



Papua New Guinea

MID-YEAR ECONOMIC AND FISCAL OUTLOOK REPORT

2023

TABLE OF CONTENTS

FOREWORD	1
INTRODUCTION	4
PART 1: THE MID-YEAR ECONOMIC AND FISCAL OUTLOOK	5
1.1 OVERVIEW	5
1.2 ECONOMIC OUTLOOK	10
1.3 THE FISCAL POSITION AND OUTLOOK	30
1.4 TOTAL REVENUE AND GRANTS	33
1.5 REVENUE MEASURES UPDATE	39
1.6 EXPENDITURE AND NET LENDING	41
1.7 STATUS OF TRUST ACCOUNTS	51
1.8 FINANCING	56
1.9 PUBLIC DEBT AND CONTINGENT LIABILITIES	58
1.10 RISKS TO THE MID-YEAR ECONOMIC AND FISCAL OUTLOOK	59
1.11 FISCAL OUTTURN TABLES	61
PART 2: MID – YEAR EXPENDITURE	68
2.1 FUNDED EXPENDITURE SINCE THE 2023 BUDGET	68
2.2 CAPITAL EXPENDITURE	74
PART 3: ATTACHMENTS	78
ATTACHMENT A: EXPENDITURE CATEGORY BY SECTORS	78
ATTACHMENT B: EXPENDITURE CATEGORY BY AGENCY TYPE	80
ATTACHMENT C: EXPENDITURE CATEGORY BY INDIVIDUAL AGENCY	81

FOREWORD

The 2023 Mid-Year Economic and Fiscal Outlook (MYEFO) report is the fourth 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 worst war in Europe since 1945 continues to add to the global challenges. And there are also unexpected external pressures, such as the current international price pressures on rice.

The 2023 MYEFO is based on keeping on the path set out in the Marape-Rosso Government's 13 year Budget Repair Plan, while ensuring the budget remains responsive to the needs of households, and restructuring the budget to support physical and human capital growth.

The 2023 MYEFO keeps to exactly the same budget deficit as set out in the 2023 Budget. This deficit of K4,984.9 million is 4.4 per cent of GDP, nearly half the deficit of 8.6 per cent recorded at the peak of the global COVID-19 pandemic in 2020. Relative to other countries, this is a rapid rate of budget repair of over one percent of GDP per annum.

The 2023 MYEFO estimates an increase in revenues of K1,614.1 million to K21,196.1 million. This is an 8.2 per cent increase on the Budget forecast, a 14.3 per cent increase on the 2022 FBO actual outcome, and an extraordinary increase of 75.3 per cent from the 2020 FBO during COVID-19. At that stage, the estimate was that PNG had lost K2.5 billion in revenues. Clearly, revenues have not only recovered from the pandemic, but they have also grown faster than the economy. Only part of this is explained by higher commodity prices (K684 million of the K1,614 million increase). Strong real non-resource economic growth is driving higher profits, and this has contributed to a forecast increase in Company Income Taxation outside of the resource sector of K989 million. Strong employment growth is also being reflected in very strong Personal Income Tax collections which have been increased by K399 million.

The 2023 MYEFO is based on a policy of keeping to 13 year Budget Repair Plan. On this occasion, the forecast higher tax revenues more than fully cover the cost pressures identified by MYEFO. Forecasts have been increased for rental costs of K153 million, and water and power bills of K68 million. Given the priority of clearing outstanding arrears from 2019, the arrears vote is identified as a cost pressure. While interest costs on Treasury Bills and Bonds continue to fall, international interest costs have increased sharply. For example, the SOFR, the main interest rate on our ADB and World Bank loans, has increased from 2.25 per cent on 21 September 2022 to 5.31 per cent on 27 July 2023, an increase of 136 per cent in under a year. K273 million has been forecast to cover these cost interest rate cost pressures.

Due to new accounting rules, agreed with the IMF, PNG's budget deficit is based on changes between the opening and closing balances of GoPNG accounts. This is similar to private firms, where the incomes and expenditures during the year are to be matched to the differences between the firm's opening and closing bank balances. In the first six months of 2023, the balances in PNG's trust accounts fell by K341.7 million. This represents more money coming out of these accounts than going into these accounts in 2023, in part due to funds having been deposited in earlier years. Expenditure is now based on the net change in these accounts during the year, and the K341.7 million needs to be recognised as an expenditure. The MYEFO assumes this level of net change remains the same for the remainder of the year.

Even after recognising these cost pressures, there remains K464 million in increased revenues without matching forecast expenditure increases. These funds have been

allocated to a "MYEFO Contingency Fund". Over coming months, the Government and Parliament will make decisions on how best to allocate these funds, including the option of a transfer to the Sovereign Wealth Fund, other measures to reduce net government debt, or meeting priorities such as new Provincial hospitals.

Overall, after including the MYEFO Contingency Fund, 2023 Budget expenditure is expected to reach a record K26,181.1 million, an increase of 6.6 per cent from the 2023 Budget, 7.3 per cent from the 2022 FBO outcome, and 35 per cent from the 2020 FBO outcome.

Currently, the largest downside risk to the MYEFO forecasts are non-tax revenues. These performed poorly in the first six months of 2023. Although entered into law, the Non-Tax Revenue Administration Act has not been applied. However, as this is primarily an administrative matter of sweeping agency accounts, it is still expected this will happen this year. Dividend payments have also been slow, especially from Kumul Petroleum Holdings. The recent payment of K285 million in dividends is a positive start. However, the nature of any Supplementary Budget will depend crucially on what happens with these remaining dividend payments. The issue is not whether KPH has the funds, the issue is the choice of priorities for allocating those funds.

Within these budget aggregates, the key initiatives from the 2023 budget remain in place. There is K590 million in funding for a major Household Assistance Package to help deal with the cost of living pressures the government knows are being felt by families. The record growth in the capital budget remains intact. The major increases from the 2023 Budget are all in place. This includes a record capital budget of K9,796 million. Within this is our own Government of PNG Public Investment Program which has grown by 224 per cent from K2,040 million in 2018 to K6,615 million in 2023. Within this is K1,375 million allocated for the PNG Connect Program. The Marape-Rosso Government is the infrastructure government!

The 29% increase in funding for the Law and Order Sector, or K401 million in 2023, remains in place. The K406 million increase to the health and education sectors remain in place. The 50 per cent increase in funding to the judiciary remains in place.

On-going budget repair. On-going reform of the budget towards key priority areas. Consistent with the 2023 Budget theme, the Marape-Rosso Government is implementing the vision of the Pangu-led government elected in 2022.

The MYEFO also includes updated forecasts on the PNG economy. For a government focused on lifting household living standards, the focus is on the non-resource parts of the economy such as agriculture and fisheries. Real non-resource GDP is expected to increase by 4.8 per cent in 2023, up from the 4.6 per cent budget forecast. This is the best measure of how living standards are going in our country. An overall real growth of 4.8 per cent in 2021, 4.6 per cent in 2022, and now 4.8 per cent in 2023. This is extremely strong growth performance for PNG, sustained over 3 years, and despite the Ukraine-Russian war. **This is the strongest growth performance in the non-resource sector since the peak of the PNG LNG construction period.** But it is being achieved without any new mines commencing. We want new resource projects, but as a further top-up on the strength of the underlying non-resource economy.

This continuing high real non-resource growth is very encouraging news. Real non-resource growth rates being higher than population growth rates is the key requirement for higher living standards in PNG. Assuming population growth of 3.1 per cent, this means real per capita incomes are now growing by about 1.7 per cent a year. The impacts of this will not be felt in the short-term, but if sustained for the next 25 years, living standards will double. The Marape-Rosso Government is committed to lifting this growth performance even further.

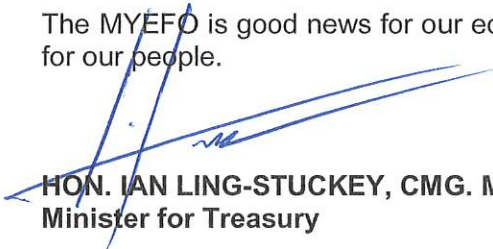
The delayed resumption of the Porgera Mine relative to budget forecasts has seen resource GDP growth fall from the budget estimates. Overall, total GDP is expected to grow from K107,807 million in 2022 to K112,283 million in 2023, a small decrease from the K113,108 million forecast at budget time. Overall real GDP growth is expected to fall from 4 to 3 per cent, with this growth being moved into 2024 with a full year effect of the Porgera mine opening.

The strong non-resource growth performance is also being reflected in strong jobs growth. Indeed, jobs growth is even higher than non-resource growth of 4.8 per cent, and is running at 5.3 per cent in 2023. **This is the highest rate of employment increase in more than a decade.**

The third piece of good news is that **inflation is falling faster than expected.** The inflation rate for 2023 has been revised down from 5.7 per cent down to 5.5 per cent. It is expected to fall below 5 per cent in 2024, well below PNG's historic average.

I encourage people to listen to the facts spelt out in this MYEFO. The strongest growth in our non-resource economy for a decade. The strongest employment growth for a decade. Inflation falling and now below usual inflation levels in PNG.

The MYEFO is good news for our economy. It is good news for our budget. It is good news for our people.


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



INTRODUCTION

The purpose of the MYEFO Report, as prescribed in section 11 of the *Fiscal Responsibility Act* 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 2023 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 2023 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

The global economic recovery from the COVID-19 pandemic and Russia's invasion of Ukraine has slowed down as forces that hindered growth in 2022 persistently cloud the global growth prospects in 2023 and the near future.

The IMF has downgraded global growth to 3.0 per cent for 2023 in its July 2023 World Economic Outlook (WEO), 0.2 percentage point higher than its April estimates but remains weak by historical standards. The decline in global growth from 3.5 per cent in 2022 to 2023 continues to be driven by weaker growth in advanced economies while, growth in emerging markets and developing economies have remained broadly stable in 2022 and are expected to continue in 2023.

For *advanced economies*, the downturn in growth remains significant from 2.7 per cent in 2022 to 1.5 per cent in 2023. It has since been revised up slightly by 0.2 percentage points from April estimate due to a resilient consumption growth in the United States in the first quarter of 2023. This was supported by improvement in the services and tourism sector in the Euro area. However, the overall growth outlook remains tilted to the downside as 93.0 percent of advanced economies are projected to have lower growth in 2023.

Growth in China remains unchanged at 5.2 per cent for 2023 as modest improvement in consumption and export growth offset the downturn from investments amid the ongoing real estate downturn.

On the domestic front, PNG's 2023 non-resource economic growth has been revised up to 4.8 per cent in real terms, 0.2 per cent up from the 2023 Budget forecast. The non-resource sector is the focus of the Government's policies on lifting living standards as over 90.0 per cent of the population's livelihoods depend on this part of the economy. Similar to 2022, growth is expected to be supported by a continued 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 increased Government spending. In the resource sector, there is a reduction based on a substantial downgrade in the Mining and Quarrying and Oil and Gas sector (these two sectors account for 16.5 per cent and 16.9 per cent of GDP, respectively). Overall, this means GDP is down to 3.0 per cent in real term, 1.0 percentage point lower from the 2023 Budget forecast (4.0 per cent).

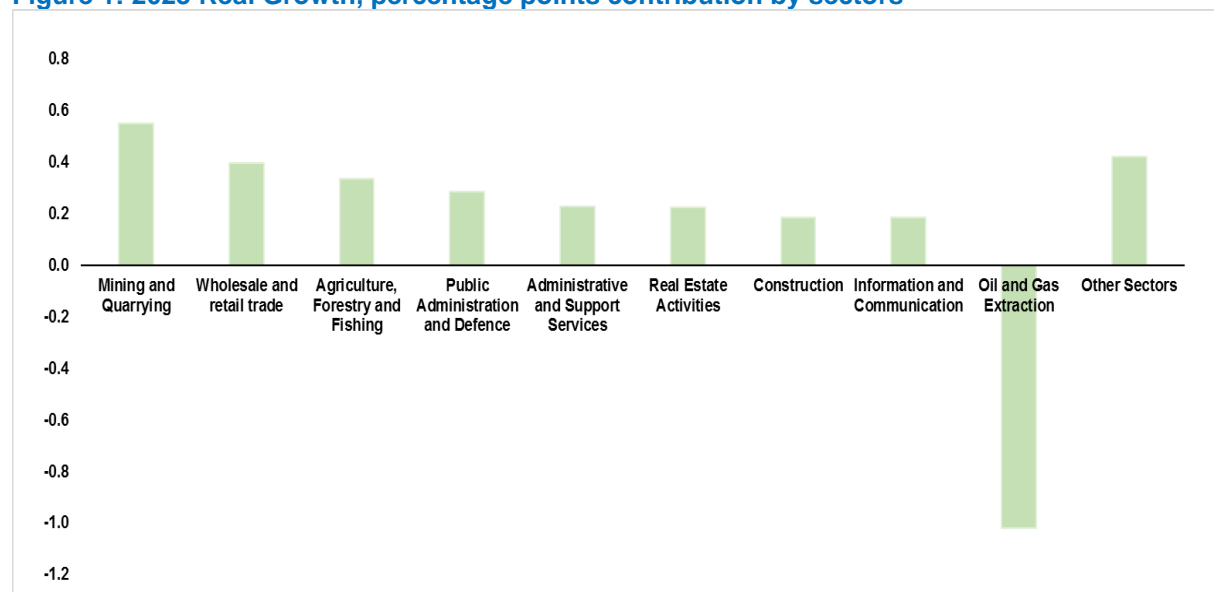
The Mining and Quarrying sector is projected to grow by 6.9 per cent, a downward revision of 16.5 percentage points from the 2023 Budget estimate of 23.4 per cent. This is attributed to delay with the Porgera mine resumption. In the 2023 Budget, Porgera was expected to resume operations in the second quarter of 2023. The MYEFO is now projecting the mine to reopen in the last quarter of 2023.

The Oil and Gas sector remains subdued although improved slightly from -7.2 per cent to - 5.5 per cent reflecting a slight increase in oil production, but overall the sector is projected to contract due to LNG and condensate production reverting to normal production after above capacity production in 2022. LNG production is set to drop to 409 tBtu in 2023 following a record production 442 tBtu recorded in 2022.

The AFF sector grew by 2.0 per cent in 2022 compared to the 2023 Budget estimate of 3.1 per cent, reflecting a scale down of production volumes for log across a range of agriculture commodities particularly:

- Round log exports are expected to decline by 16.4 per cent in 2023 due to issues with the real estate sector in China – global sub-tropical timber imports to China and Vietnam, by far PNG's largest customers, have dropped by 25.0 per cent this year. In addition, the increase round log duty is anticipated to reduce log production and exports in line with the policy goal of shifting round log exports to domestic downstream production (there are no taxes on timber products processed locally)
- palm oil production profile for 2023 is expected to decrease slightly by 0.9 per cent coming off the high production recorded in 2022, and in line with falling palm oil prices.

Figure 1: 2023 Real Growth, percentage points contribution by sectors



Source: Department of Treasury

On the monetary front, the Trade Weighted Index (TWI) increased slightly by 0.5 per cent reflecting the net appreciation of the Kina against major trading partner currencies, particularly against the Australian Dollar (AUD) by 4.0 per cent from AU\$0.4033 at end June 2022 to AU\$0.4197 at end June 2023, which more than offset the slight depreciation by 0.9 per cent against the US Dollar (USD).

Against the AUD, the Kina has appreciated through cross currency movements as the AUD weakened against the USD amid the tightening of monetary policy in US given the persistent interest rate hikes during the period. Against the USD, the Kina exchange rate has depreciated slightly reflecting the impacts of the sustained interest hikes in the US and the excess domestic demand for USD in the market amid the administrative intervention by the Bank of PNG to support the Kina against the USD and to control inflation.

Headline inflation is projected to be 5.5 per cent in 2023, slightly higher than the 2022 outcome of 5.3 per cent and lower than the 2023 Budget estimate of 5.7 per cent. This downward revision from the 2023 Budget largely reflects the impact of lower inflationary pressures from abroad including lower international oil prices and lower inflation rate for our major trading partner Australia. Much lower than anticipated quarterly consumer price index outcome reported by the NSO to under 2.0 per cent for the year to the end of the March quarter also contributed to the downward revision.

Fiscal Update

Table 1: MYEFO Outturn and Projected Outcomes for 2023 (Kina, million)

Details	2022 Actual	2023 Budget	2023 June Outturn	2023 MYEFO
Total Revenue & Grants	18,538.2	19,582.0	7,294.5	21,196.0
Total Expenditure & Net Lending	24,390.0	24,566.9	10,152.8	26,181.1
Net Lending (+)/Net Borrowing (-)	-5,851.8	-4,984.9	-2,858.3	-4,984.9
% of GDP	-5.4%	-4.4%	-2.5%	-4.4%
Cash Balance	355.6	0.0	735.5	0.0
Adjusted Net Lending (+) / Net Borrowing (-)	5,496.1	4,984.9	2,122.6	4,984.9
Total Public Debt Stock	53,679.9	58,664.8	55,802.6	58,664.8
Debt as a % of GDP	49.8%	51.9%	49.7%	52.2%
Nominal GDP (K'm)	107,807.3	113,108.2	112,283.5	112,283.5

Source: Department of Treasury

In the first half of the year, the Government spent K10,152.8 million or 41.3 per cent of the total Budget estimate of K24,566.9 million. The expenditure was financed by total revenue of K7,294.5 million or 37.3 per cent of the 2023 Budget estimate, and the remaining deficit of K2,858.3 million (2.5 per cent of GDP) was financed by net borrowing. Over the first half of 2023, the Government raised net financing of K2,122.6 million (1.9 per cent of GDP), with excess inflows from 2022 (carry-over balance) used to offset a portion of the cheque floats and transfers that were brought forward from 2022. The Government's stock of debt at mid-year stands at 49.7 per cent of GDP.

In 2023 MYEFO, the Government is estimating the fiscal deficit to remain at K4,984.9 million (or 4.4 per cent of GDP) as projected in the 2023 Budget. This mainly reflects better than expected increase in revenue and grants by K1,614.1 million to K21,196.1 million from the 2023 Budget estimate of K19,582.0 million, reflecting strong domestic economic growth and the strengthening of compliance activities. Revenues in 2023 are expected to be supported by economic growth (in both the mining and non-mining sector) and employment growth. The economic growth includes; higher government spending, injections to private sector credit growth and the tax and non-tax measures stipulated in the 2023 Budget.

The Government's debt stock in absolute terms, quantum is projected to remain unchanged at K58,664.8 million. However, as a per cent of GDP is expected to increase from 51.9 per cent to 52.2 per cent of GDP by year's end. This is largely attributed to the downward revision of the nominal GDP, and is still well within the *Fiscal Responsibility Act (FRA)* prescribed limit of 60.0 per cent.

In the first half of 2023, the Government raised K2,122.6 million in financing K1,926.1 million (in net terms) came from the domestic market predominately from the Treasury Bond issuances (net K1,259.6 million) and Treasury Bill issuances (net K707.4 million), with the difference relating to the net repayment of K40.9 million to domestic loans offsetting K196.5 million (in net terms) in borrowing from the external market.

The Government expects to cover the remaining MYEFO estimated financing requirement for 2023 from external budget support loans including USD100.0 million (K357.0 million) from World Bank Development Policy Operation, Australian Government budget support with discussions already underway, possible support from another bilateral donor, and funding under the IMF program. These budget support loans are expected to assist in financing Government's priority expenditures as well as to help alleviate the impact of the issue of foreign currency shortage in the country.

Revenues and Expenditures in 2023

The Total Revenue and Grants estimate for 2023 has been revised up by K1,614.1 million or 8.2 per cent to K21,196.1 million, compared to the 2023 Budget estimate of K19,582.0 million.

The increase is attributed to the estimated increase in the Company Income Tax (CIT) of K988.6 million, Mining and Petroleum Tax (MPT) of K683.8 million, Personal Income Tax (PIT) of K398.8 million, Import Excise by K99.7 million, Interest Withholding Tax (IWT) by K51.4 million and Dividend Withholding Tax by K25.9 million. The increase in these respective tax heads is likely to offset the downward revision of K300.8 million in Goods and Services Tax (GST) - driven by the increase in GST refunds of K386.8 million, K115.7 million in Excise Duty, K169.4 million in Export Tax and K25.9 million in Import Duty.

Tax Revenue for 2023 has been revised up to K16,513.8 million which is K1,614.1 million (10.8 per cent) higher than the 2023 Budget estimate and K60.3 million (0.4 per cent) higher than the 2022 Outcome. The Other Revenue category, which includes dividend collections, *Non-Tax Revenue Administration (NTRA) Act* (formerly PMMR receipts) and fees & charges, have been maintained at the 2023 Budget by K2,657.4 million. Donor Grants are maintained at the 2023 Budget estimates.

At the mid-year juncture, tax revenue collections were K7,253.7 million, 48.7 per cent of the 2023 Budget estimate. The year-to-date collections showed PIT collections of K1,842.3 million. PIT has increased by K398.8 million (11.3 per cent) from the budget estimate of K3,518.2 million. PIT is paid K300.0 million equally every month; therefore, it is expected to meet its Budget estimate by year-end. Favorable economic growth outlook and improved compliance efforts by IRC are some factors driving this increase.

The CIT projection has increased substantially by K988.6 million (41.3 per cent) from the 2023 Budget estimate of K2,394.5 million. However, the year-to-date collections (June outturn) only amounted to 40.8 per cent of the 2023 Budget estimate. While this is a low outcome, the upward revision from the budget reflects the pattern of tax instalments where CIT collections mainly occur in the second half of the year. In addition, the new corporate tax rate of 45.0 per cent on commercial Banks is expected to support collections.

The MPT projection has increased by K683.8 million (29.2 per cent) from the 2023 Budget estimate of K2,341.8 million due to higher collections in the first half of the year and higher LNG prices anticipated for the year.

The Dividend Withholding Tax (DWT) has increased by K25.9 million (6.1 per cent) from the 2023 Budget estimate of K426.9 million due to ongoing DWT payments from non-resident companies and individuals. The June Outturn is tracking well at 50.1 per cent against the 2023 Budget estimate.

Interest Withholding Tax (IWT) has increased by K51.4 million (30.7 per cent) from the budget estimate of K167.4 million. The June outturn performed well, with 69.1 per cent of the budget estimates collected. This positive trend reflects interest payments on Treasury Bills (T-Bills) and Treasury Bonds (T-Bonds), among other interest payments.

Non-Resident Insurers Interest Withholding Tax (NRIWT) estimate has been revised down by K3.0 million (29.3 per cent) from the 2023 Budget estimate of K10.2 million, considering the year-to-date collection trend for NRIWT. In the first six (6) months of 2023, the NRIWT collection amounted to 38.0 per cent of the 2023 Budget estimate.

Taxes on Goods and Services are estimated to fall by K331.5 million (6.6 per cent) to K4,683.9 million from the 2023 Budget estimate of K5,015.3 million. The estimated decrease is based on the June year-to-date collection trend at 46.6 per cent.

The Total Expenditure and Net Lending in the first half of the 2023 fiscal year amounted to K10,152.8 million or 9.0 per cent of GDP, which represents 41.3 per cent of the expenditure envelope of K24,566.9 million as appropriated in the 2023 Budget. The operational budget recorded an expenditure outcome of K6,916.9 million or 46.8 per cent compared to the 2023 Budget appropriation. The capital investment budget (including donor support grants¹ and concessional loans) recorded an expenditure outcome of K3,235.9 million or 33.0 per cent of the 2023 Budget appropriation.

Similar to last year, there is an expected overrun in Interest Costs of K272.8 million. The projected overrun is attributed to the sharp increase in international interest rates, with the SOFR, the main interest rate on our ADB and World Bank loans, increasing from 2.25 per cent on 21st September 2022 to 5.31 per cent on 27 July 2023, an increase of 136.0 per cent in under a year. Other operational components such as Goods and Services, Provincial Functional Grants, GST and Book Makers Transfers are in line with the 2023 Budget estimate. For the first time in a while, COE expenditure is projected to be within the budget estimate by end of the year. This suggests the Government's efforts to remove ghost workers from the payroll, and general better payroll management, as well as better budgeting, is having a positive impact.

In terms of the Capital Investment Budget (including donor grants and concessional loans), the 2023 June Outturn amounted to K3,235.9 million or 13.2 per cent against the 2023 Budget appropriation in the first half of the year. This includes domestically funded expenditures (GoPNG) (K2,191.8 million) and loan-funded expenditures (K377.6 million). Donor Grants in the development spending against the budget is driven by the grant information from donor agencies. At the time of this report, the full information was not available. The June Outturn for domestically funded capital investment (GoPNG) and Concessional Loan expenditure came in lower than the 2023 Budget estimate, reflective of the delay in implementation of some of the investment projects, especially in the rural communities. The development budget has been revised up slightly by K15.0 million despite the lower June Outturn to account for the outstanding SIPs from 2022 that were brought forward into 2023.

Two (2) additional adjustments are made to 2023 MYEFO expenditures, as shown in the second and third last rows of Table 12. First, due to new accounting rules, agreed with the IMF, PNG's budget deficit is based on changes between the opening and closing balances of GoPNG accounts. This is similar to private firms, where the incomes and expenditures during the year are to be matched to the differences between the firm's opening and closing bank balances. In the first six months of 2023, the balances in PNG's trust accounts fell by K341.7 million. This represents more money coming out of these accounts than going into these accounts in 2023, in part due to funds having been deposited in earlier years. Expenditure is now based on the net change in these accounts during the year, and the K341.7 million needs to be recognised as an expenditure. The MYEFO assumes this level of net change remains the same for the remainder of the year.

Even after recognising these cost pressures, there remains K463.7 million in increased revenues without matching forecast expenditure increases. These funds have been allocated to a "MYEFO Contingency Fund". Over coming months, the Government and Parliament will make decisions on how best to allocate these funds.

Hence, the Total Expenditure & Net Lending for 2023 is projected to increase to K26,181.1 million (an increase of K1,614.1 million or 6.6 per cent).

¹ Project support grants as reported by development partners to DNPM. Due to delays in donor expenditure reports coming through from the development partners at the time of this report, no data or expenditure is the 2023 MYEFO.

Financing

The 2023 total net borrowing requirement is budgeted at K4,984.9 million. The Government planned to finance this deficit through net external borrowing of K3,519.2 million and net domestic borrowing of K1,465.7 million.

Over the first half of 2023, the total net financing was K2,122.6 million, about 42.6 per cent of the 2023 Budget deficit financing. Of the K2,122.6 million, external financing catered for K196.5 million, while domestic financing covered the balance of K1,926.1 million. The deficit in the first half of the year was K2,858.3 million or 2.5 per cent of GDP, indicating that the net financing amount represents an under-financing of the deficit by K735.7 million, which was absorbed by the cash balances from 2022 that were brought forward into 2023.

The challenge for the Government in the second half of 2023 is to meet large debt repayments and service costs, such as the coupon payment of around K610.7 million and K863.7 million due in August and November. On a positive note, interest rates on Government securities have been declining since 2021 due to improved cashflow management and a more aggressive stance taken by the Treasury in setting the rates. There is still scope for the Government to push the rates down further by taking a tougher stance on its debt auctions, given the banking system is still bothered by the excess liquidity and low deposit rates. There is also a financing issue as the size of financing support under the IMF program is lower in 2023 than expected at the time of the 2023 budget by some K600.0 million.

1.2 ECONOMIC OUTLOOK

International Economic Outlook

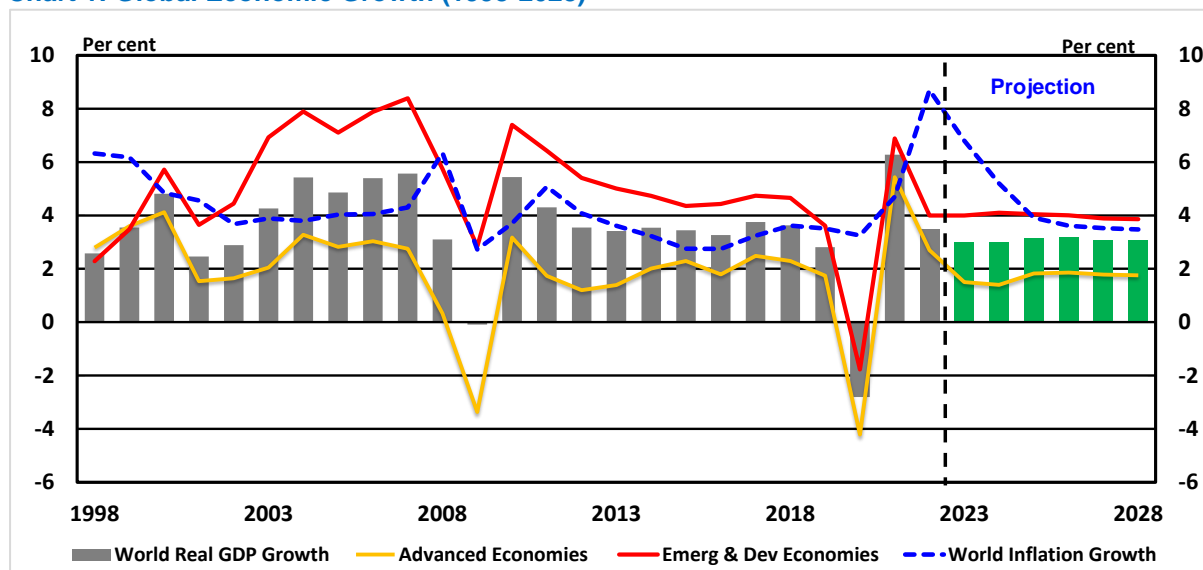
The global economic recovery from the COVID–19 pandemic and Russia’s invasion of Ukraine has slowed down as forces that hindered growth in 2022 continue to cloud the global growth prospects in 2023 and into the medium-term.

The World Health Organization no longer considers COVID-19 to be a global health emergency while the war related supply chain disruptions have largely recovered. However, inflation remains high and continues to erode household purchasing power. Policy tightening by central banks around the world in response to inflation has raised the cost of borrowing, thus limiting economic activity.

The global growth forecast as per the July 2023 World Economic Outlook (WEO) update expects growth to fall from 3.5 per cent in 2022 to 3.0 per cent in 2023 and 2024, which is modestly higher by 0.2 per cent than the April 2023 WEO but remains weak by historical standards. The decline in global growth from 2022 to 2023 continues to be driven by weaker growth in advanced economies due to a weaker manufacturing sector coupled with other distinctive factors specific to the respective countries. Growth in emerging markets and developing economies has remained broadly stable in 2022 and is expected to continue in 2023.

For advanced economies, the downturn in growth remains significant from 2.7 per cent in 2022 to 1.5 per cent in 2023 and further down to 1.4 per cent in 2024. The growth for 2023 has been revised up slightly by 0.2 percentage points from its April estimate due to resilient consumption growth in the United States in the first quarter of 2023 coupled with a stronger services and tourism sector in the Euro area. However, the overall growth outlook remains on the downside as 93.0 per cent of advanced economies are projected to have lower growth in 2023.

Chart 1: Global Economic Growth (1998-2028)

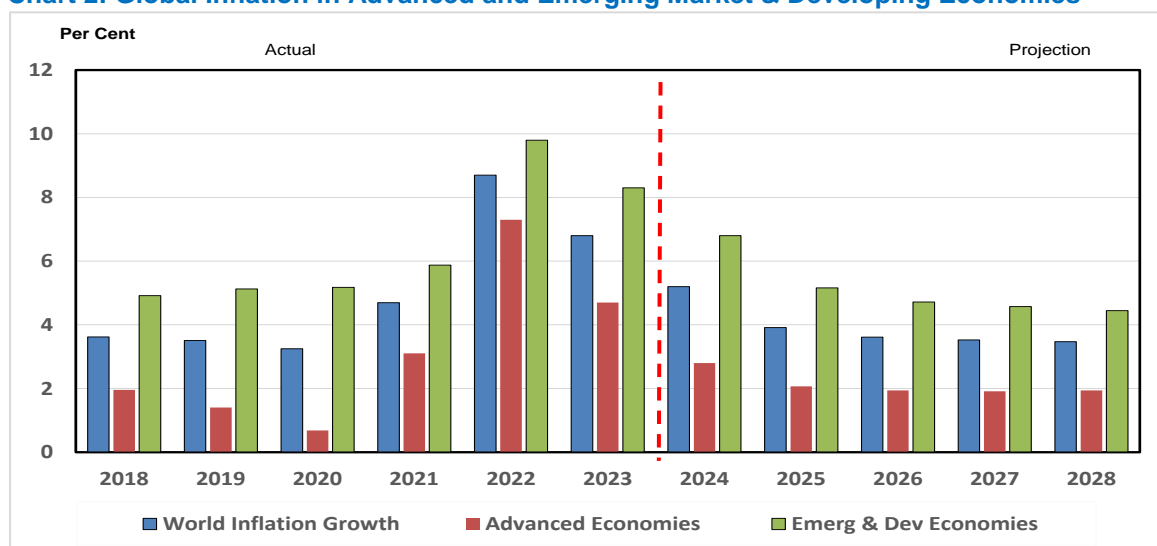


Source: IMF 2022 July World Economic Outlook (WEO) update

For *emerging market and developing economies* (EMDE's), growth is estimated to be generally stable at 4.0 per cent in 2023 and 4.1 per cent in 2024. However, the stable growth for the group also covers growth divergences in respective countries with some economies growing faster in 2023 while others grow more slowly.

Growth in China remains unchanged at 5.2 per cent for 2023 and 4.5 per cent for 2024 as modest improvements in consumption and export growth offset the downturn from investments amid the ongoing real estate downturn.

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 rate is expected to fall from 8.7 per cent in 2022 to 6.8 per cent in 2023 and 5.2 per cent in 2024 as projected in the April WEO. The 2023 global inflation forecast has been revised down by 0.2 percentage points, mainly reflecting subdued inflation in China.

Monetary policy tightening is expected to gradually ease inflation, but a central driver for the

projected slowdown in inflation for 2023 is declining international commodity prices. The pace of disinflation across countries is expected to vary, given their different exposures to commodity price movements, currency fluctuations and degrees of economic overheating.

Risks to the Outlook

Global inflation could be amplified again given the extreme weather conditions due to the advent of the El Nino weather phenomenon. This is expected to impact climates in the central and eastern Pacific, potentially leading to drought conditions, supply shortages and increased commodity prices. The lacklustre recovery and growth in China could ease global demand further as the world's largest consumer struggles with a deeper-than-expected contraction in its real estate sector coupled with weaker-than-expected consumption amid subdued consumer confidence and an unintended fiscal tightening. The persistence of the war in Ukraine could deepen geo-economic division, distort trade, and contribute to additional volatility in commodity prices for wheat, natural gas, and petroleum products.

Commodity Prices

Mineral and Petroleum Commodities

Prices of PNG's export commodities receded in 2023 from their historical highs in 2022, but they remained well above their pre-pandemic (2015-2019) average as developments across the globe continue to influence price trends. The supply chain disruptions caused by the war in Ukraine have slowed as supply response improves around the world while the repeated interest rate hikes, especially in the United States, made the dollar expensive for other currency holders, thus affecting the demand for commodities and prices as most of these commodities are denominated in US dollars. In addition, the slower than expected demand recovery in China (the largest importer of most commodities) has kept global demand and prices for most commodities weak except for gold.

Given these developments, the IMF's primary commodity price index (see Chart 3) has declined by 30.0 per cent between May 2021 and May 2023.

Against these backdrop, the MYEFO oil price assumption is revised down from US\$83.0 per barrel to **US\$75.0 per barrel**.

Petroleum

Oil prices have retreated from 2022 highs and have averaged around US\$75.0 per barrel during the first half of 2023. Prices as of 30th June 2023 were 26.3 per cent below 2022 prices for the same period. The persistent uncertainty surrounding the global economic growth prospects together with the unceasing interest rate hikes, especially in the United States has remained a challenge for the oil market, thus placing downward pressure on oil demand and price.

Demand has remained mixed during the first half of 2023 as the economic recovery in China (the biggest consumer) turned out slower than expected, coupled with a stronger dollar due to the continuous interest rate hikes. Prices had reached a peak for the period in mid – April 2023 when the Organisation of Petroleum Exporting Countries (OPEC) surprised the market with a production cut. However, gains were short-lived as concerns of weaker than expected demand more than offset those gains.

On the supply side, the war related supply shock and export sanctions from Western importers on Russia in 2022 have improved as Russia diverted its oil exports to non – sanctioned destinations in Asia and Africa. This has kept global supply well above the 2022 levels thus keeping a lid on prices to date.

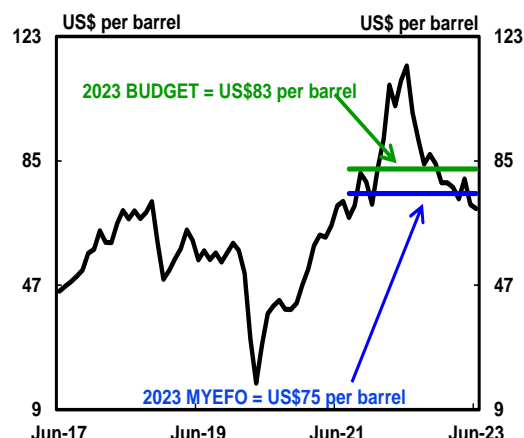
Therefore, the 2023 MYEFO price assumption assumes oil price to average around **US\$75.0 per barrel** by taking into consideration the above market sentiments and analysis.

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 on long-term contracts, which links the price of LNG to the price of oil (commonly the Japanese customs-cleared crude oil), and is typically lagging by three (3) to six (6) months. As such, the oil price is used as a good indicator on which to base LNG prices assumptions.

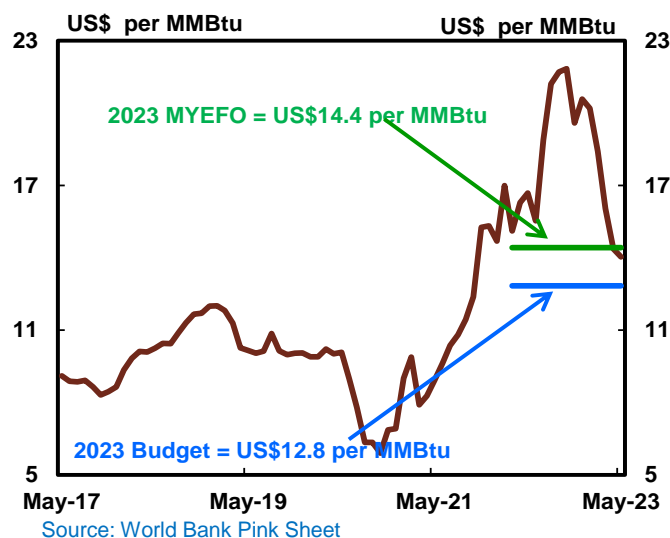
In 2023, LNG prices have moderated during the first six (6) months from its record highs in 2022 despite the trade sanctions imposed on Russian exports. LNG prices in the Asian markets have tumbled to their lowest level in more than two years due to weak downstream demand and high supply levels. In addition, a positive supply prospect in Northeast Asia has also remained bearish for prices during the period.

LNG prices in the European market have also declined during the first half of 2023 despite Russia's supply restrictions. Most LNG consuming countries in the region have executed plans to improve LNG supply through new trade deals, construction of new offloading terminals and encouraging gas saving practises in order to reduce reliance on Russian gas.

However, the current oil price trend is resilient and is anticipated to not subside sooner, with year-to-date price trending 30.0 per cent above the 2023 Budget estimate and 4.0 per cent above the 2022 levels for the corresponding period. Regardless of the improved supply prospects and the expected weak market demand, the outlook remains somewhat positive for LNG futures prices with the onset of winter in the northern hemisphere and a decline in supplies in the United States.

Considering these developments, the LNG price estimate for 2023 has been revised by an increase 4.7 per cent to **US\$14.4 per MMBtu** for the 2023 MYEFO price assumption from US\$12.8 per MMBtu at Budget.

Chart 5: Liquefied Natural Gas (LNG) Price



Copper

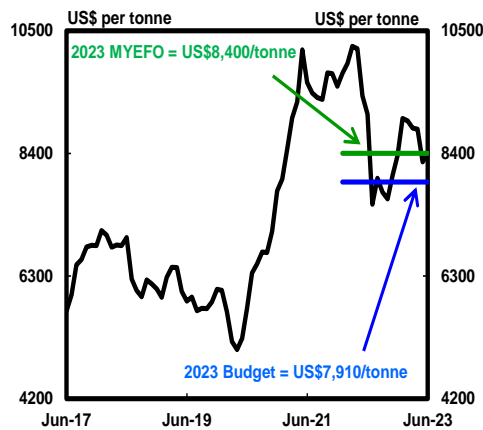
The copper prices remain high compared to the budget estimates for the first half of 2023 but declined by 11.0 per cent compared to the corresponding period in 2022. Copper prices at the end of June 2023 averaged around US\$8,702.0 per tonne, or 9.0 per cent higher than the 2022 Budget estimate, as demand from China (the largest consumer) showed promising signs of recovery following its recent COVID-19 lockdown in 2022. However, copper prices have slowed during the second quarter of 2023 as the expected demand recovery from China turned out more sluggish than previously anticipated. A stronger dollar discouraged copper buyers from holding other currencies amid the continuous interest rate hikes in the U.S which, weighed on prices.

Copper supplies have also gained momentum as more improved supply prospects emerged in major producing countries especially Chile, Peru and the Democratic Republic of Congo, which, kept prices lower than expected.

Copper demand could improve and support prices in the coming months if the sentiments surrounding the Chinese stimulus package for the property sector materialises, coupled with fresh production cuts from copper producing nations due to social and politically related disruptions to production. Otherwise, prices going forward are expected to decline further but will average above its 2023 Budget estimate of US\$7,910.0 per tonne and remain below the 2022 outcome of US\$8,819.0 per tonne.

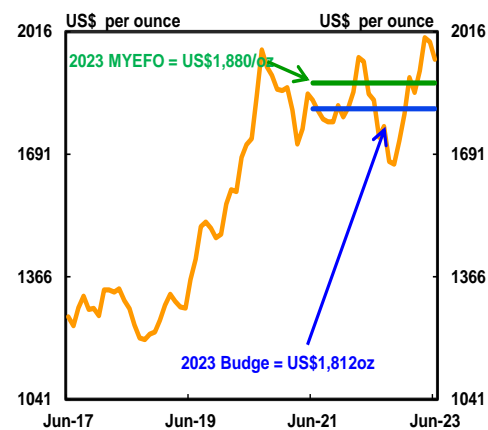
Therefore, the 2023 MYEFO copper price assumption is expected to average around **US\$8,400.0 per tonne** to accommodate all these market developments.

Chart 6: Copper Price



Source: IMF and London Metal Exchange

Chart 7: Gold Price



Source: IMF and Bank of England

Gold

The gold prices have been resilient during the period - driven mainly by safe haven demand as recession sentiments shadowed the global economic growth prospects while several opposing interest rate hikes made the dollar stronger and more attractive for investor demand. Developments, including the COVID-19 outbreak in China in 2022, the Russia-Ukraine war and the ongoing inflationary pressures have boosted the safe haven demand for gold, which kept gold prices afloat above its Budget estimate and the 2022 price levels for the same period.

After reaching a peak of US\$2,050.0 per ounce in May, gold has subsided slightly against the stronger dollar making gold expensive for other currency holders thus keeping investors in a very cautious space about investing in the metal.

Gold prices are expected to be supported by the escalation of the Russia-Ukraine war, persistent higher inflation, geopolitical tensions across regions, and another potential COVID-19 outbreak in China and across the globe. The rally in gold prices is expected to persist until some confidence returns to the market.

However, the strengthening U.S dollar amid fresh interest rate hikes in the near future, has a downside risk for gold prices as rising U.S interest rates could increase the opportunity cost of holding non-yielding bullion, thus keeping investor demand away from the yellow metal.

Therefore, the gold price assumption in the 2023 MYEFO has been cautiously increased above its Budget estimate and to average around **US\$1,880.0 per ounce** in 2023.

Mineral and Petroleum Budget Assumptions

Considering the developments in the world market for mineral and petroleum commodity markets prices, the 2023 MYEFO assumptions for PNG's key mineral and petroleum exports have been revised². The copper price assumption for the Budget of US\$7,910.0 per tonne (see Chart 6) has been revised up to US\$8,400.0 per tonne. The LNG price assumption for the Budget of US\$12.8 per MMBtu (see chart 5) has been revised up to US\$14.4 per MMBtu. The oil price assumption for the Budget of US\$83.9 per barrel has been revised down to US\$75.0 per barrel (see Chart 5). The gold price has been revised slightly up to US\$1,880.0 per ounce from the Budget assumption of US\$1,812.0 per ounce (see Chart 7).

²The 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.

Agriculture Commodities

Coffee

In the first six (6) months of 2023, coffee prices dropped by 5.5 per cent below its 2023 Budget estimate of US\$5,440.0 per tonne and 24.5 per cent below the prices for the corresponding period in 2022.

The fall in coffee prices during the first six (6) months of 2023, reflects a bumper harvest from Brazil (world's top producer) due to favourable weather conditions. The price movements during this period mirrored currency movements especially the Brazilian Real against the US Dollar coupled with weather forecasts of a possible El Nino season in the coming months.

Movements in the Brazilian Real against other currencies especially the US Dollar has indicated supportive signs for coffee prices. The stronger Brazilian Real discourages export selling by Brazil coffee producers which will further reduce supply in the global market.

Another major factor for coffee prices is the expected El Nino weather event, which could undercut global coffee production. The US Climate Prediction Centre reported that a possible El Nino pattern has been confirmed across the Pacific Ocean region, which normally brings heavy rains to Brazil and drought to India thus negatively affecting coffee production.

Considering these developments, the 2023 MYEFO coffee price assumption is expected to average around **US\$4754.0 per tonne in 2023.**

Cocoa

Over the year to June 2022, cocoa prices have averaged around 20.7 per cent above 2023 Budget estimates of US\$2,298.0 per tonne and 13.8 per cent above the 2022 prices for the corresponding period.

Cocoa prices have jumped to record 46-year highs due to supply shortages as unfavorable weather conditions threatened cocoa production in the Ivory Coast and Ghana which are the two largest cocoa producers in the world.

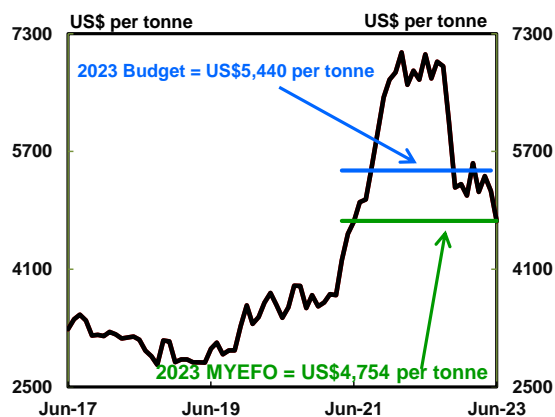
Prices have been rising due to a tight market for cocoa beans as arrivals of cocoa at Ivory Coast ports for export fell by 5.0 per cent during the period. The International Cocoa Organization (ICCO) has also increased its global cocoa supply shortfall due to the drop in global production. In addition, the stocks to use ratio, an indicator for cocoa availability in the market, is expected to fall to 32.2 per cent, the lowest since the 1984-1985 season.

Furthermore, production prospects for the next crop season in October remain gloomy as above-average rains in the Ivory Coast have caused flooding in some cocoa fields. The rain has also hurt the drying process for cocoa beans that have already been collected for processing.

Prices have also soared due to persistent supply and demand imbalances in the market. The ongoing supply shortfall cannot accommodate the booming demand from major chocolate manufacturers and consumers from the growing middle class in Asian countries such as China and Indonesia.

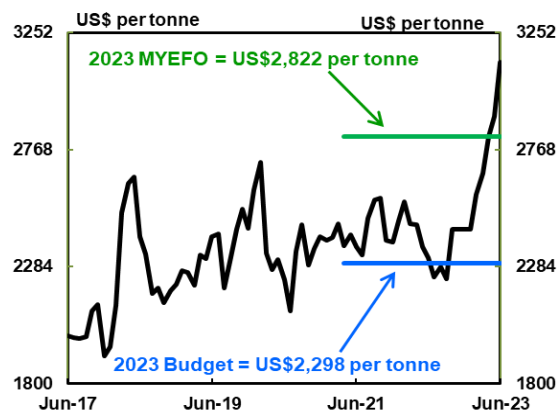
Given these developments and the price trend to date, the cocoa price is expected to average around **US\$2,822.0 per tonne in 2023.**

Chart 8: Coffee Price



Source: International Coffee Organisation

Chart 9: Cocoa Price



Source: International Cocoa Organisation

Palm Oil

Palm Oil prices have been on a downward trend during the first half of 2023 mainly due to improved production from Indonesia and Malaysia – the two (2) largest producers in the world. However, prices have shown slight improvements during the period due to higher Indonesian export levy and stronger Malaysian Ringgit but gains were limited by higher exports.

Over the year to June 2023, the average year-to-date price is 5.2 per cent below the 2023 Budget estimate of US\$893.0 per tonne and 38.7 per cent below the prices for the same period last year.

Palm oil prices are expected to weaken further in the coming months as output is expected to increase steadily coupled with increased supply of other competing vegetable oils. In addition, the Ringgit – Malaysian palm's currency of trade has remained weak against the Dollar for most of the period and is expected to fluctuate on the downside in coming months. This could make palm oil cheaper for buyers holding foreign currencies, thus resulting in lower prices. In addition, further escalation of the Russia-Ukraine war and its likely impact on sunflower seed oil supply remains a key upside risk to lower price expectations in the coming months.

Weather forecasters also believe the El Nino weather pattern could develop during the second half of 2023, which could improve output of soybean oil, palm oil's key substitute, and discourage global vegetable oil prices. El Nino has historically been associated with weak Palm Oil prices, and prices dropped to an average of around US\$535.0 per tonne in 2018–2019.

Considering these developments, palm oil prices are expected to average around **US\$827.0 per tonne in 2023**, which is below the budget estimate.

Coconut Oil

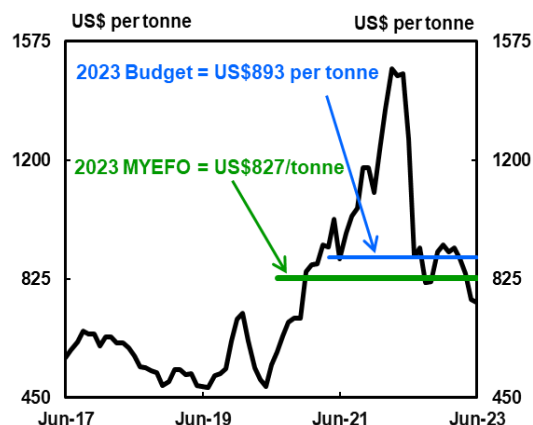
Over the year to June 2023, the average coconut oil price was 32.6 per cent below the budget estimate of US\$1,585.0 per tonne and 46.6 per cent below the 2022 prices for the same period.

Coconut oil prices varied during the first half of 2023 across different major global markets, due to fluctuating market dynamics. However, prices have settled mostly to the downside due to continuous oversupply in the market coupled with a lacklustre demand amid the ongoing inflation surge and the related interest rate hikes.

Reports have confirmed that there is still a sizable amount of supply stockpiles in the market. This is more than enough to cater for the weak global demand. Household demand remains stable especially from the pharmaceutical and cosmetics industries as supply is expected to improve in the coming months.

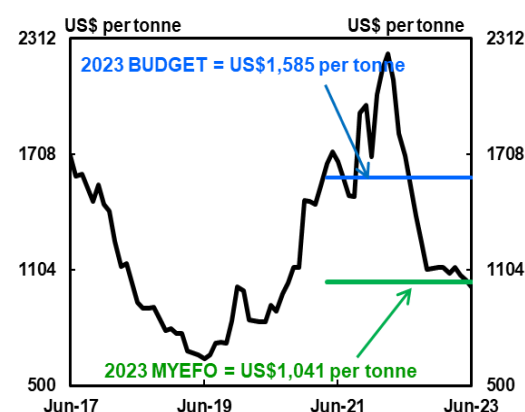
Considering these developments, coconut oil price is expected to average around **US\$1,041.0 per tonne in 2023**.

Chart 10: Palm Oil Price



Source: Malaysia Palm Oil Council

Chart 11: Copra Oil Price



Source: Index Mundi

Exchange Rate Developments

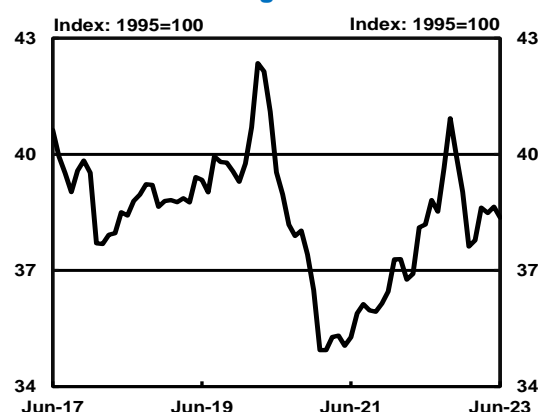
The PNG Kina has remained stronger against major trading partner currencies over the first six months of 2023 compared to the same period in 2022. The Trade Weighted Index (TWI) increased slightly by 0.5 per cent, reflecting the net appreciation of the Kina against major trading partner currencies, particularly against the Australian Dollar (AUD) despite a trivial depreciation against the United States Dollar (USD) during that period.

Over the same period, the Kina has appreciated against most of other key trading currencies, including the Chinese Yuan (+6.6 per cent), Japanese Yen (+9.3 per cent), and Malaysian Ringgit (+4.0 per cent), while it depreciated against the USD (-0.3 per cent) and the Singaporean Dollar (-2.3 per cent).

The slight depreciation of the Kina against the U.S Dollar was observed since May 2023, where the nominal daily rates fell from US\$0.2840 at June 2022 to US\$0.2814 at June 2023, a depreciation of 0.9 per cent. While the Bank of PNG (BPNG) is yet to release a statement on this, two (2) possible drivers include the stronger USD globally and the administrative intervention by the BPNG in the foreign exchange market.

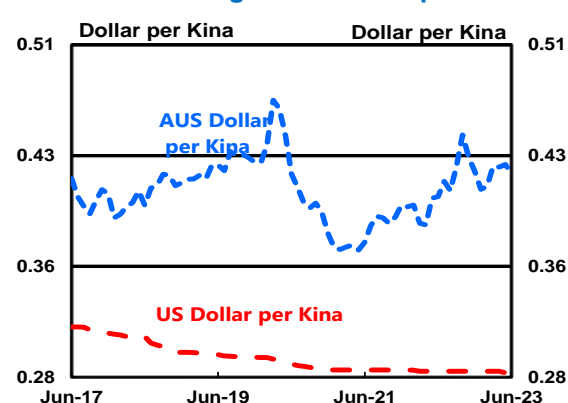
Against the AUD, the Kina has appreciated by 4.0 per cent from AU\$0.4033 at the end of June 2022 to AU\$0.4197 at the end of June 2023. The appreciation of the Kina against the AUD is due to cross currency movements as the AUD weakened against a stronger USD amid the persistent interest rate hikes in the US.

Chart 12: Trade Weighted Index



Source: Bank of PNG

Chart 13: Exchange Rate Developments



Source: Bank of PNG

Domestic Economic Outlook

Summary of Developments in 2022 and Outlook

Following a modest growth in 2021, the PNG economy is estimated to have grown by 4.3 per cent in 2022, supported by broad based recovery after two-years of the COVID- 19 induced challenges. The main driver of this strong growth is the non-resource sector which is estimated to have grown by 4.6 per cent in 2022, driven by the restoration of normal economic activities following the pandemic, higher commodity prices and increased Government spending in the economy, especially the 2022 election related spending. The resource sector is estimated to have grown by 3.7 per cent in 2022 at the back of full year production from the Ok Tedi and Lihir mines and above capacity production from Exxon Mobil.

In 2023, the economy is projected to grow at a moderate rate of 3.0 per cent, a downward revision of 1.0 percentage point from the 2023 Budget projection of 4.0 per cent. This is largely underpinned by the downward revision in the resource sector due to uncertainties around the Porgera mine reopening and the downward revision of the PNG LNG production forecast after record production in 2022. Growth, however, is expected to be supported by a robust non- resource sector growth of 4.8 per cent supported by the BLS sectors despite a downgrade in the AFF sector. The stronger growth reflects increased government spending especially on connect PNG initiatives, and increased mobility, coupled with strong business sentiments despite the ongoing forex issues

2022 Economic Update

The PNG economy grew in real terms by 4.3 per cent in 2022, down from the 2023 Budget estimate of 4.6 per cent. The slower than anticipated growth is mainly attributed to the downgrade in the resource sector, particularly the mining and quarrying sector, despite a strong performance in the oil and gas sector and the non-mining sectors.

The Mining and Quarrying sector is estimated to have grown by 8.8 per cent in real terms compared to the 13.5 per cent growth estimated in the 2023 Budget. The downward revision is underpinned by lower than anticipated gold and copper output from the major mines particularly the Ok Tedi mine, due to mining of low-grade areas and major maintenance activity at the Lihir mine, which resulted in lower autoclave availabilities and unplanned downtime.

The Oil and Gas sector is estimated to have grown by 1.6 per cent compared to a growth of 1.4 per cent estimated at budget and is due to increased LNG and condensate output than initially anticipated. LNG and condensate output have increased by 1.1 per cent and

5.0 per cent respectively compared to the production estimates provided at Budget. These more than offset the lower oil output, reflecting the natural decline of maturing oil fields.

The non-resource sector is estimated to have grown by 4.6 per cent, slightly higher than the 2023 Budget estimate of 4.5 per cent. The strong growth is underpinned by the increased activities in the Agriculture, Forestry and Fishery (AFF), wholesale and retail trade, and public administration and defense sectors. The AFF sector in 2022 rebounded strongly from the pandemic, supported by the easing of travel restrictions and favorable commodity prices, which resulted to increased production for coffee, cocoa, palm oil and copra. Some of the key events underpinning the growth of the AFF sector include:

- Coffee production increased by 13.2 per cent from 785,000.0 bags in 2021 to 889,000.0 bags in 2022;
- Palm oil production increased by 3.4 per cent, supported by higher international prices;
- Copra production increased by 3.6 per cent, due to higher prices; and
- Cocoa production increased by 9.4 per cent, attributed to higher prices.

The wholesale and retail sectors are estimated to have grown by 8.0 per cent, up from 7.0 per cent estimated at Budget. GST collection in this sector increased by 23.3 per cent in 2022 and 12.2 per cent in 2021 indicating a stronger recovery from COVID-19 pandemic. Likewise, the public administration and defence sectors are estimated to have grown by 6.0 per cent, up from the Budget estimate of 5.0 per cent. The Construction sector is estimated to grow by 3.0 per cent and real estate is estimated to grow by 2.5 per cent. Growth in these sectors benefited from increased government spending on major infrastructure (ports and roads), election related spending, and on support package to address inflationary pressures including tuition-free education, exemption of GST and excise duty on fuel products and tax relief.

Overall, growth in 2022 has rebounded strongly from the modest growth of 0.1 per cent recorded in 2021 to 4.3 per cent supported by a broad-based recovery reflecting normalising of economic activity after the pandemic, higher global commodity prices, higher resource production and higher government spending in the economy.

2023 Economic Outlook

In 2023, the PNG non-resource economic growth has been revised up to 4.8 per cent in real terms, 0.2 per cent up from the 2023 Budget forecast. The non-resource sector is the focus of the Government's policies on lifting living standards as over 90.0 per cent of the population's livelihoods depend on this part of the economy. Similar to 2022, growth is expected to be supported by a continued 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 increased government spending. In the resource sector, there is a reduction based on a substantial downgrade in the mining and quarrying and oil and gas sector (these two sectors accounts for 16.5 per cent and 16.9 per cent of GDP, respectively). Overall, this means GDP is expected to grow at 3.0 per cent in real terms, a downward revision of 1.0 percentage point against the 2023 Budget estimate of 4.0 per cent. The downward revision reflects a downgrade in the resources sector due to further delays around the Porgera mine reopening and the downward revision of the PNG LNG production forecast, despite a rebound anticipated from the non-resource sectors.

The Mining and Quarrying sector is projected to grow by 6.9 per cent, a downward revision of 16.5 percentage points from the 2023 Budget estimate of 23.4 per cent. This is attributed to further delay with the reopening of the Porgera mine. In the 2023 Budget, Porgera was expected to resume operations in the second quarter of 2023. Treasury is now projecting the mine to reopen in the last quarter of 2023.

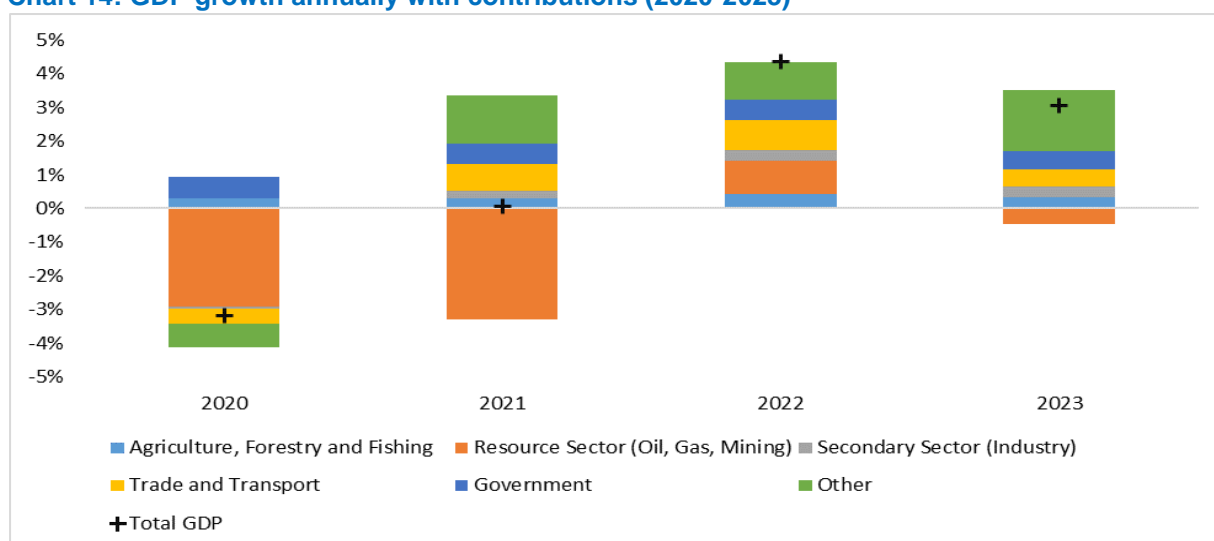
Growth in the oil and gas sector has been revised up to -5.5 per cent from -7.2 percent at Budget reflecting a slight increase in oil production, but overall the sector is projected to contract due to LNG and condensate production reverting to normal production after a historic above capacity production in 2022. LNG production is set to drop by around 8.1 per cent in 2023 compared to the 2022 outcome.

The Agriculture Forestry and Fishery (AFF) sector is estimated to grow by 2.0 per cent in 2023 compared to the 2023 Budget estimate of 3.1 per cent, reflecting a scale down of production volumes for log among a range of agricultural commodities particularly:

- Round log exports are expected to decline by 16.4 per cent in 2023 primarily due to issues with the real estate sector in China – global sub-tropical timber imports to China and Vietnam, by far PNG's largest customers, have dropped by 25.0 per cent this year. In addition, the increase round log duty is anticipated to reduce log production and exports in line with the policy goal of shifting round log exports to domestic downstream production (there are no taxes on timber products processed locally)
- Palm oil production profile for 2023 is expected to decrease slightly by 0.9 per cent coming off from high production recorded in 2022, and in line with falling palm oil price.

However, higher production from cocoa and coffee offset the decline in palm oil and log, as a result of replanting programs in the cocoa industry and coffee picked up after election related disruption to coffee farming. Cocoa and coffee also continue to benefit from the Government's Freight Subsidy Scheme and Price Support Program.

Chart 14: GDP growth annually with contributions (2020-2023)

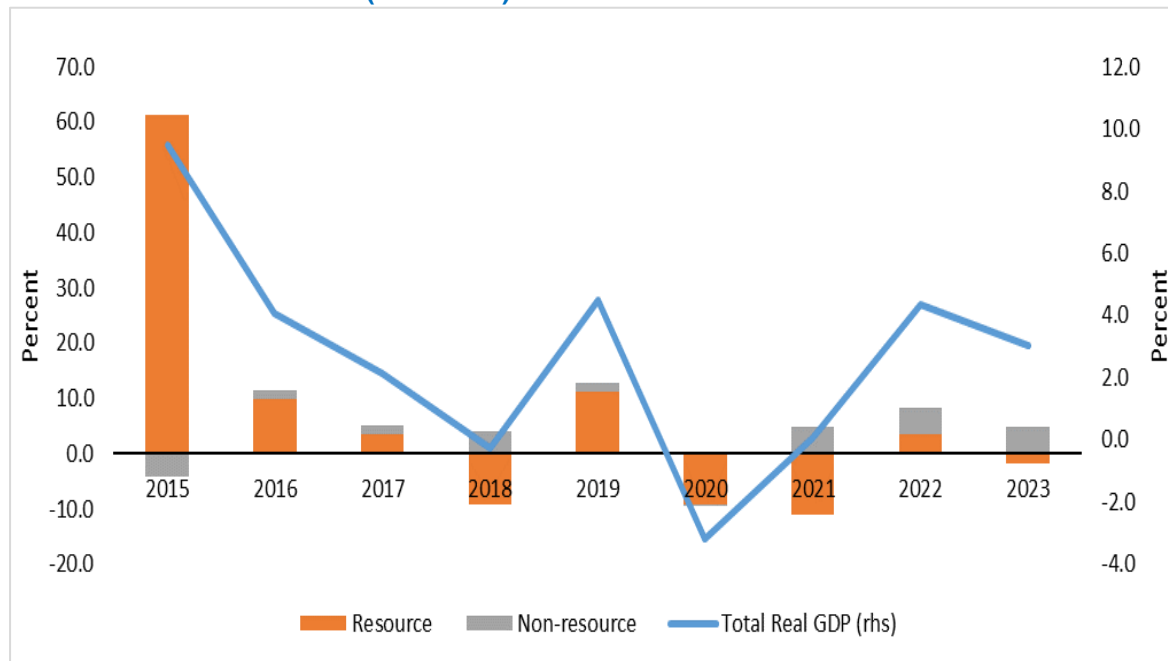


Source: NSO and Department of Treasury

Note: Secondary Sector includes manufacturing, electricity gas air conditioning, water supply & waste management and construction. Government sector include public administration & defence, education and health & social work activities. Trade and Transport (wholesale & retail trade and Transport & Storage)

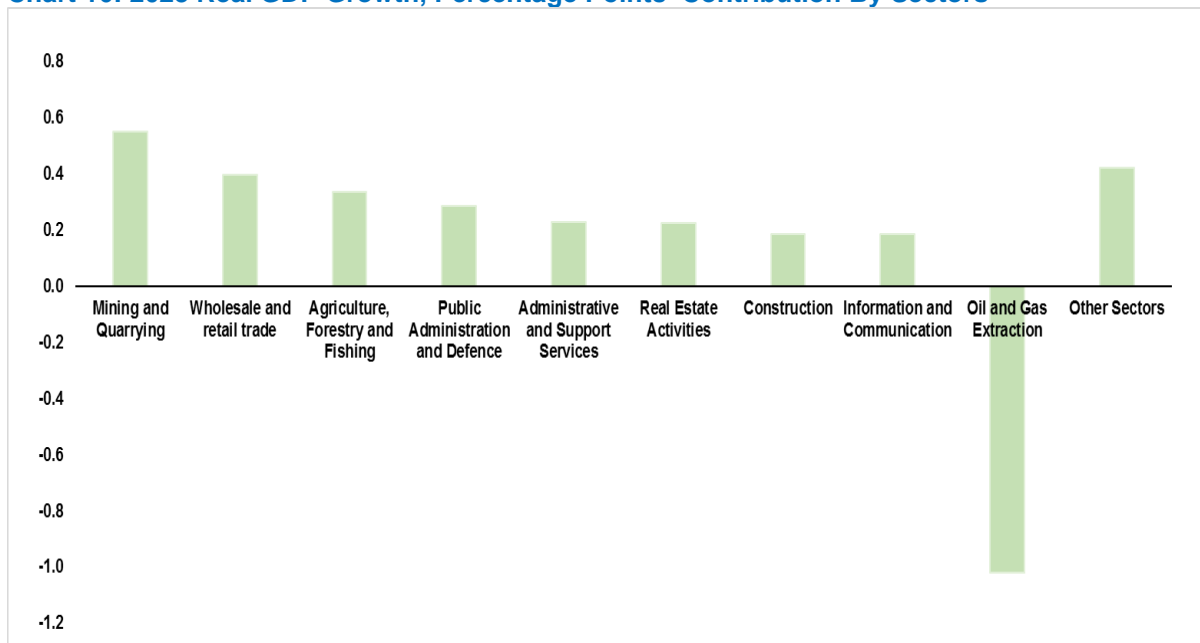
Overall, growth in the non-resource sector is projected to have grown by 4.8 per cent, up from 4.6 per cent estimated in the budget, supported by AFF sector (higher cocoa and coffee production) and the Business Liaison Sectors (BLS) sector particularly Retail & Wholesale Trade (4.0 per cent), Administrative & Support Services (3.0 per cent), Real Estate (3.8 per cent), Public Administration & Defence (5.0 per cent) and Construction (3.0 per cent), reflecting increased Government spending and increased mobility. The BLS sector growth, however, is still constrained by the forex issues affecting new investment and employment in these sectors.

Chart 15: Economic Growth (2015-2023)



Source: NSO and Department of Treasury

Chart 16: 2023 Real GDP Growth, Percentage Points' Contribution By Sectors



Source: Department of Treasury

Table 2: Key Economic Parameters 2023

	2023 Budget	2023 MYEFO
Nominal GDP (K'million)	113108.2	112283.5
Economic Growth		
Total Real GDP (%)	4.0	3.0
Non-mining Real GDP (%)	4.6	4.8
Inflation		
Average on Average (%)	5.7	5.5
Exchange rate		
Real Exchange Rate Index (2010 = 100)	133.8	133.8
Interest rate		
Kina Rate Facility (KFR)	3.25	3.50
Inscribed Stock (3 year yield)	6.0	4.7
Agriculture Prices		
Coffee (US\$ per tonne)	5440	4754
Palm Oil (US\$ per tonne)	893	827
Cocoa (US\$ per tonne)	2298	2822
Copra Oil (US\$ per tonne)	1585	1041
Mineral Prices		
Gold (US\$/oz)	1812	1880
Copper (US\$/ton)	7910	8400
Oil (Kutubu Crude: US\$/barrel)	83	75
LNG (US\$ per thousand cubic feet)	12.8	14.4
Condensate (US\$/barrel)	83	75
Nickel (US\$/tonne)	17602	19717
Cobalt (US\$/tonne)	43355	32859

Source: Department of Treasury

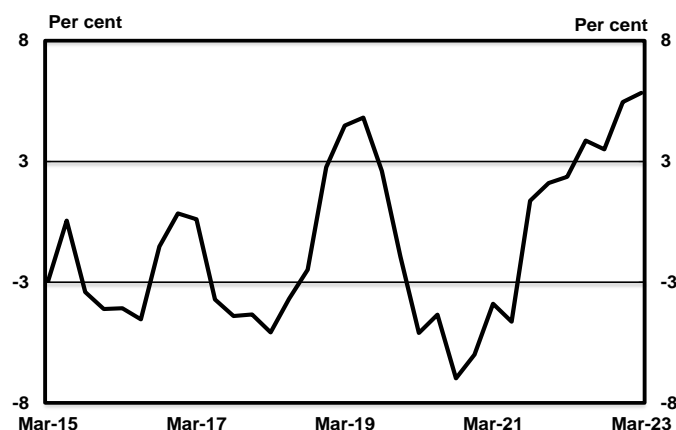
Employment Update

Total employment in the formal private sector in March quarter 2023 improved strongly by 5.3 per cent driven by an increase in the mining and non-mining employment growth. According to BPNG's 2023 March quarter employment statistics, mining sector employment grew by 16.8 per cent and the non-mining sector employment grew by 5.4 per cent through the year to March 2023. The increase in non-mining employment is largely driven by stronger employment growth in the Transportation (up 15.4 per cent) and agriculture, forestry and fishery sector (up 16.9 per cent).

The growth in employment was also seen in the building and construction sector (up 0.4 per cent), while the retail sector recorded a negative growth of 5.0 per cent.

The decline in retail sector employment was driven by weak sales activity. Businesses in the retail sector experienced declined sales activities towards the second half of 2022 and early 2023, eventually leading to negative growth in the retail sector. The decline was associated with lower demand for food and general merchandise goods, chemicals and heavy equipment. Generally, cash flow was low, especially in the first quarter of 2023 which led to weak sales activity.

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



Source: Bank of PNG

The decline in employment growth was also seen in the manufacturing sector (down 3.2 per cent) and financial and business services sector (down 0.5 per cent).

Inflation Update

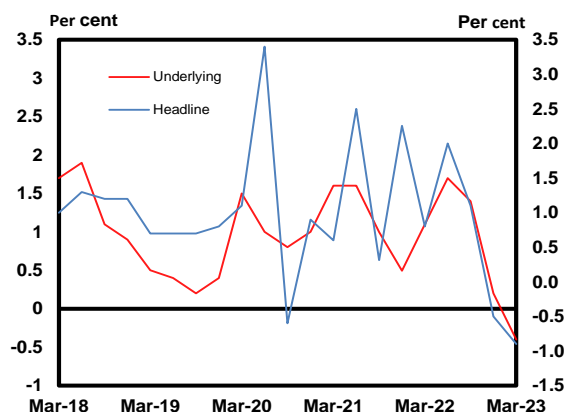
2022 Inflation Outcome

Inflation averaged at 5.3 per cent in 2022, but year-on-year it stood at 3.4 per cent in December 2022. Excluding the prices of seasonal and control items, underlying inflation was 4.7 per cent. Inflation was primarily driven by the surge in food and non-alcoholic beverage prices, reflecting higher prices for oils and fats, led by cooking oil, which increased substantially by 35.6 per cent, reflecting the Ukraine-Russian war. Transportation costs increased by 10.3 per cent in the year to December. This was driven mainly by a 26.6 per cent increase in fares owing to the surge in fuel prices due to a hike in oil price triggered by the Ukraine-Russia war. However, the decline in alcoholic beverages, tobacco and betel-nut group and education partially offset some of the inflationary pressures. The decline in alcoholic beverages, tobacco and betel nut group mainly came from tobacco which declined by 9.7 per cent. Education declined by 13.0 per cent reflecting the introduction of Government Tuition Fee Subsidy (GTFS) program in public schools.

2023 Inflation Update

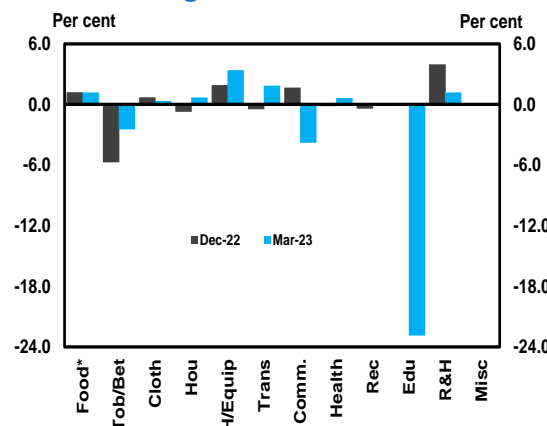
The headline inflation outcome in the March quarter of 2023 declined by 0.9 per cent, down from the 0.5 per cent recorded in the December quarter of 2022 (see Chart 18). The decline in the headline inflation during the period is attributed to the decrease in prices of expenditure items mainly; Education (down 22.9 per cent), Communication (down 3.8 per cent) and Alcoholic Beverages, Tobacco and Betel-Nut (down 2.5 per cent). The decline in the headline CPI was partially offset by increases in prices of Food and Non-Alcoholic Beverages (up 1.2 per cent), Transport (up 1.9 per cent), Household equipment (up 3.4 per cent) and Housing (up 0.7 per cent). By regions, prices fell in Lae by 3.5 per cent, Goroka-Mt Hagen-Madang at 1.8 per cent and Port Moresby at 0.7 per cent while prices in Alotau-Kimbe-Kokopo rose by 2.5 per cent. (see Chart 19).

**Chart 18: Headline and Underlying Inflation-
March Quarter 2023**



Source: National Statistical Office

**Chart 19: Expenditure Basket – March
Quarter 2023 growth**



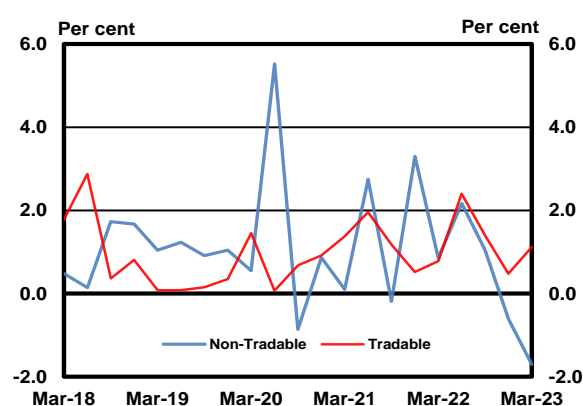
Source: National Statistical Office

The underlying measure of inflation that excludes seasonal and price-controlled items decreased by 0.7 per cent in the March quarter, compared to 0.2 per cent recorded in the previous quarter (see Chart 18). Between March 2022 and March 2023, underlying inflation rose by 0.8 per cent, reversing the upward trajectory seen in the last twelve (12) months.

Imported inflation increased by 1.1 per cent in the March quarter of 2023, compared to 0.5 per cent in the previous quarter. Prices have increased for many imported items namely: Fuel and Lubricants (6.6 per cent), Household Maintenance Goods (6.2 per cent), Alcoholic Beverages (3.4 per cent), Cooking (3.3 per cent), Transport Operations (2.2 per cent), Households Appliances (2.1 per cent), Sugar and Confectionary (1.9 per cent) and Dairy Products (1.8 per cent). These more than offset decrease in the prices of other imported items.

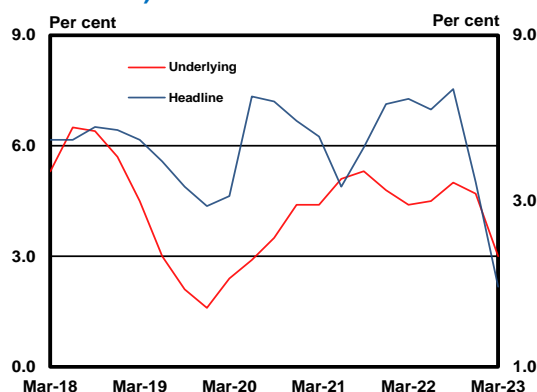
Over the past twelve (12) months (March 2022 to March 2023), imported inflation grew at 5.5 per cent compared to 4.5 per cent in the previous year (see Chart 20). Price increases were recorded for imported items, including Cooking (14.0 per cent), Household Equipment (12 per cent), Sugar and Confectionary (10.3 per cent), Alcoholic Beverages (8.4 per cent), Oil and Fats (7.8 per cent), Dairy Products, Eggs and Cheese (7.2 per cent), Baby's Cloths (5.9 per cent), Transport Operations (4.6 per cent), Head Wears (4.3 per cent), Women and Girls Wear (3.3 per cent), Foot Wears (2.7 per cent) and Fuel and Lubricants (1.1 per cent) among others. Conversely, import items with price decrease included Sewing Items (4.0 per cent) and Boys Wear (3.5 per cent).

Chart 20: Tradable and non-Tradable Inflation March Quarter 2023



Source: National Statistical Office

Chart 21: Headline and Underlying Inflation through the year (March 2022 to March 2023)



Source: National Statistical Office

Non-tradeable or domestic inflation declined by 1.7 per cent in the March quarter of 2023, 1.1 percentage points lower compared to 0.6 per cent recorded in the December quarter 2022 (see Chart 20). The slowdown in domestic inflation was due to a fall in the prices for education, alcoholic beverages, tobacco and betel nut while other domestic items have recorded price increase.

Over the past twelve months (March quarter 2022 to March quarter 2023), prices of domestic items rose by 0.9 per cent, 2.6 percentage points lower than the 3.5 per cent recorded a year ago. The rise in domestic prices reflected increases in the prices of Non-Alcoholic Beverages (14.7 per cent), Motor Vehicle Registration and Insurance (10.4 per cent), Cereals (9.9 per cent), Accommodation (8.7 per cent), Fruits and Vegetables (7.1 per cent), Meat (6.8 per cent), Takeaway Food (5.9 per cent), Fares (5.3 per cent), Housing (2.2 per cent) and Telephone Services (2.1 per cent). In contrast, the domestic items that experienced price fall included Education Fees (34.7 per cent), Tobacco (17.1 per cent) and Betel Nut (3.2 per cent).

2023 Inflation Outlook

Headline inflation is projected to be 5.5 per cent in 2023, slightly higher than the 2022 outcome of 5.3 per cent but lower than the 2023 Budget estimate of 5.7 per cent.

This downward revision from the budget reflects the impact of lower oil prices and lower imported inflation, especially from Australia, given the downward revision to Australian inflation and continued appreciation of the Kina against the AUD due to cross currency movements.

The oil price is a major driver of fuel prices in the country. Over the year to June, oil prices averaged US\$75.0 per barrel, 26.0 per cent lower than the average price of US\$101.0 per barrel recorded over the same period in 2022. The decline in oil prices is expected to translate into lower fuel prices, which would have a sustained knock-on effect across the economic sectors, and lower prices for goods and services.

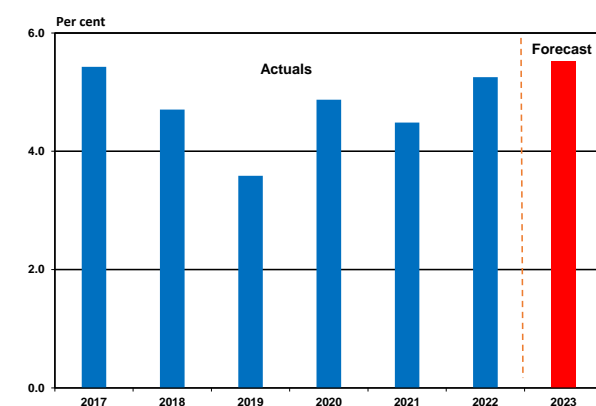
Contributing to the downward revision to the headline inflation in 2023 is the lower inflation outlook for Australia-PNG's largest source of imports. The Australian economy recorded a 6.3 per cent year-on-year inflation in June 2023 and is projected to ease to a rate of 4.3 per cent in December 2023. Inflation in Australia is expected to trend lower in the near-term, subjecting to the monetary policy stance by the Reserve Bank of Australia. Given PNG's high reliance on Australia for household durable and consumer goods, the lower inflation in Australia is expected to flow through and ease inflationary pressure in PNG.

In addition, BPNG has tightened its monetary policy to counter high inflation by increasing the Kina Facility Rate by 50 basis points to 3.5 per cent in 2023 from 3.0 per cent in 2022. The Bank also increased the Cash Reserve Requirement by 100 basis points to 10.0 per cent from 9.0 per cent. These are expected to weigh on the inflationary pressure in the country.

Moreover, the continuation of the Government's Tuition Fee Subsidy (GTFS) (K766.4 million) in 2023 would lower school fees, which is expected to alleviate the effects of inflationary pressure on families. Under this policy, the Government would pay 100.0 per cent of school fees for students from elementary to grade 12 in 2023.

The potential upside risks to the inflation outlook include a major increase in the rate of exchange rate depreciation and further escalation of the Russian-Ukraine war.

Chart 22: Inflation Outcome and Projection Year Average (2017-2023)



Source: NSO and Department of Treasury

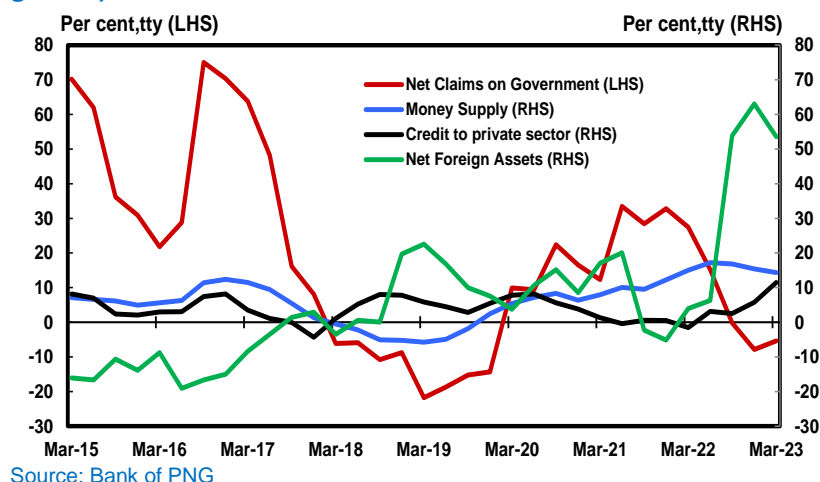
Monetary Developments

BPNG has continued to tighten its monetary policy stance by increasing the Kina Facility Rate (KFR) further to 3.5 per cent in January 2023, and maintained that rate to July 2023 to counter inflationary pressures. Furthermore, the Bank increased its Cash Reserve Requirement (CRR) of commercial banks by 100 basis points from 9.0 per cent to 10.0 per cent. However, monetary transmission in PNG remains weak due to excess liquidity in the banking system, and hence minimal material impact on domestic price levels.

The broad money supply over the twelve (12) months to the March quarter of 2023 rose on average by 14.3 per cent to K31,475.8 million, up from K27,533.5 million in the corresponding period of 2022 (see Chart 23). The uptick in money supply is due to the Net Foreign Assets increasing by 53.6 per cent, Credit to the private sector increased by 11.4 per cent and domestic claims increased by 7.2 per cent. The strong increase in Net Foreign Assets reflects the LNG tax revenue and external borrowing. Furthermore, the increase was attributed to higher net claims on Central Government, reflecting an increase in holdings of Government's securities and an increase in the Private Sector Credit. The increase in Private Sector Credit mainly reflected over-draft lending to firms to fund their operations. Deposits at commercial banks have increased significantly, driven mainly by increased Government spending. The level of liquidity in the banking system increased further and was mainly used for investing in government debt securities by commercial banks, including funding of foreign exchange transactions.

Net Claims on Central Government contracted on average by 5.4 per cent to K10,390.0 million from K10,979.4 million in the corresponding period of March 2022.

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



According to the BPNG 2023 March Monetary Policy Statement, the broad money supply is projected to increase by 10.1 per cent in 2023. Net Claims on Government are expected to rise by 11.4 per cent, and Credit to the Private Sector to increase by 5.7 per cent, while Net Foreign Assets are projected to contract by 4.1 per cent. The decrease in Net Foreign Asset is expected from lower export receipts and inflows from external financing. The Monetary base is projected to increase by 3.3 per cent influenced by the increase in Net Domestic Assets.

Balance of Payment (BOP)

PNG's trade activity with the rest of the world improved significantly in 2022 due to high commodity prices and a rebound in domestic economic activity. The high commodity prices have triggered a supply response which resulted in increased export of key mineral and agricultural export commodities. The current account balance has recorded a surplus of K25,764.9 million (22.9 per cent of GDP) in 2022, compared to the 2021 surplus of K11,635.8 million. The substantial increase was driven by a positive trade balance of K29,810.0 million reflecting higher export receipts from LNG and Oil driven by higher prices, increased production and increased palm oil export volume and receipts. The gains from these commodities more than offset lower export volume and values recorded by gold, coffee and cocoa. On the import side, forex issues have hindered general imports activities. As a result, payments for general imports declined by 17.7 per cent to K14,839.4 million from K18,023.5 million recorded in 2021.

The Transfer Account recorded a surplus of K840.4 million, partially offsetting a widening of the Income Account deficit of K4,886.0 million. Overall, the Balance of Payments recorded a surplus of K3,005.2 million in 2022, with the higher surplus recorded in the current account more than offsetting the deficits in the Capital and Financial Account.

In the March quarter of 2023, the current account recorded a surplus of K9,479.0 million, which is 26.4 per cent higher than the previous quarter, mainly driven by a positive trade account offsetting a decline in the income account. The transfers account declined by 7.8 per cent from the previous quarter of K241.1 million.

More specifically:

- The Trade account recorded a surplus of K10,089.3 million in the March quarter of 2023, 3.7 per cent lower than the previous quarter;
- The Income account recorded a deficit of K163.0 million in the March quarter of 2023, which is a drop from the deficit of K2,381.0 million recorded in the previous quarter and

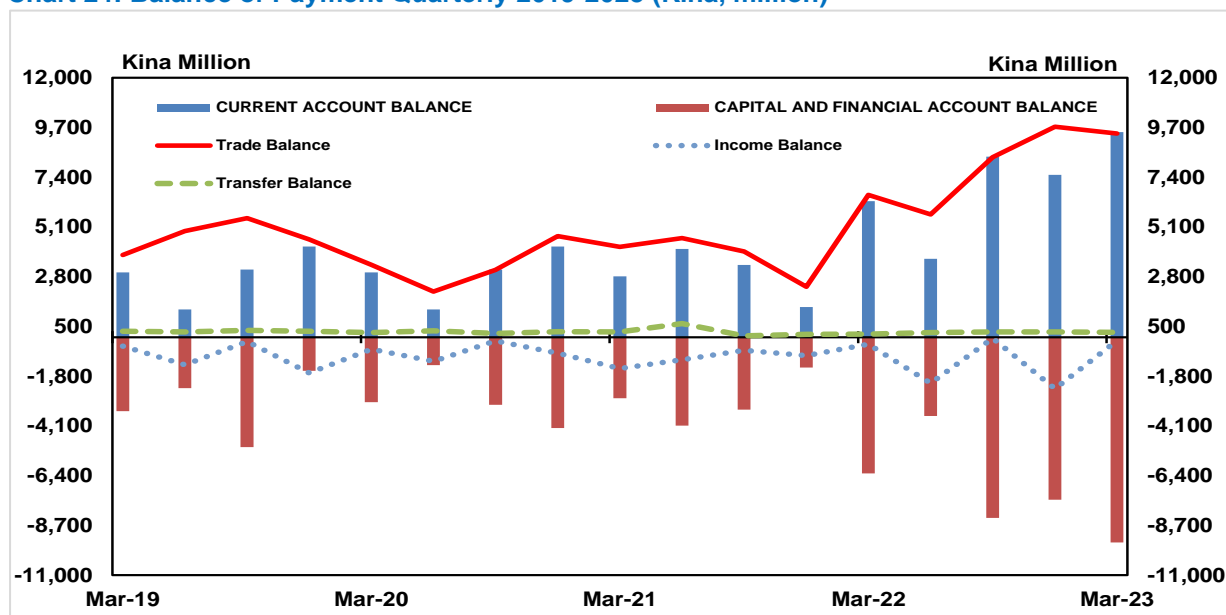
is largely attributed to a sharp decline in dividends and compensation of employee payments by employees to shareholders and residents overseas;

- The Transfer account recorded a surplus of K222.2 million in the March quarter of 2023, lower than the surplus of K336.9 million recorded in the previous quarter, and is driven by the lower receipts of gifts and grants during the quarter; and
- The Capital and Financial account recorded a deficit of K9,483.2 million in the March quarter of 2023, reflecting the continued financing commitment of key projects in the mineral sector and outflows to finance investments abroad by resident companies.

For the developments discussed above in each account, the overall Balance of Payments position in the first quarter of 2023 was a deficit of K648.6 million. This means that the inflows from the current account were significantly outweighed by outflows in the capital and financial account.

The current account is anticipated to record growth in the coming quarters and a slightly lower surplus position at the end of 2023, considering mineral and agriculture commodity prices are easing from historical highs recorded in 2022, which would translate to lower volume and export receipts. The major obstacles in slowing down the import include the ongoing foreign exchange shortages.

Chart 24: Balance of Payment Quarterly 2019-2023 (Kina, million)



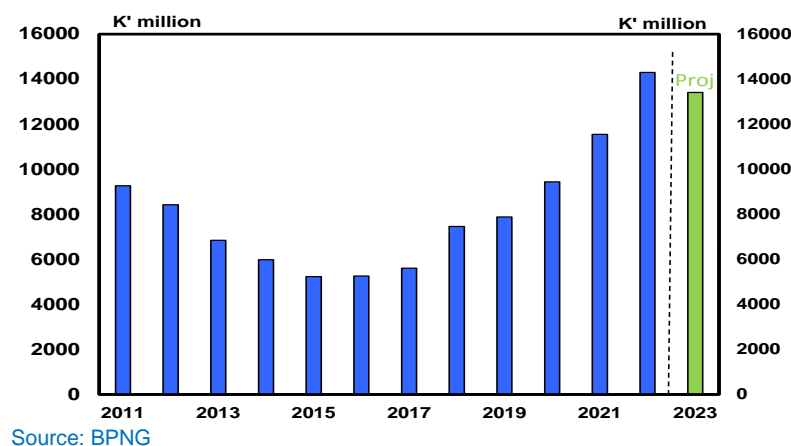
Source: Department of Treasury and BPNG

International Reserves

According to the Monetary Policy Statement (MPS), as at the end of December 2022, the gross international reserve level was US\$4,132.2 million (K14,298.4 million), sufficient for 11.2 months of total import cover and 22.9 months of non-mineral import cover. This is higher by US\$2,753.5 million compared to 2021 and is largely driven by higher export receipts due to higher commodity prices. In addition, other Government external borrowing, and receipts by the private sector through the domestic market also boosted the reserves. The level of gross reserves has decreased to US\$3,981.3 million (K13,778.0 million) as at 29th March, 2023. This primarily reflects the foreign exchange interventions by the Bank of PNG to support the foreign exchange market.

In 2023, the gross foreign exchange reserve level is expected to decline reflecting lower commodity prices and export volumes. The reserve level is expected to improve in the outer years as the Porgera Mine reopens and Papua LNG project construction commences.

Chart 25: International Reserves Annual 2011-2023 (Kina, million)



1.3 THE FISCAL POSITION AND OUTLOOK

During the first six (6) months of 2023, business conditions were relatively strong as the PNG economy continued to recover from the impact of the COVID-19 pandemic and the effects of the Russia-Ukraine conflict. Commodity prices have continued to track higher translating into higher tax revenues collected by the Government in the first half of the year. The inflationary pressures resulting from negative spillover effects of the Russia-Ukraine conflict are ongoing and Governments and central banks are pursuing tighter monetary and fiscal policy actions as a result.

In response to these ongoing inflationary pressures, the Government has undertaken corrective policy measures to address these likely ongoing challenges. The Government has announced a household assistance package of K590.0 million to help Papua New Guineans better cope with the inflation. The package includes K280.0 million in income tax cuts, K150.0 million in cuts to excise taxes on fuel for six (6) months and K160.0 million in school project fees. As a responsible Government, the Marape-Rosso Government will continue to monitor the situation, and subject to budgetary constraints, consider the possibility of extending the fiscal relief measures.

The Government has implemented most of its key priority expenditures in the first half of 2023, by frontloading funding for urgent priority expenditures appropriated in the 2023 Budget. These expenditures include; Government Tuition Fee Subsidy (GTFS) program and Debt Services. The Government has also prioritised funding for key capital investment programs such as the Connect PNG and District Roads Program, Medical Supplies, District and Provincial Support Improvement Programs (DSIP/PSIP) and other Public Investment Programs (PIPs). These were funded mainly through GoPNG revenues as well as financing raised through the issuance of Government Securities and concessional loans drawdown.

In the first half of the year, expenditure was K10,152.8 million or 41.3 per cent of the 2023 Budget appropriation of K24,566.9 million. The expenditure was financed by revenue of K7,294.5 million or 37.3 per cent of the 2023 Budget revenue estimate and net financing of K2,858.3 million.

Total Revenue and Grants as at the end of June 2023 amounted to K7,294.5 million or 37.3 per cent of the 2023 Budget estimate of K19,582.0 million. This is K2,496.5 million or 25.5 per cent lower than the mid-year target of K9,791.0 million. Tax Revenue amounted to K7,253.7 million or 48.4 per cent of the 2023 Budget estimate of K14,899.6 million. This is K196.1 million or 2.6 per cent lower than the mid-year target of K7,449.8 million for the first half of the year. Meanwhile, Other Revenue is tracking well below mid-year target at

K40.8 million or 1.5 per cent of the budget estimate of K2,657.4 million, with year-to-date collections coming mainly from the Departmental Fees & Charges.

As at the end of June 2023, no information was reported from Donor Support Grants against budget estimate of K2,024.9 million. The outcome is attributed to non-availability of reports from the main development partners at the time of this report on how much they have spent in the first half of the year through the various program they have undertaken in PNG. Hence, a full report in donor grants expenditure will be made available in the 2023 FBO report.

Table 3: Key Fiscal Aggregates 2022-2023 (Kina, million)

Kina Million	2022 Actuals	2023 Budget	June Outturn	2023 MYEFO	Budget Variance
TRANSACTIONS AFFECTING NET WORTH:					
Revenue	18,538.2	19,582.0	7,294.5	21,196.1	1,614.1
Taxes	16,453.6	14,899.6	7,253.7	16,513.8	1,614.1
<i>Taxes on Income, profits, and capital gains</i>	11,252.6	8,935.0	4,538.5	11,074.7	2,139.8
<i>Taxes on payroll and workforce</i>	1.4	0.0	0.6	1.2	1.2
<i>Taxes on goods and services</i>	4,293.6	5,015.3	2,337.6	4,683.9	-331.4
<i>Taxes on international trade and transactions</i>	906.0	949.4	377.0	754.0	-195.3
Grants	1,472.1	2,024.9	0.0	2,024.9	0.0
Other Revenue	612.5	2,657.4	40.8	2,657.4	0.0
<i>Dividends</i>	400.0	1,932.5	0.0	1,932.5	0.0
<i>Non-Tax Revenue</i>	58.6	459.7	0.0	459.3	0.0
<i>Fees and Charges</i>	78.2	264.9	40.8	264.9	0.0
<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	4,336.1	4,024.3	1,353.6	4,708.1	683.8
<i>Mining and Petroleum Taxes</i>	4,036.1	2,341.8	1,353.6	3,025.6	683.8
<i>Mining, Petroleum and Gas Dividends</i>	300.0	1,682.5	0.0	1,682.5	0.0
<i>Transfer from the Stabilization Fund (SWF)</i>	0.0	0.0	0.0	0.0	0.0
Revenue as percentage of GDP	17.2%	17.3%	6.5%	18.9%	1.6%
Total Expenditure and lending	24,390.0	24,566.9	10,152.8	26,181.1	1,614.1
Expense as percentage of GDP	22.6%	21.7%	9.0%	23.3%	1.6%
Expense²	19,940.4	19,956.8	8,846.6	21,571.0	1,614.1
Compensation of employees	6,490.3	6,833.7	3,187.4	6,833.7	0.0
Use of goods and services	7,467.3	6,929.7	2,370.3	7,480.8	551.1
Interest	2,572.5	2,496.1	1,308.6	2,738.7	242.6
Grants	3,017.6	3,513.8	1,824.1	3,528.9	15.0
Social benefits	0.0	114.2	0.0	114.2	0.0
Other expense	392.7	69.3	156.1	874.8	805.5
Net Acquisition of Non-Financial Assets*	4,449.6	4,610.1	1,306.2	4,610.1	0.0
Fixed Assets	4,449.6	4,610.1	1,306.2	4,610.1	0.0
Gross Operating Balance³	-1,402.1	-374.8	-1,552.1	-374.9	0.0
Net Lending (+) / Net Borrowing (-)	-5,851.8	-4,984.9	-2,858.3	-4,984.9	0.0
Net lending/borrowing as percentage of GDP	-5.4%	-4.4%	-2.5%	-4.4%	0.0%
Primary Balance ⁴	-3,279.3	-2,488.8	-1,549.7	-2,246.2	242.7
Non-resource net lending (+)/borrowing (-)	-10,187.9	-9,009.2	-4,211.9	-9,693.0	-683.8
Non-resource primary balance	-7,615.4	-6,513.1	-2,903.3	-6,954.3	-441.1
Non-resource primary balance as percentage of Non-resource GDP	-10.9%	-8.7%	-3.7%	-8.9%	-0.6%
Transactions in financial assets and liabilities	5,851.8	4,984.9	2,858.3	4,984.9	0.0
Net Acquisition of Financial Assets	-355.6	0.0	-735.7	0.0	0.0
Domestic**	-355.6	0.0	-735.7	0.0	0.0
External	0.0	0.0	0.0	0.0	0.0
Net Incurrence of Liabilities	5,496.1	4,984.9	2,122.6	4,984.9	0.0
Domestic	2,276.6	1,465.7	1,926.1	1,465.7	0.0
<i>Debt securities: Treasury bills</i>	492.6	525.7	707.4	525.7	0.0
<i>Debt securities: Treasury bonds</i>	1,750.0	945.0	1,259.6	945.0	0.0
Loans	34.0	-5.0	-40.9	-5.0	0.0
External	3,219.5	3,519.2	196.5	3,519.2	0.0
<i>Monetary gold and special drawing rights (SDR's)</i>	0.0	0.0	0.0	0.0	0.0
<i>Debt securities: Sovereign bonds</i>	0.0	0.0	0.0	0.0	0.0
Loans	3,219.5	3,519.2	196.5	3,519.2	0.0
Gross Debt Stock	53,679.9	58,664.8	55,802.6	58,664.8	0.0
Debt as % of GDP	49.8%	51.9%	49.7%	52.2%	0.0%
Gross Domestic Product⁵	107,807.3	113,108.2	112,283.5	112,283.5	112,283.5
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 Coommercial 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 my 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 y 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 outcome for major tax heads, mainly from the Taxes on Income, Profits and Capital Gains (comprising Personal Income Tax, Company Tax) and Taxes on Goods and Services was tracking well but slightly lower than mid-year estimates as at the end of June at K4,538.5 million (or 50.8 per cent) and K2,337.6 million (or 46.6 per cent) respectively.

Mining and Petroleum Tax (MPT) is tracking above the mid-year target (at 57.8 per cent) due to higher than expected first instalment, mainly from the PNG LNG Project. Goods and Services Tax (GST) is also tracking well at 47.0 per cent of its mid-year budget estimate. For Other Revenues (non-tax), collections are well below the mid-year budget targets largely due to the delay in certification and implementation of the *NTRA Act 2022*, and non-payment of projected dividends in the first half of the year.

Recurrent Budget Expenditures amounted to K6,916.9 million, representing 46.8 per cent of the 2023 Budget estimate. Compensation of Employees (CoE) expenditures for the first half of 2023 was K3,187.4 million or 45.9 per cent compared with the 2023 Budget estimate of K6,942.0 million. Interest Cost payments over the first half of 2023 were recorded at K1,309.0 million, which was K53.5 million above the budgeted half-year target. Recurrent goods and services expenditures totalled K1,759.4 million or 45.6 per cent against the 2023 Budget estimate of K3,860.0 million. Provincial Functional Grants amounted to K247.6 million (38.6 per cent), which was within the half-year target, while GST transfers to provinces recorded K413.3 million or 50.6 per cent of its budget appropriation.

Capital Budget expenditures amounted to K3,235.9 million or 33.0 per cent of the total Capital Budget of K9,795.9 million, which is K1,662.1 million or 33.9 per cent below the pro-rata budget target for the end of June of K4,898.0 million. Key Government commitments such as SIPs, Connect PNG Roads Program, Special Intervention Program, Infrastructure Development Grant (IDG), and counterpart-funded projects continue to be prioritised. Many of the programs prioritised in the first half of 2023 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 Development Grants are on track when compared to their mid-year pro-rata targets. For the 2023 DSIP/PSIP, about 56.5 per cent of the budget appropriation has been expended in the first half of the year with the remaining 43.5 per cent to be utilised in the second half of the year. For the Infrastructure Development Grant, 36.4 per cent of its budget appropriation has been utilised in the first six (6) months of 2023 while 36.7 per cent of the Special Intervention Program has been paid in the first half of the year.

The fiscal deficit as at the end of June 2023 was K2,858.3 million or 2.5 per cent of GDP, which is higher by K365.8 million or 14.7 per cent when compared with the estimated half-year deficit target of K2,492.5 million. In terms of comparison against the IMF program benchmarks, the deficit outcome is slightly lower by K233.7 million or 7.6 per cent.

Net borrowing in the first half of 2023 totalled K2,122.6 million, which includes net external financing (net borrowing) of K196.5 million or 5.6 per cent of the 2023 Budget estimate. The remainder of the financing was raised domestically through the issuance of Treasury Bonds and Bills (K1,926.1 million). The additional Cash Balances of K735.7 million from the balance brought over from 2022 funds were used to support expenditures in 2023, apart from offsetting portion of the 2022 cheque floats and cash transfers brought forward into 2023.

Consequently, the debt stock outcome at the end of June 2023 was K55,802.6 million or 49.7 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.

Fiscal Outlook for 2023

Total Revenue and Grants is estimated to increase by K1,614.1 million (or 8.2 per cent) to K21,196.1 million from the 2023 Budget estimate of K19,582.0 million.

Total Expenditure and Net Lending, on the other hand, is also projected to increase by the same magnitude of K1,614.1 million (or 6.6 per cent) to K26,181.1 million from the 2023 Budget estimate of K24,566.9 million. The main increase is due to the projected overrun in Interest Costs payments (by K272.8 million), plus increases in Goods and Services and GoPNG PIP (by K15.0 million, specifically to cater for 2022 outstanding SIPs) as well as a Trust Fund Balance adjustment of K341.7 million and a MYEFO Contingency Fund of K463.7 million. However, this expenditure increase will be fully offset by the expected increase in revenue collections, resulting in an unchanged fiscal deficit of K4,984.9 million or 4.4 per cent of GDP as projected in the 2023 Budget.

As a result, the total public debt stock is estimated to remain at K58,664.9 million, or 52.2 per cent of GDP at the end of the year, which is 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. The debt to GDP ratio is slightly higher than the 51.9 per cent budget target for 2023, and that is attributed to the slightly downward revision to the nominal GDP for 2023.

There are risks in securing external financing due to potential delays in securing the planned budget support from external partners, most of which are tied to the successful implementation of the IMF program, which could impact the full implementation of the 2023 Budget. The level of IMF funding has also been back-loaded in the program and reduced to levels below expectations at the time of the time of the 2023 Budget, which means work is on-going to close the funding gap that has emerged.

The non-resource primary balance is estimated to decrease to -9.0 per cent, against the 2023 Budget target of -8.7 per cent, which is an improvement of about 1.9 percentage points from the 2022 outcome of -10.9 per cent.

Table 4: Key Fiscal Parameters 2022-2023

	2022 Actuals	2023 Budget	June Outturn	2023 MYEFO
Net Lending (+)/Borrowing as % of GDP	-5.4%	-4.4%	-2.5%	-4.4%
FRA Deficit as % of GDP (excluding concessional loans)	-4.1%	-3.4%	-2.2%	-3.4%
Non-resource Primary Balance as % of non-resource GDP	-10.9%	-8.7%	-3.7%	-9.0%
Debt as % of GDP	49.8%	51.9%	49.7%	52.2%

Source: Department of Treasury

1.4 TOTAL REVENUE AND GRANTS

The Total Revenue and Grants estimate for 2023 has been revised up by K1,614.1 million (8.2 per cent) for the 2023 Mid-Year Economic and Fiscal Outlook (MYEFO) report to K21,196.1 million from the 2023 Budget estimate of K19,582.0 million.

The upward revision mainly reflects the estimated increase in the Company Income Tax (CIT) of K988.6 million, Mining and Petroleum Tax (MPT) of K683.8 million, Personal Income Tax (PIT) of K398.8 million, Import Excise by K99.7 million, Interest Withholding Tax (IWT) by K51.4 million and Dividend Withholding Tax by K25.9 million. The increase in the respective tax heads are likely to offset the downward revision of K300.8 million in Goods and Services Tax (GST), K115.7 million in Excise Duty, K169.4 million in Export Tax and K25.9 million in Import Duty. All other tax heads are tracking well within mid-year historical trends and therefore were maintained as per the Budget.

Tax Revenues are estimated to exceed the 2023 Budget estimates by K1,614.1 million (10.8 per cent). The Other Revenue category, which includes Dividends, *Non-Tax Revenue Administration (NTRA)* and fees & charges, have been maintained as per the 2023 Budget at K2,657.4 million. Donor Grants are also maintained at the budget estimates. (see Table 5).

Table 5: Total Revenue and Grants 2022-2023 (Kina, million)

	2022 Actual	2023 Budget	June Outturn	2023 MYEFO	Budget Variation
Tax Revenue	16,453.6	14,899.6	7,253.7	16,513.8	1,614.1
<i>Per cent of GDP</i>	14.8%	13.3%	6.5%	14.7%	0.0
Grants	1,472.1	2,024.9	0.0	2,024.9	0.0
<i>Per cent of GDP</i>	1.3%	1.8%	0.0%	1.8%	0.0
Other Revenue	610.5	2,657.4	40.8	2,657.4	0.0
<i>Per cent of GDP</i>	0.6%	2.4%	0.0%	2.4%	0.0
Total Revenue & Grants	18,538.2	19,582.0	7,294.5	21,196.1	1,614.1

Source: Department of Treasury

TAX REVENUE

Tax revenues are the main source of Government revenue. Its performance continues to be influenced by the developments in the world economy. In 2022, the Mining and Petroleum Tax (MPT) constituted a larger portion of the tax revenue due to high commodity prices. As a result, the Internal Revenue Commission (IRC) has reported a record collection of K4.0 billion in MPT. However, the global supply-chain disruptions underpinning the price hike in 2022 have improved, causing prices to return back to trends in 2023 from their historical highs.

The total tax revenue for 2023 has been revised up to K16,513.8 million, which is, K1,614.1 million (10.8 per cent) higher than the 2023 Budget estimate and K60.2 million (0.4 per cent) higher than the 2022 outcome. The increase is mainly driven by the expected growth in the economy due to improved business sentiments, higher government spending and improved compliance efforts by IRC and PNG Customs.

Taxes on Income, Profits and Capital Gains

Taxes on Income, Profits and Capital Gains have been revised up to K11,074.7 million, up by K2,139.8 million (23.9 per cent) compared to the Budget estimate of K8,935.0 million.

Personal Income Tax (PIT) has increased by K398.8 million (11.3 per cent) from the Budget estimate of K3,518.2 million. The year-to-date collections showed PIT tracking well at K1,842.3 million (52.4 per cent). The average PIT collection per month is around K300.0 million. Therefore, it is expected to meet its Budget estimate by year-end. This forecast was based on the assumption that the Porgera mine will resume operations in the third quarter of 2023. The forecast also captures the increase in the PIT threshold to K20,000.0 by the Government as part of the fiscal relief package to address the rising cost of living. Notwithstanding this, the favourable economic growth outlook, strong employment growth and the improved compliance efforts by IRC will continue to support collections.

The CIT projection has increased substantially by K988.6 million (41.3 per cent) from the 2023 Budget estimate of K2,394.5 million. However, the year-to-date collections (June outturn) only amounted to 40.8 per cent of the 2023 Budget estimate. While this is a low outcome, the upward revision from the budget reflects the pattern of tax instalments where CIT collections mainly occur in the second half of the year. In addition, the new corporate tax rate of 45.0 per cent on commercial Banks is expected to support collections.

The MPT projection has increased by K683.8 million (29.2 per cent) from the 2023 Budget estimate of K2,341.8 million due to higher collections in the first half of the year and higher LNG prices anticipated for the year. The June outturn amounted to K1,353.6 million

(57.8 per cent) of the budget estimate. This outcome is mainly driven by an MPT payment of USD350.0 million (K1.2 billion) from Exxon Mobil in April as the first instalment. While commodity prices have receded across most commodities in the first half of 2023, LNG prices are expected to remain high in the coming months due to speculations on winter season demand coupled with a consistent decline in the U.S supply. Thus, MPT collections from the second and final instalments in the second half of the year are expected to perform well.

The Dividend Withholding Tax (DWT) has increased by K25.9 million (6.1 per cent) from the 2023 Budget estimate of K426.9 million due to ongoing DWT payments from non-resident companies and individuals. The June Outturn is tracking well at 50.1 per cent against the 2023 Budget estimate.

Interest Withholding Tax (IWT) has increased by K51.4 million (30.7 per cent) from the Budget estimate of K167.4 million. The June outturn performed well, with 69.1 per cent of the Budget estimates collected. This positive trend reflects interest payments on Treasury Bills (T-Bills) and Treasury Bonds (T- Bonds), among other interest payments.

Non-Resident Insurers Interest Withholding Tax (NRIWT) estimate has been revised down by K3.0 million (29.3 per cent) from the 2023 Budget estimate of K10.2 million, considering the year-to-date collection trend for NRIWT. In the first six (6) months of 2023, the NRIWT collection amounted to 38.0 per cent of the 2023 Budget estimate.

Table 6: Taxes on Income, Profits and Capital Gains 2022-2023 (Kina, million)

	2022 Actual	2023 Budget	June Outturn	2023 MYEFO	Budget Variation
Taxes on Income, Profits and Capital Gains	11,252.6	8,935.0	4,538.5	11,074.7	2,139.8
Personal Income Tax	3,652.1	3,518.2	1,842.3	3,917.0	398.8
Company Tax	2,756.9	2,394.5	976.9	3,383.1	988.6
Mining and Petroleum Taxes	4,036.1	2,341.8	1,353.6	3,025.6	683.8
Royalties & Management Tax	51.0	75.5	32.0	70.0	-5.4
Dividend Withholding Tax	680.6	426.9	214.0	452.8	25.9
Interest Withholding Tax	55.3	167.4	115.6	218.8	51.4
Non-Resident Insurers Withholding Tax	20.3	10.2	3.9	7.2	-3.0
Tax Related Court Fines	0.0	0.0	0.0	0.0	0.0
Sundry IRC Taxes & Income	0.3	0.4	0.1	0.2	-0.2

Source: Department of Treasury

Taxes on Payroll and Workforce

Tax collections for Payroll and Workforce amounted to K0.6 million in the first half of the year, although this particular tax head was repealed in the 2018 Budget. The current collections reflect delayed collections from the years before 2018. The 2023 MYEFO estimated taxes on payroll and workforce at K1.2 million.

Table 7: Taxes on Payroll and Workforce 2022-2023 (Kina, million)

	2022 Actual	2023 Budget	June Outturn	2023 MYEFO	Budget Variation
Training Levy	1.4	0.0	0.6	1.2	1.2
Total	1.4	0.0	0.6	1.2	1.2

Source: Department of Treasury

Taxes on Goods and Services

Taxes on Goods and Services are estimated to fall by K331.5 million (6.6 per cent) to K4,683.9 million from the 2023 Budget estimate of K5,015.3 million. The estimated decrease is based on the June year-to-date collection trend at 46.6 per cent.

Table 8: Taxes on Goods and Services 2022-2023 (Kina, million)

	2022 Actual	2023 Budget	June Outturn	2023 MYEFO	Budget Variation
Taxes on Goods and Services	4,293.5	5,015.3	2,337.6	4,683.9	-331.5
GST ¹	2,475.1	3,321.7	1,561.3	3,020.9	-300.8
Sales taxes	0.0	0.0	0.0	0.0	0.0
Bank Account Debit Fees	0.0	0.0	0.0	0.0	0.0
Stamp Duties	30.3	61.6	17.9	35.8	-25.8
Excise Duty	1,157.2	1,105.7	439.5	989.9	-115.7
Import Excise	247.2	154.8	127.2	254.5	99.7
Bookmakers' Turnover Tax	35.4	24.0	8.9	17.8	-6.2
Gaming Machine Turnover Tax	328.1	334.6	168.9	337.8	3.2
Departure Tax	8.0	5.3	5.0	9.6	4.3
Motor Vehicle Tax	1.7	3.5	0.0	0.0	-3.6
Other taxes on use of goods and on permission to use goods or perform activities	0.2	1.2	0.1	0.0	-1.2
Other taxes on goods and services	10.4	3.0	8.8	17.6	14.6

Source: Department of Treasury

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

In the first half of the year, Inland and Ports GST collections are tracking well at 50.4 per cent and 51.1 per cent, respectively, against the 2023 Budget estimate of K2,226.6 million and K1,461.3 million. Collections in the second half of the year will be supported by the cessation of the GST relief provided to retail fuel, and IRC's ongoing efforts in compliance through the extension of Section 65A to service providers to Provincial Governments and State-Owned Enterprises. However, GST transfers to the Consolidated Revenue Fund (CRF) are expected to fall due to an increase in refunds. Total refunds in the first half of the year was K330.9 million and is expected to reach K752.9 million by end of the year. Given these developments, GST has been revised down by K300.8 million from the 2023 Budget estimate of K3,321.7 million.

Excise duty is estimated to fall by K115.7 million (10.5 per cent) to K989.9 million from the 2023 Budget estimate of K1,105.7 million. The June collection showed K439.5 million (39.7 per cent) of the Budget estimate, reflecting the stricter excise duty on the anti-social drinks to combat social and health issues and the expected ceasing of tier 2 tobacco products in October. The ceasing of tobacco in Tier 2 would result in all the tobacco products in Tier 2 will be now categorized as Tier 1. Hence, these products (such as Rothmans) would be priced significantly higher.

Import excise is estimated to increase by K99.7 million (64.4 per cent) to K254.5 million from the 2023 Budget estimate of K154.8 million. In the first six (6) months of 2023, the Import excise collection amounted to 82.2 per cent of the 2023 Budget estimate. Collections are expected to pick up in the second half of the year in line with the restoration of import excise on fuel as most of the fuel products in PNG are imported.

Gaming Machine Tax (GMT) estimates has increased by K3.2 million (1.0 per cent) from the 2023 Budget estimate of K334.6 million. In the first half of the year, GMT collections have reached 50.5 per cent of the budget estimate. This demonstrates that the GMT collection is on track to be achieved by year-end. This also suggests an increase in gambling activities.

Departure tax is estimated to increase by K4.3 million (81.6 per cent) to K9.6 million from the 2023 Budget estimate of K5.3 million. Collections over the first half of the year amounted to K4.8 million (91.1 per cent) of the budget estimate. The stronger collections reflect the increasing domestic and international travel due to the easing of COVID-19 restrictions and the expansion of domestic and international routes.

The Stamp Duty projection has been revised down by K25.8 million (41.9 per cent) from the 2023 Budget estimate of K61.6 million due to lower collections in the first half of the year. Stamp Duty collections in the first half of the year is tracking at 29.1 per cent of the

2023 Budget estimates. Treasury will closely monitor the Stamp Duty performance during the year.

Taxes on International Trade and Transactions

Taxes on International Trade and Transactions are estimated to fall by K195.3 million (20.6 per cent) from the 2023 Budget estimate of K779.9 million comprising K339.7 million in Export Duty and K414.3 million in Import Duty.

The Export Tax is estimated to decrease by K169.4 million (33.3 per cent) to K339.7 million from budget estimate of K509.2 million. Collections up to end-June have trended low against the 2023 Budget estimate of K509.2 million, with 33.4 per cent of revenue collected up to the end of June, while noting the latest Customs report suggests collections were actually higher than this. The fall in log export revenues are primarily due to issues with the real estate sector in China – global sub-tropical timber imports to China and Vietnam, by far PNG's largest customers, have dropped by 25.0 per cent this year. In addition, the increase in round log duty is anticipated to reduce log production and exports in line with the policy goal of shifting round log exports to domestic downstream production (there are no taxes on timber products processed locally).

Table 9: Taxes on International Trade and Transactions 2022-2023 (Kina, million)

	2022 Actual	2023 Budget	June Outturn	2023 MYEFO	Budget Variation
Taxes on International Trade & Transactions	906.0	949.4	377.0	754.0	-195.3
Import Duty	469.9	440.2	207.1	414.3	-25.9
Other Import Taxes	0.0	0.0	0.0	0.0	0.0
Export Tax	436.2	509.2	169.9	339.7	-169.4

Source: Department of Treasury

The estimate for Import Duty is estimated to fall by K25.9 million (5.9 per cent) from the Budget, reflecting the year-to-date collection trend. The Import Duty June Outturn amounted to K207.1 million (47.1 per cent) of the 2023 Budget estimate, 11.8 per cent lower than the collections in the same period of 2022.

GRANTS

Total Donor Grants are unchanged against the 2023 Budget projection of K2,024.9 million. Donor support grant is expected to be higher, driven by further support from PNG's major donor partners for the Government's investment expenditure priority areas over the medium term. These support grants are mainly from development partners, including the Asian Development Bank (ADB), European Union (EU), Australian Aid and United Nations, with additional support from others. The Government will continue to work closely with these donor partners to ensure funds are utilised for their intended purposes (See Table 10).

Due to delayed reporting from the main development partners, no data or inflows are reported in the 2023 MYEFO report. A full report will be provided in the 2023 FBO report.

Table 10: Grants – 2022-2023 (Kina, million)

	2022 Actual	2023 Budget	June Outturn	2023 MYEFO	Budget Variation
GRANTS	1,472.1	2,024.9	0.0	2,024.9	0.0
From Foreign Governments	1,060.4	1,714.6	0.0	1,714.6	0.0
Current	848.3	1,561.3	0.0	1,561.3	0.0
Cash	0.0	0.0	0.0	0.0	0.0
In-Kind	848.3	1,561.3	0.0	1,561.3	0.0
Capital	212.1	153.2	0.0	153.2	0.0
Cash	0.0	0.0	0.0	0.0	0.0
In-Kind	212.1	153.2	0.0	153.2	0.0
From International Organizations	411.8	310.4	0.0	310.4	0.0
Current	329.4	277.2	0.0	277.2	0.0
Cash	0.0	0.0	0.0	0.0	0.0
In-Kind	329.4	277.2	0.0	277.2	0.0
Capital	82.4	33.2	0.0	33.2	0.0
Cash	0.0	0.0	0.0	0.0	0.0
In-Kind	82.4	33.2	0.0	33.2	0.0

Source: Department of Treasury

OTHER REVENUE

The Other Revenues have been maintained at the budget estimate of K2,657.4 million. The revised estimate comprised K1,932.5 million in Dividend, K459.3 million would be raised through the implementation of the *NTRA Act 2022*, and K265.5 million to be collected from the Departmental Fees and Charges.

The *NTRA* is estimated at K459.3 million, maintained at the 2023 Budget estimate. This comprised K249.8 million from the National Fisheries Authority (NRA), K20.0 million National Gaming Control Board (NGCB), K19.4 million, K12.9 million Mineral Resource Authority (MRA), K107.1 million Department of Labour & Industrial Relations, K5.0 million NAQIA and K45.2 million Immigration and Citizenship Services Authority (PNGICA).

In terms of the Dividends, no payment has been made to the State so far. However, the Government is optimistic that there will still be some payment of dividends in the second half of the year. The dividend estimates are maintained at the 2023 Budget estimates of K1,932.5 million. Of the K1,932.5 million dividends, K1,300.0 million is expected from Kumul Petroleum Holdings Limited (KPHL), K382.5 million from Ok Tedi Mining Limited (OTML), K100.0 million from BPNG, and K150.0 million from Kumul Consolidated Holdings Limited (KCHL) (see Table 11). If these dividends are not received, then the funds in the MYEFO Contingency Fund will cover these reductions initially, thereby reducing the scope for any initiatives in a 2023 Supplementary Budget.

Revenues from Departmental Fees and Charges have not performed as expected in the year's first half. In the 2023 Budget, K87.3 million is expected from compliance collections for land lease rentals by the Department of Lands, K99.7 million from work permits and K31.2 million from migration services. The introduction of the new Go-Lands system in the Department of Lands is expected to increase Land Rental collections.

Table 11: Other Revenue – 2022-2023 (Kina, million)

	2022 Actual	2023 Budget	June Outturn	2023 MYEFO	Budget Variation
OTHER REVENUE	610.5	2,657.4	40.8	2,657.4	0.0
Property Income	514.3	2,024.1	5.3	2,024.1	0.0
Interest	-	0.7	0.0	0.7	0.0
Dividends	480.0	1,932.5	0.0	1,932.5	0.0
<i>Mining Petroleum and Gas Dividends</i>	300.0	1,682.5	0.0	1,682.5	0.0
<i>Dividends from Statutory Authorities</i>	180.0	100.0	0.0	100.0	0.0
<i>Dividends from State Owned Enterprises</i>	-	150.0	0.0	150.0	0.0
Withdrawals from income of quasi-corporations	-	0.0	0.0	0.0	0.0
Property income from investment income disbursements	-	0.0	0.0	0.0	0.0
Rent	34.3	90.9	5.3	90.9	0.0
Sales of goods and services	8.4	156.7	18.0	156.7	0.0
<i>Sales by market establishments</i>	-	0.0	0.0	0.0	0.0
<i>Administrative fees</i>	3.7	122.0	5.4	122.0	0.0
<i>Incidental sales by nonmarket establishments</i>	4.8	34.7	12.7	34.7	0.0
<i>Imputed sales of goods and services</i>	-	0.0	0.0	0.0	0.0
Fines, penalties, and forfeits	0.1	1.9	1.8	1.9	0.0
Transfers not elsewhere classified	89.7	474.7	15.7	474.7	0.0
<i>Current transfers not elsewhere classified</i>	89.7	474.7	15.7	474.7	0.0

Source: Department of Treasury

1.5 REVENUE MEASURES UPDATE

In the 2023 Budget, there were several revenue policy measures announced aimed at raising revenue, updating the Customs Harmonised System, encouraging downstream processing of round logs, combating alcohol related social issues and the provision of tax relief for businesses and households to assist with the cost of living challenges.

In summary, the measures to raise revenue are: (i) the application of 45.0 per cent tax on the Licenced banks; (ii) the introduction of the *Non-Tax Revenue Administration Act 2022*; and (iii) the imposing of tougher excise duty on anti-social drinks and export tax on the round logs with the aim of ending round log exports and instead using logs in downstream processing activities (which would face no special taxes).

In the first half of the year, the responsible agencies have progressed well in implementing the policy and administrative measures. Below is a brief update in each of the reforms.

1. Apply 45.0 per cent Corporate Income Tax on the Licensed Banks

The Government in the 2023 Budget increased the rate of company tax from 30.0 per cent to 45.0 per cent payable by all banks licensed to operate as a Commercial bank under the *Banks and Financial Institutions Act 2000*. This is expected to raise K240.0 million to support the increased spending to address law and order problems, and the teachers and nurses to provide education services.

The commercial banks have complied and paid K112.0 million in the first instalment of the provisional tax. The total receipt is an additional 57.0 per cent as a result of the 15.0 per cent increase on the CIT rate. This shows that almost 47 per cent of the revenue projected has already been raised in the first instalment. The second instalment notice of provisional tax has been issued by IRC and the payment is expected to be made on the 31st July 2023.

This tax measure is on track to achieve the revenue target by end of this year. Consultations are underway with the Banks on the future design of a banking tax. Final decisions on any revisions will be made in the context of the 2024 Budget.

2. Increase the Personal Income Tax (PIT) Free Threshold from K12,500.0 to K20,000.0

This temporary Personal Income Tax relief measure coincides with the rise in global and domestic inflation that has increased the cost of living. The tax-free threshold of K20,000.0 came into effect on 01st January 2023 and will end on the 31st December 2023.

The rationale was to provide tax relief especially to low and middle income earners with the objective of reducing their incidence of tax and subsequently increasing their take-home pay packets. The PIT tax collection was expected to reduce by K280.0 million in 2023 due to this measure.

However, in the first six (6) months of the year, the PIT regime is performing above the expectations despite the increase in the tax-free threshold with the expectation for PIT revenue to drop. The Internal Revenue Commission is applauded for this result given its strong enforcement and awareness initiatives in the PIT space.

This is a temporary measure and will expire on the 31st December 2023. The Government will review the merits of this reform and determine the next course of action to ensure a robust PIT regime is instituted for 2024 and onwards.

3. Introduction of the *Non-Tax Revenue Administration Act 2022*

In the 2023 Budget, the Government introduced the *NTRA Act 2022* to replace the Public Money Management Regularization Act 2017. The aim of this reform was to continue the good work left by the then PMMR Act to mobilise all the non-tax revenue. The Government projected K550.0 million to be collected through the implementation of NTRA in 2023.

The *NTRA Act* was certified and gazetted on the 21st April 2023 for implementation.

The implementation of this Act will be in full force in the second half of the year and through the determination of the revenue sharing arrangement to be executed by the Department of Finance.

This measure is expected to raise the projected revenue by the end of this year.

4. Introduce Tougher Excise Duty on Anti-Social Drinks

The Government has prioritised combating the social and health issues caused by anti-social drinking by increasing the excise duty on alcohol and premixed drinks over several budgets.

In the 2020 Budget, the Government increased the excise rates of anti-social drinks (Ready To Drink) by 400.0 per cent. The policy intention was to discourage the consumption of anti-social drinks with a high alcohol content to address its adverse impacts on the local communities and contribution to domestic violence.

In the 2023 Budget, the Government further imposed an additional one-off increase of 493.0 per cent excise duty on anti-social drinks (premixed alcohol beverages). This measure is to continue the policies of the Government to address the negative social and health issues associated with the consumption of anti-social alcohol products.

The one-off excise rate increase resulted in a 95.0 per cent drop in the production of excise tariff item HS 2208.90.30 *"Mixed drinks of a strength more than 3.0 per cent and not more than 10.0 per cent alcohol by volume, not for medicinal purposes"*. In addition, the production of the excise tariff items 2208.90.20 *"Mixed drinks of a strength more than 3.0 per cent alcohol by volume, not for medicinal purposes"* ceased after the introduction of this measure.

In the first six (6) months, K2.2 million was collected against the budget projection of K30.0 million.

5. Increase Round Log Duty Rates to Generate Extra Revenue to Support Bio-diversity and Climate Trust Fund

In the 2023 Budget, the log export duty was increased by another 20.0 per cent, increasing the overall rate to 70.0 per cent. The increase was largely aimed at stopping export of unprocessed logs by 2025 and promoting downstream processing thereon. The proposal was expected to generate an additional K30.0 million in 2023.

In the first half of 2023, K169.8 million was collected from log exports. The primary cause for this reduction in revenues appears to be the significant reduction in global imports of tropical timbers by PNG's main export countries. Both China and Vietnam have reduced imports in the first half of this year by 25.0 per cent compared to a year ago. This impact from the fall in the market is difficult to disentangle from the price incentive effects of the increase in tax rates.

6. Remove Excise Duties on Retail Fuel Products for further Six (6) Months

In April 2022, the Government introduced a temporary exemption of excise duties and GST on Diesel, Petrol, and Zoom products purchased by the public at the retail outlets as a relief from the high cost of goods and services. The relief ended on the 31st December 2022.

In the 2023 Budget, the Government allowed for temporary excise duty relief to continue in the first six (6) months, from 01st January to 30th June 2023, while restoring the GST component of fuel products. This relief is expected to cost the government K150.0 million.

According to the preliminary implementation report, the measure has costed the Government K110.70 million in reduced revenue compared to the budgeted projection of K150.0 million.

Consistent with the *Excise Tariff (2023 Budget)(Amendment) Act 2023*, this measure ceased operation on the 30th June 2023 and the initial rates have been restored.

7. Update of the PNG Customs Harmonised System (HS) 2017 To 2022

Papua New Guinea is a contracting Party to the Harmonised System Convention and is required to update its HS after every 5 years to be on par with the World Customs Organisation (WCO) standards.

In the 2023 Budget, an amendment was made to the *Customs Tariff Act 1990* to update the PNG HS 2017 to 2022, to adopt the WCO HS 2022 and implement the recommended changes.

The update was passed and has been implemented retrospectively to 01st January 2022. This reform was aimed to be revenue neutral with the aim to enhance trade facilitation. Consultations are continuing with firms that consider they have been adversely affected by this change, and possible legislative changes are being considered.

1.6 EXPENDITURE AND NET LENDING

The Total Expenditure and Net Lending in the first half of 2023 fiscal year amounted to K10,152.8 million or 9.0 per cent of GDP. This outcome represents 41.3 per cent of the total expenditure envelope of K24,566.9 million in the 2023 Budget. This outcome is lower by K2,130.7 million or 17.3 per cent compared with the pro-rata expenditure target of K12,283.5 million for the first six (6) months of 2023.

The lower outturn reflects lower expenditure outcomes resulting from delayed submission of monthly cashflows, workplans and procurement plans by implementing agencies. Under the new procurement processes, agencies are required to submit their work plan and cash flow plans to the Department of Treasury and the Department of National Planning & Monitoring for approval prior to receiving their funds for implementation.

The operational budget recorded an expenditure outcome of K6,916.9 million or 46.8 per cent compared against the 2023 Budget estimate. The capital investment budget (including donor support grants³ and concessional loans) recorded an expenditure outcome of K3,235.9 million or 33.0 per cent of the 2023 Budget estimate.

Concessional loan funded expenditure was K377.6 million in the first six (6) months, which represents 32.7 per cent of its 2023 Budget estimate of K1,156.0 million. Higher loan drawdown is subject to the Government making available counterpart funding. Hence, the Government is committed to providing counterpart funding towards loan-funded projects that are also expected to stimulate economic activity given the higher internal rate of return of these projects.

Table 12: Total Expenditure and Net Lending 2022-2023 (Kina, million)⁴

Expenditure by Fund Source	2022 Actuals	2023 Budget.	June Outcome	2023 MYEFO	Outturn as a % of Budget	Budget Variance
Operational Budget	14,518.1	14,771.0	6,916.9	15,564.8	46.8%	793.8
Compensation of Employees	6,490.3	6,942.0	3,187.4	6,942.0	45.9%	0.0
Use of Goods and Services	4,326.5	3,860.0	1,759.4	4,381.0	45.6%	521.0
Functional Grants	445.2	642.0	247.6	642.0	38.6%	0.0
Interest Cost	2,578.7	2,511.0	1,309.2	2,783.8	52.1%	272.8
GST & BMTT	677.4	816.0	413.3	816.0	50.6%	0.0
Capital Investment Budget	9,871.9	9,795.9	3,235.9	9,810.9	33.0%	15.0
GoPNG PIP	5,954.3	5,435.0	2,191.8	5,435.0	40.3%	0.0
SIPs	998.0	1,180.0	*666.5	1,195.0	56.5%	15.0
Concessional Loans	1,447.5	1,156.0	377.6	1,156.0	32.7%	0.0
Donor Support Grants	1,472.1	2,024.9	0.0	2,024.9	0.0%	0.0
Trust Balances Allowance	0.0	0.0	0.0	***341.7		341.7
MYEFO Contingency Fund	0.0	0.0	0.0	463.7	0.0%	563.7
Grand Total	24,390.0	24,566.9	**10,152.8	26,181.1	41.3%	1,614.1

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

*Includes K10.0m in 2022 outstanding SIPs that were paid this year (Nipa-Kutubu K2.0m, Rabaul K4.0m and Pomio K4.0m).

**The table incorporates K341.7m net changes in Trust Account balances (inflows & outflows) which are included in the June outturn for 2023. This mainly represents expenditures from trusts, which are funded from previous appropriations into these trusts (refer to Table 19 for more information). The K341.7m in trust expenditure is split: K118.1m in operations expenditure (G&S) and K233.6m in capital/PIP expenditure.

***Given the fall in trust balances already in the first six months of 2023, K341.7m has been provided for in the remainder of 2023 to ensure the 2023 deficit remains on target. This has been provisionally allocated to the Goods and Services Budget.

Operational Budget Expenditure

Operational expenses up to 30th June 2023 amounted to K6,916.9 million or 46.8 per cent of its 2023 Budget estimate, and 28.2 per cent against the total expenditure envelope of K24,566.9 million for 2023. This outcome is lower by K468.6 million (or 6.3 per cent) when compared with its pro-rata projection of K7,385.5 million for the first half of 2023. The outturn reflected a slightly lower outturn trend for Compensation of Employees (CoE) at 45.9 per cent,

³ Project support grants as reported by development partners to DNPM. Due to delay in reports coming through from the development partners, no donor expenditure is reported in this report. A full report on the donor grants expenditure will be made available in the 2023 FBO.

⁴ 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 classification.

operational Goods and Services at 45.6 per cent and Functional Grants at 38.6 per cent. Interest Cost payment, on the other hand is trending at 52.1 per cent compared with their budget estimates for the year. The higher interest payment outcome is evident from the two (2) huge Treasury Bond coupon payments that were made in the first half of the year.

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 2023. It is expected to be within budget targets at year's end. On the other hand, interest costs are projected to be higher by K272.8 million at year's end based on the half year outcome of K1,309.2 million. The higher projected year-end outcome is expected mainly from the much higher international interest costs experienced over the last year, more than offsetting the declines in domestic interest costs. This increase also accounts for unforeseen debt-related charges and commitments.

Overall, operational expenditure is expected to pick up in the second half of the year as the Government agencies ramp up spending.

Of the total operational expenditure year-to-date outcome of K6,916.9 million, CoE was the largest expense item at K3,187.4 million. This is followed by other Goods and Services at K1,759.4 million, Interest Costs at K1,309.0 million, GST & BTT transfers at K413.3 million and Provincial Functional Grants at K247.6 million as highlighted in Table 12 above.

Table 13: Expenditure by Agency Type and Fund Source 2022-2023 (Kina, million)

Agency Type	2022 Actuals	2023 Budget	June Outcome	2023 MYEFO	Outturn as a % of Budget	Budget Variance
National Departments	11,462.7	9,815.4	3,593.2	11,099.3	36.6%	1,230.5
Provincial Government	5,178.1	5,386.0	2,952.7	5,401.0	54.8%	15.0
Commercial & Stat. Authority	1,830.5	3,233.4	1,735.3	3,275.8	53.7%	42.4
Autonomous Bougainville Govt.	420.3	440.1	184.7	440.1	42.0%	0.0
Interest Payment	2,578.7	2,511.0	1,309.2	2,783.8	52.1%	272.8
Grand Total	21,470.3	21,385.9	*9,775.2	**23,000.0	45.7%	1,614.1

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

Note: This table includes reporting of GST & BTT transfers (under Provinces) but excludes reporting of concessional loans and donor support grants.

*The table incorporates K341.7m net changes in Trust Account balances (inflows & outflows) which are included in the June outturn for 2023. This mainly represents expenditures from trusts, which are funded from previous appropriations into these trusts (refer to Table 19 for more information). The K341.7m in trust expenditure is split K118.1 in operations expenditure (G&S) and K233.6m in capital/PIP expenditure.

**Given the fall in trust balances already in the first six months of 2023, K341.7m has been provided for in the remainder of 2023 to ensure the 2023 deficit remains on target. This has been provisionally allocated to the Goods and Services Budget.

Total expenditure under National Departments was K3,593.2 million or 36.6 per cent of 2023 Budget estimate of K9,815.4 million. This outcome is lower by K1,314.5 million when compared with the half-year pro-rata target of K4,907.7 million. Compared to the outcome for the same period for 2022, this outcome is lower by K794.3 million or 18.1 per cent. The lower outturn reflects delayed submission of monthly cashflows, workplans and procurement plans by the Government agencies.

Priority expenditure items expended under National Departments includes GTFS (K396.6 million), Procurement & Distribution of Medical Supplies (K63.2 million), Arrears (K44.1 million), Connect PNG Roads Program (K264.9 million), Special Intervention Program (K20.2 million), Nambawan Super Exit Payments (K102.8 million), State Share Contribution to Nambawan Super (K153.2 million), Infrastructure Development Grant (K142.9 million), Utilities (K89.7 million), Rentals (K100.0 million), Health Function Grant (K50.8 million), and New Enga Hospital (K30.0 million). Expenditures under National Departments are anticipated to pick-up in the second half of the year, especially for health and education, law and order and infrastructure spending.

The expenditure outcome under Provincial Governments, including the Autonomous Bougainville Government (ABG) totalled K3,137.4 million, which is 53.9 per cent compared to the 2023 Budget appropriation of K5,826.1 million. Outcome on CoE for the Provincial Governments and the ABG for the first half of the year totalled K1,099.6 million, representing and this represents 18.9 per cent of the total appropriation. The SIPs and functional grants payments amounted to K666.5 million⁵ and K247.6 million, respectively.

Total expenditure for Commercial and Statutory Authorities (CSA) totalled K1,735.3 million or 53.7 per cent compared with its 2023 Budget appropriation of K3,233.4 million. This is slightly higher by K118.6 million or 7.3 per cent compared to its pro-rata of K1,616.7 million. CoE under CSA recorded an outcome of K949.2 million or 55.5 per cent against the budget estimate. Priority programs expended under the CSA include; the Administration of Village, District, National and Supreme Courts (K127.3 million), SOE reform Programs K62.5 million, Judiciary Support Services Program (K10.0 million), Duran Farm Project (K10.0 million) and Coffee Access Roads Program (K8.0 million). Given the current rate of implementation, CSA's expenditure at year's end is expected to be slightly higher than originally budgeted, especially for CoE and G&S as new Government entities (authorities) come into full operations.

Total interest payments (including fees and charges) for the first half of the year amounted to K1,309.2 million, which represents about 52.1 per cent of its 2023 Budget estimate. A large portion of interest cost was domestic, which recorded 75.5 per cent of the total interest cost paid to date, while external debt interest costs amounted to 24.5 per cent.

Compensation of Employees (CoE)

The total CoE expenditure in the first half of the year amounted to K3,187.4 million or 45.9 per cent when compared with the 2023 Budget estimate. This amount reflects the normal fortnightly wages and salaries for public servants, including newly recruited teachers, village court officials' monthly wages, health workers, and law enforcement personnel (police and defence). This includes the final entitlements for retirement batch 4 of 2022, totalling K19.1 million that was paid early this year.

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

CoE Items	2022 Actuals	2023 Budget	June Outcome	2023 MYEFO	Outturn as a % of Budget	Budget Variance
National Dept. Salaries	2,095.2	1,487.0	702.0	1,487.0	47.2%	0.0
CSA Salaries	815.8	1,518.5	785.6	1,518.5	51.7%	0.0
Teacher Sal Gr	1,887.9	1,813.3	915.1	1,813.3	50.5%	0.0
Retirement	663.3	1,067.3	344.3	1,067.3	32.3%	0.0
Staffing Grants	310.9	392.2	155.1	392.2	39.5%	0.0
Wages Allow	344.8	278.4	123.6	278.4	44.4%	0.0
Leave fares	185.0	155.0	52.4	155.0	33.8%	0.0
Overtime	40.6	36.8	14.3	36.8	38.9%	0.0
MPs	151.3	110.7	62.6	110.7	56.5%	0.0
Other CoE	-4.5	87.9	32.4	87.9	36.9%	0.0
Total	6,490.3	6,947.0	3,187.4	6,947.0	45.9%	0.0

Source: Department of Treasury

Salary expense for National Departments is tracking well and is within the mid-year estimate at 47.2 per cent. CSA and Teachers' Salaries for the first half of the year amounted to K785.6 million and K915.1 million respectively, which is slightly higher against the mid-year projections 51.7 per cent and 50.5 per cent respectively for the first half of the year. Overall, the lower outcome reflects the effective control and monitoring, and the work done under the

⁵ This includes K10.0m outstanding DSIPs for 2022 paid in 2023 (Nipa-Kutubu K2.0m, Rabaul K4.0m and Pomio K4.0m).

OSPEAC program. Treasury will continue to maintain oversight and institute strict control over the re-appropriation of CoE funds.

The Government allocated funding of K300.0 million towards the CoE retirement program for 2023. A large portion of the aging public servants that are expected to retire are teachers, Police and Defence personnel. Treasury is working closely with the Departments of Personnel Management (DPM) and Finance, to verify and retire the aging public servants. To date, over 2,000+ public servants have been retired at a total cost of almost K200.0 million.

From the June outturn of K344.3 million under Retirement, a large portion of the expense came from the State Share Contribution to Nambawan Super–Automation (K153.2 million), Nambawan Super (NSL) Exit Payments (K102.8 million), and the Defence Retirement Pension Scheme (K4.7 million). This also includes the final entitlements for batch 4 retirees from 2022 totalling K19.1 million that was paid early this year.

Organisational Staffing & Personnel Emoluments Audit Committee (OSPEAC)

The Organizational Staffing & Personnel Emolument Audit Committee (OSPEAC) has implemented several activities in the first half of 2023 according to the OSPEAC 2023 Work Plan. These activities aim to efficiently manage the Government's payroll, reducing inefficiencies in the Compensation of Employees (CoE) expenditures, and improving productivity.

1. Retirement Exercise

The Whole of Government Retirement Strategy was developed by the Department of Personnel Management (DPM) in 2019 to reduce the accumulating number of aging public servants. This strategy was jointly implemented by OSPEAC and the Authorised Super Funds. OSPEAC facilitates the payment of final entitlements and superannuation component while the Super Funds were involved in verifying and calculating the unfunded 8.4 per cent superannuation component for the retirees.

In 2023, a sum of K300.0 million was appropriated for the Retirement Exercise. Given the lengthy validation process required to retire public servants, and the need to prioritise the implementation of specific activities, little progress was made in 2023. Work is expected to pick up in the second half of the year.

The only payment made to date is the final entitlement for batch 4 of 2022 totalling K19.1 million, which was paid in January 2023. To settle the batch 4 payment, the funds were transferred from the Retirement Vote to the respective agencies, who then pay out their retiring officers. Due to delays as highlighted above, the State Share contributions for retirement batches 2 to 4 (K85.5 million), and outstanding liabilities for 2022 batch 4 retirees (K1.6 million), which were also brought forward to 2023, are yet to be paid. The Government, through OSPEAC, will ensure that these outstanding payments are made in the second half of the year.

2. Other activities undertaken to Strengthen the Government Payroll System

The OSPEAC simultaneously implemented other activities to strengthen the government's payroll system and reduce inefficiencies in the CoE budget.

a) Government of PNG Ascender Payroll Upgrade from Version 12 to Version 22.

In 2023, the Government allocated K5.0 million towards GoPNG Ascender Payroll upgrade from version 12 to version 22. The Department of Finance (DoF) is the lead agency in this project with representations from the Department of Treasury (DoT), Department of National

Planning & Monitoring (DNPM), Department of Personnel Management (DPM) and Department of Justice & Attorney General (DJAG). In the first quarter, the payroll upgrade team improved collaboration and coordination among the respective agencies. The payroll upgrade team improved collaboration and coordination among the respective agencies in the first quarter.. Weekly targets were met including the completion of the questionnaire on the Master Service Agreement (MSA). The questionnaires have been sent to the software company – Ceridian.

The MSA signed and subscribed to in 2001 is still valid. However, as part of the upgrading process, the Government, through DoF intends to enter into a new MSA with Ceridian to use the Ceridian software to provide payroll services to process public servants' salaries.

b) 2023 Human Resource Forum

The Human Resource (HR) forum is a platform where HR professionals meet to discuss and exchange ideas related to human resource management. The 2023 HR Forum was hosted by DPM in collaboration with DoT to address the agenda of annual over-expenditure in the CoE budget. The forum was also an avenue to advise HR practitioners of the implications of poor HR practices, the current directions set by the Government as measures to address the annual over expenditures and to inform agencies of what is required at their level.

The 2023 Human Resource Forum theme was 'Data-Driven Leadership and Decision Making'. The workshop promoted the use of data to inform and guide decision-making processes within the Government going forward. This includes collecting and analyzing data from various Government data sources, such as National Identification (NID), manpower/staffing and population data, to gain insights and inform strategic decisions. Data-driven leadership involves using these insights to set goals, allocate resources, and measure success. Data-driven leadership can also minimise intuition or guesswork, leading to improved performance and outcomes.

A report of this forum has been completed by DPM and copies have been distributed to the OSPEAC member agencies.

c) Teaching Business Process Review

The persistent inefficiency in the Teachers Budget and expenditure annually has become a concern for the Government. As such, OSPEAC has initiated a review of the Teachers Business Process through consultations with relevant agencies responsible. This includes reviewing the recruitment, appointment, budgeting and payroll process for teachers.

The outcome of the consultations revealed that different actors manage the Teacher's Business Process, and thus lacks proper coordination amounts to inefficiencies in managing the business process. The current process affects the quality of education being delivered, which incurs costs to the Government in terms of annual overruns in CoE.

A report is currently being compiled and once completed, will be shared with the International Monetary Fund (IMF), with the possibility of technical assistance in the future in addressing this ongoing issue.

d) Staffing & Establishment Reviews

Department of Personnel Management (DPM), in collaboration with the Departments of Treasury and Finance, had successfully conducted the Staffing and Establishment (S&E) reviews from the 8th – 19th May 2023 in Port Moresby. The exercise was mainly to audit anomalies in the Government's payroll, thus rectifying manpower discrepancies between the

Position Occupancy Register (managed by DPM), the Government Payroll (managed by DoF) and CoE budget estimates (formulated by DoT).

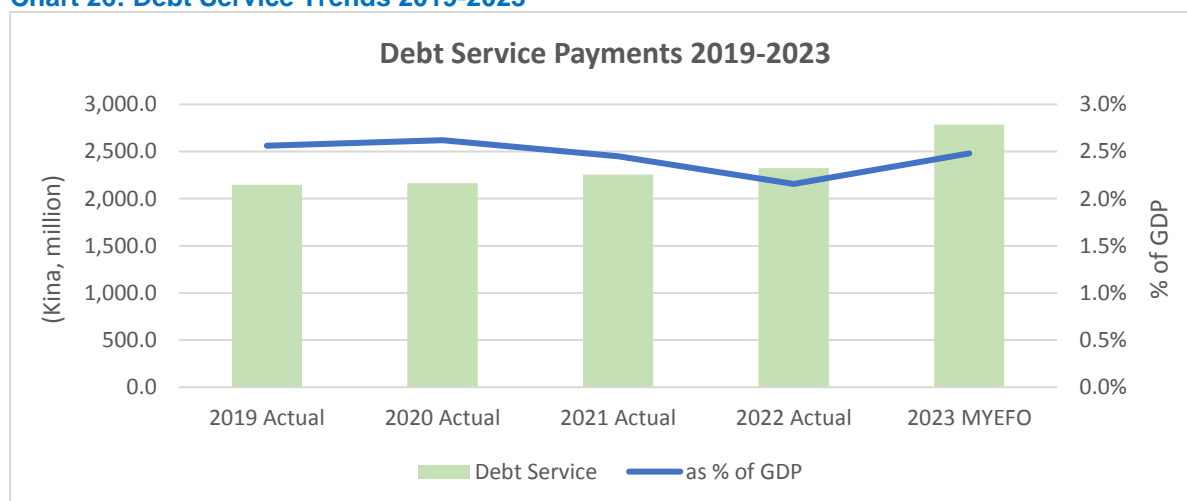
A report has been compiled by DPM and submitted to DoT to guide the 2024 Budget formulation, especially on the CoE budget estimates.

Debt Servicing (Interest Cost)

Total debt servicing (interest cost) for the first six (6) months of the year amounted to K1,309.2 million, representing 52.1 per cent of the 2023 Budget estimate. The Debt service outcome at year's end is projected to be higher than the 2023 Budget estimate by K272.8 million. The higher projected year-end outcome is expected from the rise in global interest rates and unforeseen debt-related charges.

Chart 26 below summarises the growth in debt service payments since 2019. On average, debt service payments as a share of GDP is tracking around 2.5 per cent during the period. For 2023, debt service payment as a share of GDP is expected to be around 2.5 per cent, increasing slightly by 0.3 per cent from 2.2 per cent in 2022.

Chart 26: Debt Service Trends 2019-2023



Source: Department of Treasury

Arrears Verification Program

The National Executive Council (NEC), in its Decision No. 397/2020 (the NEC Decision) initiated the Arrears Verification (AV) Program and by virtue of this decision, established the Arrears Verification Committee (AVC) and the Secretariat.

The NEC Decision further directed the Departments of Finance, Treasury, National Planning and the State Solicitor's Office to be members of the AVC. The Committee's role is to:

- enforce the provisions of the *Public Finances (Management) Act (PFMA) 1995*, the *National Procurement Act (NPA) 2018*, and the *Public Services (Management) Act (PSMA) 1995* that relate to procurement;
- clear arrears (goods, works, and services that have been vetted and endorsed for payments; and
- carry out awareness covering both the public and private sectors on the procurement rules and laws.

The Arrears Program was originally appropriated K300.0 million in the 2023 Budget. However, this was revised down to K144.1 million and re-appropriated to cater for other pressing

unbudgeted Government priority commitments during the first half of the year. Of the revised amount, K57.9 million was released in warrants to facilitate claims verified through the AVC process together with claims approved by the Treasurer through the issuance of the Ministerial Warrants.

The total expenditure incurred year-to-date as at the end of June 2023 was K44.1 million. This is 30.6 per cent against the revised appropriation and 76.2 per cent against the warrant issued year-to-date.

Table 15 below shows the high level warranting and expenditure report as at 30th June 2023.

Table 15: Warranting & Expenditure Report 2023 (Kina, million)

	2023 Budget	Revised Budget	WA YTD	Expense YTD
Arrears	300.0	144.1	57.9	44.1
Grand Total	300.0	144.1	57.9	44.1

Source: Department of Treasury

In the first half of 2023, the AVC received a total of 91 arrears claims worth K134.0 million through the Departments of Finance, National Planning and Treasury.

From the 91 claims received and recorded as at the end of June 2023, 18 claims worth K9.6 million were assessed, verified and pre-endorsed by the AVC. From this, only 3 claims worth K3.3 million were approved and paid. In addition, a total of 24 pre-endorsed claims for 2022 worth K24.6 million were also paid in 2023. The remaining 15 pre-endorsed claims for 2023 and 31 pre-endorsed claims for 2022 are still pending Government's approval for payment.

Of the total claims received, 71 of the claims were non-compliant as they did not meet the *PFMA* and *NPA* requirements. These non-compliant claims were returned by the AVC Secretariat to the respective originating agencies for further vetting.

Table 16 below shows the status report on the number of claims received, vetted and approved.

Table 16: Total Arrears Endorsed and Settled through the Arrears Vote 2023

	Claims Received & Vetted	Pre-endorsed Claims	Approved Claims	Pending Approval	Non-Compliant Claims
Number of Claims	91	18	3	15	71
Value of Claims	K134.0m	K9.6m	K3.3m	K6.3m	K117.2m

Source: Department of Treasury (AVC Database)

AVC Observations on Adherence of the GoPNG Procurement Processes

Being operational for the last three (3) years, the AVC has uncovered numerous instances of non-compliance to laws on procurement, public finance management and negligence by various Government agencies.

More than 60.0 per cent of the claims deliberated were from years prior to 2018 (before the passage of the *NPA* 2018). It was observed that about 90.0 per cent of these claims lacked necessary procurement compliance mechanisms.

Whilst the AV Program is focused on resolving the large quantum of State Arrears resulting from Government procurements, there is a need for nation-wide awareness on the GoPNG procurement processes and requirements.

Capital Budget Expenditure

Total expenditure on Development and Capital Investment (including donor grants and concessional loans) amounted to K3,235.9 million or 33.0 per cent compared with its 2023 Budget estimate in the first half of the year. This includes domestically funded expenditures (GoPNG) (K2,858.3 million), donor support grants (K0.0 million)⁶, and loan-funded expenditures (K377.6 million). Compared to this time last year, the capital investment budget outcome for 2023 is lower by K80.3 million or 9.2 per cent.

Table 17: Capital Investment Budget 2022 to 2023 (Kina, million)

Components	2022 Actuals	2023 Budget.	June Outcome	2023 MYEFO	Outturn as a % of Budget	Budget Variance
GoPNG PIP	5,954.3	5,435.0	2,191.8	5,435.0	40.3%	0.0
SIPs	998.0	1,180.0	*666.6	**1,195.0	56.5%	15.0
Loans	1,447.5	1,156.0	377.6	1,156.0	32.7%	0.0
Grants	1,472.1	2,024.9	***0.0	2,024.9	0.0%	0.0
Total	9,871.9	9,795.9	3,235.9	9,810.9	33.0%	15.0

Source: Department of Treasury and National Planning & Monitoring.

*Includes K10.0m in 2022 outstanding DSIPs that were paid this year (Nipa-Kutubu K2.0m, Rabaul K4.0m and Pomio K4.0m).

**SIPs outcome at year's end is projected to increase by K15.0m. This takes into account of 2022 outstanding SIPs that has been brought forward to be settled in 2023. Apart from the K10.0m mentioned, other outstanding SIPs includes New Ireland PSIP (K2.0m), Simbu DSIP (K1.0m) and ABG DSIP (K2.0m).

***No expenditure reported due to delayed reporting from major grant providers. A full report will be made in the 2023 FBO report.

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 and cash flow plans to the Departments of Treasury and National Planning & Monitoring for approval prior to them receiving their warrants from the 2023 Budget.. Lack of updated data from grant funded expenditures from the development partners is also a challenge when reporting on mid-year performance given that grant forms a critical component of the development budget.

For the second half of the year, the Government will continue to prioritise and fund key expenditure commitments that will inject immediate economic stimulus in the provinces. Funding for IDGs, DSIP/PSIP, Other Priority PIPs and counterpart funding will continue to be made available to ensure that it has spin-off effects on the welfare of the citizens in the provinces. Projects with lower implementation rates or no immediate economic and social returns were delayed with a shift in focus to critical expenditure areas.

The major capital expenditure items in the first half of 2023 includes the Connect PNG Roads Program (K264.9 million), New District Infrastructure Development Program (K213.0 million), SOE Reform Program (K62.5 million), Wafi-Golpu IDG (K60.0 million), PM's Commitment – ABG (K50.0 million), PNG LNG IDG (K43.9 million), High Impact Projects – PNG LNG (K29.0 million), New Enga Hospital (K25.0 million), Special Intervention Program (K20.2 million) and Restoration Development Grants (K20.0 million). Other programmes related to infrastructure, SME and agriculture development have also been funded.

The loan-funded projects outturn up to June was K377.6 million or 32.7 per cent of its 2023 Budget estimate of K1,156.0 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 Sustainable Highlands Highway Improvement Program (SHHIP) 1 (K80.4 million), Sustainable Highlands Highway Improvement Program (SHHIP) 2 (K47.0 million), Road Maintenance and Rehabilitation Project II (K44.9 million), Nadzab Airport Redevelopment Project

⁶ Due delay in reporting by the major grant providers (development partners), no data on grants are reported in the 2023 MYEFO. More information will be made available in the 2023 FBO.

(K27.5 million); Lae Tidal Basin Industrial Development Project (K39.5 million), Port Moresby Power Grid (K40.2 million); Ramu Transmission System Reinforcement Project (K13.9 million), Health Services Sector Development Project (K7.3 million), Port Moresby Power Grid Project (K6.3 million) and WaSH Project (K4.5 million).

Grants received from development partners are mobilised to finance the capital investment budget of the Government. The Government of Australia, through their Department of Foreign Affairs and Trade (DFAT) continues to remain the largest donor. The other grant financiers include the Asian Development Bank (ADB), United Nation (UN), People's Republic of China, European Union (EU), New Zealand Government and the Japanese Government through the Japan International Co-operation Agency (JICA).

For the 2023 fiscal year, a total of K2,049.9 million in grants was projected to be expended by the development partners through the various programs undertaken in PNG. At the time of this report, only two (2) development partners have submitted their expenditure reports. However, are not included as the outcome is not significant. Most of the development partners were not able to provide their expenditure data for the first half of 2023. The donor partners have been very supportive again this year. A full report will be made available in the 2023 FBO report as the reports become available.

Domestically funded capital investment as at the end of June 2023 amounted to K2,634.7 million, or 39.8 per cent of the budget estimate of K6,615.0 million (refer table 18 below). This outcome is lower by 20.3 per cent compared with the first half of the year pro-rata projection target of K3,307.5 million. The lower than expected figure is due to the implementation of the new procurement rules and prioritising of critical and priority projects.

Table 18: 2023 GoPNG Capital Expenditure by Sectors

Sector	2022 Actuals	2023 Budget	June Outcome	2023 MYEFO	Outturn as a % of Budget	Budget Variance
Administration	1,769.8	1,775.5	537.8	1,775.5	30.3%	0.0
Community & Culture	49.5	74.0	52.6	74.0	71.1%	0.0
Economic	416.9	651.0	145.4	651.0	22.3%	0.0
Education	65.3	184.0	46.4	184.0	25.2%	0.0
Health	357.4	312.0	77.7	312.0	24.9%	0.0
Law & Justice	88.0	323.0	34.3	323.0	10.6%	0.0
Provinces	2,220.5	2,147.5	1,335.4	2,162.5	62.2%	15.0
Transport	833.5	881.0	328.3	881.0	37.3%	0.0
Utilities	38.0	267.0	76.7	267.0	28.7%	0.0
Unallocated transfers to the capital budget.	*1,113.4	0.0	**223.3	0.0	100.0%	0.0
Total	6,952.3	6,615.0	2,858.3	6,630.0	39.8%	15.0

Source: Department of Treasury and National Planning & Monitoring.

*2022 – Unallocated transfers to the capital budget from vote 207 (K701.7m) + capital transfer from trust (K411.7m).

**2023 – Trust transfers to the capital budget (K233.6m).

The Provinces sector recorded an expenditure outcome of K1,335.4 million or 62.2 per cent of its budget estimate. Major expenditure items under the sector included DSIP (K542.5 million)⁷, PSIP (K124.0 million), Special Support Grants (K8.3 million), as well as funding for District and Provincial Roads and Hospitals.

The Administration sector recorded an expenditure outcome of K537.8 million or 30.3 per cent compared with its 2023 Budget appropriation. Major programs funded under this sector during the first half of the year includes the New District Infrastructure Development Program (K213.0 million), Wafi-Golpu IDG K60.0 million), PNG LNG IDG (K43.9 million), High Impact Infrastructure Projects (PNG LNG) (K29.0 million), Special Intervention Program

⁷ This includes K10.0m in DSIPs from 2022 paid in 2023 (Nipa-Kutubu K2.0m, Rabaul K4.0m and Pomio K4.0m).

(K20.2 million), State Equity Fund (Agriculture and Others) (K18.0 million) and National Government Commitments (K16.0 million).

The Transport sector recorded an expenditure outcome of K328.3 million or 37.3 per cent of its 2023 Budget appropriation. Major programs funded under this sector during the first half of the year include the Connect PNG Roads Program (K264.9 million), DoW Capital Arrears (K10.0 million), National Highways Rehabilitation Program (K10.0 million), Mul Baiyer-Lumusa-Wapenamanda Road (K5.4 million) and Rehabilitation & Maintenance of Rural Airstrips (K5.0 million) and the 40 mile to Menyamya Road (K5.0 million), as well as other road infrastructure programs.

The Economic sector recorded an expenditure outcome of K145.4 million, or 22.3 per cent compared with its budget appropriation. Major programs funded during the first half of the year include the Duran Farm Project (K10.0 million), Coffee Access Roads Program (K8.0 million), Oil Palm Small Holder Roads (K7.0 million), Tourism Sustainable Development Program (K7.0 million), Special Economic Zone Development Program (K6.0 million), Coconut Disease Containment & International Gene-Bank Relocation (K5.0 million), and Freight Assurance Subsidy Scheme (K5.0 million).

For Health, the sector recorded an outcome of K77.7 million, or 24.9 per cent compared with its budget appropriation. Major programs funded include the PMGH Cancer and Heart Institute (K32.2 million), New Enga Hospital Development (K5.0 million) and the Malaria Research Infrastructure (PNG Medical Research Lab) (K5.0 million).

Other priority programs include; Law & Justice sector (K34.3 million or 10.6 per cent), Education sector (K46.4 million or 25.2 per cent), Utilities sector (K76.4 million or 28.7 per cent), and the Community & Culture sector (K52.6 million). The Miscellaneous recorded K0.0 million in expenditure, and this attributed to programs being reappropriated out from the Miscellaneous vote and expended under the other appropriate sectors.

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

1.7 STATUS OF TRUST ACCOUNTS

Pursuant to *Section 15* of the *Public Finance Management Act (PFMA)*, (*Amended 2016*), the Department of Finance (DoF) gives authorization to any government institution, whether it be National Department, Statutory Authority or Provincial Government, to establish and operate trust accounts. The trust accounts can be funded through the National Budget, Donors or counter funded by GoPNG. *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 K21,066.8 million (K18,600.6 million from 2022 FBO + K1,386.6 million), up to and including the 2023 Budget appropriations, has been expended through the budget-funded trust accounts since 2005 for the implementation of the Government's various priority programs. The main purpose of holding funds in Trust Accounts is to spread spending overtime 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 01st January to 30th June 2023. A total of K1,386.6 million has been expended from various trust accounts between January to June 2023.

Table 19: Movement of Funds in Budget Funded Trust Accounts from 1st January – 30th June 2023 (Kina, million)

Trust Account Name	Balance as at 1-Jan-23	Debit (Receipts)	Credit (Payments)	Balance as at 30-June-23
Flexible, Open and Distance Education (FODE) Rehabilitation - GoPNG	0.6	0.5	0.0	1.1
Government Tuition Fee Subsidy Education Trust Account	224.8	396.0	551.7	69.1
Tuition Fee Subsidy Education - Commodity Component Trust	186.3	45.4	71.1	160.7
Govt's Funding of Rehab. Of Higher Education Sector TA	26.9	0.8	1.2	26.4
PNG Rural Communications Project GOPNG	0.1	-	-	0.1
PNG Fire Service Infrastructure Rehabilitation Program - (PIP) T/A	0.0	0.5	-	0.5
National Road Maintenance Policy TA	0.0	-	-	0.0
Highlands Highway Rehabilitation T/A Subsidiary	0.0	-	-	0.0
Port Moresby Roads Trust Account	0.3	-	-	0.3
Small Medium Enterprise (SME) Risk Sharing Facility (GoPNG)	1.5	4.0	3.1	2.3
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
LNG Plant Infrastructure Development Grant (IDG) (Papa/Lealea) TA	0.0	-	-	0.0
Financial Management Improvement Programme (FMIP) - GoPNG	7.2	1.0	6.5	1.8
FMIP Provincial Capacity Building Imprest Trust Account	2.2	1.0	2.0	1.2
Infrastructure Development (UBSA) Grant (IDG) Account - Main	7.9	-	-	7.9
Infrastructure Development (UBSA) Grant Account (IDG) Sub	1.4	0.0	0.0	1.4
PNG High Impact Infrastructure Projects	0.0	-	-	0.0
PNG High Impact Infrastructure Projects Sub	-	-	-	-
Public Service Audit Program	0.6	0.0	0.0	0.6
2017 PNG National General Election - Finance, Procurement, Personnel and Logistic Trust	0.0	-	-	0.0
NAOSPIII GoPNG Counterpart Funds (European Union)	0.5	1.6	0.9	1.1
Department of Prime Minister & NEC APEC Operations (OP) Plan 2018 TA	0.0	-	-	0.0
Highlands Region Roads Improv Invest Prog GoPNG Counterpart	0.1	-	-	0.1
Comm.Water Transport Proj. GoPNG C/Fund	2.5	17.3	16.1	3.8
Comm.Water Transportation Fund - GoPNG (ADB 2079)	0.0	-	-	0.0
PNG LNG Additional State Equity Financing	0.7	-	-	0.7
Highlands Region Road Improvement Investment Program (HRRIP) Project 2 - GoPNG Counterpart Funding TA (Inc	0.0	-	-	0.0
SHHIP- Tranche 1 - GoPNG Counterpart Fund	6.2	-	6.2	0.0
Multiple LNG Development Trust Account	0.7	0.3	1.0	0.0
Coastal Vessels Account	0.1	-	-	0.1
Water Supply Sanitation Development Project – GoPNG	1.6	0.5	0.1	2.1
Bougainville Referendum Non-electoral Support Funds	0.5	24.1	4.8	19.8
Land Reform Trust Account	0.0	-	-	0.0
Mukurumanda Jail Project Trust Account	2.6	-	0.8	1.9
Jiwaka Provincial Headquarter Project Trust Account	0.0	-	0.0	0.0
Tsak Valley Electrification Project - GoPNG Counterpart Fund	-	-	-	-
2020 National Population and Housing Census Trust Account	1.3	0.5	1.8	0.0
Kokopau to Arawa Road	0.0	-	-	0.0
Department of Finance Infrastructure Project Trust A/C	0.3	-	0.0	0.2
Rural Service Delivery Project	0.1	4.3	4.0	0.4
COVID-19 Emergency Trust Account	410.6	179.6	399.9	190.2

Trust Account Name	Balance as at 1-Jan-23	Debit (Receipts)	Credit (Payments)	Balance as at 30-June-23
Health Service Sector Development Budget Support Trust Account	0.7	-	-	0.7
PNG's First Economic and Fiscal Resilience Development Policy TA	0.3	-	-	0.3
Connect PNG Economic Road Transport Infrastructure Dev. Prog. TA	1.2	-	-	1.2
Higher Education Loan Program Trust Account	9.8	89.8	21.5	78.1
Ihu Special Economic Zone	3.8	-	2.1	1.8
Government Commitment Trust Accounts	22.9	272.4	272.4	22.9
2022 National General Election - Finance Procurement, Personnel and Logistics Trust Account	9.5	0.2	8.8	0.9
Office of State Negotiations Trust Account	6.6	5.1	10.6	1.0
Total	969.3	1,044.9	1,386.6	627.6

Source: Department of Finance.

Notes:

- i. Government Tuition Fee Subsidy (GTFS) Trust is not inclusive of its subsidiary trust accounts.
- ii. COVID-19 trust accounts receipts, and expenses are inclusive of all its subsidiary accounts.
- iii. Many trust accounts did not incur expenses as most of them were restricted by the banks as per instructed by the Reform Team due to expired trust instruments or the bank accounts were dormant.

The opening balance of the budget funded trust accounts on the 01st the January 2023 was K969.3 million. Expenditure incurred in this period totalled K1,386.6 million with K1,044.9 million as receipts within the same period. Therefore, the closing balance of K627.6 million as at 30th June 2023.

Following is a summary of expenditures above K5.0 million from budget funded trust accounts for the period 01st January to 30th June 2023.

- K551.7 million was expended on the Government's Tuition Fee Subsidy (GTFFS) program.
- K399.9 million was expended from the COVID-19 Emergency Trust Account to facilitate payments of operational funds allowed under Finance Instruction 11/2021 dated 04th November 2021.
- K272.4 million was expended on the Government Commitment Trust Accounts to cater to the outstanding commitments of the Government.
- K71.1 million was expended on the Tuition Fee Subsidy Education – Commodity Component Trust.
- K21.5 million was expended on the funding of student loans under the Higher Education Loan Program.
- K16.1 million was expended on the Community Water Transport Project -. GoPNG Counterpart Funding.
- K10.6 million was expended on the Office of the State Negotiations.
- K8.8 million was expended on the 2022 National General Election - Finance Procurement, Personnel and Logistics Trust Account to fund the outstanding commitments for the 2022 National General Election.
- K6.5 million was expended on the Financial Management Improvement Program (FMIP) project.
- K6.2 million was expended on the SHHIP – Tranche 1 – GoPNG Counterpart Funding.

Tables 20 and 21 below shows the movement of funds among the COVID-19 Emergency Trust Accounts for the 89 District and 22 Provincial Trust accounts respectively for the period of 1st January to 30th June, 2023. From these accounts, a total of K399.9 million was expended by the end of June 2023. 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 01st January – 23rd June 2023 (Kina, million)

Provincial Subsidiary Account	Bal as at 01 Jan 2023	Receipts	Payments	Bal as at 30 Jun 2023
COVID -19 Emergency Trust Account – Enga	0.2	0.0	-	0.2
COVID -19 Emergency Trust Account – Hela	0.3	-	-	0.3
COVID -19 Emergency Trust Account – SHP	0.0	-	-	0.0
COVID -19 Emergency Trust Account – Western	1.5	-	-	1.5
COVID -19 Emergency Trust Account – WHP	0.5	-	0.5	0.1
COVID -19 Emergency Trust Account – EHP	11.0	35.9	28.0	19.0
COVID -19 Emergency Trust Account – Morobe	16.2	31.1	47.3	0.0
COVID -19 Emergency Trust Account – Madang	17.1	20.8	37.9	0.0
COVID -19 Emergency Trust Account – ESP	1.7	-	0.0	1.7
COVID -19 Emergency Trust Account – WSP	0.1	-	-	0.1
COVID -19 Emergency Trust Account – Milne Bay	1.9	8.0	9.9	0.0
COVID -19 Emergency Trust Account – Oro	40.9	0.0	37.2	3.8
COVID -19 Emergency Trust Account – NCD	0.0	-	-	0.0
COVID -19 Emergency Trust Account – Central	8.8	-	0.0	8.8
COVID -19 Emergency Trust Account – ENB	54.6	0.0	7.5	47.1
COVID -19 Emergency Trust Account – WNB	5.1	-	5.1	-
COVID -19 Emergency Trust Account – New Ireland	0.2	-	0.0	0.2
COVID -19 Emergency Trust Account – Jiwaka	0.3	1.6	1.8	0.1
COVID -19 Emergency Trust Account – Simbu	0.0	20.0	8.7	11.3
COVID -19 Emergency Trust Account – Manus	2.3	-	0.3	2.0
COVID -19 Emergency Trust Account – Gulf	26.1	0.8	15.9	11.0
COVID -19 Emergency Trust Account – ABG	0.0	-	-	0.0
TOTAL OF COVID-19 PROVINCIAL TRUSTS	189.2	118.2	200.0	107.4

Source: Department of Finance.

Table 21: Movement of Funds in the COVID Emergency Trust Accounts for Districts from 01st January – 30th June 2023 (Kina, million)⁸

District Subsidiary Accounts	Bal as at 01 Jan 2023	Receipts	Payments	Bal as at 30 Jun 2023
COVID -19 Emergency Trust Account – Middle Fly District	1.2	-	0.0	1.2
COVID -19 Emergency Trust Account – North Fly District	0.0	-	-	0.0
COVID -19 Emergency Trust Account – South Fly District	0.0	-	0.0	0.0
COVID -19 Emergency Trust Account – Kerema District	8.8	0.1	7.3	1.6
COVID -19 Emergency Trust Account – Kikori District	0.3	0.4	0.8	0.0
COVID -19 Emergency Trust Account – Goilala District	2.9	-	-	2.9
COVID -19 Emergency Trust Account – Rigo District	0.9	-	-	0.9
COVID -19 Emergency Trust Account – Abau District	0.0	-	-	0.0
COVID -19 Emergency Trust Account – Kairuku Hiri District	0.0	-	-	0.0
COVID -19 Emergency Trust Account – Moresby South District	0.0	-	-	0.0
COVID -19 Emergency Trust Account – Moresby North East	0.4	-	-	0.4
COVID -19 Emergency Trust Account – Moresby North West	1.6	0.0	0.0	1.6
COVID -19 Emergency Trust Account – Kiriwina Goodenough District	0.0	-	-	0.0
COVID -19 Emergency Trust Account – Central Bougainville District	0.1	-	0.0	0.1
COVID -19 Emergency Trust Account – Esa'ala District	0.3	-	-	0.3
COVID -19 Emergency Trust Account – Samarai Murua District	0.0	-	-	0.0
COVID -19 Emergency Trust Account – Ijivitari District	0.2	6.0	6.2	0.0
COVID -19 Emergency Trust Account – Kagua Erave District	0.0	-	-	0.0
COVID -19 Emergency Trust Account – Imbongu District	0.4	-	-	0.4
COVID -19 Emergency Trust Account – Mendi District	0.0	-	0.0	0.0

⁸ Excludes the seven (7) new districts recently created since they came into existence after the COVID-19 pandemic outbreak.

District Subsidiary Accounts	Bal as at 01 Jan 2023	Receipts	Payments	Bal as at 30 Jun 2023
COVID -19 Emergency Trust Account – Ialibu Pangia District	1.0	-	-	1.0
COVID -19 Emergency Trust Account – Nipa Kutubu District	0.0	-	-	0.0
COVID -19 Emergency Trust Account – Tari Pori District	2.5	-	1.0	1.5
COVID -19 Emergency Trust Account – Komo Magarima District	0.0	-	-	0.0
COVID -19 Emergency Trust Account – Koroba Kopiago District	0.5	-	-	0.5
COVID -19 Emergency Trust Account – South Bougainville District	0.0	-	-	0.0
COVID -19 Emergency Trust Account – Wabag District	0.5	0.1	0.4	0.1
COVID -19 Emergency Trust Account – Kandep District	0.1	-	0.1	0.0
COVID -19 Emergency Trust Account – Laiagap Pogera District	0.0	-	-	0.0
COVID -19 Emergency Trust Account – Wapenamanda District	0.2	-	0.2	0.0
COVID -19 Emergency Trust Account – Kompiani Ambum District	0.0	-	-	0.0
COVID -19 Emergency Trust Account – Tambul Nebilyer District	0.7	-	0.3	0.4
COVID -19 Emergency Trust Account – Mul Baiyer District	1.4	-	0.2	1.2
COVID -19 Emergency Trust Account – Dei District	1.6	-	1.5	0.0
COVID -19 Emergency Trust Account – Hagen District	0.8	-	0.6	0.2
COVID -19 Emergency Trust Account – North Waghi District	0.6	5.7	5.9	0.3
COVID -19 Emergency Trust Account – Anglip South Waghi District	0.0	5.5	5.5	0.0
COVID -19 Emergency Trust Account – Jimi District	1.9	4.0	5.9	0.0
COVID -19 Emergency Trust Account – Kerawagi District	6.4	-	4.1	2.3
COVID -19 Emergency Trust Account – Kundiawa/ Gembogle District	0.7	2.0	2.7	0.0
COVID -19 Emergency Trust Account – Sinesine Yongomul District	6.4	-	6.4	0.0
COVID -19 Emergency Trust Account – Karamui Nomane District	3.8	0.5	4.0	0.2
COVID -19 Emergency Trust Account – Gumini District	2.7	-	2.7	0.0
COVID -19 Emergency Trust Account – Chuave District	2.7	-	2.5	0.1
COVID -19 Emergency Trust Account – Daulo District	1.0	0.0	1.0	0.0
COVID -19 Emergency Trust Account – Goroka District	4.1	2.0	6.2	0.1
COVID -19 Emergency Trust Account – Ungai Bena District	6.5	-	5.5	0.9
COVID -19 Emergency Trust Account – Henganofi District	0.5	12.1	12.6	0.0
COVID -19 Emergency Trust Account – Lufa District	1.6	-	1.6	0.0
COVID -19 Emergency Trust Account – Okapa District	8.3	0.1	8.4	0.0
COVID -19 Emergency Trust Account – Kainantu District	6.9	5.0	9.3	2.6
COVID -19 Emergency Trust Account – Obura Wonenara District	7.0	0.2	6.2	0.9
COVID -19 Emergency Trust Account – Tewai Siasi District	14.3	-	13.7	0.6
COVID -19 Emergency Trust Account – Markham District	1.3	2.0	2.4	0.9
COVID -19 Emergency Trust Account – Huon Gulf District	3.3	1.2	3.9	0.6
COVID -19 Emergency Trust Account – Lae District	10.2	-	10.2	0.0
COVID -19 Emergency Trust Account – Kabwum District	3.0	-	2.9	0.0
COVID -19 Emergency Trust Account – Bulolo District	0.2	5.0	5.1	0.1
COVID -19 Emergency Trust Account – Minyamyia District	0.2	1.4	1.6	0.0
COVID -19 Emergency Trust Account – Finchafen District	6.5	1.7	8.1	0.0
COVID -19 Emergency Trust Account – Nawaeb District	11.4	2.0	12.2	1.2
COVID -19 Emergency Trust Account – Middle Ramu District	12.2	0.0	6.3	5.9
COVID -19 Emergency Trust Account – Rai Coast District	7.4	-	4.1	3.3
COVID -19 Emergency Trust Account – Madang District	12.7	-	1.8	10.9
COVID -19 Emergency Trust Account – Bogia District	0.4	4.1	4.5	0.0
COVID -19 Emergency Trust Account – Usino Bundi District	0.3	-	0.3	0.0
COVID -19 Emergency Trust Account – Sumkar District	2.7	-	1.8	0.9
COVID -19 Emergency Trust Account – Yangoru Saussia District	0.5	-	-	0.5
COVID -19 Emergency Trust Account – Wewak District	3.4	-	2.0	1.4

District Subsidiary Accounts	Bal as at 01 Jan 2023	Receipts	Payments	Bal as at 30 Jun 2023
COVID -19 Emergency Trust Account – Wosera Gawi District	2.3	-	2.3	0.0
COVID -19 Emergency Trust Account - Ambunti Dreikir District	8.4	-	0.4	8.1
COVID -19 Emergency Trust Account – Maprik District	0.3	-	0.3	0.0
COVID -19 Emergency Trust Account – Angoram District	1.3	-	-	1.3
COVID -19 Emergency Trust Account – Telefomin District	0.2	0.1	0.2	0.1
COVID -19 Emergency Trust Account – Vanimo Green District	0.0	-	-	0.0
COVID -19 Emergency Trust Account – Nuku District	0.2	-	-	0.2
COVID -19 Emergency Trust Account – Aitape Lumi District	0.0	-	0.0	0.0
COVID -19 Emergency Trust Account – Manus District	0.5	-	-	0.5
COVID -19 Emergency Trust Account – Kavieng District	6.4	-	0.0	6.4
COVID -19 Emergency Trust Account – Namatanai District	0.0	-	-	0.0
COVID -19 Emergency Trust Account – Pomio District	2.5	-	2.4	0.2
COVID -19 Emergency Trust Account – Rabaul District	5.7	0.0	1.3	4.4
COVID -19 Emergency Trust Account – Gazelle District	10.5	-	0.2	10.4
COVID -19 Emergency Trust Account – Kokopo District	1.0	-	0.1	0.9
COVID -19 Emergency Trust Account – Talasea District	0.0	-	0.0	-
COVID -19 Emergency Trust Account – Kandrian Gloucester District	2.0	-	-	2.0
COVID -19 Emergency Trust Account – North Bougainville District	0.0	-	-	0.0
COVID-19 Emergency Trust Account – Sohe District	2.4	0.4	2.7	0.2
COVID-19 Emergency Trust Account – Alotau District	0.1	-	0.1	0.0
TOTAL OF COVID-19 DISTRICT TRUSTS	221.4	61.4	199.9	82.8
TOTAL OF ALL COVID-19 TRUSTS	410.6	179.6	399.9	190.2

Source: Department of Finance

1.8 FINANCING

The 2023 Net Borrowing requirement was K4,984.9 million. The Government planned to finance this deficit through net external borrowing of K3,519.2 million and net domestic borrowing of K1,465.7 million.

Over the first half of 2023, the total net financing was K2,122.6 million, about 42.6 per cent of the 2023 Budget deficit financing. Of the K2,122.6 million, external financing catered for K196.5 million, while domestic financing covered K1,926.1 million. The financing in the first half of the year was lower than the deficit outcome of K3,043.5 million, which indicated that part of the deficit was financed by carried over cash balances in trust accounts. Of which, part of it was used to finance a portion of the 2022 cheque floats and transfers that were brought forward into 2023.

2023 Net Financing

During the first half of 2023, total net borrowing was K2,122.6 million, comprising K196.5 million in net external financing and K1,926.1 million in net domestic borrowing.

In the 2023 MYEFO, the Government plans to raise K3,519.1 million in net external financing to fund the deficit. Of this, K196.5 million has been realised in net borrowing 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 higher interest costs.

The net domestic financing in the 2023 MYEFO is estimated to be K2,318.2 million. In the first half of the year, K1,926.1 million has already been issued above the budget projections, and the remaining issuance will focus on rolling over and partially retiring the short-term domestic debt raised to meet priority expenditures while awaiting proceeds from external financing to

smooth out the domestic debt profile. Of this, K1,526.3 million in Treasury Bonds have already been announced and issued over the first half of 2023, compared to the budget appropriation of K2,078.1 million.

Table 22: Summary of Net Borrowing 2022 – 2023 (Kina, million)

	2022 Outcome	2023 Budget	2023 June Outturn	2023 MYEFO
NET FINANCING				
Net Domestic Borrowing	2,276.6	1,465.7	1,926.1	1,465.7
Net External Borrowing	3,219.7	3,519.2	196.5	3,519.2
Total Net Borrowing	5,496.3	4,984.9	2,122.6	4,984.9
NET CHANGE IN FINANCIAL ASSETS	6,630.2	0.0	735.7	0.0
Deficit	-1,133.9	4,984.9	2,858.3	-4,984.9

Source: Department of Treasury

External Financing

During the first half of 2023, external principal repayments totalled K492.1 million or 50.7 per cent of the budgeted amount of K971.5 million. This included principal repayments for concessional and commercial loans for infrastructure projects as well as budget support loans.

Total gross external borrowing in the first half of 2023 was K688.6 million. This was sourced mainly from concessional loan drawdowns of K377.6 million for the implementation of existing projects, including budget support funding from the IMF of K310.9 million. There were no drawdowns from the existing commercial loans.

Concessional loan drawdowns were K377.6 million or 32.7 per cent of the budgeted amount of K1,560.0 million. The Government anticipates that the remaining disbursements will continue to drawdown for concessional and extraordinary loans in the second half of the year to match the appropriated amount by the end of the year. Apart from the project disbursements, Government has proposed additional funding from various bilateral and multilateral partners through budget support.

The net external financing over the first half of the year totalled K196.5 million or 5.6 per cent of the total budgeted external net financing, with net repayment of K492.1 million. In the second half of 2023, expected external budget support loans includes USD100.0 million (K357.0 million) potentially from World Bank Development Policy Operation and Australian Government budget support of AUD600.0 million (K1,476.4 million), with discussions already underway. These budget support loans are expected to assist in financing the Government's priority expenditures as well as to help alleviate the impact of the issue of foreign currency shortage in the financial system.

Table 23: External Borrowing 2022 – 2023 (Kina, million)

	2022 Outcome	2023 Budget	June Outturn	2023 MYEFO
New External Borrowing	4,076.4	4,490.6	688.6	4,490.6
Securities	0.0	0.0	0.0	0.0
Concessional Financing	1,447.5	1,156.0	377.6	1,156.0
Commercial Financing	8.6	20.0	0	20.0
Exceptional Financing	2,620.3	3,314.6	310.9	3,314.6
Repayment of Principal	-856.7	-971.5	-492.1	-971.5
Net External Borrowing	3,219.7	3,519.1	196.5	3,519.1

Source: Department of Treasury

Domestic Funding

Over the first half of 2023, gross domestic borrowing totalled K9,422.5 million or 59.2 per cent of the 2023 Budgeted amount of K15,911.4 million. Principal repayments totalled K7,496.4 million or 51.9 per cent of the 2023 Budget estimate. This resulted in net borrowing of K1,926.1 million. This increase in domestic borrowing, higher than the 2023 Budget projections, reflected the need to raise funds domestically to support the priority expenditures on a weekly basis due to the delay in the issuance of T-Bonds and external financing (budget support) coming through. 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 K707.4 million, while Treasury Bonds had a net borrowing of K1,259.6 million. The increase in net borrowing from Treasury Bills was attributed to the need to raise funds for weekly cash flow expenditure especially in the first quarter due to delay in the Treasury Bonds issuance. On the Treasury Bonds, the increase in net financing is attributed to frontloading of issuance in the second quarter and the need to raise sufficient funds to settle large coupon and maturity payments in the month of May.

Table 24: Domestic Borrowing 2022 – 2023 (Kina, million)

	2022 Outcome	2023 Budget	June Outturn	2023 MYEFO
Gross Domestic Borrowing	17,673.1	15,911.4	9,422.5	15,911.4
Treasury Bills Financing	14,888.7	13,713.3	7,877.8	13,713.3
Inscribed Stocks Financing	2,709.3	2,078.1	1,526.3	2,078.1
Loans	75.1	120.0	18.4	120.0
Repayment of Principal	-15,396.5	-14,445.7	-7,496.4	-14,445.7
Treasury Bills Maturities	-14,396.1	-13,187.6	-7,170.4	-13,187.6
Inscribed Stocks Maturities	-959.3	-1,133.1	-266.7	-1,133.1
Loans	-41.1	-125.0	-59.4	-125.0
Net Domestic Borrowing	2,276.6	1,465.7	1,926.1	1,465.7

Source: Department of Treasury

1.9 PUBLIC DEBT AND CONTINGENT LIABILITIES

Public Debt

As at the end of June 2023, domestic debt was K29,460.3 million, an increase of K1,926.1 million or 7.0 per cent compared with the 2022 outcome and K460.4 million or 1.6 per cent higher than the 2023 Budget estimate of K28,999.9 million.

External debt was K26,342.3 million, an increase of K196.5 million or 0.8 per cent higher than the 2022 outcome and K3,322.6 million or 11.2 per cent lower than the 2023 Budget estimate.

Table 25: Central Government Debt 2022 – 2023 (Kina, million)

	2022 Outcome	2023 Budget	June Outturn	2023 MYEFO
Domestic	27,534.2	28,999.9	29,460.3	28,999.9
Treasury Bills	13,789.2	14,314.9	14,496.6	14,314.9
Inscribed Stock	12,583.4	13,528.4	13,843.0	13,528.4
Loans	1,161.6	1,156.6	1,120.7	1,156.6
<i>Domestic Debt as % GDP</i>	26.0%	25.6%	26.2%	25.5%
External	26,145.7	29,664.9	26,342.3	29,664.9
International Agencies (Concessional)	11,774.4	12,290.2	11,757.1	12,290.1
Commercial Loans	202.5	187.2	193.4	187.2

Extraordinary	11,164.4	14,182.8	11,387.2	14,182.8
Debt Securities	1,760.6	1,760.6	1,760.6	1,760.6
Monetary Gold & SDR	1,244.1	1,244.1	1,244.1	1,244.1
External Debt as % GDP	24.3%	26.2%	23.5%	26.2%
Total Public Debt Outstanding	53,679.8	58,664.8	55,802.6	58,664.8
As % GDP	49.8%	51.9%	49.7%	52.2%

Source: Department of Treasury

Note: 2023 Budget debt stock rebased to 2022 FBO debt stock figure.

Contingent Liabilities

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

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

Borrowers	Financial Institution/Lender	Loan Details/Purpose	Currency	Exchange Rates as @ 31/12/2022	Original Amount Guaranteed Currencies	Closing Balance 31 Dec 2021 Currencies	Exchange Rates as @ 31/12/2021	Closing Balance as at 31 Dec 2021 PKG Equivalent	Opening Balance as at 01 Jan 2022 Currencies	Principal Amt paid/Guarantee completed Currencies	Adjustments/ Revaluations during the year Currencies	Interest amount paid Currencies	Balance Outstanding as at 31-Dec-22 Currencies	Kina
					('000)	('000)			('000)	('000)	('000)	('000)	('000)	(K'000)
Borrowers														
DOMESTIC LENDERS														
Innovative Agro-Industry Ltd	Bank South Pacific	Central Dairy Limited (CDL-2016)-Himo Farm	PGK	1.0000	56,000.00	56,000.00	1.0000	56,000.00	56,000.00	777		3,200	55,222.73	55,223
Kumul Consolidated Holdings Ltd	Bank South Pacific	Motukea Port Relocation (2016)	PGK	1.0000	600,000.00	600,000.00	1.0000	600,000.00	600,000.00			31,377	600,000.00	600,000
Total Domestic Guarantees														655,223
FOREIGN LENDERS														
Pacific Aviation Safety Office	Asian Development bank	PASO Loan Guarantee	AUD	0.4190	1,978.61	884.23	0.3928	2,251.09	884.23	83.54	15.32	13.24	816.01	1,948
MRDC Pty Ltd & MRL Pty. Ltd		Finance Contract Agreement - 26.04.95	EUR	0.2667	21,000.00	21,000.00	0.2520	83,333	21,000.00				21,000.00	78,740
MRDC Pty Ltd		Finance Contract Agreement - 28.06.96	EUR	0.2667	25,000.00	25,000.00	0.2520	99,206	25,000.00				25,000.00	93,738
Telikom PNG Ltd		Agreement 27.07.95	USD	0.2840	26,282.05	26,282.05	0.2850	92,218	26,282.05				26,282.05	92,542
Independent Public Business Corp.		State Equity Financing for PNG LNG	USD	0.2840	1,825,484.78	1,825,484.78	0.2850	6,405,210	1,825,484.78				1,825,484.78	6,427,763
Independent Public Business Corp.		Counter Guarantee for PNG LNG	USD	0.2840	268,037.00	268,037.00	0.2850	940,481	268,037.00				268,037.00	943,792
Total Overseas Guarantees														7,638,524
TOTAL DOMESTIC & OVERSEAS Guarantees								8,278,698.95						8,293,747

Source: Department of Treasury

Notes

- Motukea Port Relocation by KCH remain as guarantees on this Statement until there is an explicit agreement to state otherwise.
- Total loan amount provided to CDL & IAI is K112 mill. State guaranteed only 50% of this loan which is K56 mill but will be reduced with each principal repayment. Total Interest & Principal amounts paid in 2022. I = K6,399,807.64. Pr.=K1,554,551.03. Interest & Principal Amounts captured in the statement are only 50% of each to reflect the 50% guarantee arrangement.
- Guarantee provided to ADB for the PASO Project implemented by the Pacific Aviation Safety Office is still current and will be repaid in full by 15 July 2032. Loan payments are done by PASO Vanuatu Office twice a year.
- Unknown lender/s for the two (2) MRDC loans is/are yet to be established. Treasury to work closely with MRDC to locate this information.
- Unknown lender for the Telikom loan. Treasury to also work closely with Telikom to locate information concerning this loan.
- Treasury (FMD) still has to confirm status of the two (2) loans indicated below with KCH/KPHL/ExxonMobil PNG LNG Services Ltd whether they have been fully repaid or still outstanding. Lender (s) will also be confirmed.

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

7. The exchange rates used to convert the foreign amounts to Kina in the above statement are as at 31st December 2021 and 2022 (BPNG midrate for respective currencies)

1.10 RISKS TO THE MID-YEAR ECONOMIC AND FISCAL OUTLOOK

The PNG economic performance is highly dependent on the developments in the global economy. In 2022, the Russia-Ukraine war disrupted supply chains forcing a spike in commodity prices and, consequently higher inflation. However, in the first half of 2023, the

inflationary pressures are slowing down as supply response improves around the world in addition to the tightening of monetary policies by most central banks globally to combat inflation.

However, given the ongoing vulnerability of PNG to external shocks, inflationary pressure will still remain as the upside and downside risks domestically. For instance, further escalation of the war in Ukraine including other geopolitical tensions would potentially increase inflation to elevated levels, which would continue to raise the cost of living. Hence, the Government would need to further policy tightening that would result in tighter financial conditions which would potentially crowd out growth prospects.

In addition, further outbreak of the COVID-19 pandemic may dampen economic growth. While the pandemic had faded, the risk of a potential recurrence remains especially in China. The resultant slowdown in the Chinese economy, would affect the demand for PNG's export commodities, and results in less revenue inflows. However, the impact of a potential outbreak is expected to be minimal due to the strengthening vaccine compliance.

Commodity prices are expected to ease from their historical highs in 2022 as supply improves. Hence, the revenue generated from commodity prices will come lower than expected, consequently affecting the Government's revenue base. However, climate change is having significant impacts, such as the extraordinary recent heat waves. These will create increased uncertainties in the years ahead. A current example are dry conditions leading to the India to ban rice exports, a situation made worse by the drought in Thailand. Together, this fall in global supplies may push rice prices up considerably during the remainder of the year. The general trend will remain, however, of falling inflation in other areas such as reduced fuel costs and cheaper cooking oils.

Furthermore, there are several ongoing downside risks that the Government needs to be cautious off and to take proactive approach in addressing them in order to sustain the economic performance. These include, foreign exchange shortage, further delay in Porgera Mine resumption and natural disasters.

1.11 FISCAL OUTTURN TABLES

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

Kina Million	2022 Actuals	2023 Budget	June Outturn	2023 MYEFO	Budget Variance
TRANSACTIONS AFFECTING NET WORTH:					
Revenue	18,538.2	19,582.0	7,294.5	21,196.1	1,614.1
Taxes	16,453.6	14,899.6	7,253.7	16,513.8	1,614.1
<i>Taxes on Income, profits, and capital gains</i>	11,252.6	8,935.0	4,538.5	11,074.7	2,139.8
<i>Taxes on payroll and workforce</i>	1.4	0.0	0.6	1.2	1.2
<i>Taxes on goods and services</i>	4,293.6	5,015.3	2,337.6	4,683.9	-331.4
<i>Taxes on international trade and transactions</i>	906.0	949.4	377.0	754.0	-195.3
Grants	1,472.1	2,024.9	0.0	2,024.9	0.0
Other Revenue	612.5	2,657.4	40.8	2,657.4	0.0
<i>Dividends</i>	400.0	1,932.5	0.0	1,932.5	0.0
<i>Non-Tax Revenue</i>	58.6	459.7	0.0	459.3	0.0
<i>Fees and Charges</i>	78.2	264.9	40.8	264.9	0.0
<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	4,336.1	4,024.3	1,353.6	4,708.1	683.8
<i>Mining and Petroleum Taxes</i>	4,036.1	2,341.8	1,353.6	3,025.6	683.8
<i>Mining, Petroleum and Gas Dividends</i>	300.0	1,682.5	0.0	1,682.5	0.0
<i>Transfer from the Stabilization Fund (SWF)</i>	0.0	0.0	0.0	0.0	0.0
Revenue as percentage of GDP	17.2%	17.3%	6.5%	18.9%	1.6%
Total Expenditure and lending	24,390.0	24,566.9	10,152.8	26,181.1	1,614.1
Expense as percentage of GDP	22.6%	21.7%	9.0%	23.3%	1.6%
Expense²	19,940.4	19,956.8	8,846.6	21,571.0	1,614.1
Compensation of employees	6,490.3	6,833.7	3,187.4	6,833.7	0.0
Use of goods and services	7,467.3	6,929.7	2,370.3	7,480.8	551.1
Interest	2,572.5	2,496.1	1,308.6	2,738.7	242.6
Grants	3,017.6	3,513.8	1,824.1	3,528.9	15.0
Social benefits	0.0	114.2	0.0	114.2	0.0
Other expense	392.7	69.3	156.1	874.8	805.5
Net Acquisition of Non-Financial Assets*	4,449.6	4,610.1	1,306.2	4,610.1	0.0
Fixed Assets	4,449.6	4,610.1	1,306.2	4,610.1	0.0
Gross Operating Balance³	-1,402.1	-374.8	-1,552.1	-374.9	0.0
Net Lending (+) / Net Borrowing (-)	-5,851.8	-4,984.9	-2,858.3	-4,984.9	0.0
Net lending/borrowing as percentage of GDP	-5.4%	-4.4%	-2.5%	-4.4%	0.0%
Primary Balance ⁴	-3,279.3	-2,488.8	-1,549.7	-2,246.2	242.7
Non-resource net lending (+)/borrowing (-)	-10,187.9	-9,009.2	-4,211.9	-9,693.0	-683.8
Non-resource primary balance	-7,615.4	-6,513.1	-2,903.3	-6,954.3	-441.1
Non-resource primary balance as percentage of Non-resource GDP	-10.9%	-8.7%	-3.7%	-8.9%	-0.6%
Transactions in financial assets and liabilities	5,851.8	4,984.9	2,858.3	4,984.9	0.0
Net Acquisition of Financial Assets	-355.6	0.0	-735.7	0.0	0.0
Domestic**	-355.6	0.0	-735.7	0.0	0.0
External	0.0	0.0	0.0	0.0	0.0
Net Incurrence of Liabilities	5,496.1	4,984.9	2,122.6	4,984.9	0.0
Domestic	2,276.6	1,465.7	1,926.1	1,465.7	0.0
<i>Debt securities: Treasury bills</i>	492.6	525.7	707.4	525.7	0.0
<i>Debt securities: Treasury bonds</i>	1,750.0	945.0	1,259.6	945.0	0.0
<i>Loans</i>	34.0	-5.0	-40.9	-5.0	0.0
External	3,219.5	3,519.2	196.5	3,519.2	0.0
<i>Monetary gold and special drawing rights (SDR's)</i>	0.0	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>	3,219.5	3,519.2	196.5	3,519.2	0.0
Gross Debt Stock	53,679.9	58,664.8	55,802.6	58,664.8	0.0
Debt as % of GDP	49.8%	51.9%	49.7%	52.2%	0.0%
Gross Domestic Product⁵	107,807.3	113,108.2	112,283.5	112,283.5	112,283.5
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 2021 as well as from the first six months of 2022 held under the WPA and DRA.

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

Kina Million	2022 Actuals	2023 Budget	June Outturn	2023 MYEFO	Budget Variance
CASH FLOWS FROM OPERATING ACTIVITIES					
Revenue Cash Flows	17,066.1	17,557.0	7,294.5	19,171.2	1,614.1
Taxes	16,453.6	14,899.6	7,253.7	16,513.8	1,614.1
Grants	0.0	0.0	0.0	0.0	0.0
Other Revenue	612.5	2,657.4	40.8	2,657.4	0.0
<i>Revenue as percentage of GDP</i>	<i>15.8%</i>	<i>15.5%</i>	<i>6.5%</i>	<i>17.1%</i>	<i>1.6%</i>
Expense cash flows²	18,283.0	15,759.8	8,762.4	17,374.0	1,614.2
Compensation of employees	6,305.2	5,143.5	3,103.3	5,143.5	0.0
Uses of goods and services	7,467.3	6,562.0	2,370.3	7,113.1	551.1
Interest	2,572.5	2,496.1	1,308.6	2,738.7	242.6
Grants	1,545.5	1,488.9	1,824.1	1,503.9	15.0
Other payments	392.5	69.3	156.1	874.8	805.5
<i>Expense as percentage of GDP</i>	<i>17.0%</i>	<i>13.9%</i>	<i>7.8%</i>	<i>15.5%</i>	<i>1.5%</i>
Net cash inflow from operating activities	-1,216.9	1,797.2	-1,468.0	1,797.2	-0.1
CASH FLOWS FROM TRANSACTIONS IN NONFINANCIAL ASSETS:					
Net cash outflow from investment in nonfinancial assets	4,449.6	4,610.1	1,306.2	4,610.1	0.0
Fixed assets	4,449.6	4,610.1	1,306.2	4,610.1	0.0
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	22,732.7	20,369.9	10,068.7	21,984.1	1,614.2
Cash surplus (+) / Cash deficit (-)	-5,666.6	-2,812.9	-2,774.2	-2,812.9	0.0
<i>Surplus/Deficit as percentage of GDP</i>	<i>-5.3%</i>	<i>-2.5%</i>	<i>-2.5%</i>	<i>-2.5%</i>	<i>0.0%</i>
CASH FLOWS FROM TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):					
Net acquisition of financial assets other than cash	0.0	0.0	-735.7	0.0	0.0
Domestic	0.0	0.0	-735.7	0.0	0.0
External	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	-5,496.1	-4,984.9	-2,122.6	-4,984.9	0.0
Domestic	2,276.6	1,465.7	1,926.1	1,465.7	0.0
External	3,219.5	3,519.2	196.5	3,519.2	0.0
Net cash inflow from financing activities	-5,496.1	-4,984.9	-1,386.9	-4,984.9	0.0
<i>Net cash inflow as percentage of GDP</i>	<i>-5.1%</i>	<i>-4.4%</i>	<i>-1.2%</i>	<i>-4.4%</i>	<i>0.0%</i>
Net change in the stock of cash	-11,162.7	-7,797.7	-4,161.1	-7,797.8	0.1
Gross Domestic Product³	107,807.3	113,108.2	112,283.5	112,283.5	112,283.5

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	2022 Actuals	2023 Budget	June Outturn	2023 MYEFO	Budget Variance
REVENUE¹	18,538.2	19,582.0	7,294.5	21,196.1	1,614.1
TAXES	16,453.6	14,899.6	7,253.7	16,513.8	1,614.1
Taxes on Income, Profits and Capital Gains	11,252.6	8,935.0	4,538.5	11,074.7	2,139.8
Payable by individuals	3,652.1	3,518.2	1,842.3	3,917.0	398.8
Personal Income Tax	3,652.1	3,518.2	1,842.3	3,917.0	398.8
Payable by corporations and other enterprises	6,844.0	4,811.8	2,362.6	6,478.7	1,666.9
Company Tax	2,756.9	2,394.5	976.9	3,383.1	988.6
Mining and Petroleum Taxes	4,036.1	2,341.8	1,353.6	3,025.6	683.8
Royalties Tax	30.6	45.3	19.2	44.4	-0.9
Management Tax	20.4	30.2	12.8	25.6	-4.6
Other taxes on income, profits and capital gains	756.5	604.9	333.6	679.0	74.1
Dividend Withholding Tax Non Mining	680.6	426.9	214.0	452.8	25.9
Non-Resident Insurers Withholding Tax	20.3	10.2	3.9	7.2	-3.0
Interest Withholding Tax	55.3	167.4	115.6	218.8	51.4
Tax Related Court Fines	0.0	0.0	0.0	0.0	0.0
Sundry IRC Taxes & Income	0.3	0.4	0.1	0.2	-0.2
Taxes on Payroll and Workforce	1.4	0.0	0.6	1.2	1.2
Training Levy	1.4	0.0	0.6	1.2	1.2
Taxes on Goods and Services	4,293.6	5,015.3	2,337.6	4,683.9	-331.4
General taxes on goods and services	2,505.4	3,383.3	1,579.2	3,056.7	-326.6
Value Added Tax	2,475.1	3,321.7	1,561.3	3,020.9	-300.8
GST²	2,475.1	3,321.7	1,561.3	3,020.9	-300.8
GST Collection at Provinces	1,693.6	2,226.6	1,122.5	2,212.2	-14.4
GST Collection at Ports	1,112.4	1,461.3	746.5	1,561.6	100.3
GST Refunds	330.9	366.1	307.8	752.9	386.8
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	30.3	61.6	17.9	35.8	-25.8
Bank Account Debit Fees	0.0	0.0	0.0	0.0	0.0
Stamp Duties	30.3	61.6	17.9	35.8	-25.8
Excise	1,404.4	1,260.5	566.7	1,244.4	-16.0
Excise Duty	1,157.2	1,105.7	439.5	989.9	-115.7
Import Excise	247.2	154.8	127.2	254.5	99.7
Profits of fiscal monopolies	0.0	0.0	0.0	0.0	0.0
Taxes on specific services	371.5	363.8	182.8	365.2	1.4
Bookmakers' Turnover Tax	35.4	24.0	8.9	17.8	-6.2
Gaming Machine Turnover Tax	328.1	334.6	168.9	337.8	3.2
Departure Tax	8.0	5.3	5.0	9.6	4.3
Taxes on use of goods and on permission to use goods or perform activities	1.9	4.7	0.1	-0.0	-4.7
Motor vehicles taxes	1.7	3.5	0.0	-0.0	-3.5
Motor Vehicle Registration	1.7	3.5	0.0	-0.0	-3.5
Commercial Vehicle Licenses	0.0	0.0	0.0	0.0	0.0
Other taxes on use of goods and on permission to use goods or perform activities	0.2	1.2	0.1	0.0	-1.2
Bookmakers' Licenses	0.0	0.0	0.0	0.0	0.0
Coastal Trading Licenses	0.1	0.5	0.1	0.0	-0.5
Registration of Vessels	0.0	0.0	0.0	0.0	0.0
Inflammable Liquid	0.0	0.4	0.0	0.0	-0.4
Trade Licenses	0.0	0.1	0.0	0.0	-0.1
Mobile Phone Licenses	0.0	0.0	0.0	0.0	0.0
Import and export trade licences	0.0	0.0	0.0	0.0	-0.0
Insurers' and Brokers' Licences	0.1	0.1	0.0	0.0	-0.1
Banking & Financial Institutions License	0.0	0.0	0.0	0.0	0.0
Liquor Licensing Fee	0.0	0.0	0.0	0.0	0.0
Motor Vehicle Trade Licenses	0.0	0.1	0.0	0.0	-0.1
Other taxes on goods and services	10.4	3.0	8.8	17.6	14.6
Sundry Taxes (Customs)	10.4	3.0	8.8	17.6	14.6
Taxes on International Trade and Transactions	906.0	949.4	377.0	754.0	-195.3
Customs and other import duties	469.9	440.2	207.1	414.3	-25.9
Import Duty	469.9	440.2	207.1	414.3	-25.9
Taxes on exports	436.2	509.2	169.9	339.7	-169.4
Export Tax	436.2	509.2	169.9	339.7	-169.4
GRANTS	1,472.1	2,024.9	0.0	2,024.9	0.0
From Foreign Governments	1,060.3	1,714.6	0.0	1,714.6	0.0
Current	848.3	1,561.3	0.0	1,561.3	0.0
Cash	0.0	0.0	0.0	0.0	0.0
In-Kind	848.3	1,561.3	0.0	1,561.3	0.0
Capital	212.1	153.2	0.0	153.2	0.0
Cash	0.0	0.0	0.0	0.0	0.0
In-Kind	212.1	153.2	0.0	153.2	0.0
From International Organizations	411.8	310.4	0.0	310.4	0.0
Current	329.4	277.2	0.0	277.2	0.0
Cash	0.0	0.0	0.0	0.0	0.0
In-Kind	329.4	277.2	0.0	277.2	0.0
Capital	82.4	33.2	0.0	33.2	0.0
Cash	0.0	0.0	0.0	0.0	0.0
In-Kind	82.4	33.2	0.0	33.2	0.0
OTHER REVENUE	612.5	2,657.4	40.8	2,657.4	-0.0
Property Income	514.3	2,024.1	5.3	2,024.1	-0.0
Interest	0.0	0.7	0.0	0.7	0.0
Dividends	480.0	1,932.5	0.0	1,932.5	0.0
Mining Petroleum and Gas Dividends	300.0	1,682.5	0.0	1,682.5	0.0
Dividends from Statutory Authorities	100.0	100.0	0.0	100.0	0.0
Shares in Private Enterprise	0.0	0.0	0.0	0.0	0.0
Dividends from State Owned Enterprises	80.0	150.0	0.0	150.0	0.0
Other Dividends	0.0	0.0	0.0	0.0	0.0
Rent	34.3	90.9	5.3	90.9	-0.0
Land Lease Rental	33.7	87.3	5.1	87.3	-0.0
License Fees and Royalty Payments	0.0	0.0	0.0	0.0	-0.0
Petroleum Prospecting Licenses	0.6	3.5	0.2	3.5	-0.0
Mineral Prospecting Leases	0.0	0.0	0.0	0.0	0.0
Small-Scale Mining Fees	0.0	0.0	0.0	0.0	0.0
Reinvested earnings on foreign direct investment	0.0	0.0	0.0	0.0	0.0
Sales of goods and services	8.4	156.7	18.0	156.7	0.0
Sales by market establishments	0.0	0.0	0.0	0.0	0.0
Administrative fees	3.7	122.0	5.4	122.0	0.0
Incidental sales by nonmarket establishments	4.8	34.7	12.7	34.7	0.0
Imputed sales of goods and services	0.0	0.0	0.0	0.0	0.0
Fines, penalties, and forfeits	0.1	1.9	1.8	1.9	0.0
Sheriffs Fees and Poundage	0.0	0.0	0.0	0.0	0.0
Judicial Fines	0.0	1.8	0.0	1.8	0.0
District Courts Fines	0.1	0.0	1.7	0.0	0.0
Forfeitures & Court Bail	0.0	0.1	0.1	0.1	0.0
Transfers not elsewhere classified	89.7	474.7	15.7	474.7	-0.0
Current transfers not elsewhere classified	89.7	474.7	15.7	474.7	-0.0
Subsidies	0.0	0.0	0.0	0.0	0.0
Other current transfers	89.7	474.7	15.7	474.7	-0.0
Payroll Commission	31.1	15.0	11.6	15.0	-0.0
State Services and Statutory Authority	54.3	459.3	0.0	459.3	0.0
Sundry(Other) Income	4.3	0.4	4.1	0.4	0.0
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

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

TABLE 4: GENERAL GOVERNMENT EXPENSE BY ECONOMIC CLASSIFICATION

Kina Million	2022 Actuals	2023 Budget	June Outturn	2023 MYEFO	Budget Variance
Compensation of Employees	6,490.3	6,833.7	3,187.4	6,833.7	0.0
Wages and salaries	5,827.0	5,880.6	2,843.1	5,880.6	0.0
Wages and salaries in cash	5,641.9	5,661.3	2,759.0	5,661.3	0.0
Wages and salaries in kind	185.0	219.3	84.1	219.3	0.0
Employers' social contributions	663.3	953.1	344.3	953.1	0.0
Actual social contributions	663.3	953.1	344.3	953.1	0.0
Use of goods and services*	7,467.3	6,929.7	2,370.3	7,480.8	551.1
Use of goods and services	7,467.3	6,929.7	2,370.3	7,480.8	551.1
Use of goods and services	7,467.3	6,929.7	2,370.3	7,480.8	551.1
Interest**	2,572.5	2,496.1	1,308.6	2,738.7	242.6
To nonresidents	427.6	707.6	320.2	773.4	65.8
Interest to Non residents	427.6	707.6	320.2	773.4	65.8
To residents other than general government	2,144.9	1,788.5	988.3	1,965.3	176.8
Interest to residents other than general governments	2,144.9	1,788.5	988.3	1,965.3	176.8
Grants***	3,017.6	3,513.8	1,824.1	3,528.9	15.0
Grants to other general government units	3,017.6	3,513.8	1,824.1	3,528.9	15.0
Grants to other general governments current	2,365.6	3,041.8	1,514.6	3,056.9	15.0
Grants to other general governments capital	652.0	472.0	309.5	472.0	0.0
Social Benefits	0.0	114.2	0.0	114.2	0.0
Social assistance benefits	0.0	114.2	0.0	114.2	0.0
Social assistance benefits in cash	0.0	114.2	0.0	114.2	0.0
Other expenses	392.7	69.3	156.1	874.8	805.5
Transfers not elsewhere classified	392.7	69.3	156.1	874.8	805.5
Other expense - Current transfers not elsewhere classified	392.7	69.3	156.1	874.8	805.5
Net Acquisition Nonfinancial assets****	4,449.6	4,610.1	1,306.2	4,610.1	0.0
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	4,449.6	4,602.3	1,306.2	4,602.3	0.0
NFA: Buildings and structures	958.6	770.8	250.1	771.3	0.5
NFA: Dwellings	0.0	46.7	0.0	46.2	-0.5
NFA: Fixed assets	2,722.5	2,773.9	1,017.1	2,773.9	0.0
NFA: Information, computer, & telecommunications equipment	52.9	56.2	18.5	56.2	0.0
NFA: Machinery & equipment other than transport equipment	26.8	26.0	7.9	26.0	0.0
NFA: Other structures	0.0	11.8	0.0	11.8	0.0
NFA: Transport equipment	10.6	7.7	1.8	7.7	0.0
Other expense - Current transfers not elsewhere classified	678.2	909.1	10.8	909.1	0.0
Total expenditure	24,390.0	24,566.9	10,152.8	26,181.1	1,614.1
as % of GDP	22.6%	21.7%	9.0%	23.3%	1.4%

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.

Other expenses include the Trust Balance Allowance (K341.7m) and the MYEFO Contingency Fund (K463.7m) explained in earlier text.

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

Kina Million	2022 Actuals	2023 Budget	June Outturn	2023 MYEFO	Budget Variance
National Departments	11,462.7	9,815.4	3,593.2	11,141.8	1,326.4
Compensation of Employees	3,133.9	2,838.1	1,138.6	2,838.1	0.0
Wages and salaries	2,555.3	1,913.4	835.6	1,913.4	0.0
Wages and salaries in cash	2,453.6	1,815.8	808.5	1,815.8	0.0
Wages and salaries in kind	101.7	97.6	27.1	97.6	0.0
Employers' social contributions	578.6	924.7	303.0	924.7	0.0
Actual social contributions	578.6	924.7	303.0	924.7	0.0
Use of goods and services	5,248.9	4,407.5	1,284.6	4,928.4	520.9
Use of goods and services	5,248.9	4,407.5	1,284.6	4,928.4	520.9
Grants	1,292.9	1,035.6	480.0	1,035.6	0.0
Grants to other general government units	1,292.9	1,035.6	480.0	1,035.6	0.0
Grants to other general governments current	1,292.9	1,035.6	480.0	1,035.6	0.0
Grants to other general governments capital	0.0	0.0	0.0	0.0	0.0
Other expenses	357.9	64.4	134.3	869.8	805.5
Transfers not elsewhere classified	357.9	64.4	134.3	869.8	805.5
Other expense - Current transfers not elsewhere classified	357.9	64.4	134.3	869.8	805.5
Net Acquisition Nonfinancial assets	1,429.9	1,423.8	555.7	1,423.8	0.0
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	1,429.9	1,416.0	555.7	1,416.0	0.0
NFA: Buildings and structures	0.0	2.6	0.0	2.6	0.0
NFA: Dwellings	0.0	1.1	0.0	1.1	0.0
NFA: Fixed assets	1,405.0	1,376.7	550.6	1,376.7	0.0
NFA: Information, computer, & telecommunications equipment	4.9	14.1	3.2	14.1	0.0
NFA: Machinery & equipment other than transport equipment	12.8	10.8	1.3	10.8	0.0
NFA: Other structures	0.0	5.6	0.0	5.6	0.0
NFA: Transport equipment	7.2	5.0	0.6	5.0	0.0
Social Benefits	0.0	45.6	0.0	45.6	0.0
Social assistance benefits in cash	0.0	45.6	0.0	45.6	0.0
Provincial Governments	5,178.1	5,386.0	2,952.7	5,401.0	15.0
Compensation of Employees	2,120.8	2,144.2	1,036.5	2,144.2	0.0
Wages and salaries	2,118.2	2,144.2	1,036.3	2,144.2	0.0
Wages and salaries in cash	2,070.7	2,089.6	1,009.1	2,089.6	0.0
Wages and salaries in kind	47.6	54.6	27.2	54.6	0.0
Employers' social contributions	2.6	0.0	0.2	0.0	0.0
Actual social contributions	2.6	0.0	0.2	0.0	0.0
Use of goods and services	995.5	914.4	641.8	914.4	0.0
Use of goods and services	995.5	914.4	641.8	914.4	0.0
Grants	1,642.4	2,300.5	1,234.7	2,315.5	15.0
Grants to other general government units	1,642.4	2,300.5	1,234.7	2,315.5	15.0
Grants to other general governments current*	1,027.4	1,868.5	954.2	1,883.5	15.0
Grants to other general governments capital	615.0	432.0	280.5	432.0	0.0
Net Acquisition Nonfinancial assets	419.3	26.8	39.8	26.8	0.0
Acquisition of Fixed assets	419.3	26.8	39.8	26.8	0.0
NFA: Fixed assets*	419.3	26.8	39.8	26.8	0.0
NFA: Buildings and structures	0.0	0.0	0.0	0.0	0.0
Autonomous Bougainville Government	420.3	440.1	184.7	440.1	0.0
Compensation of Employees	134.4	140.7	63.1	140.7	0.0
Wages and salaries	134.4	140.7	63.1	140.7	0.0
Wages and salaries in cash	126.6	131.0	58.6	131.0	0.0
Wages and salaries in kind	7.8	9.8	4.5	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	137.2	134.4	36.6	134.4	0.0
Use of goods and services	137.2	134.4	36.6	134.4	0.0
Grants	37.0	65.0	35.0	65.0	0.0
Grants to other general government units	37.0	65.0	35.0	65.0	0.0
Grants to other general governments current	0.0	25.0	6.0	25.0	0.0
Grants to other general governments capital	37.0	40.0	29.0	40.0	0.0
Net Acquisition Nonfinancial assets	111.7	100.0	50.0	100.0	0.0
Fixed Assets	111.7	100.0	50.0	100.0	0.0
Commercial & Statutory Authorities	1,830.5	3,233.4	1,735.3	3,233.4	0.0
Compensation of Employees	1,101.1	1,710.6	949.2	1,710.6	0.0
Wages and salaries	1,019.0	1,682.2	908.0	1,682.2	0.0
Wages and salaries in cash	991.1	1,624.9	882.7	1,624.9	0.0
Wages and salaries in kind	27.9	57.4	25.3	57.4	0.0
Employers' social contributions	82.1	28.4	41.2	28.4	0.0
Actual social contributions	82.1	28.4	41.2	28.4	0.0
Use of goods and services	470.5	684.5	377.9	684.5	0.0
Use of goods and services	470.5	684.5	377.9	684.5	0.0
Grants	45.3	112.7	74.5	112.7	0.0
Grants to other general government units	45.3	112.7	74.5	112.7	0.0
Grants to other general governments current	45.3	112.7	74.5	112.7	0.0
Other expenses	35.4	4.5	21.9	4.5	0.0
Transfers not elsewhere classified	35.4	4.5	21.9	4.5	0.0
Other expense - Current transfers not elsewhere classified	35.4	4.5	21.9	4.5	0.0
Net Acquisition Nonfinancial assets	178.2	652.5	311.9	652.5	0.0
Acquisition of Fixed assets	178.2	652.5	311.9	652.5	0.0
NFA: Buildings and structures	0.0	3.1	0.0	3.1	0.0
NFA: Dwellings	0.0	45.1	0.0	45.1	0.0
NFA: Fixed assets	160.8	576.4	301.3	576.4	0.0
NFA: Machinery & equipment other than transport equipment	14.0	15.2	6.6	15.2	0.0
NFA: Other structures	0.0	6.2	0.0	6.2	0.0
NFA: Transport equipment	3.4	2.7	1.3	2.7	0.0
NFA: Information, computer, and telecommunications (ICT) equipment	0.0	3.7	2.7	3.7	0.0
Social Benefits	0.0	68.6	0.0	68.6	0.0
Social assistance benefits	0.0	68.6	0.0	68.6	0.0
Debt Service (Interest Payment)	2,578.7	2,511.0	1,309.2	2,783.8	272.8
Use of goods and services	6.2	14.9	0.6	45.1	30.2
Interest	2,572.5	2,496.1	1,308.6	2,738.7	242.6
To nonresidents	427.6	707.6	320.2	773.4	65.8
Interest to Non residents	427.6	707.6	320.2	773.4	65.8
To residents other than general government	2,144.9	1,788.5	988.3	1,965.3	176.8
Interest to residents other than general governments	2,144.9	1,788.5	988.3	1,965.3	176.8
Expenditure supported by donor grants	1,472.1	2,024.9	0.0	2,024.9	0.0
Use of goods and services	498.4	685.6	0.0	685.6	0.0
Use of goods and services	498.4	685.6	0.0	685.6	0.0
Net Acquisition Nonfinancial assets	973.7	1,339.3	0.0	1,339.3	0.0
Acquisition of Fixed assets (Buildings and Structures)	973.7	1,339.3	0.0	1,339.3	0.0
NFA: Fixed assets	336.7	463.2	0.0	463.2	0.0
Other expense - Current transfers not elsewhere classified	636.9	876.1	0.0	876.1	0.0
Expenditure financed by concessional loans	1,447.5	1,156.0	377.6	1,156.0	0.0
Use of goods and services	110.6	88.3	28.8	88.3	0.0
Use of goods and services	110.6	88.3	28.8	88.3	0.0
Net Acquisition Nonfinancial assets	1,336.9	1,067.7	348.8	1,067.7	0.0
Acquisition of Fixed assets (Buildings and Structures)	1,336.9	1,067.7	348.8	1,067.7	0.0
NFA: Buildings and structures	958.6	765.6	250.1	765.6	0.0
NFA: Fixed assets	289.0	230.8	75.4	230.8	0.0
NFA: Information, computer, & telecommunications equipment	48.0	38.3	12.5	38.3	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	41.3	33.0	10.8	33.0	0.0
Total expenditure	24,390.0	24,566.9	10,152.8	26,181.1	1,614.1
as % of GDP	22.6%	21.7%	9.0%	23.3%	1.4%

Source: Department of Treasury.

TABLE 6: TRANSACTIONS IN ASSETS AND LIABILITIES FOR GENERAL GOVERNMENT¹

Kina Million	2022 Actuals	2023 Budget	June Outturn	2023 MYEFO	Budget Variance
Net Acquisition of Financial Assets	-355.6	0.0	-735.7	0.0	0.0
Domestic	-355.6	0.0	-735.7	0.0	0.0
Currency and deposits	-355.6	0.0	-735.7	0.0	0.0
Other accounts receivable	0.0	0.0	0.0	0.0	0.0
External	0.0	0.0	0.0	0.0	0.0
Net Incurrence of Liabilities	5,496.1	4,984.9	2,122.6	4,984.9	0.0
Domestic	2,276.6	1,465.7	1,926.1	1,465.7	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	2,242.6	1,470.7	1,967.0	1,470.7	0.0
New instruments	17,598.0	15,791.4	9,404.1	15,791.4	0.0
Amortisation	-15,355.3	-14,320.7	-7,437.1	-14,320.7	0.0
Treasury Bills	492.6	525.7	707.4	525.7	0.0
New instruments	14,888.7	13,713.3	7,877.8	13,713.3	0.0
Amortisation	-14,396.1	-13,187.6	-7,170.4	-13,187.6	0.0
Treasury Bonds	1,750.0	945.0	1,259.6	945.0	0.0
New instruments	2,709.3	2,078.1	1,526.3	2,078.1	0.0
Amortisation	-959.3	-1,133.1	-266.7	-1,133.1	0.0
Loans	34.0	-5.0	-40.9	-5.0	0.0
New borrowing	75.1	120.0	18.4	120.0	0.0
Amortisation	-41.1	-125.0	-59.4	-125.0	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	3,219.5	3,519.2	196.5	3,519.2	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	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	3,219.5	3,519.2	196.5	3,519.2	0.0
New borrowing	4,076.3	4,490.7	688.6	4,490.7	0.0
Amortisation	-856.8	-971.5	-492.1	-971.5	0.0
Concessional financing	834.5	515.8	-17.4	515.8	0.0
New borrowing	1,447.5	1,156.0	377.6	1,156.0	0.0
Amortisation	-612.9	-640.3	-395.1	-640.3	0.0
Commercial financing	-29.0	-15.3	-9.1	-15.3	0.0
New borrowing	8.6	20.0	0.0	20.0	0.0
Amortisation	-37.5	-35.3	-9.1	-35.3	0.0
Extraordinary financing	2,414.0	3,018.7	223.1	3,018.7	0.0
New borrowing	2,620.3	3,314.6	310.9	3,314.6	0.0
Amortisation	-206.3	-295.9	-87.9	-295.9	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 of 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	2022 Actuals	2023 Budget	June Outturn	2023 MYEFO	Budget Variance
Domestic	27,534.2	28,999.9	29,460.3	28,999.9	0.0
Debt securities	26,372.6	27,843.3	28,339.6	27,843.3	0.0
<i>Treasury Bills</i>	13,789.2	14,314.9	14,496.6	14,314.9	0.0
<i>Treasury Bonds</i>	12,583.4	13,528.4	13,843.0	13,528.4	0.0
Loans	1,161.6	1,156.6	1,120.7	1,156.6	0.0
<i>Loans</i>	1,161.6	1,156.6	1,120.7	1,156.6	0.0
External	26,145.6	29,664.9	26,342.3	29,664.9	0.0
Monetary Gold & Special Drawing Rights (SDR)	1,244.1	1,244.1	1,244.1	1,244.1	0.0
Debt securities	1,760.6	1,760.6	1,760.6	1,760.6	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>	1,760.6	1,760.6	1,760.6	1,760.6	0.0
Loans	23,141.0	26,660.1	23,337.6	26,660.2	0.0
<i>Concessional financing</i>	11,774.4	12,290.2	11,757.1	12,290.2	0.0
<i>Commercial financing</i>	202.5	187.2	193.4	187.2	0.0
<i>Extraordinary financing</i>	11,164.1	14,182.8	11,387.1	14,182.8	0.0
Total Central Government Debt	53,679.9	58,664.8	55,802.6	58,664.8	0.0
<i>Total debt as percentage of GDP</i>	49.8%	51.9%	49.7%	52.2%	0.0%
Gross Domestic Product²	107,807.3	113,108.2	112,283.5	112,283.5	112,283.5

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 2023 BUDGET

The 2023 Budget was framed within the Government's 13-Year Fiscal Plan with a total expenditure envelope of K24,566.9 million (excluding debt amortisation).

The 2023 Budget expenditure envelope of K24,566.9 million is comprised of K14,771.0 million in the operational budget and K9,795.9 million for the capital investment budget. Of the K9,795.9 million in the capital investment budget, K2,024.9 million and K1,156.0 million are donor grants and concessional loans respectively. Total GoPNG funding alone amounts to K21,386.0 million.

As at the 30th of June, overall warrants issued against the revised budget (K24,571.2 million) was K10,806.5 million (or 44.0 per cent). Of which the June outturn was K10,152.5 million (or 41.3 per cent). Warrants for the Operational Budget were at 48.3 per cent (K7,056.8 million) against the revised budget and the June outturn was slightly below warrants at 46.1 per cent (K6,925.9 million). Warrants for the Compensation of Employees was at 38.6 per cent (K2,619.4 million) against the revised budget, however expenditure was 21.7 per cent (K568.0 million) above warrants at the end of June with expenditure at 47.0 per cent (K3,187.4 million) of the revised Budget. Warrants for Goods and Services and Functional Grants are approximately at pro-rata. For GST & BTT transfers to provinces, June Outturn expenditure is at half-year pro-rata estimate.

Table 27 shows a summary of the 2023 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	2023 Original Budget	2023 Revised Budget	Warrant Authorised	June Outturn	Exp Vs RBud (%)	Exp Vs Wa (%)
Operational	14,771.0	14,615.7	7,056.8	6,916.9	47.3%	98.0%
Compensation of Employees	6,942.0	6,786.7	2,619.4	3,187.4	47.0%	121.7%
Goods and Services	3,859.9	3,972.4	1,982.5	1,759.4	44.3%	88.7%
Function Grants	642.1	525.4	253.0	247.6	47.1%	97.9%
GST and BTT Transfers	816.0	816.0	0.0	413.3	50.6%	0.0%
Debt (Interest Repayment)	2,511.0	2,515.2	2,201.9	1,309.2	52.0%	59.4%
Capital Investment	9,795.9	9,955.5	3,749.6	3,235.9	32.5%	86.3%
PIP	5,435.0	5,579.5	3,078.1	2,191.8	39.3%	71.2%
SIP	1,180.0	1,195.0	671.5	666.5	55.8%	99.3%
Concessional Loans	1,156.0	1,157.8	0.0	377.6	32.6%	0.0%
Donor Grants	2,024.9	2,023.3	0.0	0.0	0.0%	0.0%
Grand Total	24,566.9	24,571.2	10,806.5	10,152.8	41.3%	93.9%

Source: Department of Treasury

Notes:

- Re-appropriation within Debt Services Vote (299) of K4.2m from Principal to Interest Costs increases the grand total.
- GST&BMT, Concessional Loans and Donor Grants are executed independent of warrants.
- Expenditure for Donor Grants is updated on 6 month basis
- The table incorporates K341.7 million in net changes in Trust Account balances (inflows & outflows) which are included in the June outturn for 2023. This mainly represents expenditures from trusts, which are funded from previous appropriations into these trusts (refer to Table 19 for more information). The K341.7 million in trust expenditure is split K118.1 million in operations expenditure (G&S) and K233.6 million in capital/PIP expenditure. The capital component is captured here under GoPNG PIP in this table.

While the June outturn shows an expenditure of 41.3 per cent, below pro-rata, expenditure is targeted to the government's key priority areas, in line with its overarching policies presented in the 2023 Budget. Some of these targeted expenditures include enhancing the rural sector

through the Government's District and Provincial Services Improvement Programs and Connect PNG Roads program; prioritizing education through spending on the Government Tuition Fee Free Program (GTFS) which is the education subsidy and Higher Education Loans Programs.

Operational Budget

The Operational Budget was initially appropriated K14,771.0 million and was revised down by a net of K155.3 million to K14,615.7 million during the first half of 2023 and reappropriated to the PIP component of the capital investment budget. The re-allocation was necessary to cater for critical capital investment priority programs largely at the sub national level. Of the revised K14,615.7 million budget, a total of K6,916.9 million was expended as at 30th of June, 2023.

Compensation of Employees

Compensation of Employees (CoE) is the largest expenditure item under the operational budget. In 2023 fiscal year, CoE was initially budgeted K6,942.0 million and was revised down by a net of K155.3 million (2.2 per cent). The June outturn for CoE is 47.0 per cent.

The June outturn seems slightly below pro-rata as the government is yet to execute a number of key CoE activities. For example, only 40.0 per cent of the revised budget for retirement benefits, pensions, gratuities and retrenchment was expended. A significant amount, K300.0 million, was allocated for retirement purposes, no expenditure was done for 2023 retirees due to challenges faced by agencies to submit their retirement lists. This resulted in funds transferred to cater for other critical government priority programs. However, the more specific lines of CoE expenditure related to wages indicates that these are sitting below trend for National Departments, and slightly above trend for CSAs. Especially for National Departments, this is an early sign that the work being done to bring salary expenditure under control is starting to bear some fruit.

Goods and Services and Functional Grants

Goods and Services was initially budgeted K3,859.9 million and functional grants was K642.1 million, totalling K4,502.0 million. This total was revised down marginally by K4.2 million (0.1 per cent). The underlying allocation between G&S and functional grants was revised to correct the classification of health grants, which have been reclassified as G&S. The reclassification is necessary for accounting purposes in the Integrated Financial Management System to correctly recognise PHAs as separate entities. Hence the slight increase in G&S and decrease in Functional Grants seen in Table 27.

While the G&S expenditure has been restrained at K1,759.4 million or 44.3 per cent of the revised budget, warrants were frontloaded on many grants to other entities. These are particularly grants to the PHAs that were frontloaded for the first half of the year. These grants ensure essential health services can be provided.

Interest Costs

The Debt Interest repayment budget increased from K2,511.0 million to K2,515.2 million (K4.2 million). The increase in Debt interest repayments was from appropriated amortization repayments. This transfer was necessary to service K2.2 million in ADB and World Bank Debt interest repayment subscriptions and K2.0 million into the IBRD vote to cater for further Debt interest repayments. The movement of funds from Principal repayments (amortization) is permissible as appropriations for amortization are specified in the *2023 Appropriation Act*.

From this revised budget, 87.7 per cent (K2,201.9 million) was warranted and 52.0 per cent (or K1,309.2 million) was expended. Warrants for debt interest repayments are well above

pro-rata to cushion any impacts exchange rate fluctuations may have on repayment amounts, however actual expenditure is only slightly above pro-rata.

Priority Expenditures in the Operational Budget

The Marape–Rosso Government has focused on a number of key expenditures that are aligned to its Government policies. A total appropriation of K2,869.8 million that was revised down to K2,535.8 million was allocated towards priority expenditure under the Operational Budget. Of this, 44.9 per cent was expended. Much of the priorities fall in the Education and Health Sectors and the Miscellaneous vote. The Miscellaneous vote captures expenditure primarily related to the Administrative Sector, largely to ensure and support the efficient functions of agencies. See table 28.

Table 28 below is a summary of 2023 Budget by National Priorities by Sector, with corresponding expenditure up to the end of June.

Table 28: National Priority Expenditures by Sectors as at 30th June 2023 (Kina, million)

Details	2023 Budget	2023 Rev Budget	Warrant Authorize	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Education	854.5	883.5	513.7	497.6	56.3%	96.9%
Education Subsidy (GTFS)	767.4	767.4	397.6	396.6	51.7%	99.7%
TESAS	47.1	47.1	47.1	32.0	68.0%	68.0%
Higher Education Loan Program (HELP)	40.0	69.0	69.0	69.0	100.0%	100.0%
Health	428.7	428.7	217.8	118.1	27.6%	54.2%
Medical Supplies Procurement & Distribution	237.5	237.5	113.6	63.2	26.6%	55.7%
Catholic Health Services	109.2	109.2	60.7	24.6	22.5%	40.5%
Churches Health Services	53.0	53.0	28.5	19.3	36.3%	67.7%
Malaria drugs and Test Kits	10.0	10.0	5.0	2.9	29.5%	59.0%
TB Drugs	10.0	10.0	5.0	3.1	30.8%	61.5%
Hiv/Aids Treatment Drugs	9.0	9.0	5.1	5.1	56.1%	99.1%
Miscellaneous	1,586.6	1,223.6	440.0	522.2	42.7%	118.7%
State Share Contribution to Nambawan Supa - Automation	325.0	325.0	50.0	153.2	47.2%	306.5%
Retirement Fund	300.0	92.8	0.0	0.0	0.0%	0.0%
Arrears	300.0	144.1	57.9	44.1	30.6%	76.1%
Nambawan Supa Exit Payments	200.1	200.1	102.8	102.8	51.4%	100.0%
Multi-Departmental Office Accommodation	200.0	200.0	106.5	100.0	50.0%	93.9%
Multi-Departmental Utilities	200.0	200.0	90.0	89.7	44.9%	99.7%
Court Cases	41.5	41.5	20.0	19.6	47.2%	97.8%
Overseas Missions	20.0	20.0	12.8	12.8	63.9%	100.0%
Grand Total	2,869.8	2,535.8	1,171.5	1,137.9	44.9%	97.1%

Source: Department of Treasury

Priority recurrent expenditure for the Education Sector as at 30th June is K497.6 million or 56.3 per cent of its revised allocation. This is well above the aggregate pro-rata indicating the government's commitment in ensuring that the goals in the Education Sector are achieved. The goals include increasing accessibility to education, retention rates and achieving universal education.

The expenditure for key priorities in the Health Sector for the first half of the year was K118.1 million or 27.6 per cent against a revised appropriation of K428.7 million. The government's objective to improve the performance of the Health Sector is to be realised through the Health Sector key priority programs. However, a number of challenges faced in the Health Sector is reflected in the low expenditure outcome. One of the major challenges is the lengthy procurement process to purchase overseas medical supplies and drugs. As a result, the expenditure for the four key programs are below pro-rata expenditure. Furthermore,

the Catholic and Church Health Services are providing an essential service in the rural areas. Despite the significant services the Catholic and Church Health Services provide the expenditure is below pro-rata due to lengthy administrative process faced in disbursing funds.

Priorities under Miscellaneous vote include the funds for superannuation, arrears and retirement benefits. A total of K522.2 million was spent against a revised budget of K1,223.6 million or 42.7 per cent. The notable expenditure has been on the State Share Superannuation Contribution – Automation. This reflects Governments commitment towards its employee's welfare by frontloading warrants for payment on the 8.4 per cent employer contribution.

Despite the challenges, the Marape-Rosso Government has so far delivered considerably well in the key priority expenditure under the Operational Budget.

Capital Budget

The Capital Investment Budget supports implementation of the Government's fixed commitments and priorities, such as the Sustainable Highlands Highway Improvement Program (SHHIP), Road Maintenance and Rehabilitation Project, New Enga Hospital, Nadzab Airport Redevelopment, Support Improvement Programs (SIPS) to the Provinces and the Connect PNG Roads Programs.

The Capital Investment Budget for the 2023 fiscal year was K9,795.9 million. This is comprised of Public Investment Program (PIP) expenditure of K6,615.0 million, Donor Support Grants-funded expenditure of K2,024.9 million and Concessional Loans-funded expenditure of K1,156.0 million. The capital budget was revised up by a net of K159.6 million to K9,955.5 million.

As at end June, the capital budget recorded total expenditure outcome of K3,235.9 million which is 32.5 per cent against the revised budget. Of this, K2,191.8 million was expended from GoPNG PIP and K666.5 million from SIPs. The below pro-rata is largely due to slower compliance from implementing agencies in submitting their required workplans, cashflows and procurement plans earlier at the start of the fiscal year, combined with delays in procurement processes. Despite these constraints, the Government has remained committed to focusing on spending the capital budget in the priority areas.

Concessional Loans and Project Support Grants from PNG's development partners are also important components of the Capital Investment Budget. As at end of June 2023, concessional loan funded expenditure reported an outcome of K377.6 million. Due to delayed reporting from the development partners, no expenditure was recorded for Donor Grants for the June Outturn⁹.

Priority Expenditure in the Capital Budget

Table 29 is a summary of 2023 Development Priority expenditure areas up to the end of June.

Table 29: Capital Investment Priority Expenditures by Sectors as at 30th June 2023 (Kina, million)

Details by Sector	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Administration	364.0	354.0	281.0	140.2	39.6	49.9
Wafi Golpu Infrastructure Development Grant	100.0	100.0	70.0	60.0	60.0	85.7
Porgera Infrastructure Development Grant- IDG	100.0	90.0	70.0	10.0	11.1	14.3

⁹ Full report on the donor grant expenditure will be made available in the 2023 FBO report.

Details by Sector	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
District Support Grant	59.0	59.0	59.0	44.0	74.6	74.6
Special Intervention Program	55.0	55.0	55.0	20.2	36.7	36.7
Population Census Preparation	50.0	50.0	27.0	6.0	11.9	22.1
Provinces	1,204.5	1,204.5	673.7	664.5	55.2	98.6
DSIP	960.0	960.0	534.5	529.5	55.2	99.1
PSIP	220.0	220.0	122.0	122.0	55.5	100.0
Special Support Grant (SSG)	20.5	20.5	13.2	9.0	43.9	68.2
Special Purpose Authority (SPA)	4.0	4.0	4.0	4.0	100.0	100.0
Economic	20.0	20.0	9.0	6.0	30.0	66.7
Special Economic Zone Development Program	20.0	20.0	9.0	6.0	30.0	66.7
Law & Justice	40.0	40.0	15.0	10.0	25.0	66.7
Judiciary Support Service Program	40.0	40.0	15.0	10.0	25.0	66.7
Transport	480.0	475.0	285.0	276.9	58.3	97.2
Connect PNG Roads Program	450.0	450.0	265.0	264.9	58.9	100.0
National Bridges Program	10.0	10.0	5.0	2.0	20.0	40.0
National Highways Rehabilitation Program	20.0	15.0	15.0	10.0	66.6	66.6
Grand Total	2,108.5	2,093.5	1,263.7	1,097.6	52.4	86.9

Source: Department of Treasury

Table 29 above highlights critical priorities of the Government. As at 30th June, 60.4 per cent (K1,263.7 million) of these priorities were warranted with 86.9 per cent (K1,097.6 million) of this expended.

The largest share of capital investment expenditure as at the 30th of June is concentrated in the Provincial Sector at 61.0 per cent (K664.5 million), followed by the Transport sector at 25.0 per cent (K276.9 million), then the Administration sector at 13.0 per cent (K140.2 million) and the Law & Justice and Economic Sectors at 1.0 per cent (K10.0 million) and 1.0 per cent (K6.0 million) respectively.

The Provinces Sector makes up the largest share of priority capital investment warrant and expenditure up to the end of June, as disbursements for the Provincial and District Support Improvement Programs are tracking above pro-rata. PSIP and DSIP are funding valuable activities such as improvements to health clinics and schools across our nation. The 2023 Budget has also provisioned for additional funding to the Districts and Provinces to assist counter fund the DSIP & PSIPs. These have been provided through the District Infrastructure Development Program of K5.0 million each District and K5.0 million to the Provincial Infrastructure Development Program per Provincial Government. Furthermore, an additional K480.0 million under DNPM for new District Infrastructure Development Program is an added funding that is expected to be expended at the Provincial and District levels. This is consistent with the Government's priority on moving focus from the national to the subnational and rural levels.

The Transport sector expanded the largest share of expenditure against its revised budget at 58.3 per cent, with a June outturn of K276.9 million against a revised budget of K480.0 million. This expenditure predominantly serviced the Connect PNG Roads Program (K264.9 million) in catering to the Government's commitment to connect and open up PNG and the implementation of the National Road Networking Strategy 2018-2037. The balance of expenditure on the Transport sector priorities catered to the National Bridges Program and the National Highways Rehabilitation Program.

The Administration Sector accounted for 22.0 per cent (K281.0 million) of aggregate warrants and has expended 39.6 per cent (K140.2 million) of its revised budget (K354.0 million). The larger proportions of the Administration sectors aggregate expenditure were for the Wafi Golpu Infrastructure Development Grant (K60.0 million), the District Support Grant (K44.0 million) and the Special Intervention Program (K20.2 million). These projects seek to foster economic

growth and development. Although warrants for capital investment priorities in the Administration (K281.0 million) and Transport (K285.0 million) Sectors were at 22.0 per cent and 21.0 per cent as a share of aggregate warrants respectively, Administration Sector expenditure only accounted for 13 per cent of aggregate expenditure.

A key priority Capital investment that falls under the Law and Order Sector is the Waigani National Court Complex (WNCC) development. This is labelled as the Judiciary Support Service Program in the budget books. The expected outcome of the investment is to build a modern Court Complex to meet international standards. This is important as the functions of Judiciary is expanding. The building will accommodate the Court of Appeals where errors can be corrected from the decisions made at the court circuit levels and further accommodate the increase in the number of judges presiding over the rising civil and criminal cases. Of the K40.0 million allocated for this program in the 2023 Budget, K15.0 million or 35.0 per cent was warranted as at end of June and K10.0 million or 25.0 per cent was expended. The warrants and expenditure for the Law & Justice sector priorities are lower than the pro-rata predominantly due to delays in the submission of annual workplans, cashflows and procurement plans.

The Government allocated funding to boost domestic economic activity with funding towards the Special Economic Zone (SEZ) Development Program (K20.0 million). SEZs are central the Government's recently released Medium Term Development Plan IV. The Economic Sector as at the 30th of June has only spent K6.0 million (or 30 per cent) of its revised budget.

The government's implementation of capital investment budget priorities, is keeping with its commitment to connect PNG through strong transport infrastructure and the disbursement of investment funds to the lower levels of government through development grants and the SIP programs, however there is little and very poor disbursement in the Economic sector to stimulate broad-based economic growth that is sustainable and inclusive.

APPROPRIATION TRANSFERS - Section 4 Transfers.

Transfers are adjustments made to the original budget through budget movements for both the Recurrent and the Capital Investment Budgets when executing the budget for each fiscal year. Budget movements allow agencies to maneuver funds internally and re-prioritise activities as and when required within a fiscal year in the implementation of activities and programs as per agencies' work plans. Transfers are also allowed from one agency's budget to another.

Section 4(1) & (2) of the Appropriation Act prescribes the conditions through which budgetary movements may occur and Section 4(3) specifies the threshold to which transfers should not be exceeded.

Once transfers are executed, the original budget is reflected as revised appropriation with either increased or decreased funding.

The limit in Section 4(3) aims to constrain alterations to the allocation of GoPNG-funded expenditure. The total GoPNG expenditure appropriation is K21,386.0 million. Excluding GST and Book Makers transfers to Provinces and Interest payments from the total GoPNG expenditure will amount to K18,059.0 million. The limit on transfers is 20.0 per cent of this or K3,611.8 million.

As of 30th June 2023, Section 4 transfers amounted to K2,029.8 million which represents 56.2 per cent of this limit.

Table 30: Section 4 Expenditures as at 30th June, 2023 (Kina, million)

Transfers by Sector	Section 4 Transfers		% Share	
	Out	In	Out	In
Administration Sector	-738.9	582.6	36.4%	28.7%
Debt Services	-4.2	4.2	0.2%	0.2%
Economic & Infrastructure	-16.0	57.4	0.8%	2.8%
Law & Justice Sector	-77.0	121.2	3.8%	6.0%
Provinces	-767.0	1,086.3	37.8%	53.5%
Social	-426.7	178.1	21.0%	8.8%
Grand Total	-2,029.8	2,029.8	100%	100%

Source: Department of Treasury

In order to achieve Government goals and deliver priority programs and activities, various transfers were made in the first half of the year. In total, K2,029.8 million worth of transfers were executed in the first half of the year. Most of these transfers were budgeted and consistent with the Government's original intent.

A large proportion of transfers were executed from major Programs budgeted under the Treasury & Finance Miscellaneous (Div 207) vote and the Department of National Planning & Monitoring. The appropriations under these programs are: General Unforeseen Expenses; Arrears; The Contingency Fund; District Maintenance; NEC Decisions; Prime Ministers Commitment Program; New District Infrastructure Program under DNPM and others.

Some of the largest transfers were:

- K760.0 million to track DSIP spending under each district (rather than each province). This does not change the amount of funding as the appropriated budget makes up most of the transfers in and out of the Provinces Sector.
- K396.0 million from Department of Education to Division 207 for the payment of Government's tuition free scheme. This does not change the amount of funding and was budgeted.
- K175.0 million from retirement vote reallocated for contingency fund (K100.0 million) and arrears (K75.0 million).
- K124.5 million for "general unforeseen expenditure" including to respond to floods, support the 2023 South Pacific Games in Solomon Islands and make necessary payments to landowners. This was budgeted.
- K105.3 million for TESAS and HELP arrears. This was budgeted.
- K98.7 million for the Prime Minister's priorities. This was budgeted.

2.2 CAPITAL EXPENDITURE

Total 2023 Capital Investment Budget of K9,795.9 million is comprised of (i) GoPNG funded expenditure of K6,615.0 million; (ii) Donor Support Grants funded expenditure of K2,024.9 million; and (iii) Concessional Loan funded expenditure of K1,156.0 million.

Table 31: Capital Investment Budget Components (Kina, million)

	2023 Budget	Warrants	June Outturn	Exp V Budget
GoPNG PIP	6,615.0	3,749.6	2,858.3	43.2%
Donor Support Grants	2,024.9	0.0	*0.0	0.0%
Concessional Loans	1,156.0	0.0	377.6	32.7%
Grant Total	9,795.9	3,749.6	3,235.9	33.0%

Source: Department of National Planning

*Expenditure reports from development partners of the grants expanded are not available on time, hence are not reflected herewith.

The table incorporates K341.7 million in net changes in Trust Account balances (inflows & outflows) which are included in the June outturn for 2023. This mainly represents expenditures from trusts, which are funded from previous appropriations into these trusts (refer to Table 19 for more information). The K341.7 million in trust expenditure is split K118.1 million in operations expenditure (G&S) and K233.6 million in capital/PIP expenditure. The capital component is captured here under GoPNG PIP in this table.

Total Capital Expenditure outcome for the first half of 2023 was K3,235.9 million, which was comprised of GoPNG PIP component of K2,858.3 million and Concessional Loan drawdowns of K377.6 million. Expenditure reports from development partners on the grants expended have not been provided in time to be reflected in the above table.

The commencement of some new capital projects has been delayed due to delayed procurements which has resulted in low rates of domestic funding disbursements. Lower capital investment budget outcome can also be attributed to the tight control on issuance warrants in the first half of 2023, especially for non-essential programs and programs with slow implementation rates.

Support Improvement Program (SIP)

The Support Improvement Program (SIP) was allocated a total of K1,180.0 million, which constitutes 17.8 per cent and 12.0 per cent of the GoPNG component of the capital budget and the total capital budget respectively. Expenditure outcome as at end-June 2023 amounted to K666.5 million or 56.5 per cent against the budget estimate as reflected in table 32 below. This is significantly lower than the implementation rate of 76.5 per cent this time last year.

Table 32: Support Improvement Program 2022-23 (Kina, million)

Description	2022 Actual	2023 Budget	June Outturn	2023 MYEFO	Outturn Vs Budget
DSIP	875.0	960.0	542.5	*973.0	56.5%
PSIP	213.0	220.0	124.0	**222.0	56.4%
Total	1,088.0	1,180.0	666.5	1,195.0	56.5%

Source: Departments of Treasury and National Planning & Monitoring.

*Increased by K13.0 million to account for the 2022 outstanding DSIPs districts to be paid in 2023 – Rabaul K4.0 million, Pomio K4.0 million, Nipa Kutubu K2.0 million, ABG K2.0 million and Simbu K1.0 million.

**Increased by K2.0 million to account for outstanding PSIP for New Ireland Province to be paid in 2023.

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

The 2023 Development Budget is framed base on the existing policy priorities of the Government. The focus on promoting inclusive and sustainable economic growth remains key driver for development investment while continuing efforts to improve service delivery outcomes in health and education.

The Government's efforts to develop infrastructure, unlock land for business, secure state equities' financing, and resolve law and order issues are crucial elements to propelling growth in the economy – particularly for SMEs and foreign direct investments and tourism. These priorities are integrated into the programs and projects under the Capital Investment Budget. Table 33 below highlights some of the major areas of capital investment expenditure on Government priorities as at end of June 2023.

Table 33: Spending on Government's Priority Projects 2022 (Kina, million)

	2023 Budget	June Outcome
Connect PNG Roads Program	450.0	264.9
New District Infrastructure Development Program	480.0	213.0
SOE Reforms Program	200.0	62.5
Wafi Golpu Infrastructure Development Grant	100.0	60.0
PM's Commitment to ABG	100.0	50.0
Infrastructure Development Grant (PNG LNG)	120.0	43.9
High Impact Infrastructure Projects (PNG LNG)	50.0	29.0

	2023 Budget	June Outcome
Special Intervention Program	55.0	20.2
Restoration Development Grant (Outstanding)	100.0	20.0
State Equity Fund (Agriculture and Others)	100.0	18.0
PNG Church-State Partnership Programme	25.0	17.5
National Government Commitments	50.0	16.6
Total	1,830.0	815.6

Source: Departments of Treasury and National Planning & Monitoring.

The major expenditure items in the first half of 2023 include projects like Connect PNG program (K264.9 million), New District Infrastructure Development Program (K213.0 million), SOE Reform Program (K62.5 million), and Special Intervention Program (K20.2 million).

Spending on these priority programs and other key investment priorities was affected by procurement delays (inadequate documentation provided by agencies) and cash flow constraints. The Government, through DNPM, will continue to conduct close consultations with the implementing agencies and development partners to ensure that the Government's development priority programs and projects as outlined in the 2023 Budget are delivered.

External Concessional Loan Funded Expenditure

Concessional Loan-funded expenditure as of 30th June 2023 amounted to K377.6 million or 32.7 per cent of its 2023 Budget appropriation of K1,156.0 million, demonstrating slower drawdowns in the first half of the year. However, this is significantly lower than the 17.5 per cent implementation rate this time last year.

Some of the big projects funded in the first half of the year:

- Sustainable Highlands Highway Improvement Program (SHHIP) 1 (K80.4 million);
- Sustainable Highlands Highway Improvement Program (SHHIP) 2 (K47.0 million);
- Road Maintenance and Rehabilitation Project II (K44.9 million);
- Nadzab Airport Redevelopment Project (K27.5 million);
- Lae Tidal Basin Industrial Development Project (K39.5 million);
- Port Moresby Power Grid (K40.2 million);
- Ramu Transmission System Reinforcement Project (K13.9 million);
- Health Services Sector Development Project (K7.3 million);
- Port Moresby Power Grid Project (K6.3 million); and
- WASH Project (K4.5 million).

A detailed reporting of loan-funded projects will be provided in the 2023 FBO report.

Grant Financing

Grants received from development partners are mobilized to finance the capital investment budget of the GoPNG. Donor Support Grants account for K2,024.9 million or 20.3 per cent of the 2023 Total Capital Investment Budget. Due to inadequate submissions of expenditure reports by development partners, the outcome of the grant component cannot be accounted for against what has been budgeted and appropriated. Delays in reporting from donor partners is mainly due to different financial reporting period and processes for each partner. The World Bank and JICA are the exceptions – they have provide expenditure reports for grants for the first six months of 2023.

The Government of Australia, through its Department of Foreign Affairs and Trade (DFAT), continues to remain the largest donor. The other grant financiers include the Asian Development Bank (ADB), United Nations (UN), People's Republic of China, European Union

(EU), New Zealand Government and the Japanese Government through the Japan International Co-operation Agency (JICA).

The donor partners have been very supportive again this year. Apart from their usual support to PNG through their respective programs and they have stepped up their support through their involvement in the Government's COVID-19 response program over the last two (2) years, including support towards the 2022 National Elections.

A detailed reporting of project support grants will be provided in the 2023 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 twelve (12) developers have registered to participate in the ITCS. However, only seven (7) developers are actively participating in the program. These are Oils Search Limited (OSL)/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, a moratorium was imposed on the approval of ITCS projects due to concerns about revenue leakage and lack of oversight, and as a result no new projects have been approved since 2017.

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 as the stakeholders' reviews were conducted on the Infrastructure Tax Credit Scheme Guidelines.

In the first and second quarter of 2023, no new projects were approved.

PART 3: ATTACHMENTS

Attachment A shows expenditure outcome by category and sectors classification.

Attachment B expenditure category by agency type.

Attachment C expenditure category by individual agency

- All attachment does not capture the change in Trust Balances (see Table 19 for details) of which K233.6 million was for capital expenditure and K118.1 million was for operational expenditure.

ATTACHMENT A: EXPENDITURE CATEGORY BY SECTORS

Expenditure Category by Sectors (Kina, million)

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Administration	2,743.4	2,792.9	1,563.2	1,041.5	37.3%	66.6%
Compensation Of Employees[GFS]	713.8	721.3	361.3	331.8	46.0%	91.8%
Use of goods and services [GFS]	1,728.7	1,752.6	996.8	590.2	33.7%	59.2%
Subsidies	1.1	1.1	0.4	0.3	30.4%	90.0%
Grants	116.0	126.0	101.4	76.2	60.5%	75.2%
Non financial assets	183.9	191.9	103.4	42.9	22.4%	41.5%
Provinces	5,007.7	5,327.0	2,439.5	2,724.2	51.1%	111.7%
Compensation Of Employees[GFS]	2,284.9	2,291.1	693.1	1,099.6	48.0%	158.7%
Use of goods and services [GFS]	478.9	678.8	437.6	403.3	59.4%	92.2%
Grants	2,117.1	2,202.3	1,214.1	1,131.4	51.4%	93.2%
Non financial assets	126.8	154.8	94.8	89.8	58.0%	94.7%
Community & Culture	152.6	155.7	100.9	90.3	58.0%	89.5%
Compensation Of Employees[GFS]	54.8	54.9	21.8	26.0	47.4%	119.1%
Use of goods and services [GFS]	33.1	36.1	22.5	18.8	52.3%	83.6%
Subsidies	0.6	0.6	0.3	0.3	42.8%	99.2%
Grants	12.5	12.5	12.2	7.1	56.9%	58.2%
Non financial assets	51.7	51.7	44.1	38.1	73.7%	86.4%
Economic	925.3	959.2	412.6	303.2	31.6%	73.5%
Compensation Of Employees[GFS]	226.4	228.9	101.6	104.2	45.5%	102.6%
Use of goods and services [GFS]	631.8	642.9	243.1	136.5	21.2%	56.2%
Subsidies	0.1	0.1	0.0	0.0	19.5%	100.0%
Grants	1.6	21.6	20.8	20.5	94.9%	98.7%
Non financial assets	65.4	65.8	47.2	42.0	63.8%	88.9%
Education	1,556.7	1,286.0	563.8	420.3	32.7%	74.5%
Compensation Of Employees[GFS]	423.2	423.2	188.3	191.6	45.3%	101.8%
Use of goods and services [GFS]	159.2	284.5	230.8	152.4	53.6%	66.0%
Subsidies	57.0	57.0	51.7	32.9	57.8%	63.7%
Non financial assets	153.8	153.8	93.1	43.3	28.2%	46.5%
Health	2,052.5	2,071.4	972.5	947.8	45.8%	97.5%
Compensation Of Employees[GFS]	1,095.9	1,106.9	487.2	618.7	55.9%	127.0%
Use of goods and services [GFS]	544.5	577.4	305.2	233.3	40.4%	76.4%
Subsidies	3.3	3.3	3.1	2.4	75.3%	78.3%
Grants	245.0	245.0	107.2	54.6	22.3%	50.9%
Non financial assets	163.9	138.9	69.8	38.6	27.8%	55.3%
Law & Justice	1,707.5	1,752.2	876.4	702.1	40.1%	80.1%
Compensation Of Employees[GFS]	1,034.6	1,097.7	529.0	479.6	43.7%	90.7%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Use of goods and services [GFS]	330.0	387.4	199.1	167.0	43.1%	83.9%
Subsidies	3.7	3.7	2.9	2.0	53.4%	67.2%
Grants	0.0	0.0	0.0	0.0	0.0%	0.0%
Non financial assets	339.3	263.4	145.4	53.5	20.3%	36.8%
Miscellaneous	2,560.7	2,354.5	968.3	991.7	42.1%	102.4%
Compensation Of Employees[GFS]	952.0	704.8	171.9	262.2	37.2%	152.6%
Use of goods and services [GFS]	1,599.0	1,243.9	400.5	333.5	26.8%	83.3%
Subsidies	0.5	0.5	0.0	0.0	0.0%	0.0%
Grants	9.3	405.3	396.0	396.0	97.7%	100.0%
Transport	1,047.9	1,053.5	486.9	394.8	37.5%	81.1%
Compensation Of Employees[GFS]	127.5	128.1	49.8	57.1	44.6%	114.6%
Use of goods and services [GFS]	54.0	62.0	39.2	26.9	43.3%	68.6%
Grants	0.2	0.2	0.0	0.0	19.5%	100.0%
Non financial assets	866.2	863.2	397.9	310.8	36.0%	78.1%
Utilities	304.6	306.4	220.3	95.1	31.0%	43.2%
Compensation Of Employees[GFS]	34.1	34.9	16.4	16.5	47.4%	100.6%
Use of goods and services [GFS]	18.4	19.4	9.1	3.9	20.0%	42.5%
Non financial assets	252.1	252.1	194.7	74.7	29.6%	38.4%
Debt Services	2,511.0	2,515.2	2,201.9	1,309.2	52.0%	59.4%
Sub-Total	20,570.0	20,574.2	10,806.5	9,020.2	43.8%	83.5%
Concessional Loans	1,156.0	1,157.8	0.0	377.6	32.7%	0.0%
Donor Grants	2,024.9	2,023.3	0.0	0.0	0.0%	0.0%
GST and BTT Transfers to Provinces	816.0	816.0	0.0	413.3	50.8%	0.0%
Grand Total	24,566.9	24,571.2	10,806.5	9,811.1	40.0%	90.8%

Source: Department of Treasury

ATTACHMENT B: EXPENDITURE CATEGORY BY AGENCY TYPE

Expenditure Category by Agency Type (Kina, million)

Details	2023 Budget	2023 Rev Budget	Warrants	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
National Departments	7,166.1	6,973.3	3,428.2	2,324.0	33.3%	67.8%
Compensation Of Employees[GFS]	1,864.2	1,933.3	910.2	878.7	45.4%	96.5%
Use of goods and services [GFS]	2,794.1	2,988.8	1,615.6	953.2	31.9%	59.0%
Subsidies	63.0	63.0	57.2	36.7	58.4%	64.3%
Grants	1,026.3	640.3	166.9	84.0	13.1%	50.3%
Non financial assets	1,418.5	1,348.0	678.4	371.3	27.5%	54.7%
Statutory Authorities	2,300.6	2,400.6	1,313.8	1,116.9	46.5%	85.0%
Compensation Of Employees[GFS]	1,165.8	1,178.6	558.1	552.8	46.9%	99.1%
Use of goods and services [GFS]	552.1	619.4	353.1	300.2	48.5%	85.0%
Subsidies	2.4	2.4	1.0	1.0	43.2%	100.0%
Grants	7.4	27.4	22.1	21.8	79.6%	98.7%
Non financial assets	572.9	572.9	379.6	241.1	42.1%	63.5%
Provincial Administrations	5,007.7	5,327.0	2,439.5	2,724.2	51.1%	111.7%
Compensation Of Employees[GFS]	2,284.9	2,291.1	693.1	1,099.6	48.0%	158.7%
Use of goods and services [GFS]	478.9	678.8	437.6	403.3	59.4%	92.2%
Grants	2,117.1	2,202.3	1,214.1	1,131.4	51.4%	93.2%
Non financial assets	126.8	154.8	94.8	89.8	58.0%	94.7%
PHA's	1,023.9	1,003.5	454.6	554.1	55.2%	121.9%
Compensation Of Employees[GFS]	680.2	684.0	287.2	394.2	57.6%	137.3%
Use of goods and services [GFS]	153.3	154.1	77.1	75.6	49.0%	98.0%
Subsidies	0.3	0.3	0.1	0.1	50.0%	100.0%
Grants	105.4	105.4	52.7	52.7	50.0%	100.0%
Non financial assets	84.9	59.9	37.6	31.6	52.7%	84.0%
Miscellaneous	2,560.7	2,354.5	968.3	991.7	42.1%	102.4%
Compensation Of Employees[GFS]	952.0	704.8	171.9	262.2	37.2%	152.6%
Use of goods and services [GFS]	1,599.0	1,243.9	400.5	333.5	26.8%	83.3%
Subsidies	0.5	0.5	0.0	0.0	0.0%	0.0%
Grants	9.3	405.3	396.0	396.0	97.7%	100.0%
Debt Services	2,511.0	2,515.2	2,201.9	1,309.2	52.0%	59.4%
Sub-Total	20,570.0	20,574.2	10,806.5	9,020.2	43.9%	83.5%
Concessional Loans	1,156.0	1,157.8	0.0	377.6	32.7%	0.0%
Donor Grants	2,024.9	2,023.3	0.0	0.0	0.0%	0.0%
GST and BTT Transfers to Provinces	816.0	816.0	0.0	413.3	50.8%	0.0%
Grand Total	24,566.9	24,571.2	10,806.5	9,811.1	40.0%	90.8%

Source: Department of Treasury

ATTACHMENT C: EXPENDITURE CATEGORY BY INDIVIDUAL AGENCY

Expenditure Category By Individual Agency (Kina, million)

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
201 NATIONAL PARLIAMENT	220.7	227.7	112.8	105.8	46.5%	93.8%
Operational	200.7	207.7	112.8	105.8	51.0%	93.8%
Compensation Of Employees[GFS]	180.0	180.0	97.2	92.2	51.2%	94.9%
Use of goods and services [GFS]	14.2	21.2	12.9	10.9	51.5%	84.5%
Subsidies	0.8	0.8	0.3	0.3	41.7%	100.0%
Non financial assets	5.7	5.7	2.4	2.4	41.7%	100.0%
GoPNG PIP	20.0	20.0	0.0	0.0	0.0%	0.0%
Use of goods and services [GFS]	9.7	9.7	0.0	0.0	0.0%	0.0%
Non financial assets	10.3	10.3	0.0	0.0	0.0%	0.0%
202 OFFICE OF GOVERNOR-GENERAL	17.3	17.3	7.8	5.7	33.1%	73.9%
Operational	7.3	7.3	2.8	3.0	41.1%	109.0%
Compensation Of Employees[GFS]	3.2	3.2	1.3	1.9	57.9%	144.9%
Use of goods and services [GFS]	3.9	3.9	1.4	1.1	28.1%	77.6%
Non financial assets	0.2	0.2	0.1	0.0	18.1%	64.7%
GoPNG PIP	10.0	10.0	5.0	2.7	27.3%	54.6%
Use of goods and services [GFS]	1.0	1.0	0.5	0.5	46.1%	92.1%
Non financial assets	9.0	9.0	4.5	2.3	25.2%	50.4%
203 DEPARTMENT OF PRIME MINISTER & NEC	168.9	197.4	100.8	79.7	40.3%	79.0%
Operational	97.9	126.4	65.9	62.5	49.5%	94.9%
Compensation Of Employees[GFS]	69.1	69.1	23.0	27.7	40.1%	120.3%
Use of goods and services [GFS]	28.2	56.7	42.6	34.7	61.2%	81.4%
Non financial assets	0.7	0.7	0.2	0.1	15.9%	49.0%
GoPNG PIP	71.0	71.0	34.9	17.1	24.1%	49.1%
Use of goods and services [GFS]	12.0	12.0	4.9	0.5	4.5%	11.0%
Grants	49.0	49.0	30.0	16.6	33.9%	55.3%
Non financial assets	10.0	10.0	0.0	0.0	0.0%	0.0%
204 NATIONAL STATISTICAL OFFICE	60.4	61.0	31.7	10.4	17.1%	32.9%
Operational	10.4	11.0	4.7	4.5	40.6%	94.1%
Compensation Of Employees[GFS]	9.8	9.8	3.9	3.8	38.9%	97.3%
Use of goods and services [GFS]	0.5	1.1	0.8	0.6	58.5%	81.8%
Non financial assets	0.1	0.1	0.0	0.0	10.6%	26.6%
GoPNG PIP	50.0	50.0	27.0	6.0	11.9%	22.1%
Compensation Of Employees[GFS]	5.0	5.0	1.0	0.0	0.0%	0.0%
Use of goods and services [GFS]	45.0	45.0	26.0	6.0	13.3%	23.0%
205 OFFICE OF BOUGAINVILLE AFFAIRS	6.1	6.1	2.6	2.5	40.8%	97.4%
Operational	6.1	6.1	2.6	2.5	40.8%	97.4%
Compensation Of Employees[GFS]	4.1	4.1	1.6	1.7	43.0%	107.5%
Use of goods and services [GFS]	2.0	2.0	0.9	0.7	36.6%	80.7%
Non financial assets	0.0	0.0	0.0	0.0	0.0%	0.0%
206 DEPARTMENT OF FINANCE	67.2	69.1	26.7	20.8	30.2%	77.9%
Operational	34.2	36.1	17.2	15.7	43.6%	91.2%
Compensation Of Employees[GFS]	25.4	27.3	13.5	12.7	46.4%	94.1%
Use of goods and services [GFS]	8.7	8.7	3.8	3.0	35.2%	81.1%
Non financial assets	0.1	0.1	0.0	0.0	5.4%	40.7%
GoPNG PIP	33.0	33.0	9.5	5.1	15.5%	53.7%
Use of goods and services [GFS]	18.1	18.1	7.0	3.1	17.2%	44.4%
Non financial assets	14.9	14.9	2.5	2.0	13.4%	80.0%
207 TREASURY AND FINANCE - MISCELLANEOUS	2,560.7	2,354.5	968.3	991.7	42.1%	102.4%
Operational	2,560.7	2,354.5	968.3	991.7	42.1%	102.4%
Compensation Of Employees[GFS]	952.0	704.8	171.9	262.2	37.2%	152.6%
Use of goods and services [GFS]	1,599.0	1,243.9	400.5	333.5	26.8%	83.3%
Subsidies	0.5	0.5	0.0	0.0	0.0%	0.0%
Grants	9.3	405.3	396.0	396.0	97.7%	100.0%
208 DEPARTMENT OF TREASURY	60.5	60.6	25.7	13.7	22.5%	53.2%
Operational	58.5	58.6	25.3	13.7	23.3%	54.0%
Compensation Of Employees[GFS]	25.7	25.8	11.8	6.5	25.3%	55.1%
Use of goods and services [GFS]	21.8	21.8	11.4	6.5	29.8%	56.7%
Non financial assets	11.0	11.0	2.0	0.6	5.9%	32.0%
GoPNG PIP	2.0	2.0	0.4	0.0	0.0%	0.0%
Use of goods and services [GFS]	2.0	2.0	0.4	0.0	0.0%	0.0%
209 REGISTRAR FOR POLITICAL PARTIES	6.4	6.4	2.9	3.4	53.1%	117.8%
Operational	6.4	6.4	2.9	3.4	53.1%	117.8%
Compensation Of Employees[GFS]	5.7	5.7	2.6	3.2	56.3%	123.6%
Use of goods and services [GFS]	0.3	0.3	0.2	0.1	42.8%	66.2%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Subsidies	0.3	0.3	0.0	0.0	0.0%	0.0%
Non financial assets	0.0	0.0	0.0	0.0	88.7%	90.6%
211 PNG CUSTOMS SERVICE	101.4	104.5	43.6	46.3	44.3%	106.3%
Operational	91.4	94.5	40.1	43.3	45.8%	108.0%
Compensation Of Employees[GFS]	72.0	72.9	30.9	34.2	46.8%	110.4%
Use of goods and services [GFS]	19.0	21.2	9.0	9.0	42.5%	100.0%
Non financial assets	0.4	0.4	0.1	0.1	31.1%	100.0%
GoPNG PIP	10.0	10.0	3.5	3.0	30.0%	85.7%
Use of goods and services [GFS]	5.1	5.1	2.0	1.5	29.4%	75.0%
Non financial assets	4.9	4.9	1.5	1.5	30.6%	100.0%
212 INFORMATION TECHNOLOGY DIVISION	4.2	4.2	1.9	1.7	41.5%	93.3%
Operational	4.2	4.2	1.9	1.7	41.5%	93.3%
Compensation Of Employees[GFS]	3.3	3.3	1.5	1.5	44.2%	97.1%
Use of goods and services [GFS]	0.9	0.9	0.4	0.3	31.9%	77.4%
Non financial assets	0.0	0.0	0.0	0.0	0.0%	0.0%
213 FIRE SERVICES	23.1	28.1	15.8	14.9	53.1%	94.6%
Operational	19.1	24.1	12.8	14.8	61.3%	115.6%
Compensation Of Employees[GFS]	17.6	19.7	9.2	11.7	59.3%	126.9%
Use of goods and services [GFS]	1.5	4.5	3.6	3.1	70.4%	86.9%
Non financial assets	0.0	0.0	0.0	0.0	0.0%	0.0%
GoPNG PIP	4.0	4.0	3.0	0.1	3.7%	4.9%
Use of goods and services [GFS]	0.3	0.3	0.3	0.0	3.0%	3.0%
Non financial assets	3.7	3.7	2.7	0.1	3.7%	5.1%
215 PNG IMMIGRATION AND CITIZENSHIP SERVICES	16.3	16.3	6.0	12.7	78.1%	213.2%
Operational	16.3	16.3	6.0	12.7	78.1%	213.2%
Compensation Of Employees[GFS]	16.3	16.3	6.0	12.7	78.1%	213.2%
216 INTERNAL REVENUE COMMISSION	115.1	116.8	80.2	47.0	40.3%	58.7%
Operational	95.1	96.8	76.7	43.5	45.0%	56.8%
Compensation Of Employees[GFS]	61.7	63.3	62.7	29.6	46.8%	47.2%
Use of goods and services [GFS]	24.7	24.7	10.3	10.3	41.7%	100.0%
Non financial assets	8.7	8.7	3.6	3.6	41.7%	100.0%
GoPNG PIP	20.0	20.0	3.5	3.5	17.5%	100.0%
Use of goods and services [GFS]	19.2	19.2	3.0	3.0	15.6%	100.0%
Non financial assets	0.8	0.8	0.5	0.5	62.5%	100.0%
217 DEPARTMENT OF FOREIGN AFFAIRS AND TRADE	125.4	126.3	80.9	30.3	24.0%	37.4%
Operational	123.4	124.3	80.9	30.3	24.4%	37.4%
Compensation Of Employees[GFS]	57.4	57.4	26.2	13.7	23.8%	52.3%
Use of goods and services [GFS]	66.0	38.9	26.7	16.6	42.7%	62.1%
Non financial assets	0.0	28.0	28.0	0.0	0.0%	0.0%
GoPNG PIP	2.0	2.0	0.0	0.0	0.0%	0.0%
Use of goods and services [GFS]	2.0	2.0	0.0	0.0	0.0%	0.0%
218 OFFICE OF THE PUBLIC PROSECUTOR	18.7	18.7	8.9	5.6	30.0%	63.0%
Operational	18.7	18.7	8.9	5.6	30.0%	63.0%
Compensation Of Employees[GFS]	15.5	15.5	7.1	4.0	25.7%	56.4%
Use of goods and services [GFS]	3.2	3.2	1.8	1.6	50.8%	88.7%
Non financial assets	0.0	0.0	0.0	0.0	60.6%	60.6%
219 PNG INSTITUTE OF PUBLIC ADMINISTRATION	13.0	13.0	5.4	6.6	51.0%	123.4%
Operational	10.0	10.0	3.4	5.8	58.3%	173.0%
Compensation Of Employees[GFS]	9.6	9.6	3.2	5.7	59.6%	177.7%
Use of goods and services [GFS]	0.4	0.4	0.1	0.1	22.9%	61.3%
GoPNG PIP	3.0	3.0	2.0	0.8	26.7%	40.0%
Use of goods and services [GFS]	3.0	3.0	2.0	0.8	26.7%	40.0%
220 DEPARTMENT OF PERSONNEL MANAGEMENT	31.9	33.2	15.3	8.5	25.6%	55.5%
Operational	18.9	20.2	8.8	8.5	42.0%	96.4%
Compensation Of Employees[GFS]	16.0	16.9	7.1	7.8	46.0%	108.9%
Use of goods and services [GFS]	2.7	3.2	1.6	0.7	22.7%	44.0%
Non financial assets	0.2	0.2	0.1	0.0	9.0%	34.6%
GoPNG PIP	13.0	13.0	6.5	0.0	0.0%	0.0%
Use of goods and services [GFS]	12.9	12.9	6.5	0.0	0.0%	0.0%
Non financial assets	0.1	0.1	0.0	0.0	0.0%	0.0%
221 PUBLIC SERVICE COMMISSION	8.4	8.4	2.5	3.7	44.4%	147.4%
Operational	6.4	6.4	2.5	3.7	58.3%	147.4%
Compensation Of Employees[GFS]	5.7	5.7	2.3	3.5	61.2%	153.1%
Use of goods and services [GFS]	0.6	0.6	0.2	0.2	40.9%	99.1%
Non financial assets	0.2	0.2	0.0	0.0	17.0%	100.0%
GoPNG PIP	2.0	2.0	0.0	0.0	0.0%	0.0%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Use of goods and services [GFS]	2.0	2.0	0.0	0.0	0.0%	0.0%
222 OFFICE OF THE PUBLIC SOLICITOR	16.5	16.5	7.6	6.7	40.9%	88.0%
Operational	16.5	16.5	7.6	6.7	40.9%	88.0%
Compensation Of Employees[GFS]	12.6	12.6	5.7	5.2	40.9%	90.0%
Use of goods and services [GFS]	3.6	3.6	1.8	1.5	41.3%	83.0%
Non financial assets	0.3	0.3	0.1	0.1	32.8%	71.2%
223 JUDICIARY SERVICES	272.5	272.5	113.4	102.4	37.6%	90.3%
Operational	232.5	232.5	98.4	92.4	39.7%	93.9%
Compensation Of Employees[GFS]	144.5	144.5	61.7	55.7	38.6%	90.3%
Use of goods and services [GFS]	30.6	30.6	12.7	12.7	41.7%	100.0%
Non financial assets	57.4	57.4	23.9	23.9	41.7%	100.0%
GoPNG PIP	40.0	40.0	15.0	10.0	25.0%	66.7%
Use of goods and services [GFS]	20.0	20.0	5.0	2.0	10.0%	40.0%
Non financial assets	20.0	20.0	10.0	8.0	40.0%	80.0%
224 MAGISTERIAL SERVICES	91.3	91.5	40.0	39.0	42.6%	97.4%
Operational	76.3	76.5	34.0	35.0	45.7%	102.8%
Compensation Of Employees[GFS]	47.3	47.5	20.0	21.0	44.2%	104.8%
Use of goods and services [GFS]	28.0	28.0	13.5	13.5	48.2%	100.0%
Non financial assets	1.0	1.0	0.5	0.5	47.9%	100.0%
GoPNG PIP	15.0	15.0	6.0	4.0	26.7%	66.7%
Non financial assets	15.0	15.0	6.0	4.0	26.7%	66.7%
225 DEPARTMENT OF ATTORNEY-GENERAL	158.8	169.0	82.3	75.6	44.7%	91.9%
Operational	139.8	150.0	73.1	73.4	49.0%	100.5%
Compensation Of Employees[GFS]	123.2	123.3	56.2	58.4	47.4%	104.0%
Use of goods and services [GFS]	16.1	26.1	16.7	14.9	57.0%	89.3%
Subsidies	0.0	0.0	0.0	0.0	100.0%	100.0%
Grants	0.0	0.0	0.0	0.0	0.0%	0.0%
Non financial assets	0.5	0.5	0.2	0.1	22.0%	64.6%
GoPNG PIP	19.0	19.0	9.2	2.1	11.3%	23.4%
Use of goods and services [GFS]	9.0	9.0	4.3	0.5	5.5%	11.4%
Non financial assets	10.0	10.0	4.9	1.7	16.6%	33.8%
226 DEPARTMENT OF CORRECTIVE INSTITUTIONAL SERVICES	174.6	174.6	85.9	64.6	37.0%	75.2%
Operational	147.6	147.6	68.2	64.6	43.8%	94.8%
Compensation Of Employees[GFS]	114.7	114.7	54.5	51.6	44.9%	94.7%
Use of goods and services [GFS]	32.8	32.8	13.7	13.0	39.6%	95.1%
Non financial assets	0.1	0.1	0.0	0.0	30.0%	71.9%
GoPNG PIP	27.0	27.0	17.7	0.0	0.0%	0.0%
Use of goods and services [GFS]	3.0	3.0	1.7	0.0	0.0%	0.0%
Non financial assets	24.0	24.0	16.0	0.0	0.0%	0.0%
227 PROVINCIAL TREASURIES	40.7	40.7	18.4	21.8	53.6%	118.7%
Operational	40.7	40.7	18.4	21.8	53.6%	118.7%
Compensation Of Employees[GFS]	37.3	37.3	17.0	21.1	56.5%	124.1%
Use of goods and services [GFS]	3.4	3.4	1.4	0.8	22.5%	53.7%
Non financial assets	0.0	0.0	0.0	0.0	0.0%	0.0%
228 DEPARTMENT OF POLICE	539.7	552.3	303.7	202.2	36.6%	66.6%
Operational	389.7	477.3	266.6	195.9	41.0%	73.5%
Compensation Of Employees[GFS]	300.6	363.5	199.7	141.9	39.0%	71.1%
Use of goods and services [GFS]	87.4	112.1	66.5	53.8	48.0%	80.9%
Non financial assets	1.7	1.7	0.4	0.2	11.8%	46.3%
GoPNG PIP	150.0	75.0	37.1	6.3	8.4%	17.1%
Use of goods and services [GFS]	10.0	10.0	0.0	0.0	0.0%	0.0%
Non financial assets	140.0	65.0	37.1	6.3	9.7%	17.1%
229 DEPARTMENT OF NATIONAL PLANNING AND MONITORING	1,481.1	1,433.0	825.4	470.3	32.8%	57.0%
Operational	26.1	44.0	31.9	32.1	73.1%	100.7%
Compensation Of Employees[GFS]	17.3	17.3	7.9	8.2	47.1%	103.4%
Use of goods and services [GFS]	8.5	26.4	23.8	23.8	90.1%	99.9%
Non financial assets	0.2	0.2	0.2	0.2	72.9%	99.7%
GoPNG PIP	1,455.0	1,389.0	793.5	438.2	31.5%	55.2%
Use of goods and services [GFS]	1,354.0	1,298.0	729.5	409.2	31.5%	56.1%
Grants	0.0	10.0	10.0	0.0	0.0%	0.0%
Non financial assets	101.0	81.0	54.0	29.0	35.8%	53.7%
230 ELECTORAL COMMISSION	11.5	25.6	17.5	3.3	13.1%	19.1%
Operational	11.5	25.6	17.5	3.3	13.1%	19.1%
Compensation Of Employees[GFS]	8.2	8.2	2.6	2.8	33.5%	106.7%
Use of goods and services [GFS]	2.7	16.7	14.9	0.6	3.4%	3.8%
Non financial assets	0.6	0.6	0.0	0.0	1.0%	60.3%
231 NATIONAL INTELLIGENCE ORGANISATION	17.9	18.3	11.5	2.7	14.9%	23.6%
Operational	5.9	6.3	3.0	2.4	38.4%	79.3%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Compensation Of Employees[GFS]	5.4	5.4	2.5	1.9	34.8%	76.0%
Use of goods and services [GFS]	0.5	0.9	0.6	0.5	60.5%	94.1%
Non financial assets	0.0	0.0	0.0	0.0	0.0%	0.0%
GoPNG PIP	12.0	12.0	8.5	0.3	2.6%	3.7%
Use of goods and services [GFS]	3.0	3.0	2.2	0.2	5.1%	6.9%
Non financial assets	9.0	9.0	6.3	0.2	1.8%	2.6%
232 PROVINCIAL AND LOCAL GOVERNMENT AFFAIRS	26.1	54.4	42.7	37.1	68.1%	86.8%
Operational	17.6	47.6	38.1	36.2	76.2%	95.0%
Compensation Of Employees[GFS]	12.2	12.2	5.6	4.9	40.1%	88.1%
Use of goods and services [GFS]	5.3	35.3	32.6	31.3	88.7%	96.2%
Non financial assets	0.0	0.0	0.0	0.0	0.0%	0.0%
GoPNG PIP	8.5	6.9	4.6	0.9	12.4%	18.7%
Use of goods and services [GFS]	5.5	3.9	3.2	0.7	19.3%	23.7%
Grants	3.0	3.0	1.4	0.1	3.5%	7.5%
233 OFFICE OF CENSORSHIP	8.2	8.2	3.5	2.5	30.3%	70.5%
Operational	4.2	4.2	1.9	1.9	45.3%	98.8%
Compensation Of Employees[GFS]	3.5	3.5	1.6	1.6	45.1%	99.1%
Use of goods and services [GFS]	0.7	0.7	0.3	0.3	47.8%	97.2%
Non financial assets	0.0	0.0	0.0	0.0	16.8%	100.0%
GoPNG PIP	4.0	4.0	1.6	0.6	14.5%	36.3%
Use of goods and services [GFS]	0.5	0.5	0.0	0.0	0.0%	0.0%
Non financial assets	3.5	3.5	1.6	0.6	16.6%	36.3%
234 DEPARTMENT OF DEFENCE	348.5	357.5	179.5	160.7	44.9%	89.5%
Operational	303.5	312.5	148.0	160.7	51.4%	108.6%
Compensation Of Employees[GFS]	235.1	235.1	107.0	124.3	52.9%	116.2%
Use of goods and services [GFS]	59.7	69.6	35.6	32.0	45.9%	89.8%
Subsidies	3.6	3.6	2.9	1.9	53.0%	66.6%
Non financial assets	5.1	4.2	2.5	2.5	58.6%	99.2%
GoPNG PIP	45.0	45.0	31.5	0.0	0.0%	0.0%
Use of goods and services [GFS]	4.0	4.0	2.2	0.0	0.0%	0.0%
Non financial assets	41.0	41.0	29.3	0.0	0.0%	0.0%
235 DEPARTMENT OF EDUCATION	1,069.4	673.4	178.5	91.4	13.6%	51.2%
Operational	1,023.4	627.4	149.5	90.5	14.4%	60.5%
Compensation Of Employees[GFS]	147.4	147.4	67.1	67.4	45.7%	100.5%
Use of goods and services [GFS]	100.7	100.7	71.5	21.8	21.6%	30.4%
Subsidies	3.6	3.6	3.0	0.3	8.4%	10.1%
Grants	763.6	367.6	0.0	0.0	0.0%	0.0%
Non financial assets	8.1	8.1	7.9	1.0	12.5%	12.7%
GoPNG PIP	46.0	46.0	29.0	1.0	2.1%	3.3%
Use of goods and services [GFS]	22.9	22.9	13.7	0.5	2.2%	3.7%
Non financial assets	23.1	23.1	15.4	0.5	2.0%	3.0%
236 DEPARTMENT OF HIGHER EDUCATION RESEARCH SCIENCE & TECHNOLOGY	185.9	311.2	249.5	199.9	64.2%	80.1%
Operational	115.9	241.2	203.5	181.3	75.1%	89.1%
Compensation Of Employees[GFS]	49.8	49.8	22.7	25.7	51.5%	113.1%
Use of goods and services [GFS]	13.8	139.1	132.6	123.5	88.8%	93.1%
Subsidies	52.2	52.2	48.1	32.1	61.4%	66.7%
Non financial assets	0.0	0.0	0.0	0.0	0.0%	0.0%
GoPNG PIP	70.0	70.0	46.0	18.6	26.6%	40.5%
Use of goods and services [GFS]	8.1	8.1	6.5	0.6	6.9%	8.6%
Non financial assets	61.9	61.9	39.5	18.1	29.2%	45.8%
237 PNG NATIONAL COMMISSION FOR UNESCO	0.0	0.0	0.0	0.3	0.0%	0.0%
Operational	0.0	0.0	0.0	0.3	0.0%	0.0%
Compensation Of Employees[GFS]	0.0	0.0	0.0	0.3	0.0%	0.0%
238 MILINE BAY PROVINCIAL HEALTH AUTHORITY	0.0	0.0	0.0	4.0	0.0%	0.0%
Operational	0.0	0.0	0.0	4.0	0.0%	0.0%
Compensation Of Employees[GFS]	0.0	0.0	0.0	4.0	0.0%	0.0%
239 WESTERN HIGHLANDS PROVINCIAL HEALTH AUTHORITY	0.0	0.0	0.0	4.9	0.0%	0.0%
Operational	0.0	0.0	0.0	4.9	0.0%	0.0%
Compensation Of Employees[GFS]	0.0	0.0	0.0	4.9	0.0%	0.0%
240 DEPARTMENT OF HEALTH	576.9	576.9	260.5	134.8	23.4%	51.8%
Operational	386.9	386.9	189.5	134.8	34.8%	71.1%
Compensation Of Employees[GFS]	67.1	67.1	30.5	41.6	62.0%	136.2%
Use of goods and services [GFS]	312.8	312.8	154.9	90.4	28.9%	58.3%
Subsidies	3.0	3.0	3.0	2.3	77.4%	77.4%
Grants	0.3	0.3	0.3	0.3	87.5%	87.5%
Non financial assets	3.8	3.8	0.7	0.1	2.5%	13.7%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Other Expense	0.0	0.0	0.0	0.1	0.0%	0.0%
GoPNG PIP	190.0	190.0	71.0	0.0	0.0%	0.0%
Use of goods and services [GFS]	7.7	7.7	4.2	0.0	0.0%	0.0%
Grants	129.0	129.0	50.0	0.0	0.0%	0.0%
Non financial assets	53.3	53.3	16.8	0.0	0.0%	0.0%
Other Expense	0.0	0.0	0.0	0.0	0.0%	0.0%
241 HOSPITAL MANAGEMENT SERVICES	257.0	257.1	136.1	119.0	46.3%	87.5%
Operational	243.0	243.1	128.1	119.0	49.0%	92.9%
Compensation Of Employees[GFS]	230.5	230.5	122.9	116.8	50.7%	95.1%
Use of goods and services [GFS]	2.0	2.0	0.8	0.5	25.2%	59.2%
Grants	10.3	10.3	4.2	1.6	15.6%	38.2%
Non financial assets	0.3	0.3	0.1	0.1	24.5%	58.8%
GoPNG PIP	14.0	14.0	8.0	0.0	0.0%	0.0%
Use of goods and services [GFS]	0.8	0.8	0.8	0.0	0.0%	0.0%
Non financial assets	13.2	13.2	7.2	0.0	0.0%	0.0%
242 DEPARTMENT OF COMMUNITY DEVELOPMENT	51.3	51.3	36.6	27.3	53.2%	74.5%
Operational	24.3	24.3	9.6	8.5	35.0%	88.6%
Compensation Of Employees[GFS]	13.3	13.3	5.3	5.8	43.3%	108.4%
Use of goods and services [GFS]	10.8	10.8	4.1	2.7	24.8%	64.5%
Subsidies	0.2	0.2	0.1	0.1	45.3%	98.0%
Non financial assets	0.1	0.1	0.1	0.0	0.0%	0.0%
GoPNG PIP	27.0	27.0	27.0	18.8	69.5%	69.5%
Use of goods and services [GFS]	3.0	3.0	3.0	2.3	76.0%	76.0%
Grants	12.0	12.0	12.0	6.9	57.4%	57.4%
Non financial assets	12.0	12.0	12.0	9.6	80.0%	80.0%
243 NATIONAL VOLUNTEER SERVICES	14.8	17.8	12.9	12.9	72.6%	100.1%
Operational	4.8	7.8	4.9	4.9	63.2%	100.1%
Compensation Of Employees[GFS]	3.0	3.0	1.4	1.4	46.1%	100.5%
Use of goods and services [GFS]	1.9	4.9	3.6	3.6	73.6%	100.0%
Non financial assets	0.0	0.0	0.0	0.0	55.1%	100.0%
GoPNG PIP	10.0	10.0	8.0	8.0	80.0%	100.0%
Use of goods and services [GFS]	0.5	0.5	0.5	0.5	100.0%	100.0%
Non financial assets	9.5	9.5	7.5	7.5	78.9%	100.0%
244 EASTERN HIGHLANDS PROVINCIAL HEALTH AUHTORITY	0.0	0.0	0.0	5.2	0.0%	0.0%
Operational	0.0	0.0	0.0	5.2	0.0%	0.0%
Compensation Of Employees[GFS]	0.0	0.0	0.0	5.2	0.0%	0.0%
245 CONSERVATION AND ENVIRONMENT PROTECTION AUTHORITY	8.2	8.2	3.1	3.1	37.6%	99.1%
Operational	8.2	8.2	3.1	3.1	37.6%	99.1%
Compensation Of Employees[GFS]	8.2	8.2	3.1	3.1	37.6%	99.1%
246 OFFICE OF URBANIZATION	0.0	0.0	0.0	0.4	0.0%	0.0%
Operational	0.0	0.0	0.0	0.4	0.0%	0.0%
Compensation Of Employees[GFS]	0.0	0.0	0.0	0.4	0.0%	0.0%
247 DEPARTMENT OF AGRICULTURE AND LIVESTOCK	44.0	44.3	32.5	16.2	36.6%	49.9%
Operational	18.0	18.3	8.8	10.1	55.1%	114.1%
Compensation Of Employees[GFS]	14.5	14.5	6.6	7.9	54.7%	120.2%
Use of goods and services [GFS]	3.4	3.4	1.9	1.8	52.5%	95.7%
Non financial assets	0.1	0.4	0.4	0.4	89.3%	99.2%
GoPNG PIP	26.0	26.0	23.7	6.1	23.6%	25.9%
Use of goods and services [GFS]	26.0	26.0	23.7	6.1	23.6%	25.9%
248 SOUTHERN HIGHLANDS PROVINCIAL HEALTH AUTHORITY	0.0	0.0	0.0	7.4	0.0%	0.0%
Operational	0.0	0.0	0.0	7.4	0.0%	0.0%
Compensation Of Employees[GFS]	0.0	0.0	0.0	7.4	0.0%	0.0%
249 NEW IRELAND PROVINCIAL HEALTH AUTHORITY	0.0	0.0	0.0	3.2	0.0%	0.0%
Operational	0.0	0.0	0.0	3.2	0.0%	0.0%
Compensation Of Employees[GFS]	0.0	0.0	0.0	3.2	0.0%	0.0%
251 PNG SCIENCE & TECHNOLOGY SECRETARIAT	5.5	5.5	3.5	3.6	64.7%	101.3%
Operational	3.5	3.5	1.5	1.6	44.6%	102.9%
Compensation Of Employees[GFS]	2.6	2.6	1.1	1.1	43.4%	104.1%
Use of goods and services [GFS]	0.9	0.9	0.4	0.4	48.1%	100.0%
GoPNG PIP	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%
252 DEPARTMENT OF LANDS AND PHYSICAL PLANNING	182.9	189.4	41.0	15.1	8.0%	36.9%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Operational	22.9	31.4	19.2	12.1	38.6%	63.2%
Compensation Of Employees[GFS]	19.8	20.6	9.4	6.9	33.4%	73.4%
Use of goods and services [GFS]	2.9	10.6	9.6	5.2	48.7%	53.7%
Non financial assets	0.1	0.1	0.1	0.0	30.7%	31.5%
GoPNG PIP	160.0	158.0	21.8	3.0	1.9%	13.8%
Use of goods and services [GFS]	160.0	158.0	21.8	3.0	1.9%	13.8%
253 WEST NEW BRITAIN PROVINCIAL HEALTH AUTHORITY	0.0	0.0	0.0	4.4	0.0%	0.0%
Operational	0.0	0.0	0.0	4.4	0.0%	0.0%
Compensation Of Employees[GFS]	0.0	0.0	0.0	4.4	0.0%	0.0%
254 DEPARTMENT OF MINERAL POLICY AND GEOHAZARDS MANAGEMENT	10.3	10.3	5.8	3.5	34.0%	60.1%
Operational	7.3	7.3	2.8	3.0	40.5%	104.4%
Compensation Of Employees[GFS]	5.1	5.1	2.1	2.3	45.1%	112.9%
Use of goods and services [GFS]	2.1	2.1	0.8	0.6	29.6%	81.9%
Non financial assets	0.0	0.0	0.0	0.0	0.0%	0.0%
GoPNG PIP	3.0	3.0	3.0	0.5	18.3%	18.3%
Use of goods and services [GFS]	1.0	1.0	1.0	0.2	17.0%	17.0%
Non financial assets	2.0	2.0	2.0	0.4	19.0%	19.0%
255 DEPARTMENT OF PETROLEUM AND ENERGY	16.6	16.6	8.9	7.1	42.7%	79.7%
Operational	13.6	13.6	6.4	6.1	44.7%	94.9%
Compensation Of Employees[GFS]	10.2	10.2	4.7	4.6	45.0%	96.8%
Use of goods and services [GFS]	3.2	3.2	1.6	1.4	43.4%	89.3%
Non financial assets	0.2	0.2	0.1	0.1	47.9%	92.8%
GoPNG PIP	3.0	3.0	2.5	1.0	33.9%	40.6%
Use of goods and services [GFS]	3.0	3.0	2.5	1.0	33.9%	40.6%
256 MANUS PROVINCIAL HEALTH AUTHORITY	0.0	0.0	0.0	0.0	0.0%	0.0%
Operational	0.0	0.0	0.0	0.0	0.0%	0.0%
Compensation Of Employees[GFS]	0.0	0.0	0.0	0.0	0.0%	0.0%
258 DEPARTMENT OF INFORMATION AND COMMUNICATION	21.3	22.3	9.0	3.8	17.0%	42.4%
Operational	7.3	8.3	4.3	3.8	45.7%	89.1%
Compensation Of Employees[GFS]	5.6	5.6	2.5	2.6	47.3%	103.9%
Use of goods and services [GFS]	1.7	2.7	1.7	1.2	43.2%	67.7%
Non financial assets	0.1	0.1	0.0	0.0	1.8%	6.7%
GoPNG PIP	14.0	14.0	4.7	0.0	0.0%	0.0%
Use of goods and services [GFS]	4.0	4.0	1.7	0.0	0.0%	0.0%
Non financial assets	10.0	10.0	3.0	0.0	0.0%	0.0%
259 DEPARTMENT OF TRANSPORT	33.3	33.6	19.5	8.8	26.3%	45.3%
Operational	17.3	17.6	8.1	8.2	46.6%	101.1%
Compensation Of Employees[GFS]	14.3	14.7	6.9	7.3	49.6%	105.8%
Use of goods and services [GFS]	2.8	2.8	1.2	1.0	33.7%	76.4%
Non financial assets	0.2	0.2	0.0	0.0	1.6%	15.6%
GoPNG PIP	16.0	16.0	11.4	0.6	3.9%	5.4%
Use of goods and services [GFS]	2.0	2.0	1.4	0.0	0.0%	0.0%
Non financial assets	14.0	14.0	10.0	0.6	4.4%	6.2%
260 ENGA PROVINCIAL HEALTH AUTHORITY	0.0	0.0	0.0	6.1	0.0%	0.0%
Operational	0.0	0.0	0.0	6.1	0.0%	0.0%
Compensation Of Employees[GFS]	0.0	0.0	0.0	6.1	0.0%	0.0%
261 Department of Commerce & Industry	213.3	211.3	29.9	6.8	3.2%	22.9%
Operational	12.3	12.3	4.9	5.8	47.4%	120.4%
Compensation Of Employees[GFS]	10.4	10.4	4.2	5.3	50.6%	126.5%
Use of goods and services [GFS]	1.9	1.9	0.7	0.6	30.3%	83.9%
Non financial assets	0.0	0.0	0.0	0.0	15.9%	44.0%
GoPNG PIP	201.0	199.0	25.0	1.0	0.5%	4.0%
Use of goods and services [GFS]	201.0	199.0	25.0	1.0	0.5%	4.0%
262 DEPARTMENT OF INDUSTRIAL RELATIONS	23.1	25.1	11.4	10.0	39.9%	88.0%
Operational	20.1	22.1	11.4	10.0	45.3%	88.0%
Compensation Of Employees[GFS]	16.4	16.4	7.5	6.7	41.0%	90.1%
Use of goods and services [GFS]	3.6	5.6	3.8	3.2	57.9%	84.3%
Non financial assets	0.1	0.1	0.1	0.0	52.3%	68.9%
GoPNG PIP	3.0	3.0	0.0	0.0	0.0%	0.0%
Use of goods and services [GFS]	3.0	3.0	0.0	0.0	0.0%	0.0%
263 NATIONAL TRIPARTITE CONSULTATIVE COUNCIL	0.6	0.6	0.2	0.3	45.9%	120.4%
Operational	0.6	0.6	0.2	0.3	45.9%	120.4%
Compensation Of Employees[GFS]	0.5	0.5	0.2	0.2	51.7%	132.7%
Use of goods and services [GFS]	0.1	0.1	0.0	0.0	23.7%	68.0%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
264 DEPARTMENT OF WORKS AND IMPLEMENTATION	950.0	955.0	427.4	351.5	36.8%	82.2%
Operational	126.0	122.0	43.8	46.8	38.4%	106.9%
Compensation Of Employees[GFS]	91.7	91.7	32.6	39.4	43.0%	121.1%
Use of goods and services [GFS]	24.2	22.2	11.2	7.4	33.2%	66.0%
Non financial assets	10.1	8.1	0.1	0.0	0.0%	0.0%
GoPNG PIP	824.0	833.0	383.6	304.7	36.6%	79.4%
Use of goods and services [GFS]	6.0	16.0	14.3	10.5	65.6%	73.4%
Non financial assets	818.0	817.0	369.3	294.2	36.0%	79.7%
265 HELA PROVINCIAL HEALTH AUTHORITY	0.0	0.0	0.0	4.0	0.0%	0.0%
Operational	0.0	0.0	0.0	4.0	0.0%	0.0%
Compensation Of Employees[GFS]	0.0	0.0	0.0	4.0	0.0%	0.0%
266 SANDAUN PROVINCIAL HEALTH AUTHORITY	0.0	0.0	0.0	2.2	0.0%	0.0%
Operational	0.0	0.0	0.0	2.2	0.0%	0.0%
Compensation Of Employees[GFS]	0.0	0.0	0.0	2.2	0.0%	0.0%
267 DEPARTMENT OF IMPLEMENTATION AND RURAL DEVELOPMENT	69.4	69.4	64.9	61.5	88.7%	94.7%
Operational	7.4	7.4	3.4	2.8	37.8%	80.8%
Compensation Of Employees[GFS]	6.5	6.5	3.0	2.3	36.1%	79.4%
Use of goods and services [GFS]	0.6	0.6	0.2	0.2	37.8%	92.4%
Non financial assets	0.3	0.3	0.2	0.2	78.5%	86.8%
GoPNG PIP	62.0	62.0	61.5	58.7	94.7%	95.5%
Use of goods and services [GFS]	2.5	2.5	2.0	0.2	8.6%	10.7%
Grants	59.0	59.0	59.0	58.5	99.2%	99.2%
Non financial assets	0.5	0.5	0.5	0.0	0.0%	0.0%
268 CENTRAL SUPPLY & TENDERS BOARD	7.0	7.0	2.3	3.6	51.3%	156.2%
Operational	5.0	5.0	1.7	3.0	59.8%	176.0%
Compensation Of Employees[GFS]	4.1	4.1	1.4	2.7	64.9%	193.7%
Use of goods and services [GFS]	0.9	0.9	0.3	0.3	37.5%	100.0%
Grants	0.0	0.0	0.0	0.0	0.0%	0.0%
Non financial assets	0.0	0.0	0.0	0.0	0.0%	0.0%
GoPNG PIP	2.0	2.0	0.6	0.6	30.0%	100.0%
Use of goods and services [GFS]	2.0	2.0	0.6	0.6	30.0%	100.0%
299 TREASURY AND FINANCE - PUBLIC DEBT CHARGES	2,511.0	2,515.2	2,201.9	1,309.2	52.0%	59.4%
Operational	2,511.0	2,515.2	2,201.9	1,309.2	52.0%	59.4%
Interest [GFS]	2,511.0	2,515.2	2,201.9	1,309.2	52.0%	59.4%
350 NATIONAL ENERGY AUTHORITY	15.5	15.5	7.1	7.1	45.9%	100.0%
Operational	15.5	15.5	7.1	7.1	45.9%	100.0%
Compensation Of Employees[GFS]	9.2	9.2	4.1	4.1	44.4%	100.0%
Use of goods and services [GFS]	6.3	6.3	3.0	3.0	48.1%	100.0%
351 NATIONAL OFFICE FOR CHILD & FAMILY SERVICES	9.3	9.3	5.8	3.4	36.8%	59.0%
Operational	3.3	3.3	1.5	0.6	18.9%	41.5%
Compensation Of Employees[GFS]	2.3	2.3	1.0	0.1	5.5%	12.3%
Use of goods and services [GFS]	0.6	0.6	0.3	0.3	49.3%	100.0%
Grants	0.4	0.4	0.2	0.2	45.6%	100.0%
Non financial assets	0.0	0.0	0.0	0.0	69.2%	100.0%
GoPNG PIP	6.0	6.0	4.3	2.8	46.7%	65.1%
Use of goods and services [GFS]	3.5	3.5	3.3	2.3	65.7%	69.7%
Non financial assets	2.5	2.5	1.0	0.5	20.0%	50.0%
352 PNG OFFICE OF CIVIL REGISTRATION & NATIONAL IDENTITY	4.2	4.2	0.0	0.0	0.0%	0.0%
Operational	4.2	4.2	0.0	0.0	0.0%	0.0%
Compensation Of Employees[GFS]	3.9	3.9	0.0	0.0	0.0%	0.0%
Use of goods and services [GFS]	0.3	0.3	0.0	0.0	0.0%	0.0%
354 BANK OF PAPUA NEW GUINEA	10.0	10.0	4.0	3.0	30.0%	75.0%
GoPNG PIP	10.0	10.0	4.0	3.0	30.0%	75.0%
Use of goods and services [GFS]	10.0	10.0	4.0	3.0	30.0%	75.0%
355 OFFICE OF LIBRARY & ARCHIVES	10.1	10.1	4.5	7.3	73.1%	163.9%
Operational	10.1	10.1	4.5	7.3	73.1%	163.9%
Compensation Of Employees[GFS]	6.0	6.0	2.5	5.4	90.0%	213.6%
Use of goods and services [GFS]	3.4	3.4	1.6	1.6	45.7%	100.0%
Subsidies	0.3	0.3	0.1	0.1	39.3%	100.0%
Non financial assets	0.4	0.4	0.3	0.3	77.3%	100.0%
356 SECURITIES COMMISSION OF PNG	10.7	10.7	6.0	5.5	51.6%	91.7%
Operational	7.7	7.7	4.0	4.0	52.2%	100.0%
Compensation Of Employees[GFS]	5.8	5.8	2.7	2.7	46.3%	100.0%
Use of goods and services [GFS]	1.9	1.9	1.3	1.3	70.1%	100.0%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
GoPNG PIP	3.0	3.0	2.0	1.5	50.0%	75.0%
Use of goods and services [GFS]	3.0	3.0	2.0	1.5	50.0%	75.0%
357 PORT MORESBY GENERAL HOSPITAL	0.0	0.0	0.0	1.3	0.0%	0.0%
Operational	0.0	0.0	0.0	1.3	0.0%	0.0%
Compensation Of Employees[GFS]	0.0	0.0	0.0	1.3	0.0%	0.0%
358 MANAN RESETTLEMENT AUTHORITY	8.2	8.2	2.4	2.4	29.1%	100.0%
Operational	3.2	3.2	1.4	1.4	43.5%	100.0%
Compensation Of Employees[GFS]	2.2	2.2	0.9	0.9	41.7%	100.0%
Use of goods and services [GFS]	0.9	0.9	0.4	0.4	48.1%	100.0%
GoPNG PIP	5.0	5.0	1.0	1.0	20.0%	100.0%
Grants	5.0	5.0	1.0	1.0	20.0%	100.0%
359 MT HAGEN CITY AUTHORITY	0.0	0.0	0.0	2.3	0.0%	0.0%
Operational	0.0	0.0	0.0	2.3	0.0%	0.0%
Compensation Of Employees[GFS]	0.0	0.0	0.0	2.3	0.0%	0.0%
360 INDEPENDENT COMMISSION AGAINST CORRUPTION	10.3	10.3	4.3	4.3	41.7%	100.0%
Operational	10.3	10.3	4.3	4.3	41.7%	100.0%
Compensation Of Employees[GFS]	5.3	5.3	2.2	2.2	41.7%	100.0%
Use of goods and services [GFS]	5.0	5.0	2.1	2.1	41.7%	100.0%
502 OFFICE OF THE AUDITOR-GENERAL	22.5	22.5	10.3	10.3	45.9%	100.0%
Operational	22.5	22.5	10.3	10.3	45.9%	100.0%
Compensation Of Employees[GFS]	16.2	16.2	8.1	8.1	50.0%	100.0%
Use of goods and services [GFS]	6.0	6.0	2.1	2.1	34.5%	100.0%
Non financial assets	0.2	0.2	0.1	0.1	53.6%	100.0%
503 OMBUDSMAN COMMISSION	32.1	37.1	18.8	18.8	50.8%	100.0%
Operational	32.1	32.1	13.8	13.8	43.1%	100.0%
Compensation Of Employees[GFS]	23.3	23.3	9.6	9.6	41.1%	100.0%
Use of goods and services [GFS]	8.5	8.5	4.1	4.1	48.5%	100.0%
Non financial assets	0.3	0.3	0.1	0.1	40.1%	100.0%
GoPNG PIP	0.0	5.0	5.0	5.0	100.0%	100.0%
Use of goods and services [GFS]	0.0	5.0	5.0	5.0	100.0%	100.0%
505 NATIONAL RESEARCH INSTITUTE	9.0	9.0	3.4	3.0	33.8%	88.3%
Operational	5.0	5.0	2.2	2.2	44.9%	100.0%
Compensation Of Employees[GFS]	4.2	4.2	1.9	1.9	44.4%	100.0%
Use of goods and services [GFS]	0.7	0.7	0.3	0.3	48.1%	100.0%
GoPNG PIP	4.0	4.0	1.2	0.8	20.0%	66.7%
Use of goods and services [GFS]	4.0	4.0	1.2	0.8	20.0%	66.7%
506 NATIONAL TRAINING COUNCIL	2.4	2.4	1.0	0.6	25.9%	60.5%
Operational	2.4	2.4	1.0	0.6	25.9%	60.5%
Compensation Of Employees[GFS]	2.0	2.0	0.9	0.4	21.6%	51.8%
Use of goods and services [GFS]	0.4	0.4	0.2	0.2	49.5%	100.0%
Non financial assets	0.0	0.0	0.0	0.0	42.1%	100.0%
507 NATIONAL ECONOMIC & FISCAL COMMISSION	4.8	7.8	4.3	4.0	51.9%	94.6%
Operational	4.8	7.8	4.3	4.0	51.9%	94.6%
Compensation Of Employees[GFS]	3.0	3.0	1.2	1.0	33.4%	81.4%
Use of goods and services [GFS]	1.7	4.7	3.0	3.0	63.8%	100.0%
Non financial assets	0.0	0.0	0.0	0.0	0.0%	0.0%
510 LEGAL TRAINING INSTITUTE	13.3	13.3	7.4	6.4	48.1%	86.6%
Operational	3.3	3.3	1.4	1.4	42.3%	100.7%
Compensation Of Employees[GFS]	3.1	3.1	1.3	1.3	42.0%	100.7%
Use of goods and services [GFS]	0.1	0.1	0.1	0.1	49.1%	100.0%
Subsidies	0.0	0.0	0.0	0.0	41.2%	100.0%
Non financial assets	0.0	0.0	0.0	0.0	52.6%	100.0%
GoPNG PIP	10.0	10.0	6.0	5.0	50.0%	83.3%
Use of goods and services [GFS]	0.5	0.5	0.5	0.5	100.0%	100.0%
Non financial assets	9.5	9.5	5.5	4.5	47.4%	81.8%
511 PAPUA NEW GUINEA CLIMATE CHANGE AUTHORITY	6.9	11.4	7.3	7.8	68.6%	108.2%
Operational	6.9	11.4	7.3	7.8	68.6%	108.2%
Compensation Of Employees[GFS]	5.7	5.7	2.2	2.8	49.4%	126.5%
Use of goods and services [GFS]	1.2	5.7	5.0	5.0	88.5%	100.0%
Subsidies	0.0	0.0	0.0	0.0	42.8%	100.0%
Non financial assets	0.0	0.0	0.0	0.0	6.2%	100.0%
512 UNIVERSITY OF PAPUA NEW GUINEA	90.4	90.4	38.4	37.4	41.3%	97.4%
Operational	80.4	80.4	34.4	34.4	42.8%	100.0%
Compensation Of Employees[GFS]	80.4	80.4	34.4	34.4	42.8%	100.0%
GoPNG PIP	10.0	10.0	4.0	3.0	30.0%	75.0%
Use of goods and services [GFS]	0.2	0.2	0.0	0.0	0.0%	0.0%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Non financial assets	9.8	9.8	4.0	3.0	30.6%	75.0%
513 UNIVERSITY OF TECHNOLOGY	93.6	93.6	39.2	37.7	40.3%	96.2%
Operational	70.6	70.6	30.7	30.7	43.6%	100.0%
Compensation Of Employees[GFS]	68.6	68.6	29.8	29.8	43.4%	100.0%
Use of goods and services [GFS]	1.4	1.4	0.7	0.7	49.8%	100.0%
Subsidies	0.6	0.6	0.3	0.3	44.6%	100.0%
GoPNG PIP	23.0	23.0	8.5	7.0	30.4%	82.4%
Use of goods and services [GFS]	0.6	0.6	0.0	0.0	0.0%	0.0%
Non financial assets	22.4	22.4	8.5	7.0	31.3%	82.4%
514 UNIVERSITY OF GOROKA	47.2	47.2	24.1	22.1	46.7%	91.7%
Operational	32.2	32.2	15.1	15.1	46.8%	100.0%
Compensation Of Employees[GFS]	30.0	30.0	14.0	14.0	46.7%	100.0%
Use of goods and services [GFS]	1.6	1.6	0.8	0.8	47.7%	100.0%
Subsidies	0.5	0.5	0.3	0.3	49.5%	100.0%
Non financial assets	0.1	0.1	0.0	0.0	48.3%	100.0%
GoPNG PIP	15.0	15.0	9.0	7.0	46.7%	77.8%
Use of goods and services [GFS]	0.4	0.4	0.0	0.0	0.0%	0.0%
Non financial assets	14.6	14.6	9.0	7.0	47.9%	77.8%
515 UNIVERSITY OF ENVIRONMENT & NATURAL RESOURCES	43.8	43.8	20.3	19.3	44.1%	95.1%
Operational	33.8	33.8	14.8	14.8	43.8%	100.0%
Compensation Of Employees[GFS]	32.7	32.7	14.3	14.3	43.6%	100.0%
Use of goods and services [GFS]	0.6	0.6	0.3	0.3	50.4%	100.0%
Non financial assets	0.5	0.5	0.2	0.2	45.7%	100.0%
GoPNG PIP	10.0	10.0	5.5	4.5	45.0%	81.8%
Use of goods and services [GFS]	0.2	0.2	0.0	0.0	0.0%	0.0%
Non financial assets	9.8	9.8	5.5	4.5	45.9%	81.8%
516 PAPUA NEW GUINEA SPORTS FOUNDATION	22.2	22.3	15.9	16.0	71.9%	100.8%
Operational	12.2	12.3	5.9	6.0	49.0%	102.0%
Compensation Of Employees[GFS]	10.3	10.4	4.8	5.0	47.4%	102.5%
Use of goods and services [GFS]	1.8	1.8	1.1	1.1	58.2%	100.0%
Non financial assets	0.0	0.0	0.0	0.0	58.6%	100.0%
GoPNG PIP	10.0	10.0	10.0	10.0	100.0%	100.0%
Non financial assets	10.0	10.0	10.0	10.0	100.0%	100.0%
517 NATIONAL NARCOTICS BUREAU	0.0	0.0	0.0	2.5	0.0%	0.0%
Operational	0.0	0.0	0.0	2.5	0.0%	0.0%
Compensation Of Employees[GFS]	0.0	0.0	0.0	2.5	0.0%	0.0%
518 PNG MARITIME COLLEGE	12.0	12.0	6.9	5.9	49.1%	85.5%
Operational	8.0	8.0	3.4	3.4	42.5%	100.0%
Compensation Of Employees[GFS]	7.4	7.4	3.1	3.1	42.0%	100.0%
Use of goods and services [GFS]	0.6	0.6	0.3	0.3	48.1%	100.0%
GoPNG PIP	4.0	4.0	3.5	2.5	62.5%	71.4%
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	3.0	2.0	57.1%	66.7%
519 NATIONAL AIDS COUNCIL SECRETARIAT	8.5	8.5	4.8	4.3	50.9%	89.7%
Operational	5.5	5.5	2.3	2.3	42.3%	100.0%
Compensation Of Employees[GFS]	4.4	4.4	1.8	1.8	41.7%	100.0%
Use of goods and services [GFS]	0.9	0.9	0.4	0.4	44.7%	100.0%
Grants	0.0	0.0	0.0	0.0	55.0%	100.0%
Non financial assets	0.1	0.1	0.1	0.1	41.6%	100.0%
GoPNG PIP	3.0	3.0	2.5	2.0	66.7%	80.0%
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	2.3	1.8	64.3%	78.3%
520 INSTITUTE OF MEDICAL RESEARCH	21.6	21.6	13.0	12.5	58.0%	96.2%
Operational	14.6	14.6	6.0	6.0	41.3%	100.0%
Compensation Of Employees[GFS]	14.0	14.0	5.8	5.8	41.7%	100.0%
Use of goods and services [GFS]	0.6	0.6	0.2	0.2	33.3%	100.0%
GoPNG PIP	7.0	7.0	7.0	6.5	92.9%	92.9%
Use of goods and services [GFS]	2.5	2.5	2.5	2.0	80.0%	80.0%
Non financial assets	4.5	4.5	4.5	4.5	100.0%	100.0%
521 NATIONAL YOUTH COMMISSION	9.6	9.6	7.0	7.1	73.6%	101.4%
Operational	4.6	4.6	2.0	2.1	44.8%	105.1%
Compensation Of Employees[GFS]	3.9	3.9	1.6	1.7	44.2%	106.1%
Use of goods and services [GFS]	0.6	0.6	0.3	0.3	47.2%	100.0%
Subsidies	0.1	0.1	0.0	0.0	52.7%	100.0%
Non financial assets	0.0	0.0	0.0	0.0	59.5%	100.0%
GoPNG PIP	5.0	5.0	5.0	5.0	100.0%	100.0%
Use of goods and services [GFS]	1.0	1.0	1.0	1.0	100.0%	100.0%
Non financial assets	4.0	4.0	4.0	4.0	100.0%	100.0%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
522 CONSTITUTIONAL AND LAW REFORM COMMISSION	13.2	20.7	13.2	10.7	51.3%	80.8%
Operational	8.2	15.7	10.7	9.2	58.1%	85.7%
Compensation Of Employees[GFS]	3.9	3.9	1.6	0.1	2.9%	6.9%
Use of goods and services [GFS]	4.4	11.9	9.0	9.0	76.2%	100.0%
GoPNG PIP	5.0	5.0	2.5	1.5	30.0%	60.0%
Use of goods and services [GFS]	0.5	0.5	0.0	0.0	0.0%	0.0%
Non financial assets	4.5	4.5	2.5	1.5	33.3%	60.0%
523 PAPUA NEW GUINEA ACCIDENTS INVESTIGATION COMMISSION	6.8	6.8	3.3	3.3	48.9%	100.0%
Operational	6.8	6.8	3.3	3.3	48.9%	100.0%
Compensation Of Employees[GFS]	6.2	6.2	3.0	3.0	48.3%	100.0%
Use of goods and services [GFS]	0.4	0.4	0.3	0.3	75.8%	100.0%
Grants	0.2	0.2	0.0	0.0	19.5%	100.0%
524 INDEPENDENT PUBLIC BUSINESS CORPORATION	200.0	200.0	172.5	62.5	31.3%	36.2%
GoPNG PIP	200.0	200.0	172.5	62.5	31.3%	36.2%
Non financial assets	200.0	200.0	172.5	62.5	31.3%	36.2%
525 NATIONAL BROADCASTING COMMISSION	41.2	42.1	24.4	23.4	55.7%	95.9%
Operational	30.2	31.1	14.6	14.6	47.0%	100.0%
Compensation Of Employees[GFS]	28.5	29.3	13.9	13.9	47.4%	100.0%
Use of goods and services [GFS]	1.8	1.8	0.7	0.7	41.2%	100.0%
Non financial assets	0.0	0.0	0.0	0.0	3.1%	100.0%
GoPNG PIP	11.0	11.0	9.8	8.8	80.3%	89.8%
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	8.8	7.8	78.3%	88.7%
526 NATIONAL MARITIME SAFETY AUTHORITY	4.0	4.0	4.0	4.0	100.0%	100.0%
GoPNG PIP	4.0	4.0	4.0	4.0	100.0%	100.0%
Non financial assets	4.0	4.0	4.0	4.0	100.0%	100.0%
531 SMALL BUSINESS DEVELOPMENT CORPORATION	13.0	13.0	6.0	5.5	42.1%	91.6%
Operational	9.0	9.0	3.5	3.5	38.7%	100.0%
Compensation Of Employees[GFS]	8.3	8.3	3.2	3.2	38.3%	100.0%
Use of goods and services [GFS]	0.7	0.7	0.3	0.3	43.5%	100.0%
GoPNG PIP	4.0	4.0	2.5	2.0	50.0%	80.0%
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	1.5	42.9%	75.0%
532 NATIONAL INSTITUTE OF STANDARDS & INDUSTRIAL TECHNOLOGY	10.8	10.9	5.6	4.4	40.2%	78.4%
Operational	7.8	7.9	3.3	2.6	32.6%	78.6%
Compensation Of Employees[GFS]	6.7	6.8	2.7	2.0	28.9%	73.5%
Use of goods and services [GFS]	1.1	1.1	0.6	0.6	54.9%	100.0%
GoPNG PIP	3.0	3.0	2.3	1.8	60.0%	78.3%
Use of goods and services [GFS]	3.0	3.0	2.3	1.8	60.0%	78.3%
533 INDUSTRIAL CENTERS DEVELOPMENT CORPORATION	6.9	6.9	5.4	4.4	63.9%	81.6%
Operational	2.9	2.9	1.4	1.4	48.7%	100.0%
Compensation Of Employees[GFS]	2.5	2.5	1.2	1.2	48.8%	100.0%
Use of goods and services [GFS]	0.4	0.4	0.2	0.2	48.1%	100.0%
GoPNG PIP	4.0	4.0	4.0	3.0	75.0%	75.0%
Use of goods and services [GFS]	2.0	2.0	2.0	1.5	75.0%	75.0%
Non financial assets	2.0	2.0	2.0	1.5	75.0%	75.0%
535 MINERAL RESOURCES AUTHORITY	23.0	23.0	16.1	11.7	50.9%	72.7%
GoPNG PIP	23.0	23.0	16.1	11.7	50.9%	72.7%
Use of goods and services [GFS]	23.0	23.0	16.1	11.7	50.9%	72.7%
536 KOKONAS INDASTRY KOPRATION	26.3	26.3	21.8	21.8	82.7%	100.0%
Operational	9.3	9.3	4.8	4.8	51.2%	100.0%
Compensation Of Employees[GFS]	7.6	7.6	3.5	3.5	46.6%	100.0%
Use of goods and services [GFS]	1.6	1.6	1.2	1.2	74.2%	100.0%
Grants	0.2	0.2	0.1	0.1	45.8%	100.0%
GoPNG PIP	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	17.0	17.0	10.0	7.0	41.2%	70.0%
GoPNG PIP	17.0	17.0	10.0	7.0	41.2%	70.0%
Use of goods and services [GFS]	17.0	17.0	10.0	7.0	41.2%	70.0%
539 NATIONAL MUSEUM AND ART GALLERY	13.1	13.1	8.6	7.2	54.7%	83.1%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Operational	6.1	6.1	2.6	2.7	43.6%	101.7%
Compensation Of Employees[GFS]	4.9	4.9	2.0	2.1	42.6%	102.1%
Use of goods and services [GFS]	0.9	0.9	0.4	0.4	50.2%	100.0%
Subsidies	0.0	0.0	0.0	0.0	41.3%	100.0%
Grants	0.1	0.1	0.1	0.1	41.5%	100.0%
Non financial assets	0.1	0.1	0.1	0.1	42.7%	100.0%
GoPNG PIP	7.0	7.0	6.0	4.5	64.3%	75.0%
Non financial assets	7.0	7.0	6.0	4.5	64.3%	75.0%
540 WATER PNG	5.0	5.0	2.9	1.9	38.0%	65.5%
GoPNG PIP	5.0	5.0	2.9	1.9	38.0%	65.5%
Non financial assets	5.0	5.0	2.9	1.9	38.0%	65.5%
541 NATIONAL HOUSING CORPORATION	38.3	44.2	25.7	21.9	49.5%	85.1%
Operational	12.3	18.2	10.7	7.4	40.6%	69.0%
Compensation Of Employees[GFS]	10.8	11.1	4.4	4.5	40.8%	104.1%
Use of goods and services [GFS]	1.1	6.7	5.9	2.4	36.6%	41.2%
Grants	0.4	0.4	0.4	0.4	100.0%	100.0%
GoPNG PIP	26.0	26.0	15.0	14.5	55.8%	96.7%
Non financial assets	26.0	26.0	15.0	14.5	55.8%	96.7%
542 NATIONAL CULTURAL COMMISSION	9.8	9.8	6.1	5.9	60.2%	96.8%
Operational	4.8	4.8	2.1	2.9	60.4%	139.1%
Compensation Of Employees[GFS]	3.7	3.7	1.5	2.4	64.1%	152.3%
Use of goods and services [GFS]	1.1	1.1	0.5	0.5	48.1%	100.0%
GoPNG PIP	5.0	5.0	4.0	3.0	60.0%	75.0%
Use of goods and services [GFS]	2.5	2.5	2.5	2.0	80.0%	80.0%
Non financial assets	2.5	2.5	1.5	1.0	40.0%	66.7%
544 PNG DATACO	5.0	5.0	3.5	2.5	50.0%	71.4%
GoPNG PIP	5.0	5.0	3.5	2.5	50.0%	71.4%
Non financial assets	5.0	5.0	3.5	2.5	50.0%	71.4%
545 RURAL AIRSTRIP AUTHORITY	11.3	11.3	6.6	5.6	49.8%	84.9%
Operational	1.3	1.3	0.6	0.6	48.1%	100.0%
Use of goods and services [GFS]	1.3	1.3	0.6	0.6	48.1%	100.0%
GoPNG PIP	10.0	10.0	6.0	5.0	50.0%	83.3%
Non financial assets	10.0	10.0	6.0	5.0	50.0%	83.3%
546 PNG POWER LIMITED	32.0	32.0	8.0	1.0	3.1%	12.5%
GoPNG PIP	32.0	32.0	8.0	1.0	3.1%	12.5%
Use of goods and services [GFS]	10.0	10.0	4.0	1.0	10.0%	25.0%
Non financial assets	22.0	22.0	4.0	0.0	0.0%	0.0%
548 PNG HARBOURS BOARD	5.0	5.0	3.5	2.5	50.0%	71.4%
GoPNG PIP	5.0	5.0	3.5	2.5	50.0%	71.4%
Non financial assets	5.0	5.0	3.5	2.5	50.0%	71.4%
551 NATIONAL FISHERIES AUTHORITY	50.0	50.0	16.7	1.7	3.4%	10.2%
GoPNG PIP	50.0	50.0	16.7	1.7	3.4%	10.2%
Use of goods and services [GFS]	50.0	50.0	16.7	1.7	3.4%	10.2%
553 FRESH PRODUCE DEVELOPMENT COMPANY	14.5	14.5	11.1	9.1	62.4%	81.9%
Operational	6.5	6.5	3.1	3.1	46.9%	100.0%
Compensation Of Employees[GFS]	5.2	5.2	2.4	2.4	46.6%	100.0%
Use of goods and services [GFS]	1.3	1.3	0.6	0.6	48.9%	100.0%
Non financial assets	0.0	0.0	0.0	0.0	6.8%	100.0%
GoPNG PIP	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%
554 PNG COFFEE INDUSTRY CORPORATION	28.2	28.7	23.3	23.3	81.2%	100.0%
Operational	10.2	10.7	5.3	5.3	49.5%	100.0%
Compensation Of Employees[GFS]	6.7	7.2	3.6	3.6	50.1%	100.0%
Use of goods and services [GFS]	3.5	3.5	1.7	1.7	48.2%	100.0%
GoPNG PIP	18.0	18.0	18.0	18.0	100.0%	100.0%
Use of goods and services [GFS]	11.0	11.0	11.0	11.0	100.0%	100.0%
Non financial assets	7.0	7.0	7.0	7.0	100.0%	100.0%
557 PNG NATIONAL FOREST AUTHORITY	45.5	65.5	44.4	42.9	65.5%	96.6%
Operational	38.5	58.5	37.9	37.9	64.8%	100.0%
Compensation Of Employees[GFS]	35.9	35.9	16.7	16.7	46.5%	100.0%
Use of goods and services [GFS]	2.4	2.4	1.2	1.2	50.4%	100.0%
Grants	0.0	20.0	20.0	20.0	100.0%	100.0%
Non financial assets	0.2	0.2	0.0	0.0	22.8%	100.0%
GoPNG PIP	7.0	7.0	6.5	5.0	71.4%	76.9%
Use of goods and services [GFS]	2.5	2.5	2.5	2.0	80.0%	80.0%
Non financial assets	4.5	4.5	4.0	3.0	66.7%	75.0%
558 TOURISM PROMOTION AUTHORITY	21.6	18.6	15.2	10.2	54.5%	67.0%
Operational	6.6	6.6	3.2	3.2	47.7%	100.0%
Compensation Of Employees[GFS]	4.5	4.5	2.0	2.0	45.9%	100.0%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Use of goods and services [GFS]	2.0	2.0	1.1	1.1	53.7%	100.0%
Subsidies	0.1	0.1	0.0	0.0	17.2%	100.0%
Non financial assets	0.1	0.1	0.0	0.0	24.0%	100.0%
GoPNG PIP	15.0	12.0	12.0	7.0	58.3%	58.3%
Use of goods and services [GFS]	15.0	12.0	12.0	7.0	58.3%	58.3%
559 PNG OIL PALM INDUSTRY CORPORATION	20.5	21.1	14.6	13.1	62.2%	89.8%
Operational	6.5	7.1	3.6	3.6	51.1%	100.0%
Compensation Of Employees[GFS]	4.5	5.1	2.7	2.7	52.3%	100.0%
Use of goods and services [GFS]	2.0	2.0	1.0	1.0	48.1%	100.0%
GoPNG PIP	14.0	14.0	11.0	9.5	67.9%	86.4%
Use of goods and services [GFS]	5.0	5.0	4.0	3.5	70.0%	87.5%
Non financial assets	9.0	9.0	7.0	6.0	66.7%	85.7%
561 NATIONAL TRADE OFFICE	29.6	29.6	16.1	12.0	40.7%	74.5%
Operational	4.6	4.6	2.1	1.0	22.4%	47.7%
Compensation Of Employees[GFS]	3.6	3.6	1.7	0.5	15.1%	32.3%
Use of goods and services [GFS]	1.0	1.0	0.5	0.5	48.1%	100.0%
GoPNG PIP	25.0	25.0	14.0	11.0	44.0%	78.6%
Use of goods and services [GFS]	25.0	25.0	14.0	11.0	44.0%	78.6%
562 NATIONAL AGRICULTURE RESEARCH INSTITUTE	19.9	19.9	12.7	11.2	56.2%	88.2%
Operational	11.9	11.9	6.7	6.7	56.2%	100.0%
Compensation Of Employees[GFS]	11.1	11.1	6.3	6.3	56.8%	100.0%
Use of goods and services [GFS]	0.8	0.8	0.4	0.4	48.1%	100.0%
GoPNG PIP	8.0	8.0	6.0	4.5	56.3%	75.0%
Use of goods and services [GFS]	8.0	8.0	6.0	4.5	56.3%	75.0%
563 NATIONAL AGRICULTURE QUARANTINE & INSPECTION AUTHORITY	9.4	9.4	3.4	5.4	57.7%	158.9%
Operational	9.4	9.4	3.4	5.4	57.7%	158.9%
Compensation Of Employees[GFS]	9.4	9.4	3.4	5.4	57.7%	158.9%
565 CIVIL AVIATION SAFETY AUTHORITY	20.5	20.8	12.5	12.0	57.8%	96.0%
Operational	15.5	15.8	7.5	7.5	47.7%	100.0%
Compensation Of Employees[GFS]	15.2	15.5	7.4	7.4	47.7%	100.0%
Use of goods and services [GFS]	0.3	0.3	0.1	0.1	47.4%	100.0%
GoPNG PIP	5.0	5.0	5.0	4.5	90.0%	90.0%
Non financial assets	5.0	5.0	5.0	4.5	90.0%	90.0%
566 COCOA BOARD	32.0	32.1	19.9	20.8	64.7%	104.5%
Operational	12.0	12.1	4.9	5.8	47.8%	118.3%
Compensation Of Employees[GFS]	9.3	9.4	3.5	5.3	55.7%	148.1%
Use of goods and services [GFS]	1.7	1.7	1.1	0.5	32.3%	50.7%
Grants	1.0	1.0	0.3	0.0	0.0%	0.0%
GoPNG PIP	20.0	20.0	15.0	15.0	75.0%	100.0%
Use of goods and services [GFS]	11.5	11.5	9.5	9.5	82.6%	100.0%
Non financial assets	8.5	8.5	5.5	5.5	64.7%	100.0%
568 LIVESTOCK DEVELOPMENT CORPORATION	3.7	3.7	1.8	1.8	48.0%	100.0%
Operational	3.7	3.7	1.8	1.8	48.0%	100.0%
Compensation Of Employees[GFS]	2.6	2.6	1.2	1.2	47.9%	100.0%
Use of goods and services [GFS]	1.1	1.1	0.5	0.5	48.1%	100.0%
569 INDEPENDENT CONSUMER AND COMPETITION COMMISSION	13.6	13.9	7.3	6.8	48.5%	93.1%
Operational	10.6	10.9	5.3	5.3	48.1%	100.0%
Compensation Of Employees[GFS]	8.9	8.9	4.0	4.0	44.6%	100.0%
Use of goods and services [GFS]	1.6	1.9	1.3	1.3	66.0%	100.0%
Non financial assets	0.1	0.1	0.0	0.0	16.7%	100.0%
GoPNG PIP	3.0	3.0	2.0	1.5	50.0%	75.0%
Use of goods and services [GFS]	3.0	3.0	2.0	1.5	50.0%	75.0%
571 FLY RIVER PROVINCIAL ADMINISTRATION	182.8	186.8	84.5	87.4	46.8%	103.4%
Operational	97.8	98.3	35.0	45.9	46.7%	131.1%
Compensation Of Employees[GFS]	78.5	78.9	26.1	37.5	47.5%	143.5%
Grants	19.4	19.4	8.9	8.4	43.4%	94.7%
GoPNG PIP	85.0	88.5	49.5	41.5	46.9%	83.8%
Use of goods and services [GFS]	11.0	11.0	7.0	7.0	63.6%	100.0%
Grants	69.0	72.5	38.5	30.5	42.1%	79.2%
Non financial assets	5.0	5.0	4.0	4.0	80.0%	100.0%
572 GULF PROVINCIAL ADMINISTRATION	117.3	132.8	69.7	74.6	56.2%	107.1%
Operational	64.0	64.0	24.2	29.1	45.5%	120.5%
Compensation Of Employees[GFS]	41.2	41.2	13.1	18.4	44.6%	140.7%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Grants	22.8	22.8	11.1	10.7	47.1%	96.6%
GoPNG PIP	53.3	68.8	45.5	45.5	66.1%	100.0%
Use of goods and services [GFS]	23.0	33.0	22.0	22.0	66.7%	100.0%
Grants	30.3	35.8	23.5	23.5	65.6%	100.0%
573 CENTRAL PROVINCIAL ADMINISTRATION	234.9	237.4	97.2	109.1	45.9%	112.2%
Operational	139.9	140.4	49.2	64.1	45.6%	130.2%
Compensation Of Employees[GFS]	104.6	105.1	32.0	46.9	44.6%	146.3%
Grants	35.3	35.3	17.2	17.2	48.7%	100.0%
GoPNG PIP	95.0	97.0	48.0	45.0	46.4%	93.8%
Use of goods and services [GFS]	50.0	50.0	30.0	30.0	60.0%	100.0%
Grants	45.0	47.0	18.0	15.0	31.9%	83.3%
574 NATIONAL CAPITAL DISTRICT	72.1	78.5	45.6	45.6	58.1%	100.0%
Operational	7.1	7.1	4.2	4.2	58.7%	99.5%
Grants	7.1	7.1	4.2	4.2	59.0%	100.0%
GoPNG PIP	65.0	71.4	41.4	41.4	58.0%	100.0%
Use of goods and services [GFS]	0.0	6.4	6.4	6.4	100.0%	100.0%
Grants	65.0	65.0	35.0	35.0	53.8%	100.0%
575 MILNE BAY PROVINCIAL ADMINISTRATION	205.1	205.1	78.3	92.8	45.2%	118.5%
Operational	125.1	125.1	43.3	57.8	46.2%	133.4%
Compensation Of Employees[GFS]	98.2	98.2	29.7	44.4	45.2%	149.4%
Grants	26.9	26.9	13.6	13.4	49.8%	98.6%
GoPNG PIP	80.0	80.0	35.0	35.0	43.8%	100.0%
Grants	80.0	80.0	35.0	35.0	43.8%	100.0%
576 ORO PROVINCIAL ADMINISTRATION	132.6	142.6	68.8	74.2	52.0%	107.8%
Operational	67.6	67.6	23.8	29.2	43.2%	122.6%
Compensation Of Employees[GFS]	49.4	49.4	15.0	20.8	42.1%	138.1%
Grants	18.2	18.2	8.8	8.4	46.3%	96.1%
GoPNG PIP	65.0	75.0	45.0	45.0	60.0%	100.0%
Use of goods and services [GFS]	0.5	0.5	0.5	0.5	100.0%	100.0%
Grants	60.0	70.0	43.0	43.0	61.4%	100.0%
Non financial assets	4.5	4.5	1.5	1.5	33.3%	100.0%
577 SOUTHERN HIGHLANDS PROVINCIAL ADMINISTRATION	280.9	316.4	173.2	185.5	58.6%	107.1%
Operational	170.2	175.7	60.5	92.8	52.8%	153.3%
Compensation Of Employees[GFS]	149.2	149.6	45.3	77.8	52.0%	171.9%
Grants	21.0	26.2	15.3	15.0	57.2%	98.2%
GoPNG PIP	110.7	140.7	112.7	92.7	65.9%	82.3%
Use of goods and services [GFS]	2.0	18.0	18.0	8.0	44.4%	44.4%
Grants	106.0	120.0	92.0	82.0	68.3%	89.1%
Non financial assets	2.7	2.7	2.7	2.7	100.0%	100.0%
578 ENGA PROVINCIAL ADMINISTRATION	264.1	354.4	194.0	208.4	58.8%	107.4%
Operational	145.6	165.6	60.7	82.3	49.7%	135.6%
Compensation Of Employees[GFS]	106.6	106.6	22.2	54.2	50.8%	244.1%
Use of goods and services [GFS]	0.0	20.0	20.0	10.0	50.0%	50.0%
Grants	38.9	38.9	18.5	18.1	46.5%	97.9%
GoPNG PIP	118.5	188.8	133.3	126.1	66.8%	94.6%
Use of goods and services [GFS]	10.2	72.5	68.5	68.5	94.5%	100.0%
Grants	103.5	103.5	55.0	47.8	46.2%	86.9%
Non financial assets	4.8	12.8	9.8	9.8	76.6%	100.0%
579 WESTERN HIGHLANDS PROVINCIAL ADMINISTRATION	234.6	234.7	102.3	118.0	50.3%	115.3%
Operational	154.6	154.7	48.3	77.0	49.8%	159.4%
Compensation Of Employees[GFS]	147.4	147.5	44.6	73.5	49.8%	164.6%
Grants	7.2	7.2	3.7	3.5	49.0%	95.7%
GoPNG PIP	80.0	80.0	54.0	41.0	51.3%	75.9%
Use of goods and services [GFS]	50.0	50.0	27.0	27.0	54.0%	100.0%
Grants	30.0	30.0	27.0	14.0	46.7%	51.9%
580 SIMBU PROVINCIAL ADMINISTRATION	257.9	258.9	115.9	133.4	51.5%	115.2%
Operational	147.9	147.9	50.9	68.4	46.3%	134.5%
Compensation Of Employees[GFS]	115.4	115.4	35.2	52.9	45.9%	150.3%
Grants	32.6	32.6	15.7	15.5	47.7%	99.0%
GoPNG PIP	110.0	111.0	65.0	65.0	58.6%	100.0%
Use of goods and services [GFS]	70.0	71.0	42.0	42.0	59.2%	100.0%
Grants	40.0	40.0	23.0	23.0	57.5%	100.0%
581 EASTERN HIGHLANDS PROVINCIAL ADMINISTRATION	344.3	363.4	165.1	181.8	50.0%	110.1%
Operational	201.3	202.2	69.8	99.6	49.2%	142.6%
Compensation Of Employees[GFS]	159.5	160.3	49.2	79.2	49.4%	161.1%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Grants	41.9	41.9	20.7	20.4	48.7%	98.5%
GoPNG PIP	143.0	161.2	95.2	82.2	51.0%	86.3%
Use of goods and services [GFS]	13.0	26.2	18.2	17.2	65.7%	94.5%
Grants	130.0	130.0	72.0	65.0	50.0%	90.3%
Non financial assets	0.0	5.0	5.0	0.0	0.0%	0.0%
582 MOROBE PROVINCIAL ADMINISTRATION	417.6	417.6	171.9	207.2	49.6%	120.6%
Operational	247.6	247.6	78.9	119.2	48.2%	151.2%
Compensation Of Employees[GFS]	232.3	232.3	71.8	113.0	48.7%	157.4%
Grants	15.3	15.3	7.1	6.2	40.6%	88.0%
GoPNG PIP	170.0	170.0	93.0	88.0	51.8%	94.6%
Use of goods and services [GFS]	110.2	110.2	62.2	62.2	56.4%	100.0%
Grants	55.0	55.0	29.0	24.0	43.6%	82.8%
Non financial assets	4.8	4.8	1.8	1.8	37.5%	100.0%
583 MADANG PROVINCIAL ADMINISTRATION	304.9	316.9	137.2	159.8	50.4%	116.4%
Operational	189.9	189.9	65.2	87.8	46.2%	134.6%
Compensation Of Employees[GFS]	152.5	152.5	46.2	68.9	45.2%	149.2%
Grants	37.4	37.4	19.0	18.9	50.5%	99.2%
GoPNG PIP	115.0	127.0	72.0	72.0	56.7%	100.0%
Use of goods and services [GFS]	15.0	27.0	18.0	18.0	66.7%	100.0%
Grants	100.0	100.0	54.0	54.0	54.0%	100.0%
584 EAST SEPIK PROVINCIAL ADMINISTRATION	302.5	312.5	137.5	158.1	50.6%	115.0%
Operational	192.5	192.5	67.5	94.1	48.9%	139.4%
Compensation Of Employees[GFS]	142.0	142.0	43.1	70.1	49.4%	162.6%
Grants	50.6	50.6	24.3	23.9	47.3%	98.3%
GoPNG PIP	110.0	120.0	70.0	64.0	53.3%	91.4%
Use of goods and services [GFS]	10.0	20.0	16.0	16.0	80.0%	100.0%
Grants	100.0	100.0	54.0	48.0	48.0%	88.9%
585 SANDAUN PROVINCIAL ADMINISTRATION	195.2	210.2	97.7	104.9	49.9%	107.4%
Operational	115.2	115.2	40.7	52.9	46.0%	130.0%
Compensation Of Employees[GFS]	80.4	80.4	24.2	36.9	45.9%	152.1%
Grants	34.8	34.8	16.5	16.1	46.2%	97.5%
GoPNG PIP	80.0	95.0	57.0	52.0	54.7%	91.2%
Use of goods and services [GFS]	0.0	15.0	15.0	10.0	66.7%	66.7%
Grants	80.0	80.0	42.0	42.0	52.5%	100.0%
586 MANUS PROVINCIAL ADMINISTRATION	96.5	96.5	36.3	43.1	44.7%	119.0%
Operational	56.5	56.5	20.3	27.1	48.0%	134.0%
Compensation Of Employees[GFS]	39.3	39.3	11.9	18.8	47.8%	157.7%
Grants	17.2	17.2	8.3	8.3	48.5%	100.0%
GoPNG PIP	40.0	40.0	16.0	16.0	40.0%	100.0%
Use of goods and services [GFS]	5.0	5.0	0.0	0.0	0.0%	0.0%
Grants	35.0	35.0	16.0	16.0	45.7%	100.0%
587 NEW IRELAND PROVINCIAL ADMINISTRATION	162.9	155.5	55.6	67.8	43.6%	122.0%
Operational	84.9	85.5	27.6	39.8	46.5%	144.3%
Compensation Of Employees[GFS]	78.1	78.7	24.5	36.7	46.7%	149.9%
Grants	6.8	6.8	3.0	3.0	44.9%	100.0%
GoPNG PIP	78.0	70.0	28.0	28.0	40.0%	100.0%
Use of goods and services [GFS]	5.0	5.0	0.5	0.5	10.0%	100.0%
Grants	73.0	65.0	27.5	27.5	42.3%	100.0%
588 EAST NEW BRITAIN PROVINCIAL ADMINISTRATION	228.2	252.2	121.1	146.6	58.1%	121.0%
Operational	148.2	148.2	49.1	75.6	51.0%	153.8%
Compensation Of Employees[GFS]	125.9	125.9	38.0	65.0	51.7%	171.0%
Grants	22.4	22.4	11.1	10.5	47.0%	94.9%
GoPNG PIP	80.0	104.0	72.0	71.0	68.3%	98.6%
Use of goods and services [GFS]	0.0	10.0	10.0	10.0	100.0%	100.0%
Grants	80.0	94.0	62.0	61.0	64.9%	98.4%
589 WEST NEW BRITAIN PROVINCIAL ADMINISTRATION	196.0	221.0	101.1	116.6	52.8%	115.3%
Operational	131.0	131.0	46.1	61.6	47.0%	133.6%
Compensation Of Employees[GFS]	96.9	96.9	29.7	45.2	46.6%	152.2%
Grants	34.1	34.1	16.4	16.4	48.2%	100.0%
GoPNG PIP	65.0	90.0	55.0	55.0	61.1%	100.0%
Grants	65.0	85.0	50.0	50.0	58.8%	100.0%
Non financial assets	0.0	5.0	5.0	5.0	100.0%	100.0%
590 AUTONOMOUS BOUGAINVILLE ADMINISTRATION	440.1	451.6	185.1	184.7	40.9%	99.8%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Operational	175.1	177.6	62.8	79.7	44.9%	126.8%
Compensation Of Employees[GFS]	140.7	143.2	46.3	63.1	44.1%	136.4%
Grants	34.4	34.4	16.6	16.6	48.1%	100.0%
GoPNG PIP	265.0	274.0	122.3	105.0	38.3%	85.9%
Use of goods and services [GFS]	100.0	100.0	28.3	20.0	20.0%	70.8%
Grants	65.0	74.0	44.0	35.0	47.3%	79.5%
Non financial assets	100.0	100.0	50.0	50.0	50.0%	100.0%
591 HELA PROVINCIAL ADMINISTRATION	152.4	196.6	116.8	131.9	67.1%	112.9%
Operational	78.4	78.6	27.8	42.9	54.6%	154.3%
Compensation Of Employees[GFS]	56.1	56.2	17.0	32.4	57.5%	190.1%
Grants	22.3	22.3	10.8	10.5	47.1%	97.8%
GoPNG PIP	74.0	118.0	89.0	89.0	75.4%	100.0%
Use of goods and services [GFS]	4.0	28.0	28.0	28.0	100.0%	100.0%
Grants	65.0	75.0	46.0	46.0	61.3%	100.0%
Non financial assets	5.0	15.0	15.0	15.0	100.0%	100.0%
592 JIWAKA PROVINCIAL ADMINISTRATION	184.6	185.1	84.7	92.8	50.1%	109.5%
Operational	119.6	120.1	41.7	57.8	48.1%	138.4%
Compensation Of Employees[GFS]	90.8	91.4	27.9	44.0	48.2%	158.0%
Grants	28.8	28.8	13.9	13.7	47.7%	99.1%
GoPNG PIP	65.0	65.0	43.0	35.0	53.8%	81.4%
Grants	65.0	65.0	43.0	35.0	53.8%	81.4%
601 MANUS PROVINCIAL HEALTH AUTHORITY	26.7	26.7	13.0	13.3	49.9%	102.2%
Operational	22.7	22.7	10.0	10.8	47.7%	107.8%
Compensation Of Employees[GFS]	15.8	15.9	6.6	7.4	46.7%	111.8%
Use of goods and services [GFS]	3.9	3.9	2.0	2.0	50.0%	100.0%
Grants	2.7	2.7	1.4	1.4	50.0%	100.0%
Non financial assets	0.2	0.2	0.1	0.1	50.0%	100.0%
GoPNG PIP	4.0	4.0	3.0	2.5	62.5%	83.3%
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	2.5	2.0	57.1%	80.0%
602 NEW IRELAND PROVINCIAL HEALTH AUTHORITY	49.6	49.8	22.0	20.1	40.4%	91.2%
Operational	45.6	45.8	19.0	17.6	38.4%	92.4%
Compensation Of Employees[GFS]	35.2	35.4	13.8	12.4	35.0%	89.6%
Use of goods and services [GFS]	9.9	9.9	5.0	5.0	50.0%	100.0%
Grants	0.5	0.5	0.3	0.3	50.0%	100.0%
Non financial assets	0.0	0.0	0.0	0.0	50.0%	100.0%
GoPNG PIP	4.0	4.0	3.0	2.5	62.5%	83.3%
Use of goods and services [GFS]	1.7	1.7	0.7	0.5	29.4%	71.4%
Non financial assets	2.3	2.3	2.3	2.0	87.0%	87.0%
603 EAST NEW BRITAIN PROVINCIAL HEALTH AUTHORITY	44.0	44.0	20.2	27.3	62.1%	135.5%
Operational	40.0	40.0	17.2	24.8	62.1%	144.6%
Compensation Of Employees[GFS]	34.0	34.0	14.2	21.8	64.2%	154.1%
Use of goods and services [GFS]	3.0	3.0	1.5	1.5	50.1%	100.0%
Grants	2.9	2.9	1.5	1.5	50.0%	100.0%
Non financial assets	0.1	0.1	0.0	0.0	50.0%	100.0%
GoPNG PIP	4.0	4.0	3.0	2.5	62.5%	83.3%
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	2.5	2.0	57.1%	80.0%
604 WEST NEW BRITAIN PROVINCIAL HEALTH AUTHORITY	61.7	61.7	28.1	28.0	45.4%	99.9%
Operational	57.7	57.7	25.1	25.5	44.2%	101.9%
Compensation Of Employees[GFS]	44.0	43.2	18.2	18.7	43.2%	102.6%
Use of goods and services [GFS]	7.6	8.4	3.8	3.8	45.2%	100.0%
Grants	6.0	6.0	3.0	3.0	50.0%	100.0%
Non financial assets	0.2	0.2	0.1	0.1	50.0%	100.0%
GoPNG PIP	4.0	4.0	3.0	2.5	62.5%	83.3%
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	2.5	2.0	57.1%	80.0%
605 WESTERN PROVINCIAL HEALTH AUTHORITY	34.7	34.7	13.8	16.8	48.3%	121.8%
Operational	30.7	30.7	13.8	16.8	54.6%	121.8%
Compensation Of Employees[GFS]	18.9	18.9	7.9	10.9	57.5%	138.0%
Use of goods and services [GFS]	6.8	6.8	3.4	3.4	50.0%	100.0%
Grants	4.8	4.8	2.4	2.4	50.0%	100.0%
Non financial assets	0.0	0.0	0.0	0.0	50.0%	100.0%
GoPNG PIP	4.0	4.0	0.0	0.0	0.0%	0.0%
Use of goods and services [GFS]	0.3	0.3	0.0	0.0	0.0%	0.0%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Non financial assets	3.7	3.7	0.0	0.0	0.0%	0.0%
606 SANDAUN PROVINCIAL HEALTH AUTHORITY	53.7	53.7	24.2	22.1	41.2%	91.3%
Operational	49.7	49.7	22.2	21.1	42.5%	95.0%
Compensation Of Employees[GFS]	31.6	31.6	13.2	12.1	38.2%	91.6%
Use of goods and services [GFS]	7.2	7.2	3.6	3.6	50.0%	100.0%
Grants	10.7	10.7	5.3	5.3	50.0%	100.0%
Non financial assets	0.2	0.2	0.1	0.1	50.0%	100.0%
GoPNG PIP	4.0	4.0	2.0	1.0	25.0%	50.0%
Use of goods and services [GFS]	0.5	0.5	0.5	0.0	0.0%	0.0%
Non financial assets	3.5	3.5	1.5	1.0	28.6%	66.7%
607 EAST SEPIK PROVINCIAL HEALTH AUTHORITY	51.4	52.0	24.9	35.9	69.1%	144.4%
Operational	47.4	48.0	21.9	33.4	69.6%	152.8%
Compensation Of Employees[GFS]	29.3	29.9	12.8	24.4	81.4%	190.0%
Use of goods and services [GFS]	8.0	8.0	4.0	4.0	50.0%	100.0%
Grants	9.7	9.7	4.9	4.9	50.0%	100.0%
Non financial assets	0.3	0.3	0.2	0.2	50.0%	100.0%
GoPNG PIP	4.0	4.0	3.0	2.5	62.5%	83.3%
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	2.5	2.0	57.1%	80.0%
608 MADANG PROVINCIAL HEALTH AUTHORITY	52.7	52.7	23.6	30.8	58.5%	130.5%
Operational	48.7	48.7	21.6	29.3	60.2%	135.7%
Compensation Of Employees[GFS]	32.8	32.8	13.7	21.4	65.2%	156.4%
Use of goods and services [GFS]	6.6	6.6	3.3	3.3	50.0%	100.0%
Grants	8.9	8.9	4.4	4.4	50.0%	100.0%
Non financial assets	0.4	0.4	0.2	0.2	50.0%	100.0%
GoPNG PIP	4.0	4.0	2.0	1.5	37.5%	75.0%
Use of goods and services [GFS]	1.5	1.5	1.0	0.5	33.3%	50.0%
Non financial assets	2.5	2.5	1.0	1.0	40.0%	100.0%
609 MOROBE PROVINCIAL HEALTH AUTHORITY	62.3	62.3	28.5	44.1	70.8%	154.9%
Operational	58.3	58.3	25.5	41.6	71.3%	163.3%
Compensation Of Employees[GFS]	44.6	44.6	18.6	34.7	77.9%	186.9%
Use of goods and services [GFS]	13.4	13.4	6.7	6.7	50.0%	100.0%
Non financial assets	0.3	0.3	0.2	0.2	59.3%	100.0%
GoPNG PIP	4.0	4.0	3.0	2.5	62.5%	83.3%
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	2.5	2.0	57.1%	80.0%
610 EASTERN HIGHLANDS PROVINCIAL HEALTH AUHTORITY	65.3	65.3	28.6	26.3	40.3%	91.8%
Operational	61.3	61.3	26.6	25.3	41.3%	94.9%
Compensation Of Employees[GFS]	48.0	48.0	20.0	18.6	38.8%	93.2%
Use of goods and services [GFS]	6.0	6.0	3.0	3.0	50.0%	100.0%
Grants	7.3	7.3	3.7	3.7	50.0%	100.0%
GoPNG PIP	4.0	4.0	2.0	1.0	25.0%	50.0%
Use of goods and services [GFS]	0.3	0.3	0.3	0.0	0.0%	0.0%
Non financial assets	3.7	3.7	1.7	1.0	27.0%	58.8%
611 JIWAKA PROVINCIAL HEALTH AUTHORITY	43.3	43.4	20.6	24.4	56.2%	118.2%
Operational	39.3	39.4	18.1	21.9	55.5%	120.7%
Compensation Of Employees[GFS]	24.5	24.6	10.7	14.5	58.9%	135.0%
Use of goods and services [GFS]	7.0	7.0	3.5	3.5	50.0%	100.0%
Grants	7.8	7.8	3.9	3.9	50.0%	100.0%
GoPNG PIP	4.0	4.0	2.5	2.5	62.5%	100.0%
Use of goods and services [GFS]	3.5	3.5	2.0	2.0	57.1%	100.0%
Non financial assets	0.5	0.5	0.5	0.5	100.0%	100.0%
612 WESTERN HIGHLANDS PROVINCIAL HEALTH AUTHORITY	52.9	53.7	24.9	27.2	50.7%	109.2%
Operational	48.9	49.7	21.9	24.7	49.8%	112.8%
Compensation Of Employees[GFS]	39.7	40.6	17.4	20.2	49.7%	116.1%
Use of goods and services [GFS]	6.1	6.1	3.0	3.0	50.0%	100.0%
Grants	2.8	2.8	1.4	1.4	50.0%	100.0%
Non financial assets	0.3	0.3	0.1	0.1	50.0%	100.0%
GoPNG PIP	4.0	4.0	3.0	2.5	62.5%	83.3%
Use of goods and services [GFS]	0.4	0.4	0.4	0.4	100.0%	100.0%
Non financial assets	3.6	3.6	2.6	2.1	58.3%	80.8%
613 ENGA PROVINCIAL HEALTH AUTHORITY	88.0	63.1	30.1	31.8	50.4%	105.8%
Operational	58.0	58.1	25.1	26.8	46.2%	106.9%
Compensation Of Employees[GFS]	47.0	47.1	19.6	21.3	45.3%	108.9%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
Use of goods and services [GFS]	4.8	4.8	2.4	2.4	49.9%	99.9%
Grants	5.4	5.4	2.7	2.7	50.0%	100.0%
Non financial assets	0.9	0.9	0.4	0.4	50.0%	100.0%
GoPNG PIP	30.0	5.0	5.0	5.0	100.0%	100.0%
Non financial assets	30.0	5.0	5.0	5.0	100.0%	100.0%
614 SOUTHERN HIGHLANDS PROVINCIAL HEALTH AUTHORITY	66.1	67.1	30.7	26.9	40.1%	87.6%
Operational	62.1	63.1	27.7	24.4	38.6%	88.1%
Compensation Of Employees[GFS]	52.4	53.4	22.8	19.5	36.6%	85.6%
Use of goods and services [GFS]	4.2	4.2	2.1	2.1	50.0%	100.0%
Grants	5.4	5.4	2.7	2.7	50.0%	100.0%
Non financial assets	0.1	0.1	0.1	0.1	50.0%	100.0%
GoPNG PIP	4.0	4.0	3.0	2.5	62.5%	83.3%
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	2.5	2.0	57.1%	80.0%
615 HELA PROVINCIAL HEALTH AUTHORITY	42.9	42.9	20.0	17.5	40.8%	87.5%
Operational	38.9	38.9	17.0	15.0	38.6%	88.2%
Compensation Of Employees[GFS]	29.0	29.0	12.1	10.1	34.7%	83.4%
Use of goods and services [GFS]	3.3	3.3	1.7	1.7	50.3%	100.0%
Grants	6.5	6.5	3.2	3.2	50.0%	100.0%
Non financial assets	0.0	0.0	0.0	0.0	87.8%	100.0%
GoPNG PIP	4.0	4.0	3.0	2.5	62.5%	83.3%
Use of goods and services [GFS]	1.0	1.0	0.5	0.5	50.0%	100.0%
Non financial assets	3.0	3.0	2.5	2.0	66.7%	80.0%
616 GULF PROVINCIAL HEALTH AUTHORITY	31.1	31.1	13.8	16.6	53.5%	120.1%
Operational	31.1	31.1	13.8	16.6	53.5%	120.1%
Compensation Of Employees[GFS]	20.4	20.4	8.5	11.3	55.3%	132.7%
Use of goods and services [GFS]	5.9	5.9	2.9	2.9	50.1%	100.0%
Grants	4.8	4.8	2.4	2.4	49.9%	100.0%
617 CENTRAL PROVINCIAL HEALTH AUTHORITY	26.9	27.2	12.2	9.8	36.1%	80.1%
Operational	26.9	27.2	12.2	9.8	36.1%	80.1%
Compensation Of Employees[GFS]	17.8	18.1	7.7	5.3	29.2%	68.5%
Use of goods and services [GFS]	1.2	1.2	0.6	0.6	50.0%	100.0%
Grants	7.8	7.8	3.9	3.9	50.0%	100.0%
618 MILNE BAY PROVINCIAL HEALTH AUTHORITY	48.9	50.4	22.3	24.4	48.4%	109.5%
Operational	44.9	46.4	21.3	23.4	50.5%	110.0%
Compensation Of Employees[GFS]	31.6	33.0	14.6	16.7	50.6%	114.6%
Use of goods and services [GFS]	6.5	6.5	3.3	3.3	50.0%	100.0%
Grants	6.7	6.7	3.3	3.3	50.0%	100.0%
Non financial assets	0.1	0.1	0.1	0.1	50.0%	100.0%
GoPNG PIP	4.0	4.0	1.0	1.0	25.0%	100.0%
Use of goods and services [GFS]	2.3	2.3	0.0	0.0	0.0%	0.0%
Non financial assets	1.7	1.7	1.0	1.0	58.8%	100.0%
619 ORO PROVINCIAL HEALTH AUTHORITY	34.0	34.0	13.5	16.3	48.0%	121.5%
Operational	30.0	30.0	13.5	16.3	54.4%	121.5%
Compensation Of Employees[GFS]	19.4	19.4	8.1	11.0	56.8%	135.5%
Use of goods and services [GFS]	5.7	5.7	2.9	2.9	50.0%	100.0%
Grants	4.7	4.7	2.3	2.3	50.0%	100.0%
Non financial assets	0.2	0.2	0.1	0.1	50.0%	100.0%
GoPNG PIP	4.0	4.0	0.0	0.0	0.0%	0.0%
Use of goods and services [GFS]	2.0	2.0	0.0	0.0	0.0%	0.0%
Non financial assets	2.0	2.0	0.0	0.0	0.0%	0.0%
620 PORT MORESBY GENERAL HOSPITAL	146.7	186.0	95.8	119.8	64.4%	125.0%
Operational	146.7	153.8	63.6	87.6	57.0%	137.7%
Compensation Of Employees[GFS]	84.0	91.1	32.3	56.3	61.8%	174.3%
Use of goods and services [GFS]	61.7	61.7	30.8	30.8	50.0%	100.0%
Non financial assets	1.0	1.0	0.5	0.5	50.0%	100.0%
GoPNG PIP	0.0	32.2	32.2	32.2	100.0%	100.0%
Use of goods and services [GFS]	0.0	32.2	32.2	32.2	100.0%	100.0%
621 SIMBU PROVINCIAL HEALTH AUTHORITY	43.4	43.4	20.3	30.3	69.8%	149.2%
Operational	39.4	39.4	17.3	27.8	70.6%	160.7%
Compensation Of Employees[GFS]	28.8	28.9	12.0	22.5	78.1%	187.2%
Use of goods and services [GFS]	9.8	9.8	4.9	4.9	50.0%	100.0%
Subsidies	0.3	0.3	0.1	0.1	50.0%	100.0%
Non financial assets	0.5	0.5	0.2	0.2	50.0%	100.0%

Details	2023 Budget	2023 Rev Budget	Warrant	June Outturn	Exp Vs Rbud (%)	Exp Vs Wa (%)
GoPNG PIP	4.0	4.0	3.0	2.5	62.5%	83.3%
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	2.5	2.0	57.1%	80.0%
622 NCD PROVINCIAL HEALTH AUTHORITY	44.5	44.5	19.3	22.7	51.1%	117.6%
Operational	44.5	44.5	19.3	22.7	51.1%	117.6%
Compensation Of Employees[GFS]	35.2	35.2	14.7	18.1	51.3%	123.2%
Use of goods and services [GFS]	9.3	9.3	4.7	4.7	50.0%	100.0%
Non financial assets	0.0	0.0	0.0	0.0	50.0%	100.0%
623 DIRECTORATE FOR SOCIAL CHANGE & MENTAL HEALTH	17.8	17.8	7.6	1.9	10.5%	24.6%
Operational	17.8	17.8	7.6	1.9	10.5%	24.6%
Compensation Of Employees[GFS]	15.8	15.8	6.6	0.9	5.5%	13.3%
Use of goods and services [GFS]	2.0	2.0	1.0	1.0	50.0%	100.0%
Sub-Total	20,570.0	20,574.2	10,806.5	9,020.2	43.8%	83.5%
Concessional Loans	1,156.0	1,157.8	0.0	377.6	32.7%	0.0%
Donor Grants	2,024.9	2,023.3	0.0	0.0	0.0%	0.0%
GST and Book Makers to Provinces	816.0	816.0	0.0	413.3	50.8%	0.0%
Grand Total	24,566.9	24,571.2	10,806.5	9,811.1	40.0%	90.8%

Source: Department of Treasury