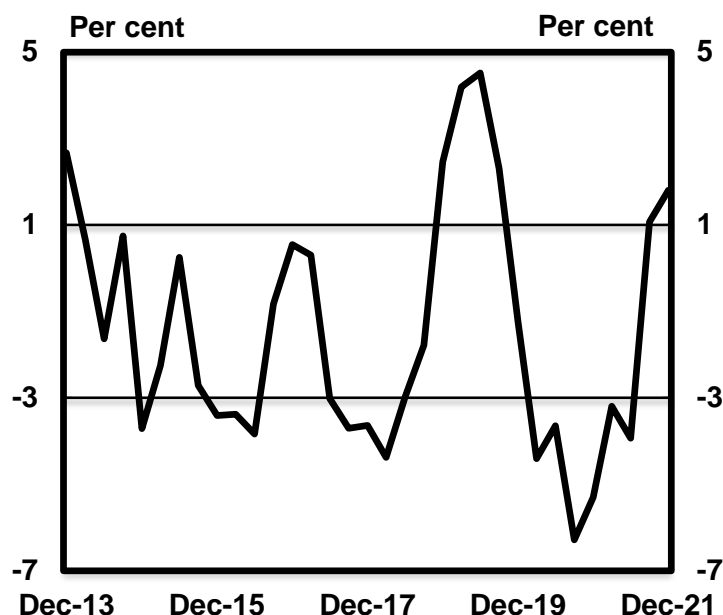
Employment Update

Total employment in the formal private sector in 2021 improved slightly by 1.6 per cent driven by an increase in mining employment growth. According to BPNG's 2021 December quarterly economic bulletin (QEB), mining sector employment grew by 16.8 per cent through the year to the December quarter 2021. The increase reflects recruitment by several mineral companies towards the end of 2021 to achieve their respective production targets, coupled with increased commodity prices, which incentivised mineral companies to employ more workers to meet growing demand. This more than offset the marginal decline in growth seen in the non-mining sector over the period.

Through the year to December 2021, non-mining sector employment declined slightly by 0.3 per cent driven by lower growth in the Construction, Wholesale, Agriculture, Forestry and Fishery, and Financial Businesses and other Services sectors. This partly reflects the effect of the "No Jab No Job" policy adopted by some firms in 2021 as a result of their worker safety obligations, and some workers refused to be vaccinated due to mixed information on the side

effects of the different types of vaccines and the strict work policies introduced by companies. In addition, some companies maintained their employment levels as part of their cost cutting strategy to drive up their profit margins back to the pre-COVID levels.

Chart 17: Employment Growth (through-the-year percentage growth)



Source: Bank of PNG

The decline in employment growth was most prominent in Construction (down 28.3 per cent), Wholesale (down 4.8 per cent), Agriculture Forestry and Fishery (down 3.3 per cent) and Financial Business and other services down 0.1 per cent. On a positive note, growth was seen in Transportation (up 7.7 per cent), Manufacturing (up 5.5 per cent) and Retail (up 1.7 per cent).

Inflation Update

2021 Inflation Outcome

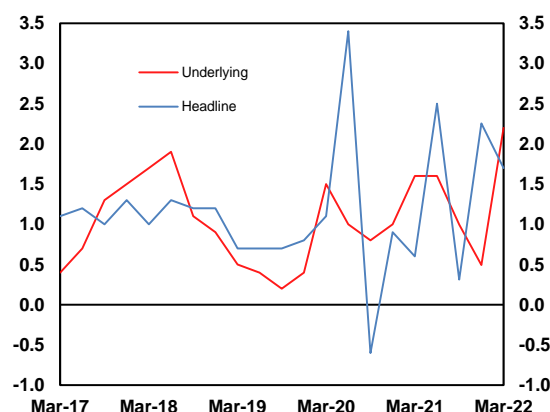
Inflation averaged 4.5 per cent in 2021, but stood at 5.7 per cent year-on-year (y-o-y) in December 2021. Inflation was primarily driven by the surge in food and non-alcoholic beverage prices, reflecting higher prices for edible oils, led by cooking oil, which jumped by 35.6 per cent. Transportation costs increased by 7.7 per cent in the year to December, owing to the surge in shipping costs due to global supply chain disruptions induced by the COVID-19 pandemic, which contributed 1.1 per cent to the overall inflation. Another major contributing factor was the increase in education costs, which jumped by 20.0 per cent and contributed 1.5 per cent to the inflation as the Government introduced tuition fees in public school. In contrast, the price of alcoholic beverages, tobacco and betel nut stabilised and contributed only 0.1 per cent to inflation in 2021, compared to 1.0 per cent in 2020, reflecting the ease of movement control as the Government did not impose any lockdowns during the year.

2022 Inflation Update

The headline inflation outcome in the March quarter of 2022 was 1.7 per cent, lower than the 2.3 per cent recorded in the December quarter 2021 (see Chart 19). The slower growth in the headline inflation in the March quarter 2022 is attributed to the slight increase in prices of expenditure items mainly; Education (8.6 per cent), Transport (5.9 per cent), Health (3.8 per cent), Household Equipment (3.6 per cent), Recreation (2.4 per cent) and Food and Non-Alcoholic Beverages (1.9 per cent) among others. By regions, prices rose in Lae with 3.8 per cent, and Alotau_Kokopo/Rabaul at 3.7 per cent while they fell in Goroka-Mt. Hagen-

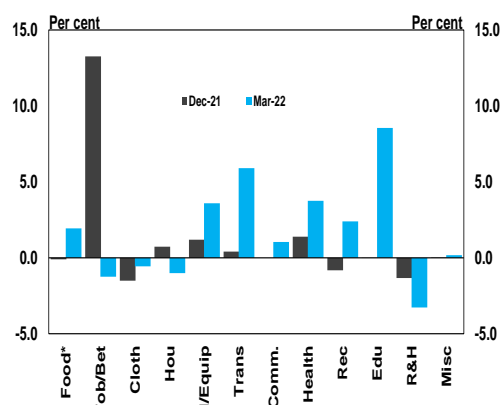
Madang (-3.1 per cent) and Port Moresby (- 0.1 per cent). (see Chart 20).

**Chart 18: Headline and Underlying Inflation-
March Quarter 2022**



Source: National Statistical Office

**Chart 19: Expenditure Basket –
March Quarter 2022 growth**



Source: National Statistical Office

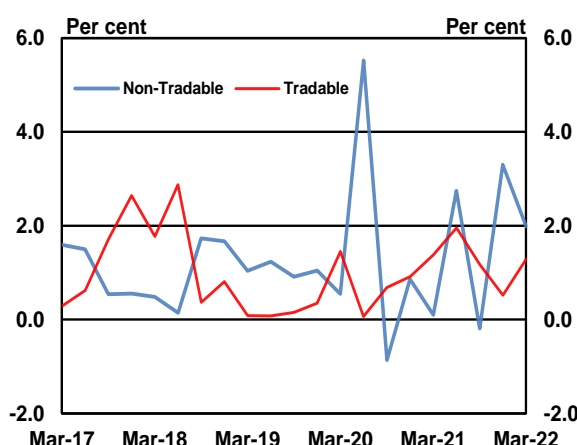
The underlying measure of inflation that excludes seasonal and price-controlled items² grew by 2.2 per cent in the March quarter, compared to 0.5 per cent recorded in the previous quarter (see Chart 19). Between March 2021 and March 2022, underlying inflation rose by 5.4 per cent, reversing the downward trajectory seen in the last twelve months.

Imported inflation increased by 1.3 per cent in the March quarter 2022, compared to 0.5 per cent in the previous quarter. Prices have increased for many imported items namely; Operations of Transport (13.8 per cent), Oils and Fats (10.6 per cent), Household Maintenance Goods (4.7 per cent), Sugars and Confectionary (3.6 per cent), Household Appliances (3.5 per cent), Medical Supplies (3.4 per cent), Footwear (up 3.0 per cent, Sewing Items (2.4 per cent) and Fuels and Lubricants (1.8 per cent). These more than offset decreases in the prices of other imported items.

Over the past twelve (12) months (March 2021 to March 2022), imported inflation grew at 5.0 per cent compared to 3.1 per cent in the previous year (see Chart 19). Price increases were recorded for imported items including Oil and Fats (28.0 per cent), Fuels and Lubricants (20.8 per cent), Household Equipment (9.9 per cent), Boys Wear (8.4 per cent), Sewing Items (7.0 per cent), Alcoholic Beverages (6.7 per cent), Operations of Transport (5.5 per cent), Head wears (5.1 per cent), Medical Supplies (5.0 per cent), Motor Vehicle Purchases (4.7 per cent), Dairy Products, Eggs and Cheese (4.1 per cent) and Footwear (3.1 per cent) among others. Conversely, import items with price decreases included Telephone Equipment (8.8 per cent), Women and Girls Wear (3.6 per cent), and Clothing (2.4 per cent).

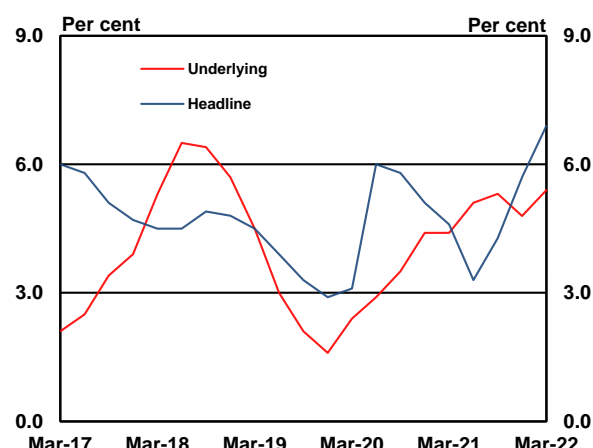
² Seasonal items refer to; for example, fruits and vegetables, and Betel-nut and Price controlled-items refer to, for example, transport fares, telephone services and medical services.

Chart 20: Tradable and non-Tradable Inflation March Quarter 2022



Source: National Statistical Office

Chart 21: Headline and Underlying Inflation through the year (March 2021 to March 2022)



Source: National Statistical Office

Non-tradeable or Domestic inflation was 2.0 per cent in the March quarter 2022, 1.3 percentage points lower compared to 3.3 per cent recorded in the December quarter 2021(see Chart 19). The slowdown in domestic inflation was due to fall in the prices of betel nut, rent and restaurant and hotels, while other domestic items have recorded price increases.

Over the past twelve months (March quarter 2021 to March quarter 2022), prices of domestic items rose by 8.0 per cent compared to 5.6 per cent recorded a year ago. The rise in domestic goods prices reflected increases in the prices of Cooking (21.6 per cent), Fares (21.1 per cent), Betel Nut (17.1 per cent), Housing Maintenance (10.2 per cent), Education Fees (9.0 per cent), Fruits and Vegetables (7.9 per cent), Cereals (5.6 per cent), Non-Alcoholic Beverages (5.2 per cent), Meat (4.6 per cent), Fish (4.4 per cent) and Tobacco (3.9 per cent) among others. In contrast, the domestic items that experienced price fall included Water (26.3 per cent), Takeaway Foods (4.6 per cent), Postal Services (2.7 per cent), Accommodation (2.6 per cent) and Medical Services (1.3 per cent).

2022 Inflation Outlook

Headline inflation is projected to be 6.2 per cent in 2022, higher than the 2021 outcome of 4.5 per cent and the 2022 Budget estimate of 5.6 per cent.

This upward revision from the Budget reflects the impact of the surge in fuel prices to record high level since 2008 on the prices of goods and services. The surge in fuel prices is primarily due to the increase in global oil prices following Russia's invasion of Ukraine, alongside strengthening global demand after the easing of the COVID-19 restrictions. Fuel prices were expected to remain elevated in the near term although they have fallen considerably from their peaks.

PNG's fuel prices track closely with the movements in global oil prices as its prices are based on the import parity price (IPP), which reflects the international price of refined fuel products delivered into PNG from Singapore. Petrol and diesel prices in PNG including in Port Moresby have increased by 43.9 per cent and 28.6 per cent, respectively over the year to June compared to the same time last year. The surge in domestic fuel prices is expected to have sustained knock-on effects across the economic sectors. The global oil price is expected to remain elevated until there is a restoration of geopolitical stability. Taking into consideration the uncertainty surrounding easing of the Russia-Ukraine war, the Treasury revised its forecast for West Texas Intermediate (WTI) oil price at an average of US\$103 per barrel, from the US\$63.9 per barrel as estimated in the 2022 Budget.

Contributing to the higher headline inflation in 2022 is the record-high inflation experienced by PNG's largest source of imports, Australia. Stronger aggregate demand for goods and services owing to successful policy support, and the recovery from the pandemic has prompted the Australian economy to have a y-o-y 5.5 per cent inflation rate in June 2022 and projected to y-o-y 6.0 per cent in December 2022. Inflation in Australia is expected to trend higher in near term subject to the monetary policy stance by the Reserve Bank of Australia. Given PNG's high reliance on Australia for household durable and consumable goods, increased inflation in Australia is expected to have a material impact on PNG's prices.

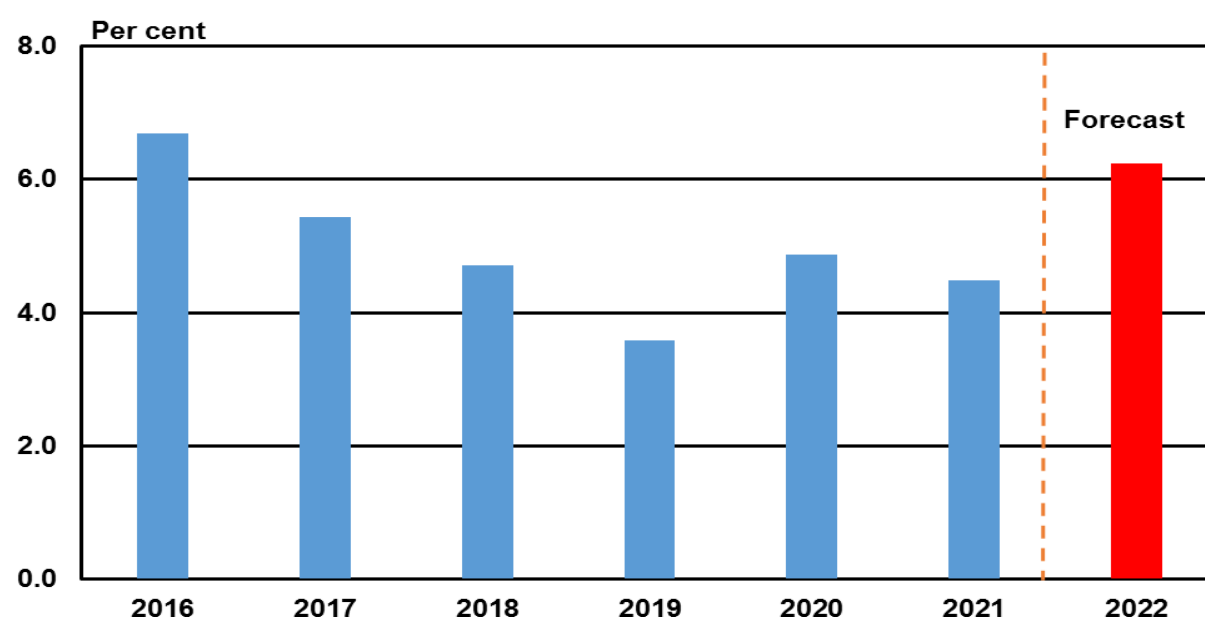
Other developments like rising global food prices, high shipping costs and fertiliser prices, which shows no sign of easing soon, would also contribute to higher inflation in 2022.

Offsetting some of the inflationary pressures is the relatively stable Kina exchange rate against the US dollar through the exchange rate management by the Bank of the BPNG. A stable Kina exchange rate against the USD is expected to appreciate against AUD through cross currency movements, which helps to curb imported inflation. The Treasury forecasts Kina to depreciate minimally at 0.3 per cent in 2022. In addition, the Government Tuition Fee (GTF) policy of (K632 million) reintroduced this year would lower school fees, hence expected to alleviate inflationary pressure. Moreover, in April 2022, the Government provided a K611 million fiscal relief package to help with lowering costs of living, which includes the removal of 10.0 per cent GST and excise duty on fuel for six months. These measures took effect on 8th May and are scheduled to finish on 31st October, unless further extended, and are expected to provide relief on general prices.

The removal of GTF in 2021 estimated to have contributed 1.5 per cent to the inflationary pressure in 2021. Now that the GTF taken on board by the Government has equally reduced inflation by 1.5 per cent. The K611 million package of measures announced in April also is expected to have a significant impact on keeping inflationary pressure under control in 2022.

On year-on-year (y-o-y) terms, inflation is estimated to be 6.4 per cent, slightly higher than the 5.1 per cent projected at Budget. Against the 2021 outcome, it is higher by 0.7 percentage point.

Chart 22: Inflation Outcome and Projection Year Average (2016-2022)



Source: NSO and Department of Treasury

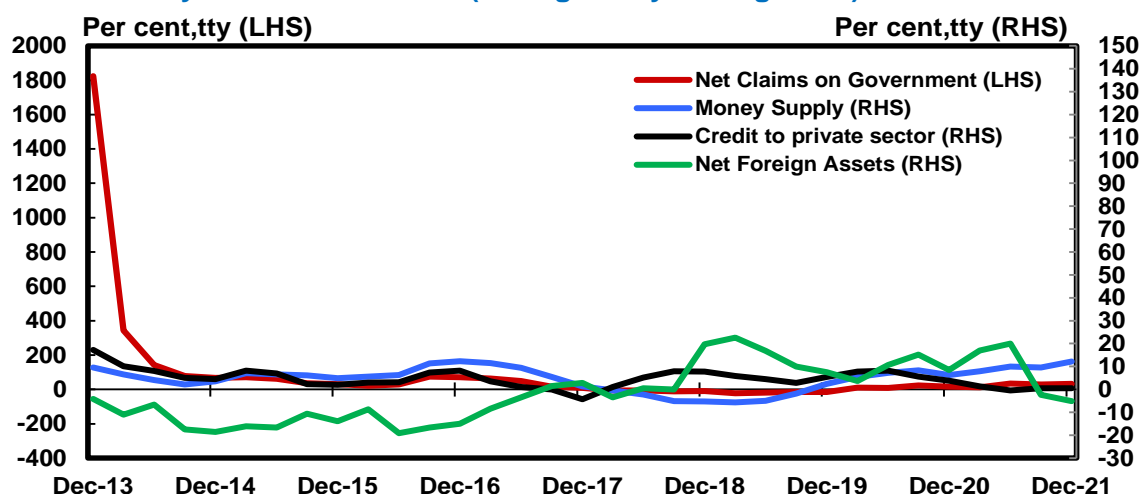
Monetary Developments

BPNG tightened its monetary policy stance in July 2022 by increasing the Kina Facility Rate (KFR) to 3.25 per cent from the 3.0 per cent maintained since April 2020, in an effort to counter rising inflation. BPNG also increased its Cash Reserve Requirement (CRR) by 100 basis point from 7.0 per cent to 8.0 per cent. However, monetary transmission in PNG remains weak due to stubbornly excess liquidity in the banking system, and hence no material impact on domestic price levels.

The broad money supply over the twelve (12) months to the December quarter 2021 rose by 12.2 per cent to K25,839.8 million, up from K23,023.9 million in the corresponding period of 2020 (see Chart 24). The uptick in money supply is due to the Net Claims on the Central Government increasing by 32.8 per cent and Credit to the Private Sector increasing by 0.5 per cent. The strong increase of net claims by the Central Government reflects the expansionary fiscal policy stance undertaken by the Government in response to the economic fallout of the COVID-19 pandemic on the economy. The increase in the net claims on the Central Government reflects the rise in the holdings of Inscribed Stock by the commercial banks over 2021.

Net Foreign Assets (NFA) in 2021 contracted on average by 5.2 per cent to K7,161.6 million from K7,552.8 million in the corresponding period of 2020.

Chart 23: Monetary and Credit Growth (through the year % growth)



Source: Bank of PNG

PNG's trade activity with the rest of the world rose in 2021 driven by global economic recovery and higher commodity prices. According to the MPS, PNG's current account balance recorded a surplus of K21,722.8 million (23.6 per cent of GDP) in 2021, substantially higher by K4,467.2 million or 25.9 per cent than the surplus recorded in 2020, driven by a positive trade balance of K23,087.6 million reflecting higher exports receipts. The higher export receipts were driven by higher prices for mineral export commodities especially LNG, and higher prices and volumes for agricultural exports led by palm oil and coffee. Gains from those commodities more than offset lower export values recorded by gold, copper and crude oil due to lower export volumes. On the import side, forex issues, exchange rate depreciation and international shipping delays and higher freight costs weighed on general imports activity. As a result, payments for general imports declined by 1.4 per cent to K11,227.1 million from K11,381.5 million recorded in 2020.

The Transfer Account recorded a surplus offsetting a widening of the Income Account deficit. Overall, the Balance of Payments recorded a surplus of K2,466.1 million in 2021, with the higher surplus recorded in the current account more than offsetting deficits in the capital and financial account.

In the March quarter 2022, the current account recorded a surplus of K6,663 million, which is 3.7 per cent lower than the previous quarter, a slightly lower outcome driven by a positive trade account offsetting a decline in the income account. The transfers account declined during the quarter.

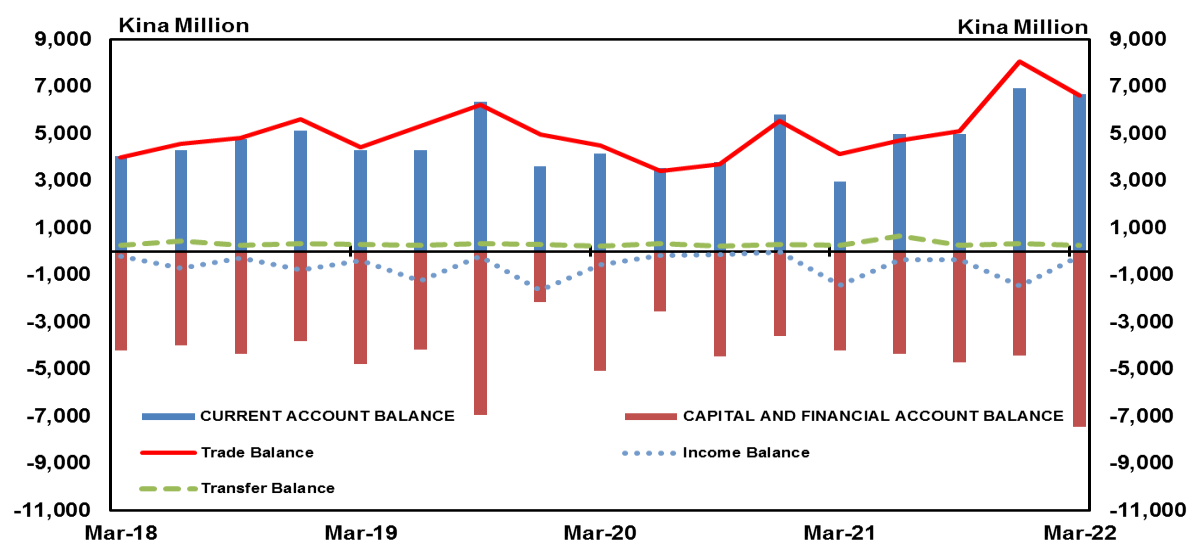
More specifically:

- trade account recorded a surplus of K6,627.8 million in the March quarter 2022, 17.9 per cent lower than the previous quarter;
- income account recorded a deficit of K207 million in the March quarter 2022. This is a drop from the deficit of K1,468 million recorded in the previous quarter and is due to a sharp decline in dividends and compensation of employee payments by employees to shareholders and residents overseas;
- transfer account recorded a surplus of K242 million in the March quarter 2022, significantly lower than the surplus of K314 million recorded in the previous quarter. This was mainly due to lower receipts of gifts and grants during the quarter; and
- capital and financial account recorded a deficit of K7,467 million in the March quarter 2022, reflecting the continued financing commitment of key projects in the mineral sector and outflows to finance investments abroad by resident companies.

In light of the developments discussed above in each account, the overall Balance of Payments position in the first quarter 2022 was a deficit of K804 million. This meant that the inflows from the current account were outweighed by outflows in the capital and financial account.

The current account is anticipated to record positive growth in coming quarters and a significantly higher surplus position at the end of 2022, due to: strongly performing mineral commodity prices that are expected to trade well above budget forecasts; increasing agriculture and LNG output; constrained imports due to continued forex challenges; higher international shipping costs; and rising imported inflation.

Chart 24: Balance of Payment Quarterly 2018-2022 (Kina, million)



Source: Department of Treasury and BPNG

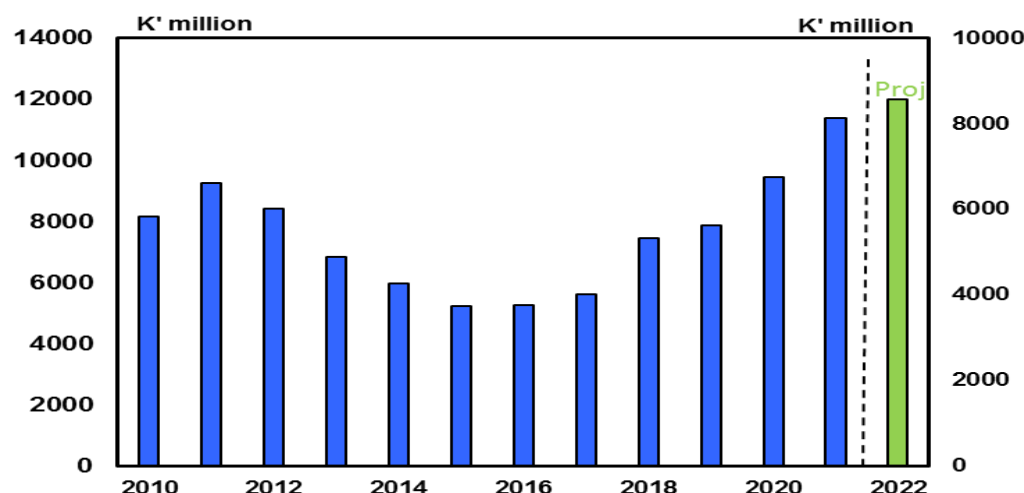
International Reserves

According to the MPS, as at the end of December 2021, the gross international reserve level was US\$3,240.1 million (K11,368.7 million), sufficient for 9.1 months of total import cover and 15.9 months of non-mineral import cover (well above the benchmark of three months import cover for floating exchange rates). This is higher by US\$550.3 million compared to 2020 and

largely driven by the SDR252.3 million (K1,255 million) allocation received from the IMF in August 2021. Other Government external borrowing, higher export inflows from the resource and non-resource sectors, and other receipts by the private sector through the domestic market also boosted the reserves. The level of gross reserves decreased to US\$3,107.7 million (K10,753.4 million) as at 25th March 2022. The decline in reserves was due to the servicing of external Government debt and Central Bank interventions to support the foreign exchange market.

In 2022, the gross foreign exchange reserve level is expected to be supported by inflows from higher export receipts reflecting the surge in the export commodity prices and rebound in overall domestic economic growth.

Chart 25: International Reserves Annual 2010-2022 (Kina, million)



Source: BPNG

1.3 THE FISCAL POSITION AND OUTLOOK

Business conditions in the first half of 2022 were relatively strong, as the PNG economy continued to recover from the impact of the COVID-19 pandemic. While the increase in global commodity prices have translated into higher tax revenues in the first six (6) months, growth momentum has been affected by domestic supply-side issues. The downturn in China and the negative spillovers from the war in the Ukraine has triggered global inflation, forcing Governments and Central Banks to tighten monetary policy.

The Government, in response to these imported inflationary pressures, is undertaking corrective policy measures to address these challenges with the announcement of a K611 million 'fiscal relief package' in April. The package includes tax exemptions on selected expenditure items, especially fuel, and subsidies to PNG Power Ltd and the education sector, among others, to relieve the inflationary pressures in the economy. While this intervention is timely, it was not part of the original 2022 Budget and therefore, will need to be validated in a Supplementary Budget. In addition, as part of the 2022 Supplementary Budget, the Government has foreshadowed a further package of K177 million to extend the fuel tax reductions to 31 December 2022 and to lift the tax-free threshold to K20,000 from 1 November 2022 for two months. The need for any further adjustments will be considered in the context of the 2023 Budget. The measures are being funded through a large increase in resource revenues, the flip-side of these inflationary pressures.

The Government has implemented most of its key priority expenditure in the first half of 2022, and has focused on frontloading funding for urgent priority expenditures contained in the 2022 Budget, such as: Government Tuition Fee Subsidy (GTFS) program; Connect PNG and District Roads Program, Medical Supplies; District Support Improvement Program (DSIP)/Provincial Support Improvement Program (PSIP); and other Public Investment

Programs (PIPs) in the capital development budget. Furthermore, additional funding has been provided for the 2022 National General Election. These expenses were funded mainly by GoPNG revenue as well as financing raised from Government Securities (Treasury Bills and Bonds).

In the first half of the year, expenditure was K10,067 million or 45.4 per cent of the total 2022 Budget appropriation of K22,174.8 million. The expenditure was financed by revenue of K7,988.9 million or 49.3 per cent of the 2022 Budget revenue estimate and net borrowing of K2,078.1 million. Total net financing of K2,380 million was raised to finance the deficit with excess borrowings (K301.9 million) used to offset a portion of the cheque floats and transfers that were brought forward from 2021.

Total Revenue and Grants as at end of June 2022 amounted to K7,988.9 million or 49.3 per cent of the 2022 Budget estimate. This is K106.2 million or 1.3 per cent lower than the mid-year pro-rata budget target of K8,095.1 million. Taxes amounted to K6,840.7 million or 54.6 per cent of the 2022 Budget estimate. This is K579.3 million or 9.3 per cent higher than the mid-year pro-rata estimate of K6,261.4 million for the first half of the year. Meanwhile, Other Revenue is tracking below projections at K231.9 million or 12.6 per cent of the Budget and comprises K100 million³ in Dividend payments and Departmental Fees and Charges of K131.9 million.

As at end June 2022, Donor Support Grant recorded an outcome of K916.2 million or 50.2 per cent of its total estimate. This outcome is slightly higher by K3.7 million compared to its mid-year estimate of K912.5 million.

³ Kumul Consolidated Holdings Ltd (KCHL) first instalment in Mid-June.

Table 3: Key Fiscal Aggregates 2021-2022 (Kina, million)

Kina Million	2021 Actuals	2022 Budget	June Outturn	2022 MYEFO	Budget Variance
TRANSACTIONS AFFECTING NET WORTH:					
Revenue	13,860.4	16,190.2	7,988.9	17,066.0	875.8
Taxes	11,129.4	12,522.8	6,840.7	13,868.4	1,345.6
<i>Taxes on Income, profits, and capital gains</i>	6,356.1	6,579.1	4,247.8	8,878.8	2,299.7
<i>Taxes on payroll and workforce</i>	0.8	0.0	0.1	0.0	0.0
<i>Taxes on goods and services</i>	3,993.7	5,095.2	2,128.1	4,130.1	-965.1
<i>Taxes on international trade and transactions</i>	778.8	848.4	464.7	859.4	11.0
Grants	2,088.0	1,824.9	916.2	1,824.9	0.0
Other Revenue	643.0	1,842.5	231.9	1,372.7	-469.8
<i>Dividends</i>	530.5	1,270.0	100.0	1,110.0	-160.0
<i>KPHL</i>	380.5	400.0	100.0	700.0	300.0
<i>OkTedi</i>	0.0	450.0	0.0	90.0	-360.0
<i>NFA</i>	0.0	100.0	0.0	100.0	0.0
<i>BPNG</i>	150.0	200.0	0.0	100.0	-100.0
<i>KCHL</i>	0.0	120.0	0.0	120.0	0.0
<i>MVIL</i>	0.0	0.0	0.0	0.0	0.0
<i>Non-Tax Revenue</i>	50.4	389.3	104.8	209.6	-179.1
<i>Fees and Charges</i>	62.5	183.1	27.1	52.4	-130.7
<i>SWF Inflows</i>	0.0	0.0	-	0.0	0.0
<i>Interest & Fees from Lending</i>	0.0	0.7	0.0	0.7	0.0
Resource Revenue	1,015.9	1,588.4	1,316.8	3,790.0	2,201.6
<i>Mining and Petroleum Taxes</i>	635.4	738.4	1,216.8	3,000.0	2,261.6
<i>Mining, Petroleum and Gas Dividends</i>	380.5	850.0	100.0	790.0	-60.0
<i>Transfer from the Stabilization Fund (SWF)</i>	0.0	0.0	0.0	0.0	0.0
Revenue as percentage of GDP	14.9%	15.9%	7.2%	15.5%	-0.4%
Total Expenditure and lending	20,130.7	22,174.8	10,067.0	23,050.6	875.8
Expense as percentage of GDP	21.6%	21.8%	9.1%	20.9%	-0.9%
Expense²	16,480.4	16,930.3	8,539.2	18,238.8	1,308.5
Compensation of employees	6,093.7	6,007.7	3,056.9	6,303.2	295.5
Use of goods and services	6,161.2	6,096.8	2,810.1	6,866.8	770.0
Interest	2,249.1	2,313.5	1,191.5	2,313.5	0.0
Grants	1,915.0	2,405.3	1,450.0	2,648.3	243.0
Social benefits	0.0	42.5	0.0	42.5	0.0
Other expense	61.3	64.4	30.7	64.4	0.0
Net Acquisition of Non-Financial Assets*	3,650.4	5,244.5	1,527.8	4,811.8	-432.7
Fixed Assets	3,650.4	5,244.5	1,527.8	4,811.8	-432.7
Gross Operating Balance³	-2,619.9	-740.1	-550.3	-1,172.8	-432.7
Net Lending (+) / Net Borrowing (-)	-6,270.3	-5,984.7	-2,078.1	-5,984.7	0.0
Net lending/borrowing as percentage of GDP	-6.7%	-5.9%	-1.9%	-5.4%	0.0%
Primary Balance ⁴	-4,021.2	-3,671.1	-886.6	-3,671.1	0.0
Non-resource net lending (+)/borrowing (-)	-7,286.1	-7,573.0	-3,394.9	-9,774.6	-2,201.7
Non-resource primary balance	-5,037.0	-5,259.5	-2,203.5	-7,461.1	-2,201.7
Non-resource primary balance as percentage of Non-resource GDP	-7.2%	-7.1%	-2.8%	-9.6%	-2.8%
Transactions in financial assets and liabilities	6,270.3	5,984.7	2,078.1	5,984.7	0.0
Net Acquisition of Financial Assets	-1,685.2	0.0	-301.9	0.0	0.0
Domestic**	-910.4	0.0	-301.9	0.0	0.0
External	-774.8	0.0	0.0	0.0	0.0
Net Incurrence of Liabilities	-7,955.5	-5,984.7	-2,380.0	-5,984.7	0.0
Domestic	3,042.1	2,240.0	2,565.9	2,240.0	0.0
<i>Debt securities: Treasury bills</i>	1,394.8	260.1	1,626.3	260.1	0.0
<i>Debt securities: Treasury bonds</i>	1,600.6	1,750.0	953.1	1,750.0	0.0
<i>Loans</i>	46.7	229.9	-13.4	229.9	0.0
External	4,913.4	3,744.6	-185.9	3,744.7	0.0
<i>Monetary gold and special drawing rights (SDR's)</i>	1,244.1	0.0	0.0	0.0	0.0
<i>Debt securities: Sovereign bonds</i>	0.0	0.0	0.0	0.0	0.0
<i>Loans</i>	3,669.3	3,744.6	-185.9	3,744.7	0.0
Gross Debt Stock	46,781.2	52,765.2	49,176.3	52,765.2	0.0
Debt as % of GDP	50.1%	51.9%	44.6%	47.8%	0.0%
Gross Domestic Product⁵	93,314.1	101,695.8	110,302.8	110,302.8	110,302.8
Non-resource GDP	69,936.9	74,550.1	77,807.6	77,807.6	77,807.6

Source: Department of Treasury

1. 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.

2. Includes 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. Represents revenue minus expense, excluding consumption of fixed capital (CFC). CFC are not yet calculated and reported for the government accounts in PNG.

4. Represents net lending/net borrowing excluding interest expense or net interest expense.

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

*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.

**Cash Balances carry over from 2021 as well as from the first six months of 2022 held under the WPA and DRA.

The higher outcome for Taxes as at end June was mainly from the Taxes on Income, Profits and Capital Gains (comprising Personal Income Tax, Mining and Petroleum Tax) and Taxes on International Trade & Transactions. Mining and Petroleum Tax (MPT) is tracking above the target due to increases in the oil price as a result of the Russia-Ukraine war. Goods and Services Tax is well within the mid-year budget estimate. For Other Revenues, collections are well below Budget estimates largely due to the delay in the passing of the Non-Tax Revenue Administration (NTRA) Bill. The Bill is expected to be presented to Parliament again after the formation of the new Government in the second half of the year in order to ease the risks of high fiscal deficits. Dividends are tracking below their pro-rata target whilst collections on Departmental Fees & Charges is trending well above the mid-year target.

Recurrent Budget Expenditures amounted to K6,750.7 million, representing 50.3 per cent of the 2022 Budget estimate. Compensation of Employees (CoE) expenditures for the first half of 2022 was K3,056.9 million or 50.5 per cent compared with the 2022 Budget estimate of K6,050.2 million. Similarly, interest cost payments over the first half of 2022 were recorded at K1,191.5 million, which was within the budgeted half year target. Recurrent goods and services expenditures totalled K2,045.1 million or 54.8 per cent against the 2022 Budget estimate of K3,732.8 million. Provincial functional grants and GST transfers to provinces amounted to K118.6 million and K338.7 million, respectively and well within their budget estimate for 2022.

Capital Budget expenditures amounted to K3,316.2 million or 37.9 per cent of the total Capital Budget of K8,751.6 million, which is K1,059.6 million or 24.2 per cent below the pro-rata budget target for end June of K4,375.8 million. Key Government commitments such as SIPs⁴, Connect PNG Roads Program, District Roads Development Program, Special Intervention Program, Infrastructure Development Grant (IDG), and counterpart-funded projects continue to be prioritized. Many of the programs prioritised in the first half of 2022 are projects that are expected to provide immediate economic stimulus and relief to people in the districts and provinces. Of the total PIP projects, the Connect PNG and the District Roads Development programs are on track when compared to their mid-year pro-rata targets. For the 2022 SIPs, about 79.3 per cent of the budget appropriation has been front-loaded in the first half of the year with the remaining 20.3 per cent to be utilised towards the back end of the year. For the Infrastructure Development Grant, 83.3 per cent of its budget appropriation has been utilised in the first 6 months of 2022 while the Special Intervention Program has been fully funded in the first half of the year as per its 2022 Budget appropriation.

The fiscal deficit as at end June 2022 was K2,078.1 million or 1.9 per cent of GDP, which is lower by K914.2 million or 30.6 per cent when compared with the estimated half year deficit target of K2,992.3 million.

Net borrowing in the first half of 2022 totalled K2,380 million, which includes net external financing (net repayment) of K185.9 million or 5.0 per cent of the 2022 Budget estimate. The remainder of the financing was raised domestically through the issuance of Treasury Bonds and Bills (K2,565.9 million). The additional Cash Balances of K301.9 million from the financing raised were used to offset a portion of the cheque floats and cash transfers brought forward from 2021.

Consequently, the debt stock outcome at end June 2022 was K49,176.3 million or 44.6 per cent of GDP, which is well within the prescribed limit of 60.0 per cent of GDP required by the *Fiscal Responsibility Act (2020 amended)*, and the medium-term budget targets.

⁴ District Support Improvement Program and Provincial Support Improvement Program

Fiscal Outlook for 2022

Total Revenue and Grants is estimated to increase by K875.8 million (or 5.4 per cent) to K17,066.0 million from the 2022 Budget estimate of K16,190.2 million.

Total Expenditure and Net Lending is also projected to increase by K875.8 million (3.9 per cent) to K23,050.6 million from the 2022 Budget estimate of K22,174.8 million. The main increase is due to an estimated overrun in CoE, plus increases in Goods and Services, driven mainly by post-election related costs and the Fiscal Relief Package. However, this increase will be more than offset by the expected windfall in revenue collections of the same magnitude, resulting in an unchanged fiscal deficit of K5,984.7 million as projected in the 2022 Budget. With the increase in 2022 nominal GDP, the deficit falls from 5.9 per cent to 5.4 per cent of GDP.

As a result, the total public debt stock is estimated to stay the same at K52,765.2 million, or 47.8 per cent of GDP. This debt to GDP ratio is lower than both the 51.9 per cent budget target for 2022 and the 50.1 per cent outcome for 2021, due to the upward revision to the GDP forecast

There are risks in securing the external financing due to potential delays in securing the planned budget support from external partners, the likelihood that any funded IMF program would not commence until 2023, and this could impact the full implementation of the 2022 Budget.

The non-resource primary balance is estimated to decrease to -9.6 per cent, against the 2022 Budget target of -6.8 per cent, which is also about 2.3 percentage point higher than the 2021 actual of -7.3 per cent.

Table 4: Key Fiscal Parameters 2020-2021

	2021 Actuals	2022 Budget	June Outturn	2022 MYEFO
Net Lending (+)/Borrowing as % of GDP	-6.7%	-5.9%	-1.9%	-5.4%
FRA Deficit as % of GDP (excluding concessional loans)	-5.1%	-4.6%	-1.7%	-4.2%
Non-resource Primary Balance as % of non-resource GDP	-7.3%	-6.8%	-2.8%	-9.6%
Debt as % of GDP	50.1%	51.9%	44.6%	47.8%

Source: Department of Treasury

1.4 TOTAL REVENUE AND GRANTS

The Total Revenue and Grants estimate for 2022 has been revised up by K875.8 million or 5.4 per cent in the 2022 Mid-Year Economic and Fiscal Outlook (MYEFO) report to K17,066 million, compared to the 2022 Budget estimate of K16,190.2 million.

The revised estimate highlights the estimated increase in the Mining and Petroleum taxes (MPT) by K2,261.6 million, driven by the significant improvement in the international prices of key export commodities, particularly the liquefied natural gas (LNG) and oil prices in the first half of the year. It also reflects the substantial upward revisions to Dividend Withholding Taxes (DWT) which captures the one-off higher collection in the first half of the year from a single taxpayer, and the Gaming Machine tax (GMT). Estimates of Personal Income Tax (PIT), Goods and Services Taxes (GST) Inland and Ports, Inland Excise and Import Excise collections were revised downward as a result of the relief measures introduced by the Government as well as underlying collections being below budget estimates.

Tax Revenues are estimated to exceed the Budget estimates by K1,345.6 million or 10.7 per cent. The Other Revenue category which includes dividend collections, statutory transfers (formerly PMMR receipts), and fees & charges have been revised down by K469.8 million from Budget estimates. Donor Grants are maintained at Budget levels (see Table 5).

Table 5: Total Revenue and Grants 2021-2022 (Kina, million)

	2021 Outcome	2022 Budget	June Outturn	2022 MYEFO	Variation
Tax Revenue	11,129.4	12,522.8	6,840.7	13,868.4	1,345.6
<i>Per cent of GDP</i>	<i>10.9%</i>	<i>12.3%</i>	<i>6.2%</i>	<i>12.6%</i>	0
Grants	2,088	1,824.9	916.2	1,824.9	0
<i>Per cent of GDP</i>	<i>2.1%</i>	<i>1.8%</i>	<i>0.8%</i>	<i>1.7%</i>	0
Other Revenue	643	1842.5	232	1372.7	-469.8
<i>Per cent of GDP</i>	<i>0.6%</i>	<i>1.8%</i>	<i>0.2%</i>	<i>1.2%</i>	0
Total Revenue & Grants	13,860.4	16,190.2	7,988.9	17,066	875.8
<i>Per cent of GDP</i>	<i>13.6%</i>	<i>15.9%</i>	<i>7.2%</i>	<i>15.5%</i>	0

Source: Department of Treasury

TAX REVENUE

Tax Revenue for 2022 has been revised up to K13,868.4 million, which is, K1,345.6 million (10.7 per cent) and K2,739 (24.6 per cent) higher than the 2022 Budget estimate and the 2021 Outcome, respectively. The increase in the 2022 tax revenue is a result of higher resource revenue offsetting the tax relief package introduced in the second half of 2022 to ease the rising cost of living.

While maintaining a conservative approach to revenue estimates, revenue-collecting agencies are optimistic that tax revenue will continue to climb further in the second half of 2022. This optimism is based on the assumptions that there will be no further covid-19 related lockdowns and that global commodity prices will remain at elevated levels.

Taxes on Income, Profits and Capital Gains

Taxes on Income, Profits and Capital Gains have been revised to K8,878.8 million, up by K2,299.6 million or 35.0 per cent compared with the Budget estimate of K6,579.2 million.

The PIT year to-date collections showed PIT collections of K1,764.5 million or 48.9 per cent of the Budget estimate. The performance reflects the cessation of unverified GST credit offsets against Salaries and Wages Tax (SWT) which caused PIT to increase by a monthly average of K300 million from October 2019 to June 2022. However, the overall PIT estimate for 2022 is revised down by K351.7 million or 9.7 per cent to K3,256.6 million, reflecting the impact of the relief package introduced by the Government in May 2022, where the tax-free threshold for personal income tax was temporarily raised from K12,500 to K17,500 for the period 01 June – 31 December 2022 (at a cost of K135 million), an expected K100 million in PIT payments from domestic firms when implementing the expected 10 per cent reduction in key household goods of flour, rice, tinned fish and Ox and Palm, and K60 million in the second Household Assistance Package to increase the tax threshold to K20,000 for November and December.

The CIT estimate is maintained at the Budget estimate. The CIT June 2022 Outturn amounted to 37.9 per cent of the 2022 Budget estimate, 25.8 per cent higher than the collections in the same period of 2021. The year-on-year increase in collection reflects a strong recovery shown by the private sector as the Government relaxed border and lockdown measures. In addition, CIT in the resource sector benefited from the rise in energy prices as a consequence of the Ukraine-Russian war. CIT collections mainly occur in the second half of the year in line with the pattern of tax instalments.

The MPT estimate has been revised up substantially to K3,000 million, up by K2,261.6 million or 306.3 per cent from the K738.4 million estimated in the Budget, reflecting higher resource receipts derived from the rise in oil and gas prices resulting from the Russia-Ukraine war. The MPT June outturn was 164.8 per cent higher than the 2022 Budget estimate. As noted earlier,

there is great uncertainty about fuel and LNG prices. Currently, oil prices have dropped well below the \$US103 per barrel estimate made in July. Current MPT collections have been based on a \$US112 per barrel price estimate which no longer is likely. This means that the third instalment could be small as the excess previous collections are netted off, or that there will effectively be a credit or re-imburement, although possibly not until next year. In this context, the estimate of K3,000 million is considered a balanced estimate.

The DWT estimate has been revised up significantly by K386.9 million to K621.2 million. The June Outturn has exceeded the Budget estimate by 222.4 per cent due to a one-off payment of K328 million paid by the Australian and New Zealand (ANZ) Bank in March 2022 as part of the 15.0 per cent DWT obligation imposed on non-resident companies. The one-off DWT by ANZ was not included in the 2022 Budget estimates, hence, resulting in the large upward revision of the DWT estimate.

Non-Resident Insurers Interest Withholding Tax (NRIWT) estimates has been increased slightly by K2.5 million or 35.6 per cent to K9.5 million, compared with the Budget estimate of K7.0 million. The NRIWT for 2022 June Outturn amounted to 72.8 per cent of the Budget estimate, 50.3 per cent higher than collections in the same period of 2021.

Table 6: Taxes on Income, Profits and Capital Gains 2021-2022 (Kina, million)

	2021 Outcome	2022 Budget	June Outturn	2022 MYEFO	Variation
Taxes on Income, Profits and Capital Gains	6,356.1	6,579.2	4,247.8	8,878.8	2,299.6
Personal Income Tax	3,467.9	3,608.3	1,764.5	3,256.6	-351.7
Company Tax	1,690.3	1,763.2	667.9	1,763.2	0
Mining and Petroleum Taxes	635.4	738.4	1,216.8	3,000	2,261.6
Royalties & Management Tax	49.3	67.9	30	67.9	0
Dividend Withholding Tax	366	234.3	521.2	621.2	386.9
Interest Withholding Tax	127	160	42	160.0	0
Non-Resident Insurers Withholding Tax	20.2	7	5.1	9.5	2.5
Tax Related Court Fines	0	0	0	0	0
Sundry IRC Taxes & Income	0	0	0.3	0.4	0.4

Source: Department of Treasury

Taxes on Payroll and Workforce

Tax collections on the Payroll and Workforce amounted to only K0.1 million in the first half of the year, which is slightly higher than the Budget estimate of K0 million. While the Training levy was repealed in the 2018 Budget, the current amounts reflect delayed collections from the years prior to 2018. The 2022 MYEFO estimated a K0 million.

Table 7: Taxes on Payroll and Workforce 2021-2022 (Kina, million)

	2021 Actuals	2022 Budget	June Outturn	2022 MYEFO	Variation
Training Levy	0.8	0	0.1	0	0
Total	0.8	0	0.1	0	0

Source: Department of Treasury

Taxes on Goods and Services

Collections of Taxes on Goods and Services are estimated to decline by K965.1 million or 18.9 per cent to K4,130.1 million, compared with the 2022 Budget estimate of K5,095.2 million. The estimated decline is based on the year-to-date collection trend and the estimated K125 million tax relief on fuel products introduced as part of the first Household Assistance Package, and a further K41.6 million from the anticipated second Household Assistance Package extending these fuel tax reductions for another two months to the end of the year.

Table 8: Taxes on Goods and Services 2021-2022 (Kina, million)

	2021 Outcome	2022 Budget	June Outturn	2022 MYEFO	Variation
Taxes on Goods and Services	3,993.7	5,095.2	2,128.1	4,130.1	-965
GST ¹	2,457.2	3,223.4	1,389	2,699.6	-523.8
Sales taxes	0	0	0	0	0
Bank Account Debit Fees	0	0	0	0	0
Stamp Duties	1.4	51.8	4.8	51.8	0
Excise Duty	998.3	1,192.9	411.4	751.5	-441.4
Import Excise	282.8	314.7	146	260.1	-54.6
Bookmakers' Turnover Tax	6.6	23	5	23	0
Gaming Machine Turnover Tax	228.1	265.7	161.1	315.7	50
Departure Tax	1.3	3.8	2.8	5	1.2
Motor Vehicle Tax	11.4	15	1.4	15	0
Other taxes on use of goods and on permission to use goods or perform activities	0.2	1.5	0.3	1.5	0
Other taxes on goods and services	6.5	3.4	6.3	7	3.6

Source: Department of Treasury

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

In the first half of the year, GST collections at Ports were 44.0 per cent while Inland collections were 40.8 per cent.

GST transfers to the Consolidated Revenue Fund (CRF) are estimated to fall short of the 2022 Budget estimates, in line with revised collections from Inland and Ports GST. The decrease in GST transfers is partially attributed to the exemptions for retail fuel produces, but most of the fall (K365.4 million) is attributed to lower than expected collections. Specifically, collections to the 30 June in GST were K1,389 million. This would have been K40 million higher if there had not been the 2 months of GST exemptions on fuel products – so K1,429 million. GST is collected pro-rate during the year, so based on collections to date after allowing for the fuel tax reductions, underlying GST collections would be K2,858 million, or K365.4 million lower than the 2022 Budget estimate of K3,223.4 million. On top of this underlying low performance of GST, there is an estimated annual reduction in GST collections due to the 8 months fuel tax exemption of K166.6 million, off-set by some K8 million in lower GST refunds from the 2022 Budget estimate. The roll out of the GST Section 65A to the extractive and financial sector is expected to lift GST collections in this area. This GST monitoring system may increase GST in the next 5 years although this may be offset with higher future GST refunds as the auditing of previous claims is finalised.

Excise duty collections are estimated to fall by K441.4 million or 37.0 per cent to K751.5 million compared with the Budget estimate of K1,192.9 million. The downgrade reflects the fuel excise relief introduced by the Government (estimated at K125 million and K41.6 million for the first and second Household Assistance Packages respectively). The lower expected performance this year is also due to the reduced bi-annual CPI rate (from 5.0 per cent to 2.5 per cent) on tobacco and alcohol excise rates, and the election-related liquor ban in NCD and other provinces. The major factor (K290 million) is pro-rata performance being lower than expected (using the same mathematical relationships as shown above for GST).

Import excise is estimated to decline by K54.6 million or 17.4 per cent to K260.1 million from the Budget estimate of K314.7 million. The decrease mainly reflects the tax relief measures

which include a temporary removal of excise duty on fuel products. Most of the fuel products in PNG are imported whereas domestically manufactured refined fuel products only make up a small composition.

Gaming Machine Tax (GMT) is estimated to increase by K50 million compared with the Budget estimate of K265.7 million. Year-to-date collections were K161.1 million or 60.7 per cent of the Budget estimate. This upgrade reflects normal gaming operations for gaming venues trading days and supported by increased gaming participants, resulting from new gaming and betting methods.

Departure Tax collections over the first half of the year amounted to K2.8 million or 74.1 per cent of the Budget estimate. This is mainly due to the gradual easing of travel restrictions domestically and the reopening of overseas flights. Reflecting this, the Departure tax has been revised up by K1.2 million or 31.3 per cent from the Budget estimate of K3.8 million.

Stamp Duty collections were substantially lower in the first half of the year, due to administrative issues surrounding this tax head. However, estimates are maintained in line with the Budget estimate of K51.8 million.

Taxes on International Trade and Transactions

Estimates of Taxes on International Trade and Transactions are estimated to increase by K11 million or 1.3 per cent to K859.4 million compared to the Budget estimate of K848.4 million.

Export Tax collections in the first half of the year were 25.8 per cent higher compared with the same time last year. The strong performance was driven by the key fundamentals including the growth in trade volumes, combined with the increased efforts in trade facilitation, enforcement, and compliance by the PNG Customs. Export tax estimates have been revised up by K11 million or 2.6 per cent from the Budget estimate of K428.5 million, reflecting expectations of the rebound in economic activity and log exports, supported by improved growth prospects in PNG's major trading partners. The lifting of trade restrictions and strict border surveillance will help spur the improvement in Export Tax collections.

Table 9: Taxes on International Trade and Transactions 2021-2022 (Kina, million)

	2021 Outcome	2022 Budget	June Outturn	2022 MYEFO	Variation
Taxes on International Trade & Transactions	778.8	848.4	464.7	859.4	11
Import Duty	379.7	419.9	244.7	419.9	0
Other Import Taxes	0	0	0	0	0
Export Tax	399.1	428.5	220	439.5	11

Source: Department of Treasury

The estimate for Import Duty is unchanged from the Budget, reflecting easing of restrictions and lockdown measures and the return to normalcy for domestic businesses, leading to an increase in imports which, in turn improves Import Duty collections. In addition, the easing of trade restrictions with other trading partners and domestic trade destinations will also lead to improvements in Import Duty collections going forward.

GRANTS

Estimates of Donor Grants are unchanged against the 2022 Budget estimates of K1, 824.9 million. There is an expectation of additional development partners' contributions and other major infrastructure and project developments. The donor contributions are more likely to be follow-up payments for 2021 commitments plus 2022 contributions in support of the 2022 elections. In the first half of the year, a total of K916.2 million or 50.2 per cent of the Budget estimate was provided by only a few development partners (See Table 10).

Table 10: Grants – 2021-2022 (Kina, million)

	2021 Outcome	2022 Budget	June Outturn	2022 MYEFO	Variation
GRANTS	2,088	1,824.9	916.2	1,824.9	0
From Foreign Governments	1,630.6	1,498.4	647.6	1,498.4	0
Current	1,349.6	1,345.2	518.1	1,345.2	0
Cash	225.6	250	0	250	0
In-Kind	1,124	1,095.2	518.9	1,095.2	0
Capital	281	153.2	129.5	153.2	0
Cash	0	0	0	0	0
In-Kind	281	153.2	129.5	153.2	0
From International Organizations	457.4	326.5	268.6	326.5	0
Current	365.9	293.3	214.9	293.3	0
Cash	0	0	0	0	0
In-Kind	365.9	293.3	214.9	293.3	0
Capital	91.5	33.2	53.7	33.2	0
Cash	0	0	0	0	0
In-Kind	91.5	33.2	53.7	33.2	0

Source: Department of Treasury

OTHER REVENUE

A total of K1,842.5 million⁵ was estimated from the Other Revenues category in the 2022 Budget. This comprised K1,270 million in Dividends, K388.7 million to be raised through the implementation of the Non-Tax Revenue Administration (NTRA) Bill (which was expected to be passed as part of the 2022 Budget), and K183.8 million in Departmental Fees & Charges.

For the 2022 MYEFO, expected receipts from the Other Revenue category have decreased by K469.8 million or 25.5 per cent to K1,372.7 million from the Budget estimate of K1,842.5 million.

The implementation of the NTRA Bill was delayed as the Bill was not passed by Parliament. The amount at Budget comprises K256 million from the National Fisheries Authority (NFA), K18 million from the National Maritime and Safety Authority (NMSA), K12 million from the Mineral Resource Authority (MRA), K5 million from the NAQIA, K35.6 million from the Department of Labour and Industrial Relations (DLIR), K42 million from the Immigration & Citizenship Service Authority (ICSA), and K20 million from the National Gaming Board (NGB).

The NTRA Bill estimate for MYEFO has been reduced by K179.1 million or 46.1 per cent to K209.6 million from K388.7 million at Budget.

Dividend payments in the first half of the year amounted to only K100 million or 7.9 per cent of the 2022 Budget estimate of K1,270 million. The Dividend estimates comprises K450 million from Ok Tedi, K400 million from Kumul Petroleum Holdings Limited (KPHL), K200 million from the BPNG, K200 million from NFA, and K20 million from Kumul Consolidated Holdings (KCH). The June outturn amount of K100 million was paid by KPHL. KPHL have indicated that they can lift dividend payments to K700 million in 2022 as a result of the increase in international oil and LNG prices, and this was a key assurance when the Government went ahead with the Household Assistance Package. All other Dividend paying entities did not make any payments in the first half of the year. The downside risk to this revenue category is the non-payment of Dividends by the relevant entities.

For 2022 MYEFO, Dividend estimates have been reduced by K160 million or 12.6 per cent to K1,110 million from Budget estimates of K1,270 million. The new dividend estimates comprise K90 million from Ok Tedi (as 80 per cent of dividends are now being directed to Kumul

KPHL share of Dividends has increased by K300 million to K700 million in the 2022 MYEFO estimate from the Budget estimate of K400 million.

Minerals – a diversion worth K360 million), K700 million from KPHL, K100 million from BPNG, K200 million from NFA and K20 million from KCH.

Revenues from Departmental Fees and Charges have trended low in the first quarter of 2022. In the 2022 Budget, a total of K30 million is expected from compliance collections for land lease rentals by the Department of Lands, K84 million from work permits and K27.1 million from migration services. The remaining balance is expected from the other departments once revenue collection reviews are finalised. Collections from land lease rentals, work permits and migration services have been revised down to K6 million, K2 million and K2.7 million respectively for the MYEFO estimate.

Table 11: Other Revenue – 2021-2022 (Kina, million)

	2021 Outcome	2022 Budget	June Outturn	2022 MYEFO	Variation
OTHER REVENUE	643	1,842.5	232	1,372.7	-469.8
Property Income	551.8	1,305.8	103.9	1,118.5	-187.3
Interest	-	0.7	-	0.7	0
Dividends	530.5	1,270	100	1,110	-160
<i>Mining Petroleum and Gas Dividends</i>	380.5	850	100	790	-60
<i>Dividends from Statutory Authorities</i>	150	400	-	300	-100
<i>Dividends from State Owned Enterprises</i>	-	20	-	20	0
Withdrawals from income of quasi-corporations	-	-	-	0	0
Property income from investment income disbursements	-	-	-	0	0
Rent	21.3	35.1	3.9	7.8	-27.3
Sales of goods and services	11.4	132.5	7.1	14	-118.5
<i>Sales by market establishments</i>	-	-	-	0	0
<i>Administrative fees</i>	4.9	99.9	2.9	5.8	-94.1
<i>Incidental sales by nonmarket establishments</i>	6.5	32.6	4.2	8.2	-24.4
<i>Imputed sales of goods and services</i>	-	-	-	0	0
Fines, penalties, and forfeits	1.2	1.1	-	1.1	0
Transfers not elsewhere classified	78.6	403.2	121	239.2	-164
<i>Current transfers not elsewhere classified</i>	78.6	403.2	121	239.2	-164

Source: Department of Treasury

1.5 REVENUE MEASURES UPDATE

The revenue measures passed in the 2022 National Budget aimed to strike an appropriate balance between generating revenue, addressing competition in the business sector, and encouraging infrastructure development in rural areas to stimulate economic growth. Additional relief measures were introduced in May 2022 to ease the impact of increased fuel prices on the cost of living as a result of the ongoing Ukraine-Russian war, and further relief measures are expected in the 2022 Supplementary Budget.

A. 2022 Budget Tax Revenue Measures Update

1.5.1 Introduction of Additional Company Tax in the Telecommunication and Banking Sectors

The Additional Company Tax (ACT) is applied at a fixed rate to companies with over a 40 per cent of the market operating in the banking and telecommunication sectors. The tax was introduced as a measure to assist with reducing the budget deficit. The tax was targeted at those judged as being a better position to pay tax than other areas such as increased taxes on wages or consumption. The tax was directed at two highly profitable sectors, in part reflecting the lack of competition driven in part by the nature of regulations on the industry. The fundamental goal is to increase competition in these industries, but until this occurs, there is the option to ensure that some of the very high level of profits is available to pay for education and health facilities rather than returned to shareholders.

The validity of the ACT is being challenged in the PNG Supreme Court and the International Centre for Settlement of Investment Disputes (ICSID) by the affected taxpayers. Hence, IRC

has created an escrow account in the BPNG and parked the paid tax pending the outcome of the court proceedings. The Government expects to collect the taxes.

1.5.2 Addressing Competition Issues in the Fuel Industry by Removing the Tariff on Imported Refined Petroleum Products (Diesel and Petrol)

The Government repealed the 10 toea per litre applied on imported refined petroleum products for two years starting 2022. The rationale for this reform is to promote competition in the fuel sector while ensuring minimal impact on revenue.

The new Import Duty tax rate of 5 toea per litre on imported diesel and petrol was effected on 1st January 2022 consistent with the *Customs Tariff (2022 Budget) (Amendment) Act 2021*. From 1 January 2023 onwards, a zero import duty rate will be applied on imported diesel and petrol.

In the first half of 2022, the reduction of the import duty rates for the diesel and petroleum products equated to a net loss of -K7 million in import duty collections. The revenue loss is 42.0 per cent lower than the Budget estimated revenue loss of - K12 million for the first half of 2022.

1.5.3 Increase in Excise Rate for Anti-Social Drinks

In the 2022 Budget, the Government increased the excise rate for anti-social drinks that have greater than 10.0 per cent alcohol content by a one-off increase of K100 per litre on the excise tariff item 2208.90.40 “*mixed drinks more than 10.0 per cent alcohol by volume, not for medicinal purposes*”. This measure was intended to reduce social issues relating to the high consumption of anti-social drinks.

Consistent with the *Excise Tariff (2022 Budget) (Amendment) Act 2021*, the one-off increase of K100 per litre for this specific excise tariff item was effected on 1st December 2021.

Additionally, excise rate for this item was further increased on 1st June 2022 by the prescribed 2.5 per cent bi-annual excise indexation rate.

1.5.4 Increase the Infrastructure Tax Credits (ITC) rates to 2.0 per cent for all Sectors

The Government has standardised the current ITC rates (0.75 per cent for Extractive sector and 1.5 per cent for Agriculture and Tourism sectors) up to 2.0 per cent. Supplementary reforms were also introduced to strengthen the integrity of the ITC Scheme based on the new rate. The rationale is to encourage more infrastructure development via the tax credit scheme consistent with the Provincial and National Government’s development plans.

Further, this reform package was aimed at encouraging infrastructure developments, particularly in project impacted areas, while at the same time improve administration, monitoring and reporting of the scheme. This reform came into effect on 1st January 2022 in accordance with the *Income Tax (2022 Budget) (Amendment) Act 2022*.

According to IRC, most 2021 returns have been given an extension to lodge by July, meaning no returns have been submitted. The IRC will continue to monitor as and when returns are lodged, and furthermore assess the impact of the implementation of these measures.

1.5.6 Extend the Tobacco Second Tier to Counter Illicit Tobacco

In this year’s Budget, the Government maintained the second-tier (T2) tobacco products with an extension of two years, 2022 to 2023, as legislated in the *Excise Tariff (2022 Budget) (Amendment) Act 2021*. The extension was expected to further raise revenue while at the same time facilitate competition with cheap illicit tobacco products.

The local Excise revenue from T2 tobacco totaled K144 million, an increase of K88 million in the first half of 2022. This was driven by the higher T2 quota for 2022 due to a relatively higher T1 output recorded in 2021.

1.5.7 Assisting the Tobacco and Alcohol Industry by Reducing Bi-Annual Excise Indexation Rate From 5.0 Per Cent to 2.5 Per Cent

In the 2022 Budget, the Government has assisted the Tobacco and Alcohol industries by reducing bi-annual excise indexation rate from 5.0 per cent to 2.5 per cent. The policy intention was to assist tobacco and alcohol industries cushion the impact of the COVID-19 pandemic on businesses costs.

Consistent with *Excise Tariff (2022 Budget) (Amendment) Act 2021*, the new rate was effective on 1st December 2021. As per the bi-annual cycle, a second increment of 2.5 per cent to excise rate on tobacco and alcohol products was effected on 1st June 2022.

The observed growth of sales volume, mostly for tobacco, has partially offset the negative impact of the reduction in the excise tax indexation rate. As a result, the net effect on excise revenue collection in the first half of 2022 was around -K11 million. The negative revenue impact is 45.0 per cent lower than the -K20 million estimated in the Budget for the first half of 2022.

1.5.8 Remove Import Taxes on Import of Electric Vehicles

The Government removed the import taxes on electric vehicles in the 2022 Budget. The policy intention was to encourage the use of electric vehicles in the country.

Consistent with *Excise Tariff (2022 Budget) (Amendment) Act 2021*, the rate of excise duty on imports of Electric Vehicles was reduced from 20.0 per cent to “free” effective as of 1st January 2019.

1.5.9 Revert Import Duty Rate for Ultra High Temperature (UHT) Milk to Free

The 2022 Budget has reversed the tariff duty rate of 25.0 per cent applied on UHT milk back to its initial Free duty rate.

B. Compliance and Administrative Measures

1.5.10 Procurement of the Goods and Service Monitoring System software

The Government allocated initial funding of K10 million to procure the Goods and Service Monitoring System software (GMS). The GMS is expected to improve GST revenue by collecting GST from the point of sale and remit to IRC in real time.

However, due to the COVID-19 border restrictions, timeframes for key deliverables have been delayed and further delays are expected before the GMS project commences.

1.5.11 Upgrade on the tax administration system to the New Integrated Tax Administration System (ITAS) to replace the Standard Integrated Government Tax Administration System to increase efficiency.

The Government allocated initial funding of K20 million to upgrade IRC's revenue administration system from the current Standard Integrated Government Tax Administration System (SIGTAS) to the Integrated Tax Administration System (ITAS).

The IRC is currently reviewing Request for Tender (RFT) documents for the new system. The final RFT documents will be lodged with the National Procurement Commission (NPC) with the contract commitment expected in November 2022.

1.5.12 Container Examination Facility in Lae

In the 2022 Budget, the Government planned to install a Container Examination Facility (CEF) in Lae. Initial funding of K20 million was allocated to start the project in 2022. The CEF project is expected to improve administration, compliance, reduce revenue leakage through tax evasion practices, and improve security of sea cargos.

However, the procurement of the new Relocatable Scanner (NUCTECH™ SERIE MB) for Lae CEF is pending the tender submission through the NPC. In order to meet NPC's submission requirements, PNG Customs is conducting the Scanner Shed Facility Design (Phase 1) Submission through the Morobe Provincial Physical Planning and Building Board. The measure is expected to be implemented in the second half of the year pending approval by the Morobe Provincial Physical Planning and Building Board.

Of the K20 million appropriation, K4.1 million was warranted by mid-year and K2.1 million expended with the remaining balance to be spent in the second half of 2022.

THE FISCAL RELIEF PACKAGE UPDATE – TAX RELIEF MEASURES

The difficult economic situation caused by the aftermath of the COVID-19 and the current Ukraine-Russian war has adversely affected the livelihood of the ordinary people of PNG as well as the business sector. In particular, the significant increase in fuel prices has resulted in increased prices for general goods and services.

In response, a fiscal relief package was introduced in the April Parliament sitting to address the high cost of living, which included several temporary relief measures.

i. GST and Excise Exemption on Fuel – Temporary Relief

The Government exempted GST and Excise on Diesel, Petrol and Zoom to reduce the effect of World Oil prices on the domestic fuel price for a period of six months, commencing on 1st May and ending on 31st October, 2022. The exemption also applies to imported fuel products. The relief excludes resource companies, international freighters and power suppliers. The Government has foreshadowed extending the measure to the end of the year.

ii. Temporary relief on the Personal Income tax by increasing the tax-free threshold from K12,500 to K17,500.

The relief was aimed at giving extra take home pay to help families with cost of living pressures linked to the increase in the international oil price. The Personal Income Tax relief came into effect on 01st June 2022 and will end on 31st December 2022, a period of seven months.

The IRC issued a Public Notice and a Calculation Formulation document to all employers to advise of the threshold change and its impact on fortnightly calculations.

The relief is estimated to cost the Government K135 million.

The Government will assess the implementation of the temporary reforms and recommend appropriate actions thereafter. The Government has also foreshadowed an increase in the threshold to K20,000 for the last two months of 2022.

1.6 EXPENDITURE AND NET LENDING

Total Expenditure and Net Lending in the first half of 2022 fiscal year amounted to K10,067 million or 9.1 per cent of GDP, which was 45.4 per cent of the expenditure estimate of K22,174.8 million as appropriated in the 2022 Budget. This outcome is lower by around K1,936.6 million compared with the pro-rata expenditure projection/target of K11,087.4 million for the first six (6) months of 2022.

The lower outturn reflects late transmission of required procurement and yearly budget documentation by implementing agencies. Under the new procurement rules, agencies are required to submit their work plans and cash flow plans to the Department of Treasury and the Department of National Planning & Monitoring for approval prior to them receiving their warrants or being allowed to utilise their 2022 Budget appropriations.

The operational budget recorded an expenditure outcome of K6,750.7 million or 50.3 per cent compared with the 2022 Budget appropriation. The capital investment budget (including donor support grants⁶ and concessional loans) recorded an expenditure outcome of K3,316.2 million or 37.9 per cent compared with the 2022 Budget appropriation.

Concessional loan funded expenditure was K231.3 million in the first six months, which was 17.5 per cent of its 2022 Budget estimate of K1,318.4 million. The Government is committed to providing the GoPNG component (counterpart funding) of the loan agreements to facilitate quick drawdowns from the existing loans. The focus is on providing counterpart funding towards loan-funded projects that are likely to stimulate economic activity. This is guided by the Government's "Connect PNG" policy platform. Refer to section below on 'Capital Budget Expenditure' for details of project funding.

Table 12: Total Expenditure and Net Lending 2021-2022 (Kina, million)⁷

Funding Source	2021 Actual	2022 Budget	June Outturn	2022 MYEFO	Outturn as % of Budget	Budget Variance
Operational Component (excl. Interest)	10,574.7	11,098.8	5,559.3	12,164.3	50.1%	1,065.5
Compensation of Employees	6,093.7	6,050.2	3,056.9	6,345.7	50.5%	295.5
Goods and Services	3,164.3	3,732.8	2,045.1	4,502.8	54.8%	770
Provincial Functional grants	589	593.9	118.6	593.9	20.0%	0
GST & Book Makers Transfers	727.7	721.9	338.7	721.9	46.9%	0
Interest Payment	2,254.7	2,324.4	1,191.5	2,324.4	51.3%	0
Operational Component (incl. Interest)	12,829.4	13,423.2	6,750.7	14,488.7	50.3%	1,065.5
Capital Investment Component	7,301.4	8,751.6	3,316.2	8,561.9	37.9%	-189.7
GoPNG	3,945.5	5,858.3	2,168.7	5,668.6	37.0%	-189.7
Donor Support Grants	1,862.4	1,574.9	916.2	1,574.9	58.2%	0
Loans	1,493.5	1,318.4	231.3	1,318.4	17.5%	0
Total Expenditure & Net Lending	20,130.8	22,174.8	10,067	23,050.6	45.4%	875.8
<i>% of GDP</i>	<i>21.6%</i>	<i>21.8%</i>	<i>9.1%</i>	<i>20.9%</i>		<i>-0.9%</i>

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

⁶ Project support grants as reported by development partners to DNPM.

⁷ The table 12 and fiscal table Statement of Operations differs due to presentation of the funding source to its expense items. Table 12 illustrates the Operations and Capital expense components separately whilst Statement of Operation presents the aggregate expense under each economic item.

Operational Budget Expenditure

Operational expenses up to 30th June 2022 amounted to K6,750.7 million or 50.3 per cent of its 2022 Budget appropriation, and 30.4 per cent against the total expenditure envelope for 2022. This outcome is slightly higher by K39.1 million when compared with its pro-rata projection of K6,711.6 million for the first half of 2022. The outcome reflected a slightly higher outcome for operational Goods and Services and Interest Payments by about 4.8 per cent and 1.3 per cent respectively, when compared with their half year pro-rata projections. This can be attributed to the Government's commitment towards funding priority items such as the 2022 National General Election and the Government's Tuition Fee Subsidy (GTFS) program, as well as paying down the stock of arrears.

Operational expenses such as utilities, rentals, medical supplies (drugs and equipment) and other recurrent expenses (office supplies, overseas missions, TESAS, etc.) are tracking well against their pro-rata projections for the first half of 2022. Debt service costs at year's end are expected to be in line with the 2022 Budget estimate, based on the half year outcome of K1,191.5 million, which is slightly above its half year pro-rata target by 1.3 per cent.

Operational expenditure is expected to pick up momentum in the second half of the year as the 2022 National Elections winds down. Implementation of likely fiscal relief packages by the Government is expected to add pressure on expenditure as the Government tries to combat the effects of inflation which has come about as a result of the Ukraine-Russia war on the PNG economy and limit its impact on the citizens.

Of the total operational expense outturn of K6,750.7 million, CoE was the largest expense item at K3,056.9 million, followed by other operational budget items (Goods and Services, GST transfers and Provincial Functional Grants) amounting to K2,502.4 million and Interest Payment at K1,191.5 million as highlighted in Table 12.

Table 13: Expenditure by Agency Type and Funding Source 2021-2022 (Kina, million)

Agency Type	2021 Actuals	2022 Budget	June Outturn	2022 MYEFO	Outturn as % of Budget	Budget Variance
National Departments	7,860.3	10,340.2	4,387.5	10,684.7	42.4%	344.5
Provincial Administrations	4,880.6	4,436.3	2,401.8	5,044.9	54.1%	608.6
Commercial & Statutory Authorities	1,450.4	1,753.8	821.2	1,676.5	46.8%	-77.3
Interest Payments*	2,254.7	2,324.4	1,191.5	2,324.4	51.3%	0
Autonomous Bougainville Government	328.9	426.8	117.5	426.8	27.5%	0
Loans	1,493.5	1,318.4	231.3	1,318.4	17.5%	0
Donor Support Grants	1,862.4	1,574.9	916.2	1,574.9	58.2%	0
Grand Total	20,130.7	22,174.8	10,067.0	23,050.6	45.4%	875.8

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

Total expenditure under National Departments was K4,387.5 million or 42.4 per cent of its 2022 Budget appropriation of K10,340.2 million. This outcome is lower by K782.6 million when compared with the half year pro-rata target of K5,170.1 million. However, when compared to this time last year, the outcome is higher by K1,422.6 million or 48.0 per cent. The higher outcome is attributed to the frontloading of priority commitments in the first half of the year such as the Government's Tuition Fee Subsidy (GTFS), the 2022 National General Election, Connect PNG Roads Program, and the Arrears program.

Priority expenditure items expended under National Departments include: Government's Tuition Fee Subsidy (GTFS) (K316 million); Arrears (K284.2 million); Connect PNG Roads

Program (K197.2 million); 2022 National General Elections (K335 million⁸); District Roads Development Program (K138.3 million); Special Intervention Program (K130 million); Nambawan Super Exit Payments (K124.7 million); SOE Reform Program (K120 million); 8.4 per cent State Share Contribution to Nambawan Super (K145.1 million); General Unforeseen Expenditure (K104.1 million); Infrastructure Development Grant (K99.9 million); Utilities and Rentals (K169.2 million); Medical Drugs (K76.2 million); Health Function Grant (K40.7 million); and High Impact Infrastructure Projects (K30 million). Expenditures under National Departments are anticipated to ramp up in the second half of the year, especially in the areas of health and education, law and order, as well as infrastructure spending.

The expenditure outcome under Provincial Governments, including the Autonomous Bougainville Government (ABG) totalled K2,519.5 million, which is 51.8 per cent compared to the 2022 Budget appropriation of K4,863.1 million. CoE outcome for both the Provincial Governments and the ABG for the first half of the year totalled K1,079.5 million which represents 53.5 per cent of its budget appropriation. SIPs and functional grants payments amounted to K704 million and K118.6 million, respectively.

Total expenditure for Commercial and Statutory Authorities (CSA) totalled K821.2 million or 46.8 per cent compared with its 2022 Budget appropriation of K1,753.8 million. CoE outcome recorded K474.3 million or 57.8 per cent against the overall CSA expenditure outcome, while Other Expenses totalled K346.9 million or 42.2 per cent. The CoE outcome for CSAs amounts to 50.3 per cent of its 2022 Budget appropriation. Priority programs expended under the CSA includes; Administration of Village, District, National and Supreme Courts (K74.6 million), Port Moresby General Hospital (K59.8 million), PMGH-Cancer and Heart Institute (K13 million), and Tourism Sustainable Development Program (K13 million). Given the current rate of implementation, CSA's expenditure at year's end is expected to be slightly lower than originally budgeted.

Total interest payments (including fees and charges) for the first half of the year amounted to K1,191.5 million, which represents about 51.3 per cent of its 2022 Budget appropriation. A large portion of interest cost came from domestic borrowing, which recorded 84.3 per cent of the total interest cost paid to date, while external debt interest costs amounted to 15.7 per cent.

Compensation of Employees (CoE)

The total CoE expenditure in the first half of the year amounted to K3,056.9 million or 50.5 per cent when compared with the 2022 Budget appropriation. This amount reflects the normal fortnightly wages and salaries for public servants, including newly recruited teachers, health workers, and law enforcement personnel (police and defence). This amount also includes the Batch 1 retirees' payment for those retiring public servants under the Government's retirement program, which was a delayed payment from 2021⁹.

⁸ National Elections-Police Operations (K150.5m), 2022 National General Elections (K130.8m), National Election Operations – Defence (K41.7m), National Elections - CIS Operations (K8.9m), 2022 General Election Prep- PNGNIO (K2.5m), and Election Administration (K0.3m)

⁹ The Organisational Staffing & Personnel Emoluments Audit Committee (OSPEAC) identified four batches of retirees to be retired in 2021, of which 3 batches were paid out in 2021 while the fourth batch was paid out early this year (batch 1, 2022) due to delays caused by the COVID-19 as well as the IFMS hacking in October 2021.

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

Compensation of Employees	2021 Actuals	2022 Budget	June Outturn	2022 MYEFO	Outturn as % of Budget	Budget Variance
National Dept. & CSA Salaries	2,782.6	2,614.9	1,399.3	2,888.7	53.5%	273.8
Teacher Sal Gr	1,802.9	1,563.1	909.5	1,784.7	58.2%	221.6
Retirement	719.3	888.3	354.1	799.6	39.9%	-88.7
Staffing Grants	312.2	374.5	150.3	303.6	40.1%	-70.9
MPs	79.1	75.9	36	98.8	47.4%	22.9
Wages Allow	169.4	282	125.6	251.2	44.5%	-30.8
Leave fares	121.1	200.5	67.9	200.5	33.9%	0
Overtime	33.8	35.4	13.7	27.2	38.7%	-8.2
Other CoE Items	73.4	15.5	0.4	-8.7	2.6%	-24.2
Grand Total	6,093.8	6,050.2	3,056.9	6,345.6	50.5%	295.5

Source: Department of Treasury

Salary expense in National Departments, CSAs and Teachers' Salaries for the first half of the year amounted to K2,308.9 million, which was higher by K219.9 million against the pro-rata projections of K2,089 million for the first half of the year. The higher outcome reflects the recruitment of new teachers, health workers and disciplined forces (Police and Defence) late last year and early this year. It also includes payments for teachers who were initially not on the payroll, including their back-dated payments. The outcome for Retirement, Staffing Grants, Leave Fares, Overtime, and Other CoE items are tracking below their pro-rata projections for the first half of the year.

The Government's retirement program allocated funding of K200 million in CoE arrears for 2022. From the funding allocated, K40 million was spent to cater for the 4th batch of retirees, originally assessed in 2021. A large portion of the public servants that are expected to retire are teachers as well as Police and Defence personnel. Treasury (DoT) is working closely with the Departments of Personnel Management (DPM), and the Department of Finance (DoF), to verify the number of retirees for 2022 and prepare detailed costings.

From the June outturn of K354.1 million under Retirement, a large portion of the expense came from the Nambawan Super (NSL) Exit Payments (K124.7 million), State Share Contribution to Nambawan Super–Automation (K145.1 million), and the Defence Accumulation (Exit) Scheme (K10.7 million).

CoE outcome at 2022 year-end is projected at K6,345.6 million, which represents an overrun of K295.5 million. The projected overrun is mainly attributed to under-budgeting of Teachers' Salaries, wages & salary adjustments (CPI) and SRC Determination adjustments as well as inclusion of Church Health Workers (CHS) to the Government payroll system¹⁰.

Organisational Staffing & Personnel Emoluments Audit Committee (OSPEAC)

Due to the COVID-19 pandemic, coupled with the hacking of the IFMS, many planned OSPEAC activities were adversely affected. Despite this, OSPEAC managed to resume work by implementing a number of activities aimed at efficiently managing the Government's payroll and reducing the inefficiencies in the Personnel Emolument (PE) expenditure. These activities include:

1. Retirement Exercise

Given the increasingly aging public sector workforce, in 2020 a whole of Government retirement strategy was developed.

¹⁰ This will be offset by an amount of the same magnitude in terms of grants to CHS for their wages/salaries.

In 2022, the Government made an allocation of K200 million to fund all outstanding retirements as well as new retirees identified for retirement. The 2022 retirement exercise aims to retire staff who have reached their compulsory retirement ages or need to retire for medical reasons. Table 17 below shows the progressive payments. A 4th batch of 2021 retirements was processed in pay period 2/2022, as detailed in the 2021 Final Budget Outcome.

Table 15: 2022 Retirement Exercise

Batch	No. of Retirees	Gross Entitlements (K)	State's Share of Super (K)	Total (K)
1	94	5.9	6.6	12.5
2	484	43.5	0	43.5
Total	578	49.4	6.6	56
2022 Appropriation	200	25.0%	3.0%	28.0%

Source: Department of Treasury

2. Other Steps to Strengthen the Government Payroll System

The OSPEAC is simultaneously implementing other activities which are believed to strengthen the government's payroll system to reduce inefficiencies.

a) Staffing & Establishment (S&E) Reviews

The Staffing and Establishment (S&E) Review is an annual exercise hosted by Department of Personnel Management (DPM) to audit anomalies in the Government's payroll and to assess and rectify manpower discrepancies between the Position Occupancy Register (managed by DPM), the Government Payroll (managed by DoF) and CoE budget estimates (formulated by DoT).

The agencies were asked to provide their staffing numbers with the associated costs which were used to reconcile against the names in the Ascender Payroll. In doing so, illegal persons getting paid through the payroll are removed and therefore establishing a correct payroll base for the next year's budget. During the S&E Review, dates of birth were also corrected. Those who have reached compulsory retirement age (65+years) were notified of the retirement exercise.

b) Payroll Upgrade

The current version of the payroll system is outdated. Work is in progress to update to a more recent version. The upgrading of the current version to a recent version, will allow for modules to be configured in the payroll system to meet the current HR business process demands. Responsible agencies (DoF and DPM) are working on this.

c) Linking Warrants to Ascender Payroll

Once the Ascender payroll is upgraded, it will be possible to match the Ascender payroll structures (codes) to the personnel emoluments structures (codes) in the Integrated Financial Management System (IFMS). This will enable linking the payroll expenditure to monthly warrants. Once the payroll is fully linked to warrants, agencies will naturally provide an accurate CoE budget which should address the over-runs and misappropriations experienced in the past. The aim is to ensure that the payroll runs according to the budget and the issued warrants.

Work has progressed on using DoT as the pilot project for linking its payroll to the release of warrants. In 2021, DoT reviewed and cleaned its payroll structure and aligned the records in the IFMS with the budget structure (reflecting the correct cost centre for each DoT officer). This was to ensure that the records in both systems are identical. This reconciliation and alignment were completed in July 2021. However, due to the IT issues experienced late last

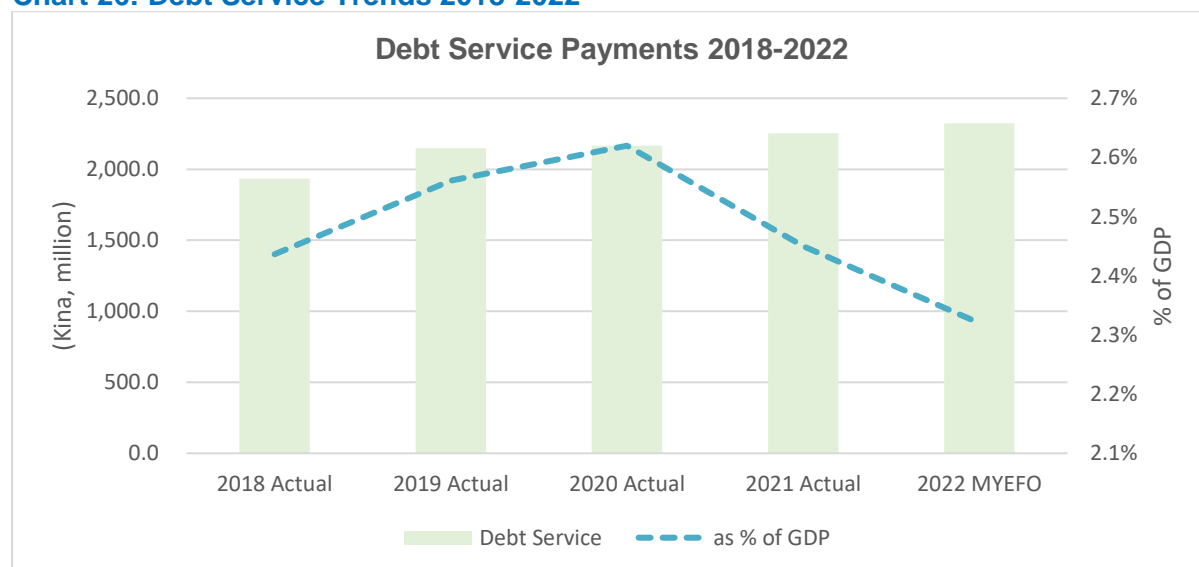
year, these records reverted to their original state. Work on rectifying this issue was conducted in June and it is expected that this change will be reflected on the payroll in the third or fourth quarter of 2022. The next process will be to explore how the payroll and IFMS can be linked so warrants released from the IFMS are tied to the payroll system. Once successful, the program will be extended to all other agencies.

Debt Servicing (Interest Cost)

Total debt servicing (interest cost) for the first six (6) months of the year amounted to K1,191.5 million, or 51.3 per cent of the 2022 Budget appropriation. The Debt service outcome at year's end is anticipated to be within the 2022 Budget estimate, based on the current implementation rate.

Chart 26 below summarises the growth in debt service payments since 2018. On average, debt service payments as a share of GDP is tracking around 2.5 per cent during the period. For 2022, debt service payment as a share of GDP is expected to be around 2.3 per cent, dropping from 2.5 per cent in 2021.

Chart 26: Debt Service Trends 2018-2022



Source: Department of Treasury

Arrears Verification Program

The Marape Government re-introduced the Arrears Program in consideration of the magnitude of liabilities against the State and the adverse impact these had on the economy. The program commenced in 2020 and is now in its third year of implementation.

Controlling arrears is a critical part of best practice in financial management. Unpaid arrears can impact Government performance and service delivery, inhibit budget management and lead to long-term structural and governance issues. Failure to pay valid contracts on time with private sector firms and international organisations, tarnishes the image and reputation of the Government agencies, damages business confidence and economic growth.

Particularly in recent years, arrears have not been managed well resulting in increased interest payments and outstanding debts for the Government. There is also a culture across the public service where historical arrears are ignored in favour of more immediate needs or claims. This has resulted in the accumulation of significant long-term debt liabilities by the Government, which is compounded by accruing interest charges, reputational damage and heightened sovereign risk. If this were to continue unchecked then it has the potential to undermine the

Government's reputation, impact its ability to attract high quality investment, and constrain economic growth.

The program is implemented through an inter-departmental committee called the Arrears Verification Committee (AVC) and is supported by an inter-departmental Secretariat hosted by the DoT. The program has received considerable funding support over the years 2020 – 2022 of which a total of K1,717.1 million has been budgeted. Table below shows the Arrears budget (initial & revised), the warrants issued, and the payments made from year 2020 up to 30th June 2022.

Table 16: Arrears Program Budget for the years 2020-2022 (Kina, million)

Years	Initial Budget	Revised Budget	Warrant	Expenditure
2020	647.1	290.1	285.1	255.1
2021	770	419.4	419.4	419.1
June outturn 2022	300	292	291	287.5
TOTAL	1,717.1	1,001.5	995.6	961.6

Source: IFMS 2161 Expenditure Report

In 2022, a total of K300 million was budgeted for Arrears. This has now been revised down to K292 million. Of this revised budget, a total of K291 million has been warranted, with arrears payments of K287.5 million made as at 30th June 2022. The Government has indicated it will lift this level of arrears allocation for the remainder of 2022.

The AVC recorded a total stock of K5.2 billion in arrears when it started. Of this stock, the AVC has verified, cleared, and paid arrears totalling of K961.6 million (as at 30th June 2022). The stock of arrears has now been reduced to K4,238.4 million. This represents a reduction of the arrears stock that AVC has on record by 18.5 per cent, a considerable achievement over the two and half years of implementation.

Aside from reducing the stock of arrears, the AVC has also progressed work on the policy side in developing an Arrears Verification and Management Strategy Paper, including carrying out awareness on compliance with procurement processes and re-emphasising the importance of procurement processes and the penalties for breach of the *National Procurement Act 2018*, the *Public Financial Management Act 1995*, and other related legislation concerning procurement. The AVC has also issued a Financial Instruction regarding National General Election Procurement through the DoF, and is also working on other efficiency measures to control and minimise the build-up of major arrear categories such as hire cars, legal bills, rentals and utilities.

Capital Budget Expenditure

Total expenditure on Development and Capital Investment (including donor grants and concessional loans) amounted to K3,316.2 million or 37.9 per cent compared with its 2022 Budget appropriation in the first half of the year. This includes GoPNG funded expenditures (K2,168.7 million), donor support grants (K916.2 million), and loan-funded expenditures (K231.3 million).

Table 17: Capital Investment Budget 2021 2022 (Kina, million)

Components	2021 Actual	2022 Budget	June Outturn	2022 MYEFO	Outturn as % of Budget	Budget Variance
GoPNG	3,945.5	5,858.3	2,168.7	5,668.6	37.0%	-189.7
Donor Support Grants	1,862.4	1,574.9	916.2	1,574.9	58.2%	0
Concessional Loans	1,493.5	1,318.4	231.3	1,318.4	17.5%	0
Total Capital Investment Budget	7,301.4	8,751.6	3,316.2	8,561.9	37.9%	-189.7

Source: Department of Treasury and National Planning & Monitoring.

The lower outcome for the first six (6) months of the year was due to the implementation of the new procurement rules. Government agencies were required to provide their annual work plans, procurement plans, and cash flow plans to DoT and the Department of National Planning & Monitoring (DNPM) for approval prior to them receiving their warrants or being allowed to utilise their 2022 Budget appropriations.

The Government will continue to prioritise and fund key commitment project areas which are likely to inject immediate economic stimulus and relief to the people in the provinces and rural areas. Funding for DSIP/PSIP, PIPs and counterpart funding will continue to be made available as they will provide the much-needed support and stimulus for the local communities and the economy as a whole. Projects with lower implementation rates or no immediate economic stimulus impact were delayed, with the focus shifting to critical expenses and frontloading of funding towards priority projects.

The major capital expenditure items in the first half of 2022 includes the Connect PNG Roads Program (K197.2 million), District Roads Development Program (K138.3 million), Special Intervention Program (K130 million), Infrastructure Development Grant (K99.9 million), and National Government Commitments (K29.2 million). Other programmes related to infrastructure, Small and Medium Enterprises, and agriculture development have also been funded.

The loan-funded projects outturn up to June was K231.3 million or 17.5 per cent of its 2022 Budget appropriation of K1,318.4 million, demonstrating slower drawdown in the first half of the year. Some of the big projects funded in the first half of the year included: the POM Sewerage System upgrade (K10.8 million); Nadzab Airport Redevelopment Project (K31.4 million); Port Moresby Power Grid (K12.9 million); CADIP Program Project 2 (K25.2 million); Sustainable Highlands Highway Investment Program Tranche 1 (K73.9 million); PNG Health Services Sector Development Program (K9.7 million); Road Maintenance and Rehabilitation Project 2 (K15 million); Urban Youth Development Program (K6.8 million); and, Agriculture Commercialisation & Diversification (K9.7 million).

Grants received from development partners are mobilised to finance the capital investment budget of the government. For the first six months of the 2022 fiscal year, the expenditure reported was K916.2 million or 58.2 per cent of the budgeted grant component. The Government of Australia, through their Department of Foreign Affairs and Trade (DFAT) continues to remain the largest donor. The other grant providers include the Asian Development Bank (ADB), United Nations (UN), People's Republic of China, European Union (EU), New Zealand Government (NZAID), and the Japanese Government through the Japan International Co-operation Agency (JICA).

The reported expenditure received from donor partners for the first half of 2022 are as follows: DFAT with K625.5 million, ADB with K113.4 million, UN with K108.3 million, EU with K22.2 million, NZAID with K15.8 million, and JICA with K6.3 million. Other development partners such as USAID and the European Investment Bank (EIB) were not able to provide their expenditure data for the first half of 2022. The donor partners have been very supportive again this year. Apart from their usual support to PNG through their respective programs, they

have provided additional support through their involvement in the Government's COVID-19 response program and have also been very supportive in the preparations for the 2022 National General Elections.

Domestically funded capital investment as at end June 2022 amounted to K2,168.7 million, or 37.0 per cent of the budget appropriation of K5,858.3 million (refer Table 20). This outcome is lower by 36.0 per cent when compared with the first half year pro-rata projection target of K2,929.2 million. The lower than expected figure is due to the implementation of the new procurement rules as mentioned above, as well as delay caused by the 2022 National Elections.

Table 18: 2022 GoPNG Capital Expenditure by Sectors

Sector Type	2021 Actuals	2022 Budget	June Outturn	2022 MYEFO	Outturn as % of Budget	Budget Variance
Provinces	2,107.4	1,595.5	982.5	1,525.1	61.6%	-70.4
Administration	862	2,064.5	576.9	2,015.8	27.9%	-48.7
Transport	278.9	733.5	267.4	695.3	36.5%	-38.2
Law & Justice	239.9	186.8	9.7	189.8	5.2%	3
Health	133.2	490	36.2	472.9	7.4%	-17.1
Economic	183	530.1	155.7	507.6	29.4%	-22.5
Utilities	32.5	74.5	14.7	75.7	19.7%	1.2
Education	77.6	135	12.2	137.2	9.0%	2.2
Community & Culture	31	48.4	23.3	49.2	48.1%	0.8
Miscellaneous	0	0	90	0	0.0%	0
Grand Total	3,945.5	5,858.3	2,168.7	5,668.6	37.0%	-189.7

Source: Department of Treasury and National Planning & Monitoring.

The Provinces sector recorded an expenditure outcome of K982.5 million or 61.6 per cent of its budget appropriation. Key expenditure items under the sector included DSIP (K557 million), PSIP (K147 million), Special Support Grants (K6 million) as well as funding for District and Provincial Roads and Hospitals.

The Administration sector recorded an expenditure outcome of K576.9 million or 27.9 per cent compared with its 2022 Budget appropriation. Major programs funded under this sector during the first half of the year include; the Special Intervention Program (K130 million), Infrastructure Development Grant (K39.9 million), Rural Infrastructure (K13 million), High Impact Infrastructure Projects (PNGLNG) (K10 million), State Equity Fund (Agriculture and Others) (K9.3 million), and the District Support Grant (K53.5 million).

The Transport sector recorded an expenditure outcome of K267.4 million or 36.5 per cent of its 2022 Budget appropriation. The key programs funded under this sector during the first half of the year include the Connect PNG Roads Program (K197.2 million), Nadzab Airport Terminal Redevelopment Project (K6 million) and the Lae-Nadzab Road (4-Lane) (K4.9 million), as well as other road infrastructure programs.

The Economic sector recorded an expenditure outcome of K155.7 million, or 29.4 per cent compared with its budget appropriation. Key programs funded during the first half of the year include Tourism Sustainable Development Program (K13 million), Coconut Disease Containment & International (K7 million), Market Development & Trade (K6 million), PNGFA Headquarters Construction Project (K5 million), and Cocoa Access Roads (K4 million).

For Health, the sector recorded an outcome of K36.2 million, or 7.4 per cent compared with its budget appropriation. Key programs funded include the PMGH- Cancer and Heart Institute (K13. million) and the Port Moresby General Hospital Redevelopment (K4.8 million).

Other priority programs include; Law & Justice sector (K9.7 million or 5.2 per cent), Education sector (K12.2 million), Utilities sector (K14.7 million), and the Community & Culture sector

(K23.3 million). The Miscellaneous sector recorded a total of K90 million, which included the Infrastructure Development Grant (K60 million) and the High Impact Infrastructure Projects (K30 million).

As part of the Government's intention to provide economic stimulus to the community, especially in the districts and provinces to contain the socio-economic impact of the high prices resulting from the Ukraine-Russia War, the Government will take the necessary steps in its efforts in assisting to help alleviate cost of living pressures and provide relief to the people.

1.7 STATUS OF TRUST ACCOUNTS

Pursuant to *Section 15* of the *Public Finance Management Act (PFMA)*, (*Amended 2016*), the DoF gives authorisation to any Government institution, whether it be National Department, Statutory Authority or Provincial Government, to establish and operate trust accounts. The trust accounts can be funded through the National Budget, by Donors, or GoPNG counter-part funds. *Section 16 (6)* of the PFMA requires that all trust accounts must be operated in accordance with the requirements of the relevant trust instruments.

A total of K19,216.3 million (K14,033.6 million from 2021 FBO + K5,182.7 million), up to and including the 2021 Budget appropriations, have been expended through the budget-funded trust accounts since 2005 for the implementation of the various Government priority programs. The main purpose of holding funds in Trust Accounts is to spread spending to give Government agencies sufficient time to properly plan and implement their priority programs/projects.

The following is the expenditure report for all the budget funded trust accounts from 1st January to 30th June 2022. A total of K5,182.7 million has been expended from various trust accounts between January and June 2022.

Table 19: Movement of Funds in Budget Funded Trust Accounts from 1st January – 30th June 2022 (Kina, million)

Trust Account Name	Balance as at 1-Jan-022	Debit (Receipts)	Credit (Payments)	Balance as at 30-June-2022
Flexible, Open and Distance Education (FODE) Rehabilitation - GoPNG	0.7	0	0.1	0.6
Government Tuition Fee Subsidy Education Trust Account	211.1	158	287.2	81.9
Tuition Fee Subsidy Education - Commodity Component Trust	143.3	96.2	68.9	170.6
Govt's Funding of Rehab. Of Higher Education Sector TA	16.5	18.4	5.2	29.7
PNG Rural Communications Project GOPNG	0.1	0	0	0.1
PNG Fire Service Infrastructure Rehabilitation Program - (PIP) T/A	0	0	0	0
National Road Maintenance Policy TA	0	0	0	0
Highlands Highway Rehabilitation T/A Subsidiary	0	0	0	0
Port Moresby Roads Trust Account	0.4	0	0	0.4
Small Medium Enterprise (SME) Risk Sharing Facility (GoPNG)	1	0.5	1.5	0
Central City Trust Account	26.9	0	0	26.9
Restoration and Development Grant Trust	0	0	0	0
Special Intervention Funds (Established on 28 Feb 2014)	0	0	0	0
LNG Pipeline Infrastructure Dev Grant (IDG) (Kikori Area)	0	0	0	0

Trust Account Name	Balance as at 1- Jan-022	Debit (Receipts)	Credit (Payments)	Balance as at 30- June-2022
LNG Plant Infrastructure Development Grant (IDG) (Papa/Lealea) TA	0.5	0	0	0.5
Financial Management Improvement Programme (FMIP) - GoPNG	1.2	18.9	7.3	12.8
FMIP Provincial Capacity Building Imprest Trust Account	1.5	1.6	1.1	2
Infrastructure Development (UBSA) Grant (IDG) Account – Main	7.9	0	0	7.9
Infrastructure Development (UBSA) Grant Account (IDG) Sub	1.4	0	0	1.4
PNG High Impact Infrastructure Projects	0.0	0	0	0
PNG High Impact Infrastructure Projects Sub	0.7	0	0.7	0
Public Service Audit Program	0.6	0	0	0.6
2017 PNG National General Election - Finance, Procurement, Personnel and Logistic Trust	0	0	0	0
NAOSP III GoPNG Counterpart Funds (European Union)	0.5	1	0.7	0.8
Department of Prime Minister & NEC APEC Operations (OP) Plan 2018 TA	0	0	0	0
Highlands Region Roads Improv Invest Prog GoPNG Counterpart	5.4	0.3	5.3	0.4
Comm. Water Transport Proj. GoPNG C/Fund	18.6	0.9	17.1	2.4
Comm. Water Transportation Fund - GoPNG (ADB 2079)	0	0	0	0
PNG LNG Additional State Equity Financing	0.7	0	0	0.7
Highlands Region Road Improvement Investment Program (HRRIP) Project 2 - GoPNG Counterpart Funding TA (Inc	0.4	0.3	0	0.7
SHHIP- Tranche 1 - GoPNG Counterpart Fund	1.1	4	2.3	2.8
Multiple LNG Development Trust Account	0.5	1	0.7	0.8
Coastal Vessels Account	0.1	0	0	0.1
Water Supply Sanitation Development Project – GoPNG	1.9	0	0.1	1.8
Bougainville Referendum Non-electoral Support Funds	1	0	0	1
Land Reform Trust Account	0	0	0	0
Mukurumanda Jail Project Trust Account	3.8	0	1	2.8
Jiwaka Provincial Headquarter Project Trust Account	0	0	0	0
Tsak Valley Electrification Project - GoPNG Counterpart Fund	3.5	0	3.5	0
2020 National Population and Housing Census Trust Account	4.7	0.1	4.8	0
Kokopau to Arawa Road	0	0	0	0
COVID-19 Emergency Trust Account	786.8	3,978.4	4,002.5	762.7
Health Service Sector Development Budget Support Trust Account	0.7	0	0	0.7
PNG's First Economic and Fiscal Resilience Development Policy TA	0.3	0	0	0.3
Connect PNG Economic Road Transport Infrastructure Dev. Prog. TA	29.5	0	17.3	12.2
Higher Education Loan Program Trust Account	1.1	0	0	1.1
Ihu Special Economic Zone	0.1	10	5.3	4.8

Trust Account Name	Balance as at 1-Jan-022	Debit (Receipts)	Credit (Payments)	Balance as at 30-June-2022
Government Commitment Trust Accounts	284.4	344.3	594.5	34.2
2022 National General Election - Finance Procurement, Personnel and Logistics Trust Account	0	210	155.6	54.4
Total	1,558.9	4,843.9	5,182.7	1,220.1

Source: Department of Finance.

It should be noted that:

- The Government Tuition Fee Subsidy (GTFS) Education and the COVID-19 trust accounts receipts and expenses are inclusive of all their subsidiary accounts.
- The Bank balances for all those trusts held at BPNG are as at 30th April 2022 except for 2022 National General Election which is up to end of June.

The opening balance of the budget funded trust accounts as at 1st January 2022 was K1,558.9 million. Expenditure incurred in this period totalled K5,182.7 million with K4,843.9 million as receipts within the same period and the closing balance as at 30th June 2022 was K1,220.1 million.

Following is a summary of expenditures above **K5 million** from budget funded trust accounts for the period 1st January to 30th June 2022

- **K287.2 million** for the Government's Tuition Fee Subsidy (GTFS) program;
- **K68.9 million** for the Tuition Fee Subsidy Education - Commodity Component Trust.
- **K5.2 million** for the Government's Funding of Rehabilitation of Higher Education Sector TA.
- **K7.3 million** for the Financial Management Improvement Program (FMIP) project.
- **K17.1 million** for the Community Water Transport Project - GoPNG Counterpart Funding.
- **K4,002.5 million** was spent from the COVID-19 Emergency Trust Account to facilitate payments of operational funds allowed under Finance Instruction 11/2021 dated 04th November, 2021 IFSM System Outage.
- **K17.3 million** for the Connect PNG Economic Road Transport Infrastructure Trust to fund the Connect PNG project.
- **K5.3 million** for the Ihu Special Economic Zone for funding the Special Economic Zone project.
- **K594.5 million** for the Government Commitment Trust Accounts to cater for outstanding commitments.
- **K155.6 million** for the 2022 National General Election - Finance Procurement, Personnel and Logistics Trust Account to fund the 2022 National General Election.

Many trust accounts did not incur expenses, as most of them were restricted by the banks as instructed by the Reform Team due to expired trust instruments or because the bank accounts are dormant.

Table 22 and 23 below shows movement of funds in the COVID-19 Emergency Trust Accounts for the 89 Districts and 22 Provincial Trust accounts, respectively for the period 1st January to 23rd June, 2022. From these accounts, a total of K4,002.5 million was expended as at end of June 2022. These ending COVID-19 balances consist of operational funds allowed under Finance Instruction 11/2021 dated 04th November, 2021.

Table 20: Movement of Funds in the COVID Emergency Trust Accounts for Provinces from 1st January – 23rd June 2022 (Kina, million)

Provincial Subsidiary Account	Bal as at 01 Jan 2022	Receipts	Payments	Bal as at 23 Jun 2022
COVID -19 Emergency Trust Account – Enga	0.5	-	0.1	0.5
COVID -19 Emergency Trust Account – Hela	0.3	-	-	0.3
COVID -19 Emergency Trust Account – SHP	0.4	-	0.2	0.2
COVID -19 Emergency Trust Account – Western	1.5	-	-	1.5
COVID -19 Emergency Trust Account – WHP	2.1	38.1	33.6	6.6
COVID -19 Emergency Trust Account – EHP	60.9	30.8	61	30.6
COVID -19 Emergency Trust Account – Morobe	25.7	74	37.7	61.9
COVID -19 Emergency Trust Account – Madang	18.7	2,564.8	2,568.9	14.6
COVID -19 Emergency Trust Account – ESP	52.0	1.4	37	16.4
COVID -19 Emergency Trust Account – WSP	0.1	-	-	0.1
COVID -19 Emergency Trust Account – Milne Bay	7.9	24.5	9.8	22.6
COVID -19 Emergency Trust Account – Oro	32.7	29.8	62.4	0.0
COVID -19 Emergency Trust Account – NCD	0.8	-	-	0.8
COVID -19 Emergency Trust Account – Central	13.8	61.5	42.9	32.3
COVID -19 Emergency Trust Account – ENB	17	84.9	14.9	87.0
COVID -19 Emergency Trust Account – WNB	68	46.6	36.8	77.7
COVID -19 Emergency Trust Account – New Ireland	1	2.5	1.8	1.8
COVID -19 Emergency Trust Account – Jiwaka	1	40.7	34.8	6.9
COVID -19 Emergency Trust Account – Simbu	11.1	46	43.6	13.4
COVID -19 Emergency Trust Account – Manus	30.7	30.2	21	39.9
COVID -19 Emergency Trust Account – Gulf	14.4	16.7	18	13.1
COVID -19 Emergency Trust Account – ABG	2	4	5.5	0.5
TOTAL OF COVID-19 PROVINCIAL TRUSTS	362.7	3,096.4	3,030.3	428.8

Source: Department of Finance.

Table 21: Movement of Funds in the COVID Emergency Trust Accounts for Districts from 1st January – 30th June 2022 (kina, million)

District Subsidiary Accounts	Bal as at 01 Jan 2022	Receipts	Payments	Bal as at 30 Jun 2022
COVID -19 Emergency Trust Account – Middle Fly District	1.7	-	0.1	1.6
COVID -19 Emergency Trust Account – North Fly District	0.1	-	0.1	0.0
COVID -19 Emergency Trust Account – South Fly District	0.1	-	0	0.1
COVID -19 Emergency Trust Account – Kerema District	8.4	-	3.3	5.1
COVID -19 Emergency Trust Account – Kikori District	13.8	37.8	49.1	2.5
COVID -19 Emergency Trust Account – Goilala District	1.7	12	9.4	4.3
COVID -19 Emergency Trust Account – Rigo District	1.2	23	20.7	3.5
COVID -19 Emergency Trust Account – Abau District	1.3	10.2	11.5	0.0
COVID -19 Emergency Trust Account – Kairuku Hiri District	3.7	10.4	14.1	-
COVID -19 Emergency Trust Account – Moresby South District	0	-	-	0.0
COVID -19 Emergency Trust Account – Moresby North East	0.1	2.5	-	2.6
COVID -19 Emergency Trust Account – Moresby North West	1.6	-	-	1.6

District Subsidiary Accounts	Bal as at 01 Jan 2022	Receipts	Payments	Bal as at 30 Jun 2022
COVID -19 Emergency Trust Account – Kiriwina Goodenough District	0	-	-	0
COVID -19 Emergency Trust Account – Central Bougainville District	0.4	-	0.1	0.3
COVID -19 Emergency Trust Account – Esa'ala District	0.3	-	-	0.3
COVID -19 Emergency Trust Account – Samarai Murua District	0	-	-	0
COVID -19 Emergency Trust Account – Ijivitari District	6.1	15.2	15.4	5.8
COVID -19 Emergency Trust Account – Kagua Erave District	0.7	0	0.5	0.1
COVID -19 Emergency Trust Account – Imbongu District	0.4	-	-	0.4
COVID -19 Emergency Trust Account – Mendi District	0.2	-	0.2	0
COVID -19 Emergency Trust Account – Ialibu Pangia District	1.3	-	0.3	1
COVID -19 Emergency Trust Account – Nipa Kutubu District	0.1	-	0.1	0
COVID -19 Emergency Trust Account – Tari Pori District	1.5	2	-	3.5
COVID -19 Emergency Trust Account – Komo Magarima District	0	-	-	0
COVID -19 Emergency Trust Account – Koroba Kopiago District	1.3	-	0.8	0.5
COVID -19 Emergency Trust Account – South Bougainville District	0	-	-	0
COVID -19 Emergency Trust Account – Wabag District	7.5	-	-	7.5
COVID -19 Emergency Trust Account – Kandep District	2.8	-	2.7	0.1
COVID -19 Emergency Trust Account – Laiagap Porgera District	2.5	2.5	4.9	0
COVID -19 Emergency Trust Account – Wapenamanda District	0	0.3	0.2	0.2
COVID -19 Emergency Trust Account – Kompiam Ambum District	1.5	-	1	0.5
COVID -19 Emergency Trust Account – Tambul Nebilyer District	8	13.6	19.1	2.5
COVID -19 Emergency Trust Account – Mul Baiyer District	1.3	12.8	13.4	0.7
COVID -19 Emergency Trust Account – Dei District	3.5	27.9	17.7	13.7
COVID -19 Emergency Trust Account - Hagen District	6.7	18.7	11.2	14.3
COVID -19 Emergency Trust Account - North Waghi District	5.4	20.2	24.2	1.5
COVID -19 Emergency Trust Account – Anglimp South Waghi District	0.2	28.5	28.6	0.1
COVID -19 Emergency Trust Account – Jimi District	1.9	16.2	17.7	0.4
COVID -19 Emergency Trust Account – Kerowagi District	4.8	7.8	12.6	0.1
COVID -19 Emergency Trust Account – Kundiawa/ Gembogle District	8.2	8.7	16	1
COVID -19 Emergency Trust Account – Sinasina Yongomul District	4.7	10.8	12.1	3.4

District Subsidiary Accounts	Bal as at 01 Jan 2022	Receipts	Payments	Bal as at 30 Jun 2022
COVID -19 Emergency Trust Account – Karamui Nomane District	14.5	20.9	24.7	10.6
COVID -19 Emergency Trust Account – Gumini District	0.3	40.8	28.7	12.4
COVID -19 Emergency Trust Account – Chuave District	5.2	12	10.3	6.9
COVID -19 Emergency Trust Account – Daulo District	10.2	12.3	21	1.5
COVID -19 Emergency Trust Account – Goroka District	0.8	30.2	30.9	0.1
COVID -19 Emergency Trust Account – Unggai Bena District	5.3	-	-	5.3
COVID -19 Emergency Trust Account – Henganofi District	2.1	13.1	14.8	0.3
COVID -19 Emergency Trust Account – Lufa District	10.5	12.6	19.9	3.1
COVID -19 Emergency Trust Account – Okapa District	10	16	23.8	2.1
COVID -19 Emergency Trust Account – Kainantu District	2.2	16	9.3	8.9
COVID -19 Emergency Trust Account – Obura Wonenara District	2.4	5.7	7.1	1
COVID -19 Emergency Trust Account – Tewai Siasi District	25	17.5	24.7	17.7
COVID -19 Emergency Trust Account – Markham District	7.8	14.1	18.9	3.1
COVID -19 Emergency Trust Account – Huon Gulf District	2.9	12.8	12.4	3.4
COVID -19 Emergency Trust Account – Lae District	23.2	11.4	25.5	9.1
COVID -19 Emergency Trust Account – Kabwum District	8.1	6.9	10.5	4.5
COVID -19 Emergency Trust Account – Bulolo District	3.9	14.5	17.8	0.6
COVID -19 Emergency Trust Account - Menyamya District	4.5	15.2	19.3	0.4
COVID -19 Emergency Trust Account – Finschhafen District	8.5	13.1	19.2	2.4
COVID -19 Emergency Trust Account – Nawaeb District	4.3	17.8	18.9	3.2
COVID -19 Emergency Trust Account – Middle Ramu District	3.3	4.4	1.7	6.1
COVID -19 Emergency Trust Account – Rai Coast District	2.4	13.6	6.6	9.5
COVID -19 Emergency Trust Account – Madang District	2.4	10	7.6	4.8
COVID -19 Emergency Trust Account – Bogia District	3.7	10.8	14.1	0.4
COVID -19 Emergency Trust Account – Usino Bundi District	3.8	9.8	11.7	1.9
COVID -19 Emergency Trust Account – Sumkar District	2.7	12.1	10.5	4.3
COVID -19 Emergency Trust Account – Yangoru Saussia District	10	9.4	16	3.4
COVID -19 Emergency Trust Account – Wewak District	12.9	14.7	15.1	12.6
COVID -19 Emergency Trust Account – Wosera Gawi District	4.3	8.6	10.1	2.8

District Subsidiary Accounts	Bal as at 01 Jan 2022	Receipts	Payments	Bal as at 30 Jun 2022
COVID -19 Emergency Trust Account - Ambunti Drekikir District	9.9	11.8	10.6	11
COVID -19 Emergency Trust Account – Maprik District	0	18.9	17.9	1.1
COVID -19 Emergency Trust Account – Angoram District	3.6	20	20.9	2.7
COVID -19 Emergency Trust Account – Telefomin District	0.2	-	-	0.2
COVID -19 Emergency Trust Account – Vanimo Green District	0	-	-	0
COVID -19 Emergency Trust Account – Nuku District	0.3	-	0	0.2
COVID -19 Emergency Trust Account – Aitape Lumi District	0.3	0	0	0.3
COVID -19 Emergency Trust Account – Manus District	11	17.3	12.5	15.9
COVID -19 Emergency Trust Account – Kavieng District	28	24.1	38.1	14
COVID -19 Emergency Trust Account – Namatanai District	0.8	25.2	24.7	1.3
COVID -19 Emergency Trust Account – Pomio District	5.9	7	7.2	5.7
COVID -19 Emergency Trust Account – Rabaul District	13.6	2.5	5.3	10.7
COVID -19 Emergency Trust Account – Gazelle District	4.4	25	6.6	22.8
COVID -19 Emergency Trust Account – Kokopo District	5.6	21.2	22.9	4
COVID -19 Emergency Trust Account – Talasea District	18	14.7	20.6	12
COVID -19 Emergency Trust Account – Kandrian Gloucester District	10.2	7.3	8.5	9
COVID -19 Emergency Trust Account – North Bougainville District	0	-	-	0
COVID-19 Emergency Trust Account – Sohe District	10.1	9.6	18.5	1.3
COVID-19 Emergency Trust Account – Alotau District	0.3	-	0.1	0.2
TOTAL OF COVID-19 DISTRICT TRUSTS	424.1	882.0	972.2	333.9

Source: Department of Finance.

1.8 FINANCING

The 2022 Net Borrowing requirement was budgeted at K5,984.6 million. The Government planned to finance this deficit through net external borrowing of K3,744.6 million and net domestic borrowing and use of cash reserves of K2,240 million.

Over the first half of 2022, the total net financing was K2,380 million, about 40.0 per cent of the 2022 Budget deficit financing. Of the K2,380 million, external financing consisted of a net repayment of K185.9 million, while domestic financing amounted to K2,565.9 million. The deficit in the first half of the year was K2,078.1 million, indicating that net financing amount represents an over-financing of the deficit by K301.9 million. The additional financing raised were used to finance a portion of the 2021 cheque floats and transfers that were brought forward into 2022.

External Financing

During the first half of 2022, external principal repayments totalled K417.2 million or 47.2 per cent of the budgeted amount of K884.8 million. This includes principal repayments of concessional and commercial loans for infrastructure projects as well as budget support loans. The amortisation schedule for the remainder of this year is on target as appropriated in the 2022 Budget.

Total gross external borrowing in the first half of 2022 totalled K231.3 million. This was mainly drawdowns from concessional loans for the implementation of existing projects. There were no drawdowns from extraordinary and commercial loans.

Concessional loan drawdowns were K231.3 million or 17.5 per cent of the budgeted amount of K1,318.4 million. The Government anticipates that disbursements will increase for concessional and extraordinary loans in the second half of the year to reach the appropriated amount by the end of the year. Apart from the programmed disbursement, the Government has proposed additional funding from various bilateral and multilateral partners for budget support purposes.

The net external financing over the first half of the year totalled minus K185.9 million or 5.0 per cent of the total budgeted external net financing, which represents net repayment of K185.9 million. In the second half of 2022, external budget support loans expected include USD250 million (K880 million) for the third tranche of the SOE Reform Program from the Asian Development Bank and the World Bank Development Policy Operation loan of potentially USD100 million (K352 million), which is currently under discussion. These budget support loans will assist in financing cash flow.

Table 22: External Borrowing 2021 – 2022 (Kina, million)

	2021 Outcome	2022 Budget	June Outturn	2022 MYEFO
New External Borrowing	4,991.8	4,629.4	231.3	4,629.4
Securities	0	0		0
Concessional Financing	1,493.5	1,318.4	231.3	1,318.4
Commercial Financing	59.7	22.2	0	22.2
Exceptional Financing	3,438.6	3,288.8	0	3,288.8
Repayment of Principal	-1,322.4	-884.8	-417.2	-884.8
Net External Borrowing	3,669.4	3,744.6	-185.9	3,744.6

Source: Department of Treasury

Domestic Funding

Over the first half of 2022, new domestic borrowing totalled K9,240.8 million or 58.9 per cent of the 2022 Budgeted amount of K15,671.2 million. Principal repayments totalled K6,675 million or 49.7 per cent of the 2022 Budget estimate. This resulted in domestic net borrowing of K2,565.9 million. The higher than budgeted level of new borrowings reflected the need for funds from the domestic market to support priority expenditure for each week due to the timing of external budget support. The higher volume of repayments reflects the short duration of the Treasury Bills portfolio that are frequently rolled over.

Treasury Bills recorded a net borrowing of K1,626.3 million, while Treasury Bonds had a net borrowing of K953.1 million. The increase in net borrowing from the Treasury Bills is attributed to the need to raise funds weekly to finance the cash flow, especially in the first quarter due to delay in the Treasury Bond issuance. On the Treasury Bond, the increase in net financing is attributed to the need to frontload the issuance due to the expected timing in accessing the programmed external financing which was to be in the second half of 2022, and the need to raise the funds to settle large coupon and maturity payments in the second quarter.

Table 23: Domestic Borrowing 2021 – 2022 (Kina, million)

	2021 Outcome	2022 Budget	June Outturn	2022 MYEFO
New Domestic Borrowing	16,902.5	15,671.2	9,240.8	14,278.6
Treasury Bills Financing	14,147.9	12,661.9	7,986.3	11,269.3
Inscribed Stocks Financing	2,646.7	2,709.3	1,250.5	2,709.3
Loans	107.9	300	4.1	300
Repayment of Principal	-13,860.4	-13,431.2	-6,675	-13,431.2
Treasury Bills Maturities	-12,753.1	-12,401.8	-6,360	-12,401.8
Inscribed Stocks Maturities	-1,046.1	-959.3	-297.4	-959.3
Loans	-61.2	-70.1	-17.5	-70.1
Net Domestic Borrowing	3,042.2	2,240	2,565.9	847.4

Source: Department of Treasury

2022 Net Financing

During the first half of 2022, total net borrowing was K2,380 million, comprising K185.9 million in negative net external financing and K2,565.9 million in net domestic borrowing.

In the 2022 MYEFO, the Government plans to raise K3,400.4 million in net external financing to fund the deficit. Of this, K185.9 million has been realised in net repayments in the first half of the year. Almost all loans that will be obtained from our development partners and bilateral support are concessional, minimising the risk of interest cost blowouts as a result of the pandemic. Additional funding raised above the required borrowing will be retained in Government trust accounts as cash balances for execution in 2023 Budget.

The net domestic financing in the 2022 MYEFO is estimated to be K2,240 million. In the first half of the year, K2,565.9 million has already been issued whilst the remaining issuance will focus on rolling over and partially retiring the short-term domestic debt raised to meet priority expenditures while waiting for external financing. Of this, K1,250.5 million in Treasury Bonds have already been announced and issued over the first half of 2022, compared with the budget appropriation of K2,709.3 million.

Table 24: Summary of Net Borrowing 2021 – 2022 (Kina, million)

	2021 Outcome	2022 Budget	2022 June Outturn	2022 MYEFO
NET FINANCING				
Net Domestic Borrowing	3,042.2	2,240	2,565.9	847.4
Net External Borrowing	3,669.4	3,744.6	-185.9	3,744.6
Total Net Borrowing	7,955.6	5,984.6	2,380	4,592
NET CHANGE IN FINANCIAL ASSETS	-1,685.3	0	-301.9	1,392.6
Deficit	6,270.3	5,984.6	-2,078.1	-5,984.7

Source: Department of Treasury

1.9 PUBLIC DEBT AND CONTINGENT LIABILITIES

Public Debt

Domestic debt stock in the first half of 2022 was K26,781.5 million, an increase of K2,565.9 million or 10.6 per cent compared with the 2021 outcome and K326 million or 1.2 per cent higher than the 2022 Budget estimate of K26,455.6 million.

External debt stock during first half of the year was K22,394.8 million, a decrease of

K170.8 million or 0.8 per cent lower than the 2021 outcome and K3,914.9 million or 14.9 per cent lower than the 2022 Budget.

Table 25: Central Government Debt 2021 – 2022 (Kina, million)

	2021 Outcome	2022 Budget	June Outturn	2022 MYEFO
Domestic	24,215.60	26,455.60	26,781.50	26,455.60
Treasury Bills	12,401.80	12,661.90	14,028.10	12,661.90
Inscribed Stock	10,833.40	12,583.40	11,786.50	12,583.40
Loans	980.4	1,210.30	967	1,210.30
<i>Domestic Debt as % GDP</i>	26.00%	26.00%	24.30%	26.00%
External	22,565.60	26,309.50	22,394.80	26,309.50
International Agencies (Concessional)	10,935.20	11,643.30	10,863.40	11,643.30
Commercial Loans	155.3	135.5	146.3	135.5
Extraordinary	9,774.40	12,830.60	9,669.30	12,830.60
Debt Securities	1,700.70	1,700	1,715.70	1,700
<i>External Debt as % GDP</i>	24.20%	25.90%	20.30%	23.90%
Total Public Debt Outstanding	46,781.20	52,765.20	49,176.30	52,765.20
As % GDP	50.10%	51.90%	44.60%	47.80%

Source: Department of Treasury

Contingent Liabilities

The external loan guarantees shown in Table 26 are in various stages of reconciliation and are likely to be either extinguished or minimal amounts as explained in the notes to the table.

Table 26: Contingent Liabilities (Domestic & External Loan Guarantees) (Kina, million)

Public Accounts: STATEMENT "I"				Exchange	Original Amount Guaranteed	Running Balance (01 Jan 2021)	Principal Amnt paid	Interest amount paid	Balance Outstanding as at 31/12/2021	
Borrowers	Financial Institution/Lender	Loan Details/Purpose	Currency	Rates (BPNG mid rate as at 30/06/2021)	Currencies ('000)	('000)	Currencies ('000)	Currencies ('000)	Currencies ('000)	Kina (K'000)
Borrowers	DOMESTIC LENDERS									
Innovative Agro-Industry Ltd	Bank South Pacific	Central Dairy Limited (2016)-Hlmo Farm	PGK	1.0000	56,000.00	56,000.00		6,311	56,000.00	56,000
Kumul Consolidated Holdings Ltd	Bank South Pacific	Motukea Port Relocation (2016)	PGK	1.0000	600,000.00	600,000.00		30,815	600,000.00	600,000
	Total Domestic Guarantees									656,000
	FOREIGN LENDERS									
Pacific Aviation Safety Office	Asian Development bank	PASO Loan Guarantee	AUD	0.3928	1,978.61	856.60			856.60	2,181
MRDC Pty Ltd & MRL Pty. Ltd		Finance Contract Agreement - 26.04.95	EUR	0.2520	21,000.00	21,000.00			21,000.00	83,333
MRDC Pty Ltd		Finance Contract Agreement - 28.06.96	EUR	0.2520	25,000.00	25,000.00			25,000.00	99,206
Telikom PNG Ltd		Agreement 27.07.95	USD	0.2850	26,282.05	26,282.05			26,282.05	92,218
Independent Public Business Corp.		State Equity Financing for PNG LNG	USD	0.2850	1,825,484.78	1,825,484.78			1,825,484.78	6,405,210
Independent Public Business Corp.		Counter Guarantee for PNG LNG	USD	0.2850	268,037.00	268,037.00			268,037.00	940,481
	Total Overseas Guarantees									7,622,629
	TOTAL DOMESTIC & OVERSEAS Guarantees									8,278,629

Source: Department of Treasury

Notes

1. Motukea Port Relocation by KCH remain as guarantees until there is an explicit agreement to state otherwise.
2. 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 made by PASO twice a year.
3. Lender/s for the two (2) MRDC loans is/are unknown. Treasury will work closely with MRDC to locate this information
4. Unknown lender for the Telikom loan. Treasury will work closely with Telikom to locate information concerning this loan.
5. Records now show the Completion Guarantee for PNG LNG for an amount of USD1,624,310 has been terminated on 5th of February 2015. The lender was ANZ Fiduciary Services Pty Ltd as Security Trustee on behalf of Secured Parties.

6. Treasury has to confirm status of three (3) loans indicated below with KCH/KPHL/ExxonMobil PNG LNG Services Ltd as to whether they have been fully repaid or still outstanding. Lender (s) will also be confirmed.
7. The State's exposure reported on the Guarantee Statement reduced significantly after the confirmation of item #4 above.
8. The exchange rates used to convert foreign currencies to Kina in the above statement are as at 31st December 2021 (BPNG midrate for respective currencies)

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

1.10 RISKS TO THE MID-YEAR ECONOMIC AND FISCAL OUTLOOK

The global economy experienced a short-lived recovery in 2021, which was overshadowed by the increasingly concerning outlook for 2022, as added shocks began to materialise on top of persistent COVID-19 related effects. Global growth subsided in the second quarter of 2022 due to falls in Russia and China, while US consumer spending fell below expectations. A series of negative shocks including an unforeseen inflation upsurge leading to rising interest rates, a slowdown in China reflecting the COVID-19 outbreaks and lockdowns, and prolonged knock-on effects of the Russia-Ukraine war, has hit a world economy that is sluggishly recovering from the aftermath of the pandemic.

The uncertainty on global growth prospects and the possibility of further shocks evolving from global conditions must be built into forward looking risk management strategies. In relation to the above developments, the PNG economy is susceptible to both downside and upside spillover effects given its exposure to global trade and its position as an export and import driven economy. Any shock from the global economy will have either direct or indirect effects on PNG's revenue inflows, foreign exchange reserves, debt and financing plans, and inflation related risks. As we have seen in this MYEFO, a shock such as increased fuel prices has the downside for the PNG economy of higher inflation (partially mitigated by the Government's actions on the Household Assistance Package) and a very significant upside of much higher revenue receipts.

Overall, apart from the increased risks from inflation, and the importance of wisely using the significant revenue increases flowing from higher commodity prices, the macroeconomic risks facing the PNG economy remain as set out in the 2022 Budget.

1.11 FISCAL OUTTURN TABLES

TABLE 1: STATEMENT OF OPERATIONS FOR THE GENERAL GOVERNMENT¹ (Kina, millions)

Kina Million	2021 Actuals	2022 Budget	June Outturn	2022 MYEFO	Budget Variance
TRANSACTIONS AFFECTING NET WORTH:					
Revenue	13,860.4	16,190.2	7,988.9	17,066.0	875.8
Taxes	11,129.4	12,522.8	6,840.7	13,868.4	1,345.6
<i>Taxes on Income, profits, and capital gains</i>	6,356.1	6,579.1	4,247.8	8,878.8	2,299.7
<i>Taxes on payroll and workforce</i>	0.8	0.0	0.1	0.0	0.0
<i>Taxes on goods and services</i>	3,993.7	5,095.2	2,128.1	4,130.1	-965.1
<i>Taxes on international trade and transactions</i>	778.8	848.4	464.7	859.4	11.0
Grants	2,088.0	1,824.9	916.2	1,824.9	0.0
Other Revenue	643.0	1,842.5	231.9	1,372.7	-469.8
<i>Dividends</i>	530.5	1,270.0	100.0	1,110.0	-160.0
<i>KPHL</i>	380.5	400.0	100.0	700.0	300.0
<i>OkTedi</i>	0.0	450.0	0.0	90.0	-360.0
<i>NFA</i>	0.0	100.0	0.0	100.0	0.0
<i>BPNG</i>	150.0	200.0	0.0	100.0	-100.0
<i>KCHL</i>	0.0	120.0	0.0	120.0	0.0
<i>MVIL</i>	0.0	0.0	0.0	0.0	0.0
<i>Non-Tax Revenue</i>	50.4	389.3	104.8	209.6	-179.1
<i>Fees and Charges</i>	62.5	183.1	27.1	52.4	-130.7
<i>SWF Inflows</i>	0.0	0.0	-	0.0	0.0
<i>Interest & Fees from Lending</i>	0.0	0.7	0.0	0.7	0.0
Resource Revenue	1,015.9	1,588.4	1,316.8	3,790.0	2,201.6
<i>Mining and Petroleum Taxes</i>	635.4	738.4	1,216.8	3,000.0	2,261.6
<i>Mining, Petroleum and Gas Dividends</i>	380.5	850.0	100.0	790.0	-60.0
<i>Transfer from the Stabilization Fund (SWF)</i>	0.0	0.0	0.0	0.0	0.0
Revenue as percentage of GDP	14.9%	15.9%	7.2%	15.5%	-0.4%
Total Expenditure and lending	20,130.7	22,174.8	10,067.0	23,050.6	875.8
Expense as percentage of GDP	21.6%	21.8%	9.1%	20.9%	-0.9%
Expense²	16,480.4	16,930.3	8,539.2	18,238.8	1,308.5
Compensation of employees	6,093.7	6,007.7	3,056.9	6,303.2	295.5
Use of goods and services	6,161.2	6,096.8	2,810.1	6,866.8	770.0
Interest	2,249.1	2,313.5	1,191.5	2,313.5	0.0
Grants	1,915.0	2,405.3	1,450.0	2,648.3	243.0
Social benefits	0.0	42.5	0.0	42.5	0.0
Other expense	61.3	64.4	30.7	64.4	0.0
Net Acquisition of Non-Financial Assets*	3,650.4	5,244.5	1,527.8	4,811.8	-432.7
Fixed Assets	3,650.4	5,244.5	1,527.8	4,811.8	-432.7
Gross Operating Balance³	-2,619.9	-740.1	-550.3	-1,172.8	-432.7
Net Lending (+) / Net Borrowing (-)	-6,270.3	-5,984.7	-2,078.1	-5,984.7	0.0
Net lending/borrowing as percentage of GDP	-6.7%	-5.9%	-1.9%	-5.4%	0.0%
Primary Balance ⁴	-4,021.2	-3,671.1	-886.6	-3,671.1	0.0
Non-resource net lending (+)/borrowing (-)	-7,286.1	-7,573.0	-3,394.9	-9,774.6	-2,201.7
Non-resource primary balance	-5,037.0	-5,259.5	-2,203.5	-7,461.1	-2,201.7
Non-resource primary balance as percentage of Non-resource GDP	-7.2%	-7.1%	-2.8%	-9.6%	-2.8%
Transactions in financial assets and liabilities	6,270.3	5,984.7	2,078.1	5,984.7	0.0
Net Acquisition of Financial Assets	-1,685.2	0.0	-301.9	0.0	0.0
Domestic**	-910.4	0.0	-301.9	0.0	0.0
External	-774.8	0.0	0.0	0.0	0.0
Net Incurrence of Liabilities	-7,955.5	-5,984.7	-2,380.0	-5,984.7	0.0
Domestic	3,042.1	2,240.0	2,565.9	2,240.0	0.0
<i>Debt securities: Treasury bills</i>	1,394.8	260.1	1,626.3	260.1	0.0
<i>Debt securities: Treasury bonds</i>	1,600.6	1,750.0	953.1	1,750.0	0.0
<i>Loans</i>	46.7	229.9	-13.4	229.9	0.0
External	4,913.4	3,744.6	-185.9	3,744.7	0.0
<i>Monetary gold and special drawing rights (SDR's)</i>	1,244.1	0.0	0.0	0.0	0.0
<i>Debt securities: Sovereign bonds</i>	0.0	0.0	0.0	0.0	0.0
<i>Loans</i>	3,669.3	3,744.6	-185.9	3,744.7	0.0
Gross Debt Stock	46,781.2	52,765.2	49,176.3	52,765.2	0.0
Debt as % of GDP	50.1%	51.9%	44.6%	47.8%	0.0%
Gross Domestic Product⁵	93,314.1	101,695.8	110,302.8	110,302.8	110,302.8
Non-resource GDP	69,936.9	74,550.1	77,807.6	77,807.6	77,807.6

Source: Department of Treasury

1. 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.

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. Represents, revenue minus expense, excluding consumption of fixed capital (CFC). CFC are not yet calculated and reported for the government accounts in PNG.

4. Represent net lending/net borrowing excluding interest expense or net interest expense.

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

*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.

**Cash Balances carry over from 2020 as well as from the first six months of 2021 held under the WPA and DRA.

TABLE 2: STATEMENT OF SOURCES AND USES OF CASH FOR THE GENERAL GOVERNMENT¹

Kina Million	2021 Actuals	2022 Budget	June Outturn	2022 MYEFO	Budget Variance
CASH FLOWS FROM OPERATING ACTIVITIES					
Revenue Cash Flows	11,998.0	14,615.3	7,072.7	15,491.1	875.8
Taxes	11,129.4	12,522.8	6,840.7	13,868.4	1,345.5
Grants	225.6	250.0	0.0	250.0	0.0
Other Revenue	643.0	1,842.5	231.9	1,372.7	-469.8
<i>Revenue as percentage of GDP</i>	<i>12.9%</i>	<i>14.4%</i>	<i>6.4%</i>	<i>14.0%</i>	<i>-0.3%</i>
Expense cash flows²	14,438.8	13,723.8	8,471.3	15,032.4	1,308.5
Compensation of employees	5,914.5	4,696.3	2,989.0	4,991.9	295.5
Uses of goods and services	6,161.2	5,819.1	2,810.1	6,589.1	770.0
Interest	2,249.1	2,313.5	1,191.5	2,313.5	0.0
Grants	52.6	830.4	1,450.0	1,073.4	243.0
Other payments	61.3	64.4	30.7	64.4	0.0
<i>Expense as percentage of GDP</i>	<i>15.5%</i>	<i>13.5%</i>	<i>7.7%</i>	<i>13.6%</i>	<i>0.1%</i>
Net cash inflow from operating activities	-2,440.7	891.5	-1,398.6	458.8	-432.8
CASH FLOWS FROM TRANSACTIONS IN NONFINANCIAL ASSETS:					
Net cash outflow from investment in nonfinancial assets	3,650.4	5,244.5	1,527.8	4,811.8	-432.7
Fixed assets	3,650.4	5,244.5	1,527.8	4,811.8	-432.7
Inventories	0.0	0.0	0.0	0.0	0.0
Valuables	0.0	0.0	0.0	0.0	0.0
Nonproduced assets	0.0	0.0	0.0	0.0	0.0
Expenditure cash flows	18,089.1	18,968.3	9,999.2	19,844.2	875.8
Cash surplus (+) / Cash deficit (-)	-6,091.1	-4,353.0	-2,926.5	-4,353.0	0.0
<i>Surplus/Deficit as percentage of GDP</i>	<i>-6.5%</i>	<i>-4.3%</i>	<i>-2.7%</i>	<i>-3.9%</i>	<i>0.3%</i>
CASH FLOWS FROM TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):	7,955.5	5,984.7	2,078.1	5,984.7	0.0
Net acquisition of financial assets other than cash	0.0	0.0	-301.9	0.0	0.0
Domestic	0.0	0.0	-301.9	0.0	0.0
External	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	-7,955.5	-5,984.7	-2,380.0	-5,984.7	0.0
Domestic	3,042.1	2,240.0	2,565.9	2,240.0	0.0
External	4,913.4	3,744.6	-185.9	3,744.7	0.0
Net cash inflow from financing activities	-7,955.5	-5,984.7	-2,078.1	-5,984.7	0.0
<i>Net cash inflow as percentage of GDP</i>	<i>-8.5%</i>	<i>-5.9%</i>	<i>-1.9%</i>	<i>-5.4%</i>	<i>0.5%</i>
Net change in the stock of cash	-14,046.6	-10,337.7	-5,004.6	-10,337.7	0.0
Gross Domestic Product³	93,314.1	101,695.8	110,302.8	110,302.8	110,302.8

Source: Department of Treasury

1. 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 but excludes in-kind related transactions.

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

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

TABLE 3: GENERAL GOVERNMENT REVENUE ECONOMIC CLASSIFICATION

Kina Million	2021 Actuals	2022 Budget	June Outturn	2022 MYEFO	Budget Variance
REVENUE¹	13,860.4	16,190.2	7,988.9	17,066.0	875.8
TAXES	11,129.4	12,522.8	6,840.7	13,868.4	1,345.5
Taxes on Income, Profits and Capital Gains	6,356.1	6,579.1	4,247.8	8,878.8	2,299.7
Payable by individuals	3,467.9	3,608.3	1,764.5	3,256.6	-351.7
Personal Income Tax	3,467.9	3,608.3	1,764.5	3,256.6	-351.7
Payable by corporations and other enterprises	2,374.9	2,569.5	1,914.8	4,831.1	2,261.6
Company Tax	1,690.3	1,763.2	667.9	1,763.2	0.0
Mining and Petroleum Taxes	635.4	738.4	1,216.8	3,000.0	2,261.6
Royalties Tax	29.6	40.4	18.0	40.4	0.0
Management Tax	19.7	27.5	12.0	27.5	0.0
Other taxes on income, profits and capital gains	513.3	401.4	568.5	791.2	389.8
Dividend Withholding Tax Non Mining	366.0	234.3	521.2	621.2	386.9
Non-Resident Insurers Withholding Tax	127.0	7.0	5.1	9.5	2.5
Interest Withholding Tax	20.2	160.0	42.0	160.0	0.0
Tax Related Court Fines	0.0	0.0	0.0	0.0	0.0
Sundry IRC Taxes & Income	0.0	0.0	0.3	0.4	0.4
Taxes on Payroll and Workforce	0.8	0.0	0.1	0.0	0.0
Training Levy	0.8	0.0	0.1	0.0	0.0
Taxes on Goods and Services	3,993.7	5,095.2	2,128.1	4,130.1	-965.1
General taxes on goods and services	2,458.6	3,275.2	1,393.7	2,751.4	-523.8
Value Added Tax	2,457.2	3,223.4	1,389.0	2,699.6	-523.8
GST ²	2,457.2	3,223.4	1,389.0	2,699.6	-523.8
GST Collection at Provinces	1,450.6	2,155.5	880.1	1,828.5	-327.0
GST Collection at Ports	1,104.3	1,397.5	615.3	1,200.7	-196.8
GST Refunds	97.6	329.6	106.4	329.6	0.0
GST from IRC Trust	0.0	0.0	0.0	0.0	0.0
Sales taxes	0.0	0.0	0.0	0.0	0.0
Turnover & other general taxes on goods and services	0.0	0.0	0.0	0.0	0.0
Taxes on financial and capital transactions	1.4	51.8	4.8	51.8	0.0
Excise	1,281.2	1,507.6	557.4	1,011.6	-496.0
Excise Duty	998.3	1,192.9	411.4	751.5	-441.4
Import Excise	282.8	314.7	146.0	260.1	-54.6
Profits of fiscal monopolies	0.0	0.0	0.0	0.0	0.0
Taxes on specific services	235.9	292.5	168.9	343.7	51.1
Bookmakers' Turnover Tax	6.6	23.0	5.0	23.0	-0.1
Gaming Machine Turnover Tax	228.1	265.7	161.1	315.7	50.0
Departure Tax	1.3	3.8	2.8	5.0	1.2
Taxes on use of goods and on permission to use goods or perform activities	11.6	16.5	1.7	16.5	0.0
Other taxes on goods and services	6.5	3.4	6.3	7.0	3.6
Sundry Taxes (Customs)	6.5	3.4	6.3	7.0	3.6
Taxes on International Trade and Transactions	778.8	848.4	464.7	859.4	11.0
Customs and other import duties	379.7	419.9	244.7	419.9	0.0
Import Duty	379.7	419.9	244.7	419.9	0.0
Taxes on exports	399.1	428.5	220.0	439.5	11.0
Export Tax	399.1	428.5	220.0	439.5	11.0
GRANTS	2,088.0	1,824.9	916.2	1,824.9	0.0
From Foreign Governments	1,630.6	1,498.4	647.6	1,498.4	0.0
Current	1,349.6	1,345.2	518.1	1,345.2	0.0
Cash	225.6	250.0	0.0	250.0	0.0
In-Kind	1,124.0	1,095.2	518.1	1,095.2	0.0
Capital	281.0	153.2	129.5	153.2	0.0
Cash	0.0	0.0	0.0	0.0	0.0
In-Kind	281.0	153.2	129.5	153.2	0.0
From International Organizations	457.4	326.5	268.6	326.5	0.0
Current	365.9	293.3	214.9	293.3	0.0
Cash	0.0	0.0	0.0	0.0	0.0
In-Kind	365.9	293.3	214.9	293.3	0.0
Capital	91.5	33.2	53.7	33.2	0.0
Cash	0.0	0.0	0.0	0.0	0.0
In-Kind	91.5	33.2	53.7	33.2	0.0
OTHER REVENUE	643.0	1,842.5	231.9	1,372.7	-469.8
Property Income	551.8	1,305.8	103.9	1,118.5	-187.3
Interest	0.0	0.7	0.0	0.7	0.0
Dividends	530.5	1,270.0	100.0	1,110.0	-160.0
Mining Petroleum and Gas Dividends	380.5	850.0	100.0	790.0	-60.0
Dividends from Statutory Authorities	150.0	300.0	0.0	200.0	-100.0
Shares in Private Enterprise	0.0	0.0	0.0	0.0	0.0
Dividends from State Owned Enterprises	0.0	120.0	0.0	120.0	0.0
Other Dividends	0.0	0.0	0.0	0.0	0.0
Rent	21.3	35.1	3.9	7.8	-27.3
Reinvested earnings on foreign direct investment	0.0	0.0	0.0	0.0	0.0
Sales of goods and services	11.5	132.5	7.1	14.0	-118.5
Sales by market establishments	0.0	0.0	0.0	0.0	0.0
Administrative fees	4.9	99.9	2.9	5.8	-94.1
Incidental sales by nonmarket establishments	6.6	32.6	4.2	8.2	-24.4
Imputed sales of goods and services	0.0	0.0	0.0	0.0	0.0
Fines, penalties, and forfeits	1.2	1.1	0.0	1.1	0.0
Transfers not elsewhere classified	78.6	403.2	121.0	239.2	-164.0
Current transfers not elsewhere classified	78.6	403.2	121.0	239.2	-164.0
Subsidies	0.0	0.0	0.0	0.0	0.0
Other current transfers	78.6	403.2	121.0	239.2	-164.0
Payroll Commission	28.2	13.9	14.5	29.0	15.1
State Services and Statutory Authority	50.0	388.7	104.8	209.6	-179.1
Capital transfers not elsewhere classified	0.0	0.0	0.0	0.0	0.0
Premiums, fees and claims related to nonlife insurance and standardised guar	0.0	0.0	0.0	0.0	0.0

Source: Department of Treasury

1. Under the GFS 2014 methodology, non-payable infrastructure tax credits, revenue on asset sales, recoveries and Trust Accounts are not classified as revenue

2. GST represents the total of collections by Provinces, PNG Ports and less Refunds.

TABLE 4: GENERAL GOVERNMENT EXPENSE BY ECONOMIC CLASSIFICATION

Kina Million	2021 Actuals	2022 Budget	June Outturn	2022 MYEFO	Budget Variance
Compensation of Employees	6,093.7	6,007.7	3,056.9	6,303.2	295.5
Wages and salaries	5,374.4	5,167.4	2,702.8	5,462.9	295.5
Wages and salaries in cash	5,195.2	4,966.8	2,634.9	5,262.4	295.5
Wages and salaries in kind	179.2	200.5	67.8	200.5	0.0
Employers' social contributions	719.3	840.3	354.1	840.3	0.0
Actual social contributions	719.3	840.3	354.1	840.3	0.0
Use of goods and services*	6,161.2	6,096.8	2,810.1	6,866.8	770.0
Use of goods and services	6,161.2	6,096.8	2,810.1	6,866.8	770.0
Use of goods and services	6,161.2	6,096.8	2,810.1	6,866.8	770.0
Interest**	2,249.1	2,313.5	1,191.5	2,313.5	0.0
To nonresidents	328.2	476.9	186.8	476.9	0.0
Interest to Non residents	328.2	476.9	186.8	476.9	0.0
To residents other than general government	1,920.9	1,836.6	1,004.6	1,836.6	0.0
Interest to residents other than general governments	1,920.9	1,836.6	1,004.6	1,836.6	0.0
Grants***	1,915.0	2,405.3	1,450.0	2,648.3	243.0
Grants to other general government units	1,915.0	2,405.3	1,450.0	2,648.3	243.0
Grants to other general governments current	1,483.2	1,866.3	1,026.0	1,866.3	0.0
Grants to other general governments capital	431.8	539.0	424.0	782.0	243.0
Social Benefits	0.0	42.5	0.0	42.5	0.0
Social assistance benefits	0.0	42.5	0.0	42.5	0.0
Social assistance benefits in cash	0.0	42.5	0.0	42.5	0.0
Other expenses	61.3	64.4	30.7	64.4	0.0
Transfers not elsewhere classified	61.3	64.4	30.7	64.4	0.0
Other expense - Current transfers not elsewhere classified	61.3	64.4	30.7	64.4	0.0
Net Acquisition Nonfinancial assets****	3,650.4	5,244.5	1,527.8	4,811.8	-432.7
Nonproduced assets	0.0	7.8	0.0	7.8	0.0
NFA: Intangible nonproduced assets	0.0	7.8	0.0	7.8	0.0
NFA: Land	0.0	0.0	0.0	0.0	0.0
Acquisition of Fixed assets	3,650.4	5,236.7	1,527.8	4,804.0	-432.7
NFA: Buildings and structures	989.1	913.5	153.2	903.1	-10.5
NFA: Dwellings	0.0	25.6	0.0	25.1	-0.5
NFA: Fixed assets	1,726.8	3,468.2	951.0	3,046.5	-421.7
NFA: Information, computer, & telecommunications equipment	59.3	61.0	8.8	61.0	0.0
NFA: Machinery & equipment other than transport equipment	25.5	29.0	7.5	29.0	0.0
NFA: Other structures	0.0	14.3	0.0	14.3	0.0
NFA: Transport equipment	1.3	5.9	4.3	5.9	0.0
Other expense - Current transfers not elsewhere classified	848.4	719.0	403.0	719.0	0.0
Total expenditure	20,130.7	22,174.8	10,067.0	23,050.6	875.8
<i>as % of GDP</i>	<i>21.6%</i>	<i>21.8%</i>	<i>9.1%</i>	<i>20.9%</i>	<i>0.8%</i>

Source: Department of Treasury

* Use of goods and services includes operational cost like maintenance and repair of fixed assets.

** Excludes fees, other than interest, captured under use of goods and services.

*** Grants are inclusive of payments made to other general government units for the purposes of capital projects.

**** 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.

TABLE 5: GENERAL GOVERNMENT EXPENSE BY AGENCY TYPE AND ECONOMIC CLASSIFICATION

Kina Million	2021 Actuals	2022 Budget	June Outturn	2022 MYEFO	Budget Variance
National Departments	7,860.3	10,340.2	4,387.5	10,698.7	358.6
Compensation of Employees	2,987.0	3,046.7	1,503.0	3,098.0	51.3
Wages and salaries	2,337.4	2,260.1	1,178.7	2,311.4	51.3
Wages and salaries in cash	2,242.2	2,153.7	1,143.2	2,205.0	51.3
Wages and salaries in kind	95.2	106.4	35.6	106.4	0.0
Employers' social contributions	649.6	786.6	324.3	786.6	0.0
Actual social contributions	649.6	786.6	324.3	786.6	0.0
Use of goods and services	3,802.2	4,046.7	1,922.7	4,816.7	770.0
Grants	523.0	942.9	458.8	942.9	0.0
Grants to other general government units	523.0	942.9	458.8	942.9	0.0
Grants to other general governments current	523.0	942.9	458.8	942.9	0.0
Grants to other general governments capital	0.0	0.0	0.0	0.0	0.0
Other expenses	59.2	59.2	29.0	59.2	0.0
Net Acquisition Nonfinancial assets	488.9	2,220.2	473.9	1,757.5	-462.7
Nonproduced assets	0.0	7.8	0.0	7.8	0.0
NFA: Intangible nonproduced assets	0.0	7.8	0.0	7.8	0.0
NFA: Land	0.0	0.0	0.0	0.0	0.0
Acquisition of Fixed assets	488.9	2,212.4	473.9	1,749.7	-462.7
NFA: Buildings and structures	0.0	13.0	0.0	13.0	0.0
NFA: Dwellings	0.0	1.7	0.0	1.7	0.0
NFA: Fixed assets	467.5	2,150.1	468.7	1,687.4	-462.7
NFA: Information, computer, & telecommunications equipment	9.5	17.3	1.2	17.3	0.0
NFA: Machinery & equipment other than transport equipment	11.0	14.5	2.3	14.5	0.0
NFA: Other structures	0.0	12.3	0.0	12.3	0.0
NFA: Transport equipment	1.0	3.6	1.7	3.6	0.0
Social Benefits	0.0	23.9	0.0	23.9	0.0
Social assistance benefits	0.0	23.9	0.0	23.9	0.0
Provincial Governments	4,880.6	4,436.3	2,401.8	5,030.9	594.6
Compensation of Employees	2,043.7	1,885.1	1,017.2	2,106.7	221.6
Wages and salaries	2,042.8	1,885.1	1,015.4	2,106.7	221.6
Wages and salaries in cash	1,993.7	1,830.5	998.9	2,052.1	221.6
Wages and salaries in kind	49.1	54.6	16.5	54.6	0.0
Employers' social contributions	0.8	0.0	1.8	0.0	0.0
Actual social contributions	0.8	0.0	1.8	0.0	0.0
Use of goods and services	1,132.4	798.9	307.5	798.9	0.0
Use of goods and services	1,132.4	798.9	307.5	798.9	0.0
Grants	1,378.6	1,424.0	932.8	1,667.0	243.0
Grants to other general government units	1,378.6	1,424.0	932.8	1,667.0	243.0
Grants to other general governments current*	956.8	917.0	533.8	917.0	0.0
Grants to other general governments capital	421.8	507.0	399.0	750.0	243.0
Net Acquisition Nonfinancial assets	325.9	328.3	144.3	458.3	130.0
Acquisition of Fixed assets	325.9	328.3	144.3	458.3	130.0
NFA: Fixed assets*	325.9	317.3	144.3	447.3	130.0
NFA: Buildings and structures		11.0	0.0	11.0	0.0
Autonomous Bougainville Government	328.9	426.8	117.5	426.8	0.0
Compensation of Employees	141.5	132.0	62.3	132.0	0.0
Wages and salaries	141.5	132.0	62.3	132.0	0.0
Wages and salaries in cash	132.5	122.2	59.3	122.2	0.0
Wages and salaries in kind	9.0	9.8	3.0	9.8	0.0
Employers' social contributions	0.0	0.0	0.0	0.0	0.0
Actual social contributions	0.0	0.0	0.0	0.0	0.0
Use of goods and services	163.8	148.1	21.7	148.1	0.0
Grants	10.0	32.0	25.0	32.0	0.0
Grants to other general government units	10.0	32.0	25.0	32.0	0.0
Commercial & Statutory Authorities	1,450.4	1,753.8	821.2	1,676.5	-77.3
Compensation of Employees	921.5	943.9	474.3	966.6	22.7
Wages and salaries	852.7	890.2	446.4	912.8	22.7
Wages and salaries in cash	826.8	860.4	433.6	883.1	22.7
Wages and salaries in kind	25.9	29.8	12.7	29.8	0.0
Employers' social contributions	68.9	53.7	28.0	53.7	0.0
Actual social contributions	68.9	53.7	28.0	53.7	0.0
Use of goods and services	312.6	458.2	230.4	458.2	0.0
Grants	3.4	6.4	33.3	6.4	0.0
Grants to other general government units	3.4	6.4	33.3	6.4	0.0
Other expenses	2.1	4.8	1.7	4.8	0.0
Transfers not elsewhere classified	2.1	4.8	1.7	4.8	0.0
Other expense - Current transfers not elsewhere classified	2.1	4.8	1.7	4.8	0.0
Net Acquisition Nonfinancial assets	210.8	322.0	81.4	222.0	-100.0
Acquisition of Fixed assets	210.8	322.0	81.4	222.0	-100.0
NFA: Buildings and structures	0.0	16.9	0.0	16.9	0.0
NFA: Dwellings	0.0	23.5	0.0	23.5	0.0
NFA: Fixed assets	195.7	262.7	73.7	162.7	-100.0
NFA: Machinery & equipment other than transport equipment	14.6	14.5	5.1	14.5	0.0
NFA: Other structures	0.0	2.1	0.0	2.1	0.0
NFA: Transport equipment	0.3	2.4	2.6	2.4	0.0
NFA: Information, computer, and telecommunications (ICT) equipment	0.2	0.0	0.0	0.0	0.0
Debt Service (Interest Payment)	2,254.7	2,324.4	1,191.5	2,324.4	0.0
Use of goods and services	5.6	10.9	0.0	10.9	0.0
Interest	2,249.1	2,313.5	1,191.5	2,313.5	0.0
To nonresidents	328.2	476.9	186.8	476.9	0.0
To residents other than general government	1,920.9	1,836.6	1,004.6	1,836.6	0.0
Interest to residents other than general governments	1,920.9	1,836.6	1,004.6	1,836.6	0.0
Expenditure supported by donor grants	1,862.4	1,574.9	916.2	1,574.9	0.0
Use of goods and services	630.6	533.2	310.2	533.2	0.0
Net Acquisition Nonfinancial assets	1,231.8	1,041.7	606.0	1,041.7	0.0
Acquisition of Fixed assets (Buildings and Structures)	1,231.8	1,041.7	606.0	1,041.7	0.0
NFA: Fixed assets	426.0	360.2	209.6	360.2	0.0
Other expense - Current transfers not elsewhere classified	805.8	681.4	396.4	681.4	0.0
Expenditure financed by concessional loans	1,493.5	1,318.4	231.3	1,318.4	0.0
Use of goods and services	114.1	100.7	17.7	100.7	0.0
Net Acquisition Nonfinancial assets	1,379.4	1,217.7	213.6	1,217.7	0.0
Acquisition of Fixed assets (Buildings and Structures)	1,379.4	1,217.7	213.6	1,217.7	0.0
NFA: Buildings and structures	989.1	873.1	153.2	873.1	0.0
NFA: Fixed assets	298.2	263.2	46.2	263.2	0.0
NFA: Information, computer, & telecommunications equipment	49.5	43.7	7.7	43.7	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	42.6	37.6	6.6	37.6	0.0
Total expenditure	20,130.7	22,174.8	10,067.0	23,050.6	875.8
<i>as % of GDP</i>	<i>21.6%</i>	<i>21.8%</i>	<i>9.1%</i>	<i>20.9%</i>	<i>0.8%</i>

Source: Department of Treasury.

TABLE 6: TRANSACTIONS IN ASSETS AND LIABILITIES FOR GENERAL GOVERNMENT¹

Kina Million	2021 Actuals	2022 Budget	June Outturn	2022 MYEFO	Budget Variance
Net Acquisition of Financial Assets	-1,685.2	0.0	-301.9	0.0	0.0
Domestic	-1,685.2	0.0	-301.9	0.0	0.0
Currency and deposits	-910.4	0.0	-301.9	0.0	0.0
Other accounts receivable	-774.8	0.0	0.0	0.0	0.0
External	0.0	0.0	0.0	0.0	0.0
Net Incurrence of Liabilities	7,955.5	5,984.7	2,380.0	5,984.8	0.0
Domestic	3,042.1	2,240.0	2,565.9	2,240.0	0.0
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	2,995.4	2,010.1	2,579.3	2,010.1	0.0
New instruments	16,794.6	15,371.2	9,236.8	15,371.2	0.0
Amortisation	-13,799.2	-13,361.1	-6,657.4	-13,361.1	0.0
Treasury Bills	1,394.8	260.1	1,626.3	260.1	0.0
New instruments	14,147.9	12,661.9	7,986.3	12,661.9	0.0
Amortisation	-12,753.1	-12,401.8	-6,360.0	-12,401.8	0.0
Treasury Bonds	1,600.6	1,750.0	953.1	1,750.0	0.0
New instruments	2,646.7	2,709.3	1,250.5	2,709.3	0.0
Amortisation	-1,046.1	-959.3	-297.4	-959.3	0.0
Loans	46.7	229.9	-13.4	229.9	0.0
New borrowing	107.9	300.0	4.1	300.0	0.0
Amortisation	-61.2	-70.1	-17.5	-70.1	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
External	4,913.4	3,744.6	-185.9	3,744.6	0.0
Monetary gold and special drawing rights (SDR's)	1,244.1	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
Holdings gains and losses*	0.0	0.0	0.0	0.0	0.0
Concessional financing	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
Commercial financing	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
Extraordinary financing	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
Loans	3,669.3	3,744.6	-185.9	3,744.6	0.0
New borrowing	4,991.8	4,629.4	231.3	4,629.4	0.0
Amortisation	-1,322.4	-884.8	-417.2	-884.8	0.0
Concessional financing	1,108.3	708.1	-71.9	708.1	0.0
New borrowing	1,493.5	1,318.4	231.3	1,318.4	0.0
Amortisation	-385.2	-610.3	-303.2	-610.3	0.0
Commercial financing	-862.7	-19.7	-9.0	-19.7	0.0
New borrowing	59.7	22.2	0.0	22.2	0.0
Amortisation	-922.4	-41.9	-9.0	-41.9	0.0
Extraordinary financing	3,423.7	3,056.2	-105.1	3,056.2	0.0
New borrowing	3,438.6	3,288.8	0.0	3,288.8	0.0
Amortisation	-14.9	-232.6	-105.1	-232.6	0.0

Source: Department of Treasury.

1. General government represents national and provincial governments, the Autonomous Bougainville government and commercial and statutory authorities.

* Holdings 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. In GFS holding gains and losses are not regarded transactions but other economic flows.

TABLE 7: STOCKS OF GENERAL GOVERNMENT DEBT¹

Kina Million	2021 Actuals	2022 Budget	June Outturn	2022 MYEFO	Budget Variance
Domestic	24,215.6	26,455.5	26,781.5	26,455.5	0.0
Debt securities	23,235.2	25,245.2	25,814.5	25,245.2	0.0
<i>Treasury Bills</i>	12,401.8	12,661.9	14,028.1	12,661.9	0.0
<i>Treasury Bonds</i>	10,833.4	12,583.4	11,786.5	12,583.4	0.0
Loans	980.4	1,210.3	967.0	1,210.3	0.0
<i>Guarantees</i>	980.4	1,210.3	967.0	1,210.3	0.0
External	22,565.6	26,309.7	22,394.8	26,309.7	0.0
Debt securities	1,700.7	1,700.0	1,715.7	1,700.0	0.0
<i>Concessional financing</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>Extraordinary financing</i>	1,700.7	1,700.0	1,715.7	1,700.0	0.0
Loans	20,864.9	24,609.6	20,679.1	24,609.6	0.0
<i>Concessional financing</i>	10,935.2	11,643.3	10,863.4	11,643.3	0.0
<i>Commercial financing</i>	155.3	135.7	146.3	135.7	0.0
<i>Extraordinary financing</i>	9,774.4	12,830.6	9,669.3	12,830.6	0.0
Total Central Government Debt	46,781.2	52,765.2	49,176.3	52,765.2	0.0
<i>Total debt as percentage of GDP</i>	50.1%	51.9%	44.6%	47.8%	0.0%
Gross Domestic Product²	93,314.1	101,695.8	110,302.8	110,302.8	110,302.8

Source: Department of Treasury

1. General government represents national and provincial governments, the Autonomous Bougainville Government and commercial and statutory authorities.

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

PART 2 MID – YEAR EXPENDITURE

2.1 FUNDED EXPENDITURE SINCE THE 2022 BUDGET

Total appropriated Government of Papua New Guinea (GoPNG) Budget in 2022 amounts to K21,453.3 million¹¹ (excluding debt amortisation and GST transfers to provinces). The 2022 total budget comprises of Operational Budget of K12,701.7 million, GoPNG Capital Investment budget appropriation of K5,858.3 million and Donor Grants and Concessional Loans of K1,574.9 million and K1,318.4 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 Support Grants and Concessional Loans are reported separately in expenditure Section 2.2 under Capital Investment programs.

The Operational Budget was initially appropriated K12,701.7 million and revised up by a net of K191.5 million to K12,893.2 million in the first half of the year. The Operational Budget comprises initial appropriation of K6,050.2 million for compensation of employees, K3,733.2 million for goods and services, including provincial functional grants of K593.9 million and K2,324.4 million for debt interest repayment. The GoPNG Capital Investment appropriation, excluding loans and donor grants, is K5,858.3 million. This is comprised of K4,970.3 million for Public Investment Program (PIP) and K888 million for Service Improvement Program (SIP).

Table 27 shows a summary of the 2022 Budget and corresponding expenditure by funding types up to the end of June.

Table 27: Summary of 2022 GoPNG Budget by Budget Components (Kina, million)

Description	2022 Budget	Warrant Authorised	June Outturn	Exp Vs Bud (%)	Exp Vs Wa (%)
Operational (exc interest)	11,099.2	5,185.1	5,559	50.1%	107.2%
Compensation Of Employees	6,050.2	2,258	3,056	50.5%	135.3%
Goods and services	3,733.2	2,757.4	2,045.7	54.8%	74.2%
Function Grants	593.9	169.7	118.6	20.0%	69.9%
GST and Book Makers to Provinces	721.9	0	338.7	46.9%	
Interest	2,324.4	1,366.6	1,191.5	51.3%	87.2%
Capital Investment	8,751.6	3,272.6	3,316.2	37.9%	101.3%
PIP	4,970.3	2,507.6	1,464.7	29.5%	58.4%
SIP	888	765	704	79.3%	92.0%
Concessional Loans	1,318.4	0	231.3	17.5%	
Donor Support Grants	1,574.9	0	916.2	58.2%	
Grand Total	22,174.8	9,824.3	10,066.7	45.4%	102.5%

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.

¹¹ Excludes GST transfers to Provinces and Book makers turn over tax. All Operational numbers discussed in this section excludes the GST transfers to Provinces which explains the difference between the total budget shown here and the actual 2022 Budget of K22,174.8 million

Compensation of Employees (CoE) is by far the highest expenditure item. CoE expenditure at the end of June totalled K3,056 million, which accounts for 47.7 per cent of the operational budget outcome and 50.8 per cent of its revised budget estimate. Table 28 below shows the details of the CoE.

Table 28: Composition of the Compensation of Employees (Kina, million)

Compensation Of Employees	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Wages	282	282	145.2	125.6	44.5%	86.5%
Teachers' Salaries Gr	1,563.1	1,563.1	436.4	909.5	58.2%	208.4%
Teachers Leave	49.1	49.1	18.8	14.9	30.3%	79.3%
Staffing Grants	374.5	374.9	108	150.3	40.1%	139.2%
Salaries and Allowances	2,609.4	2,574.2	1,101	1,399.3	54.4%	127.1%
Retirement	888.3	882.5	279.9	354.1	40.1%	126.5%
PS Leave Fares	15.2	15.2	5.8	4.7	30.9%	81.0%
Payroll Cost	0	0	0	-1.6	0.0%	0.0%
Parl Services	9.8	9.8	2.4	0	0.0%	0.0%
Overtime	35.4	35.4	18	13.7	38.7%	76.1%
MPs	75.9	75.9	39	36	47.4%	92.3%
Leave fares	136.2	136.2	98.1	48.3	35.5%	49.2%
L/fares-Citizens	0	0	0	0	0.0%	0.0%
Ed Benefits	6	6	4.1	2	33.3%	48.8%
ABG Electoral C	2.8	2.8	0.7	0	0.0%	0.0%
ABG Community A	2.5	2.5	0.6	0	0.0%	0.0%
Grand Total	6,050.2	6,009.6	2,258	3,056.8	50.8%	135.3%

Source: Department of Treasury

Expenditure for Debt Services totalled K1,191.5 million. This total comprises of K1,004.6 million for domestic debt interest and K186.8 million for external debt interest. Debt Interest repayments expended 51.3 per cent of its appropriated budget and 87.2 per cent of warrants issued.

Table 29 below is a summary of 2022 Budget National Priorities by Sector, with corresponding expenditure up to the end of June.

Table 29: National Priority Expenditure as at 30th June 2022 (Kina, million)

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Administration	482.7	393.5	261	241.5	61.4%	92.5%
2020 Population Census Preparation	25	25	14	5.1	20.4%	36.4%
District Support Grant	55.5	55.5	54	53.5	96.4%	99.1%
Incentive Fund	25.7	25.7	0	0	0.0%	0.0%
Infrastructure Development Grants (IDG)	120	60	50	39.9	66.5%	79.8%
Rural Infrastructure	64	64	13	13	20.3%	100.0%
Special Intervention Program	130	130	130	130	100.0%	100.0%
Urban Infrastructure	30	0.8	0	0	0.0%	0.0%
Ward SIP	32.5	32.5	0	0	0.0%	0.0%
Health	201.4	201.4	80.8	76.4	37.9%	94.6%
COVID-19 Containment Funds	0	0	0	0.3	0.0%	0.0%
Medical Supplies Procurement & Distribution	201.4	201.4	80.8	76.1	37.8%	94.2%
Miscellaneous	1,396.2	1,675	1,019.8	1,020.8	60.9%	100.1%
Arrears	300	292	291	271.1	92.8%	93.2%
Court Cases	20	20	20	18.1	90.5%	90.5%
Education Subsidy (TFF)	0	316	316	316	100.0%	100.0%
Free Primary Health Care	10	10	0	0	0.0%	0.0%
Higher Education Loan Program (HELP)	65.1	41.8	0	0	0.0%	0.0%
Multi-Departmental Office Accommodation	150	150	97.9	83	55.3%	84.8%
Multi-Departmental Utilities	150	150	109.5	85.7	57.1%	78.3%
Nambawan Supa Exit Payments	150.1	150.1	133.4	124.7	83.1%	93.5%
Natural Disasters	6	6	0	0	0.0%	0.0%
Overseas Missions	20	20	9.1	6.8	34.0%	74.7%
Retirement Fund	200	194.1	0	0	0.0%	0.0%
State Share Contribution to Nambawan Supa - Automation	325	325	43	115.4	35.5%	268.4%
Provinces	922.5	922.5	784	713.0	77.3%	90.9%
DSIP	712	712	605	557	78.2%	92.1%
PSIP	176	176	160	147	83.5%	91.9%
Special Purpose Authority (SPA)	5	5	4	3	60.0%	75.0%
Special Support Grant (SSG)	29.5	29.5	15	6	20.3%	40.0%
Transport	18	18	2	1	5.6%	50.0%
Emergency Roads & Bridges Funding	3	3	0.3	0.2	6.7%	66.7%
Highlands H/Way Roads Maintenance	10	10	1.2	0.7	7.0%	58.3%
Maintenance of National Priority Roads	5	5	0.5	0.2	4.0%	40.0%
Grand Total	3,950.2	3,673.8	2,175.4	2,075.7	56.5%	95.4%

Source: Department of Treasury

The 2022 Budget National Priorities totalled K3,950.2 million. As at end of June, expenditure on priority items totalled K2,075.7 million which represents 56.0 per cent of its appropriated budget. Against warrants, it is 95.4 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 budget activities related to National Government policies to strengthen and enhance the economic growth and development of the country. The COVID-19 pandemic in the country is slowing down and as a result, the Government is placing emphasis on other health priorities such as medical supplies procurement and distribution with revised budget of K201.4 million. At the end of June 2022, K76.1 million or 37.8 per cent has been expended from the revised budget. Other expenditures of the respective sectors are reflected in Table 29 above.

APPROPRIATION TRANSFERS

Section 4 Transfers

Transfers are part of budget execution which allows for transfer of funds to areas that have insufficient budgets or areas of significance that were unforeseen during the budget process.

All transfers requests should be approved by the Minister for Treasury before the actual transfers are executed.

The transfers power is limited to a sum that is equivalent to 10.0 per cent of the budget, specifically, the Operational appropriation plus aggregate of the direct financing component of the Capital Investment appropriation. These transfers require the written approval of the Minister for Treasury and therefore, any agency who reallocates funds without that approval is in breach of the Appropriation Act.

The Appropriation (General Public Services Expenditure 2022) Act 2021, Section 4 allows for adjustments of the Appropriation between activities. Section 4(2) specifies the conditions through which an appropriation movement may occur and Section 4(3) specifies the limit to which movements should not exceed.

The limit to which movements should not exceed is K1,816.96 million or 10.0 per cent of total Operational appropriation plus aggregate of direct financing component of the Capital Investment appropriation. Movements from Agencies 299 and 207 are not included in the limit specified. 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 30th June, 2022, Section 4 transfers amounted to K1,712.3 million which represents 9.6 per cent of the total Operational appropriation plus aggregate of direct financing component of the Capital Investment appropriation. This is 96 percentage points of the 10 percent of the Operational appropriation plus aggregate of direct financing component of the Capital Investment appropriation.

The bulk of these transfers were made within Treasury & Miscellaneous vote - K1,173.9 million (67.9%) to cater for National Elections - K557.3 million (32.6%), Education Subsidy- K316m (18.5%), KCH Reforms K120 million(10.1%), IDG and SNT negotiations K60.1 million (3.5%) and the balance to other critical programs.

The Administration Sector followed with K300 million (17.5%) to cater for District Road Projects K86 m (5.0%), COI and capped MOU's K65 m and other key government activities.

The Economic Sector and others also have their funds moved to cater for unbudgeted or other priority commitments.

Note that these transfers facilitated were for the Government's activities that are unbudgeted and were recommended for budget support and activities that are budgeted and moved to relevant agencies to implement.

Table 30 shows the section 4 - Movements Summary by Sectors.

Table 30: Section 4 Expenditures as at 30th June, 2022 (Kina, million)

Transfers by Sector	Section 4 Transfers	% Share
Miscellaneous Sector	-1,173.9	68.6%
Administration Sector	-300	17.5%
Economic Sector	-140	8.2%
Law & Justice Sector	-50	2.9%
Debt Services	-44.9	2.6%
Transport Sector	-3.5	0.2%
Grand Total	-1,712.3	100.0%

Source: Department of Treasury

Table 31: Detail Section 4 Transfer by Sector(s) (Kina, million)

Transfers by Sector	Section 4 Transfers	% Share
Miscellaneous Sector	- 1,173.9	68.56%
2022 NGE funds	- 557.3	32.55%
Education Subsidy	- 316	18.46%
For KCH Reform Program	- 70	4.09%
For SHP and Hela IDG	- 60	3.50%
Transfer for IRC staff housing	- 40	2.34%
(UB) To cater for various Gumine District	- 22	1.28%
HELP funding transfer to DHERST	- 23.3	1.36%
To cater for Ward Councillors All Ministerial Warrant (MW) 5.9	- 15	0.88%
Critical State commitments	- 15	0.88%
For Department of Finance 2021 Liabilities	- 15	0.88%
To cater for Divine Word Grant Amal	- 10	0.58%
(UB) To cater for West New Britain Infrastructure	- 6	0.35%
Batch 1 Retirement funding	- 5.9	0.34%
To cater for PM's Office	- 5	0.29%
SNT OFFICE SET UP	- 3	0.18%
To cater for Princes Royal visit	- 3.4	0.20%
Transfer to Mt Hagen City Authority (BD)	- 5	0.29%
AVC Admin Budget	- 2	0.12%
Administration Sector	300	17.52%
Transfer for District Roads (BD)	- 86	5.02%
For Pogera Mining related SNT Expenses	- 50	2.92%
Critical State commitments	- 40	2.34%
(UB) for Capped Moa outstanding	- 30	1.75%
For Hela HIIP	- 30	1.75%
(UB) Transfer for Foreign Missions	- 16.5	0.96%
For COI -UBSL Enquiry extension	- 35	2.04%
Public Servants salaries	- 5.4	0.32%
Transfer for air hire, Defence/ Natel	- 1.1	0.06%
(B) Governor Generals' travel	- 1	0.06%
Transfer to Manus DDA (UB)	- 5	0.29%
Economic Sector	- 140	8.18%
Transfer to BSP for SME loan facilities	- 100	5.84%
(UB) for Capped Moa outstanding	- 40	2.34%
Law & Justice Sector	- 50	2.92%
For KCH Reform Program	- 50	2.92%
Debt Services	- 44.9	2.62%

Transfers by Sector	Section 4 Transfers	% Share
Cater for Shortfalls	- 44.9	2.62%
Transport Sector	- 3.5	0.20%
To cater for Deputy PM's Office	- 3.5	0.20%
Grand Total	- 1,712.3	100.00%

Source: Department of Treasury

2.2 CAPITAL EXPENDITURE

The total 2022 Capital Investment Budget of K8,751.6 million is comprised of (i) GoPNG funded expenditure of K5,858.3 million, (ii) Donor Support Grants funding of K1,574.9 million and (iii) Concessional Loan funded projects of K1,318.4 million.

Table 32: Capital Investment Components (Kina, million)

FUND SOURCE	2022 Budget	Warrants	June Outturn	Exp V Budget
GoPNG PIP	5,858.3	3,272.6	2,168.7	37.0%
Donor Grants	1,574.9	0	916.2	58.2%
Concessional Loans	1,318.4	0	231.3	17.5%
Total	8,751.6	3,272.6	3,316.2	37.9%

Source: Department of National Planning

Total Capital Expenditure outcome for the first half of 2022 total K3,316.2 million, which comprised of GoPNG PIP component of K2,168.7 million, project (donor) support grants of K916.2 million and concessional loan drawdowns of K231.3 million. Majority of the new projects are subjected to procurement process in the first half of the year which tends to explain the low rate of disbursement of domestic funding; hence, low Capital Investment component in the first half of 2022. Lower capital investment budget outcome can also be attributed to the 2022 National General Election-related activities.

Support Improvement Program (SIP)

The Support Improvement Program (SIP) was allocated a total of K920.5 million, which constitutes 15.7 per cent and 10.5 per cent of the GoPNG component of the capital budget and the total capital budget respectively. Expenditure outcome as at end-June 2022 amounted to K704 million or 76.5 per cent against the budget estimate as reflected in table 33 below. This is significantly higher than the implementation rate of 31.3 per cent this time last year.

Table 33: Support Improvement Program 2021-22 (Kina, million)

Description	2021 Actual	2022 Budget	June Outturn	2022 MYEFO	Outturn Vs Budget
DSIP	877.5	712	557	726 ¹	78.2%
PSIP	230	176	147	176	83.5%
WSIP	0	32.5	0	32.5	0.0%
Total	1,107.5	920.5	704	934.5	76.5%

Source: Departments of Treasury and National Planning & Monitoring.

¹ Increased by K14 m to account for the seven (7) new districts – an expected K2 m each (actual provision was K3 m each, as well as restoring SIPS from K8 m to K10 m each)

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

The 2022 Budget is the final fiscal year to fund the MTDP-III investments. The focus on promoting inclusive and sustainable economic growth remains 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 crucial in encouraging SME growth, providing 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. Table 34 below highlights some of the major areas of capital investment expenditure on Government priorities as at end of June 2022.

Table 34: Spending on Government's Priority Projects 2022 (Kina, million)

Description	2022 Budget.	June Outcome
Connect PNG Roads Program	350	197.2
District Hospitals Development Program	100	22.2
District Roads Development Program	610	138.3
Enga Social Infrastructure Program	10	10
Financial Management Project	10	10.8
Gumine Rural Hospital	0	10
Hela Integrated Projects	20	20
High Impact Infrastructure Projects	0	30
High Impact Infrastructure Projects (PNG LNG)	50	10
Infrastructure Development Grant	120	99.9
Integrated Tax Administration System (ITAS)	25	11
IRC Housing Scheme	0	30
Lae City Roads	0	16
National Government Commitments	70	29.2
New Enga Hospital	0	20
New Provincial Headquarters Infrastructure Development	20	12
Outstanding Capped MoAs	40	47.9
PMGH- Cancer and Heart Institute	52	13
Porgera Infrastructure Development Grant- IDG	50	10
Restoration Development Grant (Outstanding)	100	10
Rural Infrastructures	64	13
Special Intervention Program	130	130
Tourism Sustainable Development Program	20	13
Total	1,841	903.5

Source: Departments of Treasury and National Planning & Monitoring.

The major expenditure items in the first two (2) quarters of 2022 include the following projects- Connect PNG program (K197.2 million), District Roads Development Program (K138.3 million), Special Intervention Program (K130 million), and Infrastructure Development Program (K99.9 million).

Spending on these priority programs and other key investment priorities were affected by the delays in the procurement process, cash flow constraints as well as the impact of the 2022 National General Elections. The Government, through DNPM, will continue to maintain close consultations with the implementing agencies and development partners to ensure that the Government's development priority programs and projects as outlined in the 2022 Budget are delivered.

External Concessional Loan Funded Expenditure

Concessional loan drawdown as at 30th June 2022 was K231.3 million or 17.5 per cent of the 2022 Budget appropriation. This is 4.8 per cent lower than the 2021 rate of 22.3 per cent,

which can be attributed to slow release of counterpart funding as well as the impact of the 2022 National General Elections which affected project implementation.

Budgeted loan-funded projects in the first half of the year included the POM Sewerage System upgrade (K10.8 million); Nadzab Airport Redevelopment Project (K31.4 million); Port Moresby Power Grid (K12.9 million); CADIP Program Project 2 (K25.2 million); Sustainable Highlands Highway Investment Program Tranche 1 (K73.9 million); PNG Health Services Sector Development Program (K9.7 million); Road Maintenance and Rehabilitation Project 2 (K15 million); Urban Youth Development Program (K6.8 million); and, Agriculture Commercialisation and Diversification (K9.7 million).

Grant Financing

Grants received from development partners are mobilized to finance the capital investment budget of the GoPNG. Donor grants account for K1,574.9 million or 18.0 per cent of 2022 total capital investment budget.

For the first six (6) months of the 2022 fiscal year the expenditure reported up to K916.2 million or 58.2 per cent of the budgeted grant component. The actual grant amount could be more than what is reported as a number of development partners were not able to report on their spending at the time of the 2022 MYEFO. Delays in reporting from donor partners is mainly due to different donors having different financial reporting periods and processes.

A detailed reporting of project support grants will be provided in the 2022 FBO report.

Infrastructure Tax Credit Scheme (ITCS)

The Infrastructure Tax Credit Scheme is a Public Private Partnership (PPP) program in the development and delivery of infrastructures within the mining, oil, gas, primary industry impacted areas and throughout the rest of PNG. As envisioned by the Government with the critical agenda on mobilizing and utilising resources to deliver key infrastructures, this program allows the government to use the capacity of the primary and extractive industries to implement tangible infrastructures for the benefit of the people.

A total of eleven (11) developers have registered to participate in the scheme. However, only seven (7) developers are actively participating in the program. These are Santos Limited, Ok Tedi Mining Limited (OTML), Porgera Joint Ventures (PJV), Newcrest Mining Limited (NML), New Britain Palm Oil Limited (NBPOL), ExxonMobil PNG Limited (EMPNG) and Ramu Agro Industries Ltd (RAI).

In 2017, due to the changing economic landscape and the shift in the development agenda of Government, the ITCS performance were reviewed to give it a broad development outlook and to enable non-resource provinces to participate in the scheme with the intention to strengthen the process involved, including the amendments to the Income Tax Act and review of the ITCS Guideline in consultation with all the key stakeholders. As such, a moratorium was imposed on the approval of ITCS projects, with no new projects being approved between September 2017 and December 2019.

Through the intensive consultation with the key stakeholders, a revised ITCS Guideline was approved in February 2019, through the NEC Decision 238/2019.

The Government, through DNPM, established the ITCS Project Management Unit (PMU) within its Programming and Monitoring Wing to coordinate and manage all ITCS project submissions. The bidding process commenced in July 2019 and most provinces and districts submitted their proposals through developers to DNPM for facilitation.

Prior to the ITCS moratorium in 2017, a total of 63 projects worth K1.1 billion were approved. Between 2018 and 2019, no new projects were approved. The ITCS Management Committee (IRC, Treasury, DoW and DNPM) further approved an additional 13 new projects worth K98.3 million between 2020 and 2021. On aggregate, DNPM recorded 70 projects worth K1.3 billion implemented under the ITCS with K1 billion expended between 2017 to 2021.

The projects implemented covered the following sectors, transport, education, law and justice, utilities, administration and health.

With the amendments to the provisions of Section 2019(c) of the *Income Tax Act*, the developers are now eligible to utilise 2.0 per cent of their assessment income for that year as tax credits to implement the approved infrastructures. The revised ITCS of 2.0 per cent is applied across the board to Mining, Petroleum and Gas operations, Primary production and large-scale tourism companies.

PART 3 ATTACHMENTS

ATTACHMENT A: EXPENDITURE CATEGORY BY SECTORS

Expenditure Category By Sectors (Kina, million)

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Administration	2,869.4	2,961.9	1,802.6	1,137.0	38.0%	63.0%
Compensation Of Employees	607.0	601.8	278.8	270.0	45.0%	97.0%
Use of goods and services	983.2	1,225.0	922.9	529.2	43.0%	57.0%
Subsidies	1.3	1.3	0.6	0.5	39.0%	83.0%
Grants	182.5	162.5	147.5	126.6	78.0%	86.0%
Non-financial assets	1,095.4	971.4	452.8	210.7	22.0%	47.0%
Community & Culture	133.3	133.4	84.2	60.5	45.0%	72.0%
Compensation Of Employees	49.9	50.1	26.3	22.6	45.0%	86.0%
Use of goods and services	56.1	56.1	34.7	23.2	41.0%	67.0%
Subsidies	0.9	0.9	0.4	0.3	34.0%	75.0%
Grants	0.9	0.9	0.3	0.2	24.0%	67.0%
Non-financial assets	25.5	25.5	22.5	14.2	56.0%	63.0%
Economic	787.7	724.3	375.1	282.8	39.0%	75.0%
Compensation Of Employees	197.0	197.2	81.9	89.8	46.0%	110.0%
Use of goods and services	534.8	471.3	256.7	158.1	34.0%	62.0%
Subsidies	0.1	0.1	0.0	0.0	0.0%	0.0%
Grants	0.5	0.5	0.1	9.6	1920.0%	9600.0%
Non-financial assets	55.3	55.3	36.4	25.3	46.0%	70.0%
Education	1,341.7	1,048.9	436.8	270.7	26.0%	62.0%
Compensation Of Employees	397.5	397.5	213.7	195.0	49.0%	91.0%
Use of goods and services	159.3	182.6	133.4	39.0	21.0%	29.0%
Subsidies	51.5	51.5	32.1	24.9	48.0%	78.0%
Grants	633.2	317.2	0.8	0.7	0.0%	88.0%
Non-financial assets	100.2	100.2	56.8	11.1	11.0%	20.0%
Health	1,967.7	1,949.2	775.3	840.0	43.0%	108.0%
Compensation Of Employees	907.7	909.2	417.9	582.4	64.0%	139.0%
Use of goods and services	526.6	526.6	233.6	178.9	34.0%	77.0%
Subsidies	3.0	3.0	3.0	1.0	33.0%	33.0%
Grants	122.7	122.7	51.9	48.6	40.0%	94.0%
Non-financial assets	407.6	387.6	68.9	29.1	8.0%	42.0%
Law & Justice	1,347.7	1,595.3	883.8	780.2	49.0%	88.0%
Compensation Of Employees	909.4	909.7	395.2	465.4	51.0%	118.0%
Use of goods and services	243.2	539.4	424.3	294.4	55.0%	69.0%
Subsidies	3.7	3.7	3.7	3.5	95.0%	95.0%
Grants	0.0	0.0	0.0	0.0	0.0%	0.0%
Non-financial assets	191.4	142.5	60.6	16.9	12.0%	28.0%
Miscellaneous	2,604.5	2,421.5	1,552.0	1,440.5	59.5%	92.8%
Compensation Of Employees	813.7	775.8	200.5	284.2	37.0%	142.0%
Use of goods and services	1,780.1	1,319.0	1,034.3	839.9	63.7%	81.2%
Subsidies	1.2	1.2	1.2	0.4	33.0%	33.0%
Grants	9.5	325.5	316.0	316.0	97.0%	100.0%
Provinces	4,137.6	4,341.9	1,989.1	2,187.4	50.0%	110.0%
Compensation Of Employees	2,017.1	2,017.4	572.6	1,079.5	54.0%	189.0%
Use of goods and services	426.5	457.5	288.5	219.5	48.0%	76.0%
Grants	1,251.0	1,316.0	885.5	735.6	56.0%	83.0%
Non-financial assets	443.0	551.0	242.5	152.8	28.0%	63.0%
Transport	934.3	937.4	489.7	349.0	37.0%	71.0%
Compensation Of Employees	124.6	124.6	55.1	54.4	44.0%	99.0%
Use of goods and services	154.3	157.3	74.9	38.3	24.0%	51.0%
Non-financial assets	655.4	655.4	359.7	256.3	39.0%	71.0%
Utilities	111.9	121.9	69.0	40.9	34.0%	59.0%
Compensation Of Employees	31.7	31.7	15.8	13.6	43.0%	86.0%
Use of goods and services	67.1	77.1	49.6	26.2	34.0%	53.0%
Non-financial assets	13.1	13.1	3.6	1.1	8.0%	31.0%
Debt Services	2,324.4	2,324.4	1,366.6	1,191.5	51.3%	87.2%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Interest	2,324.4	2,324.4	1,366.6	1,191.5	51.3%	87.2%
Grand Total	18,560.1	18,560.0	9,824.2	8,580.5	46.2%	87.3%

Source: [Department of Treasury](#)

ATTACHMENT B: EXPENDITURE CATEGORY BY AGENCY TYPE

Expenditure Category By Agency Type (Kina, million)

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
National Departments	6,928.9	6,893.4	3,568.4	2,448.2	35.5%	68.6%
Compensation Of Employees	1,747.6	1,743.9	772.9	847.9	48.6%	109.7%
Use of goods and services	2,150.3	2,638.4	1,758.4	992.2	37.6%	56.4%
Subsidies	56.6	56.6	38.0	28.6	50.5%	75.3%
Grants	821.3	445.3	110.0	107.4	24.1%	97.6%
Non-financial assets	2,153.1	2,009.1	889.1	472.1	23.5%	53.1%
Statutory Authorities	1,748.6	1,762.4	957.3	822.9	46.7%	86.0%
Compensation Of Employees	963.6	963.8	467.8	474.9	49.3%	101.5%
Use of goods and services	447.9	470.5	302.8	231.6	49.2%	76.5%
Subsidies	3.8	3.8	1.7	1.7	45.2%	100.0%
Grants	6.4	46.4	43.4	33.3	71.8%	76.7%
Non-financial assets	326.9	277.9	141.6	81.4	29.3%	57.5%
Provincial Administrations	4,137.6	4,341.9	1,989.1	2,187.4	50.4%	110.0%
Compensation Of Employees	2,017.1	2,017.4	572.6	1,079.5	53.5%	188.5%
Use of goods and services	426.5	457.5	288.5	219.5	48.0%	76.1%
Grants	1,251.0	1,316.0	885.5	735.6	55.9%	83.1%
Non-financial assets	443.0	551.0	242.5	152.8	27.7%	63.0%
PHA's	824.7	825.0	391.0	490.1	59.4%	125.4%
Compensation Of Employees	513.7	514.0	244.2	370.4	72.1%	151.7%
Use of goods and services	135.0	135.0	69.0	63.7	47.2%	92.3%
Grants	112.1	112.1	47.2	44.9	40.1%	95.1%
Non-financial assets	63.9	63.9	30.6	11.1	17.4%	36.3%
Miscellaneous	2,596.0	2,413.0	1,552.0	1,440.4	59.7%	92.8%
Compensation Of Employees	813.7	775.8	200.5	284.2	36.6%	141.7%
Use of goods and services	1,771.6	1,310.5	1,034.3	839.8	64.1%	81.2%
Subsidies	1.2	1.2	1.2	0.4	33.3%	33.3%
Grants	9.5	325.5	316.0	316.0	97.1%	100.0%
Debt Services	2,324.4	2,324.4	1,366.6	1,191.5	51.3%	87.2%
Interest	2,324.4	2,324.4	1,366.6	1,191.5	51.3%	87.2%
Grand Total	18,560.0	18,560.0	9,824.4	8,580.5	46.2%	87.3%

Source: Department of Treasury

ATTACHMENT C: EXPENDITURE CATEGORY BY INDIVIDUAL AGENCY

Expenditure Category By Individual Agency (Kina, million)

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
201 NATIONAL PARLIAMENT	176.0	176.0	91.9	78.4	44.5%	85.3%
Operational	146.0	146.0	75.9	72.4	49.6%	95.4%
Compensation Of Employees [GFS]	130.0	130.0	66.5	63.0	48.4%	94.7%
Use of goods and services [GFS]	10.0	10.0	5.7	5.7	56.7%	100.0%
Subsidies	0.8	0.8	0.5	0.5	61.2%	100.0%
Non financial assets	5.2	5.2	3.3	3.3	62.8%	100.0%
Capital Investment	30.0	30.0	16.0	6.0	20.0%	37.5%
Use of goods and services [GFS]	3.0	3.0	2.2	1.2	40.0%	54.5%
Non financial assets	27.0	27.0	13.8	4.8	17.8%	34.8%
202 OFFICE OF GOVERNOR-GENERAL	12.3	13.3	9.8	6.3	47.4%	64.6%
Operational	7.3	8.3	4.8	4.3	52.1%	90.7%
Compensation Of Employees [GFS]	3.2	3.2	1.6	1.7	53.4%	103.9%
Use of goods and services [GFS]	3.8	4.8	3.0	2.6	53.9%	86.0%
Non financial assets	0.3	0.3	0.1	0.0	14.8%	37.1%
Capital Investment	5.0	5.0	5.0	2.0	39.6%	39.6%
Use of goods and services [GFS]	0.5	0.5	0.5	0.5	95.7%	95.7%
Non financial assets	4.5	4.5	4.5	1.5	33.3%	33.3%
203 DEPARTMENT OF PRIME MINISTER & NEC	175.5	224.1	166.2	126.5	56.4%	76.1%
Operational	83.5	152.1	104.2	93.5	61.5%	89.8%
Compensation Of Employees [GFS]	60.3	60.3	23.5	28.0	46.5%	119.2%
Use of goods and services [GFS]	22.4	91.0	80.3	65.4	71.8%	81.4%
Non financial assets	0.8	0.8	0.4	0.1	18.0%	41.2%
Capital Investment	92.0	72.0	62.0	32.9	45.7%	53.1%
Use of goods and services [GFS]	78.0	58.0	54.7	32.1	55.4%	58.8%
Non financial assets	14.0	14.0	7.3	0.8	5.6%	10.7%
204 NATIONAL STATISTICAL OFFICE	33.9	33.9	18.5	8.5	25.0%	45.7%
Operational	8.9	8.9	4.5	3.4	38.1%	74.9%
Compensation Of Employees [GFS]	7.9	7.9	4.0	3.1	38.8%	76.5%
Use of goods and services [GFS]	1.1	1.1	0.6	0.3	33.0%	63.5%
Capital Investment	25.0	25.0	14.0	5.1	20.3%	36.2%
Use of goods and services [GFS]	25.0	25.0	14.0	5.1	20.3%	36.2%
205 OFFICE OF BOUGAINVILLE AFFAIRS	5.6	5.6	3.2	2.5	45.0%	79.7%
Operational	5.6	5.6	3.2	2.5	45.0%	79.7%
Compensation Of Employees [GFS]	3.8	3.8	2.0	1.6	40.8%	79.3%
Use of goods and services [GFS]	1.8	1.8	1.2	1.0	54.2%	80.3%
Non financial assets	0.0	0.0	0.0	0.0	44.3%	98.5%
206 DEPARTMENT OF FINANCE	125.9	140.9	58.2	54.2	38.4%	93.1%
Operational	33.9	48.9	31.2	28.7	58.7%	92.1%
Compensation Of Employees [GFS]	24.8	24.8	11.5	11.0	44.5%	96.3%
Use of goods and services [GFS]	9.0	24.0	19.7	17.7	73.7%	89.7%
Non financial assets	0.1	0.1	-	-	0.0%	0.0%
Capital Investment	92.0	92.0	27.0	25.4	27.7%	94.2%
Compensation Of Employees [GFS]	7.0	1.6	-	0.8	52.8%	0.0%
Use of goods and services [GFS]	17.0	22.4	13.0	11.6	51.8%	89.2%
Non financial assets	68.0	68.0	14.0	13.0	19.1%	92.9%
207 TREASURY AND FINANCE - MISCELLANEOUS	2,604.5	2,421.5	1,552.1	1,471.3	60.8%	94.8%
Operational	2,604.5	2,346.5	1,462.1	1,381.3	58.9%	94.5%
Compensation Of Employees [GFS]	813.7	775.8	200.5	284.2	36.6%	141.8%
Use of goods and services [GFS]	1,780.1	1,244.0	944.3	780.6	62.8%	82.7%
Subsidies	1.2	1.2	1.2	0.4	36.8%	36.8%
Grants	9.5	325.5	316.0	316.0	97.1%	100.0%
Capital Investment	-	75.0	90.0	90.0	120.0%	100.0%
Use of goods and services [GFS]	-	75.0	90.0	90.0	120.0%	100.0%
208 DEPARTMENT OF TREASURY	80.3	41.1	22.4	12.6	30.5%	56.0%
Operational	48.8	48.8	21.9	12.6	25.7%	57.2%
Compensation Of Employees [GFS]	23.5	23.5	9.7	5.8	24.7%	60.2%
Use of goods and services [GFS]	16.4	16.4	9.3	5.9	36.2%	63.9%
Non financial assets	8.9	8.9	3.0	0.8	9.0%	26.8%
Capital Investment	31.5	-7.7	0.5	-	0.0%	0.0%
Use of goods and services [GFS]	31.5	-7.7	0.5	-	0.0%	0.0%
209 REGISTRAR FOR POLITICAL PARTIES	6.8	7.8	4.0	3.9	50.3%	98.0%
Operational	6.8	7.8	4.0	3.9	50.3%	98.0%
Compensation Of Employees [GFS]	5.6	5.6	2.3	3.0	53.3%	127.4%
Use of goods and services [GFS]	0.7	1.7	1.5	0.9	52.0%	57.0%
Subsidies	0.5	0.5	0.1	0.1	13.9%	58.3%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Non financial assets	0.1	0.1	0.0	0.0	26.8%	34.9%
211 PNG CUSTOMS SERVICE	98.4	98.4	47.2	38.3	39.0%	81.2%
Operational	73.4	73.4	35.2	34.3	46.8%	97.5%
Compensation Of Employees[GFS]	55.8	55.8	26.0	28.1	50.4%	108.4%
Use of goods and services [GFS]	17.0	17.0	8.9	6.0	35.4%	67.4%
Non financial assets	0.6	0.6	0.3	0.2	30.2%	54.8%
Capital Investment	25.0	25.0	12.0	4.0	16.0%	33.3%
Use of goods and services [GFS]	2.0	2.0	2.0	0.5	25.0%	25.0%
Non financial assets	23.0	23.0	10.0	3.5	15.2%	35.0%
212 INFORMATION TECHNOLOGY DIVISION	5.0	5.0	2.3	1.3	27.2%	58.2%
Operational	5.0	5.0	2.3	1.3	27.2%	58.2%
Compensation Of Employees[GFS]	3.2	3.2	1.5	0.9	27.5%	59.2%
Use of goods and services [GFS]	1.7	1.7	0.8	0.5	26.7%	56.9%
Non financial assets	0.0	0.0	0.0	-	0.0%	0.0%
213 FIRE SERVICES	24.1	24.1	14.2	10.9	45.3%	76.7%
Operational	20.1	20.1	10.2	9.3	46.2%	90.8%
Compensation Of Employees[GFS]	17.2	17.2	8.7	8.4	48.6%	95.9%
Use of goods and services [GFS]	2.8	2.8	1.5	0.9	32.1%	61.1%
Non financial assets	0.0	0.0	0.0	0.0	9.4%	100.0%
Capital Investment	4.0	4.0	4.0	1.6	40.8%	40.8%
Non financial assets	4.0	4.0	4.0	1.6	40.8%	40.8%
215 PNG IMMIGRATION AND CITIZENSHIP SERVICES	16.3	16.3	7.4	9.9	61.1%	134.9%
Operational	16.3	16.3	7.4	9.9	61.1%	134.9%
Compensation Of Employees[GFS]	16.3	16.3	7.4	9.9	61.1%	134.9%
216 INTERNAL REVENUE COMMISSION	120.1	160.1	100.9	71.4	44.6%	70.8%
Operational	95.1	95.1	48.4	30.4	32.0%	62.9%
Compensation Of Employees[GFS]	60.0	60.0	27.9	27.6	46.1%	99.0%
Use of goods and services [GFS]	21.7	21.7	14.1	1.7	7.7%	11.9%
Non financial assets	13.4	13.4	6.4	1.1	8.3%	17.6%
Capital Investment	25.0	65.0	52.5	41.0	63.1%	78.1%
Use of goods and services [GFS]	25.0	25.0	12.5	11.0	44.0%	88.0%
Grants	-	40.0	40.0	30.0	75.0%	75.0%
217 DEPARTMENT OF FOREIGN AFFAIRS AND TRADE	46.4	61.5	32.5	28.0	45.6%	86.3%
Operational	46.4	61.5	32.5	28.0	45.6%	86.3%
Compensation Of Employees[GFS]	38.8	38.9	12.1	11.0	28.1%	90.5%
Use of goods and services [GFS]	7.6	22.6	20.4	17.1	75.7%	83.8%
218 OFFICE OF THE PUBLIC PROSECUTOR	19.2	19.2	9.5	5.1	26.5%	53.7%
Operational	18.2	18.2	8.5	5.1	27.9%	60.0%
Compensation Of Employees[GFS]	14.1	14.1	6.6	3.3	23.4%	50.3%
Use of goods and services [GFS]	4.0	4.0	1.9	1.8	43.9%	93.9%
Non financial assets	0.0	0.0	0.0	0.0	27.5%	62.3%
Capital Investment	1.0	1.0	1.0	-	0.0%	0.0%
Use of goods and services [GFS]	1.0	1.0	1.0	-	0.0%	0.0%
219 PNG INSTITUTE OF PUBLIC ADMINISTRATION	13.7	13.7	8.0	6.5	47.4%	80.8%
Operational	8.7	8.7	4.5	5.3	61.3%	117.5%
Compensation Of Employees[GFS]	8.0	8.0	4.1	4.9	62.1%	120.8%
Use of goods and services [GFS]	0.7	0.7	0.4	0.4	52.5%	86.2%
Capital Investment	5.0	5.0	3.5	1.2	23.3%	33.3%
Use of goods and services [GFS]	5.0	5.0	3.5	1.2	23.3%	33.3%
220 DEPARTMENT OF PERSONNEL MANAGEMENT	26.9	26.9	14.2	8.1	30.2%	57.0%
Operational	18.9	18.9	9.7	7.4	39.3%	76.3%
Compensation Of Employees[GFS]	15.4	15.4	7.9	6.8	44.1%	85.9%
Use of goods and services [GFS]	3.2	3.2	1.6	0.5	15.3%	30.6%
Non financial assets	0.3	0.3	0.2	0.1	48.5%	66.2%
Capital Investment	8.0	8.0	4.5	0.7	8.6%	15.3%
Use of goods and services [GFS]	6.0	6.0	3.5	0.4	6.3%	10.8%
Non financial assets	2.0	2.0	1.0	0.3	15.5%	31.0%
221 PUBLIC SERVICE COMMISSION	10.9	10.9	7.6	3.7	34.2%	49.4%
Operational	6.9	6.9	3.6	3.2	46.7%	90.7%
Compensation Of Employees[GFS]	5.5	5.5	2.8	2.6	46.5%	90.5%
Use of goods and services [GFS]	1.4	1.4	0.7	0.7	47.5%	91.5%
Capital Investment	4.0	4.0	4.0	0.5	12.5%	12.5%
Use of goods and services [GFS]	4.0	4.0	4.0	0.5	12.5%	12.5%
222 OFFICE OF THE PUBLIC SOLICITOR	17.5	17.5	9.4	6.2	35.4%	65.6%
Operational	15.0	15.0	6.9	6.1	40.9%	88.4%
Compensation Of Employees[GFS]	11.1	11.2	5.2	4.7	42.1%	90.7%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Use of goods and services [GFS]	3.8	3.8	1.7	1.4	37.1%	82.8%
Non financial assets	0.1	0.1	0.1	0.0	49.7%	49.7%
Capital Investment	2.5	2.5	2.5	0.1	2.2%	2.2%
Use of goods and services [GFS]	1.0	1.0	1.0	-	0.0%	0.0%
Non financial assets	1.5	1.5	1.5	0.1	3.7%	3.7%
223 JUDICIARY SERVICES	206.9	156.9	66.4	77.7	49.5%	117.1%
Operational	153.9	153.9	63.4	74.7	48.6%	117.9%
Compensation Of Employees[GFS]	87.5	87.5	36.5	49.4	56.4%	135.4%
Use of goods and services [GFS]	30.6	30.6	16.7	15.6	50.9%	93.1%
Non financial assets	35.8	35.8	10.2	9.8	27.2%	95.9%
Capital Investment	53.0	3.0	3.0	3.0	100.0%	100.0%
Use of goods and services [GFS]	3.0	3.0	3.0	3.0	100.0%	100.0%
Non financial assets	50.0	-	-	-	0.0%	0.0%
224 MAGISTERIAL SERVICES	51.2	51.2	25.6	19.7	38.5%	76.9%
Operational	46.4	46.4	21.6	18.7	40.3%	86.5%
Compensation Of Employees[GFS]	42.8	42.8	19.9	17.3	40.5%	87.0%
Use of goods and services [GFS]	3.5	3.5	1.6	1.3	37.1%	81.3%
Non financial assets	0.2	0.2	0.1	0.1	46.0%	75.2%
Capital Investment	4.8	4.8	4.0	1.0	21.1%	25.0%
Use of goods and services [GFS]	1.8	1.8	1.0	0.5	28.6%	50.0%
Non financial assets	3.0	3.0	3.0	0.5	16.7%	16.7%
225 DEPARTMENT OF ATTORNEY-GENERAL	134.7	138.0	62.6	60.8	44.1%	97.2%
Operational	127.2	130.5	60.1	60.8	46.6%	101.2%
Compensation Of Employees[GFS]	111.1	111.3	48.7	56.3	50.5%	115.6%
Use of goods and services [GFS]	15.5	18.5	11.0	4.4	24.0%	40.3%
Subsidies	0.0	0.0	0.0	0.0	19.2%	19.2%
Grants	0.0	0.0	0.0	-	0.0%	0.0%
Non financial assets	0.6	0.6	0.3	0.1	20.1%	34.5%
Capital Investment	7.5	7.5	2.5	-	0.0%	0.0%
Use of goods and services [GFS]	1.0	1.0	-	-	0.0%	0.0%
Non financial assets	6.5	6.5	2.5	-	0.0%	0.0%
226 DEPARTMENT OF CORRECTIVE INSTITUTIONAL SERVICES	159.6	171.2	81.8	70.1	41.0%	85.7%
Operational	134.6	146.2	72.8	70.1	48.0%	96.3%
Compensation Of Employees[GFS]	101.7	101.7	45.3	51.1	50.2%	112.8%
Use of goods and services [GFS]	32.7	44.3	27.5	19.0	42.9%	69.2%
Non financial assets	0.2	0.2	0.1	0.0	9.3%	26.1%
Capital Investment	25.0	25.0	9.0	-	0.0%	0.0%
Use of goods and services [GFS]	3.0	3.0	1.5	-	0.0%	0.0%
Non financial assets	22.0	22.0	7.5	-	0.0%	0.0%
227 PROVINCIAL TREASURIES	42.7	42.7	19.9	18.6	43.6%	93.6%
Operational	42.7	42.7	19.9	18.6	43.6%	93.6%
Compensation Of Employees[GFS]	36.3	36.3	16.9	17.5	48.2%	103.6%
Use of goods and services [GFS]	6.3	6.3	3.0	1.1	18.1%	38.0%
Non financial assets	0.1	0.1	0.0	0.0	1.2%	8.3%
228 DEPARTMENT OF POLICE	360.2	540.4	336.4	321.3	59.5%	95.5%
Operational	337.2	517.4	326.4	319.3	61.7%	97.8%
Compensation Of Employees[GFS]	285.7	285.7	121.9	153.0	53.6%	125.5%
Use of goods and services [GFS]	50.2	230.4	204.0	166.1	72.1%	81.4%
Non financial assets	1.3	1.3	0.5	0.2	18.0%	45.5%
Capital Investment	23.0	23.0	10.0	2.0	8.7%	20.0%
Use of goods and services [GFS]	1.0	1.0	1.0	-	0.0%	0.0%
Non financial assets	22.0	22.0	9.0	2.0	9.1%	22.2%
229 DEPARTMENT OF NATIONAL PLANNING AND MONITORING	1,665.2	1,386.2	767.4	409.4	29.5%	53.3%
Operational	24.7	24.7	12.8	9.7	39.4%	76.4%
Compensation Of Employees[GFS]	16.9	16.9	8.7	6.8	40.4%	78.6%
Use of goods and services [GFS]	7.5	7.5	3.8	2.8	37.0%	72.3%
Non financial assets	0.4	0.4	0.2	0.1	41.0%	60.0%
Capital Investment	1,640.5	1,361.5	754.7	399.6	29.4%	53.0%
Use of goods and services [GFS]	610.5	515.5	324.7	181.2	35.1%	55.8%
Grants	120.0	60.0	50.0	39.9	66.5%	79.8%
Non financial assets	910.0	786.0	380.0	178.6	22.7%	47.0%
230 ELECTORAL COMMISSION	14.5	284.5	277.5	134.4	47.2%	48.4%
Operational	14.5	284.5	277.5	134.4	47.2%	48.4%
Compensation Of Employees[GFS]	8.1	8.1	4.2	1.9	24.0%	46.8%
Use of goods and services [GFS]	5.2	275.2	272.9	132.3	48.1%	48.5%
Non financial assets	1.1	1.1	0.4	0.1	11.3%	31.4%
231 NATIONAL INTELLIGENCE ORGANISATION	11.3	13.8	10.3	4.7	34.4%	46.0%
Operational	6.3	8.8	5.3	4.5	51.0%	84.1%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Compensation Of Employees[GFS]	5.3	5.3	2.3	1.6	31.3%	70.4%
Use of goods and services [GFS]	1.0	3.5	3.0	2.8	80.9%	94.8%
Non financial assets	0.0	0.0	-	-	0.0%	0.0%
Capital Investment	5.0	5.0	5.0	0.3	5.4%	5.4%
Use of goods and services [GFS]	3.0	3.0	3.0	0.1	2.7%	2.7%
Non financial assets	2.0	2.0	2.0	0.2	9.5%	9.5%
232 PROVINCIAL AND LOCAL GOVERNMENT AFFAIRS	35.1	50.1	29.1	7.3	14.5%	25.0%
Operational	22.1	37.1	25.3	7.1	19.1%	28.0%
Compensation Of Employees[GFS]	11.9	11.9	5.6	4.9	41.0%	88.1%
Use of goods and services [GFS]	10.1	25.1	19.8	2.2	8.7%	11.1%
Non financial assets	0.0	0.0	0.0	0.0	34.1%	62.2%
Capital Investment	13.0	13.0	3.8	0.2	1.3%	4.6%
Use of goods and services [GFS]	1.0	1.0	0.3	0.0	0.6%	2.1%
Grants	2.0	2.0	0.5	0.2	8.5%	33.8%
Non financial assets	10.0	10.0	3.0	-	0.0%	0.0%
233 OFFICE OF CENSORSHIP	7.3	7.3	4.1	2.0	27.0%	48.5%
Operational	4.8	4.8	2.6	2.0	41.0%	76.7%
Compensation Of Employees[GFS]	3.4	3.4	1.8	1.5	43.3%	83.7%
Use of goods and services [GFS]	1.3	1.3	0.8	0.5	37.2%	64.2%
Non financial assets	0.1	0.1	0.0	0.0	9.2%	16.2%
Capital Investment	2.5	2.5	1.5	-	0.0%	0.0%
Use of goods and services [GFS]	2.5	2.5	1.5	-	0.0%	0.0%
234 DEPARTMENT OF DEFENCE	353.8	446.6	256.5	189.3	42.4%	73.8%
Operational	291.8	384.6	230.5	188.7	49.0%	81.8%
Compensation Of Employees[GFS]	223.4	223.4	96.0	115.4	51.7%	120.2%
Use of goods and services [GFS]	59.7	152.5	127.4	67.0	44.0%	52.6%
Subsidies	3.6	3.6	3.6	3.5	97.3%	97.3%
Non financial assets	5.1	5.1	3.6	2.7	52.8%	76.0%
Capital Investment	62.0	62.0	26.0	0.6	1.0%	2.3%
Use of goods and services [GFS]	21.1	21.1	7.0	0.6	2.9%	8.7%
Non financial assets	40.9	40.9	19.0	-	0.0%	0.0%
235 DEPARTMENT OF EDUCATION	932.4	616.4	180.2	90.8	14.7%	50.4%
Operational	886.4	570.4	156.3	90.2	15.8%	57.7%
Compensation Of Employees[GFS]	142.3	142.3	68.7	71.7	50.4%	104.4%
Use of goods and services [GFS]	94.7	94.7	70.9	15.3	16.2%	21.6%
Subsidies	3.1	3.1	3.1	0.6	20.5%	20.5%
Grants	633.2	317.2	0.8	0.7	0.2%	87.5%
Non financial assets	13.1	13.1	12.8	1.8	13.7%	14.0%
Other Expense	-	-	-	0.0	0.0%	0.0%
Capital Investment	46.0	46.0	23.9	0.6	1.3%	2.4%
Use of goods and services [GFS]	31.5	31.5	16.5	0.6	1.9%	3.5%
Non financial assets	14.5	14.5	7.5	-	0.0%	0.0%
236 DEPARTMENT OF HIGHER EDUCATION RESEARCH SCIENCE & TECHNOLOGY	139.9	163.2	109.7	64.9	39.8%	59.1%
Operational	90.9	114.2	79.7	57.8	50.6%	72.4%
Compensation Of Employees[GFS]	36.5	36.5	21.7	20.2	55.3%	93.0%
Use of goods and services [GFS]	8.4	31.7	30.0	14.3	45.2%	47.7%
Subsidies	46.0	46.0	28.0	23.3	50.6%	83.1%
Non financial assets	0.1	0.1	0.0	0.0	22.5%	26.1%
Capital Investment	49.0	49.0	30.0	7.1	14.6%	23.8%
Use of goods and services [GFS]	4.4	4.4	4.4	0.2	4.4%	4.4%
Non financial assets	44.6	44.6	25.6	7.0	15.6%	27.1%
237 PNG NATIONAL COMMISSION FOR UNESCO	-	-	-	0.3	0.0%	0.0%
Operational	-	-	-	0.3	0.0%	0.0%
Compensation Of Employees[GFS]	-	-	-	0.3	0.0%	0.0%
240 DEPARTMENT OF HEALTH	418.4	399.6	184.9	145.3	36.4%	78.6%
Operational	357.4	358.6	173.9	145.3	40.5%	83.6%
Compensation Of Employees[GFS]	73.3	74.5	29.0	47.5	63.8%	163.7%
Use of goods and services [GFS]	276.9	276.9	138.8	96.4	34.8%	69.4%
Subsidies	3.0	3.0	3.0	1.0	32.4%	32.4%
Grants	0.3	0.3	0.3	0.3	100.0%	100.0%
Non financial assets	3.9	3.9	2.8	0.2	4.5%	6.3%
Capital Investment	61.0	41.0	11.0	-	0.0%	0.0%
Use of goods and services [GFS]	11.5	11.5	5.3	-	0.0%	0.0%
Non financial assets	49.5	29.5	5.7	-	0.0%	0.0%
241 HOSPITAL MANAGEMENT SERVICES	535.7	535.7	107.3	112.7	21.0%	105.0%
Operational	242.7	242.7	107.3	112.7	46.4%	105.0%
Compensation Of Employees[GFS]	230.1	230.1	101.5	108.2	47.0%	106.6%
Use of goods and services [GFS]	2.0	2.0	1.2	1.0	52.0%	83.7%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Grants	10.3	10.3	4.4	3.3	32.3%	75.4%
Non financial assets	0.3	0.3	0.2	0.2	51.4%	81.8%
Capital Investment	293.0	293.0	-	-	0.0%	0.0%
Use of goods and services [GFS]	65.0	65.0	-	-	0.0%	0.0%
Non financial assets	228.0	228.0	-	-	0.0%	0.0%
242 DEPARTMENT OF COMMUNITY DEVELOPMENT	34.8	34.8	25.4	17.1	49.2%	67.3%
Operational	23.8	23.8	14.4	11.8	49.7%	82.0%
Compensation Of Employees[GFS]	12.5	12.5	7.0	6.0	48.3%	85.6%
Use of goods and services [GFS]	10.9	10.9	7.1	5.6	52.0%	79.2%
Subsidies	0.4	0.4	0.2	0.1	31.9%	58.3%
Capital Investment	11.0	11.0	11.0	5.3	48.0%	48.0%
Use of goods and services [GFS]	1.0	1.0	1.0	1.0	100.0%	100.0%
Non financial assets	10.0	10.0	10.0	4.3	42.8%	42.8%
243 NATIONAL VOLUNTEER SERVICES	14.3	14.3	7.2	4.7	32.8%	64.8%
Operational	4.3	4.3	2.2	1.7	39.5%	75.4%
Compensation Of Employees[GFS]	2.3	2.3	1.1	0.9	38.3%	77.8%
Use of goods and services [GFS]	1.9	1.9	1.1	0.8	40.9%	72.7%
Non financial assets	0.0	0.0	0.0	0.0	40.0%	85.7%
Capital Investment	10.0	10.0	5.0	3.0	30.0%	60.0%
Use of goods and services [GFS]	4.0	4.0	1.7	1.2	30.0%	70.6%
Non financial assets	6.0	6.0	3.3	1.8	30.0%	54.5%
245 CONSERVATION AND ENVIRONMENT PROTECTION AUTHORITY	23.0	23.0	9.8	3.2	14.0%	32.9%
Operational	8.0	8.0	1.8	3.2	40.1%	180.5%
Compensation Of Employees[GFS]	8.0	8.0	1.8	3.2	40.1%	180.5%
Capital Investment	15.0	15.0	8.0	-	0.0%	0.0%
Use of goods and services [GFS]	15.0	15.0	8.0	-	0.0%	0.0%
246 OFFICE OF URBANIZATION	-	-	-	0.5	0.0%	0.0%
Operational	-	-	-	0.5	0.0%	0.0%
Compensation Of Employees[GFS]	-	-	-	0.5	0.0%	0.0%
247 DEPARTMENT OF AGRICULTURE AND LIVESTOCK	53.9	54.0	28.6	14.3	26.5%	50.2%
Operational	17.9	18.0	9.1	8.2	45.4%	90.1%
Compensation Of Employees[GFS]	12.9	13.1	6.3	6.4	48.8%	101.4%
Use of goods and services [GFS]	4.9	4.9	2.8	1.8	36.7%	65.2%
Non financial assets	0.1	0.1	0.0	0.0	16.8%	30.8%
Capital Investment	36.0	36.0	19.5	6.2	17.1%	31.6%
Use of goods and services [GFS]	31.0	31.0	14.5	4.4	14.2%	30.4%
Non financial assets	5.0	5.0	5.0	1.8	35.0%	35.0%
251 PNG SCIENCE & TECHNOLOGY SECRETARIAT	8.9	8.9	4.6	3.4	37.7%	72.3%
Operational	3.9	3.9	2.1	1.9	47.5%	86.5%
Compensation Of Employees[GFS]	2.2	2.2	1.1	0.9	42.8%	84.3%
Use of goods and services [GFS]	1.8	1.8	1.1	0.9	53.3%	88.9%
Capital Investment	5.0	5.0	2.5	1.5	30.0%	60.0%
Use of goods and services [GFS]	5.0	5.0	2.5	1.5	30.0%	60.0%
252 DEPARTMENT OF LANDS AND PHYSICAL PLANNING	58.9	53.9	23.0	13.4	24.9%	58.3%
Operational	23.9	23.9	13.0	9.9	41.4%	75.8%
Compensation Of Employees[GFS]	18.0	18.0	9.7	7.3	40.5%	75.5%
Use of goods and services [GFS]	5.2	5.2	3.1	2.4	45.6%	77.4%
Non financial assets	0.6	0.6	0.3	0.2	29.7%	67.6%
Capital Investment	35.0	30.0	10.0	3.5	11.8%	35.5%
Use of goods and services [GFS]	35.0	30.0	10.0	3.5	11.8%	35.5%
254 DEPARTMENT OF MINERAL POLICY AND GEOHAZARDS MANAGEMENT	16.0	16.0	10.9	4.6	28.6%	41.7%
Operational	8.9	8.9	4.9	3.1	35.2%	64.2%
Compensation Of Employees[GFS]	5.0	5.0	2.7	2.2	43.6%	81.1%
Use of goods and services [GFS]	3.9	3.9	2.2	1.0	24.6%	43.7%
Non financial assets	0.0	0.0	0.0	-	0.0%	0.0%
Capital Investment	7.1	7.1	6.1	1.4	20.1%	23.4%
Use of goods and services [GFS]	7.1	7.1	6.1	1.4	20.1%	23.4%
255 DEPARTMENT OF PETROLEUM AND ENERGY	71.9	111.9	89.7	57.1	51.0%	63.7%
Operational	18.9	18.9	8.2	8.3	43.9%	101.7%
Compensation Of Employees[GFS]	11.7	11.7	4.4	5.1	43.5%	115.9%
Use of goods and services [GFS]	6.8	6.8	3.5	3.0	43.3%	84.5%
Non financial assets	0.4	0.4	0.3	0.2	66.8%	92.9%
Capital Investment	53.0	93.0	81.5	48.8	52.5%	59.9%
Use of goods and services [GFS]	53.0	93.0	81.5	48.8	52.5%	59.9%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
258 DEPARTMENT OF INFORMATION AND COMMUNICATION	41.2	41.2	11.7	6.6	15.9%	56.0%
Operational	6.2	6.2	3.2	2.9	46.5%	90.6%
Compensation Of Employees[GFS]	4.0	4.0	2.0	2.0	50.4%	102.7%
Use of goods and services [GFS]	2.2	2.2	1.2	0.9	39.7%	72.2%
Non financial assets	0.1	0.1	0.1	0.0	38.7%	57.6%
Capital Investment	35.0	35.0	8.5	3.7	10.4%	43.0%
Use of goods and services [GFS]	25.0	25.0	6.5	3.7	14.6%	56.3%
Non financial assets	10.0	10.0	2.0	-	0.0%	0.0%
259 DEPARTMENT OF TRANSPORT	35.6	38.6	22.1	12.5	32.3%	56.6%
Operational	19.6	22.6	11.1	10.3	45.4%	92.7%
Compensation Of Employees[GFS]	13.9	13.9	5.2	6.4	46.3%	123.3%
Use of goods and services [GFS]	5.4	8.4	5.7	3.8	45.2%	66.4%
Non financial assets	0.3	0.3	0.1	0.0	4.5%	11.8%
Capital Investment	16.0	16.0	11.0	2.2	13.9%	20.3%
Use of goods and services [GFS]	16.0	16.0	11.0	2.2	13.9%	20.3%
261 DEPARTMENT OF COMMERCE AND INDUSTRY	237.8	137.8	29.5	7.0	5.1%	23.7%
Operational	13.8	13.8	7.5	6.0	43.6%	79.7%
Compensation Of Employees[GFS]	10.2	10.2	5.5	4.3	42.0%	78.2%
Use of goods and services [GFS]	3.5	3.5	2.0	1.7	48.3%	83.9%
Non financial assets	0.1	0.1	0.0	0.0	33.8%	67.6%
Capital Investment	224.0	124.0	22.0	1.0	0.8%	4.5%
Use of goods and services [GFS]	224.0	124.0	22.0	1.0	0.8%	4.5%
262 DEPARTMENT OF INDUSTRIAL RELATIONS	26.0	26.0	14.5	9.5	36.7%	65.9%
Operational	23.0	23.0	12.5	9.0	39.1%	72.1%
Compensation Of Employees[GFS]	16.0	16.0	8.6	6.9	43.2%	80.4%
Use of goods and services [GFS]	6.8	6.8	3.8	2.0	29.8%	54.2%
Non financial assets	0.2	0.2	0.1	0.0	29.2%	41.3%
Capital Investment	3.0	3.0	2.0	0.5	18.1%	27.1%
Use of goods and services [GFS]	3.0	3.0	2.0	0.5	18.1%	27.1%
263 NATIONAL TRIPARTITE CONSULTATIVE COUNCIL	0.7	0.7	0.4	0.4	63.1%	99.9%
Operational	0.7	0.7	0.4	0.4	63.1%	99.9%
Compensation Of Employees[GFS]	0.5	0.5	0.2	0.3	55.9%	114.6%
Use of goods and services [GFS]	0.2	0.2	0.2	0.2	76.6%	85.0%
264 DEPARTMENT OF WORKS AND IMPLEMENTATION	836.2	836.3	434.3	302.3	36.1%	69.6%
Operational	156.7	156.8	65.3	49.6	31.6%	75.9%
Compensation Of Employees[GFS]	90.0	90.0	39.4	37.5	41.6%	95.1%
Use of goods and services [GFS]	47.6	47.6	23.8	11.2	23.6%	47.3%
Non financial assets	19.1	19.1	2.1	0.9	4.5%	40.6%
Capital Investment	679.5	679.5	369.0	252.7	37.2%	68.5%
Use of goods and services [GFS]	53.5	53.5	19.0	9.0	16.9%	47.6%
Non financial assets	626.0	626.0	350.0	243.7	38.9%	69.6%
267 DEPARTMENT OF IMPLEMENTATION AND RURAL DEVELOPMENT	63.5	63.5	57.6	56.3	88.7%	97.8%
Operational	8.0	8.0	3.6	2.8	35.5%	79.2%
Compensation Of Employees[GFS]	6.3	6.3	2.8	2.4	37.1%	84.9%
Use of goods and services [GFS]	1.6	1.6	0.7	0.5	29.4%	63.8%
Non financial assets	0.1	0.1	0.1	0.0	29.2%	35.4%
Capital Investment	55.5	55.5	54.0	53.5	96.4%	99.1%
Grants	55.5	55.5	54.0	53.5	96.4%	99.1%
268 CENTRAL SUPPLY & TENDERS BOARD	6.0	6.0	2.9	3.3	54.3%	110.7%
Operational	5.0	5.0	2.4	2.8	55.2%	112.9%
Compensation Of Employees[GFS]	3.3	3.3	1.7	2.0	62.1%	118.5%
Use of goods and services [GFS]	1.7	1.7	0.7	0.7	42.0%	100.0%
Non financial assets	0.0	0.0	0.0	0.0	75.0%	100.0%
Capital Investment	1.0	1.0	0.5	0.5	50.0%	100.0%
Use of goods and services [GFS]	1.0	1.0	0.5	0.5	50.0%	100.0%
299 TREASURY AND FINANCE - PUBLIC DEBT CHARGES	2,324.4	2,324.4	1,366.6	1,191.5	51.3%	87.2%
Operational	2,324.4	2,324.4	1,366.6	1,191.5	51.3%	87.2%
Interest [GFS]	2,313.5	2,310.5	1,357.3	1,191.5	51.6%	87.8%
Net acquisition of financial assets	10.9	13.9	9.3	0.0	0.0%	0.0%
351 NATIONAL OFFICE FOR CHILD & FAMILY SERVICES	7.1	7.1	5.1	4.0	55.7%	77.5%
Operational	4.1	4.1	2.1	1.0	23.5%	45.6%
Compensation Of Employees[GFS]	2.1	2.1	1.0	-	0.0%	0.0%
Use of goods and services [GFS]	1.4	1.4	1.0	0.9	62.0%	89.8%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Grants	0.6	0.6	0.1	0.1	12.1%	59.3%
Non financial assets	0.1	0.1	0.0	0.0	67.6%	86.6%
Capital Investment	3.0	3.0	3.0	3.0	100.0%	100.0%
Use of goods and services [GFS]	3.0	3.0	3.0	3.0	100.0%	100.0%
352 PNG OFFICE OF CIVIL REGISTRATION & NATIONAL IDENTITY	4.4	4.4	2.0	0.3	6.7%	15.2%
Operational	4.4	4.4	2.0	0.3	6.7%	15.2%
Compensation Of Employees[GFS]	3.8	3.8	1.6	-	0.0%	0.0%
Use of goods and services [GFS]	0.6	0.6	0.3	0.3	49.5%	87.3%
354 BANK OF PAPUA NEW GUINEA	5.0	5.0	3.0	1.0	20.0%	33.3%
Capital Investment	5.0	5.0	3.0	1.0	20.0%	33.3%
Use of goods and services [GFS]	5.0	5.0	3.0	1.0	20.0%	33.3%
355 OFFICE OF LIBRARY & ARCHIVES	14.0	14.0	8.9	9.4	67.5%	106.3%
Operational	10.0	10.0	4.9	6.4	64.5%	131.9%
Compensation Of Employees[GFS]	5.8	5.8	2.6	4.5	77.2%	171.7%
Use of goods and services [GFS]	3.5	3.5	1.8	1.6	44.0%	85.4%
Subsidies	0.3	0.3	0.1	0.1	33.9%	70.4%
Non financial assets	0.4	0.4	0.3	0.3	82.5%	96.2%
Capital Investment	4.0	4.0	4.0	3.0	75.0%	75.0%
Use of goods and services [GFS]	2.2	2.2	2.2	1.2	54.5%	54.5%
Non financial assets	1.8	1.8	1.8	1.8	100.0%	100.0%
356 SECURITIES COMMISSION OF PNG	8.5	8.5	5.2	5.2	61.1%	100.0%
Operational	8.5	8.5	5.2	5.2	61.1%	100.0%
Compensation Of Employees[GFS]	4.8	4.8	2.5	2.5	53.4%	100.0%
Use of goods and services [GFS]	3.7	3.7	2.7	2.7	70.9%	100.0%
357 PORT MORESBY GENERAL HOSPITAL	-	-	-	1.1	0.0%	0.0%
Operational	-	-	-	1.1	0.0%	0.0%
Compensation Of Employees[GFS]	-	-	-	1.1	0.0%	0.0%
358 MANAN RESETTLEMENT AUTHORITY	9.0	9.0	5.0	4.7	52.2%	93.5%
Operational	4.0	4.0	2.0	1.7	42.4%	83.8%
Compensation Of Employees[GFS]	2.2	2.2	1.1	0.9	41.7%	83.3%
Use of goods and services [GFS]	1.8	1.8	0.9	0.8	43.3%	84.2%
Capital Investment	5.0	5.0	3.0	3.0	60.0%	100.0%
Grants	5.0	5.0	3.0	3.0	60.0%	100.0%
359 MT HAGEN CITY AUTHORITY	-	5.0	5.0	6.5	130.8%	130.8%
Operational	-	5.0	5.0	6.5	130.8%	130.8%
Compensation Of Employees[GFS]	-	-	-	1.5	0.0%	0.0%
Use of goods and services [GFS]	-	5.0	5.0	5.0	100.0%	100.0%
502 OFFICE OF THE AUDITOR-GENERAL	21.4	21.4	10.8	7.3	34.1%	67.4%
Operational	21.4	21.4	10.8	7.3	34.1%	67.4%
Compensation Of Employees[GFS]	15.1	15.1	7.6	5.1	33.5%	66.9%
Use of goods and services [GFS]	5.9	5.9	3.1	2.1	35.9%	68.4%
Non financial assets	0.3	0.3	0.1	0.1	29.0%	79.2%
503 OMBUDSMAN COMMISSION	25.6	32.7	20.4	20.2	61.8%	99.0%
Operational	24.6	31.7	19.4	19.4	61.2%	100.0%
Compensation Of Employees[GFS]	21.7	21.7	10.5	10.5	48.2%	100.0%
Use of goods and services [GFS]	2.7	8.8	7.8	7.8	88.3%	100.0%
Non financial assets	0.2	1.2	1.2	1.2	98.2%	100.0%
Capital Investment	1.0	1.0	1.0	0.8	80.0%	80.0%
Use of goods and services [GFS]	1.0	1.0	1.0	0.8	80.0%	80.0%
505 NATIONAL RESEARCH INSTITUTE	5.5	5.5	2.5	2.5	45.1%	100.0%
Operational	5.5	5.5	2.5	2.5	45.1%	100.0%
Compensation Of Employees[GFS]	4.2	4.2	1.9	1.9	46.3%	100.0%
Use of goods and services [GFS]	1.4	1.4	0.6	0.6	41.7%	100.0%
506 NATIONAL TRAINING COUNCIL	2.2	2.2	1.1	0.9	38.2%	74.4%
Operational	2.2	2.2	1.1	0.9	38.2%	74.4%
Compensation Of Employees[GFS]	1.5	1.5	0.8	0.7	44.2%	86.0%
Use of goods and services [GFS]	0.7	0.7	0.4	0.2	25.6%	50.5%
Non financial assets	0.0	0.0	0.0	0.0	66.7%	66.7%
507 NATIONAL ECONOMIC & FISCAL COMMISSION	4.8	4.8	2.7	2.3	46.9%	83.9%
Operational	4.8	4.8	2.7	2.3	46.9%	83.9%
Compensation Of Employees[GFS]	2.8	2.8	1.4	1.0	35.7%	69.5%
Use of goods and services [GFS]	1.3	1.3	0.9	0.9	66.7%	100.0%
Non financial assets	0.8	0.8	0.4	0.4	53.6%	100.0%
510 LEGAL TRAINING INSTITUTE	3.1	3.1	1.4	1.3	41.8%	89.5%
Operational	3.1	3.1	1.4	1.3	41.8%	89.5%
Compensation Of Employees[GFS]	2.7	2.7	1.3	1.1	41.3%	90.1%
Use of goods and services [GFS]	0.3	0.3	0.1	0.1	44.1%	85.4%
Subsidies	0.1	0.1	0.0	0.0	43.1%	84.0%
Non financial assets	0.0	0.0	0.0	0.0	75.0%	90.3%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
511 PAPUA NEW GUINEA CLIMATE CHANGE AUTHORITY	8.4	8.4	4.3	4.1	48.7%	96.7%
Operational	7.9	7.9	3.8	3.6	45.5%	96.3%
Compensation Of Employees[GFS]	5.6	5.6	2.4	2.5	43.8%	101.2%
Use of goods and services [GFS]	2.2	2.2	1.3	1.2	51.4%	87.8%
Subsidies	0.0	0.0	0.0	0.0	8.3%	50.0%
Non financial assets	0.1	0.1	0.0	0.0	8.3%	50.0%
Capital Investment	0.5	0.5	0.5	0.5	100.0%	100.0%
Use of goods and services [GFS]	0.5	0.5	0.5	0.5	100.0%	100.0%
512 UNIVERSITY OF PAPUA NEW GUINEA	88.2	88.2	43.4	32.4	36.8%	74.7%
Operational	78.2	78.2	40.9	31.9	40.8%	78.0%
Compensation Of Employees[GFS]	78.2	78.2	40.9	31.9	40.8%	78.0%
Capital Investment	10.0	10.0	2.5	0.5	5.0%	20.0%
Use of goods and services [GFS]	0.2	0.2	0.2	0.1	50.0%	50.0%
Non financial assets	9.8	9.8	2.3	0.4	4.1%	17.4%
513 UNIVERSITY OF TECHNOLOGY	80.8	80.8	45.6	35.3	43.7%	77.4%
Operational	69.8	69.8	40.6	34.3	49.1%	84.5%
Compensation Of Employees[GFS]	65.9	65.9	38.4	32.4	49.1%	84.4%
Use of goods and services [GFS]	2.5	2.5	1.4	1.1	45.8%	80.3%
Subsidies	1.4	1.4	0.8	0.8	56.4%	100.0%
Capital Investment	11.0	11.0	5.0	1.0	9.1%	20.0%
Use of goods and services [GFS]	3.4	3.4	1.9	0.6	17.6%	31.6%
Non financial assets	7.6	7.6	3.1	0.4	5.3%	12.9%
514 UNIVERSITY OF GOROKA	34.5	34.5	21.1	20.1	58.2%	95.3%
Operational	33.5	33.5	20.1	20.1	59.9%	100.0%
Compensation Of Employees[GFS]	29.3	29.3	17.7	17.7	60.4%	100.0%
Use of goods and services [GFS]	3.1	3.1	2.1	2.1	69.1%	100.0%
Subsidies	1.0	1.0	0.2	0.2	23.0%	100.0%
Non financial assets	0.2	0.2	0.1	0.1	31.8%	100.0%
Capital Investment	1.0	1.0	1.0	-	0.0%	0.0%
Non financial assets	1.0	1.0	1.0	-	0.0%	0.0%
515 UNIVERSITY OF ENVIRONMENT & NATURAL RESOURCES	38.9	38.9	22.5	16.3	42.0%	72.7%
Operational	33.9	33.9	20.5	16.3	48.2%	79.8%
Compensation Of Employees[GFS]	31.8	31.8	19.3	15.3	48.1%	79.3%
Use of goods and services [GFS]	1.1	1.1	0.6	0.6	52.2%	90.5%
Non financial assets	1.0	1.0	0.6	0.5	46.7%	83.7%
Capital Investment	5.0	5.0	2.0	-	0.0%	0.0%
Use of goods and services [GFS]	0.2	0.2	0.1	-	0.0%	0.0%
Non financial assets	4.8	4.8	1.9	-	0.0%	0.0%
516 PAPUA NEW GUINEA SPORTS FOUNDATION	26.2	26.2	13.9	9.6	36.6%	69.0%
Operational	13.2	13.2	7.9	5.6	42.4%	70.8%
Compensation Of Employees[GFS]	9.6	9.6	5.9	4.1	42.3%	69.4%
Use of goods and services [GFS]	3.5	3.5	2.0	1.5	41.9%	74.8%
Non financial assets	0.1	0.1	0.1	0.1	69.0%	75.0%
Capital Investment	13.0	13.0	6.0	4.0	30.8%	66.7%
Use of goods and services [GFS]	10.0	10.0	3.0	1.0	10.0%	33.3%
Non financial assets	3.0	3.0	3.0	3.0	100.0%	100.0%
517 NATIONAL NARCOTICS BUREAU	-	-	-	1.5	0.0%	0.0%
Operational	-	-	-	1.5	0.0%	0.0%
Compensation Of Employees[GFS]	-	-	-	1.5	0.0%	0.0%
518 PNG MARITIME COLLEGE	12.4	12.4	7.1	5.0	40.4%	70.5%
Operational	8.4	8.4	4.6	3.5	41.7%	76.2%
Compensation Of Employees[GFS]	7.2	7.2	4.0	3.0	41.4%	75.0%
Use of goods and services [GFS]	1.2	1.2	0.6	0.5	43.3%	84.2%
Capital Investment	4.0	4.0	2.5	1.5	37.5%	60.0%
Use of goods and services [GFS]	0.5	0.5	0.5	0.5	100.0%	100.0%
Non financial assets	3.5	3.5	2.0	1.0	28.6%	50.0%
519 NATIONAL AIDS COUNCIL SECRETARIAT	5.5	5.5	3.1	3.1	56.1%	100.0%
Operational	5.5	5.5	3.1	3.1	56.1%	100.0%
Compensation Of Employees[GFS]	3.9	3.9	1.9	1.9	49.5%	100.0%
Use of goods and services [GFS]	1.1	1.1	0.9	0.9	77.6%	100.0%
Grants	0.1	0.1	0.0	0.0	58.3%	100.0%
Non financial assets	0.5	0.5	0.3	0.3	60.5%	100.0%
520 INSTITUTE OF MEDICAL RESEARCH	18.8	18.8	10.5	8.3	44.2%	79.4%
Operational	13.8	13.8	7.0	5.8	42.1%	83.4%
Compensation Of Employees[GFS]	12.6	12.6	6.4	5.3	42.0%	83.2%
Use of goods and services [GFS]	1.2	1.2	0.6	0.5	43.7%	84.5%
Capital Investment	5.0	5.0	3.5	2.5	50.0%	71.4%
Use of goods and services [GFS]	5.0	5.0	3.5	2.5	50.0%	71.4%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
521 NATIONAL YOUTH COMMISSION	8.4	8.4	6.9	4.6	55.2%	67.1%
Operational	3.4	3.4	1.9	2.6	77.6%	137.9%
Compensation Of Employees[GFS]	2.1	2.1	1.1	1.9	90.7%	175.8%
Use of goods and services [GFS]	1.2	1.2	0.8	0.7	61.8%	91.1%
Subsidies	0.1	0.1	-	-	0.0%	0.0%
Non financial assets	0.1	0.1	0.1	0.0	66.7%	80.0%
Capital Investment	5.0	5.0	5.0	2.0	40.0%	40.0%
Use of goods and services [GFS]	5.0	5.0	5.0	2.0	40.0%	40.0%
522 CONSTITUTIONAL AND LAW REFORM COMMISSION	4.6	4.7	3.3	2.2	47.9%	67.8%
Operational	2.6	2.7	1.3	0.2	9.3%	18.9%
Compensation Of Employees[GFS]	2.3	2.3	1.1	0.1	3.9%	8.1%
Use of goods and services [GFS]	0.4	0.4	0.2	0.2	44.2%	84.7%
Capital Investment	2.0	2.0	2.0	2.0	100.0%	100.0%
Use of goods and services [GFS]	2.0	2.0	2.0	2.0	100.0%	100.0%
523 PAPUA NEW GUINEA ACCIDENTS INVESTIGATION COMMISSION	8.8	8.8	5.4	4.4	50.4%	81.5%
Operational	6.8	6.8	3.4	3.4	50.6%	100.0%
Compensation Of Employees[GFS]	6.1	6.1	3.0	3.0	49.9%	100.0%
Use of goods and services [GFS]	0.7	0.7	0.4	0.4	56.8%	100.0%
Capital Investment	2.0	2.0	2.0	1.0	50.0%	50.0%
Use of goods and services [GFS]	2.0	2.0	2.0	1.0	50.0%	50.0%
525 NATIONAL BROADCASTING COMMISSION	34.7	44.7	27.8	24.3	54.4%	87.2%
Operational	31.2	41.2	25.8	23.3	56.6%	90.1%
Compensation Of Employees[GFS]	27.7	27.7	13.9	11.6	41.7%	83.4%
Use of goods and services [GFS]	3.4	13.4	11.9	11.7	87.0%	97.9%
Non financial assets	0.0	0.0	0.0	0.0	100.0%	100.0%
Capital Investment	3.5	3.5	2.0	1.0	28.6%	50.0%
Use of goods and services [GFS]	3.5	3.5	2.0	1.0	28.6%	50.0%
526 NATIONAL MARITIME SAFETY AUTHORITY	1.0	1.0	1.0	1.0	100.0%	100.0%
Capital Investment	1.0	1.0	1.0	1.0	100.0%	100.0%
Use of goods and services [GFS]	1.0	1.0	1.0	1.0	100.0%	100.0%
531 SMALL BUSINESS DEVELOPMENT CORPORATION	11.4	11.4	6.1	3.5	30.7%	57.1%
Operational	7.4	7.4	3.6	3.0	40.4%	82.6%
Compensation Of Employees[GFS]	6.1	6.1	3.0	2.5	40.6%	82.7%
Use of goods and services [GFS]	1.3	1.3	0.6	0.5	39.5%	82.1%
Capital Investment	4.0	4.0	2.5	0.5	12.5%	20.0%
Use of goods and services [GFS]	1.0	1.0	0.5	-	0.0%	0.0%
Non financial assets	3.0	3.0	2.0	0.5	16.7%	25.0%
532 NATIONAL INSTITUTE OF STANDARDS & INDUSTRIAL TECHNOLOGY	8.7	8.7	4.0	4.5	52.5%	114.5%
Operational	7.7	7.7	3.0	3.5	46.3%	119.3%
Compensation Of Employees[GFS]	5.5	5.5	1.9	2.7	49.0%	140.2%
Use of goods and services [GFS]	2.2	2.2	1.1	0.9	39.5%	82.0%
Capital Investment	1.0	1.0	1.0	1.0	100.0%	100.0%
Use of goods and services [GFS]	1.0	1.0	1.0	1.0	100.0%	100.0%
533 INDUSTRIAL CENTERS DEVELOPMENT CORPORATION	3.3	3.3	1.6	1.6	48.2%	100.0%
Operational	3.3	3.3	1.6	1.6	48.2%	100.0%
Compensation Of Employees[GFS]	2.5	2.5	1.2	1.2	48.3%	100.0%
Use of goods and services [GFS]	0.8	0.8	0.4	0.4	48.1%	100.0%
535 MINERAL RESOURCES AUTHORITY	17.5	17.5	8.8	4.8	27.4%	54.5%
Capital Investment	17.5	17.5	8.8	4.8	27.4%	54.5%
Use of goods and services [GFS]	12.5	12.5	7.0	4.0	32.0%	57.1%
Non financial assets	5.0	5.0	1.8	0.8	16.0%	44.4%
536 KOKONAS INDASTRY KOPRATION	25.4	25.4	21.1	21.1	83.3%	100.0%
Operational	8.4	8.4	4.1	4.1	49.3%	100.0%
Compensation Of Employees[GFS]	6.3	6.3	3.1	3.1	49.7%	100.0%
Use of goods and services [GFS]	1.6	1.6	0.9	0.9	55.6%	100.0%
Grants	0.5	0.5	0.1	0.1	25.0%	100.0%
Capital Investment	17.0	17.0	17.0	17.0	100.0%	100.0%
Use of goods and services [GFS]	15.0	15.0	15.0	15.0	100.0%	100.0%
Non financial assets	2.0	2.0	2.0	2.0	100.0%	100.0%
537 NATIONAL AIRPORTS CORPORATION	25.0	25.0	10.0	8.0	32.0%	80.0%
Capital Investment	25.0	25.0	10.0	8.0	32.0%	80.0%
Use of goods and services [GFS]	25.0	25.0	10.0	8.0	32.0%	80.0%
539 NATIONAL MUSEUM AND ART GALLERY	9.1	9.2	5.9	3.8	40.8%	63.7%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Operational	7.1	7.2	3.9	2.8	38.3%	70.7%
Compensation Of Employees[GFS]	4.8	4.9	2.6	1.6	32.9%	62.4%
Use of goods and services [GFS]	1.8	1.8	1.0	0.9	50.5%	87.7%
Subsidies	0.1	0.1	0.1	0.1	65.1%	87.5%
Grants	0.3	0.3	0.1	0.1	40.0%	76.9%
Non financial assets	0.2	0.2	0.1	0.1	45.5%	100.0%
Capital Investment	2.0	2.0	2.0	1.0	50.0%	50.0%
Non financial assets	2.0	2.0	2.0	1.0	50.0%	50.0%
540 WATER PNG	3.0	3.0	2.0	1.0	33.3%	50.0%
Capital Investment	3.0	3.0	2.0	1.0	33.3%	50.0%
Use of goods and services [GFS]	3.0	3.0	2.0	1.0	33.3%	50.0%
541 NATIONAL HOUSING CORPORATION	21.0	21.0	7.7	10.4	49.6%	134.9%
Operational	11.0	11.0	0.7	5.4	49.3%	741.3%
Compensation Of Employees[GFS]	9.8	9.8	-	4.8	48.9%	0.0%
Use of goods and services [GFS]	1.2	1.2	0.7	0.6	52.5%	88.6%
Capital Investment	10.0	10.0	7.0	5.0	50.0%	71.4%
Use of goods and services [GFS]	7.0	7.0	4.0	2.0	28.6%	50.0%
Non financial assets	3.0	3.0	3.0	3.0	100.0%	100.0%
542 NATIONAL CULTURAL COMMISSION	7.7	7.7	4.8	4.3	55.6%	88.1%
Operational	5.7	5.7	2.8	2.3	40.0%	79.7%
Compensation Of Employees[GFS]	3.5	3.5	1.6	1.4	38.6%	83.5%
Use of goods and services [GFS]	2.1	2.1	1.2	0.9	42.3%	74.6%
Capital Investment	2.0	2.0	2.0	2.0	100.0%	100.0%
Use of goods and services [GFS]	0.2	0.2	0.2	0.2	100.0%	100.0%
Non financial assets	1.8	1.8	1.8	1.8	100.0%	100.0%
544 PNG DATACO	8.0	8.0	8.0	6.0	75.0%	75.0%
Capital Investment	8.0	8.0	8.0	6.0	75.0%	75.0%
Use of goods and services [GFS]	8.0	8.0	8.0	6.0	75.0%	75.0%
545 RURAL AIRSTRIP AUTHORITY	7.5	7.5	4.2	1.7	23.2%	41.5%
Operational	2.5	2.5	1.7	1.2	49.6%	73.4%
Use of goods and services [GFS]	2.5	2.5	1.7	1.2	49.6%	73.4%
Capital Investment	5.0	5.0	2.5	0.5	10.0%	20.0%
Non financial assets	5.0	5.0	2.5	0.5	10.0%	20.0%
546 PNG POWER LIMITED	25.0	25.0	19.5	3.0	12.0%	15.4%
Capital Investment	25.0	25.0	19.5	3.0	12.0%	15.4%
Use of goods and services [GFS]	22.0	22.0	18.0	2.0	9.1%	11.1%
Non financial assets	3.0	3.0	1.5	1.0	33.3%	66.7%
548 PNG HARBOURS BOARD	5.0	5.0	5.0	2.0	40.0%	40.0%
Capital Investment	5.0	5.0	5.0	2.0	40.0%	40.0%
Non financial assets	5.0	5.0	5.0	2.0	40.0%	40.0%
551 NATIONAL FISHERIES AUTHORITY	6.0	6.0	3.0	0.0	0.0%	0.0%
Operational	-	-	-	0.0	0.0%	0.0%
Compensation Of Employees[GFS]	-	-	-	0.0	0.0%	0.0%
Capital Investment	6.0	6.0	3.0	-	0.0%	0.0%
Use of goods and services [GFS]	2.0	2.0	1.0	-	0.0%	0.0%
Non financial assets	4.0	4.0	2.0	-	0.0%	0.0%
553 FRESH PRODUCE DEVELOPMENT COMPANY	22.6	22.6	20.0	20.0	88.2%	100.0%
Operational	5.6	5.6	3.0	3.0	52.8%	100.0%
Compensation Of Employees[GFS]	4.4	4.4	2.2	2.2	49.8%	100.0%
Use of goods and services [GFS]	1.3	1.3	0.8	0.8	63.5%	100.0%
Non financial assets	0.0	0.0	0.0	0.0	25.0%	100.0%
Capital Investment	17.0	17.0	17.0	17.0	100.0%	100.0%
Use of goods and services [GFS]	12.0	12.0	12.0	12.0	100.0%	100.0%
Non financial assets	5.0	5.0	5.0	5.0	100.0%	100.0%
554 PNG COFFEE INDUSTRY CORPORATION	26.1	26.1	15.1	12.4	47.5%	82.2%
Operational	8.1	8.1	4.1	3.4	41.8%	83.4%
Compensation Of Employees[GFS]	5.6	5.6	2.7	2.3	40.6%	82.7%
Use of goods and services [GFS]	2.5	2.5	1.3	1.1	44.5%	84.9%
Capital Investment	18.0	18.0	11.0	9.0	50.0%	81.8%
Use of goods and services [GFS]	14.0	14.0	9.0	8.0	57.1%	88.9%
Non financial assets	4.0	4.0	2.0	1.0	25.0%	50.0%
557 PNG NATIONAL FOREST AUTHORITY	48.9	48.9	28.8	28.8	58.9%	100.0%
Operational	39.9	39.9	19.8	19.8	49.6%	100.0%
Compensation Of Employees[GFS]	34.8	34.8	16.9	16.9	48.5%	100.0%
Use of goods and services [GFS]	5.1	5.1	2.9	2.9	57.3%	100.0%
Non financial assets	0.1	0.1	0.0	0.0	8.3%	100.0%
Capital Investment	9.0	9.0	9.0	9.0	100.0%	100.0%
Use of goods and services [GFS]	4.5	4.5	4.5	4.5	100.0%	100.0%
Non financial assets	4.5	4.5	4.5	4.5	100.0%	100.0%
558 TOURISM PROMOTION AUTHORITY	28.6	28.6	16.3	15.5	54.1%	94.7%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Operational	8.6	8.6	3.3	2.5	28.8%	73.9%
Compensation Of Employees[GFS]	4.3	4.3	1.9	1.5	34.0%	78.3%
Use of goods and services [GFS]	3.8	3.8	1.3	1.0	25.0%	75.0%
Subsidies	0.1	0.1	0.0	0.0	16.7%	66.7%
Non financial assets	0.4	0.4	0.2	0.0	9.2%	20.3%
Capital Investment	20.0	20.0	13.0	13.0	65.0%	100.0%
Use of goods and services [GFS]	20.0	20.0	13.0	13.0	65.0%	100.0%
559 PNG OIL PALM INDUSTRY CORPORATION	17.9	17.9	5.3	5.3	29.8%	100.0%
Operational	5.9	5.9	2.3	2.3	39.6%	100.0%
Compensation Of Employees[GFS]	4.4	4.4	1.6	1.6	36.7%	100.0%
Use of goods and services [GFS]	1.5	1.5	0.7	0.7	48.1%	100.0%
Capital Investment	12.0	12.0	3.0	3.0	25.0%	100.0%
Use of goods and services [GFS]	3.0	3.0	2.0	2.0	66.7%	100.0%
Non financial assets	9.0	9.0	1.0	1.0	11.1%	100.0%
561 NATIONAL TRADE OFFICE	6.6	6.6	4.2	3.0	45.1%	71.2%
Operational	4.6	4.6	2.7	1.5	32.0%	54.9%
Compensation Of Employees[GFS]	2.6	2.6	1.2	0.5	18.7%	41.0%
Use of goods and services [GFS]	2.0	2.0	1.5	1.0	49.6%	66.1%
Capital Investment	2.0	2.0	1.5	1.5	75.0%	100.0%
Use of goods and services [GFS]	2.0	2.0	1.5	1.5	75.0%	100.0%
562 NATIONAL AGRICULTURE RESEARCH INSTITUTE	16.7	16.7	6.6	5.1	30.9%	77.4%
Operational	11.7	11.7	5.6	4.6	39.8%	82.3%
Compensation Of Employees[GFS]	10.1	10.1	4.8	3.9	38.3%	81.3%
Use of goods and services [GFS]	1.6	1.6	0.9	0.8	49.6%	87.3%
Capital Investment	5.0	5.0	1.0	0.5	10.0%	50.0%
Use of goods and services [GFS]	5.0	5.0	1.0	0.5	10.0%	50.0%
563 NATIONAL AGRICULTURE QUARANTINE & INSPECTION AUTHORITY	8.5	8.5	-	5.5	64.4%	0.0%
Operational	8.5	8.5	-	5.5	64.4%	0.0%
Compensation Of Employees[GFS]	8.5	8.5	-	5.5	64.4%	0.0%
565 CIVIL AVIATION SAFETY AUTHORITY	15.2	15.2	7.8	7.8	50.9%	100.0%
Operational	15.2	15.2	7.8	7.8	50.9%	100.0%
Compensation Of Employees[GFS]	14.7	14.7	7.4	7.4	50.7%	100.0%
Use of goods and services [GFS]	0.6	0.6	0.3	0.3	56.8%	100.0%
566 COCOA BOARD	24.8	24.8	16.7	17.7	71.2%	106.2%
Operational	8.8	8.8	2.7	5.7	64.4%	213.9%
Compensation Of Employees[GFS]	7.5	7.5	1.9	5.2	69.1%	271.6%
Use of goods and services [GFS]	1.3	1.3	0.7	0.5	37.2%	65.6%
Capital Investment	16.0	16.0	14.0	12.0	75.0%	85.7%
Use of goods and services [GFS]	7.0	7.0	6.8	6.8	96.4%	100.0%
Non financial assets	9.0	9.0	7.3	5.3	58.3%	72.4%
569 INDEPENDENT CONSUMER AND COMPETITION COMMISSION	10.3	11.8	5.7	4.1	34.9%	71.6%
Operational	10.3	11.8	5.7	4.1	34.9%	71.6%
Compensation Of Employees[GFS]	8.4	8.4	4.2	2.6	31.0%	61.6%
Use of goods and services [GFS]	1.7	3.2	1.5	1.5	46.4%	100.0%
Non financial assets	0.1	0.1	-	-	0.0%	0.0%
571 FLY RIVER PROVINCIAL ADMINISTRATION	134.1	136.1	61.2	64.0	47.0%	104.5%
Operational	86.1	86.1	29.7	41.0	47.6%	138.0%
Compensation Of Employees[GFS]	70.5	70.5	23.3	36.4	51.6%	155.9%
Grants	15.6	15.6	6.4	4.6	29.6%	72.5%
Capital Investment	48.0	50.0	31.5	23.0	46.0%	73.0%
Use of goods and services [GFS]	12.0	12.0	10.0	6.0	50.0%	60.0%
Grants	28.0	28.0	17.5	15.0	53.6%	85.7%
Non financial assets	8.0	10.0	4.0	2.0	20.0%	50.0%
572 GULF PROVINCIAL ADMINISTRATION	96.6	98.9	48.8	47.1	47.6%	96.6%
Operational	54.6	54.9	19.8	24.1	43.9%	121.9%
Compensation Of Employees[GFS]	35.6	36.0	12.0	18.2	50.7%	151.6%
Grants	18.9	18.9	7.7	5.9	31.0%	75.9%
Capital Investment	42.0	44.0	29.0	23.0	52.3%	79.3%
Use of goods and services [GFS]	17.5	17.5	16.5	14.0	80.0%	84.8%
Grants	9.0	9.0	9.0	7.0	77.8%	77.8%
Non financial assets	15.5	17.5	3.5	2.0	11.4%	57.1%
573 CENTRAL PROVINCIAL ADMINISTRATION	181.5	186.2	88.5	89.9	48.3%	101.6%
Operational	126.5	127.2	45.5	55.9	44.0%	122.9%
Compensation Of Employees[GFS]	94.8	94.8	31.1	45.7	48.2%	146.7%
Use of goods and services [GFS]	1.0	1.0	1.0	0.5	50.0%	50.0%
Grants	30.7	31.3	13.3	9.7	31.0%	72.8%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Capital Investment	55.0	59.0	43.0	34.0	57.6%	79.1%
Use of goods and services [GFS]	33.2	33.2	29.2	23.0	69.3%	78.8%
Grants	8.0	8.0	8.0	7.0	87.5%	87.5%
Non financial assets	13.8	17.8	5.8	4.0	22.5%	69.0%
574 NATIONAL CAPITAL DISTRICT	70.8	74.8	42.7	38.3	51.2%	89.7%
Operational	5.8	5.8	2.7	2.3	39.1%	85.5%
Compensation Of Employees[GFS]	-	-	-	0.0	0.0%	0.0%
Grants	5.8	5.8	2.7	2.3	39.3%	85.8%
Capital Investment	65.0	69.0	40.0	36.0	52.2%	90.0%
Use of goods and services [GFS]	19.5	19.5	4.0	4.0	20.5%	100.0%
Grants	32.0	32.0	32.0	28.0	87.5%	87.5%
Non financial assets	13.5	17.5	4.0	4.0	22.9%	100.0%
575 MILNE BAY PROVINCIAL ADMINISTRATION	155.7	157.7	67.5	80.6	51.1%	119.3%
Operational	108.7	108.7	37.5	52.6	48.4%	140.1%
Compensation Of Employees[GFS]	83.6	83.6	27.3	44.9	53.7%	164.4%
Grants	25.0	25.0	10.2	7.7	30.7%	75.2%
Capital Investment	47.0	49.0	30.0	28.0	57.1%	93.3%
Use of goods and services [GFS]	2.5	2.5	1.0	-	0.0%	0.0%
Grants	40.0	40.0	27.0	26.0	65.0%	96.3%
Non financial assets	4.5	6.5	2.0	2.0	30.8%	100.0%
576 ORO PROVINCIAL ADMINISTRATION	105.6	108.6	46.1	49.3	45.4%	106.8%
Operational	61.6	61.6	17.1	25.3	41.1%	147.6%
Compensation Of Employees[GFS]	45.1	45.1	11.5	21.4	47.5%	186.9%
Grants	16.5	16.5	5.7	3.9	23.6%	68.3%
Capital Investment	44.0	47.0	29.0	24.0	51.1%	82.8%
Use of goods and services [GFS]	7.0	7.0	2.0	-	0.0%	0.0%
Grants	24.0	24.0	24.0	21.0	87.5%	87.5%
Non financial assets	13.0	16.0	3.0	3.0	18.8%	100.0%
577 SOUTHERN HIGHLANDS PROVINCIAL ADMINISTRATION	258.8	267.5	128.6	137.0	51.2%	106.5%
Operational	151.8	154.5	55.6	89.0	57.6%	159.9%
Compensation Of Employees[GFS]	127.3	127.3	41.5	79.6	62.5%	191.9%
Grants	24.5	27.2	14.2	9.4	34.5%	66.1%
Capital Investment	107.0	113.0	73.0	48.0	42.5%	65.8%
Use of goods and services [GFS]	15.4	15.4	12.2	4.0	26.0%	32.8%
Grants	50.0	50.0	39.0	37.0	74.0%	94.9%
Non financial assets	41.6	47.6	21.8	7.0	14.7%	32.1%
578 ENGA PROVINCIAL ADMINISTRATION	209.5	235.5	123.6	138.7	58.9%	112.3%
Operational	131.5	131.5	34.6	62.7	47.7%	181.4%
Compensation Of Employees[GFS]	99.3	99.3	21.4	52.7	53.1%	246.3%
Grants	32.2	32.2	13.2	10.0	31.0%	75.9%
Capital Investment	78.0	104.0	89.0	76.0	73.1%	85.4%
Use of goods and services [GFS]	13.5	13.5	9.5	8.0	59.3%	84.2%
Grants	46.0	66.0	62.0	59.0	89.4%	95.2%
Non financial assets	18.5	24.5	17.5	9.0	36.7%	51.4%
579 WESTERN HIGHLANDS PROVINCIAL ADMINISTRATION	181.3	192.3	79.2	113.1	58.8%	142.8%
Operational	136.3	136.3	35.2	72.1	52.9%	204.9%
Compensation Of Employees[GFS]	126.3	126.3	31.8	70.6	55.8%	222.0%
Grants	9.9	9.9	3.4	1.6	15.6%	45.5%
Capital Investment	45.0	56.0	44.0	41.0	73.2%	93.2%
Use of goods and services [GFS]	40.0	45.0	39.0	37.0	82.2%	94.9%
Non financial assets	5.0	11.0	5.0	4.0	36.4%	80.0%
580 SIMBU PROVINCIAL ADMINISTRATION	229.2	259.2	147.3	146.9	56.7%	99.7%
Operational	136.2	136.2	49.3	65.9	48.4%	133.6%
Compensation Of Employees[GFS]	102.1	102.1	33.4	55.9	54.8%	167.2%
Grants	34.1	34.1	15.9	10.0	29.3%	63.0%
Capital Investment	93.0	123.0	98.0	81.0	65.9%	82.7%
Use of goods and services [GFS]	67.7	67.7	56.7	49.7	73.4%	87.7%
Grants	-	13.0	13.0	13.0	100.0%	100.0%
Non financial assets	25.3	42.3	28.3	18.3	43.3%	64.7%
581 EASTERN HIGHLANDS PROVINCIAL ADMINISTRATION	284.0	296.0	126.7	149.5	50.5%	118.0%
Operational	179.5	179.5	49.2	82.5	46.0%	167.8%
Compensation Of Employees[GFS]	137.1	137.1	34.6	76.8	56.0%	221.9%
Grants	42.4	42.4	14.6	5.7	13.5%	39.3%
Capital Investment	104.5	116.5	77.5	67.0	57.5%	86.5%
Use of goods and services [GFS]	16.0	16.0	10.5	8.0	50.0%	76.2%
Grants	64.0	70.0	57.0	53.0	75.7%	93.0%
Non financial assets	24.5	30.5	10.0	6.0	19.7%	60.0%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
582 MOROBE PROVINCIAL ADMINISTRATION	314.4	349.4	171.2	212.6	60.9%	124.2%
Operational	220.9	220.9	56.7	111.6	50.5%	196.7%
Compensation Of Employees[GFS]	213.6	213.6	54.2	109.9	51.5%	202.6%
Grants	7.3	7.3	2.5	1.7	23.4%	68.2%
Capital Investment	93.5	128.5	114.5	101.0	78.6%	88.2%
Use of goods and services [GFS]	10.0	36.0	35.5	28.0	77.8%	78.9%
Grants	74.0	74.0	67.0	60.0	81.1%	89.6%
Non financial assets	9.5	18.5	12.0	13.0	70.3%	108.3%
583 MADANG PROVINCIAL ADMINISTRATION	248.2	258.2	136.9	125.1	48.5%	91.4%
Operational	177.2	177.2	60.9	72.1	40.7%	118.4%
Compensation Of Employees[GFS]	140.0	140.0	45.8	63.9	45.6%	139.5%
Grants	37.2	37.2	15.1	8.2	22.1%	54.4%
Capital Investment	71.0	81.0	76.0	53.0	65.4%	69.7%
Use of goods and services [GFS]	13.5	13.5	13.5	8.0	59.3%	59.3%
Grants	48.0	48.0	43.0	39.0	81.3%	90.7%
Non financial assets	9.5	19.5	19.5	6.0	30.8%	30.8%
584 EAST SEPIK PROVINCIAL ADMINISTRATION	275.5	281.5	113.0	128.4	45.6%	113.6%
Operational	167.0	167.0	46.5	76.4	45.8%	164.2%
Compensation Of Employees[GFS]	120.1	120.1	30.4	70.0	58.3%	230.2%
Grants	46.9	46.9	16.1	6.4	13.6%	39.6%
Capital Investment	108.5	114.5	66.5	52.0	45.4%	78.2%
Use of goods and services [GFS]	7.7	7.7	2.7	-	0.0%	0.0%
Grants	56.0	56.0	48.0	46.0	82.1%	95.8%
Non financial assets	44.8	50.8	15.8	6.0	11.8%	38.0%
585 SANDAUN PROVINCIAL ADMINISTRATION	144.1	153.1	81.2	86.6	56.6%	106.7%
Operational	99.1	99.1	35.2	45.6	46.0%	129.8%
Compensation Of Employees[GFS]	66.1	66.1	21.6	38.2	57.9%	176.6%
Grants	33.1	33.1	13.5	7.4	22.4%	54.7%
Capital Investment	45.0	54.0	46.0	41.0	75.9%	89.1%
Grants	40.0	40.0	36.0	32.0	80.0%	88.9%
Non financial assets	5.0	14.0	10.0	9.0	64.3%	90.0%
586 MANUS PROVINCIAL ADMINISTRATION	79.6	86.6	42.9	43.6	50.3%	101.5%
Operational	53.6	53.6	18.9	22.6	42.1%	119.2%
Compensation Of Employees[GFS]	37.1	37.1	12.2	19.0	51.2%	156.2%
Grants	16.5	16.5	6.8	3.6	21.6%	52.8%
Capital Investment	26.0	33.0	24.0	21.0	63.6%	87.5%
Use of goods and services [GFS]	10.0	10.0	2.0	-	0.0%	0.0%
Grants	16.0	21.0	20.0	19.0	90.5%	95.0%
Non financial assets	-	2.0	2.0	2.0	100.0%	100.0%
587 NEW IRELAND PROVINCIAL ADMINISTRATION	107.5	109.5	44.3	59.0	53.8%	133.2%
Operational	64.5	64.5	16.8	39.0	60.4%	232.4%
Compensation Of Employees[GFS]	63.0	63.0	16.2	38.6	61.3%	237.9%
Grants	1.6	1.6	0.5	0.4	24.0%	68.8%
Capital Investment	43.0	45.0	27.5	20.0	44.4%	72.7%
Use of goods and services [GFS]	4.7	4.7	1.7	-	0.0%	0.0%
Grants	31.0	31.0	22.0	18.0	58.1%	81.8%
Non financial assets	7.3	9.3	3.8	2.0	21.5%	52.6%
588 EAST NEW BRITAIN PROVINCIAL ADMINISTRATION	177.8	185.0	73.9	93.1	50.3%	126.0%
Operational	131.8	137.0	39.9	62.1	45.3%	155.7%
Compensation Of Employees[GFS]	115.1	115.1	28.9	59.6	51.8%	206.0%
Grants	16.8	22.0	11.0	2.5	11.3%	22.7%
Capital Investment	46.0	48.0	34.0	31.0	64.6%	91.2%
Use of goods and services [GFS]	2.0	2.0	1.0	-	0.0%	0.0%
Grants	40.0	40.0	30.0	29.0	72.5%	96.7%
Non financial assets	4.0	6.0	3.0	2.0	33.3%	66.7%
589 WEST NEW BRITAIN PROVINCIAL ADMINISTRATION	158.4	164.4	68.9	82.3	50.1%	119.5%
Operational	114.4	114.4	31.9	49.3	43.1%	154.8%
Compensation Of Employees[GFS]	84.3	84.3	21.5	45.3	53.7%	210.6%
Grants	30.1	30.1	10.3	4.0	13.3%	38.8%
Capital Investment	44.0	50.0	37.0	33.0	66.0%	89.2%
Use of goods and services [GFS]	2.0	2.0	1.0	1.0	50.0%	100.0%
Grants	24.0	30.0	26.0	24.0	80.0%	92.3%
Non financial assets	18.0	18.0	10.0	8.0	44.4%	80.0%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
590 AUTONOMOUS BOUGAINVILLE ADMINISTRATION	426.8	429.8	124.4	117.5	27.3%	94.4%
Operational	165.8	165.8	56.4	69.5	41.9%	123.2%
Compensation Of Employees[GFS]	132.0	132.0	42.6	62.3	47.2%	146.4%
Grants	33.8	33.8	13.9	7.2	21.3%	51.9%
Capital Investment	261.0	264.0	68.0	48.0	18.2%	70.6%
Use of goods and services [GFS]	114.3	114.3	23.5	14.5	12.7%	61.7%
Grants	32.0	32.0	28.0	25.0	78.1%	89.3%
Non financial assets	114.7	117.7	16.5	8.5	7.2%	51.5%
591 HELA PROVINCIAL ADMINISTRATION	140.7	143.7	78.9	82.9	57.7%	105.1%
Operational	68.7	68.7	18.9	31.9	46.5%	168.9%
Compensation Of Employees[GFS]	50.9	50.9	12.8	29.4	57.8%	230.2%
Grants	17.8	17.8	6.1	2.5	14.0%	40.8%
Capital Investment	72.0	75.0	60.0	51.0	68.0%	85.0%
Use of goods and services [GFS]	7.0	7.0	6.0	5.0	71.4%	83.3%
Grants	33.0	33.0	28.0	25.0	75.8%	89.3%
Non financial assets	32.0	35.0	26.0	21.0	60.0%	80.8%
592 JIWAKA PROVINCIAL ADMINISTRATION	157.5	168.0	93.3	95.1	56.6%	102.0%
Operational	100.5	100.5	27.8	44.6	44.4%	160.7%
Compensation Of Employees[GFS]	73.2	73.2	18.4	41.0	56.1%	223.4%
Grants	27.3	27.3	9.4	3.6	13.0%	38.0%
Capital Investment	57.0	67.5	65.5	50.5	74.8%	77.1%
Use of goods and services [GFS]	10.0	10.0	10.0	2.0	20.0%	20.0%
Grants	32.0	38.5	36.5	34.5	89.6%	94.5%
Non financial assets	15.0	19.0	19.0	14.0	73.7%	73.7%
601 MANUS PROVINCIAL HEALTH AUTHORITY	21.5	21.5	11.5	10.3	48.0%	89.9%
Operational	18.5	18.5	9.7	9.5	51.4%	98.4%
Compensation Of Employees[GFS]	11.7	11.7	6.6	7.1	60.4%	107.0%
Use of goods and services [GFS]	3.9	3.9	1.4	1.1	28.0%	77.4%
Grants	2.7	2.7	1.6	1.3	49.3%	81.4%
Non financial assets	0.2	0.2	0.0	0.0	2.9%	100.0%
Capital Investment	3.0	3.0	1.8	0.8	26.7%	44.4%
Use of goods and services [GFS]	0.2	0.2	0.2	0.2	100.0%	100.0%
Non financial assets	2.8	2.8	1.6	0.6	21.4%	37.5%
602 NEW IRELAND PROVNCIAL HEALTH AUTHORITY	41.4	41.4	21.5	6.0	14.4%	27.8%
Operational	38.4	38.4	19.7	5.2	13.5%	26.3%
Compensation Of Employees[GFS]	28.0	28.0	14.9	14.3	51.0%	96.0%
Use of goods and services [GFS]	9.9	9.9	4.6	3.7	37.7%	81.0%
Grants	0.5	0.5	0.2	0.1	26.3%	73.5%
Non financial assets	0.0	0.0	0.0	-	0.0%	0.0%
Capital Investment	3.0	3.0	1.8	0.8	26.7%	44.4%
Use of goods and services [GFS]	0.2	0.2	0.2	0.2	100.0%	100.0%
Non financial assets	2.8	2.8	1.6	0.6	21.4%	37.5%
603 EAST NEW BRITAIN PROVINCIAL HEALTH AUTHORITY	37.0	37.0	19.5	24.6	66.6%	126.4%
Operational	34.0	34.0	17.7	23.8	70.1%	134.7%
Compensation Of Employees[GFS]	26.7	26.7	14.4	21.2	79.4%	147.2%
Use of goods and services [GFS]	3.0	3.0	1.9	1.5	52.3%	83.0%
Grants	4.2	4.2	1.3	0.9	22.2%	72.6%
Non financial assets	0.1	0.1	0.1	0.1	100.0%	100.0%
Capital Investment	3.0	3.0	1.8	0.8	26.7%	44.4%
Use of goods and services [GFS]	0.2	0.2	0.2	0.2	100.0%	100.0%
Non financial assets	2.8	2.8	1.6	0.6	21.4%	37.5%
604 WEST NEW BRITAIN PROVINCIAL HEALTH AUTHORITY	50.3	50.5	25.5	10.9	21.5%	42.6%
Operational	48.3	48.5	23.7	10.1	20.8%	42.5%
Compensation Of Employees[GFS]	34.7	34.9	17.6	27.4	78.7%	156.1%
Use of goods and services [GFS]	7.5	7.5	3.7	3.6	48.4%	98.6%
Grants	6.0	6.0	2.4	2.4	39.5%	100.0%
Non financial assets	0.2	0.2	0.1	0.1	55.9%	100.0%
Capital Investment	2.0	2.0	1.8	0.8	40.0%	44.4%
Use of goods and services [GFS]	2.0	2.0	1.8	0.8	40.0%	44.4%
605 WESTERN PROVINCIAL HEALTH AUTHORITY	24.9	24.9	12.2	15.8	63.6%	129.6%
Operational	21.9	21.9	10.4	15.0	68.7%	144.4%
Compensation Of Employees[GFS]	10.2	10.2	5.1	9.8	96.1%	189.8%
Use of goods and services [GFS]	6.8	6.8	3.6	3.6	53.6%	100.0%
Grants	4.8	4.8	1.6	1.6	32.1%	100.0%
Non financial assets	0.1	0.1	0.1	0.1	84.2%	100.0%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Capital Investment	3.0	3.0	1.8	0.8	26.7%	44.4%
Use of goods and services [GFS]	0.5	0.5	0.5	0.4	80.0%	80.0%
Non financial assets	2.5	2.5	1.3	0.4	16.0%	30.8%
606 SANDAUN PROVINCIAL HEALTH AUTHORITY	45.8	45.8	22.1	10.4	22.8%	47.1%
Operational	42.8	42.8	20.3	9.6	22.5%	47.3%
Compensation Of Employees[GFS]	25.6	25.6	12.6	15.9	62.4%	126.6%
Use of goods and services [GFS]	7.2	7.2	2.9	2.8	38.9%	98.3%
Grants	9.8	9.8	4.8	4.8	48.8%	100.0%
Non financial assets	0.2	0.2	0.1	0.1	36.4%	100.0%
Capital Investment	3.0	3.0	1.8	0.8	26.7%	44.4%
Use of goods and services [GFS]	0.2	0.2	0.2	0.2	100.0%	100.0%
Non financial assets	2.8	2.8	1.6	0.6	21.4%	37.5%
607 EAST SEPIK PROVINCIAL HEALTH AUTHORITY	41.4	41.4	18.8	31.8	76.7%	168.6%
Operational	38.4	38.4	17.0	31.0	80.6%	181.7%
Compensation Of Employees[GFS]	20.3	20.3	9.1	23.0	113.2%	253.2%
Use of goods and services [GFS]	8.0	8.0	4.6	4.6	56.7%	100.0%
Grants	9.7	9.7	3.4	3.4	34.9%	100.0%
Non financial assets	0.3	0.3	-	-	0.0%	0.0%
Capital Investment	3.0	3.0	1.8	0.8	26.7%	44.4%
Use of goods and services [GFS]	0.2	0.2	0.2	0.2	100.0%	100.0%
Non financial assets	2.8	2.8	1.6	0.6	21.4%	37.5%
608 MADANG PROVINCIAL HEALTH AUTHORITY	38.2	38.2	17.7	27.8	72.9%	157.5%
Operational	35.2	35.2	15.9	27.0	76.8%	170.4%
Compensation Of Employees[GFS]	19.3	19.3	8.9	20.1	103.9%	225.8%
Use of goods and services [GFS]	6.6	6.6	3.2	3.2	48.2%	100.0%
Grants	8.9	8.9	3.7	3.7	41.2%	100.0%
Non financial assets	0.4	0.4	0.2	0.2	37.9%	100.0%
Capital Investment	3.0	3.0	1.8	0.8	26.7%	44.4%
Use of goods and services [GFS]	0.5	0.5	0.5	0.4	80.0%	80.0%
Non financial assets	2.5	2.5	1.3	0.4	16.0%	30.8%
609 MOROBE PROVINCIAL HEALTH AUTHORITY	59.1	59.1	25.2	42.0	71.0%	166.6%
Operational	46.1	46.1	20.7	40.2	87.1%	194.1%
Compensation Of Employees[GFS]	34.7	34.7	15.6	35.0	100.9%	225.1%
Use of goods and services [GFS]	11.1	11.1	5.1	5.1	46.2%	100.0%
Non financial assets	0.3	0.3	-	-	0.0%	0.0%
Capital Investment	13.0	13.0	4.5	1.8	13.8%	40.0%
Use of goods and services [GFS]	0.7	0.7	0.7	0.4	57.1%	57.1%
Non financial assets	12.3	12.3	3.8	1.4	11.4%	36.8%
610 EASTERN HIGHLANDS PROVINCIAL HEALTH AUHTORITY	54.6	54.7	25.4	7.2	13.1%	28.2%
Operational	51.6	51.7	23.6	6.4	12.3%	26.9%
Compensation Of Employees[GFS]	38.3	38.4	17.6	24.7	64.5%	140.3%
Use of goods and services [GFS]	6.0	6.0	3.4	3.4	56.7%	100.0%
Grants	7.3	7.3	2.6	2.6	35.2%	100.0%
Capital Investment	3.0	3.0	1.8	0.8	26.7%	44.4%
Use of goods and services [GFS]	0.2	0.2	0.2	0.2	100.0%	100.0%
Non financial assets	2.8	2.8	1.6	0.6	21.4%	37.5%
611 JIWAKA PROVINCIAL HEALTH AUTHORITY	38.1	38.1	18.8	25.5	66.9%	135.9%
Operational	35.1	35.1	17.0	24.7	70.3%	145.6%
Compensation Of Employees[GFS]	20.3	20.3	9.6	17.4	85.7%	180.2%
Use of goods and services [GFS]	6.2	6.2	3.6	3.6	59.1%	100.0%
Grants	8.7	8.7	3.7	3.7	42.4%	100.0%
Capital Investment	3.0	3.0	1.8	0.8	26.7%	44.4%
Use of goods and services [GFS]	2.0	2.0	0.8	0.4	20.0%	50.0%
Non financial assets	1.0	1.0	1.0	0.4	40.0%	40.0%
612 WESTERN HIGHLANDS PROVINCIAL HEALTH AUTHORITY	44.0	44.0	20.4	6.4	14.5%	31.2%
Operational	41.0	41.0	18.6	5.6	13.6%	30.0%
Compensation Of Employees[GFS]	31.8	31.8	14.5	21.7	68.2%	149.6%
Use of goods and services [GFS]	6.0	6.0	2.7	2.7	45.3%	100.0%
Grants	2.8	2.8	1.4	1.4	48.8%	100.0%
Non financial assets	0.3	0.3	-	-	0.0%	0.0%
Capital Investment	3.0	3.0	1.8	0.8	26.7%	44.4%
Use of goods and services [GFS]	0.2	0.2	0.2	0.2	100.0%	100.0%
Non financial assets	2.8	2.8	1.6	0.6	21.4%	37.5%
613 ENGA PROVINCIAL HEALTH AUTHORITY	48.6	48.6	22.4	4.6	9.5%	20.7%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Operational	48.6	48.6	22.4	4.6	9.5%	20.7%
Compensation Of Employees[GFS]	37.6	37.6	17.4	21.9	58.2%	125.7%
Use of goods and services [GFS]	4.2	4.2	1.7	1.2	28.9%	72.7%
Grants	5.4	5.4	3.1	2.6	48.8%	84.0%
Non financial assets	1.4	1.4	0.2	0.1	6.9%	64.4%
614 SOUTHERN HIGHLANDS PROVINCIAL HEALTH AUTHORITY	52.8	52.8	24.7	7.7	14.5%	30.9%
Operational	49.8	49.8	22.9	6.9	13.8%	29.9%
Compensation Of Employees[GFS]	40.1	40.1	18.6	22.6	56.3%	121.5%
Use of goods and services [GFS]	4.1	4.1	1.9	1.9	46.3%	100.0%
Grants	5.4	5.4	2.4	2.4	44.8%	100.0%
Non financial assets	0.2	0.2	0.0	0.0	20.7%	100.0%
Capital Investment	3.0	3.0	1.8	0.8	26.7%	44.4%
Use of goods and services [GFS]	0.2	0.2	0.2	0.2	100.0%	100.0%
Non financial assets	2.8	2.8	1.6	0.6	21.4%	37.5%
615 HELA PROVINCIAL HEALTH AUTHORITY	34.4	34.4	16.2	6.4	18.7%	39.8%
Operational	31.4	31.4	14.4	5.6	17.9%	39.3%
Compensation Of Employees[GFS]	21.6	21.6	9.9	12.1	55.8%	121.3%
Use of goods and services [GFS]	3.3	3.3	1.7	1.7	52.3%	100.0%
Grants	6.5	6.5	2.7	2.7	41.5%	100.0%
Non financial assets	0.0	0.0	-	-	0.0%	0.0%
Capital Investment	3.0	3.0	1.8	0.8	26.7%	44.4%
Use of goods and services [GFS]	0.2	0.2	0.2	0.2	100.0%	100.0%
Non financial assets	2.8	2.8	1.6	0.6	21.4%	37.5%
616 GULF PROVINCIAL HEALTH AUTHORITY	28.7	28.7	13.5	16.3	56.7%	120.1%
Operational	25.7	25.7	11.7	15.5	60.2%	131.7%
Compensation Of Employees[GFS]	15.0	15.0	7.0	11.7	78.1%	167.3%
Use of goods and services [GFS]	5.3	5.3	2.5	2.1	38.6%	80.8%
Grants	5.3	5.3	2.2	1.7	31.6%	77.2%
Capital Investment	3.0	3.0	1.8	0.8	26.7%	44.4%
Use of goods and services [GFS]	0.5	0.5	0.5	0.4	80.0%	80.0%
Non financial assets	2.5	2.5	1.3	0.4	16.0%	30.8%
617 CENTRAL PROVINCIAL HEALTH AUTHORITY	17.1	17.1	8.3	9.3	54.1%	111.7%
Operational	14.1	14.1	6.4	8.4	59.3%	130.8%
Compensation Of Employees[GFS]	6.9	6.9	3.2	5.1	74.3%	162.6%
Use of goods and services [GFS]	1.2	1.2	0.9	0.9	71.0%	100.0%
Grants	6.0	6.0	2.4	2.4	39.6%	100.0%
Capital Investment	3.0	3.0	1.9	0.9	30.0%	47.4%
Use of goods and services [GFS]	0.4	0.4	0.4	0.4	100.0%	100.0%
Non financial assets	2.6	2.6	1.5	0.5	19.2%	33.3%
618 MILNE BAY PROVINCIAL HEALTH AUTHORITY	42.1	42.1	19.5	10.4	24.6%	53.0%
Operational	39.1	39.1	17.7	9.6	24.4%	53.8%
Compensation Of Employees[GFS]	25.8	25.8	11.8	21.3	82.6%	181.0%
Use of goods and services [GFS]	6.5	6.5	2.7	2.7	42.0%	100.0%
Grants	6.7	6.7	3.2	3.2	48.5%	100.0%
Non financial assets	0.1	0.1	0.0	0.0	5.6%	100.0%
Capital Investment	3.0	3.0	1.8	0.8	26.7%	44.4%
Use of goods and services [GFS]	0.2	0.2	0.2	0.2	100.0%	100.0%
Non financial assets	2.8	2.8	1.6	0.6	21.4%	37.5%
619 ORO PROVINCIAL HEALTH AUTHORITY	27.1	27.1	12.7	17.0	62.6%	134.2%
Operational	24.1	24.1	11.2	16.5	68.3%	147.8%
Compensation Of Employees[GFS]	13.5	13.5	6.4	11.7	86.6%	183.4%
Use of goods and services [GFS]	5.9	5.9	2.8	2.8	47.0%	100.0%
Grants	4.7	4.7	2.0	2.0	42.7%	100.0%
Non financial assets	0.1	0.1	-	-	0.0%	0.0%
Capital Investment	3.0	3.0	1.5	0.5	16.7%	33.3%
Use of goods and services [GFS]	0.2	0.2	0.2	0.1	50.0%	50.0%
Non financial assets	2.8	2.8	1.3	0.4	14.3%	30.8%
620 PORT MORESBY GENERAL HOSPITAL	151.2	151.2	72.3	77.6	51.3%	107.4%
Operational	89.2	89.2	42.5	59.8	67.0%	140.8%
Compensation Of Employees[GFS]	64.5	64.6	30.2	47.5	73.6%	157.4%
Use of goods and services [GFS]	24.7	24.7	12.3	12.3	49.9%	100.0%
Capital Investment	62.0	62.0	29.8	17.8	28.8%	59.8%
Use of goods and services [GFS]	0.5	0.5	0.5	0.5	100.0%	100.0%
Non financial assets	61.5	61.5	29.3	17.3	28.2%	59.1%
621 SIMBU PROVINCIAL HEALTH AUTHORITY	36.2	36.2	16.4	26.2	72.4%	160.0%

Details	2022 Budget	2022 Rev Budget	Warrant Authorised	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Operational	33.2	33.2	15.1	25.9	78.0%	171.8%
Compensation Of Employees[GFS]	22.7	22.7	10.4	22.2	97.6%	214.0%
Use of goods and services [GFS]	3.7	3.7	2.0	1.6	43.9%	80.6%
Grants	6.8	6.8	2.7	2.1	31.2%	78.8%
Capital Investment	3.0	3.0	1.3	0.3	10.0%	23.1%
Use of goods and services [GFS]	0.2	0.2	0.2	0.1	50.0%	50.0%
Non financial assets	2.8	2.8	1.1	0.2	7.1%	18.2%
622 NCD PROVINCIAL HEALTH AUTHORITY	41.3	41.3	18.6	8.8	21.2%	47.1%
Operational	38.3	38.3	17.2	8.4	21.9%	48.6%
Compensation Of Employees[GFS]	28.9	28.9	13.0	4.2	14.4%	32.0%
Use of goods and services [GFS]	9.3	9.3	4.2	4.2	45.1%	100.0%
Non financial assets	0.0	0.0	-	-	0.0%	0.0%
Capital Investment	3.0	3.0	1.4	0.4	13.3%	28.6%
Use of goods and services [GFS]	0.2	0.2	0.2	0.1	50.0%	50.0%
Non financial assets	2.8	2.8	1.2	0.3	10.7%	25.0%
623 DIRECTORATE FOR SOCIAL CHANGE & MENTAL HEALTH	13.5	13.5	6.4	1.8	13.1%	27.6%
Operational	13.5	13.5	6.4	1.8	13.1%	27.6%
Compensation Of Employees[GFS]	9.6	9.6	4.8	0.6	5.9%	11.8%
Use of goods and services [GFS]	3.9	3.9	1.6	1.2	30.7%	75.7%
Grand Total	18,560.0	18,560.0	9,824.4	8,580.5	46.2%	87.2%

Source: Department of Treasury