



FINAL BUDGET OUTCOME

2018

Acronyms

ABG	Autonomous Bougainville Government
ADB	Asian Development Bank
BPNG	Bank of Papua New Guinea
CSA	Commercial and Statutory Authority
DNPM	Department of National Planning and Monitoring
DSIP	District Support Improvement Program
FAA	Final Available Appropriation
FBO	Final Budget Outcome
GDP	Gross Domestic Product
GFS	Government Financial Statistics
GoPNG	Government of Papua New Guinea
GST	Goods & Services Tax
ICT	Information and Communications Technology
IMF	International Monetary Fund
IFMS	Integrated Financial Management System
IPBC	Independent Public Business Corporation
IRC	Internal Revenue Commission
LNG	Liquefied Natural Gas
MTDP	Medium Term Development Plan (2018-2022)
MTFS	Medium Term Fiscal Strategy (2018-2022)
MTRS	Medium Term Revenue Strategy (2018-2022)
MYEFO	Mid-Year Economic and Fiscal Outlook
NEC	National Executive Council
NPCP	National Petroleum Company of PNG
NSL	Nambawan Super Limited
OSPEAC	Organisational Staffing and Personnel Emoluments Audit Committee
PE	Personal Emoluments
PIP	Public Investment Program
PNGDSP	Papua New Guinea Development Strategic Plan
RMF	Results Monitoring Framework
SIGTAS	Standard Integrated Government Tax Administration System
SOE	State Owned Enterprise
UBSA	Umbrella Benefits Sharing Agreement
WPA	Waigani Public Account

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INTRODUCTION

The Final Budget Outcome (FBO) Report is released in accordance with the requirements of sections 13 – 16 of the *Papua New Guinea Fiscal Responsibility Act, 2006 (amended 2017)*. The Act requires the Treasurer to release a final budget outcome report for each financial year no later than three months after end of the financial year.

The FBO Report provides to Parliament and the public a summary of fiscal performance, together with a comparison and explanation of the major variations from the Budget estimates for total revenue and grants, total expenditure and net lending, and the budget balance. It further provides a summary of the National Government financing activities for the financial year and a summary of the National Government debt position, together with comparative figures for the previous financial year.

The financial information presented in this report is based on the same reporting standards as used in the 2018 Volume 1 and Volume 2 Budget documents.

Part 1 of this report, *Final Budget Outcome by Fiscal Operations*, is reported using the new GFS 2014 reporting framework as introduced in the 2016 Budget Volume 1, Economic and Development Policies document. Part 2 of this report, *Final Budget Outcome by Agency*, is still reported using the GFS 1986 reporting framework as reported in the 2018 Budget Volume 2 document. This transitional format will continue until such time as the migration to the updated GFS 2014 reporting framework is completed.

Generally, the information presented in this report follows the traditional cash reporting standards originally laid down in the GFS 1986 Manual.

The general government sector under GFSM 2014 consists of all government units, representing budgetary central government, provincial government, local government and extra budgetary accounts within the country that are controlled and largely financed by the National Government. In contrast, the coverage of the GFSM 1986 system was defined on a narrower functional basis to include all units performing government functions.

The current GFS 2014 coverage includes Budgetary Fiscal Transactions of the Government.

The ongoing roll-out, currently only covers the budgetary units but will eventually be extended to cover extra budgetary units such as statutory bodies and public corporations (SOEs). Work is underway to have Volume 2 of the Budget document reported in the GFS 2014 reporting framework and once this is done, future FBO reports will fully reflect the GFS 2014 reporting framework.

Section 1.8 of this report provides a clear explanation to the changes between GFSM 1986 and GFSM 2014.

Furthermore, the information presented in this report may not reconcile fully with information published in the Public Accounts as some revenues and expenditures detailed in this report will be reported or classified differently than in the Public Accounts. For example, transactions relating to debt are generally reported on a net basis and split into principal and interest components in this report, whereas they are reported on a gross basis in the Public Accounts.

The information presented in this report is based on the same data used in the preparation of the Public Accounts; however, this report is compiled before that data has been subject to independent audit. This report will therefore not include the effects of any adjustments made to the underlying data arising from the audit process and there are also some areas where updated figures will modify the actual

outcomes, such as when reports are received from all donors on projects grants, and more reporting is provided on the Infrastructure Tax Credit (ITC).

PART 1

FINAL BUDGET OUTCOME BY FISCAL OPERATIONS

1.1 General Government Fiscal Operations

The Final Budget Outcome (FBO) for 2018 presents a Net Borrowing (Deficit) requirement of K2,048.4 million or 2.5 per cent of GDP, which is modestly higher than the 2018 Budgeted deficit of K1,987.2 million (2.5 per cent of budgeted GDP and 2.4 per cent of revised GDP) and the 2018 Supplementary Budget deficit of K1,897.2 million or 2.3 per cent of GDP.

Actual net incurrence of liabilities for 2018 was K3,277.0 million with K1,228.6 million of the funds raised retained in the trust accounts for financing the 2019 Budget, resulting in net drawdowns to the Budget of K2,048.4 million.

These drawdowns resulted in a debt to GDP ratio of 31.1 per cent, which is lower than the 2018 Budgeted ratio of 32.2 per cent (using the 2018 GDP projections and the 2017 debt stock estimate in the 2018 Budget) or 31.9 per cent if the 2017 debt stock outcome is also incorporated.

In this regard, the Government remains well within the FRA statutory debt band of 30-35 per cent of GDP and is on track to reach the lower 30.0 per cent limit of the band over the Medium Term Debt Strategy (MTdS) 2018-22 time horizon.

In terms of financing structures, the targeted compositional shifts between external and domestic debt, and within the domestic debt portfolio, have been achieved as has the increase in external financing at lower costs. In this respect, the operationalisation of the MTdS 2018-22 strategies are also clearly well on track with positive results in terms of lower funding costs and lower risks now coming through and these positive results are expected to increase over the medium term.

The additional external financing in 2018 included: the delayed final tranche of USD190.0 million from the Credit Suisse (Syndicated) Loan which was not budgeted in 2018 but received in the second quarter of the year; the first tranches of the Asian Development Bank (ADB) and the World Bank (WB) Group budget support loans which amounted to USD100.0 million and USD150.0 million, respectively - with the WB Group having increased its budget support loan from USD100.0 million programmed in the 2018 Budget to USD150.0 million to provide additional assistance to cover earthquake expenditures; and USD500.0 million from PNG's issuance of its inaugural Sovereign Bond – above the programmed USD200.0 million due to enthusiastic international demand and minimum large institutional requirements. Support for the Government's fiscal and financing policies was clearly shown in the very competitive interest rates achieved for a first time issuer in a challenging international market and this support has continued subsequently with secondary yields falling further by over 100 basis points by the end of the first quarter of 2019.

The higher external financing amount also provided the necessary liquidity and foreign exchange that has allowed the Government to extinguish most of the burgeoning foreign exchange imbalance that has been so adverse to business conditions in recent times. In February 2019, Moody's Investor Service improved its credit opinion rating on PNG, again providing validation of the Government's fiscal and financial management performance.

The marginally higher deficit than budgeted is a strong result, given the unexpected costs of the earthquake in 2018, which resulted in a significant downward adjustment to real GDP rates, and the costs of the substantial recovery efforts, as well as the costs of staging the very successful APEC Summit. It was also a year where the Government fulfilled its social priority spending commitments, including the Tuition Fee Free (TFF) Education, Free Primary Health Care (medical drugs), employment of nearly 5,000 new staff across the education, health, disciplined forces and tax collection areas, paid its public servants the long-awaited 3.0 per cent salary increase back dated to the beginning of 2017, and paid its retired civil servants the outstanding Nambawan Supa Limited (NSL) exit payment arrears following a court decision brought down in January 2018.

During 2018, the Government made a number of significant infrastructure investments.

In fact, concessional loan drawdowns were K791.7 million, up 33.3 per cent on the 2018 Budget and, while some of the increase was due to the APEC Summit preparations, a large part was due to higher disbursements towards the end of the year for a number of projects, including the National Broadband Network Project, the Kokopo Town Sewerage Project, the PNG National Submarine Fibre Cable Network Project, the Nadzab Airport Redevelopment Project, the Port Moresby Sewerage Project and the Civil Aviation Development Investment Program.

The unexpected lift in the non-resource primary balance was due to the use of higher-than-expected mining and petroleum tax collections in 2018 to meet these one-off unexpected expenditures. With mining and petroleum tax collections not expected to exceed 2019 Budget estimates and, given that a number of these one-off expenditures will not feature in 2019 and beyond, the programmed non-resource primary deficit as a percentage of non-resource GDP should be contained within the 2019 budgeted deficit ratio of 2.7 per cent.

As such, there has been no programmed change to the non-resource primary deficit projections contained in the 2019 Budget which still program the deficit to decline to 1.0 per cent in 2020 and to achieve a marginal surplus by 2023.

Table 1: Budget Balance 2017 – 2018 (Kina Million)

	2017 Actuals	2018 Budget	2018 Supp. Budget	2018 Outcome
Revenue and Grants	11,525.1	12,730.7	13,400.3	14,085.8
<i>% of GDP (Ex. Grants)</i>	<i>13.3%</i>	<i>14.2%</i>	<i>15.0%</i>	<i>14.9%</i>
Expenditure and Net Lending	13,319.7	14,717.9	15,297.5	16,134.2
<i>% of GDP</i>	<i>17.6%</i>	<i>17.9%</i>	<i>18.6%</i>	<i>19.6%</i>
Budget Balance	-1,794.7	-1,987.2	-1,897.2	-2,048.4
<i>% of GDP</i>	<i>-2.4%</i>	<i>-2.5%</i>	<i>-2.3%</i>	<i>-2.5%</i>
Debt to GDP (%)	31.90%	32.2%*	30.9%**	31.1%**
***NRPB (% of Non- Resource GDP)	-1.5%	-1.0%	-2.2%	-2.6%

Source: Department of Treasury

*As reported in the 2018 Budget. This ratio declines to 31.9% of GDP using 2017 debt stock outcomes (not available at the time of the 2018 Budget) but maintaining the 2018 GDP projection in the 2018 Budget.

** Incorporates the revised GDP data for 2018 and the 2017 debt stock outcome from the 2017 FBO.

*** Non-Resource Primary Balance.

In 2018, total Revenue and Grants' receipts are higher by K685.5 million or 5.1 per cent compared to the 2018 Supplementary Budget estimate of K13,400.3 million and higher by K2,560.7 million

or 22.2 per cent compared to the 2017 outturns. This is due to improved tax collections particularly from mining and petroleum taxes (MPT), implementation of the *PMMR Act 2017* and much higher than budgeted donor support grants.

The higher tax collections also reflects the extensive tax measures approved in the 2017 Supplementary and the 2018 National Budgets. In terms of GDP, Revenue (excluding grants) as a percentage of GDP reached 14.9 per cent in 2018, higher than the 13.3 per cent in 2017. This is above the 14.0 per cent target established in the MTRS 2018-22. Within the total revenue category, tax revenue increased to 12.7 per cent of GDP in 2018 from 12.1 per cent in 2017. Other (Non-tax) revenue has nearly doubled in 2018 to 2.2 per cent of GDP from 1.2 per cent in 2017.

Total Expenditures and Net Lending in 2018 amounted to K16,134.2 million which is K836.7 million or 5.5 per cent higher than the 2018 Supplementary Budget estimate of K15,297.5 million.

Over 60.0 per cent of the growth in expenditure above the supplementary budget estimate was attributed to the significant increase in compensation of employees (PE) spending by both National Departments and Provinces largely being attributed to the addition of nearly 5,000 new employees in the education, health, disciplined forces and tax and duty collection agencies, as well as the payment of the 3.0 per cent pay increase back dated to 1st January 2017, the payment in full of the court determined superannuation exit arrear payments up to end 2017 and the ongoing superannuation exit payments for 2018. The other 40 per cent of the increase over the supplementary budget estimate is attributed to the increase in capital spending funded by an increase in concessional loan drawdowns and support from donor partners in the form of grants.

The outcome also reflects the Government's humanitarian support and infrastructure rebuilding following the natural disasters and hosting of the 2018 APEC Leader's Summit and related meetings which also reflects the Government's commitment in addressing its arrears. The higher donor support grants outcome for 2018 is predominately reflected in higher goods and services expenditure and this is attributed to the (in-kind) assistance received from donors especially in the form of humanitarian relief following the earthquake in parts of the Highlands and Western Province, polio vaccination due to the polio outbreak and the hosting of the 2018 APEC Leader's Summit related activities.

The same spending activities are responsible for the 21.1 per cent growth in expenditure against the 2017 actual levels. Of the growth in expenditure in 2018, around K684.3 million, covering reduced grants, arrears in Rentals and Utilities, Police Operations and PIP capital expenditures relating to APEC preparation, has been estimated to be one-off expenditures in 2018, which will allow the 2019 Budget expenditures to be contained within the 2019 Budget estimates.

The higher expenditure level resulted in the expenditure/GDP ratio rising to 19.6 per cent, above the 18.6 per cent targeted in the 2018 Supplementary Budget and the 17.6 per cent in 2017. This higher trend is contrary to the MTFS 2018-22 target of 16.0 per cent by 2022. As noted, a large part of the increase in expenditure in 2018 reflected growth in the PE budget, which increased from 5.8 per cent of GDP in 2017 to 6.3 per cent in 2018. The rise is contrary to the MTFS 2018-22 strategy to reduce PE expenditures to less than 40.0 per cent of the total non-resource, non-grant revenue by 2022 with PE expenditures not increasing by more than 5.0 per cent per year (arrears repayments excluded). Nevertheless, the removal of one-off 2018 expenditure amounts and greater control over the PE budget, should see a downward trend in the expenditure/GDP ratio resume from 2019-22.

1.1.1 2018 Supplementary Budget

The fiscal outlook for 2018 deteriorated in the first half of the year, with the 2018 Mid-Year Economic and Fiscal Outlook (MYEFO) and subsequent reports indicating a significant impact on the revenue and expenditure trends as a result of the earthquake in February 2018. The MYEFO report projected an increase in expenditure of K213.0 million with an offsetting increase in revenue of the same magnitude.

The September 2018 outturn report estimated an increase in revenue of K671.1 million by year end, driven mainly by an increase in mining and petroleum taxes and dividends. In contrast, however, the Report estimated an increase in expenditure of around K889.0 million, largely driven by a further increase in PE expenditures. Part of the increase, however, was expected to be offset by re-appropriation of warrants from goods and services and capital expenditures.

To proactively manage these fiscal pressures, the Government introduced the 2018 Supplementary Budget, which approved a reduction in Capital Expenditure of K277.0 million and, together with the projected revenue increase of K671.1 million, provided the funding for the estimated increase in total expenditure.

These adjustments were necessary to ensure that the planned deficit declined slightly to K1,897.2 million, or 2.3 per cent of GDP.

In addition, the financing mix was altered in the supplementary budget to include the greater inflow of external financing from: the final tranche of the USD190.0 million from the Credit Suisse (Syndicated) Loan which was not budgeted in 2018 but received in the second quarter of the year; the additional USD50.0 million received from the World Bank in its budget support loan and the full USD500.0 million from PNG's issuance of its inaugural sovereign bond – which was above the programmed USD200.0 million.

In this respect, the supplementary budget programmed K800.0 million of the Sovereign Bond proceeds to be held in a trust account for use in 2019-20 and for K603.0 million in domestic debt redemptions. This amended financing amount, including the offsetting of the retention of funds in the bond trust account, was expected to result in the Debt to GDP ratio declining to 30.9 per cent.

1.2 Revenue

1.2.1 Total Revenue and Grants

Total Revenue and Grants for 2018 totalled K14,085.8 million, K685.5 million or 5.1 per cent higher than the 2018 Supplementary Budget estimate. It is also K2,560.7 million or 22.2 per cent higher than the revenue collected in 2017.

Excluding donor grants, domestic revenues are K125.6 million lower than the comparable supplementary estimate, despite a stronger contribution from personal income tax (PIT) receipts, mining and petroleum tax (MPT) receipts and higher than anticipated receipts from smaller taxes such as the dividend withholding tax, gaming machine tax, departure tax and international trade taxes such as import duties. Improved collections in these tax heads have compensated for lower than expected company income tax (CIT) receipts, goods and services tax (GST) receipts and excise duty. GST receipts totalled K2,067.1 million, K19.5 million or 0.9 per cent lower than the 2018 Supplementary Budget estimate.

Within the total revenue envelope, total tax collections were K10,475.9 million, K156.9 million or 1.5 per cent higher than the 2018 Supplementary Budget estimate of K10,319.0 million.

The higher than anticipated collections from MPT, PIT, Other Import Taxes and smaller taxes such as dividend withholding taxes, gaming machine and departure taxes were underpinned by the gradual recovery of the domestic economy, an improvement in the foreign exchange imbalance over the year and improvements to prices of PNG's major export commodities. These improvements have more than compensated the subdued performance in CIT and GST collections wherein both recorded lower collections compared to the 2018 Supplementary estimates highlighting the urgency and importance of improved compliance efforts by the IRC and Customs which is a major focus of the Medium Term Revenue Strategy 2018-22 (MTRS).

Of the K10,475.9 million, the Internal Revenue Commission (IRC) collected K8,543.3 million¹, K84.3 million or 1.0 per cent higher than the 2018 Supplementary Budget estimate. Compared to the 2017 Actuals, it was higher by K1,074.6 million or 14.4 per cent. Similarly, PNG Customs collected K1,929.8 million, higher by K82.9 million or 4.5 per cent against the 2018 Supplementary Budget estimate. Customs collections were higher by K264.3 million or 15.9 per cent against the 2017 actuals.

Other Revenues (Non-Tax revenue) totalled K1,774.3 million, which is lower by K282.4 million or 13.7 per cent against the 2018 Supplementary Budget estimate of K2,056.7 million. This was mainly attributed to lower than expected dividends and departmental fees and charges, despite the strong performance in PMMR statutory collections. Dividends totalled K1,033.5 million, lower by K396.5 million against the 2018 Supplementary Budget estimate of K1,430.0 million.

The decline in the expected dividend from Kumul Petroleum Holding Limited (KPHL) reflected the retention of the flow-through payment of dividends from the LNG project to support future investments by KPHL rather than a decline in the dividend received by PNG. Fees and Charges totalled K85.7 million, which is lower by K29.1 million compared to the 2018 Supplementary Budget estimate of K114.8 million. Moreover, collections from the recently introduced *PMMR Act* totalled K655.0 million, higher by K130.0 million or 24.8 per cent compared to the 2018 Supplementary Budget estimate.

Donor Grants totalled K1,835.7 million, higher by K811.1 million or 79.2 per cent against the 2018 Supplementary Budget estimate of K1,024.6 million. In the last two years, donor grant inflows have exceeded budget estimates.

Table 2: Total Revenue and Grants (Kina, Million)

	2017 Actuals	2018 Supp. Budget	2018 Outcome
Tax Revenue	9,141.4	10,319.0	10,475.9
<i>% of GDP</i>	12.1%	12.1%	12.7%
Other Revenue	943.8	2,056.7	1,774.3
<i>% of GDP</i>	1.2%	2.9%	2.2%
Grants	1,439.9	1,024.6	1,835.7
Total Revenue*	11,525.1	13,400.3	14,085.8

Source: Department of Treasury

*Total Revenue and Grants outcome is reported under the 2014 GFS reporting.

¹ Inclusive of GST & Bookmakers Turnover Taxes to Provinces

1.2.2 Tax Revenue

Taxes on Income, Profits and Capital Gains (TIPCG)

TIPCG amounted to K6,119.2 million, slightly higher than the 2018 Supplementary Budget estimate by K64.8 million or 1.1 per cent. It is also higher by K801.8 million or 15.1 per cent compared to the 2017 actuals.

The composition of this key revenue head indicates an increase in CIT of K138.9 million from K1,794.1 million in 2017 to K1,933.0 million in 2018. Relative to the 2018 Supplementary Budget estimate of K1,991.5 million, the CIT outcome for 2018 was slightly lower than expected by K58.5 million. The CIT outcome continues to be adversely affected by large companies carrying forward losses from the various economic shocks of 2016-17, as well as companies undertaking offsets instead of receiving GST refunds. However, there are a number of positive items:

- Mining and Petroleum taxes grew by K661.4 million compared to 2017 reflecting higher oil and gas prices and despite the additional earthquake costs;
- PIT grew slightly by K8.1 million or 0.3 per cent reflecting partly the increase in the civil service wage bill including the 3.0 per cent back pay;
- Other Import taxes which grew by K79.1 million reflecting increases in the values of imports; and
- Gaming Machine taxes which grew by K26.4 million compared to 2017.

Most items, except CIT, exceeded the 2018 Supplementary Budget projections highlighting a number of underlying factors including the increase in commodity prices early in 2018 and again towards the end of 2018 and IRC's increased compliance efforts that started at the beginning of the year. In addition, part of the low CIT collections highlighted the fact that the foreign exchange imbalance combined with weak consumer demand adversely affected business profitability in 2018.

Table 3: Taxes on Income, Profit and Capital Gains (Kina, Million)

	2017 Actuals	2018 Supp. Budget	2018 Outcome
Taxes on Income, Profits and Capital Gains	5,317.4	6,054.4	6,119.2
Personal Income Tax	3,093.8	3,050.5	3,101.9
Company Income Tax	1,794.1	1,991.5	1,933.0
Mining and Petroleum Tax	113.6	725.0	775.0
Royalties & Management Tax	42.7	43.9	43.9
Dividend Withholding Tax (Non-Mining)	181.7	136.9	154.6
Interest Withholding Tax	91.4	106.4	110.8
Tax Related Court Fines	0.0	0.0	0.0
Sundry IRC Taxes & Income	0.0	0.2	0.0

Source: Department of Treasury

Taxes on Payroll and Workforce

Payroll and Workforce tax collections, mainly through the Training Levy, amounted to K8.6 million, a shortfall of K1.3 million or 13.5 per cent from the 2018 Supplementary Budget estimate. Compared to the 2017 actual level, Payroll and Workforce tax was lower by K2.6 million. The lower than budgeted outcome reflects the phasing out of the Training Levy in 2018.

Table 4: Taxes on Payroll and Workforce (Kina, Million)

Tax on Payroll & Workforce	2017 Actuals	2018 Supp. Budget	2018 Outcome
Training Levy	11.2	10.0	8.6
Total	11.2	10.0	8.6

Source: Department of Treasury

Taxes on Goods and Services

Taxes on Goods and Services amounted to K3,537.3 million in 2018, which is slightly lower than the 2018 Supplementary Budget estimate of K3,542.3 million (see Table 5).

GST collections contributed 58.4 per cent to this revenue category, totalling K2,067.1 million, 0.9 per cent below the 2018 Supplementary Budget estimate - with moderate improvements to GST collections at the ports reflecting the improvement in the foreign exchange imbalance and compliance efforts by PNG Customs which offset slightly lower receipts from the provinces. Compared to the 2017 actuals, GST collections were higher by K198.3 million or 10.6 per cent.

GST collections at ports totalled K1,089.0 million, K53.6 million or 5.2 per cent higher than the 2018 Supplementary Budget estimate of K1,035.5 million.

At the time of the 2018 Supplementary Budget, increased compliance efforts with regards to GST collections at the ports were expected to offset the downward trend affected by subdued domestic business conditions. This expectation has materialised to a certain degree and is supported by the full year operation of the new CEF at Motukea.

Table 5: Taxes on Goods and Services (Kina, Million)

	2017 Actuals	2018 Supp. Budget	2018 Outcome
Taxes on Goods and Services	3,255.1	3,542.3	3,537.4
GST*	1,868.8	2,086.6	2,067.1
Stamp Duties	42.4	90.0	100.3
Excise Duty	757.3	793.9	774.0
Import Excise	347.8	297.3	300.8
Bookmakers' Turnover Tax	36.0	28.6	20.4
Gaming Machine Turnover Tax	178.7	181.0	205.1
Departure Tax	14.2	8.4	22.6
Motor Vehicle Tax	6.4	11.9	2.2
Other taxes on use of goods and on permission to use goods or perform activities	0.8	1.2	0.6
Other taxes on goods and services	2.7	43.4	44.3

Source: Department of Treasury

*The Gross GST of K2,067.1 million includes GST Transfers to Provinces of K501.5 million. Net GST Transferred into Waigani Public Account (WPA) amounted to K1,565.6 million.

Overall, compared with 2017, taxes on Goods and Services were higher by K282.2 million reflecting moderate improvements in GST receipts and improved collections across all other domestic goods and services, except import excise and BMTT, which were lower due to imposition of higher import excise rates on excisable imports in the 2018 Budget. The adverse impact of the foreign exchange imbalance was expected at the time to be the key underlying factor.

Taxes on International Trade and Transactions

Most tax heads under this category have performed strongly against the 2018 Supplementary Budget estimate. Taxes on International Trade and Transactions amounted to K810.7 million, higher than the 2018 Supplementary estimate by K98.4 million or 13.8 per cent (see Table 6).

Compared to 2017 actuals, tax on International Trade and Transactions was higher by K253.0 million or 45.4 per cent, with the increase in the major categories due to the earthquake remediation efforts, APEC related import spending, moderate improvements in the foreign exchange imbalance, full year Container Examination Facility (CEF) operation and the tax changes to the export of logs. It also reflected increased compliance efforts by Customs.

Table 6: Taxes on International Trade and Transactions (Kina, Million)

	2017 Actuals	2018 Supp. Budget	2018 Outcome
Taxes on Int'l Trade & Transactions	557.7	712.3	810.7
Import Duty	246.4	321.7	325.3
Other Import Taxes	14.0	0.0	93.0
Export Tax	297.3	390.6	392.4

Source: Department of Treasury

1.2.3 Grants

Donor Grants amounted to K1,835.7 million in 2018, with a large part of this sourced from the Australian Department of Foreign Affairs and Trade (DFAT). This outcome is higher than the 2018 Budget and Supplementary Budget estimate of K1,024.6 million by K811.1 million (see Table 7). Much of the increase reflected support for the earthquake and staging of APEC.

Table 7: Grants (Kina, Million)

	2017 Actual	2018 Suppl. Budget	2018 Outcome
GRANTS	1,439.9	1,024.6	1,835.7
From Foreign Governments	1,281.9	752.8	1562.4
Current	1,025.5	602.2	1249.9
Cash	0.0	0.0	0.0
In-Kind	1,025.5	602.2	1249.9
Capital	256.4	150.6	312.5
Cash	0.0	0.0	0.0
In-Kind	256.4	150.6	312.5
From International Organizations	158.0	271.8	273.3
Current	126.4	217.4	218.6
Cash	0.0	0.0	0.0
In-Kind	126.4	217.4	218.6
Capital	31.6	54.4	54.7
Cash	0.0	0.0	0.0
In-Kind	31.6	54.4	54.7

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

1.2.4 Other Revenue

Collections of Other Revenue (non-tax revenue) amounted to K1,774.3 million in 2018 which is lower than the 2018 Supplementary Budget estimate by K282.4 million or 13.7 per cent

(see Table 8) with the shortfall against the 2018 Supplementary Budget primarily reflecting lower than anticipated receipts from dividends and departmental fees and charges.

The dividends collected in 2018 amounted to K1,033.5 million, K396.5 million lower than the 2018 Supplementary Budget estimate of K1,430.0 million. However, against the 2017 actuals of K841.6 million, dividends are higher by K191.9 million or 22.8 per cent.

Of the K1,033.5 million in dividends collected in 2018, Kumul Petroleum Holdings Ltd (KPHL) paid K452.0 million, the National Fisheries Authority paid K280.0 million, the Ok Tedi Mine Limited paid K201.5 million and the Bank of PNG (BPNG) paid K100.0 million. The shortfall in expected payments by KPHL reflected the retention of dividends from the LNG project by KPHL rather than a shortfall of dividends into PNG from the project. No dividends were received from Kumul Consolidated Holdings Limited (KCHL) in 2018.

Fees and Charges amounted to K85.7 million, lower by K29.1 million against the 2018 Supplementary Budget estimate of K114.8 million. This is mainly attributed to weak collections from land lease rentals, administrative fees and work permits, and delays in balance transfers from State entities.

Table 8: Other Revenue (Kina, Million)

	2017 Actuals	2018 Supp. Budget	2018 Outcome
OTHER REVENUE	943.8	2,056.7	1,774.3
Property Income	860.9	1,450.6	1,063.6
Interest	0.0	0.7	0.0
Dividends	841.6	1,430.0	1,033.5
<i>Mining Petroleum and Gas Dividends</i>	<i>562.3</i>	<i>900.0</i>	<i>653.5</i>
<i>Dividends from Statutory Authorities</i>	<i>279.3</i>	<i>500.0</i>	<i>380.0</i>
<i>Dividends from State Owned Enterprises</i>	<i>0.0</i>	<i>30.0</i>	<i>0.0</i>
<i>Other Dividends</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Rent	19.3	19.9	30.1
Sales of goods and services	62.8	63.3	32.2
<i>Administrative fees</i>	<i>22.9</i>	<i>27.5</i>	<i>8.2</i>
<i>Incidental sales by nonmarket establishments</i>	<i>39.9</i>	<i>35.8</i>	<i>24.0</i>
Fines, penalties, and forfeits	1.6	1.0	2.5
Transfers not elsewhere classified	18.5	541.8	675.9
<i>Current transfers not elsewhere classified</i>	<i>18.5</i>	<i>541.8</i>	<i>675.9</i>

Source: Department of Treasury

Box 1: 2018 Dividend Outcome (Kina, Million)

Property Income	2017 Actual	2018 Sup. Budget	2018 Outcome	Variation
Total Dividend	841.6	1430.0	1033.5	-396.5
Mining and Petroleum Dividends	562.3	900.0	653.5	-246.5
Ok Tedi Mining Limited	262.3	200.0	201.5	1.5
Kumul Petroluem Holdings Limited	300.0	700.0	452.0	-248.0
Dividends from Statutory Authorities	279.3	500.0	380.0	-120.0
Bank of Papua New Guinea	100.0	100.0	100.0	0.0
National Fisheries Authority	179.3	400.0	280.0	-120.0
National Gaming Board	0.0	0.0	0.0	0.0
Dividends from State Owned Enterprises	0.0	30.0	0.0	-30.0
Kumul Consolidated Holdings Limited	0.0	30.0	0.0	-30.0
Motor Vehicles Insurance Limited	0.0	0.0	0.0	0.0
Other Dividends	0.0	0.0	0.0	0.0

Total Dividend payment to the State for the 2018 financial year (FY) amounted to K1,033.5 million which represented a shortfall of K396.5 million from the 2018 Supplementary Budget estimate of K1,430.0 million. The shortfall is largely due to lower than expected dividend payments from Kumul Petroleum Holdings Limited (KPHL) and Kumul Consolidated Holdings Limited (KCHL).

The KPHL projected dividend for the 2018 Supplementary Budget was K700.0 million against the original projection of K300.0 million. A further K400.0 million was added during the supplementary budget process based on information that KPHL was receiving dividends from the PNG LNG project developer in December 2018.

Of the projected K700.0 million, only K452.0 million (64.6 per cent) was paid into the consolidated account (WPA), while K50.0 million was paid directly into the 2018 Earthquake Disaster Restoration Trust Account held in a commercial bank and therefore was not recorded as dividend proceeds to the Government in 2018. This resulted in a total of K248.0 million in dividend shortfalls from KPHL which accounted for 62.5 per cent of the total SOEs' dividend shortfall.

Although KPHL had the capacity to meet its entire 2018 dividend obligation, its decision to pursue State's equity participation in the emerging petroleum and gas projects has resulted in the K248.0 million shortfall. KPHL accounts are not included in the Government's accounting framework for budget purposes.

The National Fisheries Authority (NFA) shortfall of K120.0 million is being partially offset with NFA transfers into the PMMR revenues. Going forward, NFA related monies paid to the State will correctly be reported as transfers to the State other than dividends.

The non-payment of the KCHL dividend in 2018 reflects the challenging financial performance of major SOEs including Air Niugini and PNG Power and KCHL debt service obligations which more than offset the net profits made by contributing SOEs such as MVIL and the BSP shareholding.

Box 2: 2018 PMMR Transfers to Waigani Public Account (Kina, Million)

PMMR Transfers	2018 Sup Budget	2018 Outcome	Variation
National Fishery Authority	400.0	458.9	58.9
National Gaming & Control Board	75.0	0.0	-75.0
National Maritime & Safety Authority	10.0	135.1	125.1
Mineral Resource Authority	30.0	1.4	-28.6
Conservation & Environment Protection Authority	10.0	0.0	-10.0
NAQIA	0.0	7.1	7.1
National Forest Authority	0.0	0.0	0.0
Immigration & Citizenship Service Authority	0.0	5.6	5.6
Department of Labour	0.0	48.4	48.4
Others	0.0	0.0	0.0
Total Transfer to PMMR Holding Account		656.5	
Total Transfer to WPA	525.0	655.0	130.0
Balance in PMMR Holding Account		1.5	

Revenue collected as PMMR transfers into the Waigani Public Account (WPA) amounted to K655.0 million in 2018, higher by K130.0 million compared to the 2018 Supplementary Budget estimate of K525 million. Refer to above table on details per Statutory Authority.

The outcome of K655.0 million represents 99.8 per cent of the PMMR revenue sweep into the PMMR Holding Account from July to December 2018.

1.3 Expenditure and Net Lending

Total Expenditure and Net Lending in 2018 was K16,134.2 million which, when compared to the 2018 Supplementary Budget estimate of K15,297.5 million, is K836.7 million or 5.5 per cent higher. This reflects higher operational expenditure especially higher Compensation of Employees (PE) expenditure, higher concessional loan drawdown related expenditures and Donor Support Grants which more than offset lower domestically financed capital expenditure.

Compared to the 2018 Original Budget estimate of K14,717.9 million, the 2018 outcome is higher by K1,416.3 million or 9.6 per cent. Similarly, it is higher by K2,814.5 million or 21.1 per cent from the 2017 outcome with the increase the result of the Government's and Donors' increased APEC preparation related spending and humanitarian assistance to the February earthquake in Hela, Southern Highlands, and Western Provinces.

It also reflects the Government's strong commitment in growing the economy by increasing productive expenditures and reducing arrears (Utilities, Rentals, Exit Payments, etc) aided by increased revenue collection and increased concessional loan drawdowns.

Table 9: Expenditure by Funding Source 2017-18 (Kina, Million)

Sources of Funding	2017 Actuals	2018 Supp. Budget	2018 Outcome
Domestic Funding	11,303.7	13,679.0	13,506.8
Operational ¹	10,152.3	11,058.1	11,466.1
Capital Investment	1,151.4	2,620.9	2,040.7
Project Support Grants*	1,439.9	1,024.6	1,835.7
Concessional Loans**	576.1	593.9	791.6
Total Expenditure and Net Lending	13,319.7	15,297.5	16,134.1
% of GDP	17.6%	18.6%	19.6%

Source: Department of Treasury

¹Inclusive of GST and Book makers Turn over tax to provinces in compliance with the 2014 GFS reporting requirement. Plus the debt

servicing of interest payment component.

As at the end of 2018, domestically funded expenditure (i.e. GoPNG expenditure) was K13,506.8 million, K172.2 million or 1.3 per cent lower than the 2018 Supplementary Budget appropriation of K13,679.0 million, driven by tighter expenditure controls resulting in a slowing down of the year-on-year growth rates of a number of expenditure heads. However, PE expenditure continued to grow.

Compared to the 2018 Original Budget, PE expenditure increased by K1,044.7 million or 25.2 per cent. The original 2018 Budget did not program the substantial increase in employment of staff in the teaching, health, disciplined forces and revenue collection agency areas, or the 3.0 per cent pay rise back-dated to 1st January 2017 or the court determined Nambawan Super Limited (NSL) exit payment debt.

These were policy decisions made in the second half of the year.

The increase was despite firmer controls being introduced into the system late in the fiscal year.

Table 10: Staff on Strength – Main Alesco Payroll Groupings*

Payroll Category	2017	2018	% Total Payroll	% Contribution to Increase
Teachers	60,340.0	62,021.0	51.7	34.7
National Departments	9,120.0	9,247.0		
Provincial Administrations	6,537.0	6,085.0		
Public Service Sub Total	15,657.0	15,332.0	12.8	(6.7)
PHAs and Hospitals	12,786.0	14,244.0	11.9	30.1
Disciplined Forces	12,163.0	13,603.0	11.3	29.7
Law & Justice	13,239.0	13,137.0	10.9	(2.2)
IRC & Customs Revenue	1,018.0	1,711.0	1.4	14.3
Total All Agencies in Alesco	115,205.0	120,048.0	100.0	100.0

* As at Pay 21, 2018. Data supplied by Department of Personnel Management

The 2018 PE outcome is K5,198.4 million, which is K534.9 million higher than the 2018 Supplementary Budget of K4,663.4 million. Compared to the 2017 outcome, PE expenditures have increased by K823.8 million. The increase on the 2017 actuals (see table 11) is comprised of:

- i. additions to staff on strength in the teaching, health, disciplined forces and revenue collection agencies where over 5,000 new employees were added to the payroll. The costs of this increase in staff amounted to an estimated K240.0 million which was not appropriated in the 2018 Budget;
- ii. The 3.0 per cent pay rise granted to civil servants for 2017 and paid in the second half of 2018 and back dated to the beginning of 2017. This is estimated to have amounted to K160.0 million and was not appropriated in the 2018 Budget;
- iii. The higher payment of the State's share for superannuation as a result of the increase in staff and the pay rise. This is estimated to have amounted to K25.0 million, again not appropriated in the 2018 Budget;

- iv. Increases in Staffing Grants, Leave Fares and Wage allowances that amounted to K43.1 million due to the increase in staff and level of activity due to the earthquake and APEC, again not appropriated;
- v. The increased amount paid to cover the NSL superannuation exit payment arrears up until end 2018 as a result of the court determination in January 2018 which amounted to K230.1 million. This was not appropriated as it depended on the outcome of the court hearing; and
- vi. An amount of K125.0 million which was expected to be obtained from improved control measures, but which was not forthcoming because of the underlying structural elements which will require a policy change on staffing intakes to the main priority sectors.

Both the Organisational Staffing & Personnel Emolument Audit Committee (OSPEAC) and the Public Sector Organisational Reform Taskforce (PSORT) have been tasked with the audit of the payroll and to provide recommendations to reduce waste and introduce improved system controls, and to address the structural issues related to public service intake onto the payroll and the timing of pay increases. The implementation of the MTFS, a component of which relates to the control of PE expenditures, remains a key government priority.

Consequently, the reform efforts through the OSPEAC will be scaled up accordingly, including overhauling the payroll process with the aim to control salaries and wages by warrants and hard ceilings and strengthening of recruitment policies relating to essential services such as teachers, health workers and law enforcement agencies.

Table 11: Major Increases in PE (Kina, Million)

	2017 Actuals	2018 Supp. Budget	2018 Outcome	Variance
Salaries & Allowance	3,438.7	3,525.6	3,908.5	382.9
			<i>of which:</i>	
			<i>Additional Staff (5,000)</i>	250.0
			<i>3% Pay Rise (Back pay)</i>	156.0
			<i>Additional Staffing Grant & Wages (Provs)</i>	43.1
Wages (STC)	116.2	115.7	116.4	0.7
State Share 8.4%, NSL	229.0	145.5	254.3	108.8
			<i>of which:</i>	
			<i>Additional (3% & Staff)</i>	25.3
Leave Fares	107.4	127.5	122.8	-4.7
Others**	105.0	45.1	98.0	53.0
CSA (Salaries)	290.1	406.5	400.8	-5.7
State Super Exit Payment	90.0	297.5	297.5	0.0
			<i>of which:</i>	
			<i>Past Exit Arrears</i>	230.3

Total PE	4,376.4	4,663.4	5,198.3	534.9
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Source: Department of Treasury

***Other PE items comprise of over time, other social benefits deductions (DFRBF and Former Constitutional Office Holders' Pension), Parliamentary Services, ABG electoral and community affairs.*

The overall outcome of Compensation to Employees compared to the MTFS targets (≤ 40.0 per cent of non-resource revenue or ≤ 6.0 per cent of GDP) are marginally higher by 0.7 percentage points and 0.3 percentage points, respectively.

Detailed data on expenditure on Goods and Services and PE for all agencies is reflected in Part 2 of this document.

Total capital investment expenditure, comprising domestically funded and funding through concessional loans and project support grants from donors was K4,668.0 million in 2018, K428.6 million or 9.2 per cent higher than the 2018 Supplementary Budget estimate of K4,239.4 million. The domestically funded investment underspending of K580.2 million was more than compensated by higher drawdowns from concessional loan funded investments by K197.8 million and donor grant investments by K811.1 million reflecting the Government's strategy to stabilise its spending while partnering with donors to finance and implement a number of priority projects.

Compared to the 2017 outcome, total capital investment increased by K1,500.6 million in 2018, taking into account the higher loan drawdowns to fund critical infrastructure projects and higher grant expenditure due to humanitarian aid provided by the donors. This highlights the Government's commitment to reduce the stock of undisbursed concessional loans, effective cooperation with development partners and the clear intention to support economic development over the medium term if the funding is available.

The donor grant and concessional loan related expenditures were higher relative to the 2018 Supplementary Budget estimates. The increased expenditure in donor grants is due to humanitarian aid by donors to disaster affected areas, preparation of the 2018 APEC Leaders' Summit and related meetings and the polio immunisation program following the polio outbreak.

The domestically funded capital investment final outcome was K2,040.7 million, K580.2 million or 22.1 per cent lower than the 2018 Supplementary Budget estimate of K2,620.9 million reflecting careful reprioritisation of key national infrastructure projects, refocusing capital investment on projects with higher implementation and disbursement rates and limiting expenditure on non-productive capital expenditure. Domestic capital expenditure in 2018 was spread across the sectors (see Table 12).

Table 12: Capital Expenditure by Sector [Excluding Donor Grants, and Concessional Loans] (Kina, Million)

Sector	2018 Budget	2018 Supp. Budget	2018 Outcome	Over (+) Low (-) Against Suppl.
Administration	366.2	377.8	360.3	-17.5
Community & Culture	29.0	29.0	29.0	0.0
Economic	365.1	228.1	228.5	0.4
Education	166.0	131.6	127.6	-4.0

Health	202.8	137.4	137.1	-0.3
Law & Justice	148.9	109.6	109.3	-0.3
Provinces	1,314.4	1,229.9	826.4	*-403.5
Transport	304.0	263.5	108.5	** -155.0
Utilities	129.0	114.0	114.0	0.0
Total	3,025.4	2,620.9	2,040.7	-580.2

Source: Department of Planning

Table 12 Reflects Supplementary Budget adjustments as well as Section 4 Transfers where some expenditures were transferred from the Capital to Operational Budget to cater for certain Government priorities such as Boram Hospital, APEC, Utilities and others. More details in Part 2 (Section 3 and Section 4 Transfers).

* Of which K393.0 million was paid in early 2019

** Of which K140.0 million Department of Works and K12.0 million for National Airports Corporation was paid in early 2019.

The Economic and Infrastructure sectors remain priorities for the Government along with Health and Education and these sectors were sufficiently funded in 2018. The Provincial sector² includes the DSIP and PSIP funds, which were also adequately funded in 2018 to improve service delivery in the provinces and districts.

The net concessional loan funded capital investment was K791.7 million in 2018, K197.7 million higher (33.3 per cent) than the 2018 Supplementary Budget estimate of K593.9 million due to improved project implementation. Compared to 2017, drawdown rates were higher, reflecting successful efforts to meet counterpart funding requirements.

Projects fully funded via concessional loans and not requiring counterpart funding also contributed to better loan drawdowns. The higher outcome is a positive trend, indicating higher implementation rates for projects, thus allowing the Government to drawdown undisbursed loan balances³.

The outturn of the project support grant expenditure was K1,835.7 million in 2018, K811.1 million or 79.2 per cent higher than projected in the 2018 Supplementary Budget of K1,024.6 million.

The additional funding was received through the humanitarian aid and emergency response, and through the preparation for the 2018 APEC Summit.

The international community mobilised funds and worked closely with the Government to relieve the consequences of the devastating earthquake in February 2018 and the polio outbreak, and restore infrastructure and service delivery to the affected provinces. Joint efforts to ensure nationwide polio immunisation will continue in 2019.

Table 13: Project Support Grants by Donor (Kina, Million)

Donor	2018 Supp. Budget	2018 Outcome
Australia ⁴	643.0	1,243.1
Japan	63.7	72.3
European Union	135.6	107.7
United Nations ⁵	120.0	165.6

² Full appropriation for SIPs to Provinces for 2018 was fully funded, however, a total of K393.0 million was paid in early 2019

³ Loans already signed but yet to drawn down.

⁴ Includes Australia's contribution to PNG UN Country Fund and the World Bank

⁵ Excludes funding from PNG UN Country Fund, as it is reported by Australia

United States of America	0.0	24.7
New Zealand	43.7	85.2
China	2.5	137.1
Asian Development Bank	9.3	0.0
World Bank ⁶	6.9	0.0
Total	1,024.6	1,835.7

Source: Development partners' estimates as of 15 February, 2019.

The National Departments' and the Commercial and Statutory Authorities' (CSA) expenditure outcomes against the 2018 Supplementary Budget were higher by K127.2 million and K96.8 million, respectively. Similarly, the total expenditure outcome for the Autonomous Bougainville Government (ABG) was higher by K10.6 million. However, Provincial Government expenditure was lower by K404.7 million or 10.5 per cent reflecting lower spending in capital projects in provinces. In total, the GoPNG expenditure outcome was lower by K172.2 million.

Compared to the 2017 outcomes, GoPNG funded expenditure has increased for all agency types: National Departments (higher by K1,017.9 million), Provincial Governments (higher by K385.5 million), CSAs (higher by K441.3 million) and ABG (higher by K60.7 million). The big increase for the National Departments was predominately due to an increase in PE and funding of some of the arrears, such as rental and superannuation exit payments⁷ accumulated from past years.

Table 14: GoPNG Expenditure by Agency Type 2017-18 (Kina, Million)

Agency Type	2017 Actuals	2018 Supp. Budget	2018 Outcome
National Departments	5,728.3	6,730.4	6,746.2
Provincial Government ¹	3,178.4	3,856.3	3,560.9
Autonomous Bougainville Govt.	165.2	213.2	225.9
Commercial & Statutory Authority	597.9	942.4	1,039.0
Interest Payment*	1,633.9	1,936.7	1,934.7
Grand Total	11,303.7	13,679.0	13,506.8

Source: Department of Treasury

*Includes debt-related fees and charges

¹Inclusive of GST and Book makers Turn over tax to provinces in compliance with the 2014 GFS reporting requirement.

Total debt services' expenditure (interest and fees & charges) in 2018 was K1,934.7 million, representing an increase of K300.8 million or 18.4 per cent in total financing costs compared with 2017. Of the K1,934.7 million, total interest cost was K1,853.3 million domestic interest costs accounted for K1,642.8 million and external interest costs accounted for the remaining K210.5 million.

The increase in domestic interest costs reflected higher interest and related costs from an increase in domestic interest rates and yields, as well as an increase in the frequency of refinancing or rolling over of Treasury Bills. It also includes the interest and late interest penalties on state guaranteed loans by the National Capital District Commission (NCDC), KCHL and the Solwara1 mining project.

⁶ ADB and World Bank estimates exclude funding from Australia

⁷ This arrears relates to State's Employer Superannuation contribution (8.4%) paid by NSL upon members' exit (retirement) on State's behalf owed to NSL

The higher external interest costs reflected higher concessional and commercial loan drawdowns in 2017 and the depreciation of the Kina over 2018 against the US Dollar. In addition, K81.4 million of the increase in external debt costs related to external borrowing related charges as well as management and penalty fee charges on PNG for not drawing down on existing concessional loans. In this latter respect, the total amount of undisbursed loans to date is K7.7 billion.

The Department of Treasury, as part of its MTdS (2018-22), is developing a strategy to minimise these costs.

Table 15: GoPNG Domestic Funding by 2014 GFS Functional Classification of Expense by Economic Item Type 2017-18 (Kina, Million)

Economic Item	2017 Actual	2018 Suppl. Budget	2018 Outcome
Compensation of Employees	4,376.3	4,663.4	5,198.3
% of GDP	5.8	5.7	6.3
Wages and salaries	4,201.1	4,150.2	4,485.5
Wages and salaries in cash	4,093.7	4,028.3	4,362.7
Wages and salaries in kind	107.4	122.3	122.8
Employers' social contributions	175.2	513.2	712.8
Actual employers' social contributions	175.2	513.2	712.8
Use of goods and services	3,365.0	4,157.4	3,888.9
% of GDP	4.4	5.0	4.7
Use of goods and services	3,365.0	4,157.4	3,888.9
Grants	1,342.9	1,724.4	1,394.7
Grants to other general government units	1,342.9	1,724.4	1,394.7
Interest*	1,524.9	1,873.6	1,853.3
To non-residents	168.9	321.1	210.5
To residents other than general government	1,356.0	1,552.5	1,642.8
Net Acquisition Nonfinancial assets	601.2	654.2	564.3
Acquisition of Fixed assets (Buildings and Structures)	601.2	654.2	564.3
Other expenses	93.3	98.0	90.7
Transfers not elsewhere classified	93.3	98.0	90.7
Grand Total	11,303.6	13,167.1	12,994.9

Source: Department of Treasury

*Captures pure interest payments. Other debt service related costs are captured under Uses of Goods and Services.

*Bookmakers Turnover Tax and GST Transfers are excluded in this table as there are insufficient data on how these funds are being spent at the provincial level.

The Use of Goods and Services expenditure outcome was K3,888.9 million, K268.5 million or 6.5 per cent lower than the 2018 Supplementary Budget estimate of K4,157.4 million. The lower outcome reflects the Government's commitment to keeping spending levels lower by way of strict control over warrants and other discretionary expenditures. This has allowed the Government to deliver on its priority commitments in 2018, especially TFF, Medical Drugs, APEC hosting and, at the same time, create savings to offset some of the increase in PE in 2018.

Compared to the 2017 actuals, it is K523.9 million or 15.6 per cent higher which reflects the cost of the APEC meetings, disaster relief efforts, TFF and the Government's approach to gradually reduce arrears accumulated over the past few years (see Table 16).

Table 16: Selected Key Expenditure Items – 2018 (Kina, Million)

2018 Key Expenditures	2018 Budget	2018 Suppl. Budget	2018 Outcome	Overspent (+) Underspent (-)
SIPs	1,174.40	1,163.90	764.90	*-399.0
TFF	602	620.7	620.7	0.0
Functional Grants (Prov.)	500.3	504.3	503.8	-0.5
APEC	270	309.5	302.8	** -6.7
Rentals	236	270	208.0	***-74.0
Medical Drugs	214.5	259.5	257.9	-1.6
Utilities	109.8	226.3	199.2	****-27.2
Arrears	90	31.6	64.8	33.2

Source: Department of Treasury

*Of which, K393.0 million was paid in early 2019.

**Of which K6.7 million was paid in early 2019

***Of which K74.0 million was paid in early 2019

**** Of which K27.1 million was paid in early 2019

The 2018 outcome for GoPNG Grants⁸ (transfers to other Government units) was K1,394.7 million, lower by K325.7 million or 18.9 per cent compared to the 2018 Supplementary Budget estimate. However, it is higher by K51.8 million or 3.9 per cent compared to the 2017 outcome due to fully funding the 2018 functional grants to the provinces.

The 2018 outcome for GoPNG's Net Acquisition of Nonfinancial Assets⁹ expenditure was K564.3 million, K89.9 million or 13.7 per cent lower than the 2018 Supplementary Budget estimate of K654.2 million. This was largely underpinned by the limiting of expenditure on non productive capital expenditures. Similarly, it is K36.9 million or 6.1 per cent lower than the 2017 outcome.

Despite the lower outcome compared to the 2018 Supplementary Budget, key infrastructure developments were delivered in 2018, including the upgrading and rehabilitation of Jackson's International Airport (K65.0 million), the Court House design and maintenance (K59.0 million), the Districts and Rural Hospital Development (K41.0 million), the Western Pacific University (K38.5 million), and the Lae–Nadzab Road (4 lane) (K14.0 million). It further reflects capital projects undertaken in the form of direct and/or counterpart funding for loan funded projects, especially APEC-related capital investment programs as well as including the capital investment programs undertaken at the district and provincial levels through the Services Improvement Program (SIP).

1.4 Financing

The net borrowing (deficit) outcome for 2018 was K2,048.4 million or 2.5 per cent of GDP that needed to be financed.

Actual net incurrence of liabilities (i.e. borrowing) for 2018 was K3,277.0 million with K1,228.6 million of the funds raised retained in the trust accounts for financing the 2019 Budget, resulting in net drawdowns to the Budget of K2,048.4 million. These drawdowns resulted in a debt to GDP ratio of 31.1 per cent, lower than the 2018 Budgeted ratio of 32.2 per cent (using the

⁸ Given the incorrect classification of Economic item codes to its description in IFMS, significant amount of Grants is classified under the Use of Goods and Services.

⁹ Asset with physical value

2018 GDP projections and the 2017 debt stock estimate in the 2018 Budget) or 31.9 per cent if the 2017 debt stock outcome is also incorporated.¹⁰.

In this regard, the Government remains well within the FRA statutory debt band of 30-35 per cent of GDP and is on track to reach the lower 30.0 per cent limit of the band over the MTdS time horizon.

The targeted compositional shifts between external and domestic debt and within the domestic debt portfolio and the increase in external financing at lower costs have both been achieved. In this respect, the operationalisation of the MTdS 2018-22 strategies are also clearly well on track with positive results in terms of lower funding costs and lower risks now coming through and these positive results are expected to increase over the medium term.

The development of the financial sector, which was previously delayed because of the instability in the domestic securities and foreign exchange markets, will now gather pace, as these markets have been stabilised.

The additional external financing included: the delayed final tranche of USD190.0 million from the Credit Suisse (Syndicated) Loan which was not budgeted in 2018 but received in the second quarter of the year; the first tranches of the ADB and World Bank budget support loans which amounted to USD100.0 million and USD150.0 million respectively - with the World Bank having increased its budget support loan from USD100.0 million programmed in the 2018 Budget to USD150.0 million to provide additional assistance to cover earthquake expenditures; and USD500.0 million from PNG's issuance of its inaugural sovereign bond – above the programmed USD200.0 million due to enthusiastic international demand and minimum large institutional requirements.

Support for the Government's fiscal and financing policies was clearly shown in the very competitive interest rates achieved for a first time issuer in a challenging international market and this support has continued subsequently with secondary yields falling further by over 100 basis points by end-March 2019.

In February 2019, Moody's Investor Service improved its credit opinion rating on PNG, again providing strong support for the Government's fiscal and financial management.

1.4.1 Net Financing

The net financing requirement for 2018 was K2,048.4 million, which was a modest increase against the 2018 Budget of K1,987.2 million and the 2018 Supplementary Budget of K1,897.2 million.

Net liabilities from external sources increased by K3,596.3 million, of which K1,228.6 million was retained in the Sovereign Bond and WB Group trust accounts, resulting in a net external drawdown to the budget of K2,367.7 million. The larger than programmed shift to external financing not only resulted in an accumulation of balances at year end, but also facilitated a fall in net domestic financing of K319.3 million.

The containment of the budget deficit and these financing trends are in accordance with the MTdS 2018-22.

¹⁰ Using 2017 actual debt stock data which was not available at the time of the 2018 Budget and revised GDP figure.

The clear shift from domestic financing to external financing is in stark contrast to previous outcomes where net domestic financing represented well over 60.0 per cent of net financing. This shift to external financing has provided critical financing for the budget and particularly for the Government's spending priorities, ameliorated pressure on the domestic debt market and underpinned the substantial reduction in the foreign exchange imbalance.

Table 17: Financing Sources 2017 – 2018 (Kina Million)

	2017 Actuals	2018 Supp. Budget	2018 Outcome
Net Domestic Borrowing	736.2	-603.4	-319.3
Net External Borrowing	878.0	3,300.6	3,596.3
Less Cash Balances from Ext Loans	0.0	-800.0	-1,228.6
Total Net Borrowing	1,614.2	1,897.2	2,048.4
% GDP	2.4	2.3	2.5

Source: Department of Treasury

1.4.2 External Financing

Over the year to end December 2018, the total (new) gross external drawdowns was K3,906.2 million, which is K2,756.8 million higher than the 2017 actuals, K2,632.5 million higher than the original 2018 Budget, and K304.6 million higher than the 2018 Supplementary Budget projection. The higher gross borrowing amount reflected receipt of a higher Sovereign Bond amount, an additional amount from the WB Group to assist in the earthquake recovery efforts, receipt of the final tranche of the Credit Suisse loan which was originally programmed for 2017, and additional concessional financing to assist with the earthquake recovery efforts and APEC Summit preparations.

External debt repayments totalled K309.9 million.

In line with the MTFS and MTdS 2018-22, around one-third of this additional external funding that was surplus to programmed budget requirements in 2018 was retained in trust accounts at end 2018 for financing subsequent budgets. This is how the Government's prudent approach to financing and debt management has been maintained.

Of this gross external financing, concessional loan drawdowns were K791.7 million, up 33.3 per cent on the 2018 Budget and represented 20.3 per cent of new external borrowing compared with 69.8 per cent in 2017. Compared to 2017 actuals, concessional loan drawdowns were 1.3 per cent higher.

The higher than budgeted amount reflects, in part, higher disbursement rates due to the earthquake recovery efforts and the APEC Summit preparations and, in part, to higher disbursements towards the end of the year for a number of large infrastructure projects, including the National Broadband Network Project, the Kokopo Town Sewerage project, the PNG National Submarine Fibre Cable Network Project, the Nadzab Airport Redevelopment Project, the Port Moresby Sewerage Project and the Civil Aviation Development Investment Program (CADIP) (funded by the Asian Development Bank).

Importantly, extraordinary financing in the form of budget support was received as programmed from the Asian Development Bank (first tranche USD100.0 million) and from the World Bank (first tranche USD150.0 million). The World Bank originally programmed loan was for a first tranche of

USD100.0 million, but the amount was subsequently increased to USD150.0 million to assist in earthquake remedial efforts.

These very low-interest rate loans were the first budget support loans from these institutions in nearly 20 years and is a testament to the improved relations with these important institutions and their concurrence with the Government's robust medium term fiscal reform and financing programs. Extraordinary financing from these institutions accounted for 21.1 per cent (K822.3 million) of the new gross external borrowing in 2018.

New gross external borrowing of K619.9 million (15.9 per cent of gross external borrowings in 2018) was due to the disbursement of the final tranche of the Credit Suisse (Syndicated) Loan in 2018 which was originally programmed for 2017.

The issuance of PNG's very successful inaugural Sovereign Bond amounted to USD500.0 million (K1,672.2 million) or 42.8 per cent of gross external borrowings in 2018.

The higher than budgeted amount reflected the need to offer a higher amount to attract large-scale reputable institutional investors – which was achieved. The issuance has since attracted major international awards and by end-March 2019 is trading over 100 basis points below its issuance yield, again testament to the Government's prudent and accountable fiscal and financing policies.

Total external principal repayments was K309.9 million in 2018, an increase of K38.6 million compared to the 2017 outcome and K8.9 million above the 2018 Supplementary Budget projections.

Although a significantly higher gross external borrowing amount was achieved in 2018, a third (K1,228.6 million) of this amount was retained in the Sovereign Bond, the WB trust accounts and other public accounts to assist in financing subsequent budgets as programmed in the MTFS 2018-22.

Table 18: External Borrowing and Principal Repayments 2017 - 2018 (Kina, Million)

	2017 Actuals	2018 Supp. Budget	2018 Outcome
New External Borrowing	1,149.3	3,601.6	3,906.2
Concessional Financing	802.4	594.0	791.7
Commercial Financing	346.9	587.0	619.9
Exceptional Financing	0.0	820.0	822.3
External Securities (Bond)	0.0	1,600.6	1,672.2
Repayment of Principal	-271.3	-301.0	-309.9
Less Cash Bal Ext Loans	0.0	-800.0	-1,228.6
Net External Drawn Borrowing	878.0	2,500.6	2,367.8

Source: Department of Treasury

1.4.3 Domestic Financing

New domestic borrowing for 2018 totalled K12,178.8 million, K357.0 million or 2.8 per cent lower than the 2017 outcome but was offset by principal repayments amounting to K12,498.1 million, resulting in a net redemption of K319.3 million. This reflected the containment of the budget deficit in 2018 and the debt management policy shift away from domestic financing towards higher external financing to relieve pressure on the domestic treasury market and provide the necessary liquidity to underpin a substantial reduction in the foreign exchange imbalance.

Within the net domestic redemptions of K319.3 million, the total net redemptions of Treasury Bills amounted to K516.9 million, whilst the net issuance of Treasury Bonds amounted to K343.6 million. Additional treasury securities were issued to finance a called guarantee of K146.0 million covering a principal payment associated with a BSP-NCDC road construction loan.

The net redemption of domestic debt was funded in part from the ADB budget support loan and the final tranche of the Credit Suisse loan. This resulted in a Net Domestic Repayment of K319.3 million, compared with the earlier projected net issuance of K373.8 million projected in the 2018 Budget.

Table 19: Domestic Borrowing and Principal Repayments 2017 - 2018 (Kina, Million)

	2017 Outcome	2018 Supp Budget	2018 Outcome
New Domestic Borrowing	12,535.8	9,453.8	12,178.8
Treasury Bills Financing	11,648.1	9,054.9	11,178.8
Treasury Bonds Financing	887.7	398.9	1,000.0
Repayment of Principal	-11,799.5	-10,057.2	-12,498.1
Treasury Bills Maturities	-11,117.2	-9,358.3	-11,695.7
Treasury Bonds Maturities	-682.3	-698.9	-656.4
Contingent Liab Payments	0.0	0.0	-146.0
Net Domestic Borrowing	736.2	603.4	-319.3

Source: Department of Treasury

1.4.4 Debt Service

Total Debt Service comprises repayments of principal, interest and other fees and charges related to public debt. Over the year to end 2018, the repayment of principal totalled K12,808.0 million (6.1 per cent higher than in 2017), which comprised K309.9 million for external repayments and K12,498.1 million for domestic repayments.

Total interest and fees paid in 2018 was K1,934.7 million representing an increase of K300.8 million or 18.4 per cent in total financing costs compared with 2017.

Domestic interest costs accounted for K286.3 million of the increase reflecting higher interest and related costs from an increase in domestic interest rates and yields, as well as an increase in the frequency of refinancing or roll-over of Treasury Bills. In addition, a payment of K81.5 million was paid to cover interest and late penalties on guaranteed loans by the National Capital District Commission (NCDC), KCHL and the Solwara1 mining project.

External interest costs accounted for K41.6 million of the increase in interest costs reflecting higher concessional and commercial loan drawdowns in 2017 and the depreciation of the Kina over 2018 against the USD. In addition, K81.4 million of the increase in external debt costs related to external borrowing related charges associated with the Credit Suisse loan and the sovereign bond issuance program, as well as management and penalty fee charges to PNG for not drawing down on existing concessional loans. In this latter respect, the total amount of undisbursed loans to date is K7.7 billion.

The Department of Treasury, as part of its MTdS, is developing a strategy to minimise these costs.

Table 20: Interest and Fees – 2017 (Kina, Million)

	2017 Outcome	2018 Outcome
Domestic		
Interest and other fees paid	1,361.2	1,647.4
Adjustments:		
Interest accrued on issuance ¹	-18.2	-18.9
Net discount/premium on issuance ²	13.0	14.3
Total Domestic	1,356.0	1,642.8
External		
Interest	168.9	210.5
External Borrowing related charges	109.0	81.4
Total External	277.9	291.9
Total Interest and Charges	1,633.9	1,934.7

Source: Department of Treasury

1. Treasury Bond is a bond instrument that pays semi-annual coupons. Investors who purchase Treasury Bond are entitled to receive a full coupon on the next coupon date, despite not holding the bond for the full 6-month coupon period. In recognition of this, an element of the proceeds received on issuance is for the interest that has accrued on the bond up to the date of issuance. The proceeds for accrued interest are treated as an interest offset to reflect the true interest cost on the bond.
2. The difference between the proceeds received on issuance and the bond's face value plus accrued interest.

1.5 Public Debt and MTDS 2018-22

1.5.1 Central Government Public Debt

The level of Total Public Debt Outstanding (fiscal reporting framework) at the end of 2018 totalled K25,606.6 million or 31.1 per cent of GDP, which is lower than the 31.2 per cent ratio at end 2017, the 32.2 per cent ratio programmed in the 2018 Budget and the 31.9 per cent ratio if the 2017 debt stock outcome was incorporated. Excluding the retained cash balances (K1,228.6 million) from the higher external loans drawn in 2018 and a principal payment (K146.0 million) resulting from a called guarantee on the NCDC/BSP loan (the subject of an audit review on its appropriate recording), Total Central Government Debt at the end of 2018 totalled K26,981.3 million.

In terms of the medium term strategy, while this is marginally higher than the 30.9 per cent programmed in the MTdS 2018-22, the increase can be accounted for by once-off expenditures associated with the adverse impact of the earthquake and requirements for APEC expenditure. Importantly, the shift in the composition of debt toward external financing and away from expensive and riskier domestic financing has been achieved with the external ratio moving up to 12.1 per cent of GDP, and the domestic ratio moving down to 20.6 per cent of GDP – both in line with the MTdS 2018-22.

Most importantly, and despite the challenges of the earthquake and APEC spending in 2018, the debt to GDP ratio remains on a clear downward trajectory to below 30.0 per cent of GDP by 2021.

The total domestic debt portfolio was K16,999.8 million at the end of 2018, K173.3 million lower than the 2017 level of K17,173.1 million. This decrease compared to the significant increases in domestic debt in recent years which highlights both the containment in the budget deficit and the Government strategy to rebalance its portfolio towards external debt accompanied by retirement of expensive and riskier short-term domestic debt.

Gross external debt increased to K9,981.4 million from the 2017 level of K6,385.1 million, an increase of K3,596.3 million due to an increase in net external borrowings through drawdowns from multilateral sources for budget support, higher concessional borrowings, and higher commercial borrowings through the drawdown of the third and final tranche from Credit Suisse (USD190.0 million) and the Sovereign Bond (USD500.0 million). In line with the MTFS and MTdS 2018-22, around one-third (K1,228.6 million) of these external borrowings was held in trust accounts at end 2018 to finance the programmed expenditures over 2019-20 and to facilitate further domestic debt redemptions.

In this respect, the medium-term debt management strategy remains clearly on track and the February 2019 upgrade in PNG's credit rating by Moody's Investor Service is confirmation of the implementation of this well-regarded strategy.

Table 21: Central Government Debt 2017 – 2018 (Kina, Million)

	2017 Actuals	2018 Budget	2018 Supp. Budget	2018 Outcome
Domestic	17,173.1	17,723.2	16,569.7	16,999.8
Securities				
Treasury Bills	9,194.40	9,388.5	8,891.0	8,677.6
Treasury Bonds	7,978.7	8,334.7	7,678.7	8,322.3
Loans	0.0	0.0	0.0	0.0
<i>Domestic Debt as a % of GDP</i>	<i>22.7</i>	<i>21.5</i>	<i>20.1%</i>	<i>20.6%</i>
External	6,385.1	8,084.3	8,885.7	9,981.4
Securities	0.0	640.0	800.0	1,672.2
Sovereign Bonds	0.0	640.0	1,600.0	1,672.2
Loans	6,385.1	7,444.3	8,085.7	8,309.2
International Agencies	5,396.4	5,228.7	5,733.8	5,696.7
Commercial Loans	1,033.7	1,429.6	1,620.7	1,635.6
Others	-45.0	786.0	731.2	976.8
<i>External Debt as a % of GDP</i>	<i>8.6%</i>	<i>9.8%</i>	<i>10.8%</i>	<i>12.1%</i>
<i>Less Cash Balance of Ext Loan¹</i>				-1,228.6
<i>Less Domestic Guarantee Payment²</i>				-146.0
Total Public Debt Outstanding^{1,2}	23,558.3	25,807.5	25,455.5	25,606.6
<i>As % of GDP</i>	<i>31.2%</i>	<i>32.2%³</i>	<i>30.9%⁴</i>	<i>31.1%⁴</i>

Source: Department of Treasury

1. The Total Public Debt Outstanding for fiscal reporting nets off the retained cash balances from the increased external borrowings. The Total Central Government Debt Stock (Table F in the appendix) does not include these Cash Balances.
2. The total Central Government Public Debt Outstanding for fiscal reporting has been reduced by K146.0 million reflecting the principal payment of K146.0 million made in 2018 from a call on a guarantee which is currently subject to internal audit reporting advice. This is not included in the Total Government Debt Stock in Table F in the Appendix
3. As reported in the 2018 Budget. This ratio declines to 31.9% of GDP using 2017 debt stock outcomes (not available at the time of the 2018 Budget) but maintaining the 2018 GDP projection in the 2018 Budget.
4. Incorporates the revised GDP data for 2018 and the 2017 debt stock outcome from the 2017 FBO.

1.5.2 Medium Term Debt Strategy (MTdS) 2018-22

The overall objective of the MTdS 2018-22 was to “raise the required amount of Budget financing and manage the debt portfolio to achieve prudent risk and cost minimisation objectives, and develop and maintain an efficient market for Government securities and diversification of funding sources”.

The major strategies to support the debt management objective comprise:

- i. Maintaining debt at sustainable levels within the FRA target band of 30-35 per cent of GDP but to target the 30.0 per cent level by 2022;
- ii. Maintaining financial risk at prudent levels through a reduction in the domestic debt target relative to foreign debt thereby lowering domestic liquidity and interest rate risk and diversifying funding sources, especially more liquid longer-term foreign sources, whilst managing the higher exchange rate risk and providing the necessary foreign reserves to support the BPNG in extinguishing the foreign exchange imbalance. The target aims to shift the proportion of foreign debt to total debt from 35.0 per cent to 45-50 per cent with domestic debt being reduced to 50-55 per cent by 2023.

Within the domestic debt portfolio, the duration of the portfolio is to be lengthened and the target is to achieve a 50/50 split between treasury bills and inscribed stock (treasury bonds); and

- iii. Developing and managing the domestic debt market by relieving demand pressures on this market through a short-term domestic debt redemption program over 2018-19 thereby, allowing a lengthening of the average time to maturity of the domestic portfolio to reduce roll-over risk, whilst at the same time lowering interest costs across the yield curve and facilitating both the development of the domestic debt market and providing the liquidity to underpin the rapid extinguishment of the foreign exchange imbalance.

In 2018 all these strategies were significantly advanced. In particular:

- i. There was a reduction in the domestic debt proportion of total debt to 63.0 per cent from 72.9 per cent in 2017, and an increase in the proportion of external debt (excluding the debt trust account balances) from 27.1 per cent in 2017 to 37.0 per cent in 2018. The proportion will increase further over 2019 as the additional ADB, the WB and external commercial loans are drawn.

The increase was underpinned by the successful USD500.0 million inaugural sovereign bond issue at a coupon of 8.375 per cent, the first tranches of the low-cost WB and ADB budget support loans that amounted to USD250.0 million, and the final tranche of the Credit Suisse loan. The average interest rate cost of the external debt shift was lower than programmed;

- ii. As the major domestic debt redemption program did not commence until close to year end, the impact on domestic interest rates and costs will not be felt until 2019. However, interest rates and maturities from the weekly treasury bill auctions over the first quarter of 2019 show both declining yields and lengthening of the maturity structure of the Treasury Bill portfolio.

The strategy has clearly been successful and is expected to continue to be so over the term of the MTdS. Despite the favourable trends, the strategy has been adversely affected by the payment of additional interest amounting to K81.5 million as a result of non-performing loans held by broader public entities. The treatment of these contingent liabilities will be reviewed comprehensively in 2019 to lower risk to the Budget;

- iii. In terms of the domestic debt portfolio, treasury bills as a proportion of the total domestic debt stock has been reduced from 53.5 per cent in 2017 to 51.5 per cent in 2018, whilst

the proportion for Treasury Bonds has increased from 46.5 per cent to 49.4 per cent over the same period. This trend is clearly in accordance with the target split of 50/50 by 2023 and, consequently, roll-over risks were reduced in 2018 and this positive portfolio shift is expected to continue over coming periods; and

- iv. Regarding the development of the domestic bond market, in accordance with the MTdS, this was pushed back into 2019 to allow the prerequisite stabilisation of the domestic securities market and the extinguishment of the foreign exchange imbalance which has impacted adversely on system liquidity. With the stabilisation of the domestic securities market over the latter quarter of 2018 and into early 2019, implementation of the program can now commence.

Overall, the implementation of the MTdS 2018-22 is clearly well on track with positive results in terms of lower funding costs and lower risks now coming through and these positive results are expected to increase over the medium term. The Government remains well within the *FRA* statutory debt band of 30-35 per cent of GDP and is clearly on track to reach the lower 30.0 per cent limit of the band over the MTdS time horizon. The development of the financial sector, which has previously been delayed because of the instability in the domestic securities and foreign exchange markets, will now gather pace, as these markets have been stabilised.

1.6 Superannuation

1.6.1 State's Superannuation Obligation

The *Superannuation General Provision Act 2000*, requires the State to make a mandatory superannuation contribution for the contributing Public Servants to an Authorised Superannuation Fund. In accordance with the Act, the State contributes 8.4 per cent of the base salary of each contributing employee to Nambawan Super Limited (NSL) as the employer's contribution.

The State's superannuation contribution for its employees has two separate components - the Automation and Exit payments. The Department of Treasury makes the exit payments to NSL for retiring or exiting members who have joined the Fund prior to 2012 while the Department of Finance makes a direct payment of the State's employer contribution automatically through the Government payroll on a fortnightly basis.

1.6.2 Automation Payment

The automation of the State's employer contribution commenced in April 2012. The automation process automatically transfers the State's superannuation contribution allocated in a fiscal year electronically through the Government payroll system to NSL on a fortnightly basis.

In 2018, the Government remitted to NSL a total of K252.5 million through the automation process which represents an increase of K108.8 million against the revised appropriation of K145.5 million, but a lesser increase of K25.3 million against the 2017 outturns of K229.0 million. The pattern reflects the growth in public sector employment, in particular new teachers, health workers and law enforcement agencies coming onto the Government payroll, as well as the higher base from the payment of the 3.0 per cent wage increase that was back dated to the beginning of 2017.

The automation of the State's liability has significantly improved the State's ability to make timely superannuation payments to members which will continue in 2019.

1.6.3 Exit Payment

The Government also makes an annual appropriation for it to pay NSL members' exit payments to cover the liability for the past non-payment of the employer portion of the contribution which the State incurred prior to automation.

In January 2018, the court ordered the State to pay K230.3 million for outstanding exit payments to date. With the State having made a payment of K20.0 million in late 2018, this left a remaining liability of K210.3 million. This balance was repaid in 2018, in part, through a debt swap and the ongoing exit payments for 2018 were also mostly paid.

In 2018, the total amount paid for exit payments amounted to K297.5 million - K151.5 million through the 2018 Budget and K146.0 million through the 2018 Supplementary Budget. This funding allocation enabled the State to clear all past exit arrears from 2016 up to September 2018 and about K20.0 million of the 2018 final quarter State exit liability was carried forward into 2019 and will be settled this year.

1.6.4 Defence Force Retirement Benefit (DFRB) Fund

There are two separate retirement benefit schemes operating under the Defence Force Retirement Benefit (DFRB) Fund as a result of the legislative amendments to the *Defence Force Retirement Benefit Fund (DFRBF) Act* in November, 2015. These are the existing Defined Benefit (Pension) scheme and the new Accumulation scheme for the State's 8.4 per cent employer contribution.

In 2018, the full budgetary appropriation of K10.0 million for pension benefits was paid to Comrade Trustee Services Limited (CTSL) to settle some of the outstanding State pension liabilities.

The Government has also paid K11.0 million in 2018 to settle part of the State's exit obligation for members in the Accumulation Scheme.

The Government has demonstrated its commitment to meet its superannuation obligations in 2018 and will continue to do so in 2019.

1.7 Trust Accounts

Since 2005, a total of K11,831.1 million has been appropriated and deposited into the Budget Funded Trust Accounts for the implementation of expenditure programs.

The Trust Accounts have largely been funded from the Annual Budget and Supplementary Budgets. The purpose of holding funds in trusts is to spread public investment spending overtime to manage inflationary and demand pressures in the economy and to provide ample time for implementing agencies to properly design implementation strategies.

Reforms in Trust Accounts

Over the recent years there have been reforms in the management and operation of the Government Trust Accounts. Following are some of the trust accounts reforms:

1. Closing of Trust Accounts

Major data cleansing was carried out on all accounts, both the Budget Funded Trust Accounts and Others. Approximately 115 trust accounts were listed for revocation which are still pending the decision of the PMMR team for closure.

2. Expired Trust Accounts

All expired trust accounts were closed on 31st December 2017 with restrictions placed on all trust accounts. Agencies that have funds tied to any projects were given discretions based on justification provided to substantiate their claims to the Secretary for Finance to be deliberated by the agency and the PMMR team.

3. New Proces of Establishing Trust Accounts

The Department of Finance has achieved much in the past three years. These include legal reforms (PFMA and PMMRA) and the increased use of technology to support effective public financial management. As such, all trust accounts are expected to be on the Integrated Financial Management System (IFMS) by the end of 2020. The reform processes of establishing new Trust Accounts include: establishment of Trust Accounts done in close consultation with State Solicitor; and all trust accounts are gazetted and copies of gazettal notices are given to the banks with conditions applied to each account.

4. Court Bail Refunds

A new business process is implemented for cashless payment for court bail refunds throughout the country. All payment will be made through EFTPOS or Direct Transfer to the accounts. This is currently work in progress and was piloted in East New Britain Province (ENBP) with the intention to roll out to other provinces in future.

Table 22 shows a summary of the movement of funds in and out of Budget Funded Trust Accounts from 2005 to 2018.

Table 22: Summary of Trust Accounts Movements: 2005 - 2018 (Kina, Million)

Year	Deposits from Supplementary Budget & Additional Priority Expenditure (a)	Deposits from Annual Budgets & Interest (b)	Spending from Trust Accounts & Bank Charges (c)	Net Savings (Deposits less Spending) (a + b - c)
2005	400.0	0.0	0.0	400.0
2006	568.4	0.0	0.0	568.4
2007	1,283.0	0.0	76.0	1,207.0
2008	1,501.4	36.5	480.5	1,057.4
2009	0.0	627.2	2,365.9	-1,738.7
2010	0.0	887.2	818.3	68.9
2011	628.5	598.2	1,426.3	-199.6
2012	398.0	428.0	1,095.0	-269.0
2013	247.6	450.0	537.1	160.5
2014	250.0	209.2	827.9	-368.7
2015	0.0	1,019.5	1,345.5	-326.0
2016	0.0	90.0	769.8	-679.8

2017	420.0	802.0	826.3	395.7
2018	0.0	986.4	891.9	94.5
Total	5,696.9	6,134.2	11,460.5	370.6

Source: Department of Treasury and Department of Finance

*Deposits reported against year appropriated, spending reported by calendar year. Figures reported do not include the Sovereign Bond Trust Account nor the PNG's First Economic & Fiscal Restoration Trust Account

A Total of K994.6 million was appropriated for the 2018 priority programs to be administered under Government Funded Trust Accounts in the 2018 Budget. These programs that were administered through Trust Accounts were: TFF Policy; the 2017 National Elections; and the 2018 APEC. Table 23 below shows the appropriations for these Trust Accounts and the amounts transferred.

Table 23: Appropriation of 2018 Priority Programs Administered Through Trust (Kina, Millions) from 1st January-31st December 2018.

Programs	Revised Appropriation	Appropriation (Paid into Trust)	Actuals (Expended from Trust)
Tuition Fee Free (TFF)	620.0	620.0	508.6
LLG Elections	65.1	20.0	4.8
2018 APEC	309.5	301.8	300.4
Total	994.6	941.8	813.8

Source: Department of Finance

The opening balance of Budget Funded Trust Accounts at 1st January 2018 was K112.4 million. Total receipts for the period (1st January to 31st December 2018) were largely from deposits from the 2018 Budget of K986.4 million in total. The closing balance of Budget Funded Trust Accounts as at 31st December 2018 was K207.0 million. Appendix 1 lists these Trust Accounts¹¹.

The following is a summary of expenditure for Budget Funded Trust Accounts for the period 1st January 2018 to 31st December 2018 where more than K5.0 million was expended. Extracts were taken from the Appendix 1 which shows the movements in these Budget Funded Trust Accounts:

- A total of **K508.6 million** was spent from the Tuition Fee Free Education Trust Account into the Subsidiaries for the purpose of fee free education;
- **K41.2 million** from the Infrastructure Development Grant was expended for its intended activities;
- **K305.0 million** was expended for the 2018 APEC summit and other APEC Security operations; and
- **K26.6 million** was expended by ABG on restoration and development projects.

One of the Government priority expenditures in 2018 and going forward until 2022 is the 2018 Earthquake disaster recovery and restoration works for the three provinces (HELA, Southern Highlands and Western province) devastated by the 7.5 magnitude earthquake in late February

¹¹ TFF Subsidiaries do not form part of these totals.

2018. The trust account used to administer the earthquake disaster recovery and restoration efforts is called the 2018 Earthquake Disaster Restoration Trust Account.

This trust account is reported separately from other trust accounts because it contains funds contributed by the Government, various corporate organisations and private citizens. Therefore, budgeted receipts and expended funds could not be clearly distinguished. Table 24 shows the receipts into and payments out of the Earthquake account.

Table 24: Receipts into and payments out of the 2018 Earthquake Disaster Restoration Trust Account in Million Kina (1st January 2018 – 31st December 2018)

Trust Account	Debit (Receipt)	Credit (Payment)	Balance as at 31-Dec-18
2018 Earthquake Disaster Restoration Trust Account	105.5	94.9	10.4

Source: Department of Finance

1.8 Government Finance Statistics

Information contained herein is derived from the International Monetary Fund's Government Finance Statistics Manual 2014 (GFSM 2014). This is to inform the public that the Government has already adopted the updated Government Finance Statistics (GFS 2014) reporting framework, starting with the 2016 Budget.

The GFS 2014 framework is a macroeconomic statistical system designed to support fiscal analysis. The GFS 2014 framework incorporates economic and accounting principles that can be used when compiling government budgets and presenting fiscal statistics.

Since the 2016 Budget, the Government undertook a major reform to improve the reporting of its finances by moving to the updated international standard of reporting in GFS 2014. This has resulted in some re-categorisation of revenues and expenditures.

1.8.1 Changes between the GFSM 1986 and GFSM 2014

In the 2013 Budget the Government announced that it would be moving from an International Monetary Fund (IMF) GFSM 1986 framework of Budget reporting to an updated GFSM 2001 framework. The IMF in 2015 released an updated version of the GFSM 2001, the GFSM 2014.

The updated framework allows for harmonisation with other macroeconomic frameworks, such as the System of National Accounts, Monetary Statistics and Trade Statistics, and also allows for cross-country comparisons. The GFSM 2014 was used for the first time in Papua New Guinea in Volume 1 of the 2016 Budget. It represented a significant modernisation and expansion of the coverage of the previously used GFSM 1986.

The GFSM 2014 better defines the public sector and in particular the General Government Sector, as it is based on the concept of institutional unit coverage. The general government sector consists of all government units, representing budgetary Central Government, Provincial Government, Local Government and extra-budgetary accounts within the country that are controlled and largely financed by the Government. In contrast, the coverage of the GFSM 1986 system was defined on a narrower functional basis to include all units carrying out a function of the Government.

Due to its broader and more extensive coverage of economic units, the GFSM 2014 allows for greater understanding of where and how the government is spending its money, and therefore supports better decision making, economically as well as functionally.

Three new tables were introduced to Volume 1 of the 2016 Budget: The **Statement of Sources and Uses of Cash**, the **Statement of Operations**, and the **Classification of Functions of Government (COFOG)**. It also includes a new reporting approach to the pre-existing **Revenue and Expense** (previously **Expenditure**) Tables, the **Transactions in Financial Asset and Liabilities** Table (replacing the Central Government Financing Table), and a revised **General Government Debt** table.

1.8.2 Balancing Items

Two important balances are derived from GFSM 2014 and used in the Volume 1 Tables. Revenue minus expenses (*other than the consumption of fixed capital*) equals the **Gross Operating Balance** and is set out in the Statement of Operations. The Gross Operating Balance is therefore,

a reflection of the total change in net worth of the general government sector due to transactions and is a measure of the sustainability of government operations.

The Gross Operating Balance minus the Net Acquisition of Non-Financial Assets gives **Net Lending/Net Borrowing**. Net Lending/Borrowing is also equal to Net Acquisition of Financial Assets minus Net Incurrence of Liabilities.

In essence, Net Lending/Borrowing measures the extent to which the government is either putting financial resources at the disposal of other sectors in the economy and non-residents (Net Lending) or utilising the financial resources generated by other sectors and non-residents (Net Borrowing). This balance can therefore be seen as an indicator of the financial impact of government activity on the rest of the economy and non-residents and it is the equivalent of the overall deficit/surplus in the GFSM 1986, but determined using the accrual basis of recording.

Net Lending/Borrowing is similar to a surplus/deficit under GFSM 1986; however, there are two major differences:

- (1) Net Lending/Borrowing does not include any financing transactions, whereas the overall deficit/surplus included lending for policy purposes; and
- (2) Net Lending/Borrowing is an accrual concept, while the overall deficit/surplus is a cash concept.

The **Statement of Sources and Uses of Cash** may assist in assessing the liquidity of the general government.

The statement reflects the total amount of cash generated or absorbed by current operating activities, transactions in non-financial assets (*fixed assets, property, plant and equipment*), and transactions involving financial assets and liabilities other than the financial asset currency (cash) itself. The net change in the stock of cash is the sum of the net cash received/used from these operating activities, transactions in non-financial assets and transactions involving financial assets (other than cash) and liabilities. As a 'cash' statement it excludes in-kind related flows/transactions.

The **Statement of Operations** presents details of transactions in revenue and expense, as well as the net investment in non-financial assets, the net acquisition of financial assets, and the net incurrence of liabilities.

The Statement of Operations is intended to be compiled using the accrual basis of recording transactions. With the exception of consumption of fixed capital, in-kind and imputed transactions, and other accounts receivable/payable, all of the line items in the Statement of Operations can be applied to both cash and accrual data. In the case the Government of PNG a modified cash-basis approach is taken where some accrual-like information is available.

Under the GFSM 2014 methodology, **Revenue** transactions are recorded on a gross basis and in the Government of PNG context, non-payable Infrastructure Tax Credits (ITC), revenue from asset sales and recoveries of previous years will be excluded. Goods and Services Tax (GST) collections and bookmakers' licence fees collected and to be transferred to provinces will not be offset in revenue but the corresponding amounts will be reflected as items in expense per economic and functional classification in the Expense Table.

Under the GFSM 2014 methodology, sales of assets are deducted from the total non-financial assets to reflect the net investment in non-financial assets. New borrowing acquired and received by the Government is regarded as an incurrence of a liability and is therefore registered as a transaction in assets and liabilities. The GFSM 2014 now includes all in-kind related receipts where data is available.

The classification of **Expense** by economic type under GFSM 2014 is broadly similar to the corresponding classification in the GFSM 1986 with primary exception being acquisitions of non-financial assets are not considered an expense and repayment of borrowing is regarded as transactions in assets in liabilities under GFSM 2014. Other differences include: Consumption of fixed capital which is an expense under GFSM 2014 was not included under the GFSM 1986 as it is a non-cash expense.

Transfer payments are classified by type of payment under GFSM 2014. Under the GFSM 1986 they were classified by the sector receiving the payment. The major types of transfer payments are subsidies, grants, and social benefits. The GFSM 2014 now includes all in-kind related payments where data is available.

Table B (i) details the General Government Expense Economic Classification. This table provides for a summary of expense per economic classification and Table B (ii) provides final output expenditure for the National Government, Provincial Governments, Autonomous Bougainville Government and Commercial and Statutory Authorities.

1.8.3 General Government Debt

Table C details the General Government's **Transactions in Financial Assets and Liabilities**.

Table F summarises the **General Government's Stock of Debt** at the end of the reporting period.

The new **Classification of Functions of Government (COFOG)** shows the cross-economic functional classification of expenditure for the general government, detailing where government expenditure is directed by function. COFOG provides meaningful information that may be used to study the effectiveness of government programs in areas like health, education, economic affairs, social protection and general public services.

There are ten major functions. It is an internationally standardised table that allows cross-country comparisons of government priorities.

FISCAL TABLES

Table A: Statement of Operations for the General Government of Papua New Guinea

Kina Million	2017 Actuals	2018 Budget	2018 Supp. Budget	2018 Outcome
TRANSACTIONS AFFECTING NET WORTH:				
Revenue	11,525.1	12,730.7	13,400.3	14,085.8
<i>Revenue as percentage of GDP</i>	<i>15.2%</i>	<i>15.5%</i>	<i>16.3%</i>	<i>17.1%</i>
Taxes	9,141.4	9,728.9	10,319.0	10,475.9
<i>Taxes on Income, profits, and capital gains</i>	5,317.4	5,654.4	6,054.4	6,119.2
<i>Taxes on payroll and workforce</i>	11.2	0.0	10.0	8.6
<i>Taxes on goods and services</i>	3,255.1	3,448.3	3,542.3	3,537.3
<i>Taxes on international trade and transactions</i>	557.7	626.1	712.3	810.7
Grants	1,439.9	1,024.6	1,024.6	1,835.7
Other Revenue	943.8	1,977.2	2,056.7	1,774.3
<i>Of which: Resource Revenue</i>	675.9	679.0	1,625.0	1,328.5
<i>Mining and Petroleum Taxes</i>	113.6	179.0	725.0	775.0
<i>Mining, Petroleum and Gas Dividends</i>	562.3	500.0	900.0	553.5
<i>Of which: transfer from the Stabilization Fund (SWF)</i>	0.0	0.0	0.0	0.0
Total Expenditure and lending	13,319.7	14,717.9	15,297.5	16,134.2
<i>Expense as percentage of GDP</i>	<i>17.6%</i>	<i>17.9%</i>	<i>18.6%</i>	<i>19.6%</i>
Expense²	12,004.7	13,183.8	14,077.8	14,542.7
Compensation of employees	4,376.4	4,137.3	4,663.4	5,198.4
Use of goods and services	4,138.1	4,517.1	4,813.1	4,879.2
Interest	1,524.9	1,801.5	1,873.5	1,853.3
Grants	1,383.3	2,248.8	2,248.8	1,999.8
Social benefits	0.0	61.4	61.4	0.9
Other expense	582.1	417.6	417.6	611.2
Net Acquisition of Non-Financial Assets*	1,315.0	1,534.1	1,219.7	1,591.5
Fixed Assets	1,315.0	1,534.1	1,219.7	1,591.5
Gross Operating Balance³	-479.7	-453.1	-677.5	-456.9
Net Lending (+) / Net Borrowing (-)	-1,794.6	-1,987.2	-1,897.2	-2,048.4
<i>Net lending/borrowing as % of GDP</i>	<i>-2.4%</i>	<i>-2.4%</i>	<i>-2.3%</i>	<i>-2.5%</i>
Primary Balance ⁴	-269.7	-185.7	-23.7	-195.1
Non-resource net lending (+)/borrowing (-)	-2,470.5	-2,666.2	-3,522.2	-3,376.8
Non-resource primary balance	-945.6	-864.7	-1,648.7	-1,523.5
Transactions in financial assets and liabilities	1,794.6	1,987.1	1,896.0	2,048.4
Net Acquisition of Financial Assets	-180.4	0.0	0.6	1,228.6
Domestic	-180.4	0.0	0.6	1,228.6
External	-	-	-	-
Net Incurrence of Liabilities	1,614.2	1,987.2	1,896.6	3,277.0
Domestic	736.2	373.8	-603.4	-173.3
<i>Treasury Bills</i>	530.9	30.2	-303.4	-516.9
<i>Treasury Bonds</i>	205.3	343.6	-300.0	343.5
<i>Loans</i>	-	-	-	-146.0
External	878.0	1,613.4	2,500.0	3,596.3
<i>Debt Securities</i>	0.0	640.0	800.0	1,672.2
<i>Loans</i>	878.0	973.4	1,700.0	1,924.1
Gross Domestic Product⁵	75,626.0	82,341.1	82,341.1	82,341.1

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-

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*. GDP

*Net Acquisition of Non-Financial Assets, excludes operational costs like maintenance and repair of fixed assets which

Table B: Statement of Sources and Uses of Cash for the General Government of Papua New Guinea

Kina Million	2017 Actuals	2018 Budget	2018 Supp. Budget	2018 Outcome
CASH FLOWS FROM OPERATING ACTIVITIES				
Revenue Cash Flows	10,085.2	11,705.5	12,375.7	12,250.1
Taxes	9,141.4	9,728.9	10,319.0	10,475.9
Grants	0.0	0.0	0.0	0.0
Other Revenue	943.8	1,977.2	2,056.7	1,774.3
<i>Revenue as percentage of GDP</i>	13.3%	14.2%	15.0%	0.1
Expense cash flows²	10,457.4	11,975.7	12,931.1	12,582.4
Compensation of employees	4,268.9	4,015.2	4,541.2	5,074.6
Uses of goods and services	4,138.1	4,517.1	4,813.1	4,879.2
Interest	1,524.9	1,801.5	1,873.5	1,853.3
Grants	-56.6	1,224.2	1,224.2	164.1
Other payments	582.1	417.6	479.0	611.2
<i>Expense as percentage of GDP</i>	13.8%	14.5%	15.7%	15.3%
Net cash inflow from operating activities	-372.2	-270.2	-555.4	-332.3
CASH FLOWS FROM TRANSACTIONS IN NONFINANCIAL ASSETS:				
Net cash outflow from investment in nonfinancial assets	1,315.0	1,534.1	1,219.7	1,591.5
Expenditure cash flows	11,772.4	13,509.8	14,150.8	14,173.9
Cash surplus (+) / Cash deficit (-)	-1,687.2	-1,804.3	-1,775.0	-1,923.7
<i>Surplus/Deficit as % of GDP</i>	-2.2%	-2.2%	-2.2%	-2.3%
CASH FLOWS FROM TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):				
Net acquisition of financial assets other than cash	-	-	-	-
Domestic	-	-	-	-
External	-	-	-	-
Net incurrence of liabilities	1,614.2	1,987.2	1,896.6	3,423.0
Domestic	736.2	373.8	-603.4	-173.3
External	878.0	1,613.4	2,500.0	3,596.3
Net cash inflow from financing activities	1,614.2	1,987.2	1,896.6	3,423.0
<i>Net cash inflow as percentage of GDP</i>	2.1%	2.4%	2.3%	4.2%
Net change in the stock of cash	-72.9	182.9	121.6	1,499.3
Gross Domestic Product³	75,626.0	82,341.1	82,341.1	82,341.1

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

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

Table C: General Government Revenue by Economic Classification

Kina Million	2017 Actuals	2018 Budget	2018 Supp. Budget	2018 Outcome
REVENUE¹	11,525.1	12,730.7	13,400.3	14,085.8
TAXES	9,141.4	9,728.9	10,319.0	10,475.9
Taxes on Income, Profits and Capital Gains	5,317.4	5,654.4	6,054.4	6,119.2
Payable by individuals	3,093.8	3,250.2	3,050.5	3,101.9
Personal Income Tax	3,093.8	3,250.2	3,050.5	3,101.9
Payable by corporations and other enterprises	1,950.4	2,182.4	2,760.4	2,751.9
Company Tax	1,794.1	1,971.5	1,991.5	1,933.0
Mining and Petroleum Taxes	113.6	179.0	725.0	775.0
Royalties Tax	25.6	18.9	25.6	26.3
Management Tax	17.1	13.0	18.3	17.6
Other taxes on income, profits and capital gains	273.1	221.8	243.5	265.4
Dividend Withholding Tax Mining	-	-	-	-
Dividend Withholding Tax Non Mining	181.7	137.4	136.9	154.6
Interest Withholding Tax	91.4	84.2	106.4	110.8
Tax Related Court Fines	-	-	-	-
Sundry IRC Taxes & Income	0.0	0.2	0.2	0.0
Taxes on Payroll and Workforce	11.2	0.0	10.0	8.6
Taxes on Goods and Services	3,255.1	3,448.3	3,542.3	3,537.3
General taxes on goods and services	1,911.3	2,034.2	2,176.6	2,167.4
Value Added Tax	1,868.8	1,974.2	2,086.6	2,067.1
GST ²	1,868.8	1,974.2	2,086.6	2,067.1
Sales taxes	-	-	-	-
Turnover & other general taxes on goods and services	-	-	-	-
Taxes on financial and capital transactions	42.4	60.0	90.0	100.3
Bank Account Debit Fees	-	-	-	-
Stamp Duties	42.4	60.0	90.0	100.3
Excise	1,105.0	1,177.4	1,091.2	1,074.8
Excise Duty	757.3	782.3	793.9	774.0
Import Excise	347.8	395.1	297.3	300.8
Profits of fiscal monopolies	-	-	-	-
Taxes on specific services	228.9	220.2	218.0	248.1
Bookmakers' Turnover Tax	36.0	33.0	28.6	20.4
Gaming Machine Turnover Tax	178.7	174.4	181.0	205.1
Departure Tax	14.2	12.8	8.4	22.6
Taxes on use of goods and on permission to use goods or perform services	7.1	13.1	13.1	2.8
Motor vehicles taxes	6.4	11.9	11.9	2.2
Motor Vehicle Registration	5.8	11.2	11.2	1.8
Commercial Vehicle Licenses	0.6	0.7	0.7	0.4
Other taxes on use of goods and on permission to use goods or perform services	0.8	1.2	1.2	0.6
Motor Vehicle Trade Licenses	0.1	0.2	0.2	0.0
Other taxes on goods and services	2.7	3.4	43.4	44.3
Taxes on International Trade and Transactions	557.7	626.1	712.3	810.7
Customs and other import duties	260.3	296.1	321.7	418.3
Import Duty	246.4	296.1	321.7	325.3
Other Import Taxes	14.0	0.0	-	93.0
Sundry Tax Receipts (Import Duties)	14.0	0.0	-	93.0
Taxes on exports	297.3	330.0	390.6	392.4
Export Tax	297.3	330.0	390.6	392.4
GRANTS	1,439.9	1,024.6	1,024.6	1,835.7
From Foreign Governments	1,281.9	752.8	752.8	1,348.7
Current	1,025.5	602.2	602.2	1,079.0
Cash	-	-	-	-
In-Kind	1,025.5	602.2	602.2	1,079.0
Capital	256.4	150.6	150.6	269.7
Cash	-	-	-	-
In-Kind	256.4	150.6	150.6	269.7
From International Organizations	158.0	271.8	271.8	487.0
Current	126.4	217.4	217.4	389.6
Cash	-	-	-	-
In-Kind	126.4	217.4	217.4	389.6
Capital	31.6	54.4	54.4	97.4
Cash	-	-	-	-
In-Kind	31.6	54.4	54.4	97.4
OTHER REVENUE	943.8	1,977.2	2,056.7	1,774.3
Property Income	860.9	1,321.9	1,450.6	1,063.6
Interest	-	0.7	0.7	-
Interest from residents other than general government	-	0.7	0.7	0.7
Dividends	841.6	1,250.0	1,430.0	1,033.5
Mining Petroleum and Gas Dividends	562.3	500.0	900.0	553.5
Dividends from Statutory Authorities	279.3	625.0	500.0	380.0
Shares in Private Enterprise	-	-	-	-
Dividends from State Owned Enterprises	-	125.0	30.0	100.0
Other Dividends	-	-	-	-
Withdrawals from income of quasi-corporations	-	40.0	-	-
Property income from investment income disbursements	-	-	-	-
Rent	19.3	31.2	19.9	30.1
Reinvested earnings on foreign direct investment	-	-	-	-
Sales of goods and services	62.8	112.5	63.3	32.2
Sales by market establishments	-	-	-	-
Administrative fees	22.9	46.6	27.5	8.2
Incidental sales by nonmarket establishments	39.9	65.8	35.8	24.0
Imputed sales of goods and services	-	-	-	-
Fines, penalties, and forfeits	1.6	1.0	1.0	2.5
Transfers not elsewhere classified	18.5	541.8	541.8	675.9
Current transfers not elsewhere classified	18.5	541.8	541.8	675.9
Subsidies	-	-	-	-
Other current transfers	18.5	541.8	541.8	675.9
Capital transfers not elsewhere classified	-	-	-	-
Premiums, fees and claims related to nonlife insurance and standard	-	-	-	-

1. Under the GFS 2014 methodology, non-payable infrastructure tax credits, revenue on asset sales, recoveries and Trust Accounts are included in the revenue total.

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

Table D (i): General Budgetary Expenditure by Economic Classification

Kina Million	2017 Actuals	2018 Budget	2018 Supp. Budget	2018 Outcome
Compensation of Employees	4,376.4	4,137.3	4,663.4	5,198.4
Wages and salaries	4,201.2	3,750.3	4,150.3	4,486.4
Wages and salaries in cash	4,093.7	3,628.1	4,028.1	4,362.7
Wages and salaries in kind	107.4	122.1	122.2	123.7
Employers' social contributions	175.2	387.1	513.1	711.9
Actual social contributions	175.2	387.1	513.1	711.9
Use of goods and services*	4,138.1	4,517.1	4,813.1	4,879.2
Use of goods and services	4,138.1	4,517.1	4,813.1	4,879.2
Use of goods and services	4,138.1	4,517.1	4,813.1	4,879.2
Interest**	1,524.9	1,801.5	1,873.5	1,853.3
To nonresidents	168.9	249.1	321.1	210.5
Interest to Non residents	168.9	249.1	321.1	210.5
To residents other than general government	1,356.0	1,552.5	1,552.5	1,642.8
Interest to residents other than general governments	1,356.0	1,552.5	1,552.5	1,642.8
Grants***	1,383.3	2,248.8	2,248.8	1,999.8
Grants to other general government units	1,383.3	2,248.8	2,248.8	1,999.8
Grants to other general governments current	1,206.8	1,484.7	1,484.7	1,550.4
Grants to other general governments capital	176.4	764.1	764.1	449.4
Social Benefits	0.0	61.4	61.4	0.9
Social assistance benefits	0.0	61.4	61.4	0.9
Social assistance benefits in cash	0.0	61.4	61.4	0.9
Other expenses	582.1	417.6	417.6	611.2
Transfers not elsewhere classified	582.1	417.6	417.6	611.2
Other expense - Current transfers not elsewhere classified	582.1	417.6	417.6	611.2
Net Aquisition Nonfinancial assets****	1,315.0	1,534.1	1,219.7	1,591.5
Aquisition of Fixed assets	1,315.0	1,534.1	1,219.7	1,591.5
NFA:Buildings and structures	0.0	36.7	36.7	48.8
NFA:Dwellings	0.0	0.0	0.0	0.0
NFA:Fixed assets	1,275.2	1,292.6	978.2	1,405.8
NFA:Information, computer, & telecommunications equipment	22.3	20.4	20.4	19.7
NFA:Machinery & equipment other than transport equipment	12.6	15.6	15.6	15.2
NFA:Other structures	3.6	105.7	105.7	1.6
NFA:Transport equipment	1.4	4.0	4.0	4.8
Other expense - Current transfers not elsewhere classified	0.0	59.2	59.2	95.6
Total expenditure	13,319.7	14,717.9	15,297.5	16,134.2
<i>as % of GDP</i>	<i>18.0%</i>	<i>17.9%</i>	<i>18.6%</i>	<i>18.2%</i>

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

** Excluding K63.2 million for fees, other than interest, captured under use of goods and services.

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

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

Table D (ii): General Budgetary Government Expenditure by Economic Classification

Kina Million	2017 Actuals	2018 Budget	2018 Supp. Budget	2018 Outcome
National Departments	5,728.2	6,472.8	6,730.4	6,746.2
Compensation of Employees	2,286.2	2,282.9	2,558.9	2,817.0
Wages and salaries	2,128.8	1,898.5	2,048.6	2,129.5
Wages and salaries in cash	2,067.7	1,827.5	1,977.5	2,057.9
Wages and salaries in kind	61.0	71.1	71.1	71.6
Employers' social contributions	157.5	384.3	510.3	687.5
Actual social contributions	157.5	384.3	510.3	687.5
Use of goods and services	2,306.6	2,660.5	2,956.5	2,594.3
Use of goods and services	2,306.6	2,660.5	2,956.5	2,594.3
Grants	613.2	643.5	643.5	779.2
Grants to other general government units	613.2	643.5	643.5	779.2
Other expenses	79.7	77.4	77.4	72.7
Transfers not elsewhere classified	79.7	77.4	77.4	72.7
Net Acquisition Nonfinancial assets	442.5	760.7	446.3	482.1
Aquisition of Fixed assets	442.5	760.7	446.3	482.1
Provincial Governments	3,178.5	3,606.4	3,856.4	3,560.9
Compensation of Employees	1,686.4	1,456.4	1,706.4	1,823.0
Wages and salaries	1,685.5	1,456.4	1,706.4	1,823.0
Wages and salaries in cash	1,645.1	1,416.0	1,666.0	1,782.7
Wages and salaries in kind	40.4	40.4	40.4	40.3
Employers' social contributions	0.9	0.0	0.0	0.0
Actual social contributions	0.9	0.0	0.0	0.0
Use of goods and services	631.7	719.4	719.4	713.6
Use of goods and services	631.7	719.4	719.4	713.6
Grants	659.3	1,402.0	1,402.0	1,002.8
Grants to other general government units	659.3	1,402.0	1,402.0	1,002.8
Grants to other general governments current*	504.9	711.9	711.9	626.9
Grants to other general governments capital	154.4	690.1	690.1	375.9
Net Acquisition Nonfinancial assets	201.0	28.5	28.5	21.5
Aquisition of Fixed assets	201.0	28.5	28.5	21.5
NFA:Fixed assets*	201.0	28.5	28.5	21.5
Autonomous Bougainville Government	165.2	213.2	213.2	225.9
Compensation of Employees	111.3	95.7	95.7	119.8
Wages and salaries	111.2	95.7	95.7	119.8
Wages and salaries in cash	108.8	92.8	92.8	116.9
Wages and salaries in kind	2.4	2.9	2.9	2.9
Use of goods and services	22.4	27.8	27.8	28.1
Use of goods and services	22.4	27.8	27.8	28.1
Grants	31.5	89.7	89.7	78.0
Grants to other general government units	31.5	89.7	89.7	78.0
Grants to other general governments current	9.5	15.7	15.7	4.5
Grants to other general governments capital	22.0	74.0	74.0	73.5
Commercial & Statutory Authorities	597.9	942.4	942.4	1,039.2
Compensation of Employees	292.4	302.3	302.3	438.6
Wages and salaries	275.7	299.6	299.6	414.1
Wages and salaries in cash	272.1	291.8	291.8	405.2
Wages and salaries in kind	3.6	7.8	7.8	8.9
Employers' social contributions	16.6	2.8	2.8	24.4
Actual social contributions	16.6	2.8	2.8	24.4
Use of goods and services	137.3	390.6	390.6	324.1
Use of goods and services	137.3	390.6	390.6	324.1
Grants	38.9	61.6	61.6	46.6
Grants to other general government units	38.9	61.6	61.6	46.6
Grants to other general governments current	38.9	61.6	61.6	46.6
Other expenses	13.6	20.7	20.7	17.2
Transfers not elsewhere classified	13.6	20.7	20.7	17.2
Other expense - Current transfers not elsewhere classified	13.6	20.7	20.7	17.2
Net Acquisition Nonfinancial assets	115.8	153.7	153.7	212.7
Aquisition of Fixed assets	115.8	153.7	153.7	212.7
Social Benefits	0.0	13.5	13.5	0.0
Social assistance benefits	0.0	13.5	13.5	0.0
Debt Service (Interest Payment)	1,633.9	1,864.7	1,936.7	1,934.7
Use of goods and services	109.0	63.1	63.1	81.4
Interest	1,524.9	1,801.5	1,873.5	1,853.3
To nonresidents	168.9	249.1	321.1	210.5
Interest to Non residents	168.9	249.1	321.1	210.5
To residents other than general government	1,356.0	1,552.5	1,552.5	1,642.8
Interest to residents other than general governments	1,356.0	1,552.5	1,552.5	1,642.8
Expenditure Supported by Donor Grants	1,439.9	1,024.6	1,024.6	1,835.7
Use of goods and services	882.6	574.9	574.9	1,030.0
Grants	40.3	52.0	52.0	93.2
Grants to other general government units	40.3	52.0	52.0	93.2
Net Acquisition Nonfinancial assets	66.4	189.9	189.9	340.2
Aquisition of Fixed assets (Buildings and Structures)	66.4	189.9	189.9	340.2
NFA:Fixed assets	66.4	153.6	153.6	275.2
Other expense - Current transfers not elsewhere classified	0.0	36.3	36.3	65.1
Other expenses	450.7	207.8	207.8	372.2
Transfers not elsewhere classified	450.7	207.8	207.8	372.2
Other expense - Current transfers not elsewhere classified	450.7	207.8	207.8	372.2
Expenditure Financed by Concessional Loans	576.1	593.9	593.9	791.6
Use of goods and services	48.6	80.8	80.8	107.6
Net Acquisition Nonfinancial assets	489.3	401.3	401.3	534.9
Aquisition of Fixed assets (Buildings and Structures)	489.3	401.3	401.3	534.9
NFA:Buildings and structures	0.0	36.6	36.6	48.8
Other expenses	38.2	111.8	111.8	149.1
Transfers not elsewhere classified	38.2	111.8	111.8	149.1
Other expense - Current transfers not elsewhere classified	38.2	111.8	111.8	149.1
Total expenditure	13,319.7	14,717.9	15,297.5	16,134.2
as % of GDP	17.6%	17.9%	18.6%	19.6%

* 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.

Source: Department of Treasury.

Table E: Transaction in Assets and Liabilities for the General Government

Kina Million	2017 Actuals	2018 Budget	2018 Supp. Budget	2018 Outcome
Net Acquisition of Financial Assets	-180.4	0.0	0.6	1,228.6
Domestic	-180.4	0.0	0.6	1,228.6
Monetary gold and special drawing rights (SDR's)				
Currency and deposits	-180.4	0.0	0.6	1,228.6
Debt securities				
Other accounts receivable	0.0	0.0	0.0	0.0
External	0.0	0.0	0.0	0.0
Monetary gold and special drawing rights (SDR's)				
Currency and deposits				
Other accounts receivable				
Net Incurrence of Liabilities	1,614.2	1,987.2	1,896.6	3,277.0
Domestic	736.2	373.8	-603.4	-319.3
Debt securities	736.2	373.8	-603.4	-173.3
<i>New instruments</i>	12,535.8	10,388.5	9,453.8	12,178.8
<i>Amortisation</i>	11,799.6	10,014.7	10,057.2	12,352.2
<i>Treasury Bills</i>	530.9	30.2	-303.4	-516.9
<i>New instruments</i>	11,648.1	9,388.5	9,054.9	11,178.8
<i>Amortisation</i>	11,117.2	9,358.3	9,358.3	11,695.7
<i>Treasury Bonds</i>	205.3	343.6	-300.0	343.5
<i>New instruments</i>	887.7	1,000.0	398.9	1,000.0
<i>Amortisation</i>	682.3	656.4	698.9	656.4
Loans	0.0			-146.0
<i>New borrowing</i>	0.0			0.0
<i>Amortisation</i>	0.0			146.0
Insurance, pension, and standardized guarantee schemes	0.0			0.0
Financial derivatives and employee stock options	0.0			0.0
Other accounts payable	0.0		0.0	0.0
External	878.0	1,613.4	2,500.0	3,596.3
Debt securities	0.0	640.0	800.0	1,672.2
<i>New instruments</i>	0.0	640.0	800.0	1,672.2
<i>Amortisation</i>	0.0	0.0	0.0	0.0
<i>Concessional financing</i>	0.0	0.0	0.0	0.0
<i>New instruments</i>	0.0	0.0	0.0	0.0
<i>Amortisation</i>	0.0	0.0	0.0	0.0
<i>Commercial financing</i>	0.0	640.0	0.0	0.0
<i>New instruments</i>	0.0	640.0	0.0	0.0
<i>Amortisation</i>	0.0	0.0	0.0	0.0
<i>Extraordinary financing</i>	0.0	0.0	800.0	1,672.2
<i>New instruments</i>	0.0	0.0	800.0	1,672.2
<i>Amortisation</i>	0.0	0.0	0.0	0.0
Loans	878.0	973.4	1,700.0	1,924.1
<i>New borrowing</i>	1,149.3	1,273.7	2,001.0	2,233.9
<i>Amortisation</i>	271.3	300.3	301.0	309.8
<i>Concessional financing</i>	576.1	337.4	337.0	527.7
<i>New borrowing</i>	802.4	593.9	594.0	791.7
<i>Amortisation</i>	226.3	256.5	257.0	264.1
<i>Commercial financing</i>	346.9	39.8	587.0	601.9
<i>New borrowing</i>	346.9	39.8	587.0	619.9
<i>Amortisation</i>	0.0	0.0	0.0	18.0
<i>Extraordinary financing</i>	-45.0	596.2	776.0	850.0
<i>New borrowing</i>	0.0	640.0	820.0	822.3
<i>Amortisation</i>	45.0	43.8	44.0	27.8
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0	0.0
Financial derivatives and employee stock options	0.0	0.0	0.0	0.0
Other accounts payable	0.0	0.0	0.0	0.0

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 F: Stocks in General Government Debt

Kina Million	2016 Actuals	2017 Actuals	2018 Budget	2018 Supp. Budget	2018 Outcome
Domestic	16,436.9	17,173.1	17,723.2	15,726.1	16,999.8
Debt securities	16,436.9	17,173.1	17,723.2	15,726.1	16,999.8
<i>Treasury Bills</i>	8,663.5	9,194.4	9,388.5	7,403.8	8,677.6
<i>Treasury Bonds</i>	7,773.4	7,978.7	8,334.7	8,322.3	8,322.3
Loans	0.0	0.0	0.0	0.0	0.0
External	5,507.1	6,385.1	8,084.4	9,729.4	9,981.4
Debt securities	0.0	0.0	640.0	1,630.8	1,672.2
<i>Concessional financing</i>	0.0	0.0	0.0	0.0	0.0
<i>Commercial financing</i>	0.0	0.0	640.0	1,630.8	1,672.2
<i>Extraordinary financing</i>	0.0	0.0	0.0	0.0	0.0
Loans	5,507.1	6,385.1	7,444.4	8,098.6	8,309.2
<i>Concessional financing</i>	4,593.0	5,396.4	5,228.7	5,493.9	5,924.1
<i>Commercial financing</i>	686.8	1,033.7	1,429.6	1,653.6	1,635.6
<i>Extraordinary financing</i>	227.3	(45.0)	786.0	951.1	749.5
Total Central Government Debt	21,944.0	23,558.2	25,807.6	25,455.5	26,981.3¹
<i>as % of GDP</i>	<i>32.4%</i>	<i>31.2%</i>	<i>32.2%³</i>	<i>30.9%⁴</i>	<i>32.8%⁴</i>
Gross Domestic Product²	67,762.2	75,626.0	82,341.1	82,341.1	82,341.1

1. General Government represents the national government's stock of debt and excludes contingent liabilities. The stock of debt table excludes any cash balances of domestic and external debt trust funds at year end, and any changes in the balances of other trust funds, including the Waigani Public Account or Consolidated Revenue Fund. It excludes the repayment of principal on a guaranteed debt that crystallised in 2018.

2. Total nominal GDP by economic activity, BPNG/Treasury Department Estimates 2015-18.

3. As reported in the 2018 Budget. This ratio declines to 31.9% of GDP using 2017 debt stock outcomes (not available at the time of the 2018 Budget) but maintaining the 2018 GDP projection in the 2018 Budget.

4. Incorporates the debt level stated above and the revised GDP data for 2018 and the 2017 debt stock outcome.

PART 2

FINAL BUDGET OUTCOME BY AGENCY

2.1 Overview

Part 2 of the FBO Report provides an overview of actual expenditures realised against the Revised 2018 Supplementary Budget for the 2018 financial year. Budget and expenditure data are sourced from the Integrated Financial Management System (IFMS) using the GFS 1986 standard, to be consistent with the 2018 Appropriation Bills. All discussions in this section are based on the revised GoPNG component of the Budget.

As an integrated Budget, combining both Operational and Capital Investments, this report highlights expenditures for Goods & Service, PE, and Debt Interest but excludes Amortisation (Principal Debt Repayment).

The Original 2018 GoPNG Budget was K12,587.5 million¹².

Through the 2018 Supplementary Budget, the GoPNG budget was revised up by an additional appropriation of K579.6 million, while K277.0 million was reduced from the Capital Investment Budget and re-appropriated to activities identified in the 2018 Supplementary Bill. The Supplementary Budget catered for the offsetting of estimated PE blow-outs (K400.0 million), Departmental Arrears (K310.0 million), Superannuation Exit Payments arrears (K146.1 million), Tuition Fee Free Education (K20.0 million) and Debt interest (K72.0 million).

Table 25: GoPNG Funded Expenditure Summary (Kina, Million)

Detail	Original Budget	Supp./Trans	Revised	2018 Outcome	Variance
Personnel Emoluments	4,153.6	509.8	4,663.4	5,198.3	534.9
Grants Transfers to Province	1,552.1	0.0	1,552.1	1,942.8	390.7
Personnel Emoluments	2,601.5	509.8	3,111.3	3,255.5	144.2
Goods & Services	6,569.2	93.3	6,658.5	5860.9	(706.1)
Acquisition of Existing Assets	9.8	(2.7)	7.2	6.0	(1.2)
Capital Formation	929.6	(279.1)	650.6	565.3	(180.7)
Capital Transfers	849.1	(0.2)	848.9	842.4	(6.5)
Goods & Services	2,594.8	168.9	2,763.7	2,690.7	(73.0)
Grants Subsidies and Transfers	1,588.6	(15.7)	1,572.9	1,162.0	(410.9)
Utilities, Rentals, Property Costs	597.3	122.5	719.8	595.5	(125.3)
Debt Interest	1,864.7	72.0	1,936.7	1,934.7	(2.0)
Grand Total	12,587.5	579.6	13,167.1	12,994.9	(172.2)

Source: IFMS 2161 Report

* "Supp./Transfer" column reflects transactions under Section 3 (SA), Section 4 and including the 2018 Supplementary Budget.

* "Variance" column in tables compares each 'Expenditure/Outcome' as at the 31st December 2018, against its revised appropriation and total transfers

The 2018 financial year realized an under expenditure totaling K172.2 million or 1.3 per cent below the revised GoPNG budget. This outcome nets from over expenditures in PE (K534.9 million) and under expenditure in Goods & Services (K706.1 million) and Debt Interest (K2.0 million).

¹² Excludes concessional loans, donor support grants and GST/BTT Transfers.

The increased expenditure for Personnel Emoluments in 2018 was partly due to the unbudgeted three percent wage bill paid to all public servants. Other contributing factors were the retrenchment, recruitment and redeployment of mostly Teachers in Provinces, Health workers and policemen and women which are not entirely controlled and coordinated by Department of Personnel Management (DPM) despite DPM's mandated function and the freeze on recruitment. As such, it is anticipated that a similar expenditure trend in PE is expected in 2019.

To curb the trend in PE, all Government funded agencies are required to collaborate with the work undertaken by the Central Agencies (Departments of Personnel Management, Treasury and Finance) through the OSPEAC that aims to ensure Agencies' Human Resource (HR) operations are within DPM's regulations and budget appropriations.

2.2 2018 Expenditure Outcome

Government funded agencies are categorised into nine (9) sectors as per the Budget reform on Sector Budgeting. However, for budgeting and accounting purposes, Debt Interest and Miscellaneous items are included to show total expenditure as depicted in Table 26 below.

The variance column highlights the magnitude of over or underspending against each sector's revised appropriation. Section 2.3 provides further elaboration on Section 3 and Section 4 Transfers.

Table 26: GoPNG Funded Expenditure by Sectors (Kina, Million)

Sectors	2018 Budget	Supp./Transfers*	Revised Budget	2018 Outcome	Variance
Administration	1,047.6	2,359.3	1,286.9	1,137.8	-149.1
Comm. & Culture	72.7	5.5	78.2	81.1	2.9
Economic	554.3	-121.1	433.1	441.2	8.0
Education	1,185.5	-633.0	552.4	600.6	48.1
Health	1,233.5	-10.6	1,222.9	1,375.4	152.5
Law & Justice	982.9	-6.7	976.2	1,096.2	120.0
Provinces	3,370.8	-80.5	3,290.3	3,274.9	-15.4
Transport	597.1	-92.1	505.0	356.6	-148.4
Utilities	148.6	-12.9	135.6	136.3	0.6
Miscellaneous	1,529.9	1,219.6	2,749.5	2,560.3	-189.2
Debt Services	1,864.7	72.0	1,936.7	1,934.5	-2.2
Grand Total	12,587.5	579.6	13,167.1	12,994.9	-172.2

Source: IFMS 2161 Report

Besides Debt Services and Miscellaneous expenditure, the Transport Sector was the most underspent sector against its revised budget by 29.4 per cent followed by the Administration sector (11.6 per cent) and the Provinces' Sector (0.5 per cent). Debt Service and Miscellaneous underspent their revised budget by 0.1 per cent and 6.7 per cent, respectively.

All the other sectors expended above their revised budget, however, none of them expended over 13.0 per cent. The Health Sector was the highest over spender with 14.5 per cent, followed by the Law and Order Sector with 12.3 per cent. The two (2) least overspending sectors were the Economic and Utilities' sectors. Table 29 provides details of each sector's expenditure.

The over expenditure in almost all the sectors is in their PE expenditure, exceeding its revised Budget.

2.3 Section 3 and Section 4 Transfers

Section 3 (Secretary's Advance) and Section 4 of the 2018 Appropriation Act provides for accounts control and transfer of funding under certain circumstances deemed necessary by the Government. Transfers occur either between agencies or within respective activities in an agency as authorised by the Secretary of Treasury.

2.3.1 Section 3 Secretary's Advance

In 2018, K50.0 million was allocated for Section 3 movements under the Secretary's Advance. A net of K45.7 million or 91.4 per cent of the allocation was disbursed in 2018; whilst K4.3 million remained undisbursed. Details of transfers under section 3 are presented in Attachment C.

Table 27: Section 3 (SA) Transfers (Kina, Million)

Sector	Section 3: Outcome by Sector
Miscellaneous	26,058,250.0
Administration	8,892,030.0
Utilities	3,000,000.0
Law & Justice	2,500,000.0
Economic	2,000,000.0
Health	1,500,000.0
Education	900,000.0
Community & Culture	860,800.0
Total	45,711,080.0

Source: IFMS 2161 Report

2.3.2 Section 4 Transfers

A total of K1,966.8 million was transferred between sectors as reflected in Table 28. This is K237.0 million higher than in 2017. Section 4 transfers have been increasing at an average of 37.0 per cent since 2014.

The highest transfers recorded under Miscellaneous nets K1,731.6 million. These transfers under Miscellaneous were disbursed to respective organisations and other sectors agencies to cater for important Government initiatives such as TFF, outstanding Utility bills, funding for 2018 APEC, Law and Order matters, Superannuation obligations, transfer between Goods and Services and PE, and others. Attachment D provides a summary of the Section 4 transfers for 2018.

Table 28: Section 4 Transfer by Sectors (Kina, Million)

Sector	Transfers Within	Transfer Out	Transfer In	Section 4 Net
Economic	7.3	0.0	57.4	57.4
Health	0.0	0.0	340.6	340.6
Law & Justice	22.4	(8.0)	187.2	179.2
Administration	95.9	(150.6)	332.1	181.5
Education	18.5	0.0	608.1	608.1
Miscellaneous	1,107.4	(1,801.2)	69.6	(1,731.6)
Utilities	0.4	0.0	3.6	3.6
Debt Services	291.1	0.0	224.1	224.1
Transport	0.2	(5.0)	70.7	65.7
Community & Culture	0.3	(2.0)	4.6	2.6
Provinces	0.0	0.0	69.0	69.0
Total	1,543.4	(1,966.8)	1,966.8	0.0

Source: IFMS 2161 Report

2.4 Detailed Expenditure Tables and Attachments

In total, there are six (6) expenditure outcome tables. Each table is described below as follows:

- Table 29 shows the total outcome for PE and GS under each Sector;
- Attachment A shows Agencies Types/Categories under each Sectors with respective expenditure items;
- Attachments B shows the 2018 Budget and Outcome detail by Sector, Agency Category, Budgeted Agency and respective expenditure items;
- Attachment C shows the transactions that occurred under Section 3 Transfers (Secretary's Advance); and
- Attachment D shows Section 4 Transfers.

Table 29: Budget and Outcome by Sectoral agency types and expenditure item (Kina, Million).

Detail	Original Budget	Suppl./ Transfer	Revised Budget	2018 Outcome	Variance
Administration	1,047.6	235.6	1,283.1	1,245.7	-37.4
National Departments	787.5	211.0	998.5	984.2	-14.2
Personnel Emoluments	273.5	20.8	294.3	327.8	33.5
Goods & Services	514.0	190.1	704.2	656.4	-47.8
Statutory Authorities	260.0	24.6	284.7	261.5	-23.2
Personnel Emoluments	175.3	19.0	194.3	185.1	-9.2
Goods & Services	84.8	5.6	90.4	76.4	-14.0
Community & Culture	72.7	5.5	78.2	81.1	2.9
National Departments	46.2	0.7	46.9	51.3	4.4
Personnel Emoluments	11.3	0.1	11.4	15.9	4.5
Goods & Services	34.9	0.6	35.5	35.5	-0.0
Statutory Authorities	26.6	4.7	31.3	29.8	-1.5
Personnel Emoluments	17.4	-0.0	17.4	16.0	-1.4
Goods & Services	9.2	4.8	13.9	13.8	-0.2
Economic	554.3	-121.1	433.1	441.2	8.0
National Departments	131.2	-10.3	120.9	128.0	7.1
Personnel Emoluments	45.5	.5	45.9	57.1	11.2
Goods & Services	85.7	-10.8	75.0	70.9	-4.1
Statutory Authorities	423.1	-110.9	312.2	313.2	1.0
Personnel Emoluments	77.1	6.0	83.1	83.8	.7
Goods & Services	346.0	-116.9	229.1	229.4	.2
Education	1,185.5	-633.0	552.4	600.6	48.2
National Departments	1,019.7	-626.3	393.4	441.3	47.9
Personnel Emoluments	120.0	-.5	119.6	172.2	52.7
Goods & Services	899.6	-625.8	273.9	269.1	-4.8
Statutory Authorities	165.8	-6.8	159.0	159.3	.3
Personnel Emoluments	140.2	.0	140.2	140.5	.3
Goods & Services	25.6	-6.8	18.8	18.8	.0
Health	1,233.5	-10.6	1,222.9	1,375.4	152.5
National Departments	851.8	-14.2	837.6	966.4	128.8
Personnel Emoluments	330.7	-2.6	328.1	461.5	133.4
Goods & Services	521.1	-11.6	509.5	504.9	-4.6
Provincial Health Authorities	360.7	6.8	367.5	389.9	22.4
Personnel Emoluments	252.1	.1	252.2	289.2	37.1
Goods & Services	108.6	6.7	115.4	100.7	-14.6
Statutory Authorities	21.0	-3.2	17.8	19.1	1.3
Personnel Emoluments	12.8	.0	12.8	12.5	-.3
Goods & Services	8.2	-3.2	5.0	6.6	1.5
Law & Justice	982.9	-6.7	976.2	1,096.3	120.0
National Departments	714.1	16.6	730.7	864.1	133.3
Personnel Emoluments	518.6	-2.7	515.9	672.6	156.7
Goods & Services	195.5	19.3	214.8	191.4	-23.4
Statutory Authorities	268.8	-23.3	245.5	232.2	-13.3
Personnel Emoluments	126.4	2.0	128.4	126.1	-2.3
Goods & Services	142.4	-25.3	117.1	106.1	-11.0
Provinces	3,370.8	-80.5	3,290.3	3,274.9	-15.4
Provincial Administrations	3,370.8	-80.5	3,290.3	3,274.9	-15.4
Personnel Emoluments	1,552.1	.0	1,552.1	1,942.8	390.6
Goods & Services	1,818.7	-80.5	1,738.2	1,332.2	-406.0

Transport	597.1	-92.1	505.0	356.6	-148.4
National Departments	477.7	-94.1	383.6	247.3	-136.3
Personnel Emoluments	61.8	1.9	63.7	85.5	21.8
Goods & Services	415.9	-96.0	320.0	161.8	-158.1
Statutory Authorities	119.4	2.0	121.4	109.3	-12.1
Personnel Emoluments	16.3	.0	16.3	16.3	-.0
Goods & Services	103.1	2.0	105.1	93.0	-12.0
Utilities	148.6	-12.9	135.6	136.3	.6
National Departments	13.5	-4.4	9.1	9.1	-.1
Personnel Emoluments	3.4	.0	3.4	3.6	.2
Goods & Services	10.2	-4.4	5.7	5.4	-.3
Statutory Authorities	135.0	-8.5	126.5	127.2	.7
Personnel Emoluments	17.7	.0	17.7	17.7	.0
Goods & Services	117.3	-8.5	108.8	109.5	.7
Miscellaneous	1,529.9	1,223.5	2,753.4	2,452.4	-301.0
Personnel Emoluments	401.7	461.2	862.9	573.0	-289.9
Goods & Services	1,128.2	762.3	1,890.5	1,879.4	-11.1
Debt Services	1,864.7	72.0	1,936.7	1,934.5	-2.1
Grand Total	12,587.5	579.6	13,166.9	12,995.0	-172.1

Attachment A: Agencies Types/Categories under each Sectors with respective expenditure items. (Kina, Million)

Detail	Original Budget	Suppl./Trans	Revised	2018 Outcome	Variance
Administration	1,047.6	235.6	1,283.1	1,245.7	-37.4
National Departments	787.5	211.0	998.5	984.2	-14.3
Personnel Emoluments	273.5	20.8	294.3	327.8	33.5
Goods & Services	514.0	190.1	704.2	656.4	-47.8
Statutory Authorities	260.0	24.6	284.7	261.5	-23.2
Personnel Emoluments	175.3	19.0	194.3	185.1	-9.2
Goods & Services	84.8	5.6	90.4	76.4	-14.0
Community & Culture	72.7	5.5	78.2	81.1	2.9
National Departments	46.2	0.7	46.9	51.3	4.4
Personnel Emoluments	11.3	0.1	11.4	15.9	4.5
Goods & Services	34.9	0.6	35.5	35.5	0.0
Statutory Authorities	26.6	4.7	31.3	29.8	-1.5
Personnel Emoluments	17.4	0.0	17.4	16.0	-1.4
Goods & Services	9.2	4.8	13.9	13.8	-0.1
Economic	554.3	-121.1	433.1	441.2	8.1
National Departments	131.2	-10.3	120.9	128.0	7.1
Personnel Emoluments	45.5	0.5	45.9	57.1	11.2
Goods & Services	85.7	-10.8	75.0	70.9	-4.1
Statutory Authorities	423.1	-110.9	312.2	313.2	1.0
Personnel Emoluments	77.1	6.0	83.1	83.8	0.7
Goods & Services	346.0	-116.9	229.1	229.4	0.3
Education	1,185.5	-633.0	552.4	600.6	48.2
National Departments	1,019.7	-626.3	393.4	441.3	47.9
Personnel Emoluments	120.0	-0.5	119.6	172.2	52.6
Goods & Services	899.6	-625.8	273.9	269.1	-4.8
Statutory Authorities	165.8	-6.8	159.0	159.3	0.3
Personnel Emoluments	140.2	0.0	140.2	140.5	0.3
Goods & Services	25.6	-6.8	18.8	18.8	0.0
Health	1,233.5	-10.6	1,222.9	1,375.4	152.5
National Departments	851.8	-14.2	837.6	966.4	128.8
Personnel Emoluments	330.7	-2.6	328.1	461.5	133.4
Goods & Services	521.1	-11.6	509.5	504.9	-4.6
Statutory Authorities	21.0	-3.2	17.8	389.9	372.1
Personnel Emoluments	12.8	0.0	12.8	289.2	276.4
Goods & Services	8.2	-3.2	5.0	100.7	95.7
PHA	360.7	6.8	367.5	19.1	-348.4
Personnel Emoluments	252.1	0.1	252.2	12.5	-239.7
Goods & Services	108.6	6.7	115.4	6.6	-108.8
Law & Justice	982.9	-6.7	976.2	1,096.3	120.1
National Departments	714.1	16.6	730.7	864.1	133.4
Personnel Emoluments	518.6	-2.7	515.9	672.6	156.7
Goods & Services	195.5	19.3	214.8	191.4	-23.4
Statutory Authorities	268.8	-23.3	245.5	232.2	-13.3
Personnel Emoluments	126.4	2.0	128.4	126.1	-2.3
Goods & Services	142.4	-25.3	117.1	106.1	-11.0
Provinces	3,370.8	-80.5	3,290.3	3,274.9	-15.4
Provincial Administrations	3,370.8	-80.5	3,290.3	3,274.9	-15.4
Personnel Emoluments	1,552.1	0.0	1,552.1	1,942.8	390.7
Goods & Services	1,818.7	-80.5	1,738.2	1,332.2	-406.0
Transport	597.1	-92.1	505.0	356.6	-148.4
National Departments	477.7	-94.1	383.6	247.3	-136.3
Personnel Emoluments	61.8	1.9	63.7	85.5	21.8
Goods & Services	415.9	-96.0	320.0	161.8	-158.2
Statutory Authorities	119.4	2.0	121.4	109.3	-12.1
Personnel Emoluments	16.3	0.0	16.3	16.3	0.0
Goods & Services	103.1	2.0	105.1	93.0	-12.1
Utilities	148.6	-12.9	135.6	136.3	0.7
National Departments	13.5	-4.4	9.1	9.1	0.0
Personnel Emoluments	3.4	0.0	3.4	3.6	0.2
Goods & Services	10.2	-4.4	5.7	5.4	-0.3
Statutory Authorities	135.0	-8.5	126.5	127.2	0.7
Personnel Emoluments	17.7	0.0	17.7	17.7	0.0
Goods & Services	117.3	-8.5	108.8	109.5	0.7

Miscellaneous	1,529.9	1,223.5	2,753.4	2,452.4	-301.0
Personnel Emoluments	401.7	461.2	862.9	2,452.4	1,589.5
Goods & Services	1,128.2	762.3	1,890.5	573.0	-1,317.5
Debt Services	1,864.7	72.0	1,936.7	1,934.5	-2.2
Debt Interest	1,864.7	72.0	1,936.7	1,934.5	-2.2
Grand Total	12,587.6	579.7	13,166.9	12,995.0	-172.0

Attachment B: 2018 Budget and Outcome detail by Sector, Agency Category, Budgeted Agency and respective expenditure items (Kina, Million).

Detail	Original Budget	Suppl./ Transfer	Revised Budget	2018 Outcome	Variance
Administration	1,047.6	235.6	1,283.1	1,245.7	-37.4
National Departments	787.5	211.0	998.5	984.2	-14.2
202 Office of Governor-General	5.4	3.1	8.5	8.5	0.0
Personnel Emoluments	2.1	1.5	3.5	3.5	0.0
Goods & Services	3.4	1.6	5.0	5.0	0.0
203 Department of Prime Minister & NEC	86.6	26.3	112.9	125.2	12.2
Personnel Emoluments	47.0	0.0	47.0	64.4	17.5
Goods & Services	39.6	26.3	65.9	60.7	-5.2
204 National Statistical Office	25.9	-3.5	22.4	23.0	0.5
Personnel Emoluments	5.2	0.0	5.2	6.8	1.6
Goods & Services	20.7	-3.5	17.2	16.1	-1.1
205 Office of Bougainville Affairs	2.7	3.0	5.7	6.4	0.7
Personnel Emoluments	1.8	0.0	1.8	2.5	0.7
Goods & Services	0.9	3.0	3.9	3.9	0.0
206 Department of Finance	53.1	66.3	119.3	125.4	6.1
Personnel Emoluments	15.2	0.1	15.3	22.9	7.6
Goods & Services	37.9	66.2	104.1	102.5	-1.6
208 Department of Treasury	138.0	-31.1	106.9	102.8	-4.1
Personnel Emoluments	14.7	0.7	15.4	14.8	-0.6
Goods & Services	123.3	-31.8	91.5	88.0	-3.5
209 Registrar For Political Parties	5.9	0.8	6.8	7.7	0.9
Personnel Emoluments	3.9	0.0	3.9	5.5	1.6
Goods & Services	2.0	0.8	2.8	2.1	-0.7
211 PNG Customs Service	70.2	0.0	70.2	64.3	-5.9
Personnel Emoluments	44.8	0.0	44.8	41.2	-3.6
Goods & Services	25.4	0.0	25.4	23.1	-2.3
212 Information Technology Division	10.3	0.2	10.5	8.2	-2.3
Personnel Emoluments	3.3	0.2	3.5	1.7	-1.8
Goods & Services	7.0	0.0	7.0	6.5	-0.5
213 Fire Services	18.6	0.0	18.6	26.3	7.7
Personnel Emoluments	13.4	0.1	13.5	21.2	7.7
Goods & Services	5.2	-0.1	5.1	5.1	0.0
217 Department of Foreign Affairs and Trade	37.4	-6.3	31.2	17.6	-13.6
Personnel Emoluments	28.8	-1.5	27.3	14.1	-13.2
Goods & Services	8.7	-4.8	3.9	3.5	-0.4
219 PNG Institute of Public Administration	6.0	0.3	6.3	7.9	1.5
Personnel Emoluments	4.3	0.3	4.6	6.4	1.8
Goods & Services	1.7	0.0	1.7	1.5	-0.2
220 Department of Personnel Management	17.9	21.0	38.9	37.3	-1.5
Personnel Emoluments	12.2	19.2	31.4	29.9	-1.5
Goods & Services	5.7	1.8	7.5	7.4	0.0
221 Public Service Commission	5.8	0.0	5.8	6.2	0.4
Personnel Emoluments	4.5	0.2	4.8	5.3	0.6
Goods & Services	1.2	-0.2	1.0	0.9	-0.1
227 Provincial Treasuries	36.5	0.0	36.5	44.8	8.3
Personnel Emoluments	29.6	0.0	29.6	38.5	8.9
Goods & Services	6.9	0.0	6.9	6.2	-0.6
229 Department of National Planning and Monitoring	207.6	-30.6	177.1	163.7	-13.3
Personnel Emoluments	9.3	0.0	9.3	12.2	2.9
Goods & Services	198.3	-30.6	167.7	151.5	-16.2
230 Electoral Commission	11.1	20.0	31.1	28.0	-3.1
Personnel Emoluments	5.3	0.1	5.3	5.3	0.0
Goods & Services	5.9	20.0	25.8	22.7	-3.2
232 Provincial and Local Government Affairs	19.2	85.6	104.8	93.8	-11.0
Personnel Emoluments	8.4	0.0	8.4	8.8	0.3
Goods & Services	10.8	85.6	96.3	85.0	-11.4
262 Department of Industrial Relations	20.3	0.0	20.3	23.2	2.9
Personnel Emoluments	12.3	0.0	12.3	15.4	3.1
Goods & Services	8.0	0.0	8.0	7.8	-0.1
263 National Tripartite Consultative Council	0.5	0.3	0.8	0.7	-0.1

Detail	Original Budget	Suppl./ Transfer	Revised Budget	2018 Outcome	Variance
Personnel Emoluments	0.4	0.0	0.4	0.3	-0.1
Goods & Services	0.1	0.3	0.4	0.4	0.0
267 Department of Implementation and Rural Development	6.4	55.5	61.9	61.7	-0.2
Personnel Emoluments	5.5	0.0	5.5	5.4	-0.1
Goods & Services	0.9	55.5	56.4	56.2	-0.1
268 Central Supply & Tenders Board	2.2	0.0	2.2	1.9	-0.3
Personnel Emoluments	1.5	0.0	1.5	1.7	0.2
Goods & Services	0.7	0.0	0.7	0.3	-0.4
Statutory Authorities	260.0	24.6	284.7	261.5	-23.2
201 National Parliament	117.1	23.2	140.3	139.7	-0.6
Personnel Emoluments	90.6	18.7	109.3	109.3	0.0
Goods & Services	26.5	4.5	31.0	30.4	-0.6
215 PNG Immigration and Citizenship Services	13.0	0.0	13.0	15.0	2.0
Personnel Emoluments	9.0	0.0	9.0	11.0	2.0
Goods & Services	4.0	0.0	4.0	4.0	0.0
216 Internal Revenue Commission	103.3	0.8	104.1	81.0	-23.1
Personnel Emoluments	57.6	0.0	57.6	47.9	-9.7
Goods & Services	45.7	0.8	46.5	33.1	-13.4
502 Office of the Auditor-General	17.7	0.6	18.3	18.2	-0.1
Personnel Emoluments	13.1	0.6	13.7	13.7	0.0
Goods & Services	4.6	0.0	4.6	4.5	-0.1
506 National Training Council	2.0	0.0	2.0	2.0	-0.1
Personnel Emoluments	1.0	0.0	1.0	0.9	-0.1
Goods & Services	1.1	0.0	1.1	1.1	0.0
507 National Economic & Fiscal Commission	3.3	0.0	3.3	1.9	-1.4
Personnel Emoluments	1.8	-0.3	1.5	0.1	-1.4
Goods & Services	1.5	0.3	1.8	1.8	0.0
509 Border Development Authority (BDA)	3.6	0.0	3.6	3.6	0.0
Personnel Emoluments	2.2	0.0	2.2	2.2	0.0
Goods & Services	1.5	0.0	1.5	1.5	0.0
Community & Culture	72.7	5.5	78.2	81.1	2.9
National Departments	46.2	0.7	46.9	51.3	4.4
233 Office of Censorship	6.8	0.1	6.9	8.0	1.1
Personnel Emoluments	2.0	0.1	2.1	3.2	1.1
Goods & Services	4.8	0.0	4.8	4.8	0.0
237 PNG National Commission for UNESCO	0.0	0.0	0.0	1.4	1.4
Personnel Emoluments	0.0	0.0	0.0	1.4	1.4
242 Department of Community Development	36.1	0.5	36.6	37.9	1.3
Personnel Emoluments	8.1	0.0	8.1	9.4	1.3
Goods & Services	28.0	0.5	28.5	28.5	0.0
246 Office of Urbanization	1.3	0.1	1.4	2.1	0.7
Personnel Emoluments	1.2	0.0	1.2	1.9	0.7
Goods & Services	0.1	0.1	0.2	0.2	0.0
351 National Office for Child & Family Services	2.0	0.0	2.0	2.0	0.0
Goods & Services	2.0	0.0	2.0	2.0	0.0
Statutory Authorities	26.6	4.7	31.3	29.8	-1.5
243 National Volunteer Services	2.9	0.0	2.9	2.3	-0.6
Personnel Emoluments	2.3	-0.3	2.0	1.5	-0.6
Goods & Services	0.6	0.3	0.9	0.9	0.0
516 Papua New Guinea Sports Foundation	11.7	3.5	15.2	15.0	-0.2
Personnel Emoluments	6.2	0.0	6.2	6.1	-0.1
Goods & Services	5.6	3.5	9.1	8.9	-0.2
521 National Youth Commission	3.3	0.0	3.3	4.1	0.8
Personnel Emoluments	1.8	0.0	1.8	2.7	0.8
Goods & Services	1.5	0.0	1.5	1.5	0.0
539 National Museum and Art Gallery	5.1	0.0	5.1	4.1	-1.0
Personnel Emoluments	4.1	0.0	4.1	3.1	-1.0
Goods & Services	1.0	0.0	1.0	1.0	0.0
542 National Cultural Commission	3.5	1.2	4.8	4.2	-0.5
Personnel Emoluments	3.0	0.2	3.2	2.7	-0.5
Goods & Services	0.5	1.0	1.5	1.5	0.0

Detail	Original Budget	Suppl./ Transfer	Revised Budget	2018 Outcome	Variance
Economic	554.3	-121.1	433.1	441.2	8.0
National Departments	131.2	-10.3	120.9	128.0	7.1
245 Conservation and Environment Protection Authority	18.1	-10.0	8.1	5.9	-2.2
Personnel Emoluments	6.1	0.2	6.3	5.9	-0.4
Goods & Services	12.0	-10.2	1.8	0.0	-1.8
247 Department of Agriculture and Livestock	25.8	-2.8	23.0	27.1	4.1
Personnel Emoluments	8.1	-0.1	8.0	12.1	4.1
Goods & Services	17.7	-2.7	15.0	15.0	0.0
252 Department of Lands and Physical Planning	31.1	0.5	31.6	33.5	2.0
Personnel Emoluments	12.7	0.2	13.0	16.1	3.2
Goods & Services	18.3	0.3	18.6	17.4	-1.2
254 Department of Mineral Policy and Geohazards Management	9.4	3.0	12.4	12.6	0.1
Personnel Emoluments	4.1	0.0	4.1	5.3	1.1
Goods & Services	5.3	3.0	8.3	7.3	-1.0
255 Department of Petroleum and Energy	24.4	1.0	25.4	26.4	1.1
Personnel Emoluments	7.5	0.8	8.2	9.3	1.1
Goods & Services	16.9	0.2	17.1	17.1	0.0
261 Department of Commerce and Industry	22.4	-2.0	20.4	22.4	2.0
Personnel Emoluments	6.9	-0.7	6.3	8.4	2.1
Goods & Services	15.5	-1.4	14.1	14.1	-0.1
Statutory Authorities	423.1	-110.9	312.2	313.2	1.0
269 Office of Tourism Arts and Culture	0.0	0.0	0.0	0.6	0.6
Personnel Emoluments	0.0	0.0	0.0	0.6	0.6
501 Konebada Petroleum Park Authority	2.5	0.0	2.5	1.8	-0.7
Personnel Emoluments	2.2	0.0	2.2	1.8	-0.4
Goods & Services	0.3	0.0	0.3	0.1	-0.3
511 Papua New Guinea Climate Change Authority	6.3	0.0	6.3	6.2	-0.1
Personnel Emoluments	3.8	0.0	3.8	3.7	-0.1
Goods & Services	2.5	0.0	2.5	2.5	0.0
530 Investment Promotion Authority	1.9	0.0	1.9	1.7	-0.2
Goods & Services	1.9	0.0	1.9	1.7	-0.2
531 Small Business Development Corporation	33.0	-18.0	15.0	15.0	0.0
Personnel Emoluments	2.9	0.0	2.9	2.9	0.0
Goods & Services	30.1	-18.0	12.1	12.1	0.0
532 National Institute of Standards & Industrial Technology	4.7	0.0	4.7	4.5	-0.2
Personnel Emoluments	2.3	0.0	2.3	2.1	-0.2
Goods & Services	2.4	0.0	2.4	2.3	0.0
533 Industrial Centres Development Corporation	33.4	-25.0	8.4	8.4	0.0
Personnel Emoluments	2.4	0.0	2.4	2.4	0.0
Goods & Services	31.0	-25.0	6.0	6.0	0.0
535 Mineral Resources Authority	11.0	-3.2	7.8	7.8	0.0
Goods & Services	11.0	-3.2	7.8	7.8	0.0
536 Kokonas Industry Corporation	15.9	0.0	15.9	15.9	0.0
Personnel Emoluments	4.1	0.0	4.1	4.1	0.0
Goods & Services	11.7	0.0	11.7	11.7	0.0
541 National Housing Corporation	6.4	5.0	11.4	11.4	0.0
Personnel Emoluments	0.0	6.0	6.0	6.0	0.0
Goods & Services	6.4	-1.0	5.4	5.4	0.0
543 National Development Bank	130.0	-60.0	70.0	71.0	1.0
Goods & Services	130.0	-60.0	70.0	71.0	1.0
549 Office of Coastal Fisheries Development Agency	2.2	0.0	2.2	0.2	-2.0
Personnel Emoluments	2.1	0.0	2.1	0.1	-2.0
Goods & Services	0.1	0.0	0.1	0.1	0.0
551 National Fisheries Authority	20.0	-16.0	4.0	4.0	0.0
Goods & Services	20.0	-16.0	4.0	4.0	0.0
553 Fresh Produce Development Company	15.8	2.0	17.8	17.8	0.0

Detail	Original Budget	Suppl./ Transfer	Revised Budget	2018 Outcome	Variance
Personnel Emoluments	3.7	0.0	3.7	3.7	0.0
Goods & Services	12.1	2.0	14.1	14.1	0.0
554 PNG Coffee Industry Corporation	21.1	0.3	21.3	21.3	0.0
Personnel Emoluments	2.0	0.0	2.0	2.0	0.0
Goods & Services	19.1	0.3	19.3	19.3	0.0
557 PNG National Forest Authority	30.4	6.1	36.5	36.5	0.0
Personnel Emoluments	22.6	0.0	22.6	22.6	0.0
Goods & Services	7.8	6.1	13.9	13.9	0.0
558 Tourism Promotion Authority	19.7	0.0	19.7	19.7	0.0
Personnel Emoluments	2.3	0.0	2.3	2.3	0.0
Goods & Services	17.4	0.0	17.4	17.4	0.0
559 PNG Oil Palm Industry Corporation	15.0	-2.0	13.0	13.0	0.0
Goods & Services	15.0	-2.0	13.0	13.0	0.0
562 National Agriculture Research Institute	12.5	0.0	12.5	12.4	-0.1
Personnel Emoluments	7.8	0.0	7.8	7.8	0.0
Goods & Services	4.8	0.0	4.8	4.7	-0.1
563 National Agriculture Quarantine & Inspection Authority	8.3	0.0	8.3	11.2	2.9
Personnel Emoluments	8.3	0.0	8.3	11.2	2.9
566 Cocoa Board	24.9	0.0	24.9	24.8	-0.1
Personnel Emoluments	4.4	0.0	4.4	4.3	0.0
Goods & Services	20.5	0.0	20.5	20.4	-0.1
569 Independent Consumer and Competition Commission	8.2	0.0	8.2	8.2	-0.1
Personnel Emoluments	6.3	0.0	6.3	6.3	0.0
Goods & Services	1.9	0.0	1.9	1.8	-0.1
Education	1,185.5	-633.0	552.4	600.6	48.2
National Departments	1,019.7	-626.3	393.4	441.3	47.9
235 Department of Education	812.3	-594.2	218.1	268.7	50.6
Personnel Emoluments	115.3	-0.5	114.8	166.4	51.5
Goods & Services	697.0	-593.7	103.3	102.3	-1.0
236 Department of Higher Education Research Science & Technology	207.4	-32.1	175.3	172.6	-2.7
Personnel Emoluments	4.7	0.0	4.7	5.9	1.2
Goods & Services	202.7	-32.1	170.6	166.7	-3.8
Statutory Authorities	165.8	-6.8	159.0	159.3	0.3
251 PNG Science & Technology Secretariat	2.7	0.6	3.3	3.6	0.3
Personnel Emoluments	1.9	0.0	1.9	2.2	0.3
Goods & Services	0.8	0.6	1.4	1.4	0.0
505 National Research Institute	4.3	0.7	5.0	5.0	0.0
Personnel Emoluments	3.3	0.0	3.3	3.3	0.0
Goods & Services	1.0	0.7	1.7	1.7	0.0
512 University of Papua New Guinea	51.4	0.0	51.4	51.4	0.0
Personnel Emoluments	51.4	0.0	51.4	51.4	0.0
513 University of Technology	45.1	0.0	45.1	45.1	0.0
Personnel Emoluments	38.6	0.0	38.6	38.6	0.0
Goods & Services	6.5	0.0	6.5	6.5	0.0
514 University of Goroka	33.4	-3.1	30.3	30.3	0.0
Personnel Emoluments	22.0	0.0	22.0	22.0	0.0
Goods & Services	11.4	-3.1	8.3	8.3	0.0
515 University of Environment & Natural Resources	19.5	0.0	19.5	19.5	0.0
Personnel Emoluments	18.7	0.0	18.7	18.7	0.0
Goods & Services	0.7	0.0	0.7	0.7	0.0
518 PNG Maritime College	9.4	-5.0	4.4	4.4	0.0
Personnel Emoluments	4.2	0.0	4.2	4.2	0.0
Goods & Services	5.2	-5.0	0.2	0.2	0.0
Health	1,233.5	-10.6	1,222.9	1,375.4	152.5
National Departments	851.8	-14.2	837.6	966.4	128.8
240 Department of Health	451.0	16.2	467.2	495.5	28.2
Personnel Emoluments	60.4	0.0	60.4	90.4	30.1
Goods & Services	390.7	16.2	406.9	405.0	-1.9
241 Hospital Management Services	400.8	-30.4	370.3	470.9	100.6
Personnel Emoluments	270.4	-2.6	267.7	371.1	103.3

Detail	Original Budget	Suppl./ Transfer	Revised Budget	2018 Outcome	Variance
Goods & Services	130.4	-27.8	102.6	99.8	-2.7
Provincial Health Authorities	360.7	6.8	367.5	389.9	22.4
238 Milne Bay Provincial Health Authority	31.9	0.7	32.6	46.2	13.6
Personnel Emoluments	21.4	0.0	21.4	35.0	13.6
Goods & Services	10.5	0.7	11.1	11.1	0.0
239 Western Highlands Provincial Health Authority	36.2	0.7	36.9	44.6	7.7
Personnel Emoluments	28.8	0.0	28.8	36.6	7.8
Goods & Services	7.4	0.7	8.1	8.0	-0.1
244 Eastern Highlands Provincial Health Authority	41.7	0.5	42.2	54.7	12.5
Personnel Emoluments	30.0	0.0	30.0	42.6	12.6
Goods & Services	11.8	0.5	12.2	12.1	-0.1
248 Southern Highlands Provincial Health Authority	38.0	0.8	38.8	43.6	4.8
Personnel Emoluments	30.3	0.0	30.3	35.3	5.0
Goods & Services	7.8	0.8	8.5	8.4	-0.2
249 New Ireland Provincial Health Authority	27.4	1.6	28.9	20.4	-8.5
Personnel Emoluments	26.0	0.1	26.1	17.6	-8.5
Goods & Services	1.4	1.5	2.8	2.8	0.0
253 West New Britain Provincial Health Authority	36.9	0.5	37.4	47.2	9.8
Personnel Emoluments	28.1	0.0	28.1	37.9	9.8
Goods & Services	8.8	0.5	9.3	9.3	0.0
256 Manus Provincial Health Authority	16.7	0.1	16.7	16.5	-0.2
Personnel Emoluments	11.9	0.0	11.9	11.7	-0.2
Goods & Services	4.8	0.1	4.8	4.8	0.0
260 Enga Provincial Health Authority	39.3	0.6	39.9	33.3	-6.6
Personnel Emoluments	32.2	0.0	32.2	25.7	-6.5
Goods & Services	7.1	0.6	7.7	7.6	-0.1
265 Hela provincial Health Authority	29.5	0.4	29.9	18.1	-11.8
Personnel Emoluments	20.6	0.0	20.6	8.8	-11.7
Goods & Services	8.9	0.4	9.4	9.2	-0.1
266 Sandaun Provincial Health Authority	33.9	1.1	35.0	36.9	1.9
Personnel Emoluments	19.9	0.0	19.9	24.4	4.5
Goods & Services	14.0	1.1	15.1	12.5	-2.7
607 East Sepik Provincial Health Authority	12.2	0.0	12.2	20.8	8.7
Personnel Emoluments	0.8	0.0	0.8	13.6	12.8
Goods & Services	11.4	0.0	11.4	7.2	-4.2
608 Madang Provincial Health Authority	10.5	0.0	10.5	5.3	-5.2
Personnel Emoluments	0.8	0.0	0.8	0.0	-0.8
Goods & Services	9.7	0.0	9.7	5.3	-4.4
609 Morobe Provincial Health Authority	1.0	0.0	1.0	0.1	-0.9
Personnel Emoluments	0.8	0.0	0.8	0.0	-0.8
Goods & Services	0.3	0.0	0.3	0.1	-0.1
619 Oro Provincial Health Authority	5.6	0.0	5.6	2.2	-3.4
Personnel Emoluments	0.8	0.0	0.8	0.0	-0.8
Goods & Services	4.8	0.0	4.8	2.2	-2.6
Statutory Authorities	21.0	-3.2	17.8	19.1	1.3
519 National Aids Council Secretariat	6.9	-0.5	6.4	5.9	-0.4
Personnel Emoluments	3.4	0.0	3.4	3.2	-0.3
Goods & Services	3.5	-0.5	3.0	2.8	-0.2
520 Institute of Medical Research	14.2	-2.7	11.5	13.2	1.7
Personnel Emoluments	9.4	0.0	9.4	9.4	0.0
Goods & Services	4.8	-2.7	2.1	3.8	1.7
Law & Justice	982.9	-6.7	976.2	1,096.3	120.0
National Departments	714.1	16.6	730.7	864.1	133.3
218 Office of the Public Prosecutor	8.1	0.3	8.4	9.5	1.1
Personnel Emoluments	5.7	0.0	5.7	6.8	1.1
Goods & Services	2.4	0.3	2.7	2.7	0.0
222 Office of the Public Solicitor	13.9	-1.0	12.8	14.1	1.2
Personnel Emoluments	8.7	0.0	8.7	10.0	1.3
Goods & Services	5.2	-1.0	4.1	4.1	0.0
225 Department of Attorney-General	96.4	4.7	101.1	120.8	19.7

Detail	Original Budget	Suppl./ Transfer	Revised Budget	2018 Outcome	Variance
Personnel Emoluments	76.7	0.1	76.8	96.7	19.8
Goods & Services	19.7	4.6	24.2	24.1	-0.1
226 Department of Corrective Institutional Services	129.7	5.0	134.7	137.1	2.4
Personnel Emoluments	92.3	-3.1	89.2	92.1	2.9
Goods & Services	37.4	8.1	45.5	45.1	-0.5
228 Department of Police	258.5	3.7	262.2	306.2	44.0
Personnel Emoluments	205.6	0.3	205.9	271.9	66.0
Goods & Services	52.9	3.5	56.3	34.3	-22.1
231 National Intelligence Organisation	3.9	0.0	3.9	4.1	0.2
Personnel Emoluments	2.8	0.0	2.9	3.1	0.2
Goods & Services	1.0	0.0	1.0	1.0	0.0
234 Department of Defence	203.7	4.0	207.7	272.3	64.7
Personnel Emoluments	126.7	0.0	126.7	192.1	65.4
Goods & Services	76.9	4.0	80.9	80.2	-0.7
Statutory Authorities	268.8	-23.3	245.5	232.2	-13.3
223 Judiciary Services	200.1	-29.0	171.1	161.2	-9.9
Personnel Emoluments	71.7	0.0	71.7	72.8	1.1
Goods & Services	128.4	-29.0	99.4	88.4	-11.0
224 Magisterial Services	38.3	0.0	38.3	37.5	-0.8
Personnel Emoluments	34.1	0.0	34.1	33.4	-0.8
Goods & Services	4.2	0.0	4.2	4.1	0.0
503 Ombudsman Commission	20.1	1.0	21.1	21.1	0.0
Personnel Emoluments	13.7	1.0	14.7	14.7	0.0
Goods & Services	6.4	0.0	6.4	6.4	0.0
510 Legal Training Institute	2.4	1.0	3.4	3.4	0.0
Personnel Emoluments	1.8	1.0	2.8	2.8	0.0
Goods & Services	0.6	0.0	0.6	0.6	0.0
517 National Narcotics Bureau	2.3	0.0	2.3	2.4	0.0
Personnel Emoluments	2.3	0.0	2.3	2.4	0.0
522 Constitutional and Law Reform Commission	5.6	3.7	9.3	6.7	-2.6
Personnel Emoluments	2.6	0.0	2.6	0.0	-2.6
Goods & Services	3.0	3.7	6.7	6.7	0.0
Provinces	3,370.8	-80.5	3,290.3	3,274.9	-15.4
Provincial Administrations	3,370.8	-80.5	3,290.3	3,274.9	-15.4
571 Fly River Provincial Administration	141.8	-3.6	138.2	149.1	10.8
Personnel Emoluments	58.7	0.0	58.7	69.6	10.8
Goods & Services	83.1	-3.6	79.5	79.5	0.0
572 Gulf Provincial Administration	87.8	-1.3	86.5	90.0	3.5
Personnel Emoluments	29.5	0.0	29.5	33.9	4.5
Goods & Services	58.3	-1.3	57.1	56.1	-1.0
573 Central Provincial Administration	151.0	-2.2	148.9	149.2	0.3
Personnel Emoluments	69.9	0.0	69.9	89.2	19.3
Goods & Services	81.1	-2.2	79.0	59.9	-19.0
574 National Capital District	46.4	5.1	51.6	37.4	-14.1
Personnel Emoluments	0.0	0.0	0.0	0.0	0.0
Goods & Services	46.4	5.1	51.6	37.4	-14.1
575 Milne Bay Provincial Administration	142.1	-4.0	138.2	133.1	-5.1
Personnel Emoluments	64.9	0.0	64.9	78.7	13.7
Goods & Services	77.2	-4.0	73.2	54.4	-18.8
576 Oro Provincial Administration	84.7	-1.4	83.3	81.3	-2.0
Personnel Emoluments	37.1	0.0	37.1	44.5	7.4
Goods & Services	47.5	-1.4	46.1	36.7	-9.4
577 Southern Highlands Provincial Administration	189.2	-8.3	180.9	184.5	3.6
Personnel Emoluments	94.7	0.0	94.7	121.8	27.1
Goods & Services	94.5	-8.3	86.3	62.7	-23.5
578 Enga Provincial Administration	162.9	-4.7	158.3	155.1	-3.2
Personnel Emoluments	77.5	0.0	77.5	97.9	20.4
Goods & Services	85.4	-4.7	80.8	57.2	-23.6
579 Western Highlands Provincial Administration	156.3	-3.0	153.2	164.9	11.7
Personnel Emoluments	91.9	0.0	91.9	122.5	30.6

Detail	Original Budget	Suppl./ Transfer	Revised Budget	2018 Outcome	Variance
Goods & Services	64.3	-3.0	61.3	42.4	-18.9
580 Simbu Provincial Administration	194.1	-2.8	191.2	182.1	-9.2
Personnel Emoluments	83.8	0.0	83.8	102.9	19.1
Goods & Services	110.2	-2.8	107.4	79.2	-28.2
581 Eastern Highlands Provincial Administration	228.3	-2.6	225.7	219.5	-6.1
Personnel Emoluments	92.6	0.0	92.6	124.2	31.5
Goods & Services	135.6	-2.6	133.0	95.4	-37.7
582 Morobe Provincial Administration	278.2	-6.2	272.0	276.6	4.6
Personnel Emoluments	162.9	0.0	162.9	209.9	46.9
Goods & Services	115.3	-6.2	109.1	66.7	-42.4
583 Madang Provincial Administration	235.7	-8.1	227.6	228.0	0.4
Personnel Emoluments	112.8	0.0	112.8	142.5	29.7
Goods & Services	122.9	-8.1	114.8	85.4	-29.4
584 East Sepik Provincial Administration	221.4	-6.1	215.3	204.0	-11.3
Personnel Emoluments	96.7	0.0	96.7	113.7	17.0
Goods & Services	124.7	-6.1	118.6	90.3	-28.3
585 Sandaun Provincial Administration	138.1	-3.2	134.9	128.1	-6.8
Personnel Emoluments	52.5	0.0	52.5	64.5	12.0
Goods & Services	85.6	-3.2	82.4	63.6	-18.8
586 Manus Provincial Administration	52.4	-1.3	51.2	52.5	1.3
Personnel Emoluments	27.7	0.0	27.7	33.7	6.1
Goods & Services	24.8	-1.3	23.5	18.8	-4.7
587 New Ireland Provincial Administration	87.1	-1.4	85.7	88.3	2.6
Personnel Emoluments	49.8	0.0	49.8	62.9	13.1
Goods & Services	37.2	-1.4	35.9	25.4	-10.5
588 East New Britain Provincial Administration	168.2	-3.4	164.8	166.0	1.2
Personnel Emoluments	93.0	0.0	93.0	115.6	22.6
Goods & Services	75.2	-3.4	71.7	50.4	-21.3
589 West New Britain Provincial Administration	112.3	-1.1	111.2	111.8	0.6
Personnel Emoluments	66.4	0.0	66.4	76.4	10.0
Goods & Services	45.9	-1.1	44.8	35.4	-9.4
590 Autonomous Bougainville Administration	213.2	-10.9	202.3	211.8	9.5
Personnel Emoluments	95.7	0.0	95.7	119.8	24.1
Goods & Services	117.5	-10.9	106.6	92.0	-14.6
591 Hela Provincial Administration	147.2	-8.5	138.6	131.0	-7.6
Personnel Emoluments	39.2	0.0	39.2	49.7	10.5
Goods & Services	107.9	-8.5	99.4	81.3	-18.1
592 Jiwaka Provincial Administration	132.6	-1.7	130.9	130.8	-0.1
Personnel Emoluments	54.7	0.0	54.7	68.9	14.2
Goods & Services	77.9	-1.7	76.1	61.8	-14.3
Transport	597.1	-92.1	505.0	356.6	-148.4
National Departments	477.7	-94.1	383.6	247.3	-136.3
259 Department of Transport	54.8	-6.8	48.0	46.1	-1.9
Personnel Emoluments	9.8	1.9	11.7	12.5	0.8
Goods & Services	45.0	-8.7	36.3	33.6	-2.7
264 Department of Works and Implementation	422.9	-87.3	335.6	201.2	-134.4
Personnel Emoluments	52.0	0.0	52.0	73.0	21.0
Goods & Services	370.9	-87.3	283.6	128.2	-155.4
Statutory Authorities	119.4	2.0	121.4	109.3	-12.1
523 Papua New Guinea Accidents Investigation Commission	5.3	0.0	5.3	5.3	0.0
Personnel Emoluments	4.9	0.0	4.9	4.9	0.0
Goods & Services	0.4	0.0	0.4	0.4	0.0
526 National Maritime Safety Authority	2.3	0.0	2.3	2.2	0.0
Personnel Emoluments	1.1	0.0	1.1	1.1	0.0
Goods & Services	1.1	0.0	1.1	1.1	0.0
537 National Airports Corporation	72.0	12.0	84.0	72.0	-12.0
Goods & Services	72.0	12.0	84.0	72.0	-12.0
538 Papua New Guinea Air Services Limited	10.0	-4.0	6.0	6.0	0.0
Goods & Services	10.0	-4.0	6.0	6.0	0.0

Detail	Original Budget	Suppl./ Transfer	Revised Budget	2018 Outcome	Variance
545 Rural Airstrip Authority	9.1	0.0	9.1	9.1	0.0
Goods & Services	9.1	0.0	9.1	9.1	0.0
565 Civil Aviation Safety Authority	10.7	0.0	10.7	10.7	0.0
Personnel Emoluments	10.2	0.0	10.2	10.2	0.0
Goods & Services	0.5	0.0	0.5	0.5	0.0
567 National Road Authority	10.0	-6.0	4.0	4.0	0.0
Goods & Services	10.0	-6.0	4.0	4.0	0.0
Utilities	148.6	-12.9	135.6	136.3	0.6
National Departments	13.5	-4.4	9.1	9.1	-0.1
257 Department of Public Enterprises	2.0	1.6	3.6	2.8	-0.8
Personnel Emoluments	2.0	0.0	2.0	1.5	-0.5
Goods & Services	0.0	1.6	1.6	1.3	-0.3
258 Department of Information and Communication	7.6	-5.0	2.6	3.3	0.7
Personnel Emoluments	1.4	0.0	1.4	2.1	0.7
Goods & Services	6.2	-5.0	1.2	1.2	0.0
353 National Information & Communication Technology Agency	4.0	-1.0	3.0	3.0	0.0
Goods & Services	4.0	-1.0	3.0	3.0	0.0
Statutory Authorities	135.0	-8.5	126.5	127.2	0.7
524 Independent Public Business Corporation	60.0	-4.5	55.5	55.5	0.0
Goods & Services	60.0	-4.5	55.5	55.5	0.0
525 National Broadcasting Commission	21.0	0.0	21.0	21.2	0.2
Personnel Emoluments	17.7	0.0	17.7	17.7	0.0
Goods & Services	3.3	0.0	3.3	3.5	0.2
540 Water PNG	15.0	-3.5	11.5	12.0	0.5
Goods & Services	15.0	-3.5	11.5	12.0	0.5
544 PNG DataCo	20.0	0.0	20.0	20.0	0.0
Goods & Services	20.0	0.0	20.0	20.0	0.0
546 PNG Power Limited	14.0	-0.5	13.5	13.5	0.0
Goods & Services	14.0	-0.5	13.5	13.5	0.0
547 Telikom (PNG) Limited	5.0	0.0	5.0	5.0	0.0
Goods & Services	5.0	0.0	5.0	5.0	0.0
Miscellaneous	1,529.9	1,315.0	2,844.9	2,452.4	-392.6
Miscellaneous	1,529.9	1,315.0	2,844.9	2,452.4	-392.6
207 Treasury and Finance - Miscellaneous	1,529.9	1,315.0	2,844.9	2,452.4	-392.6
Personnel Emoluments	401.7	461.2	862.9	573.0	-289.9
Goods & Services	1,128.2	762.3	0.0	1,879.4	1,879.4
Debt Services	1,864.7	72.0	1,936.7	1,934.5	-2.1
Debt Services	1,864.7	72.0	1,936.7	1,934.5	-2.1
299 Treasury and Finance - Public Debt Charges	1,864.7	72.0	1,936.7	1,934.5	-2.1
Grand Total	12,587.5	579.6	13,167.1	12,994.9	-172.2

Attachment C: Section 3 (Secretary's Advance) Transfers

Detail	Section 3 Transfers
Administration	8,892,030.0
National Departments	8,892,030.0
205 Office of Bougainville Affairs	2,500,000.0
ABG REFERENDUM FUNDING	2,500,000.0
206 Department of Finance	300,000.0
PMMR	300,000.0
208 Department of Treasury	4,092,030.0
Legal Fees	357,453.0
Arrears	1,500,000.0
Treasury B/Liaison Program	92,089.0
Legal Fees	2,142,488.0
230 Electoral Commission	2,000,000.0
Recounts directed by National Court	2,000,000.0
Community & Culture	860,800.0
National Departments	623,000.0
233 Office of Censorship	123,000.0
PE Related	123,000.0
242 Department of Community Development	500,000.0
Urban Youth Employment Program	500,000.0
Statutory Authorities	237,800.0
542 National Cultural Commission	237,800.0
PE Related	237,800.0
Economic	2,000,000.0
National Departments	1,000,000.0
254 Department of Mineral Policy and Geohazards Management	1,000,000.0
PE Related	1,000,000.0
Statutory Authorities	1,000,000.0
541 National Housing Corporation	1,000,000.0
PE Related	500,000.0
PE Related	500,000.0
Education	900,000.0
National Departments	900,000.0
235 Department of Education	700,000.0
Office of Library & Archives	700,000.0
236 Department of Higher Education Research Science & Technology	200,000.0
Ministerial Operations	200,000.0
Health	1,500,000.0
National Departments	1,500,000.0
240 Department of Health	1,500,000.0
YWAM	1,500,000.0
Law & Justice	2,500,000.0
National Departments	1,500,000.0
228 Department of Police	1,500,000.0
Police Internal Affairs Unit	1,500,000.0
Statutory Authorities	1,000,000.0
503 Ombudsman Commission	1,000,000.0
PE Related	1,000,000.0
Miscellaneous	26,058,250.0
National Departments	26,058,250.0
207 Treasury and Finance - Miscellaneous	26,058,250.0
Police Operations in Alotau	600,000.0
Counterpart Funding	3,000,000.0
Land Compensation	255,000.0
Tuition Fee Free	3,000,000.0
Electoral Arrears	3,000,000.0
Public Utilities	5,000,000.0
Police/Defence Arrears	5,000,000.0
YWAM	1,500,000.0
DAL Arrears	703,250.0
Foreign Missions	4,000,000.0
Utilities	3,000,000.0
Statutory Authorities	3,000,000.0
PNG Power Limited	3,000,000.0
Section 3 - Transfer To Sec Advance	3,000,000.0

Detail	Section 3 Transfers
Grand Total	45,711,080.0

Attachment D: Section 4 Transfers (Kina, Million)

Transfer Details	Transfer Within	Transfer Out	Transfer In
Administration	95.9	-150.6	332.1
National Departments	85.4	-138.1	330.2
Department of Finance	0.9	-56.2	
Contra Entry		-1.6	
For Green Cloud consultancy payment		-0.1	
For Implementing PMMR Act		-0.3	
for outstanding payments		-2.2	
for payment of Ascender Pay Services		-1.8	
Funds to revitalise Air Niugini Falcon J		-20.0	
redistribution of funds to two new Divs	0.9		
To assist with Police & Defence Operations		-5.5	
To cater for K2.5m cover Nation Wide		-2.5	
To cater for N/Waste Manage. System		-2.5	
To cater for P&DFM annual conference		-2.0	
To Fund the outstanding state liabilities		-5.0	
to settle Jephther Construction Ltd		-0.8	
to settle Jephther Constructions		-0.8	
To settle Non Tax Revenue Refund		-0.7	
to settle os for Jephth Construction Ltd		-1.6	
To settle payment owed by Airniugini		-8.8	
Department of Foreign Affairs and Trade	3.6		6.7
from om votes under 217 to FM vote 207			6.5
repatriation of new mission heads			0.2
to cater for OLA and for HQ operations	2.6		
to cater for OLA and Operations for HQ	1.0		
Department of Implementation and Rural Development	0.5		56.0
Contra-entry transfer to appropriate vote	0.5		
Payment of P/DSG to the 111 Members			55.0
To cater for shortfall of staff OT	0.0		
To cater for shortfall.			0.5
To cater for SIP monitoring programs.			0.5
Department of Industrial Relations			38.2
Transfer to offset salary overruns.			38.2
Department of National Planning and Monitoring	62.5	-10.0	82.5
BMC Rec			25.0
Contra Entry.	2.5		
For preparation of MTDPIII and launching			2.0
for printing MTDP volume111			0.5
Funds to revitalise Air Niugini Falcon J			20.0
Supplementary Budget			7.0
Supplementary Budget			8.0
to cater for critical projects		-10.0	
To cater for PM's Commitment	25.0		
To cater for PM's Commitment from SIP	35.0		
(blank)			20.0
Department of Personnel Management	0.5	-0.2	21.0
As per Chief Sec's advice			0.5
final payout for ms marianna Elingson			0.2
for final 2018 Retrenchment			7.0
leave fares	0.3		
Retrenchment funding to DPM			5.0
Retrenchment Program trf DPM			5.0
REVERSAL S/A 3176 20/7/18		0.0	
Transfer to DPM O/STANDING BILLS			0.9
Transfer to Overtime	0.0		
Trf DPM P.S. RIGHT SIZING PROG			0.5
trf fm routine maintenance		-0.2	
trf for Outstanding liabilities within D	0.2		

Transfer Details	Transfer Within	Transfer Out	Transfer In
Trf to DPM 24 Critical Positions			1.4
Trf to dpm for Dr. Philip Kereme Retirem			0.3
Trf to DPM for Leave fares			0.3
Department of Prime Minister & NEC	3.7	-64.5	
cater for state visit by Chinas President		-1.4	
Contra Entry	0.1		
For casual wages & staff leave fares	0.4		
for ICAC to commence operation		-0.5	
OLC Digitizing fund from item 227 to 233	2.0		
Physical Audit,Western Province		-0.3	
Purchase of Vehicle	0.1		
Staff Enhancement training PNGIPA	0.2		
To assist National Honours & Awards Counc		-0.5	
To cater for 43rd Independence Anniversa		-2.0	
To cater for consul payment for CEO APEC		-0.5	
to cater for Medical Dentistry/Uni Dorms		-7.0	
To cater for MSG meeting-9-16 Feb-18		-1.8	
To cater for PM's travel to China.		-2.0	
To cater for State Commitment made		-2.0	
To cover for Personnel's salaries		-0.5	
To cover late Lady Hannah repatriation costs		-0.9	
Transfer for wages/leave fares and overt	0.8		
Transfer of OFLC funds to Div. for implementation		-2.0	
Transfer to offset salary overruns.		-38.2	
Transfer to wages 11921/11917	0.1		
Trf to Gas Proj. Office - PM & NEC		-5.0	
Department of Treasury	7.6	-1.1	18.5
cater for all outstanding claims			1.3
Contra entry to SA 3001			1.3
For bond travel and administrative costs		-1.0	
for Mr. Chand's consultancy fees			0.2
For MSG			0.9
For outstanding claims including staff OT			1.3
for shortfalls in other activities	1.5		
For staff o/s SDMA and SPID staff L/Far	0.3		
HDA & LEAVE FARES WITHIN	0.0		
o/s payments to Milbank and Dentons		-0.1	
to cater for Abau Waterways Blasting			0.4
To cater for all outstanding claims.	0.5		
To cater for APEC related costs			0.5
to cater for leave fares	0.0		
to cater for operational and o/t for CSD	0.2		
to cater for other operational expenses	0.0		
to cater for shortfall within other item	0.5		
To complete Abau District Office construction			1.9
To settle payment owed by Airniugini			8.8
To support operational activities	3.5		
To top-up funds in IDG			2.0
Transfer K930,000 to MAS,VMAS,Exe & CSD	1.0		
Electoral Commission	3.5		18.2
Cater for shortfalls in appropriation	2.0		
contra entry for negative balance			0.1
for Goroka open seat recount			0.8
For recount of Samarai-Murua & Sohe Election			0.8
Funding to Provinces for LLG Elections			4.0
To cater for W/Sepik Prov. Seat recount			0.8
To facilitate 1qtr programs for LLG Elec			10.0
To support recounts (West Sepik/Chimbu)			1.7
Adjustment	1.5		

Transfer Details	Transfer Within	Transfer Out	Transfer In
Fire Services	0.8		
Contra-entry	0.1		
to item 227 within	0.0		
Transfer to leave fares	0.1		
Transfer to leave fares within PNGFS	0.1		
Transfer to rentals within	0.3		
trf to item 227 & 232 within	0.2		
trf to item 227 within	0.0		
Information Technology Division			2.2
for outstanding payments			2.2
National Statistical Office	0.5	-2.0	
Contra Entry	0.1		
To cater for Departmental o/s bills		-2.0	
to cater for operational cost	0.2		
to cater for wages due to shortfall	0.2		
National Tripartite Consultative Council			0.3
To cover NTCC Meeting in Rabaul.			0.3
Office of Bougainville Affairs		-0.5	
Trf to NCOBA ABG Minister Support funds		-0.3	
Trf to NCOBA Ministers Support Fund		-0.3	
Office of Governor-General	0.6	-3.1	
To cater for GG's Contract Entitlements		-1.0	
To cater for o/s overtime for GG's Officers		-1.5	
To cater for shortfalls for Item 222	0.3		
Transfer to item 222	0.3		
Trf to Governor Generals Office		-0.6	
PNG Customs Service	0.3	-0.5	
contra entry to SA 3351		-0.1	
for purchase of vehicle	0.1		
OT for Customs officers - APEC	0.1		
To cater for ot for officers APEC		-0.4	
to purchase vehicle for Audit Div	0.1		
PNG Institute of Public Administration			0.3
PNGIPA LEAVE FARES			0.3
Provincial and Local Government Affairs	0.2		85.6
To cater for Ministerial commitment			1.0
to offset o/s Ward Councillors' allowances			62.0
Transfer to National Disaster Centre			3.0
Trf Disaster Centre DPLL			5.0
Trf to cater for Sec's Official Vehicle	0.2		
Trf to DPLGA Councillors wages			5.0
Trf to DPLL LG ALLOWANCES			5.0
Trf to National Disaster Centre-DPLL			2.6
Volcano relief operations, Kadovar - ESP			2.0
Public Service Commission	0.4		
Being for leave and overtime	0.2		
legal bills, corporate plan & Mr Kereme	0.1		
Registrar For Political Parties			0.9
to assist registry of political parties			0.4
To cater for shortfalls in 2018 approp.			0.5
Statutory Authorities	10.5	-12.5	1.9
Internal Revenue Commission	9.0		1.3
being for MTRS	9.0		
contra entry to SA 3351			0.1
IRC utilities refund			0.8
To cater for ot for officers APEC			0.4
National Economic & Fiscal Commission	0.5		
To cater for the wages and outstanding	0.5		
National Parliament	1.0	-12.5	

Transfer Details	Transfer Within	Transfer Out	Transfer In
for NP to cater for pay period 26th		-5.0	
For reimbursement to MPs' RBF - NP		-2.5	
To cater for members' advances	1.0		
To fund Parliament's Boulevard Project		-5.0	
Office of the Auditor-General			0.6
Trf to AGO 3% Sal Adjustment			0.6
Community & Culture	0.3	-2.0	4.6
National Departments		-2.0	0.1
Office of Censorship		-2.0	
2018 Close of Accounts Exercise		-2.0	
Office of Urbanization			0.1
To cater for urbanisations operation			0.1
Statutory Authorities	0.3		4.5
National Cultural Commission			1.0
Transfer from 207 to NCC			1.0
National Volunteer Services	0.3		
Transfer to cater for volunteer services	0.3		
Papua New Guinea Sports Foundation			3.5
PM's Commitment to Sports Commission			2.5
to cater for preparation for SPG 2019			1.0
Debt Services	291.1		224.1
Debt Services	291.1		224.1
Treasury and Finance - Public Debt Charges	291.1		224.1
Boram Hospital Counterpart funding			5.0
Debt repayment - BSP state Guarant Loans	138.9		
For bond travel and administrative costs			1.0
for shortfall in other activities	3.4		
o/s payments to Milbank and Dentons			0.1
Service payment BSP State Guaranteed Loans	46.3		
To cater for external loan shortfalls du	2.6		
To cover 2018 Supplementary Budget Alloc			218.0
To repay 3 BSP state guaranteed loans.	100.0		
Economic	7.3		57.4
National Departments	7.3		7.0
Conservation and Environment Protection Authority	1.0		
For Leave Fare & Office Relocation	1.0		
Department of Commerce and Industry	1.2		
To cater for s/fall in other PE items	1.2		
Department of Lands and Physical Planning	2.9		1.0
Carter for partitioning of office	0.9		
DJAG & Lands Dep't - Task Force			1.0
To cater for shortfall in priority items	2.0		
Department of Mineral Policy and Geohazards Management	0.6		5.0
State Negotiations for Mining & Petrolm			5.0
To cater for Bus Purchase & Renovation	0.3		
to cater for leave fares & wages	0.2		
To cater for legal fees & repairs	0.2		
Department of Petroleum and Energy	1.7		1.0
To cater for cost of Energy Wing CITE			1.0
To cater for shortfall in critical items	0.2		
to cover for shortfall in various items	1.6		
Statutory Authorities			50.4
Fresh Produce Development Company			10.0
to cater for critical projects			10.0
National Agriculture Quarantine & Inspection Authority			29.0
to offset salary overrun			29.0
National Housing Corporation			5.0
NHC Salary cost			1.5
NHC salary costs			1.0

Transfer Details	Transfer Within	Transfer Out	Transfer In
NHC Salary Transfer			1.0
Transfer as NHC rescue package for salaries			1.5
PNG Coffee Industry Corporation			0.3
(blank)			0.3
PNG National Forest Authority			6.1
Transfer from SGS to NFA to pay contract			6.1
Education	18.5		608.1
National Departments	18.5		601.8
Department of Education	18.5		601.8
Contra entry on doc 3045	0.0		
For rec leave, rental, overtime, operational	3.2		
To assist National Library for their ope			0.5
To transfer to correct vote as per NDOE	10.6		
Transfer from Education to 207 Treasury			501.3
Transfer from various divisions to correct	1.9		
Transfer to cater for travel	0.2		
Transfer to other votes within NDOE	2.7		
(blank)			100.0
Statutory Authorities			6.3
National Research Institute			0.7
To cater for Policy reform activities			0.7
PNG Maritime College			5.0
transfer to Transport Dep't			5.0
PNG Science & Technology Secretariat			0.6
to cater for its 2018 commitments			0.6
Health			340.6
National Departments			145.7
Department of Health			107.0
To cover drug supplies, utilities & rent			100.0
transfer for doctors rentals & insurance			5.0
transfer to cater for Polio emergency			2.0
Hospital Management Services			38.7
funding for PMGH for medical drugs			16.1
transfer to 207 PMGH			22.6
PHA			194.9
New Ireland Provincial Health Authority			0.8
to assist New Ireland PHA operations			0.8
Sandaun Provincial Health Authority			194.1
to offset salary overrun			193.4
Transfer Sandaun PHA for operations			0.7
Law & Justice	22.4	-8.0	187.2
National Departments	22.4		182.5
Department of Attorney-General	1.2		4.2
Cater for operational expenses	0.2		
Cater for OS Leave Fares & Priority Exp.	0.2		
For Wong Partnership LLP payment.			4.2
Reinstate WHP LM Allowances Appropriation	0.1		
To cater for Budgetary Shortfalls	0.1		
To cater for outstanding leave fares	0.5		
Department of Corrective Institutional Services	4.5		
To cater for CS Operational Shortfall	3.1		
To cater for outstanding 2018 leave fares	1.4		
Department of Defence	8.0		175.3
2018 Supplement Bud - Additional funding			14.0
Contra Entry	0.0		
Contra entry error	0.3		
Facilitate budgetary shortfalls.	4.1		
For Defence Operations	3.6		
For Mendi Callout Security Operations			4.0

Transfer Details	Transfer Within	Transfer Out	Transfer In
to offset salary overrun			157.3
Department of Police	8.4		2.2
cater for Police women conference -Kimbe	1.0		
REVERSAL S/A 3176 20/7/18			0.0
To cater for outstanding expenditures	4.6		
To cater for outstanding expenditures	1.3		
To cater for SOE - SHP operation			2.0
To replenish item 228 for police training	0.9		
transfer from routine maintenance			0.2
(blank)	0.7		
National Intelligence Organisation	0.2		
Cater for budgetary shortfalls.	0.1		
Transfer to cater for NIO operations	0.0		
Office of the Public Prosecutor			0.3
IT Server for OPP HQ & Branch offices			0.3
Office of the Public Solicitor	0.1		0.5
For Lawyers Practising Certificates.	0.1		
Pub Sol Budgetary Support.			0.5
Statutory Authorities		-8.0	4.7
Constitutional and Law Reform Commission			3.7
For Electoral Law Review Exercise			0.7
(blank)			3.0
Judiciary Services		-8.0	
Supplementary Budget		-8.0	
Legal Training Institute			1.0
To cater for LTI payroll transition			1.0
Miscellaneous	1,107.4	-1,801.2	69.6
Miscellaneous	1,107.4	-1,801.2	69.6
Treasury and Finance - Miscellaneous	1,107.4	-1,801.2	69.6
2018 COA Exercise		-11.0	
2018 Supplement Bud - Additional funding		-14.0	
Additional funding to Hela, Enga & SHP.		-11.0	
Additional funding to host APEC event	24.5		
Additional funding to SHP, Enga & Hela.		-11.0	
arrangement		-0.5	
As per Chief Sec's advice		-0.5	
BMC Rec		-25.0	
Bomana Housing - Police	1.5		
Boram Hospital Counterpart funding		-5.0	
cater for all outstanding claims		-1.3	
cater for state visit by Chinas Presiden			1.4
Contra Entry	41.9		1.6
contra entry for negative balance		-0.1	
Contra entry to SA 3001		-1.3	
DJAG & Lands Dep't - Task Force		-1.0	
error and moving to correct vote		-0.1	
Facilitate o/s bills for IMHC	5.0		
Facilitate o/s bills for Lama Hire Cars	3.5		
Facilitate outstanding bills for IMHC.	2.0		
Facilitate Police Arrears	0.6		
final payout for MS marianna Elingson		-0.2	
For Electoral Law Review Exercise		-0.7	
for final 2018 Retrenchment		-7.0	
for Goroka open seat recount		-0.8	
For Green Cloud consultancy payment			0.1
for ICAC to commence operation			0.5
For Implementing PMMR Act			0.3
For Mendi Callout Security Operations		-4.0	
for Mr. Chand's consultancy fees		-0.2	

Transfer Details	Transfer Within	Transfer Out	Transfer In
For MSG		-0.9	
For NAC	1.0		
for NP to cater for pay period 26th			5.0
For outstanding claims including staff OT		-1.3	
for payment of Ascender Pay Services			1.8
For Police Insurance Premium Payment.	3.3		
For preparation of MTDPIII and launching		-2.0	
for printing MTDP volume111		-0.5	
For recount of Samarai-Murua & Sohe Ele		-0.8	
For reimbursement to MPs' RBF - NP			2.5
For Sirinumu Landowner	4.9		
for St John Ambulance 1st qtr operations	0.2		
For the close of accounts	0.5		
For Wong Partnership LLP payment.		-4.2	
from om votes under 217 to FM vote 207		-6.5	
funding for PMGH for medical drugs		-16.1	
Funding to Provinces for LLG Elections		-4.0	
GST for Scan release to Kundiawa. Gen. Hosp	0.4		
IRC utilities refund		-0.8	
IT Server for OPP HQ & Branch offices		-0.3	
Jacksons International Airport Upgrade		-15.0	
NHC Salary cost		-1.5	
NHC salary costs		-1.0	
NHC Salary Transfer		-1.0	
o/s hire car bills for EC	3.0		
o/s payments to Kara Hire Cars	0.7		
Operational outstanding	22.2		
Part of doc. ref. 2; 3442 for Unforeseen	130.0		
Part payment of claim No.1 on CSTB No:3322		-2.0	
Payment for Police Insurance Premiums	3.3		
Payment of P/DSG to the 111 Members		-55.0	
Physical Audit, Western Province			0.3
PM's Commitment to Sports Commission		-2.5	
PM's legal bills	1.8		
PNGIPA LEAVE FARES		-0.3	
Police Operations in the Highlands		-11.0	
Pub Sol Budgetary Support.		-0.5	
repatriation of new mission heads		-0.2	
Retrenchment funding to DPM		-5.0	
Retrenchment Program trf DPM		-5.0	
Salary & OT payment for NWS Transport		-1.7	
services rendered to NAS	0.7		
Settle o/s bills for Kara Hire Car Ltd	1.5		
Settlement of legal bills - PM & DoT	1.2		
State Negotiations for Mining & Petrolm		-5.0	
Supplementary Budget		-7.0	
to assist for PNGIMR 50th anniversary	0.0		
To assist National Honours & Awards Council			0.5
To assist National Library for their ope		-0.5	
to assist New Ireland PHA operations		-0.8	
to assist registry of political parties		-0.4	
To assist with Police & Defence Operations			5.5
To cater for 43rd Independence Anniversary			2.0
to cater for Abau Waterways Blasting		-0.4	
To cater for APEC related costs		-0.5	
To cater for consul payment for CEO APEC			0.5
To cater for cost of Energy Wing CITE		-1.0	
To cater for Departmental o/s bills			2.0
To cater for Gas Office	0.9		

Transfer Details	Transfer Within	Transfer Out	Transfer In
To cater for GG's Contract Entitlements			1.0
To cater for Gov't Rental Accommodation		-44.0	
To cater for Government Utilities	35.0		
to cater for Heli Solutions o/s payments	0.5		
To cater for IMHC outstanding bills.	3.5		
to cater for its 2018 commitments		-0.6	
To cater for K2.5m cover Nation Wide			2.5
To cater for legal bills	2.3		
To cater for LTI payroll transition		-1.0	
to cater for Medical Dentistry/Uni Dorms			7.0
To cater for Ministerial commitment		-1.0	
To cater for MSG meeting-9-16 Feb-18			1.8
To cater for N/Waste Manage. System			2.5
to cater for o/s bills	8.6		
To cater for o/s claims owed to Lakatoi	0.8		
To cater for o/s overtime for GG's Office			1.5
To cater for operational outstanding	4.5		
To cater for P&DFM annual conference			2.0
To cater for PM's travel to China.			2.0
To cater for Policy reform activities		-0.7	
to cater for preparation for SPG 2019		-1.0	
to cater for shortfall under Utilities	30.0		
To cater for shortfall.		-0.5	
To cater for shortfalls in 2018 appropriations		-0.5	
To cater for shutdown cost for DPE.		-0.5	
To cater for SIP monitoring programs.		-0.5	
To cater for SOE - SHP operation		-2.0	
To cater for State Commitment made			2.0
To cater for supplementary.	230.0		
To cater for TFF	20.0		
To cater for TFF supplementary shortfall	5.7		
To cater for the transition exercise		-0.6	
To cater for unforeseen expend.	20.0		
to cater for unfunded items		-0.7	
To cater for urbanisations operation		-0.1	
To cater for W/Sepik Prov. Seat recount		-0.8	
To complete Abau District Office construction		-1.9	
To cover 2018 Supplementary Budget Allocation		-218.0	
To cover drug supplies, utilities & rent		-100.0	
To cover for Personnel's salaries			0.5
To cover late Lady Hannah repatriation costs			0.9
To cover NTCC Meeting in Rabaul.		-0.3	
To facilitate 1qtr programs for LLG Elec		-10.0	
To facilitate payment for Dunantina Road		-3.0	
To facilitate PM's Legal Bills.	2.3		
To fund Parliament's Boulevard Project			5.0
To Fund the outstanding state liabilities			5.0
to offset o/s Ward Councillors' allowance		-62.0	
To Off-set Sal O/run per 2018 Sup Budget	400.0		
to offset salary overrun		-379.8	
To pay DoE bill for Colony Group	0.5		
To replenish NSL Exit Payments	20.0		
to settle Jephther Construction Ltd			0.8
to settle Jephther Constructions			0.8
To settle Non Tax Revenue Refund			0.7
to settle o/s for foreign missions	6.0		
to settle os for Jephth Construction Ltd			1.6
To settle OS invoices from Jark Engineer	1.5		
To settle outstanding utilities	20.0		

Transfer Details	Transfer Within	Transfer Out	Transfer In
To settle PNG Power Electricity Bills.	12.0		
To support recounts (West-Sepik/Chimbu)		-1.7	
To top-up funds in IDG		-2.0	
Transfer as approved by Sec Treasury		-2.0	
Transfer as approved by Sec Treasury		-2.3	
Transfer as NHC rescue package for salary		-1.5	
transfer for doctors rentals & insurance		-5.0	
Transfer from 207 to NCC		-1.0	
Transfer from Education to 207 Treasury		-501.3	
Transfer from SGS to NFA to pay contract		-6.1	
transfer of free health care funds		-20.0	
Transfer of OFLC funds to Div. for imple			2.0
Transfer Sandaun PHA for operations		-0.7	
transfer to 207 PMGH		-22.6	
transfer to cater for Polio emergency		-2.0	
Transfer to cater for TFF from supplementary	20.0		
Transfer to DPM O/STANDING BILLS		-0.9	
Transfer to National Disaster Centre		-3.0	
Transfer to NCD vote rebuild UPNG dormitory		-5.0	
Trf Disaster Centre DPLLG		-5.0	
Trf DPM P.S. RIGHT SIZING PROG		-0.5	
Trf to AGO 3% Sal Adjustment		-0.6	
Trf to DPLGA Councillors wages		-5.0	
Trf to DPLLG LLG ALLOWANCES		-5.0	
Trf to DPM 24 Critical Positions		-1.4	
Trf to dpm for Dr. Philip Kereme Retirem		-0.3	
Trf to DPM for Leave fares		-0.3	
Trf to Gas Proj. Office - PM & NEC			5.0
Trf to Governor Generals Office			0.6
Trf to National Disaster Centre-DPLLG		-2.6	
Trf to NCOBA ABG Minister Support funds			0.3
Trf to NCOBA Ministers Support Fund			0.3
Twivey & Norton Rose Legal Bills payments	2.6		
Urgent payment to Agricom & PNG TTA	4.0		
Volcano relief operations, Kadovar - ESP		-2.0	
Withdrawal of earlier transfer	2.3		
(blank)	0.9	-123.3	
Provinces			69.0
Provincial Administrations			69.0
Hela Provincial Administration			44.0
2018 COA Exercise			11.0
Additional funding to Hela, Enga & SHP.			11.0
Additional funding to SHP, Enga & Hela.			11.0
Police Operations in the Highlands			11.0
Jiwaka Provincial Administration			20.0
transfer of free health care funds			20.0
National Capital District			5.0
Transfer to NCD vote rebuild UPNG dormitory			5.0
Transport	0.2	-5.0	70.7
National Departments	0.2	-5.0	55.7
Department of Transport	0.2	-5.0	2.4
error and moving to correct vote			0.1
Funds moved to cater for underfunded Div	0.2		
reallocations due to underfunding	0.0		
Salary & OT payment for NWS Transport			1.7
to cater for unfunded items			0.7
to cater for urgent admin expenses	0.0		
transfer to Transport Dep't		-5.0	
Department of Works and Implementation			53.3

Transfer Details	Transfer Within	Transfer Out	Transfer In
Part payment of claim No.1 on CSTB No:3322			2.0
To cater for Gov't Rental Accommodation			44.0
To facilitate payment for Dunantina Road			3.0
Transfer as approved by Sec Treasury			2.0
Transfer as approved by Sec Treasury			2.3
Statutory Authorities			15.0
National Airports Corporation			15.0
Jacksons International Airport Upgrade			15.0
Utilities	0.4		3.6
National Departments	0.4		1.6
Department of Information and Communication	0.1		
To facilitate outstanding bills	0.1		
Department of Public Enterprises	0.3		1.6
arrangement			0.5
To cater for shutdown cost for DPE.			0.5
To cater for the transition exercise			0.6
(blank)	0.3		
Statutory Authorities			2.0
Independent Public Business Corporation			2.0
2018 Close of Accounts Exercise			2.0
Grand Total	1,543.4	-1,966.8	1,966.8

Appendix 1 – Movements of Funds in Trust Accounts 2018

**Table A1: Movement of funds in Trust Accounts 1st January to 31st December 2018
(Kina, millions)**

Legacy Code	Trust Account Name	Balance 01-Jan-18	Debit (Receipt)	Credit (Payment)	Balance as at 31-Dec-18
486	Outstanding Special Support Grants	0.1	0 0	0 0	0.1
519	Rehabilitation of Higher Education Sector	10.3	5.5	4.0	11.8
524	Rehabilitation of Transport Infrastructure	2.9	0.3	0.0	2.9
526	Resettlement of Rabaul Volcano Victims	0 0	0.0	0.0	0.0
528	Hospital and Healthcare Centre Rehabilitation	0.2	0.1	0.0	0.2
562	Highlands Highway Rehabilitation	0.0	0.0	0.0	0.0
582	Madang Marine Park Development	2.3	0.0	2.3	0.0
591	Transport Sector-Central City Redevelopment	26.8	0.0	0.0	26.8
624	Infrastructure Development (UBSA)	49.1	0.0	41.2	7.9
626	Coastal Vessels	0.1	0 0	0.0	0.1
648	PNG High Impact Infrastructure Projects	0.7	0.0	0.0	0.7
659	Port Moresby Roads	0.3	0.0	0.0	0.3
666	Mining Legal Costs	0.1	0.0	0.0	0.1
677	MOA Outstanding Liabilities	0.0	0.0	0.0	0.0
686	Kokopau to Arawa Rd Upgrading and Bitumen Sealing	0.0	0 0	0 0	0.0
690	Aiyura National High School Renovation and Upgrade	0.0	0.0	0.0	0.0
695	Trans East-West New Britain Highway	0.0	0 0	0 0	0.0
713	Tuition Fee Free Education	12.4	620.0	508.6	123.8
717	2015 South Pacific Games	0.0	0.0	0.0	0.0
723	PNG LNG Development	0 0	0.0	0 0	0.0
729	PNG LNG Additional Equity	0.6	0 0	0 0	0.6
737	PNG Fire Service Infrastructure Program (PIP)	0.0	0 0	0.0	0.0
747	LNG Pipeline Infrastructure Development Grant (IDG)	0.0	0.0	0.0	0.0
754	Public Service Audit Program	0.4	0.0	0.0	0.4
757	Restoration and Development	12.4	3.0	4.5	10.9
761	HELA Transitional Authority Infrastructure Development	0.0	0 0	0.0	0.0
772	Trade Skills Scholarships	0.2	0.0	0.0	0.2
861	Sports Infrastructure	0.1	0.0	0.0	0.1

870	2017 National General Election Finance Procurement	0.0	20.0	4.7	15.4
887	Asia Pacific Economic Countries-Authority	0 0	271.8	270.4	1.4
888	Asia Pacific Economic Countries-Security	0.0	30.0	30.0	0.0
894	Multiple Development Trust	0.0	5.4	1.0	4.4
	Total	112.4	986.4	891.9	207.0

Source: Department of Finance

Appendix 2 – Actual Expenditure and Project Status of major Public Investment Program Projects (Kina, Million)

Table A2 below presents a status update on the major Public Investment Program projects of 2018. Many projects have seen significant progress in 2018 and thus contributed to establishing the enablers of growth and development. For more detailed and comprehensive information on the progress of all major commitments of the government, the reader is kindly referred to the 2018 Annual PIP report, published by the Department of National Planning and Monitoring.

PROJECTS	2018 ORIGINAL	2018 REVISED	OUTCOME	% complete	PROJECT STATUS
Administration Sector					
Container Examination Facility (CEF) -Project	3,000,000	3,000,000	3,000,000	CEF Motukea 100%, Lae in progress	Motukea CEF is in operational. Increase in 10% revenue generation. Lae CEF in progress.
Identity Card (with Biometrics)	23,000,000	18,146,294	18,146,294	10%	800, 000 IDs issued. Slow start due to system challenges.
RASII Project: Replacement of Ageing Tax Collection System	5,000,000	5,000,000	5,000,000	80%	Project is expected to be completed by the end 2019.
Economic Sector					
Agriculture and SME Funding	50,000,000	29,000,000	29,000,000	100%	All funding used for the purposes of credit facilities in 2018.
FPDA Office Complex	-	2,000,000	2,000,000	90%	External works are 98% complete and installations ongoing for generator unit, electric panel boards and other internal works to complete.
Infrastructure Development Grant	100,000,000	55,700,000	55,000,000	20%	Funding owed – 2014 – 2018. Treasury to advice if 2018 funding lapsed, transferred to IDG Trust Account or utilized for other purposes. IDG on hold until audit/reconciliation and IDG/HIIP Guidelines established.
Six Mile SME Incubation Centre	30,000,000	12,000,000	12,000,000	10%	MOU signed with West New Britain Provincial Government for the construction of the centre. Funding with SMEC but implementation pending given political impasse on the direction for the use of funding between Minister Planning and Minister Commerce.

PROJECTS	2018 ORIGINAL	2018 REVISED	OUTCOME	% complete	PROJECT STATUS
SME Funding for (Agriculture and Non-Agriculture) Activities	50,000,000	14,000,000	14,000,000	100%	All funding used for the purposes of credit facilities in 2018.
State Equity Fund (Agriculture and Others)	100,000,000	20,300,000	20,400,000	10%	Funding to Enga Provincial Government, Ialibu Pangia DDA, Ilimo Dairy Farm.
Agriculture and SME Funding	50,000,000	29,000,000	29,000,000	100%	All funding used for the purposes of credit facilities in 2018.
Social Sector					
Alotau Hospital Re-development	2,000,000	1,000,000	1,000,000	100% housing projects and hospital wards about 50%	This is an ongoing program arranged through kina for kina funding sourced by the Milne Bay Provincial Health Authority and DFAT and it was successfully implemented on time. The funding appropriated for 2017 was used to renovate and rehabilitate existing health facilities for the hospital. The 2018 allocation was warranted in the 4th quarter. The report for 2018 is yet to be submitted.
ANGAU – Lae Cancer Unit	30,000,000	18,000,000	18,000,000	50% for the design and scoping	The ANGAU Cancer Unit for Lae was appropriated K30.0 million in 2018 and had a Revised budget of K18 million which K14.0 million has been warranted. ANGAU Hospital is currently working on the design and scope of the works for implementation and construction will commence in 2019.
Boram General Hospital Re-development	4,000,000	4,000,000	4,000,000	100% for all wards. 70% on staff houses 40% Redevop. work	The demolition and construction of wards 2A, 2B, 2C and 2D has been completed and officially opened in July 2017. The children's wards were also demolished and new wards are being constructed with works in progress. The rehabilitation work is done on the existing health facilities and staff houses. The GoPNG and Government of Czech Republic signed a loan agreement to fund the redevelopment of Boram Hospital, an upfront payment of K37 million has been paid. The ground breaking ceremony was done and construction will commence in 2019 by stages.

PROJECTS	2018 ORIGINAL	2018 REVISED	OUTCOME	% complete	PROJECT STATUS
Buka Hospital Infrastructure Development	2,000,000	1,000,000	1,000,000	50% work to renovation or wards.	The hospital is undergoing rehabilitation program to improve most of its buildings and facilities to provide curative health care services. Currently, the contractor has been engaged and work on the renovation of wards and other health facilities are in progress.
Dev/Est. of Community Health Posts	7,000,000	2,500,000	2,459,805	100% complete for Lamusmus, Baro, Gaggabuno 20% complete for the remaining CHPs	The program commenced since 2011 in which 3 CHPs were completed and commissioned. A further K10.0 million was released in 2017 and an additional funding support in 2019 will be committed to construct the CHPs that have already completed the design and documentation which includes: Wala (ENBP), Amayiufo (EHP), Kopau (Manus), Honoga (Hela), Maopa (Central Province), Uomai (Gulf) and Kanadabiam (Jiwaka) and Kiorata (Northern Province).
District/ Rural Hospital Re-development	50,000,000	42,000,000	42,000,000	100% for Telefomin 50% for Maprik 40% for Tambul 50% for Kupiano Funds were distributed to various facilities without proper detail costing done by NDOH. therefore, not much progress on this high impact program.	Rural or District Hospital is a level 4 health facility to provide primary health care in accordance with National Health Service and Standards. The Program commenced in 2011 as one of the key priorities for MTDP 1 of which 3 health centers were upgraded. Construction of Telefomin District Hospital was completed in 2016 at the cost of K10.8 million while Maprik (ESP) is estimated to cost at K20 million and it is still under construction. For Tambul-Nebilyer, work is progressing very slow due to contract issues. In the 2018 budget K50.0 million was appropriated for 22 District Hospital projects and this comprises of ongoing and new projects. From the K30.0million released to date; K5.0 million each was transferred to the ongoing projects like Tambul and Maprik to continue with construction works and Kupiano was appropriated K1.0 million for design of new operating theater building and K1.0 million was committed for project Management fee. Site inspection and concept design carried out and scoping for topography survey and reconfiguration design and documentation has commenced for

PROJECTS	2018 ORIGINAL	2018 REVISED	OUTCOME	% complete	PROJECT STATUS
					Yangoru at K3m. K2 million each to be transferred to the following hospitals for design and documentation, feasibility study, standard concept design for; Rabaraba, Esa'ala, Kandrian, Pomio, Bogia, Henganofi, Keravat, Raihu, Imbongu, Jimi, Gumine, Kikori, Angoram, Tapini and St. Margaret.
Goroka Hospital Rehabilitation	4,000,000	4,000,000	4,000,000	50% of work done for upgrading of existing facilities especially the wards	Since 2014, funds allocated were used for water supply and sanitary, major refurbishment, alterations and extensions, power supply, surgical equipment, ward 2 & 3 ablution blocks. Also, upgrading of facilities, purchase of new stand-by- genset, medical equipment and instruments, general wards renovation, refurbishment, renovation of the hospital, construction of accommodation for nursing and technical staff and Master Plan. The new Surgical and Diagnostic Center was built at K180 million by Ceska and GoPNG and completed in 2018.
Kerema Hospital Re-development	2,000,000	2,000,000	1,300,000	50% work to surgical and medical and maternity wards, 20% for A&E	This is an ongoing program in which designing and much of the constructing work was completed. Ground work for the construction of A&E is done and waiting for approval of design from NDOH Health Facility before construction starts. Refurbishment of medical ward, surgical ward, maternity ward and birthing unit was done in 1st quarter of 2018 with installation of a small southern cross tank to supply water to the Administration Office Complex and the wards. The hospital was allocated K2.5m in 2017 and was fully warranted, NDOH disbursed K1m in December and balance was disbursed in March 2018. The funding of K2.0m for 2018 was warranted in the 3rd quarter, the planned activities for 2018 will be implemented in 2019.
Lorengau Hospital Rehabilitation	2,000,000	1,000,000	1,000,000	100% for TB design and documentation	The hospital has been supported by DFAT and NZAID. Design and documentation of a new building for TB for

PROJECTS	2018 ORIGINAL	2018 REVISED	OUTCOME	% complete	PROJECT STATUS
Manus PHA				Actual implementation is 0%	the hospital is currently done by the National Department of Health. The construction should start as soon as the documentation are completed.
MDR TB Prevention	5,000,000	3,000,000	3,000,000	Funds were used for TB program (90%)	This is an ongoing program of which Funds appropriated in 2018 have been used for strong advocacy on TB awareness programs in the hot spot areas like Gulf, Daru and National Capital District and health facilities where more cases are detected. Fund were mainly allocated towards Procurement and supply of drugs, protection masks, x-ray film for the hot spot areas, extension of laboratory function room, separate ablution block for TB and general patients.
Mendi Hospital Re-development	2,000,000	900,000	900,000	20%	This is an ongoing program since 2011 of which 19 projects have been completed. The focus for 2018 was for the Redevelopment Phase of which much work is still outstanding due to funding constraints.
PMGH – Cancer and Heart Institute	28,500,000	20,500,000	20,500,000	50%.	Port Moresby General Hospital has already started on the construction of the cancer unit and work will continue in 2019.
Sandaun Provincial Health Authority	2,000,000	1,000,000	1,000,000	100% refurbishment work of wards and intermediate wards.	The construction of buildings staff houses was completed. In 2018, K2.0 was appropriated, with K1.0 million warranted in the 4th Quarter for the refurbishment of wards which has been completed.
Laloki Psychiatric Hospital	2,000,000	900,000	900,000	20% upgrading and piping of water	Since 2012 construction of three (3) staff houses and Administration Building has now been completed and commissioned in 2016. The upgrading of the water supply for Laloki Hospital will cost at K1.0 million, has been delayed pending on detail scope of works. The hospital procured several water tanks which were installed for the staff houses as temporary remedy whilst

PROJECTS	2018 ORIGINAL	2018 REVISED	OUTCOME	% complete	PROJECT STATUS
					the major upgrading and piping of water will be done by Eda Ranu.
Hela Hospital	2,000,000	900,000	900,000	20% for construction of new houses	In 2015, feasibility studies, master planning and preparation of project documentation was done. In 2017 upgrading of staff houses and existing wards and facilities were completed. In 2018, funds was warranted in the 4 th Quarter, hence, construction of new houses was delayed. Actual construction will commence in 2019.
Kavieng	2,000,000	1,300,000	1,300,000	80% complete for sisters' quarters and nurses' houses	The 2017 PIP funds were used for the upgrading of sewerage pipeline, hospital perimeter fencing, footpath shelter, renovation of staff residence. Appropriation for 2018 was earmarked for the Master Planning and construction of Paediatric ward. Tender documentation is being prepared for the construction of the Paediatric ward which is in progress.
Enga School of Nursing	2,000,000	2,000,000	2,000,000	n/a	A total of K5 million was released to Enga Nursing School from 2015 and 2018. Since then there is no progressive report submitted to DHERST.
University of Technology Mess Extension	5,000,000	5,000,000	5,000,000	n/a	The project is at the final stage of Technical Assessment Committee and awaiting CSTB for awarding contract. The process is very slow due to slow release of warrant.
Nursing College Infra Rehabilitation	15,000,000	9,000,000	8,104,662	Average of 40% of work is done	An average of 40% of the work in the 9 Nursing colleges is done. Most of the constructing and maintenance work such as Off-site Accommodation, Lecture Building, restoration of water supply, staff house and purchase of materials is in progress.

PROJECTS	2018 ORIGINAL	2018 REVISED	OUTCOME	% complete	PROJECT STATUS
Pacific Adventist Infrastructure Development	3,000,000	3,000,000	2,999,711	n/a	Funds Transferred to PAU Project Account at the fourth quarter of 2018. Staff Accommodation which is the new component is still at its initiation phase. The ongoing Components funded from 2015 to 2017 such as the Outfitting of the Business Complex 100% complete, New Dormitory 100% Complete and New Research Lab 100% complete
UPNG Infrastructure Maintenance	5,000,000	2,200,000	2,200,000	0%	Funds released to the institution on the 4 th quarter due to late release of warrants. Progress status should be captured in 2019 first quarter.
Western Pacific University	40,000,000	40,000,000	40,000,000	n/a	WPU infrastructure construction work is in progress. 2018 funds were transferred to WPU Project Account. The infrastructure completed are 2 lecture blocks, student recreation facilities, student dining facilities, students' administration building. Construction of additional 15 staff houses is in progress. The road construction is also in progress around the planned campus area with proper drainage.
Law & Justice Sector					
Court House Design and Maintenance	80,000,000	59,000,000	59,000,000	28.35%	The main construction contract of the project. The project is currently running 8 months behind schedule due to insufficient funding.
CS Infrastructure	10,000,000	10,000,000	9,999,995	18%	There are 9 projects under 3 major components, critical projects, court order projects and rural lockup. Only Lakiemata Jail projects is completed. There is no sufficient funding to complete all.
Civic Action Program - Missing Link - Baiyer - Madang Road	10,000,000	7,000,000	6,671,747	60%	A total of 93km is left for completion. Mobilisation of machines, equipment and other materials to Aiom.

PROJECTS	2018 ORIGINAL	2018 REVISED	OUTCOME	% complete	PROJECT STATUS
Transport Sector					
Civil Aviation Sector Development Investment Program (T2&3)	20,000,000	17,000,000	17,000,000	1. CADIP TRANCH 2 (13 projects) Progress: 65% & Fin Progress: 61% 2. CADIP TRANCHE 3 (12 Projects) Phy Progress: 2% & Fin Progress: 18%	1. T2 commenced in 2014 with a total cost of USD 130m ADB funding component and USD40m GoPNG funding. T2 was expected to be completed by the end of 2018, however the completion date was further extended to end of 2019. 3. T3 is at the cost of USD275m of which ADB contributes USD248 and GoPNG contributes USD27M. The loan was approved and signed on 03d of Marc 2017 and became effective on 25 th May 2017.
Highlands Region Roads Improvement Investment Program	10,000,000	4,000,000	4,000,000	100%	Mendi Kandep Road and Liagam Pogera Road completed in 2015.
Highlands Region Roads Improvement Investment Program -II	10,000,000	5,500,000	5,493,988	Overall: 99.5%	
1.Kotna-Lapramp				100%	Completed and open to Traffic
2.Lalibu Kagua				100%	Completed and open to Traffic
3.Mendi -Tambul				99%	Bailey Bridge at Kaugul river expected to launch in March 2019 and also the completion of the road.
Highlands Region Roads Improvement Program (HRRIP III)	10,000,000	6,000,000	5,999,905	Overall: 27.5%	
Heganofi – Nupuru Road				39.6%	The contractor (China Wu Yi) achieved 32% against the planned physical progress of 39.6% with a negative slippage of 6.7%.
Gewa - Gembogl				17.8%	The contractor (CHEC) achieved physical progress of 17.8% out of the planned 30% with a negative slippage of 12.2%

PROJECTS	2018 ORIGINAL	2018 REVISED	OUTCOME	% complete	PROJECT STATUS
<i>Pangia -Wirup Loop</i>				40%	The road is with the Schedule. 27km of road have been cleared. Two bridge and culvert be constructed with the next 4km to fully connected the full length of the road.
<i>Nipa – Munihu Road</i>				12.74% (8.11% late)	Due to landowner grievance work have been affected. Work are undergoing within the 121km of the road section.
Jackson's Airport Upgrade and Rehabilitation	50,000,000	65,000,000	65,000,000	Phy Progress: 98.3% & Fin. Progress: 62%	K24.8 million of GoPNG funding is urgently required on 2019 to complete contract commitments for POM Airport Apron Redevelopment.
Kikori Wharf Development	10,000,000	2,500,000	1,000,000	15%	New wharf project identified by the current government to be implemented, currently, under feasibility study before actual construction kick-start.
Manus Wharf Development	10,000,000	8,000,000	7,529,261	15%	Wharf extension identified by the current government to be implemented, currently, under feasibility study, technical design for actual construction.
Maritime & Waterways Safety Project	1,000,000	1,000,000	1,000,000	45%	<p>Overall status of NMSA project covers 4 main objectives;</p> <ol style="list-style-type: none"> 1. Replaced, installed & Maintained Navaids – replace 99 existing navaids and install 33 additional 2. Improved safety information infrastructure – resolve data communication problem between the tidal gauge unit and station and scale hydrographic survey, 3. Improve maritime safety practice of communities – provide & promote maritime safety awareness activities for public, rural and remote communities <p>Efficient project management and capacity development – to help NMSA establish project</p>

PROJECTS	2018 ORIGINAL	2018 REVISED	OUTCOME	% complete	PROJECT STATUS
					implementation unit (PIU) to manage all activities funded by project.
Nadzab Airport Terminal Redevelopment Project	2,000,000	2,000,000	2,000,000	58.7%	It undergoing Feasibility Studies including Design and Scoping of the project. `Actual Construction is expected to commence in September 2019.
Rd Maint and Rehab. Project (RMRP) Phase 2-Additional Funding	5,000,000	5,000,000	4,984,030	63% Overall	
<i>1. Upgrade to Seal Hula Road, Gabone tp Geno Junction</i>				85%	The completion date would be likely in February 2019, about 3 weeks behind the extended completion date of 5 February 2019.
<i>2. Upgrade to Seal East Cape Road, Yalua to Kehelala</i>				80% Complete	The issue of variation in August 2018 the revised completion date was extended to 12 March 2019. Due to Poor progress on sealing works has delayed the work by 4 weeks behind schedule
<i>3. Performance Base Maintenance Contract</i>				25%	The overall progress performed during October 2018 for all contracts is 25% at the equivalent 27% time taken. Main reason for the progress behind schedule is the Constructors' issue with the required project document for rehabilitation and extra safe guard requirements.
<i>4. Upgrade to Seal Coastal Highway from Bogia to AWAR</i>				n/a	The draft bid document has been submitted for review to WB. The Draft ESIA has been completed and submitted in October 2018 and will be finalised following review comments.
<i>5. Upgrade to Seal Hiritano Highway from KEREMA Town to Epo</i>				n/a	The draft bid document has been submitted for review to WB. Finalising the EISA has been delayed and was submitted in December 2018.
Sustainable Highlands Highway Rehabilitation Program	5,000,000	4,000,000	3,999,999	n/a	Contracts awarded based on road sections and launched on January 2019 by PM in Goroka for commencement of actual construction work.
Vanimo Wharf Development	10,000,000	8,000,000	7,550,265	15%	Wharf extension identified by the current government to be implemented, currently, undergoing technical design and feasibility study for actual construction.

PROJECTS	2018 ORIGINAL	2018 REVISED	OUTCOME	% complete	PROJECT STATUS
Wewak Wharf Development	10,000,000	8,000,000	7,868,091	15%	Wharf extension identified by the current government to be implemented, currently, undergoing technical design and feasibility study for actual construction
Utilities Sector					
Kumul Submarine Cable	15,000,000	15,000,000	15,000,000	40%	1. 2,000 km Domestic submarine cable constructed and completed between Madang, Lae, Popondetta, Alotau, and Pom. 2. Cable landing centre complete in 5 Centres, installed with transmission equipment's and undergoing signal testing to complete this February 2019.
Goroka Town Sewerage System Upgrade	5,000,000	3,000,000	3,000,000	50%	Construction of sewerage treatment plant (STP) - 50%. Not within standard, technical issues identified by WPNG technical audit ignored by Town Council.
Port Moresby Sewerage Project	60,000,000	55,500,000	55,500,000	96%	Sewerage treatment plant (STP) 100% complete and operational, 3 pumping stations to complete out of 13 pumping stations under the project. No GoPNG counterpart in 2019 appropriation.
Hagen Mendi Tari Grid Development Project	5,000,000	3,500,000	3,500,000	15%	Materials are undergoing, design and manufacturing. Whiles on the ground, land preparation, site surveying, and site preparation for mobilization of materials on site. Construction expect to commence this year, 2019.

Source: Department of National Planning and Monitoring