



MID YEAR ECONOMIC AND FISCAL OUTLOOK REPORT

2016

INTRODUCTION

The Mid-Year Economic and Fiscal Outlook (MYEFO) Report is released in accordance with the requirements of sections 9 to 12 of the *Papua New Guinea Fiscal Responsibility Act (FRA) 2006*.

The purpose of the MYEFO Report is to provide updated fiscal information, especially for the current financial year, to allow the Parliament and the public to assess developments against those set out in the 2016 Budget.

The MYEFO contains the following:

- Part 1: The Mid-Year Economic and Fiscal Outlook**
 - 1.1 The Economic Outlook
 - 1.2 The Fiscal Outlook
 - 1.3 Total Revenue and Grants
 - 1.4 Expenditure and Net Lending
 - 1.5 Status of Trust Accounts
 - 1.6 Financing
 - 1.7 Public Debt
 - 1.8 Risks to the Mid-Year Economic and Fiscal Outlook
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The MYEFO essentially covers Central Government fiscal and financial operations in the government sector. Consistent with the 2014 Government Finance Statistics (GFS) cash reporting framework, the government sector is defined as covering all units performing government functions, that is, the implementation of public policy through the provision of primarily non-commercial services and the transfer of income, supported mainly by compulsory levies on other institutional sectors.

Government owned or controlled units, which sell industrial or commercial goods and services to the public on a large scale, are excluded from the government sector and are classified separately as non-financial public enterprises. Government owned and/or controlled financial institutions are also classified separately from the Government sector as public financial institutions.

The financial information presented in this report is based on the same reporting standards as the 2016 Budget. Generally, this follows the cash reporting standards originally laid down in the 2014 Manual of Government Finance Statistics published by the International Monetary Fund (IMF). This is a gradual shift from the 1986 GFS to the 2014 GFS and is part of the ongoing reform of the Budget process and Budget reporting.

The information on real GDP presented in this report is not based on rebased nominal GDP officially released by National Statistical Office in March 2016. The reason being that the deflators, key inputs in deriving real GDP, were yet to be officially released at the time this report was prepared. The rebased nominal GDP is however used in this report. The new national accounts classification including the rebased nominal GDP (current prices) and real GDP (constant prices) will be published in the upcoming 2017 National Budget and the 2017 MYEFO.

PART 1

THE MID YEAR ECONOMIC AND FISCAL OUTLOOK

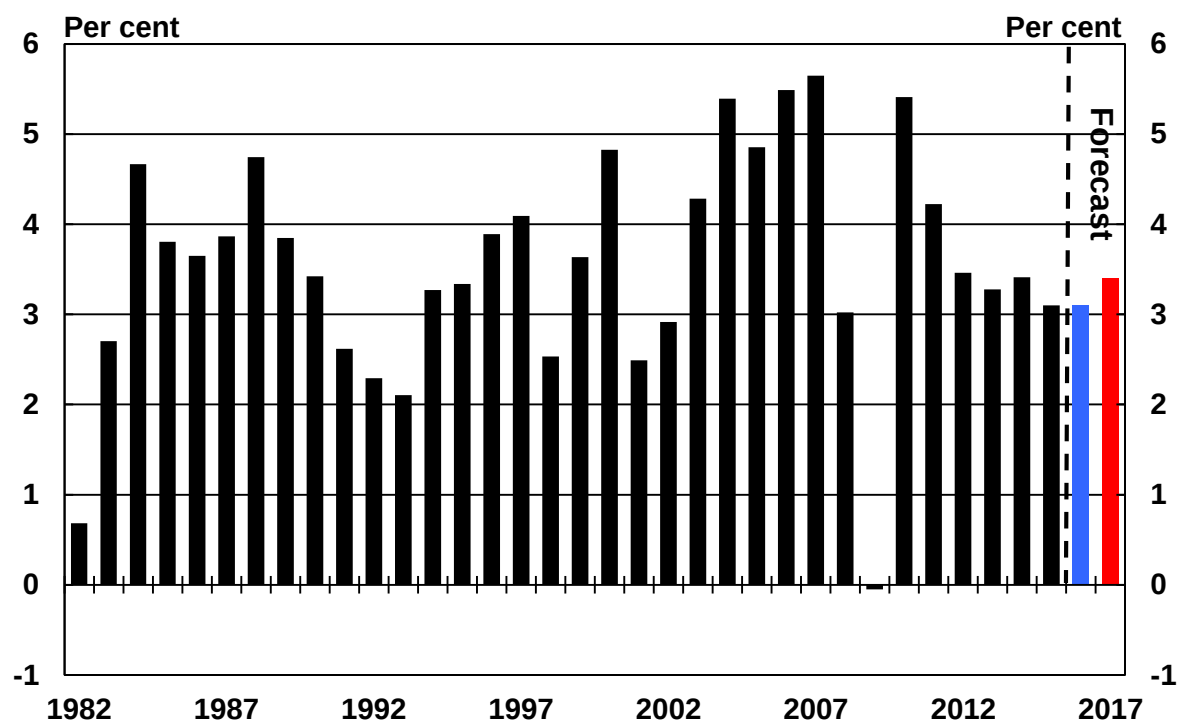
1.1 THE ECONOMIC OUTLOOK

Overview

International Economic Outlook

According to the 2016 July World Economic Outlook (WEO) report published by the International Monetary Fund (IMF), the baseline global growth forecast has been revised down modestly relative to the April 2016 WEO by 0.1 percentage point for 2016 and 2017 to 3.1 per cent and 3.4 per cent, respectively envisaged pre-Brexit. Compared to the October 2015 WEO growth estimate of 3.6 per cent at the 2016 Budget time, this is a downward revision of 0.5 percentage points, indicating the global economy has deteriorated since the decision of Britain's exit from the European Union. Revisions to growth in relation to Brexit are concentrated mainly in advanced European economies, with a relatively muted impact elsewhere, including the United States and China.

Chart 1: World Economic Growth (1982-2017)



Source: International Monetary Fund, World Economic Outlook (July 2016)

Brexit has surprised global financial markets and is a downside risk for the world economy. As a result, the global outlook for 2016-17 has worsened, despite the better-than-expected performance in early 2016. This deterioration reflects the expected macroeconomic consequences of a sizable increase in uncertainty, including on the political front. This uncertainty is projected to take a toll on confidence and investment, including repercussions

on financial conditions and market sentiments more generally. Prior to this, the initial financial market reaction was severe but generally orderly.

Growth in the advanced economies is projected at 1.8 per cent for 2016 and 2017, compared to 1.9 per cent and 2.0 per cent respectively relative to the April 2016 WEO. Growth is expected to remain lackluster, with low potential growth and a gradual closing of output gaps.

In the emerging markets and developing economies (EMDEs), prospects remain diverse with some improvement for a few large emerging markets, in particular Brazil and Russia, pointing to a modest upward revision to 2017 global growth relative to April's forecast.

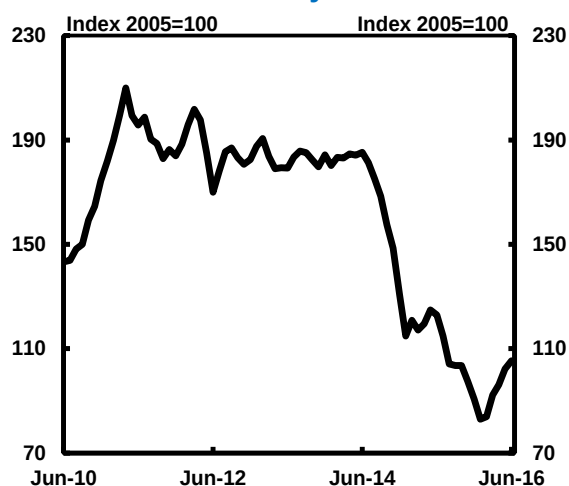
Over the medium term, global growth is projected to gradually normalise although uncertainty and the risks of weaker growth scenarios are becoming more tangible.

Commodity Prices

Movements in commodity prices continue to track developments in the global economy over the first half of 2016. Prices of key PNG's export commodities, especially oil, recovered noticeably over the reporting period, however, remained below expectations. Gold prices rose sharply over the same period boosted by appeal for safe-haven investment.

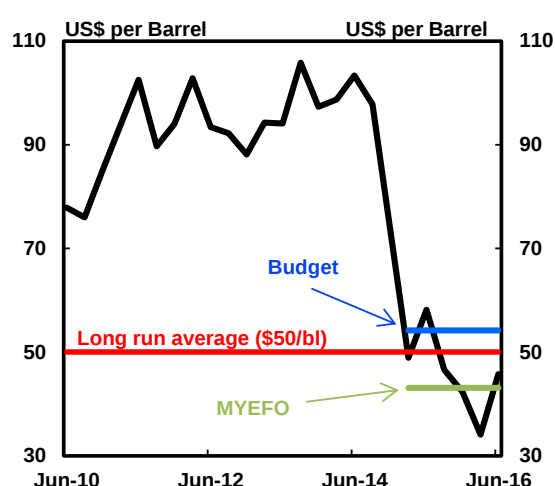
Oil prices recovered noticeably rallying over five consecutive months from a low of US\$26 per barrel at the turn of the year. The oil price recovery reflected a number of factors including possible production freeze among Organisation of Petroleum Exporting Countries (OPEC) and non-OPEC countries, unplanned supply disruptions in Iraq, Nigeria, Canada, and the United Arab Emirates, and seasonal oil demand. The lower US oil production towards the end of 2015 and the declining projected output over the short-term is also a key factor to the oil price recovery. However, oil price remain under-pressure due to strong supply condition amidst a weakening global demand. In the first half of the year, the crude oil (WTI) price averaged at US\$40 per barrel.

Chart 2: IMF Commodity Price Index



Source: International Monetary Fund (IMF)

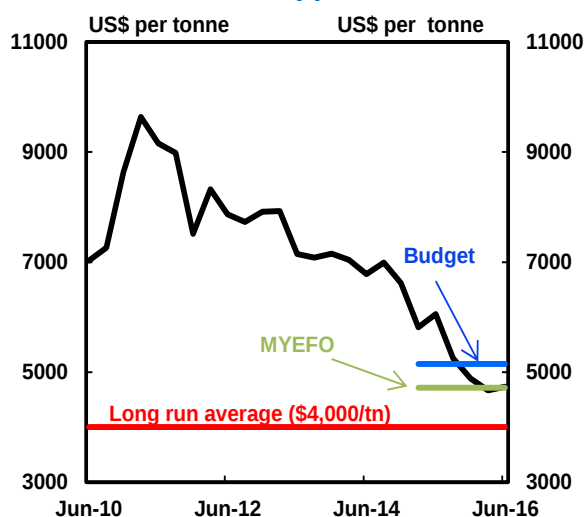
Chart 3: Oil Price



Source: IMF and Energy Information Administration

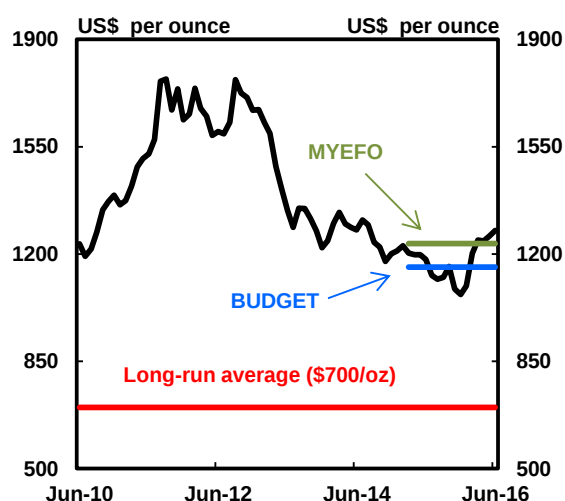
Persistent overcapacity in the copper market amidst softening global growth prospects (notably in the Chinese economy) weighed on copper prices. In the first half of the year, copper prices averaged at US\$4,703 per tonne.

Chart 4: Copper Price



Source: IMF and London Metal Exchange

Chart 5: Gold Price



Source: IMF and Bank of England

Gold prices continued to be influenced by global developments associated with the US economy. The precious metal recovered since the start of 2016. The global financial market turbulences and the emerging markets currency corrections raised investors' appeal for safe-haven demand, supported by increased physical demand by central banks and a weak US dollar. Recent developments including the US Federal Reserve delayed decision on interest rate hike and the aftermath of the UK Referendum, raised renewed economic and political uncertainty pushing gold prices above US\$1,300.0 per ounce. In the first half of 2016, gold prices averaged at US\$1,217.0 per ounce.

Reflective of the developments in the global commodity prices, the 2016 Budget assumptions for PNG's key commodity exports have been revised. The Budget oil price assumption of US\$54 per barrel has been revised down considerably to US\$43 per barrel (Chart 3), copper price down to US\$4,714 per tonne from US\$5,149 per tonne at Budget (Chart 4) and the gold price revised up to US\$1,234 per ounce from US\$1,157 per ounce at Budget (Chart 5).¹

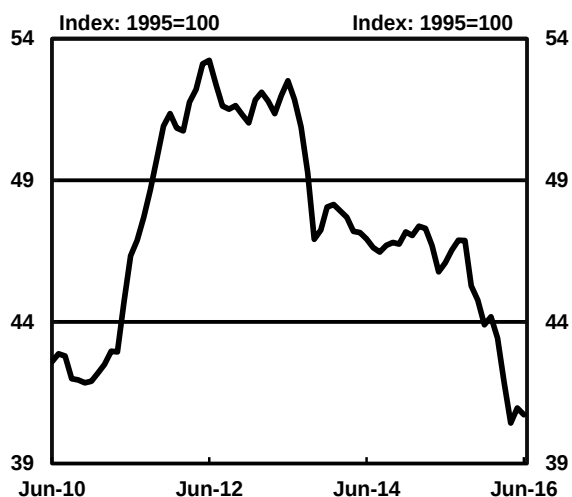
Exchange Rate Developments

PNG's Trade Weighted Index (TWI)² continued to decline over the first half of 2016 reflecting weaker performance of the Kina against PNG's major trading currencies. As shown in Chart 6, PNG's TWI fell by around 9.3 per cent over the first half of 2016, compared to the previous year. The Kina depreciated by 10.7 per cent and 8.3 per cent against the US dollar (USD) and the Australian dollar (AUD), respectively (Chart 7).

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

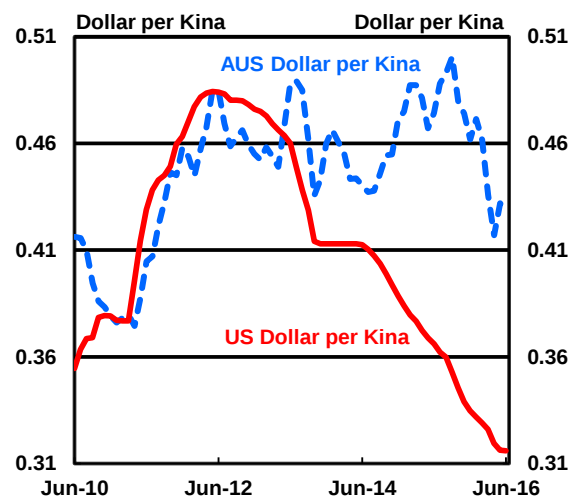
² The Trade Weighted Index (TWI) measures the value of the Kina against a basket of currencies of PNG's major trading partners.

Charts 6: Trade Weighted Index



Source: Bank of PNG

Charts 7: Exchange Rate Developments



Source: Bank of PNG

The PNG Kina also depreciated against all other key trading currencies, except the Russian Ruble (up 3.1 per cent). It depreciated against the Singapore dollar (10.1 per cent), Chinese Renminbi (7.1 per cent), Hong Kong dollar (10.5 per cent), Philippines Peso (7.9 per cent), Japanese Yen (17.5 per cent), New Zealand dollar (7.7 per cent), Malaysian Ringgit (5.8 per cent), Euro (11.1 per cent), amongst other trading currencies.

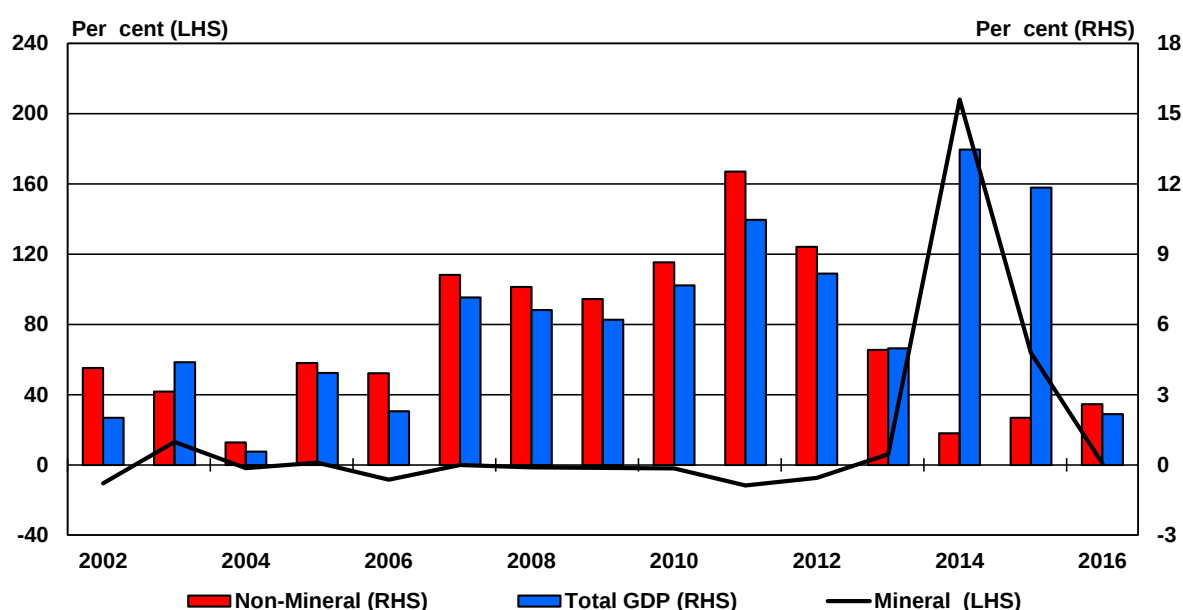
The ongoing depreciation of the Kina exchange rate reflects the persistent imbalance in the foreign exchange market. Domestic import demand remained relatively high against supply due to low foreign currency inflows, exacerbated by the backlog of import orders. The depreciation of the Kina against the US dollar is due to strengthening of the US dollar, and lower export receipts. The depreciation of the Kina against the Australian dollar is attributed to the strengthening of the AUD against the US dollar on the back of favorable economic data by Australia and the increase in commodity prices, especially the price of iron ore.

The Outlook for the Domestic Economy

The PNG economy continued to grow strongly in 2015 amid the general slowdown in the global economy and the low commodity price environment coupled with a number of domestic supply-side issues.

Total real GDP grew by 11.8 per cent in 2015 compared to the 2016 Budget estimate of 9.9 per cent and the 2014 growth of 13.5 per cent. The major driver of this strong growth in 2015 was the ramp up of full-year LNG production and export although activities in the other sectors of the economy have moderated. Key among those sectors which were affected in 2015 included the agriculture sector which have suffered from the impact of the drought and the mining sector which was affected by the shutdown of the Ok Tedi mine since August 2015. Activities in the other non-mining sectors were also affected as they depend on activities in the agriculture sector and the mining sector as well as the general developments in the global economy. As a result of these developments, total non-mining GDP for 2015 is now estimated at 2.0 per cent relative to the 2015 estimate of 2.4 per cent at Budget time.

Chart 8: Economic Growth: 2002 – 2016



Source: Department of Treasury

Table 1: Economic Forecasts and Assumptions

	2015 Actual	2016 Budget	2016 MYEFO
New Rebased Nominal GDP (K'm)	64,161.7	68,261.0	68,261.0
Economic Growth (%)			
Total Real GDP (est.)	11.8	4.3	2.2
Non-Mining Real GDP (est.)	2	3.4	2.6
Inflation (%)			
Year average	6.0	5.7	6.6
Interest Rate (%)			
Kina Facility Rate (KFR)	6.25	6.25	6.25
3 year Inscribed Stock (IS)	9.7	9.7	9.7
Mineral Prices			
Gold (US\$/ounce)	1,160	1,157	1,234
Copper (US\$/tonne)	5,502	5,149	4,714
Oil (Kutubu:US\$/barrel)	49	54	43

Source: Department of Treasury

In 2016, the PNG economy is expected to revert to trend growth of 2.2 per cent after absorbing the full impact of the first LNG production in 2014 and 2015 respectively. The major drivers of this growth include the agriculture sector which is expected to see some improvements in 2016. However, activities in the other non-mining sectors, especially the manufacturing sector, the wholesale & retail trade sector and the construction sector have moderated and are estimated to be lower than expected while there are mixed developments in the mining sector.

Increased production in some mines has offset the setbacks in others. The setbacks include Ok Tedi mine which resumed production in March 2016 after a 7-month shut-down was out of production for some days due to a casualty in the mine, the Porgera mine was forced to scale-down operation after a landslip which blocked off the main highway to the mine as well as the sabotage of the power transmission lines from the Hides gas field to the mine, while the Ramu Nickel mine was ordered to stop production for some days after the Mineral Resources

Authority (MRA) penalised the mine for non-compliance. Meanwhile, the Lihir Newcrest mine was operating smoothly and has improved production.

This is further supported by the ramp up of production from the new mines including Simberi mine. As a result of these mixed developments, the mining and quarrying sector is expected to grow at 9.4 per cent in 2016, slightly above the 2016 Budget estimate of 9.3 per cent.

The oil and gas sector is expected to revert to trend of natural decline after absorbing the huge impact of the first LNG production in 2014 and 2015 respectively. The sector is expected to contract by 0.8 per cent in 2016.

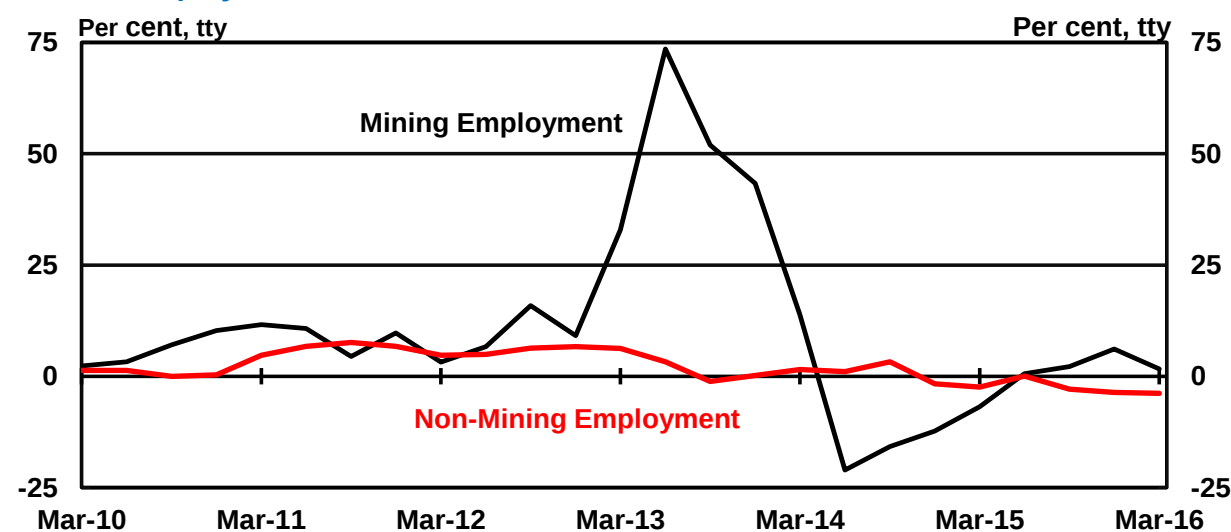
The agriculture sector is set to see some improvements in 2016 after the devastating impact of the drought in 2015. The sector is expected to grow by 3.4 per cent in 2016 compared to 1.9 per cent growth in 2015. This is slightly lower than the 2016 Budget estimate of 3.8 per cent due to lower than anticipated palm oil production although production from the other agricultural commodities are expected to increase in 2016. Coffee production is expected to see bumper crop in 2016 after the drought impact while supply response from cocoa is expected to gain momentum with the prevailing high prices as well as new areas coming into production especially the Sepik provinces. Cocoa Pod Borer (CPB) on the other hand is still an issue but is expected to be under control with good management practices. Copra production continues to depend on world market prices while coconut oil production has suffered since the closure of one of the major mills.

Activities in the non-mining sectors reflect the developments in the agriculture, mining and oil & gas sectors. Most businesses are facing challenges in light of current economic conditions. Demand has fallen and activities have moderated due to commodity prices continuing to remain at low levels especially for oil and copper, the adverse effects of the El-Nino, low coffee production and the temporary shutdown of the Ok Tedi mine in 2015. This was further exacerbated by the government's tight fiscal situation and the foreign exchange issues. As a result of these developments, the total non-mining GDP has been revised down to 2.6 per cent from the 2016 Budget estimate of 3.4 per cent.

Employment

Total employment has declined by 3.8 per cent through-the-year to March quarter in line with developments in the domestic economy reflecting decline in employment in the non-mining sector and a moderation in the mining sector.

Chart 9: Employment Growth



Source: Bank of PNG

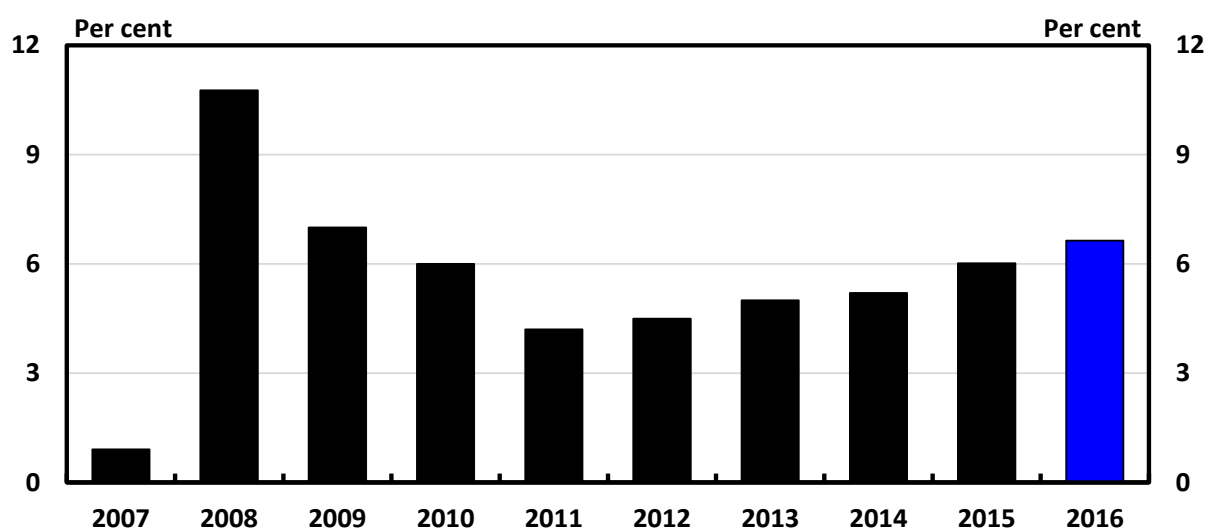
Non-mining sector employment fell by 3.8 per cent through-the-year to March quarter 2016, compared to a decline of 2.4 per cent in the corresponding period of 2015. The fall was driven by declining employment growth in all business sectors: agriculture, forestry and fishery sector (-6.2 per cent), retail sector (-4.0 per cent), wholesale sector (-3.5 per cent), manufacturing sector (-3.4 per cent), financial business & other services sector (-2.6 per cent), building and construction sector (-1.9 per cent), and the transport sector (-1.6 per cent).

Employment growth in the mining sector grew modestly at 1.7 per cent through-the-year to March quarter 2016, compared to a decline of 6.8 per cent in the corresponding period of 2015. The increase was attributed to hiring of new employees by two key mines due to increase production capacity and drilling activity, respectively.

Inflation Outlook

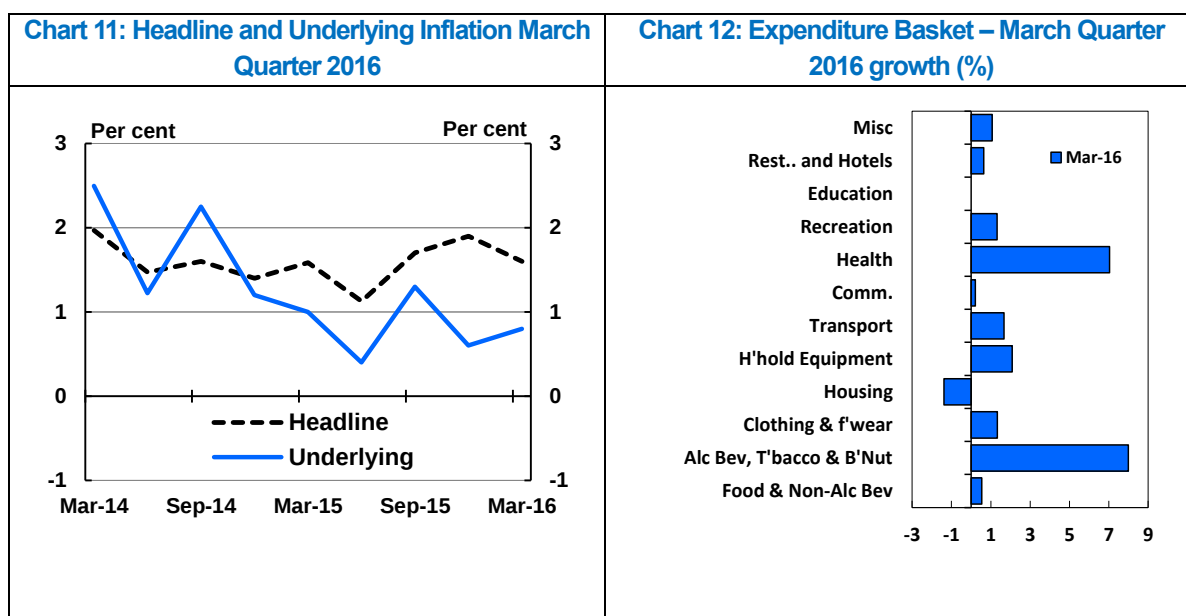
Headline inflation is expected to be 6.6 per cent, higher than the Budget estimate of 5.7 per cent. The increase accounts for the high 2015 inflation outcome of 6.0 per cent, the persistent depreciation in the Kina exchange rate and anticipations about a gradual recovery in commodity prices, especially crude oil price (Chart 10).

Chart 10: Inflation outcome and projection (2007-2016)



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

In the first quarter of 2016, headline inflation grew at 1.6 per cent, compared to a growth of 1.9 per cent recorded in the December quarter 2015, and 1.5 per cent recorded at the same time last year (Chart 11). This resulted in a high through-the-year headline inflation of 6.5 per cent over the twelve months to March quarter 2016. Prices rose across all the major urban centers in the March quarter 2016 with Lae increasing by 1.9 per cent followed by Alotau-Kimbe-Rabaul and Goroka-Mt. Hagen-Madang at 1.6 per cent, and Port Moresby by 1.5 per cent.



Source: National Statistical Office and Department of Treasury

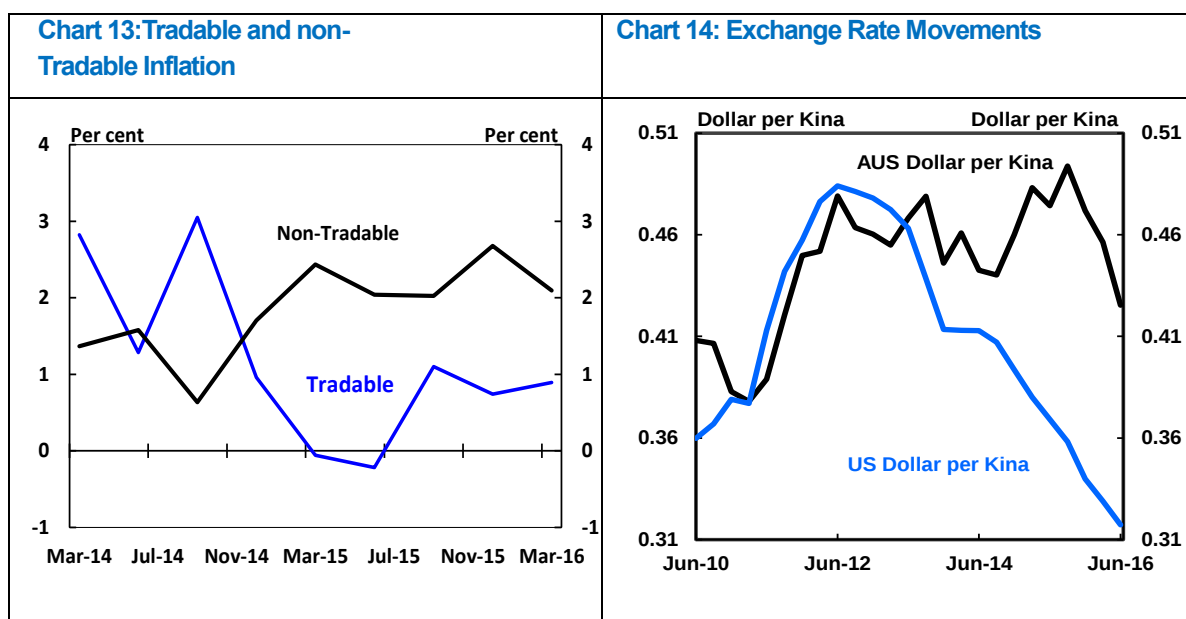
The major drivers of March quarter inflation were Alcoholic Beverages, Tobacco and Betel-nut (up 8.0 per cent), Health (up 7.1 per cent), Household Equipment (up 2.0 per cent) and Transport (up 1.6 per cent), which more than offset a decline in the prices of Housing (down 1.4 per cent), and a slowdown in the prices of Restaurants and Hotels, and Food and Non-Alcoholic Beverages (Chart 12).

The underlying measure of inflation excluding the seasonal and price control items increased in the March quarter 2016 by 0.8 per cent compared to a 0.6 per cent growth in the previous quarter, however, slightly below the 1.0 per cent recorded at the same time last year (Chart 11). The growth in underlying inflation reflects the increase in the prices of Medical Services (up 17.1 per cent), Motor Vehicle Purchases (up 2.4 per cent), Transport Operations (up 2.2 per cent, Household Equipment (up 2.0 per cent) and Miscellaneous (up 1.0 per cent).

Over the twelve months to March quarter 2016, underlying inflation continued to increase, however, at a slower pace, with a growth of 3.1 per cent compared to a growth of 5.8 per cent recorded in the March quarter 2015. The increase reflects increases in the prices of Housing, Restaurants and Hotels, Health, Household Equipment and most Clothing and Footwear items.

Imported (tradable) inflation grew by 0.9 per cent in the March quarter 2016 compared to a growth of 0.7 per cent in the December quarter 2015 (Chart 13). The increase reflected the rise in the prices of imported items mainly Clothing (up 3.8 per cent), Women and Girls Wear (up 3.2 per cent), Headwear (up 3.1 per cent), Men's Wear (up 2.5 per cent), Motor Vehicle Purchases (up 2.4 per cent), Transport Operations (up 2.2 per cent), Household Appliances (up 2.1 per cent), Household Furniture and Furnishing (up 2.0 per cent), Cereals (up 2.0 per cent) and Recreation (up 1.3 per cent), partially offsetting the falls in prices of Fuels and Lubricants, Sugar and Confectionery, Footwear, Meat and Oils and Fats.

Over the twelve months, imported inflation continued to moderate around 2.5 per cent in the March quarter of 2016 from a growth of 5.3 per cent at the same time last year due to the fall in the prices of most imported items.



Source: National Statistical Office

Source: Bank of PNG

Looking ahead, imported inflation is expected to increase gradually in line with the current depreciation of the Kina exchange rate and a gradual recovery in international commodity prices, especially oil price (Chart 14).

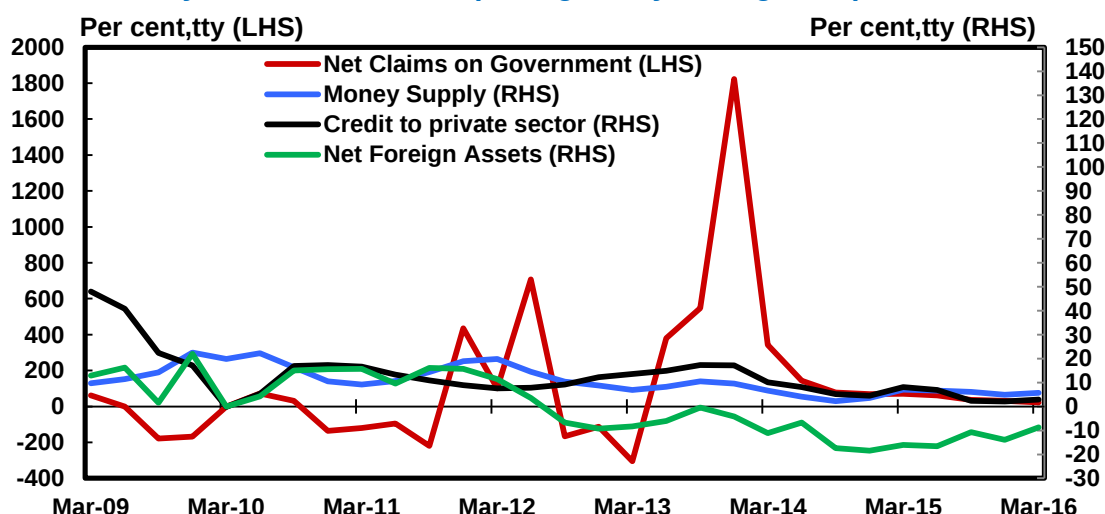
Despite the fall in the prices of imports, prices of domestic (non-tradable) goods continued to rise in the March quarter 2016, up by 2.6 per cent, to be 9.1 per cent higher through-the-year (Chart 13). The increase in domestic inflation reflects the rise in the prices of all domestic goods and services mainly Betel-Nut and Mustard (up 33.5 per cent), Housing Rentals (up 28.1 per cent), Fruits and Vegetables (up 25.5 per cent), Hotel Accommodation (up 18.9 per cent) and Medical Services (up 17.0 per cent), among others. The expenditure items that recorded fall in prices were Cooking, Housing Maintenance, Fish, Miscellaneous and Non-Alcoholic Beverages (Chart 4).

Monetary Developments

The Central Bank maintained its neutral monetary policy stance aimed at supporting economic activity by maintaining its Kina Facility Rate (KFR) at 6.25 per cent. In 2015, the Broad Money supply (M3) increased by 8.0 per cent from 2014 outcome reflective of higher claims on government which increased by 28.4 per cent from 2014 outcome. On the other hand, Net Foreign Assets declined by 13.8 per cent while credit to the private sector rose by 3.4 per cent.

Up to March quarter of 2016, broad money supply increased on average by 5.6 per cent relative to the corresponding period of 2015. The increase was driven primarily by net claims on Central Government which increased on average by 21.8 per cent or K1,038.9 million to an average of K5,803.8 million. The increase in the net claims on the Central Government is reflective of the continuous issuance of securities to finance the 2016 Budget. Credit to the Private Sector increased on average by 3.0 per cent to K1,064.7 million while Net Foreign Assets declined on average by 8.7 per cent to K6,102.3 million.

Chart 15: Monetary and Credit Growth (through the year % growth)



Source: Bank of PNG

According to Bank of PNG 2016 March Monetary Policy Statement (MPS), broad money supply is projected to moderate to a growth of 5.2 per cent in 2016. The Bank projected Net Claims on Government and credit to the private sector to increase by 3.1 per cent and 4.4 per cent respectively. On the other hand, Net Foreign Asset is projected to decrease by 12.7 per cent. The Monetary base is projected to increase by 2.2 per cent in 2016.

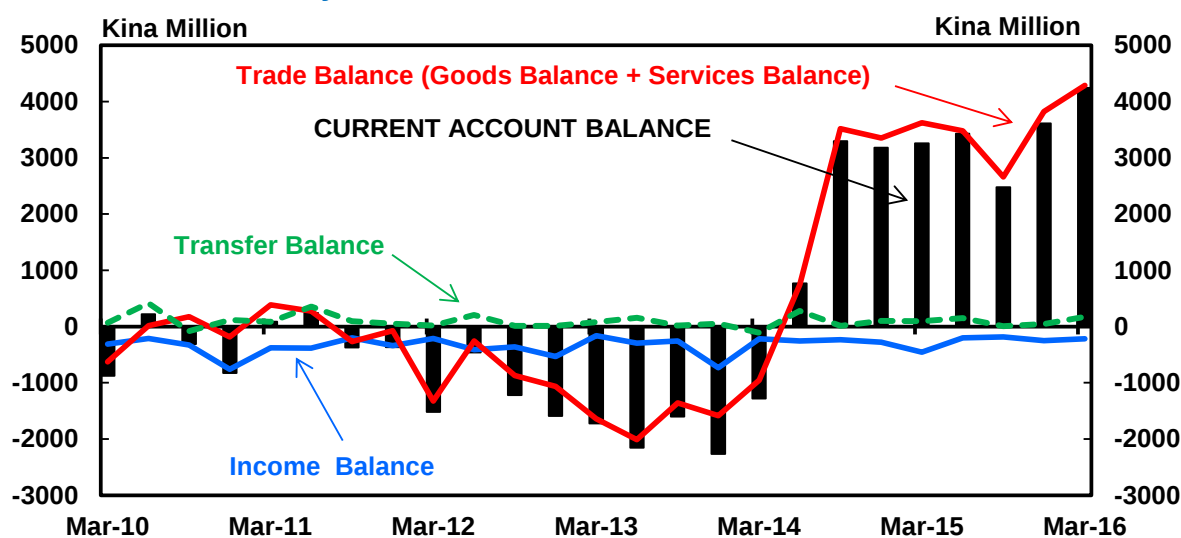
Balance of Payments

PNG's trade activities with the rest of the world is anticipated to remain strong in 2016 supported by the agriculture and mining sectors. Much of the impetus is expected to come from the agriculture sector after suffering from the adverse effects of the El Nino in 2015, and the mining sector with the resumption of production from the Ok Tedi mine in March 2016 after the shut down since August 2015. These developments are expected to see the current account balance maintaining a surplus position in 2016.

In the March quarter of 2016, the current account recorded a surplus of K4,243.0 million, compared to a surplus of K4,221.0 million in the previous quarter and a surplus of K3,260.0 million in the corresponding period of 2015. This improvement was mainly due to a surplus in the trade account which more than offset the deficits in the income account. This outcome was mainly due to a significant decline in import payments, including lower payments for services partially offsetting export receipts which have been moderating. The deficit in the income account is due to a somewhat higher dividends payments during the quarter. Further supporting the improvement in the current account was the improvement in the transfer account due to a reduction in transfer payments overseas and a somewhat higher receipts of gift and grants (Chart 16).

The trade account surplus was K4,286.0 million in the March quarter 2016, compared to a surplus of K3,191.0 million in the previous quarter. This reflects a higher surplus in the goods account during the March quarter due to the increased rate of production and export from the PNG LNG project as well as the ramp up of production and export from the agriculture sector which more than offset the general decline in imports.

Chart 16: Balance of Payment



Source: Bank of BPNG

(a) Includes reserve levels up to March 2016

The services account recorded a deficit of K350.0 million in the March quarter 2016, compared to a deficit of K737.0 million in the previous quarter. Over the last twelve months, the services balance deficit declined on average by 58.7 per cent due to low service payments associated with the general decline in imports.

The income account recorded a deficit of K216.0 million in the 2016 March quarter. This is lower than the deficit of K252.0 million recorded in the previous quarter, and was due to large dividend payments to foreign shareholders. On the other hand, the transfer account recorded a surplus of K173.0 million in the March quarter, compared to a smaller surplus of K43.0 million in the previous quarter. The outcome was mainly due to higher receipts of gifts and grants during the quarter.

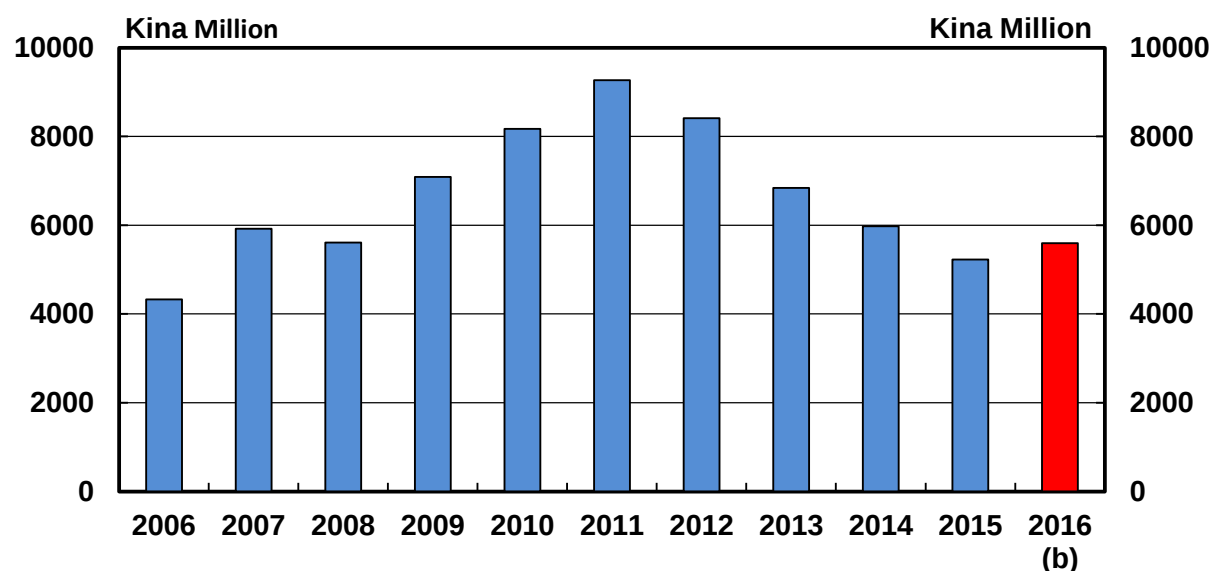
It is expected that in the coming quarters, the surplus in the current account will continue to improve as exports pick up due to a rebound in production expected from the agriculture sector and the resumption of production from the Ok Tedi mine while production from the PNG LNG project is on full capacity. However, the downside is the prevailing low commodity prices which may affect production and export receipts should prices continue to trend at lower levels.

On the other hand, the income account is expected to be in deficit in 2016 reflective of the increase income outflows through dividend payments to overseas shareholders.

International reserves were US\$1,865.1 million (K5, 226.3 million) at end of December 2015 and have declined to US\$1,806.9 million (K5, 592.8 million) at the end of March quarter 2016. According to Bank of PNG, this reserve level is sufficient for 11.5 months of total import cover and 18.3 months of non-mineral import covers. As at 31st May 2016, the level of gross foreign exchange reserves was US\$1,622.4 million (K5,054.1 million).

The Bank of PNG has estimated that by end of 2016 the level of foreign exchange reserves will be US\$1,700.0 million (K5,182.9 million). The lower level of reserves mainly reflects further declines in international commodity prices due to lower global demands combined with increased demand for imports. If the planned sovereign bond issue or other foreign exchange borrowings are successful, the reserves level would be higher than projected and would assist in clearing some of the outstanding orders in the foreign exchange market.

Chart 17: International Reserves



Source: Bank of PNG

(b) Includes reserve levels up to March 2016

1.2 THE FISCAL OUTLOOK

The Fiscal Outlook for 2016 has declined in the first half of the year as per the June Outturn Report. This is expected to result in a net borrowing (deficit) of K3,998.5 million or 5.9 per cent of GDP, which is an increase of K1,886.0 million, compared to the initial net borrowing (deficit) of K2,112.5 million or 3.1 per cent of GDP at the time of the 2016 Budget using new GDP. This primarily reflects a significant downward revision to tax and non-tax revenue receipts, particularly from Mining and Petroleum taxes, and low receipts of dividends from State entities.

Total Revenue and Grants is expected to be significantly lower than earlier anticipated at the time of the 2016 Budget. Total revenue is estimated at K10,764.1 million with a short fall of K1,886.0 million whilst the estimate for Total Expenditure and Net Lending has remained the same as in the time of 2016 Budget at K14,762.6 million. The downturn in revenue is primarily due to the effect of drop in world commodity prices and weak domestic economic developments.

Debt to GDP ratio at the time of the 2016 Budget was 35.8 per cent. Using the new GDP, the Budget debt to GDP ratio is now 28.9 per cent. With no fiscal adjustments, total public debt is expected to increase to K21,965.0 million, pushing the expected Debt to GDP ratio to 32.2 per cent which is 2.2 per cent above the legislated debt limit of 30.0 per cent.

Major expenditure commitments in MTDP Enablers in the 2016 Budget will continue to be delivered. This includes key Government priorities such as Tuition Fee Free Education, infrastructure such as roads and bridges; as well as K1,141.4 million in direct investments in Provinces, Districts and Local Level Governments.

The immediate challenge for the Government now is to maintain fiscal discipline throughout the second half of 2016. The performance of borrowing and all funding sources will continue to be monitored and necessary adjustments made as and when required. Also, given the large expenditure envelope, there will be a need for finding offsetting savings in 2016 to wind back this deficit. An expenditure review is necessary in identifying adequate savings through downsizing of lower priority government expenditures.

In addition, if the planned sovereign bond financing does not materialise in 2016 as budgeted, it creates additional pressure on domestic financing. The updated fiscal estimates for 2016 are set out in Table 2.

Table 2: Budget Balance 2015-2016 (Kina, million)

Details	2015 Outcome	2016 Budget	June Outturn	2016 MYEFO	Budget Variation
Total Revenue and Grants	10,776.4	12,650.1	4,160.2	10,764.1	-1,886.0
Total Expenditure and Net Lending*	13,788.8	14,762.6	4,785.0	14,762.6	0.0
Net Lending (+)/Net Borrowing (-)	-3,012.4	-2,112.5	-624.8	-3,998.5	-1,886.0
% of GDP	-4.7	-3.8	-0.9	-5.9	-2.8

Source: Department of Treasury

1.3 TOTAL REVENUE AND GRANTS

The reporting of Government Revenue in this Report is in 2014 Government Finance Statistics (GFS) IMF international standard of reporting government finance statistics. This is consistent with the reporting in 2016 National Budget Volume 1 Economic and Development Policies.

A total of K12,650.1 million in Total Revenue was projected in the 2016 National Budget. This is expected to decrease by K1,886.0 million relative to Budget estimate due to weak performance of key revenue heads in the first half of the year³. Tax Revenue is expected to decrease by K1,699.2 million and Non-Tax Revenue expected to decrease by K186.8 million. Collections of key tax revenue heads in the first half of the year have been weaker than anticipated mainly for wages and salary tax, income profit taxes and taxes on goods and services.

Compared to 2015 outcome of K10,776.4 million, the 2016 revised revenue is lower by K12.3 million.

Table 3: Total Revenue and Grants 2015-2016 (Kina, million)

	2015 Actual	2016 Budget	June Outturn	2016 MYEFO	Budget Variation
Tax Revenue	8,931.0	10,525.6	3,673.0	8,826.4	-1,699.2
<i>Per cent of GDP</i>	<i>14.0%</i>	<i>15.4%</i>	<i>5.4%</i>	<i>12.9%</i>	<i>-2.5%</i>
Social Contributions	0.0	0.0	0.0	0.0	0.0
<i>Per cent of GDP</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Grants	819.5	1,513.2	214.3	1,223.0	-290.2
<i>Per cent of GDP</i>	<i>1.3%</i>	<i>2.2%</i>	<i>0.3%</i>	<i>1.8%</i>	<i>-0.4%</i>
Other Revenue	1,026.0	611.3	272.9	714.7	103.4
<i>Per cent of GDP</i>	<i>2.2%</i>	<i>1.1%</i>	<i>0.4%</i>	<i>1.0%</i>	<i>0.2%</i>
Total Revenue	10,776.4	12,650.1	4,160.2	10,764.1	-1,886.0
<i>Per cent of GDP</i>	<i>16.8%</i>	<i>18.5%</i>	<i>6.1%</i>	<i>15.8%</i>	<i>-2.8%</i>

Source: Department of Treasury

TAX REVENUE

Taxes on Income, Profits and Capital Gains is expected to decrease by K1,106.6 million relative to the Budget estimate. The decrease is expected mainly from Personal Income Tax, Company Income Tax, Dividend Withholding Tax and Mining and Petroleum Tax.

³ The 2016 National Budget Volume 2 reported Total Revenue and Grants as K12, 179.1 million under 1986 GFS reporting. The 2014 GFS is inclusive of Donor Grants, expected SWF revenue flows and Gross GST collections net of Refunds.

Table 4: Taxes on Profits and Capital Gains 2015-2016 (Kina, million)

	2015 Actual	2016 Budget	June Outturn	2016 MYEFO	Budget Variation
Taxes on Income, Profits and Capital Gains	5,894.2	6,764.4	2,217.4	5,657.8	-1,106.6
Personal Income Tax	3,037.1	3,511.7	1,379.1	3,077.4	-434.3
Company Tax	2,374.8	2,793.2	695.2	2,230.3	-562.9
Mining and Petroleum Taxes*	195.4	129.9	40.8	88.8	-41.1
Royalties Tax	30.8	26	10.2	33.6	7.6
Management Tax	20.5	17.4	6.8	6.8	-10.6
Dividend Withholding Tax Non Mining	168.9	232.7	49.5	151	-81.7
Interest Withholding Tax	66	52.7	35.7	69.2	16.5
Tax Related Court Fines	0	0	0	0	0
Sundry IRC Taxes & Income	0.6	0.8	0.1	0.7	-0.1

Source: Department of Treasury

*The MPT estimates for the 2016 Budget and the 2016 MYEFO captures the 50% component that flows directly to WPA. The other 50% is captured under Grants from Other General Government Units.

Collections for Personal Income Tax in the first half of the year amounted to K1,379.1 million or 39.0 per cent against the Budget estimate of K3,511.7 million while collections for Company Income Tax amounted to K695.2 million or 25.0 per cent against the Budget estimate of K2,793.2 million. The subdued economic developments in 2015 continued to impact economic activities in 2016 mainly commodity prices in particular oil and copper trading at low levels, shut down of some business operations and the prolonged issue of foreign exchange shortages. Personal Income Tax is expected to decrease by K434.3 million, Company Tax is expected to decrease by K562.9 million and Dividend Withholding Tax is expected to decrease by K81.7 million.

A total of K259.8 million was estimated at Budget for Mining and Petroleum Tax. This is expected to decrease by K41.1 million. Collections in the first half of the year amounted to only K40.8 million or 16.0 per cent against the Budget estimate. The low collection is due to weak low oil and copper prices including a key mine meeting its remobilising costs after facing shut down in 2015. Prices for copper and oil continued to remain at low levels.

Taxes on Payroll and Workforce

Taxes on Payroll and Workforce remained unchanged at Budget estimate of K17.0 million. In the first half of the year, collections amounted to K8.0 million.

Table 5: Taxes on Payroll and Workforce 2015-2016 (Kina, million)

	2015 Actual	2016 Budget	June Outturn	2016 MYEFO	Budget Variation
Tax on Payroll & Workforce					
Training Levy	18.0	17.0	8.0	17.0	0.0
Total	18.0	17.0	8.0	17.0	0.0

Source: Department of Treasury

Taxes on Goods and Services

Taxes on Goods and Services have been revised down to K2,584.4 million, a downward revision of K553.0 million from the Budget estimate of K3,137.4 million. This is due to an expected decrease in Goods and Services Taxes (GST). Gross GST collections in the first half of the year amounted to K990.1 million or 36.0 per cent against the Budget estimate. This is due to weak collections at the ports and the provinces driven by lower volumes of imports and weak consumer spending.

Table 6: Taxes on Goods and Services 2015-2016 (Kina, million)

	2015 Actual	2016 Budget	June Outturn	2016 MYEFO	Budget Variation
Taxes on Goods and Services	2,453.5	3,137.4	1,175.4	2,584.4	-553.0
GST*	1,340.4	1,759.0	690.3	1,431.0	-328.0
Sales Taxes	0.0	0.0	0.0	0.0	0.0
Bank Account Debit Fees	0.0	0.0	0.0	0.0	0.0
Stamp Duties	126.1	117.8	36.3	115.8	-2.0
Excise Duty	503.3	734.8	250.7	569.8	-164.9
Import Excise	298.7	316.7	119.5	272.9	-43.8
Bookmakers' Turnover Tax	9.4	14.9	3.8	10.3	-4.6
Gaming Machine Turnover Tax	162.1	176.5	67.6	168.2	-8.3
Departure Tax	6.2	6.8	2.4	6.8	0.0
Motor Vehicle Registration	5.5	6.2	2.6	6.2	0.0
Commercial Vehicle Licenses	0.2	1	0.2	1	0.0
Other taxes on use of goods and on permission to use goods or perform activities	1.1	0.9	0.2	0.9	0.0
Other taxes on goods and services	0.4	2.9	1.9	1.6	-1.3

Source: Department of Treasury

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

Excise Duty is expected to decrease by K164.9 million relative to Budget estimate due to weak collections in the first half of the year. Collections amounted to K250.7 million or 34.0 per cent against the Budget estimate of K734.8 million. Import Excise is expected to decrease by K43.8 million from the Budget estimate due to weak collections in the first half of the year. Collections amounted to K119.5 million or 38.0 per cent against the Budget estimate.

Taxes on International Trade and Transactions

Taxes on International Trade and Transactions are expected to decrease by K39.7 million relative to the Budget estimate. The decrease is expected mainly from Import Duty which is expected to be lower by K90.1 million. Collections in the first half of the year amounted to K110.1 million or 34.0 per cent against the Budget estimate. This is lower than anticipated due to weak import volumes for high tariff rated items.

Table 7: Taxes on International Trade and Transactions 2015-2016 (Kina, million)

	2015 Actual	2016 Budget	June Outturn	2016 MYEFO	Budget Variation
Taxes on Inter. Trade & Transactions	565.2	606.8	272.3	567.1	-39.7
Import Duty	243.4	328.3	110.1	238.2	-90.1
Other Import Taxes	5.7	4.1	0.0	2.2	-1.9
Export Tax	316.2	274.5	162.2	326.8	52.3

Source: Department of Treasury

Export Tax is expected to increase by K52.3 million relative to the Budget estimate reflective of strong collections in the first half of the year. Collections amounted to K162.2 million or 59.0 per cent against the Budget estimate. The strong collection is attributed to the combined effect of moderate export volumes and exchange rate depreciation which have contributed to the increase in Kina export value and consequently export tax despite the decline in log prices. Prices for all logs decreased on average by 8.4 per cent in the first four months of 2016 relative to 2015 while log export volumes increased by 6.0 per cent. Demand from China the major importer of PNG logs was strong in the first four months of 2016 relative to the corresponding period of 2015 with an increase of 11.0 per cent.

GRANTS

Grants⁴ for 2016 is expected to decrease by K290.2 million relative to Budget estimate of K1,513.2 million. Donor grants are projected at K1,134.1 million unchanged from the Budget estimate. In the first half of the year, a total of K214.3 million was expended. Donor Grants are subject to exchange rate fluctuations.

Table 8: Grants – 2015-2016 (Kina, million)

	2015 Actual	2016 Budget	June Outturn	2016 MYEFO	Budget Variation
GRANTS	819.5	1,513.2	214.3	1,223.0	-290.2
From Foreign Governments (Donors)	778.8	998.8	214.3	998.8	0.0
Current	505.0	549.8		549.8	0.0
Cash	0.0	12.4		12.4	0.0
In-Kind	505.0	537.3		537.3	0.0
Capital	273.8	449		449.0	0.0
Cash	-	25.1		25.1	0.0
In-Kind	273.8	423.9		423.9	0.0
From Inter. Organizations (Donors)	40.7	135.3		135.3	0.0
Current	22.4	124.5		124.5	0.0
Cash	0.9	53.1		53.1	0.0
In-Kind	21.5	71.5		71.5	0.0
Capital	18.3	10.8		10.8	0.0
Cash	18.3	0		0.0	0.0
In-Kind	-	10.8		10.8	0.0
From Other General Gov't Units	0.0	379.1		88.9	-290.2
Current	0.0	379.1		88.9	-290.2
Cash	0.0	379.1		88.9	-290.2
In-Kind	0.0	0		0.0	0.0
Capital	0.0	0		0.0	0.0
Cash	0.0	0		0.0	0.0
In-Kind	0.0	0		0.0	0.0

Source: Department of Treasury

OTHER REVENUE

Total projections for Other Revenue at Budget was K611.3 million, comprising of Property Income (K516.9 million), Sales of Goods and Services (K85.4 million), Fines Penalties and Forfeits (K0.8 million) and Transfers Not Elsewhere Classified (K8.2 million).

The Property Income of K516.9 million, includes Dividends from State Authorities comprising of National Fisheries Authority (K25.0 million), Motor Vehicle Insurance (K25.0 million), Bank of Papua New Guinea (K20.0 million), Dividends from State Owned Enterprises comprised of Kumul Consolidated Holdings Ltd (K110.0 million), Other dividends from the KPHL K300.0 million, Interest (K4.0 million) and Rent (K32.9 million).

A total of K549.2 million in mining and petroleum dividends projected from KPHL, of which K300.0 million is expected to be paid directly to the State whilst the K249.2 million is expected to flow to SWF. This has been revised down to K300.0 million due to low oil and gas price. In the first half of the year, KPHL and NFA paid K100.0 million and K25.0 million respectively in dividends to the State. BPNG and National Gaming Board paid K90.0 million and K10.0 million respectively for 2015 dividend payments.

Sales of Goods and Services mainly Departmental Fees and Charges have been maintained at Budget including Fines and Penalties and Transfers not elsewhere classified.

⁴ Covers Donor Grants and Transfers from Other General Government Units such as the expected transfers from the SWF which is made up mainly of 50% component of MPT and mining and petroleum dividends. The K290.2m reflects mainly the expected decrease in SWF transfers to the Budget.

Table 9: Other Revenue- (Kina, million)

	2015 Actual	2016 Budget	June Outturn	2016 MYEFO	Budget Variation
OTHER REVENUE	1,026.0	611.3	272.9	714.7	103.4
Property Income	943.1	516.9	234.5	620.3	103.4
Interest	0	4.0	0	4.0	0
Dividends	911.4	480.0	228.4	583.4	103.4
<i>Mining Petroleum and Gas Dividends</i>	0	0	0	0	0
<i>Dividends from Statutory Authorities</i>	110.0	70.0	125.0	170.0	100.0
<i>Shares in Private Enterprise</i>	0	0	0	0	0
<i>Dividends from State Owned Enterprises</i>	345.0	110.0	3.4	113.4	3.4
<i>Other Dividends</i>	456.4	300.0	100.0	300.0	0
Withdrawals from income of quasi-corporations	0	0	0	0	0
Property income from investment income disbursements	0	0	0	0	0
Rent	31.7	32.9	6.1	32.9	0
Sales of goods and services	65.6	85.4	30.3	85.4	0
<i>Sales by market establishments</i>	0	0	0	0	0
<i>Administrative fees</i>	25.3	31.1	11.4	31.1	0
<i>Incidental sales by nonmarket establishments</i>	40.3	54.3	19.0	54.3	0
<i>Imputed sales of goods and services</i>	0	0	0	0	0
Fines, penalties, and forfeits	2.8	0.8	0.3	0.8	0
Transfers not elsewhere classified	14.4	8.2	7.7	8.2	0
<i>Current transfers not elsewhere classified</i>	14.4	8.2	7.7	8.2	0
<i>Capital transfers not elsewhere classified</i>	0	0	0	0	0

Source: Department of Treasury

1.4 EXPENDITURE AND NET LENDING

Total Government Expenditure projections for 2016 is based on the Government Finance Statistics (GFS) 2014 classification. Under this new reporting system, total expenditure also includes both GST and Bookmakers Tax transfers to Provinces (an additional K553.7 million).

The 2016 Budget was estimated at K14,762.6 million to fund both Operational and Capital expenditure as well as Interest Payments on Public Debt. In aggregate the 2016 Revised Budget is unchanged from the Original Budget passed in November 2015. However, there is a net movement of K21.5 million from the Operational Component to the Capital Component as a result of transfers between appropriations.

Table 10: Total Expenditure and Net Lending 2015-2016 (Kina, million)

Funding Source	2015 Outcome*	2016 Budget	June Outturn	2016 MYEFO
Capital Investment Component	4,870.6	5,095.9	1,129.6	5,117.4
Operational Component	8,918.2	9,666.7	3,655.4	9,645.2
Total Expenditure & Net Lending	13,788.8	14,762.6	4,785.0	14,762.6
% of GDP	21.5%	21.6%	7.0%	21.6%

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

Note: Under the old GFS 1986 Total 2016 Budget expenditure (appropriated expenditure) is K14,208.8 million (excluding Bookmakers Turnover Tax and GST Transfers to Provinces)

*2015 FBO reported 2015 expenditure as K13, 496.1 million under 1986 GFS reporting format.

As at end of June 2016, Total Warrant Authorisation (excluding amortisation) was K5,350.3 million from the appropriation of K14,208.8 million. Of the warrant authorised, 61.6 per cent has been spent to date. The variance between warrants released and expenditure largely represents delays in spending related to the Department of Works and Implementation (K88.7 million in warrants) and the Department of Education (K37.9 million in warrants).

Total Expenditure and Net Lending up to June 2016 amounted to K4,785.0 million, which is 32.4 per cent of the Budget. The low level of expenditure to date is largely due to;

- The slow release of warrants in response to significant shortfalls in Revenue. The prioritisation of expenditures remain crucial under the declining revenues. This will minimise pressure on the Government's cash position and ensure that the 2016 Budget is implemented in a sustainable manner encompassing the set fiscal frameworks.
- The delay in implementing the development projects which is 27.1 per cent of the 2016 Budget. Many development projects are expected to increase their rate of spending through the year once they move from the design to construction phase.

Table 11: Expenditure by Agency Type and Funding Source 2015-16 (Kina, million)

Details	2015 Outcome	2016 Budget	June Outturn	2016 MYEFO
National Departments	6,337.6	6,465.0	1,892.4	6,465.0
Provincial Governments	3,949.8	3,748.3	1,287.7	3,748.3
Autonomous Bougainville Government	232.3	248.0	50.2	248.0
Commercial & Statutory Authorities	667.5	757.6	275.3	757.6
Interest Payments	1,074.7	1,479.6	624.9	1,479.6
Concessional Loans	707.3	930.1	440.2	930.1
Donor Grants	819.5	1,134.1	214.3	1,134.1
Total Expenditure & Net Lending	13,788.8	14,762.6	4,785.0	14,762.6

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

In the first six months of 2016, Total Goods & Services (G&S) expenditure was K1,294.9 million or 19.3 per cent of the 2016 Budget appropriation while Personnel Emoluments (PE) expenditure was K1,938.5 million or 48.9 per cent. Over the same period, Interest payments were K624.9 million or 42.2 per cent of the 2016 Budget appropriation (Table 12).

Table 12: Total Government Domestic Funding by Economic Item and Agency Type 2015-2016 (Kina, million)

Details	2015 Outcome	2016 Budget	June Outturn	2016 MYEFO
Goods and Services	7,253.2	6,702.3	1,294.9	6,702.7
National Department	4,203.8	4,326.4	869.2	4,307.5
Provincial Government	2,536.2	1,789.4	284.3	1,791.6
Autonomous Bougainville Government	143.9	141.8	4.9	141.8
Commercial & Statutory Authorities	369.3	444.8	136.5	461.9
Personnel Emoluments	3,934.0	3,962.8	1,938.5	3,971.7
National Department	2,133.8	2,138.6	1,023.2	2,147.6
Provincial Government	1,413.6	1,405.1	731.2	1,405.1
Autonomous Bougainville Government	88.4	106.2	45.4	106.2
Commercial & Statutory Authorities	298.2	312.8	138.8	312.8
Grand Total	11,187.2	10,665.0	3,233.4	10,674.4

Source: Department of Treasury (IFMS 2161 Report)

Notes Excludes Debt Service costs, Donor grants and Concessional Loans.
Bookmakers' turnover tax and GST transfers to province are included in this table.

The huge spending in Personal Emolument emerge from the National Departments and Provincial Government which had a overspending of K171.5 million and K304.7 million

respectively against warrant issued to date. The over-spends were primarily reflective of teachers' salaries and also engaging of private sector health workers into Government payroll.

Total Operational component of the Budget was K9,666.7 million. This was revised to K9,645.2 million with K21.5 million transferred to the Capital Investment component. Total operational expenditure up to 30 June 2016 was K3,655.4 million which was 34.5 per cent of the 2016 Budget appropriation. Of this, the major expenditure items were Personnel Emoluments (PE), Goods and Services, Transfers to Statutory Authorities and Interest Payments (Refer to Table 10).

Total Capital Investment Component Expenditure was K5,095.9 million at the time of the 2016 Budget (Table 10). This was revised up to K5,117.4 million with K21.5 million transferred from the Operational component. The increase in the revised appropriations for the capital investment component come mainly from the addition of K10.0 million for Air Traffic Management & Surveillance Program under PNG Air Services, another additional appropriation of K10.0 million for Infrastructure Development Grants (IDG) and also additional K1.5 million for DSIP Monitoring to Department of Implementation and Rural Development.

Total Expenditure to date under the Capital Investment component in 2016 is K1,129.6 million (Table 10), which includes domestically funded expenditure, Project Support Grants from Development Partners and expenditures under Concessional Loans by Development Partners.

Disbursement of domestic funding in the Capital Investment component has been uncharacteristically low in 2016. To date, warrants released are 28.5 per cent of the revised Budget, whereas this figure was 43.0 per cent in 2015 and 58.0 per cent in 2014 at the same time of the year. For the Loan Disbursement total 2016 revised of K930.1 million, a total of K440.2 million or 47.3 per cent have been drawn down.

Out of the K1,134.1 million currently budgeted under donor grants, K214.3 million or 18.9 per cent have been expended. Warrants for Grants and Loans are raised retrospectively at the end of the year, so zero appropriations are to be expected. Not all donors have provided figures on their actual expenditure to date, so these figures are likely to be showing estimates.

1.5 STATUS OF TRUST ACCOUNTS

A total of K9,722.7 million, up to and including the 2016 Budget appropriations, has been appropriated to Budget Funded Trust Accounts since 2005 for implementation of priority budget expenditure programs. These trust accounts have largely been funded from additional mineral revenue in Supplementary Budgets and Annual Budgets.

The purpose of holding funds in Trust is to spread spending over time to help manage inflationary pressures in the economy and to give time to agencies to properly plan and implement projects.

The Table 13 below shows the movements of funds for these trust accounts for the period 1st January – 30th June 2016.

Table 13: Movement of Funds in Budget Funded Trust Accounts from 1st January – 30th June 2016 (Kina, million)

Description	Balance as at 1-Jan-16	Debit (Receipt)	Credit (Payment)	Balance as at 30-June-2016
Outstanding Special Support Grants	0.1	0.0	0.0	0.1
Education Sector Infrastructure Rehabilitation	0.3	0.0	0.3	0.0

Description	Balance as at 1-Jan-16	Debit (Receipt)	Credit (Payment)	Balance as at 30-June-2016
Higher Education Sector Infrastructure Rehabilitation	20.1	4.2	0.0	24.2
National Parliament Infrastructure Rehabilitation	0.0	0.0	0.0	0.0
Transport Sector Infrastructure Rehabilitation	9.3	0.0	9.3	0.0
Resettlement of Rabaul Volcano Victims	0.2	0.0	-0.0	0.2
Hospital and Healthcare Centre Rehabilitation	0.3	0.0	0.0	0.3
Rehabilitation of Housing for Nurses	0.2	0.0	0.2	0.0
Rehabilitation of Housing for Police	7.9	0.0	7.9	0.0
Highlands Highway Rehabilitation	0.0	0.0	0.0	0.0
District Services Improvement Program	18.9	0.0	0.6	18.3
Urbanisation Pilot	0.1	0.0	-0.0	0.1
Housing Development Pilot	0.0	0.0	0.0	0.0
National Aids Council Secretariat	1.6	0.0	1.3	0.3
Lae City Roads Rehabilitation	0.0	0.0	0.0	0.0
Madang Marine Park Development	3.2	0.0	0.1	3.1
Konebada Petroleum Park	0.0	0.0	0.0	0.0
Central City	34.9	0.0	0.9	34.0
Petroleum Outstanding Commitments	0.0	0.0	0.0	0.0
Infrastructure Development Grants	50.5	0.0	0.0	50.5
Coastal Vessels	0.1	0.0	0.0	0.1
PNG LNG High Impact Infrastructure	0.7	0.0	0.0	0.7
Port Moresby Roads	0.0	0.0	0.0	0.0
District Offices Rehabilitation	0.4	0.0	0.4	0.0
Rural District Roads Support	2.1	0.0	2.1	0.0
Mining Legal Costs	0.1	0.0	-0.0	0.1
Variarata National Park Rehabilitation	0.0	0.0	0.0	0.0
REDD Program	0.0	0.0	-0.0	0.0
Provincial Government Members entitlement	0.0	0.0	0.0	0.0
Outstanding MOA Liabilities	0.0	0.0	0.0	0.0
Kokopau to Arawa Road Upgrading	0.0	0.0	0.0	0.0
Coastal Fisheries Development Program	0.1	0.0	0.1	0.0
National High School Renovation and Upgrading	0.0	0.0	0.0	0.0
Trans East-West New Britain Highway	0.1	0.0	0.0	0.1
Central Malalaua Highway	0.0	0.0	0.0	0.0
Tuition Fee Free Education	72.1	0.0	1.4	70.8
2015 Pacific Games	11.1	0.0	-0.0	11.1
Port Moresby General Hospital Infrastructure and Improvement	0.0	0.0	0.0	0.0
Defence Barracks Maintenance and Improvement	0.0	0.0	0.0	0.0
LNG Project Development Cost	0.0	0.8	0.0	0.8
2010 National Census	0.0	0.0	0.0	0.0
PNG LNG Additional Equity	0.7	0.0	-0.0	0.7
Public Service Audit Program	1.1	0.0	0.4	0.8
Regional, Provincial Treasury and District Admin Office	0.2	0.0	0.2	0.0
PNG Fire Service Infrastructure Rehabilitation	1.7	0.0	0.0	1.7

Description	Balance as at 1-Jan-16	Debit (Receipt)	Credit (Payment)	Balance as at 30-June-2016
ABG Mining	0.4	0.0	0.0	0.4
PNG Customs Technology Infrastructure	8.5	0.0	0.0	8.5
Restoration and Development Grant (ABG)	30.7	0.0	20.6	10.1
Trade Skills Scholarships	2.7	0.0	0.6	2.0
Rural Airstrip Rehabilitation & Maintenance Program	1.3	0.0	-0.0	1.3
Special Intervention Fund (ABG)	37.2	0.0	30.6	6.6
TOTAL	318.8	5.1	77.0	246.8

Source: Department of Finance.

- Note: The opening balances for the Urbanization Pilots, Transport Sector Infrastructure Rehabilitation and District Services Improvement Program Accounts have been adjusted to reflect all their subsidiary accounts. It is also noted that all balances are added up from BPNG and commercial banks. Since we cannot be able to get June Balances on time reported balances for June 2016 are balances from May 2016.

The opening balance of the Budget Funded Trust Accounts as at 1st January 2016 was K318.8 million⁵. Expenditure incurred in this period totalled K77.0 million with K5.1 million as receipts within the same period and the closing balance at 30th June 2016 was K246.8 million.

As at the reporting date, the Trust appropriations for the 2016 Budget cannot be highlighted as all these funds were and could still be issued directly to the department and agencies concerned. The K70.0 million for Special Intervention Fund (ABG) along with the K120.0 million for PNG LNG Infrastructure Development Grant (IDG) are yet to be raised for Trust Accounts.

The remaining funds will be released into the following Trust Accounts:

- Infrastructure Development Grant (UBSA) – K120.0 million
- Special Intervention Fund (ABG) – K70.0 million

Following is a summary of expenditure above K5.0 million from Budget Funded Trust Accounts for the period 1st January – 30th June 2016:

- K30.6 million** was transferred from the Special Intervention Fund (ABG) Trust Account for impact projects across Bougainville.
- K20.6 million** was transferred from the Restoration and Development Grant (ABG) Trust Account for Restoration and Development impact projects across Bougainville.
- K9.3 million** was transferred from the Transport Sector Infrastructure Rehabilitation Trust Account into Waigani Public Accounts.
- K7.9 million** was transferred from the Rehabilitation of Housing for Police Trust Account into Police Modernisation Trust.

District Services Improvement Program (DSIP) Trust Accounts

DSIP Trust Accounts are designed to fund priority expenditure programs in the districts. A total of K1,602.0 million has been paid into the DSIP Trust Account over the period 2006 up to and including 30th June 2012. Take note that after Government opted for multi-year budgeting framework all DSIP funds have been going through the Budget since 2013.

However, Table 14 shows expenditure from the subsidiary DSIP Trust Accounts for the 89 districts. As at 30th June 2016 the combined balance of the subsidiary DSIP Trust Accounts is K18.2 million.

⁵ Note the difference in the Opening balance from the Closing balance of the 2015 FBO. This is due to inclusion of the Special Intervention Fund (SIF) Trust, which was initially not included in the 2015 FBO Report.

**Table 14: Movements of funds in District Service Improvement Program (DSIP) Trust
1st January 2016 – 30th June 2016 (Kina)**

District	Balance as at 1-Jan-16	DSIP Debits (Receipts)	Non DSIP Deposits	Credits (Payments)	Balance as at 30-June-2016
Abau	0	0	0	0	0
Goilala	2,611	0	0	50	2,561
Kairuku Hiri	34,603	0	0	50	34,553
Rigo	1,262	0	0	50	1,212
Gazelle	26,006	0	0	100	25,906
Kokopo	13,940	0	0	50	13,890
Pomio	7,694	0	0	50	7,644
Rabaul	108	0	0	82	26
Ambunti-Drekikir	26,840	0	0	50	26,790
Angoram	2,275,574	0	1,405	0	2,276,979
Maprik	409,075	0	212	0	409,287
Wewak	1,906,836	0	1,169	0	1,908,005
Wosera-Gawi	69,744	0	0	50	69,694
Yangogoru-Saussia	0	0	0	0	0
Daulo	35,263	0	0	50	35,213
Goroka	57,266	0	0	50	57,216
Henganofi	4,795	0	0	50	4,745
Kainantu	944	0	0	50	894
Lufa	14,067	0	0	50	14,017
Obura-Wanenara	0	0	0	0	0
Okapa	4,868	0	0	50	4,818
Unggai-Bena	0	0	0	0	0
Kandep	13,108	0	0	50	13,058
Kompiani-Ambun	6,501	0	0	50	6,451
Lagaip-Porgera	1,524	0	0	50	1,474
Wabag	26,705	0	0	50	26,655
Wapenamanda	0	0	0	0	0
Kerema	12,549	0	0	50	12,499
Kikori	3,812	0	0	65	3,747
Bogia	292,244	0	137	0	292,381
Madang	233,292	0	0	50	233,242
Middle Ramu	1,960	0	0	50	1,910
Raikos	1,730	0	0	50	1,680
Sumkar	0	0	0	0	0
Usino-Bundi	72,983	0	0	50	72,933
Manus	5,005,730	0	3,111	0	5,008,841
Alotau / Rabaraba	16,501	0	0	50	16,451
Esa'ala	351,170	0	175	0	351,344
Kiriwina	209,911	0	0	50	209,861
Samarai Murua	3,606	0	0	50	3,556
Bulolo	21,344	0	0	50	21,294
Finschhafen	975	0	500,287	0	501,262
Huon Gulf	51,348	0	0	50	51,298
Kabwum	0	0	0	0	0

District	Balance as at 1-Jan-16	DSIP Debits (Receipts)	Non DSIP Deposits	Credits (Payments)	Balance as at 30-June-2016
Lae	279	0	0	50	229
Markham	534,562	0	292	0	534,854
Menyamyia	12,305	0	0	115	12,190
Nawaeb	136,379	0	0	65	136,314
Tewa-Siasi	879,259	0	7,506	0	886,765
Moresby North	120,942	0	0	50	120,892
Moresby North West	0	0	0	0	0
Moresby South	32,367	0	0	50	32,317
Kavieng	295,301	0	0	-54	295,355
Namatanai	853,736	0	0	852,504	1,232
Central Bougainville	10,132	0	0	10,157	-25
North Bougainville	7,990	0	0	60	7,930
South Bougainville	96,531	0	0	50	96,481
Ijivitari	3,340	0	0	65	3,275
Sohe	24,202	0	0	50	24,152
Aitape-Lumi	28,823	0	0	65	28,758
Nuku	0	0	0	0	0
Telefomin	0	0	0	0	0
Vanimo-Green	3,826,243	0	2,396	0	3,828,640
Chuave	12,875	0	0	50	12,825
Gumine	0	0	0	0	0
Karamui-Nomane	31,862	0	0	50	31,812
Kerowagi	1,009	0	0	65	944
Kundiawa-Gembogl	21,871	0	0	65	21,806
Sinasina-Yongumugl	0	0	0	0	0
Ialibu-Pangia	1,549	0	0	50	1,499
Imbongu	-11	0	0	53	-64
Kagua-Erave	74,255	0	0	50	74,205
Komo-Magarima	0	0	0	0	0
Koroba-L/Kopiago	28,371	0	0	50	28,321
Mendi	0	0	0	0	0
Nipa-Kutubu	8,321	0	0	50	8,271
Tari-Pori	29,347	0	0	50	29,297
Kandrian	0	0	0	0	0
Talasea	2,366	0	0	50	2,316
Middle Fly	168,014	0	0	50	167,964
North Fly	19,562	0	0	50	19,512
South Fly	1,135	0	0	50	1,085
Dei	251,485	0	0	249,909	1,576
Hagen	11,539	0	0	540	10,999
Jimi	0	0	0	0	0
Mul/Bayer	124,515	0	0	50	124,465
North Waghi	551	0	0	50	501
South Waghi	0	0	0	0	0
Tambul-Nebiler	1,377	0	0	80	1,297
TOTAL	18,870,873	0	516,689	1,116,186	18,271,376

Source: Department of Finance

Note: The DSIP Trust accounts are yet to be closed (pending Cabinet decision) and all remaining funds will be transferred back to the DSIP Main Account at BPNG as reserve for any outstanding project payments from districts that have sufficient funding at the close of these accounts and will later be refunded to the Consolidated Revenue Fund (CRF).

1.6 FINANCING

The 2016 Budget financing task comprised a net borrowing of K2,112.5 million.

The updated estimated budget net borrowing in 2016 is expected to be K3,998.5 million, requiring an additional debt issuance of K1,886.0 million. This will increase the debt level by an additional K1,886.0 million in nominal terms. However, it remains within the debt sustainability limit specified under the Fiscal Responsibility Act (FRA) 2006 using the new GDP figures.

External Funding

The External Borrowing as at June 2016 was K440.0 million which includes some unappropriated commercial loan disbursements and is only 12.0 per cent of the 2016 Budget appropriation of K3,730.1 million. This mainly resulted from the slow drawdown of project loans and the delayed sovereign bond raising due to unfavorable underlying market conditions. The Government continues its endeavors to raise external financing through the planned sovereign bond issuance and/or syndicated loans. Therefore, the projected new external borrowing for 2016 is K3,808.5 million.

External principal repayments totaled K103.6 million which is 52.0 per cent of the original 2016 budget appropriation of K198.5 million. The revised 2016 external principal repayment is expected to be K231.6 million.

Table 15: External Borrowing 2016 (Kina, million)

	2015 Outcome	2016 Budget	June Outturn	2016 MYEFO
New External Borrowing	707.3	3,730.1	440.2	3,808.5
Concessional Financing	707.3	930.1	387.4	930.1
Commercial Financing	0.0	0.0	52.9	78.4
Exceptional Financing	0.0	2,800.0	0.0	2,800.0
Repayment of Principal	186.3	198.5	103.6	231.6
Net External Borrowing	521.0	3,531.6	336.6	3,576.9

Source: Department of Treasury

Domestic Funding

The Domestic Borrowing as at June 2016 was K7,508.5 million which is 92.0 per cent of the 2016 Budget appropriation of K8,150.0 million. This enormous increase in the first half of the year is mainly due to fall in revenues, hence the issuance of more Treasury Bills to support fund 2016 Government expenditures as well as some 2015 expenditures in the first quarter of 2016 and refinancing of short term maturing Government securities (Treasury Bills). The domestic borrowing for 2016 is projected to be K11,880.2 million. The projected increase in domestic borrowing comprises of short term debt (Treasury Bills) maturing towards the next six months to end December 2016. One other reason in this increase was because of increased appetite of investors for short-term debt instruments (Treasury Bills) other than long-term debt instrument (Inscribed Stock). This trend continued on from 2015 where investors started shifting to invest more in short-term debt.

The total domestic principal repayments at June 2016 was K6,708.3 million which is 70.0 per cent of the original appropriation of K9,652.0 million. Treasury Bills repayment comprises 97.0 per cent of the total domestic principal repayment. This was mainly due to refinancing short-term Treasury Bills whereby the Government responded to investors' needs by being more flexible and provided more options. It used the 91 days and 63 days other than strictly sticking to the traditional issuance of 182 days and 364 days. This increased

refinancing of the Treasury Bills more than once in a year leading to increase in domestic debt principal repayment. The Government is also mindful of its refinancing and liquidity risk by ensuring it smoothen out its domestic debt maturity profile to match its market size including maintaining effective communication with its investors on issuance plans and maturities.

Table 16: Domestic Borrowing 2016 (Kina, million)

	2015 Outcome	2016 Budget	June Outturn	2016 MYEFO
New Domestic Borrowing	10,970.2	8,150.0	7,508.5	11,880.2
Treasury Bills Financing	9,473.8	7,250.0	7,112.7	10,980.2
Inscribed Stocks Financing	1,496.4	900.0	395.8	900.0
Repayment of Principal	8,889.3	9,652.0	6,708.3	11,458.5
Treasury Bills Maturities	8,398.3	9,188.0	6,514.3	10,994.5
Inscribed Stocks Maturities	491.1	464.0	194.1	464.0
Net Domestic Borrowing	2,080.8	-1,502.0	800.1	421.6

Source: Department of Treasury

2016 Net Financing

As at June 2016, net domestic borrowing was K800.1 million while net foreign borrowing was K336.6 million giving a total net borrowing of K1,136.7 million. This is K511.9 million more than the June Outturn deficit of K624.8 million. The K511.9 million is a result of financing cheque floats from 2015, hence reflected below the line in "Change in WPA Balance" item (Table 17).

The revised 2016 Net Foreign Borrowing is estimated to be K3,576.9 million from the Budget estimate of K3,531.6 million while net domestic borrowing is expected to be K421.6 million from the 2016 Budget of minus K1,502.0 million. The total new borrowing is projected to be K3,998.5 million.

Table 17: Summary of Net Borrowings 2016

	2015 Outcome	2016 Budget	June Outturn	2016 MYEFO
FINANCING				
Net Domestic Borrowing	2,080.8	-1,502.0	800.1	421.6
Net Foreign Borrowing	521.0	3,531.6	336.6	3,576.9
Total Net Borrowing	2,601.8	2,029.6	1,136.7	3,998.5
Deficit	2,601.8	2,029.6	624.8	3,998.5
Change in WPA Balance (Cash on hand used)	0.0	0.0	511.9	0.0

Source: Department of Treasury

1.7 PUBLIC DEBT

Total public debt outstanding is projected to increase to K21,965 million, an increase of K2,219.8 million from the 2016 Budget estimate of K19,745.2 million. The increase in the debt levels is due to the rapid accumulation and rollover of Government Treasury Bills which are short term debt instruments.

Table 18: Central Government Debt 2016 (Kina, million)

	2015 Outcome	2016 Budget	June Outturn	2016 MYEFO
Domestic	13,909	12,362	14,709	14,330
Treasury Bills	6,696	4,729	7,294	6,682
Inscribed Stock	7,213	7,632	7,414	7,649
Other Domestic Debt	0	0	0	0
<i>Domestic Debt as % GDP</i>	<i>21.7%</i>	<i>18.1%</i>	<i>21.5%</i>	<i>21.0%</i>
External	4,058	7,384	4,395	7,635
International Agencies	4,058	4,584	4,342	4,757
Commercial Loans	0	0	53	78
Securities	0	2,800	0	2,800
<i>External Debt as % GDP</i>	<i>6.3%</i>	<i>10.8%</i>	<i>6.4%</i>	<i>11.2%</i>
Total Public Debt Outstanding	17,967	19,745.2	19,104	21,965
<i>As % GDP</i>	<i>28.0%</i>	<i>28.9%</i>	<i>28.0%</i>	<i>32.2%</i>

Source: Department of Treasury

Debt sustainability is measured by debt to GDP ratio and according to the FRA the debt sustainability ratio limit is 30 per cent of GDP. The updated MYEFO estimate is expected to be 32.2 per cent of GDP, which is 2.2 per cent above the legislated limit. As in the previous year, the escalated financing task in 2016 has resulted in a huge accumulation of Treasury Bills (short-term debt) in the debt portfolio.

Given that the debt to GDP is above the sustainable limit, the Government is committed to ensuring its spending on budgeted expenditures are prioritized and adjusted and that it refrains from off budget expenditures. This is particularly in relation to its debt position and the financial risks that it faces, predominantly with its current revenue and expenditure trajectories. The increase in Treasury Bills in the domestic debt portfolio is increasing refinancing risk for the Government.

Consistent with the Medium Term Debt Strategy (MTDS), the Government plans to continue its effort to restructure its domestic debt portfolio in consultation with domestic Investors by retiring portion of its short term debt (Treasury Bills). This will assist the Government in reducing its refinancing risk. The financing of this domestic debt restructure will be made available through the external sources of funding such as the proceeds from Sovereign Bond Issuance or any syndicated loans. The restructuring of the domestic debt portfolio is expected to happen towards the second half of 2016. This exercise depends entirely on securing full external financing as planned in 2016 Budget as well as improvement in internal revenue collections. In the likely event that revenue continues to fall, a reduction in expenditure through a supplementary budget is required of the Government to keep within its MTDS.

The external financing (Sovereign Bond or Syndicated Loans) sought by the Government is projected to be within the ratio of foreign currency to domestic currency ratio of 40 per cent of the Total Central Government Debt portfolio. This will assist in managing the foreign currency risk in the total debt portfolio of the Government.

1.8 RISKS TO THE MID YEAR ECONOMIC AND FISCAL OUTLOOK

Uncertainty in the global economy continues to pose a risk for PNG. Low commodity prices continue to translate into lower than projected export earnings for the country and lower than expected receipts for the Government; as well as, posing a threat to economic activities in PNG's two biggest sectors - the agriculture, forestry & fishing sector and mining and quarrying sector.

On the domestic front, the noticeable imbalance in the foreign currency market also poses a considerable risk to economic activity and the inflation outlook. Natural phenomena such as the landslip and weather related issues also pose risks to operations of key mines and agriculture production.

Fiscal risks have emerged as a result of lower than expected revenue. Unbudgeted approval of tax exemptions would also pose a further risk to an already fragile tax collections.

Careful fiscal management will be required to ensure debt levels remain sustainable. Current projections show the debt level is at risk of exceeding the legislative debt limit of 30.0 per cent of GDP. Heavy reliance on domestic borrowing gives rise to risks associated with high interest costs, the ability to refinance and the crowding out of private investors.

1.9 2016 AND BEYOND

The revised economic and fiscal forecasts for 2016 and the assumptions that underlie them will impact on 2016 and beyond. These forecasts will be updated in the 2017 Budget.

1.10 FISCAL OUTTURN TABLES

TABLE 1(I): CENTRAL GOVERNMENT REVENUE ECONOMIC CLASSIFICATION (Kina, million)

	2015 Actual	2016 Budget	June Outturn	2016 MYEFO	Variation
REVENUE²	10,776.4	12,650.1	4,160.2	10,764.1	- 1,886.0
TAXES	8,931.0	10,525.6	3,673.0	8,826.4	- 1,699.2
Taxes on Income, Profits and Capital Gains	5,894.2	6,764.4	2,217.4	5,657.8	- 1,106.6
Payable by individuals	3,037.1	3,511.7	1,379.1	3,077.4	- 434.3
Personal Income Tax	3,037.1	3,511.7	1,379.1	3,077.4	- 434.3
Salaries/Wages (Group Tax)	-	-	-	-	-
Individual Income Tax (Assessed)	-	-	-	-	-
Payable by corporations and other enterprises	2,621.6	2,966.5	753.0	2,359.6	- 606.9
Company Tax	2,374.8	2,793.2	695.2	2,230.3	- 562.9
Mining and Petroleum Taxes	195.4	129.9	40.8	88.8	- 41.1
Royalties Tax	30.8	26.0	10.2	33.6	- 7.6
Management Tax	20.5	17.4	6.8	6.8	- 10.5
Other taxes on income, profits and capital gains	235.6	286.2	85.3	220.8	- 65.4
Dividend Withholding Tax Mining	-	-	0	-	-
Dividend Withholding Tax Non Mining	168.9	232.7	49.5	151.0	- 81.8
Interest Withholding Tax	66.0	52.7	35.7	69.2	- 16.4
Tax Related Court Fines	-	-	-	-	-
Sundry IRC Taxes & Income	0.6	0.8	0.1	0.7	- 0.0
Taxes on Payroll and Workforce	18.0	17.0	8.0	17.0	0.1
Training Levy	18.0	17.0	8.0	17.0	- 0.1
Taxes on Property	-	-	-	-	-
Taxes on Goods and Services	2,453.5	3,137.4	1,175.4	2,584.4	- 553.0
General taxes on goods and services	1,466.5	1,876.7	726.6	1,546.8	- 330.0
Value Added Tax	1,340.4	1,759.0	690.3	1,431.0	- 328.0
GST ²	1,340.4	1,759.0	690.3	1,431.0	- 328.0
Sales taxes	-	-	-	-	-
Turnover & other general taxes on goods and services	-	-	-	-	-
Taxes on financial and capital transactions	126.1	117.8	36.3	115.8	- 2.0
Bank Account Debit Fees	126.1	117.8	36.3	115.8	- 2.0
Stamp Duties	802.0	1,051.5	370.2	842.8	- 208.8
Excise	503.3	734.8	250.7	569.8	- 164.9
Excise Duty	298.7	316.7	119.5	272.9	- 43.8
Import Excise	-	-	-	-	-
Profits of fiscal monopolies	177.7	198.2	73.8	185.2	- 13.0
Taxes on specific services	162.1	176.5	67.6	168.2	- 8.4
Bookmakers' Turnover Tax	9.4	3.8	10.3	-	4.6
Gaming Machine Turnover Tax	162.1	176.5	67.6	168.2	- 8.4
Departure Tax	6.2	6.8	2.4	6.8	- 0.0
Taxes on use of goods and on permission to use goods or perform activities	6.9	8.1	3.0	8.1	-
Motor vehicles taxes	5.7	7.2	2.8	7.2	-
Other taxes on use of goods and on permission to use goods or perform activities	1.1	0.9	0.2	0.9	-
Other taxes on goods and services	0.4	2.9	1.9	1.6	- 1.3
Sundry Taxes (Customs)	0.4	2.9	1.9	1.6	- 1.3
Taxes on International Trade and Transactions	565.2	606.8	272.3	567.1	- 39.7
Customs and other import duties	249.1	332.3	110.1	240.4	- 92.0
Import Duty	243.4	328.3	110.1	238.2	- 90.1
Other Import Taxes	5.7	4.1	-	2.2	- 1.9
Taxes on exports	316.2	274.5	162.2	326.8	- 52.3
Export Tax	316.2	274.5	162.2	326.8	- 52.3
Profits of export or import monopolies	-	-	-	-	-
Exchange profits	-	-	-	-	-
Exchange taxes	-	-	-	-	-
Other taxes on international trade and transactions	-	-	-	-	-
Other Taxes	-	-	-	-	-
Payable solely by business	-	-	-	-	-
Payable by other than business or unidentifiable	-	-	-	-	-
SOCIAL CONTRIBUTION	-	-	-	-	-
Social security contributions	-	-	-	-	-
Other social contributions	-	-	-	-	-
GRANTS	819.5	1,513.2	214.3	1,223.0	- 290.2
From Foreign Governments	778.8	998.8	214.3	998.8	-
Current	505.0	549.8	-	549.8	-
Cash	-	12.4	-	12.4	-
In-Kind	505.0	537.3	-	537.3	-
Capital	273.8	449.0	-	449.0	-
Cash	-	25.1	-	25.1	-
In-Kind	273.8	423.9	-	423.9	-
From International Organizations	40.7	135.3	-	135.3	-
Current	22.4	124.5	-	124.5	-
Cash	-	0.9	-	53.1	-
In-Kind	21.5	71.5	-	71.5	-
Capital	18.3	10.8	-	10.8	-
Cash	18.3	-	-	-	-
In-Kind	-	10.8	-	10.8	-
From Other General Government Units	-	379.1	-	88.9	- 290.2
Current	-	379.1	-	88.9	- 290.2
Cash	-	379.1	-	88.9	- 290.2
In-Kind	-	-	-	-	-
Capital	-	-	-	-	-
Cash	-	-	-	-	-
In-Kind	-	-	-	-	-
OTHER REVENUE	1,026.0	611.3	272.9	714.7	103.4
Property Income	943.1	516.9	234.5	620.3	103.4
Interest	-	4.0	-	4.0	-
Interest from non-residents	-	-	-	-	-
Interest from residents other than general government	-	4.0	-	4.0	-
Dividends	911.4	480.0	228.4	583.4	- 103.4
Mining Petroleum and Gas Dividends	-	-	-	-	-
Dividends from Statutory Authorities	110.0	70.0	125.0	170.0	- 100.0
Shares in Private Enterprise	-	-	-	-	-
Dividends from State Owned Enterprises	345.0	110.0	3.4	113.4	- 3.4
Other Dividends	456.4	300.0	100.0	300.0	-
Withdrawals from income of quasi-corporations	-	-	-	-	-
Property income from investment income disbursements	-	-	-	-	-
Rent	31.7	32.9	6.1	32.9	-
Reinvested earnings on foreign direct investment	-	-	-	-	-
Sales of goods and services	65.6	85.4	30.3	85.4	-
Sales by market establishments	25.3	31.1	11.4	31.1	-
Administrative fees	40.3	54.3	19.0	54.3	-
Incidental sales by nonmarket establishments	-	-	-	-	-
Imputed sales of goods and services	-	-	-	-	-
Fines, penalties, and forfeits	2.8	0.8	0.3	0.8	-
Transfers not elsewhere classified	14.4	8.2	7.7	8.2	-
Current transfers not elsewhere classified	14.4	8.2	7.7	8.2	-
Subsidies	-	-	-	-	-
Other current transfers	14.4	8.2	7.7	8.2	-
Capital transfers not elsewhere classified	-	-	-	-	-
Premiums, fees and claims related to nonlife insurance and standardised guarantee schemes	-	-	-	-	-

Source: Department of Treasury

1. Under the GFS 2014 methodology, non-payable infrastructure tax credits, revenue on asset sales and GST transfers to WPA and Trust Accounts will be excluded.

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

TABLE 1 (II): CENTRAL GOVERNMENT REVENUE AND GRANTS 1986 GFS CLASSIFICATION (Kina, million)

	2015 Actual	2016 Budget	June Outturn	% of Budget	2016 MYEFO
TAX REVENUE	8,797.7	9,976.6	3,394.9	34%	8,277.4
TAX ON INCOME AND PROFITS	6,216.0	7,097.4	2,335.5	33%	5,975.9
Personal Income Tax	3,037.1	3,511.7	1,379.1	39%	3,077.4
Company tax	2,374.8	2,793.2	695.2	25%	2,230.3
DWT	168.9	232.7	49.5	21%	151.0
Mining and Petroleum Taxes	195.4	129.9	40.8	31%	88.8
Interest withholding tax	66.0	52.7	35.7	68%	69.2
Other Direct	211.7	200.6	67.7	34%	191.1
Gaming Tax	162.1	176.5	67.6	38%	168.2
DOM. TAXES ON GOODS AND SERVICES	1,723.4	1,959.7	667.6	34%	1,463.6
Excise	503.3	734.8	250.7	34%	569.8
GST	1,214.0	1,218.0	415.0	34%	890.0
Other Indirect	6.1	7.0	1.9	27%	3.8
TAXES ON INTERNATIONAL TRADE	858.3	919.5	391.8	43%	837.9
Import Duty	243.4	328.3	110.1	34%	238.2
Export Duty	316.2	274.5	162.2	59%	326.8
Excise Duty on Imports	298.7	316.7	119.5	38%	272.9
NON TAX REVENUE	1126.8	1068.4	325.5	30.5%	881.5
PROPERTY INCOME	911.4	859.1	228.4	27%	672.3
Dividends	455.0	180.0	128.4	71%	283.4
Mining and Petroleum Dividends	0.0	0.0	0.0	0%	0.0
Other	456.4	300.0	100.0	33%	300.0
SWF Transfer	0.0	379.1	0.0	0%	88.9
INTEREST AND FEES FROM LENDING	0.0	4.0	0.0	0%	4.0
OTHER NON TAX REVENUE	215.4	205.3	97.1	47%	205.3
INJECTIONS FROM TRUST ACCOUNTS	0.0	0.0	0.0	0.0%	0.0
ASSET SALES	0.0	0.0	0.0	0.0%	0.0
TOTAL REVENUE	9,924.5	11,044.9	3,720.4	34%	9,158.9
% of GDP	15.5%	16.2%	5.5%		13.4%
GRANTS	819.5	1,134.1	214.3	18.9%	1,134.1
Budgetary Support	0.0				0.0
Project Support Grants	819.5	1134.1	214.3	-	1,134.1
TOTAL REVENUE AND GRANTS	10,963.5	12,179.1	3,934.7	32%	10,293.0
% of GDP	17.1%	17.8%	5.8%		15.1%

Source: Department of Treasury.

Note: 2015 FBO repoted Infrastructure Tax Credit as K219.5m for 2015.

TABLE 2: CENTRAL GOVERNMENT EXPENDITURE AND NET LENDING (Kina, million)

	2015 Actuals	2016 Original	June Outturn	2016 MYEFO
National Departments	6,337.8	6,465.0	1,892.4	6,465.0
Compensation of Employees	2,133.9	2,138.6	1,023.1	2,138.6
Wages and salaries [GFS]	1,832.8	1,794.8	877.8	1,794.8
Employers' social contributions	301.0	343.9	145.3	343.9
Use of goods and services	2,174.0	2,375.7	536.1	2,375.7
Grants	893.0	829.2	167.4	829.2
Grants to other general government units	893.0	829.2	167.4	829.2
Other expenses	120.8	70.4	29.1	70.4
Net Aquisition Nonfinancial assets	1,016.0	1,051.1	136.7	1,051.1
Aquisition of Fixed assets (Buildings and Structures)	1,016.0	1,051.1	136.7	1,051.1
Provincial Governments	3,949.7	3,748.2	1,287.7	3,748.2
Compensation of Employees	1,457.8	1,405.1	731.2	1,405.1
Wages and salaries [GFS]	1,453.1	1,405.1	729.0	1,405.1
Employers' social contributions	4.6	0.0	2.1	0.0
Use of goods and services	568.6	852.1	133.0	852.1
Grants	1,883.9	1,447.0	413.6	1,447.0
Grants to other general government units	1,883.9	1,447.0	413.6	1,447.0
Grants to other general governments current*	741.9	670.6	307.3	670.6
Grants to other general governments capital	1,142.0	776.4	106.3	776.4
Net Aquisition Nonfinancial assets	39.5	44.0	10.0	44.0
Aquisition of Fixed assets (Buildings and Structures)	39.5	44.0	10.0	44.0
NFA: Fixed assets	39.5	44.0	10.0	44.0
Autonomous Bougainville Government	232.3	248.0	50.2	248.0
Compensation of Employees	103.5	106.2	45.3	106.2
Wages and salaries [GFS]	103.1	106.2	45.2	106.2
Employers' social contributions	0.3	0.0	0.1	0.0
Use of goods and services	26.8	24.8	1.9	24.8
Grants	102.0	117.0	3.0	117.0
Grants to other general government units	102.0	117.0	3.0	117.0
Commercial & Statutory Authorities	667.5	757.6	275.3	757.6
Compensation of Employees	298.1	312.8	138.7	312.8
Wages and salaries [GFS]	273.3	286.3	127.4	286.3
Employers' social contributions	24.8	26.5	11.3	26.5
Use of goods and services	185.5	205.7	83.3	205.7
Grants	23.5	39.4	9.4	39.4
Grants to other general governments current	23.5	39.4	9.4	39.4
Other expenses	6.7	17.3	5.1	17.3
Net Aquisition Nonfinancial assets	153.8	182.4	38.8	182.4
Aquisition of Fixed assets (Buildings and Structures)	153.8	182.4	38.8	182.4
Debt Servicing Costs	1,074.8	1,479.6	624.9	1,479.6
Use of goods and services	0.0	26.5	31.1	26.5
Interest [GFS]	1,074.8	1,453.1	593.8	1,453.1
To nonresidents [GFS]	991.0	267.2	32.8	267.2
To residents other than general government [GFS]	83.8	1,185.9	561.0	1,185.9
Concessional Loans	707.3	930.1	440.2	930.1
Grants	819.5	1,142.2	214.3	1,142.2
From Foreign Governments	778.8	998.7	214.3	998.7
Current	505.0	549.7	214.3	549.7
Cash	0.0	12.4	214.3	12.4
In-Kind	505.0	537.3	0.0	537.3
Capital	273.8	449.0	0.0	449.0
Cash	0.0	25.1	0.0	25.1
In-Kind	273.8	423.9	0.0	423.9
From International Organizations	40.7	135.4	0.0	135.4
Current	22.4	124.6	0.0	124.6
Capital	18.3	10.8	0.0	10.8
Cash	18.3	0.0	0.0	0.0
In-Kind	0.0	10.8	0.0	10.8
From Other General Government Units	0.0	379.1	0.0	379.1
Current	0.0	379.1	0.0	379.1
Cash	0.0	379.1	0.0	379.1
In-Kind	0.0	0.0	0.0	0.0
Capital	0.0	0.0	0.0	0.0
Cash	0.0	0.0	0.0	0.0
In-Kind	0.0	0.0	0.0	0.0
Total Expenditure and Net Lending	13,788.8	14,762.6	4,785.0	14,762.6
<i>as % of GDP</i>	<i>21.5%</i>	<i>21.6%</i>	<i>7.0%</i>	<i>21.6%</i>

Source: Department of Treasury.

* Includes GST and Bookmakers Tax transfers to Provinces.

TABLE 3 (I): TRANSACTIONS IN ASSETS AND LIABILITIES FOR CENTRAL GOVERNMENT (Kina, million)

	2015 Actuals	2016 Budget	June Outturn	2016 MYEFO
Net acquisition of financial assets				
Domestic	-348.9	-1,847.2	511.9	-31.8
Monetary gold and special drawing rights (SDR's)				
Currency and deposits	-292.8	-1,784.6	511.9	-31.8
Debt securities				
Loans				
Equity and investment fund shares	0.0	0.0	0.0	0.0
Insurance, pension, and standardized guarantee schemes				
Financial derivatives and employee stock options				
Other accounts receivable	-56.1	-62.6	0.0	0.0
External	0.0	0.0	0.0	0.0
Monetary gold and special drawing rights (SDR's)				
Currency and deposits				
Debt securities				
Loans				
Other accounts receivable				
Net incurrence of liabilities				
Domestic	2,080.8	-1,502.0	800.1	466.9
Monetary gold and special drawing rights (SDR's)				
Currency and deposits				
Debt securities	2,080.8	-1,502.0	800.1	466.9
New instruments	10,970.2	8,150.0	7,508.5	11,925.4
Amortisation	8,889.3	9,652.0	6,708.3	11,458.5
<i>Treasury Bills</i>	<i>1,075.5</i>	<i>-1,938.0</i>	<i>598.4</i>	<i>30.9</i>
New instruments	9,473.8	7,250.0	7,112.7	11,025.4
Amortisation	8,398.3	9,188.0	6,514.3	10,994.5
<i>Treasury Bonds</i>	<i>1,005.3</i>	<i>436.0</i>	<i>201.8</i>	<i>436.0</i>
New instruments	1,496.4	900.0	395.8	900.0
Amortisation	491.1	464.0	194.1	464.0
Other accounts payable	0.0	0.0	0.0	0.0
External	521.0	3,531.6	336.6	3,576.9
Monetary gold and special drawing rights (SDR's)	0.0	0.0	0.0	0.0
Currency and deposits	0.0	0.0	0.0	0.0
Debt securities	0.0	2,800.0	0.0	2,800.0
New instruments	0.0	2,800.0	0.0	2,800.0
Amortisation	0.0	0.0	0.0	0.0
<i>Concessional financing</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
New instruments	0.0	0.0	0.0	0.0
Amortisation	0.0	0.0	0.0	0.0
<i>Commercial financing</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
New instruments	0.0	0.0	0.0	0.0
Amortisation	0.0	0.0	0.0	0.0
<i>Extraordinary financing</i>	<i>0.0</i>	<i>2,800.0</i>	<i>0.0</i>	<i>2,800.0</i>
New instruments	0.0	2,800.0	0.0	2,800.0
Amortisation	0.0	0.0	0.0	0.0
Loans	521.0	731.6	336.6	776.9
New borrowing	707.3	930.1	440.2	1,008.5
Amortisation	186.3	198.5	103.6	231.6
<i>Concessional financing</i>	<i>567.7</i>	<i>765.5</i>	<i>303.4</i>	<i>740.9</i>
New borrowing	707.3	930.1	387.4	930.1
Amortisation	139.6	164.6	83.9	189.2
<i>Commercial financing</i>	<i>0.0</i>	<i>0.0</i>	<i>52.9</i>	<i>78.4</i>
New borrowing	0.0	0.0	52.9	78.4
Amortisation	0.0	0.0	0.0	0.0
<i>Extraordinary financing</i>	<i>-46.7</i>	<i>-33.9</i>	<i>-19.7</i>	<i>-42.4</i>
New borrowing	0.0	0.0	0.0	0.0
Amortisation	46.7	33.9	19.7	42.4
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

Source: Department of Treasury.

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

TABLE 3 (II): STATEMENT OF OPERATIONS FOR THE CENTRAL GOVERNMENT (Kina, million)

(Kina Million)				
	2015 Actuals	2016 Budget	June Outturn	2016 MYEFO
TRANSACTIONS AFFECTING NET WORTH:				
Revenue	10,776.4	12,650.1	4,160.2	10,764.1
Taxes	8,931.0	10,525.6	3,673.0	8,826.4
Grants	819.5	1,513.2	214.3	1,223.0
Other revenue	1,026.0	611.3	272.9	714.7
<i>Revenue as percentage of GDP</i>	<i>16.8%</i>	<i>18.5%</i>	<i>6.1%</i>	<i>15.8%</i>
Expense²	12,271.3	13,493.2	4,599.5	13,493.2
Compensation of employees	2,133.8	3,962.8	1,938.3	3,962.8
Use of goods and services	2,766.6	3,484.7	785.4	3,484.7
Interest	1,067.1	1,453.1	593.8	1,453.1
Grants	6,183.0	4,504.9	1,247.9	4,504.9
Social benefits	0.0	0.0	0.0	0.0
Other expense	120.8	87.7	34.2	87.7
<i>Expense as percentage of GDP</i>	<i>19.1%</i>	<i>19.8%</i>	<i>6.7%</i>	<i>19.8%</i>
Gross operating balance	-1,494.9	-843.0	-439.3	-2,729.1
TRANSACTIONS IN NONFINANCIAL ASSETS:				
Net/gross investment in nonfinancial assets	1,517.5	1,277.5	185.5	1,277.5
Fixed assets	1,517.5	1,277.5	185.5	1,277.5
Nonproduced assets	0.0	0.0	0.0	0.0
Expenditure	13,788.8	14,762.6	4,785.0	14,762.6
Net lending (+) / Net borrowing (-)	-3,012.4	-2,112.5	-624.8	-4,006.6
<i>Net lending/borrowing as percentage of GDP</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>-0.1</i>
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):				
Net acquisition of financial assets	-348.9	-1,847.2	511.9	45.3
Domestic	-348.9	-1,847.2	511.9	45.3
External	0.0	0.0	0.0	0.0
Net incurrence of liabilities	2,601.8	2,029.6	1,136.7	4,043.8
Domestic	2,080.8	-1,502.0	800.1	466.9
External	521.0	3,531.6	336.6	3,576.9
Gross Domestic Product³	64,161.7	68,261.0	68,261.0	68,261.0

Source: Department of Treasury

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

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

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

TABLE3 (III): STATEMENT SOURCES AND USES OF CASH FOR THE CENTRAL GOVERNMENT (Kina, million)

(Kina Million)	2015 Actuals	2016 Budget	June Outturn	2016 MYEFO
CASH FLOWS FROM OPERATING ACTIVITIES:				
Revenue cash flows	10,037.8	11,606.5	4,160.2	9,720.5
Taxes	8,992.6	10,525.6	3,673.0	8,826.4
Social contributions	0.0	0.0	0.0	0.0
Grants	19.2	469.6	214.3	179.4
Other receipts	1,026.0	611.2	272.9	714.7
<i>Revenue as percentage of GDP</i>	<i>15.6%</i>	<i>17.0%</i>	<i>6.1%</i>	<i>14.2%</i>
Expense cash flows²	11,668.4	12,417.4	4,383.6	12,417.4
Compensation of employees	2,077.7	3,469.0	1,753.5	3,469.0
Purchases of goods and services	2,287.2	4,479.9	754.3	4,479.9
Interest	1,067.1	1,453.1	593.8	1,453.1
Subsidies	0.0	0.0	0.0	0.0
Grants	6,115.7	2,436.9	1,247.9	2,436.9
Social benefits	0.0	86.5	0.0	86.5
Other payments	120.8	492.1	34.2	492.1
<i>Expense as percentage of GDP</i>	<i>18.2%</i>	<i>18.2%</i>	<i>6.4%</i>	<i>18.2%</i>
Net cash inflow from operating activities	-1,630.7	-810.9	-223.4	-2,696.9
CASH FLOWS FROM TRANSACTIONS IN NONFINANCIAL ASSETS:				
Net cash outflow from investment in nonfinancial assets	1,263.9	1,955.6	185.5	1,955.6
Fixed assets	1,263.9	1,936.1	185.5	1,936.1
Inventories	0.0	0.0	0.0	0.0
Valuables	0.0	0.0	0.0	0.0
Nonproduced assets	0.0	19.5	0.0	19.5
Expenditure cash flows	12,932.3	14,373.0	4,569.1	14,373.0
Cash surplus (+) / Cash deficit (-)	-2,894.6	-2,766.5	-408.9	-4,652.5
<i>Surplus/Deficit as percentage of GDP</i>	<i>-4.5%</i>	<i>-4.1%</i>	<i>-0.6%</i>	<i>-6.8%</i>
CASH FLOWS FROM TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):				
Net acquisition of financial assets other than cash	0.0	-1,847.2	511.9	45.3
Domestic	0.0	-1,847.2	511.9	45.3
External	0.0	0.0	0.0	0.0
Net incurrence of liabilities	2,601.8	2,029.6	1,136.7	4,043.8
Domestic	2,080.8	-1,502.0	800.1	466.9
External	521.0	3,531.6	336.6	3,576.9
Net cash inflow from financing activities	2,601.8	3,876.8	624.8	3,998.5
<i>Net cash inflow as percentage of GDP</i>	<i>4.1%</i>	<i>5.7%</i>	<i>0.9%</i>	<i>5.9%</i>
Net change in the stock of cash	-292.8	1,110.2	215.9	-654.0
Gross Domestic Product³	64,161.7	68,261.0	68,261.0	68,261.0

Source: Department of Treasury

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

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

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

PART 2

MID YEAR EXPENDITURE ESTIMATES BY AGENCY

2.1 FUNDED EXPENDITURE SINCE THE 2016 BUDGET

Appropriated expenditure for 2016 was K14,208.8 million, a reduction of K1,990.3 million from the 2015 Budget of K16,199.1 million. In 2016, the Budget has maintained the Government's commitment to its major expenditure priorities including Tuition Fee Free Education; Fee Free Primary Health Care; construction and maintenance of transport infrastructure; rehabilitation and redevelopment of provincial hospitals and assistance for Agriculture and Small to Medium enterprises.

Expenditure up to the end of June stands at K4,325.8 million against total warrant authorization of K5,350.3 million. Total warrants authorized is K1,754.1 million lower than pro rata (of 50.0 per cent) while expenditure is also trending behind by K2,778.6 million. This is due to slow remittance of funds pertaining mainly to stringent drawdown measures introduced by the Government and slow revenue collection

The Operational Budget expended a total of K3,196.2 million⁶ up to the end of June or 35.0 per cent of the 2016 Revised Operational Budget and 71.0 per cent of total Operational Warrants at K4,485.0 million. Capital investment expenditure to the end of June stood at K475.1 million or 16.0 per cent of the 2016 Revised Capital Budget and 55.0 per cent of the warranted K865.2 million.

Expenditure in Personnel Emoluments (PE) accounts for 49.0 per cent or K1,938.5 million of the 2016 Revised PE Budget while Goods and Services (GS) accounts for 19.0 per cent or K1,294.9 million of the 2016 Revised GS Budget (Table 21).

APPROPRIATION TRANSFERS

Section 3 Transfers (Secretary's Advance)

Whilst all Government Agencies were appropriated funding in 2016, the Government is cognizant of unforeseen expenditure that might arise during the course of the fiscal year. As such, funding is provided under miscellaneous expenditure. The Secretary's Advance is an activity under miscellaneous expenditure, which caters for unforeseen and urgent expenditure. Section 3 of the Appropriation Act allows for the transfer of funds under the Secretary's Advance activity to cater for unforeseen expenditures.

Secretary's Advance was appropriated K100.0 million in 2016. As at the end of June, K67.1 million or 67.1 percent of the Secretary's Advance (SA) has been expended. Major transfers from the Secretary's Advance were in the months of April (K26.5 million or 26.5 per cent) and June (K16.0 million or 16 per cent). Transfers subsidising operational expenditure (K25.2 million or 41.0 per cent of total expanded from SA) took the most from Section 3, followed by funding to cater for 2017 National Election Preparations and the Samarai Murua by elections (K12.5 million or 20.0 per cent of total expanded).

⁶ Inclusive of Debt Servicing Interest payments.

Table 16: Secretary's Advance expenditure since the 2016 Budget (Kina, million)

Div	Particulars /Description	Plus (+)	Minus (-)	Balance
				100.0
590	Transfer at 2015 COA to replenish SP Game	90.0	0.0	190.0
207	Replenishment of SP Games Expenditure	0.0	90.0	100.0
208	Section 3 - Transfer To Sec Advance	5.0	0.0	105.0
208	Contra-entry Doc file# 180687	0.0	5.0	100.0
208	To settle bills for Javati/Twivey Lawyer	0.0	1.6	98.4
208	Transfer to offset K5m used under IDG Vote	0.0	5.0	93.4
207	To cater for PNG EITI	0.0	3.7	89.7
268	To cater for Office Refurbishments. & Partition.	0.0	1.5	88.2
242	o/s payments to an IT Firm for service	0.0	0.5	87.7
230	To cater for Samarai Mura By-Election.	0.0	2.5	85.2
208	To settle o/s legal bills for Twivey Lawyers	0.0	2.1	83.0
208	Minister's Commitment new Huon Gulf District HQ	0.0	2.0	81.0
584	80th Birthday Celebrations - M.T. Somare	0.0	1.2	79.8
208	To cater for IMF/World bank meeting	0.0	2.3	77.5
208	Reimbursement for Mt Hagen City Authority	0.0	5.0	72.5
230	Aitape Water Supply, Election Prep and Foreign Affairs OLA payments	0.0	18.0	54.5
223	Budget readjustments as per PM's direction	0.0	10.0	44.5
208	Middle Sepik High School	0.0	5.0	39.5
542	cater for Pacific festival of Arts in Guam	0.0	1.0	38.5
208	Grant payment to Petromin Holdings LTD	0.0	2.5	36.0
207	To cater for HRM & Payroll Project – Gov't	0.0	2.9	33.1
206	To cater for Finance Internal Audit Com	0.0	0.3	32.9
Total		95.0	162.1	32.9

Source: Department of Treasury

Section 4 Transfers

Section 4 transfers up to the end of June amounted to K582.0 million of which K148.5 million made up total internal transfers or transfers within an agency and K433.5 million made up the total of external transfers or transfers from one agency to another.

2.2 2016 BUDGET EXECUTION

The 2016 Budget appropriations of K14,208.8 million provided for a continuing focus of spending on the Government's key policy priorities. Major spending commitments in these areas in 2016 are listed in Table 17.

Table 17: Summary by Government Priorities (Kina, million)

Government Priorities	2016 Original Budget	2016 Revised Budget	Warrant as at 30 June	Warrants (%)	Expenditure as at 30 June	Expenditure (%)
Provincial Support Improvement Program (PSIP)	220.0	220.0	22.0	10%	22.0	10%
District Support Improvement Program (DSIP)	890.0	890.0	174.0	20%	171.7	19%
Support to LLG (LLGSIP)	31.4	31.4	-	0%	-	0%
Special Support Grant (SSG)	18.9	18.9	6.5	34%	4.5	24%
District Support Grants	53.0	53.0	26.5	50%	-	0%
Education Fee Free Subsidy	602.0	602.0	301.0	50%	150.0	25%
Free Primary Health Care	20.0	20.0	-	0%	-	0%
Medical Equipment	2.0	2.0	-	0%	-	0%
Medical Supplies	180.8	180.8	77.9	43%	0.4	0%
HIV/AIDS	8.8	8.8	1.8	20%	-	0%
Port Moresby General Hospital Rehabilitation	20.0	20.0	8.5	43%	-	0%
PSIP - Provincial Hospitals Infrastructure	225.0	225.0	-	0%	-	0%
Emergency Roads & Bridges Funding	20.0	20.0	5.3	27%	1.8	9%
Highlands H/Way Roads Maintenance	100.0	100.0	33.2	33%	23.5	24%
Highlands Highway - Lae - Komo Upgrading & Sealing	100.0	100.0	25.0	25%	22.8	23%
Maintenance of National Priority Roads	102.2	102.2	34.5	34%	20.9	20%
Lae-Nadzab Road (4Lane)	45.0	45.0	45.0	100%	28.1	62%
Port Moresby City Roads	119.4	119.4	20.0	17%	10.0	8%
Agriculture and SME Funding	35.0	35.0	2.3	7%	2.3	7%
APEC	80.0	72.0	-	0%	-	0%
Court House Design and Maintenance	80.0	80.0	8.0	10%	-	0%
Court Orders	60.0	60.0	22.0	37%	-	0%
PM's Commitment	25.0	25.0	-	0%	-	0%
MOAs	9.1	9.1	-	0%	-	0%
Infrastructure Development Grants (IDG)	120.0	122.6	35.0	29%	15.0	12%
National Land and Housing Program	20.0	20.0	20.0	100%	3.2	16%
Restoration Development Grants (ABG)	10.0	10.0	8.0	80%	-	0%
Special Interventions Program -Bougainville	70.0	70.0	20.0	29%	-	0%
Other	9,382.5	9,397.2	2,946.2	31%	3,411.7	36%
Hospital Rehabilitation & Redevelopment	79.3	79.3	28.0	35%	-	0%
Debt Interest	1,479.6	1,470.2	1,479.6	101%	437.9	30%
Grand Total	14,208.8	14,208.8	5,350.3	38%	4,325.8	30%

Source: Department of National Planning and Department of Treasury

Total Government expenditure is K4,325.8 million including; donor grants (K214.3 million), loans (K440.2 million) and GoPNG (K3,671.3 million) for the months up to June 2016. Slower initial spending on capital projects is consistent with the planning and lead times typically associated with these projects. However, the level of spending now required to achieve full expenditure within the Budget year will be challenging for many agencies.

The cash flow situation experienced by the Government in 2015 due to the fall in world market price of oil, gas and other commodities is the same in 2016. This has contributed to the lag in release of funding and expenditure trends.

Table 18: Summary by Agency Type and Donor Components (Kina, million)

Details	2016 Original Budget	2016 Revised Budget	Warrant as at 30 June	Expenditure as at 30 June	Expenditure (%)
National Department	5,413.4	5,211.8	2,016.4	1,521.5	29%
Commercial & Statutory Authority	757.6	774.7	350.9	275.3	36%
Provincial Administration	3,442.5	3,444.7	953.8	1,065.7	31%
Miscellaneous Expenditure	1,051.6	1,243.2	549.5	370.8	30%
Debt Services	1,479.6	1,470.2	1,479.6	437.9	30%
Donor Grants	1,134.1	1,134.1	-	214.3	19%
Concessional Loans	930.1	930.1	-	440.2	47%
Grand Total	14,208.8	14,208.8	5,350.3	4,325.8	30%

Source: Department of Treasury

Table 19: Detail by Budget Component (Kina, million)

Details	2016 Original Budget	2016 Revised Budget	Warrant as at 30 June	Expenditure as at 30 June	Expenditure (%)
Operational	7,633.3	7,621.2	3,005.5	2,758.3	36%
National Department	4,035.7	3,822.6	1,571.7	1,352.2	35%
Commercial & Statutory Authority	431.3	438.4	198.4	193.1	44%
Miscellaneous Expenditure	1,051.6	1,243.2	549.5	370.8	30%
Provincial Administration	2,114.7	2,116.9	685.8	842.2	40%
Capital Investment	3,031.7	3,053.2	865.2	475.1	16%
National Department	1,377.7	1,389.2	444.7	169.3	12%
Commercial & Statutory Authority	326.3	336.3	152.5	82.2	24%
Provincial Administration	1,327.8	1,327.8	268.0	223.5	17%
Donor Grants	1,134.1	1,134.1	-	214.3	19%
Donor Grants	1,134.1	1,134.1	-	214.3	19%
Concessional Loans	930.1	930.1	-	440.2	48%
Concessional Loans	930.1	930.1	-	440.2	48%
Financial Costs (Interest & Borrowing & Related Charges)	1,479.6	1,470.2	1,479.6	437.9	30%
Debt Services	1,479.6	1,470.2	1,479.6	437.9	30%
Grand Total	14,208.8	14,208.8	5,350.3	4,325.8	30%

Source: Department of Treasury

Medium Term Development Plan (MTDP) Enablers

The 2016 Budget saw increased funding for Medium Term Development Plan enablers. The MTDP enablers focused on improving law and order, improving health, education and transport. Additionally, the Operational (formerly recurrent) Budget also provides funding for other activities which do not fit easily within the Medium Term Development Plan key enablers.

Table 20 identifies expenditure by MTDP enablers to 30 June 2016 against Revised Appropriation.

Table 20: Total Expenditure by Priority Sectors excluding Loans & Grants (Kina, million)

Details	2016 Original Budget	2016 Revised Budget	Warrant as at 30 June	Expenditure as at 30 June	Expenditure (%)
Administration	1,097.9	1,205.0	587.9	409.7	34%
Community & Culture	95.4	96.9	52.1	38.5	40%
Debt Services	1,479.6	1,470.2	1,479.6	437.9	30%
Economic	485.6	491.7	180.2	161.1	33%
Education	1,211.7	910.7	303.6	233.1	26%
Health	1,227.5	1,209.4	455.2	260.3	22%
Law & Justice	1,186.9	1,196.9	463.0	495.0	41%
Miscellaneous	1,051.6	1,243.2	549.5	370.8	30%
Provinces	3,442.5	3,444.7	953.8	1,065.7	31%
Transport	802.8	812.8	291.4	180.7	22%
Utilities	63.3	63.3	33.9	18.5	29%
Grand Total	12,144.6	12,144.6	5,350.3	3,671.3	30%

Source: Department of Treasury

The Government is maintaining high expenditure in all critical areas of the MTDP, to drive the enablers of growth and development. Warranting of funds has been particularly high in the Health (60.0 per cent) and Education Sector (57.0 per cent) including all funds under the Tuition Fee Free policy.

Table 21: Personnel Emoluments and Goods & Services Expenditure to 30 June 2016 by Funding Type (Kina, million)

Details	2016 Original Budget	2016 Revised Budget	Warrant as at 30 June	Exp. As at 30 June	Expenditure against Budget (%)
Operational	9,112.9	9,091.4	4,485.0	3,196.2	35%
Goods & Services	3,674.7	3,653.6	1,555.0	826.2	23%
Personnel Emoluments	3,958.6	3,967.6	1,450.5	1,932.1	49%
Financial Costs (Interest & Borrowing & Related Charges)	1,479.6	1,470.2	1,479.6	437.9	30%
Capital Investment	3,031.7	3,053.2	865.2	475.1	16%
Goods & Services	3,027.5	3,049.0	861.5	468.6	15%
Personnel Emoluments	4.2	4.2	3.8	6.4	155%
Donor Grants	1,134.1	1,134.1	-	214.3	19%
Goods & Services	1,134.1	1,134.1	-	214.3	19%
Concessional Loans	930.1	930.1	-	440.2	47%
Goods & Services	930.1	930.1	-	440.2	47%
Grand Total	14,208.8	14,208.8	5,350.3	4,325.8	30%

Source: Department of Treasury

In total, Personal Emoluments expenditure is trending slightly below Budget up to the end of June at 49.0 per cent. A continuation of this trend would result in underspend of more than K94.7 million of the revised Personnel emolument Budget. However, this expenditure does not reflect the Government's total Public Service's pay bill and this number is expected to increase as personnel Emolument data is updated and captured on Integrated Financial Management System (IFMS).

Table 22: Personnel Emoluments Expenditure to 30 June 2016 by Account Type (Kina, million)

Details	2016 Original Budget	2016 Revised Budget	Warrant as at 30 June	Expenditure as at 30 June	Expenditure (%)
Operational	3,958.6	3,967.6	1,450.5	1,932.1	49%
ABG Community Auxiliary Police Allowance	1.5	1.5	0.6	0.1	8%
ABG Electoral Commission Allowance	1.7	1.7	0.6	0.1	8%
ABG Parliamentary Services Allowances	9.0	9.0	3.4	0.8	8%
Contract Officers Education Benefits	8.5	8.5	4.5	2.7	31%
Leave fares	79.4	80.5	50.5	24.0	30%
Members of Parliament	58.5	58.5	26.5	26.5	45%
Overtime	16.3	16.6	8.8	10.4	63%
Public Servants Leave Fares	13.4	13.4	5.1	1.4	11%
Retirement Benefits, Pensions, Gratuities & Retrenchments	370.4	378.2	142.0	158.7	42%
Salaries	-	-	-	2.3	0%
Salaries and Allowances	1,804.8	1,787.6	679.0	1,648.2	92%
Staffing Grant	431.8	431.8	139.0	1.8	0%
Teachers Leave Fares	30.6	30.6	8.1	0.8	2%
Teachers' Salaries (TSC)	1,023.3	1,023.3	304.7	0.0	0%
Unidentified Alesco Payroll Expenditure	-	-	-	32.5	0%
Wages	109.4	126.4	77.6	21.7	17%
Capital Investment	4.2	4.2	3.8	6.4	155%
Salaries and Allowances	3.2	3.2	3.2	6.1	192%
Unidentified Alesco Payroll Expenditure	-	-	-	0.0	0%
Wages	1.0	1.0	0.6	0.4	40%
Grand Total	3,962.8	3,971.7	1,454.3	1,938.5	49%

Source: Department of Treasury

Total Goods and Services warranted is running well below Budget at 28.0 per cent (K2,416.4 million), however, expenditure is only 15.0 per cent (K1,322.3 million) of the Revised Budget. Although warrants are being released, only priority funding is being remitted to agencies, as such expenditure is lower than expected.

Table 23: Goods & Services Expenditure to 31 June 2016 by Account Type (Kina, million)

Details	2016 Original Budget	2016 Revised Budget	Warrant as at 30 June	Expenditure as at 30 June	Expenditure (%)
Operational	3,674.7	3,653.6	1,555.0	826.2	23%
ABG Chief Tax Collection	2.5	2.5	1.0	0.2	8%
Acquisition of Lands, Buildings & Structures	14.5	14.5	2.0	-	0%
Administration Grant	34.5	34.5	13.3	4.1	12%
Administrative Consultancy Fees	33.6	42.8	20.8	13.4	31%
Conferences and Workshop Expenses	-	-	-	0.0	0%
Construction, Renovation and Improvements	42.3	37.8	19.4	11.2	30%
Domestic Travel and Subsistence	25.2	25.3	12.3	7.6	30%
Education Function Grant	120.2	120.2	44.6	12.3	10%
Feasibility Studies & Project Preparation	0.2	0.2	0.1	0.1	28%
General Unforeseen Expenses	-	-	-	0.0	0%
Grants/Transfers to Individuals and Non-profit Organi	62.0	60.6	39.9	29.3	48%
Grants/Transfers to Public Authorities	656.5	655.6	326.3	160.5	24%
Health Function Grant	112.5	112.5	42.8	12.6	11%
Information & Communication Technology	0.1	0.1	-	-	0%
Land Mediation Function Grant	1.5	1.5	0.6	0.2	11%
LLG and Village Services (Organic Law)	57.8	57.8	17.3	10.5	18%
Membership Fees, Subscriptions & Contribution	17.6	17.9	11.9	7.4	42%
Motor Vehicles - Purchase	16.2	16.1	8.1	4.9	31%
National Functions and Powers Grant - ABG	0.4	0.4	0.2	0.0	8%
Office Equipments, Furniture & Fittings	24.7	25.5	11.8	5.8	23%
Office Expenses, Stationeries & Supplies	-	-	-	-	0%
Office Materials and Supplies	31.3	31.2	15.0	8.9	29%
Operational Expenses	-	-	-	0.0	0%
Operational Materials and Supplies	281.5	281.6	123.8	19.9	7%
Other Operational Expenses	841.8	812.4	249.5	150.3	18%
Other Service Delivery Function Grant	47.6	47.6	17.6	4.8	10%
Overseas - Airfare	-	-	-	0.0	0%
Plant, Equipment & Machinery	30.3	29.7	12.8	6.6	22%
Police and Services Grant - ABG	3.8	3.8	1.4	0.3	8%
Primary Production Function Grant	39.3	39.3	14.4	3.9	10%
Recurrent Goods & Services Grant ABG	15.0	15.0	5.8	1.3	9%
Rentals - Commercial Office	-	-	-	91.8	0%
Rentals of Property	269.1	268.7	156.4	25.4	9%
Routine Maintenance	273.0	272.6	96.9	61.7	23%
Routine Maintenance - Roads and Bridges	-	-	-	0.0	0%
Substantial/Specific Maintenance	19.9	18.9	8.5	3.6	19%
Town & Urban Services (Organic Law)	3.3	3.3	1.1	0.3	10%
Training	49.2	48.8	23.9	14.8	30%
Transport and Fuel	66.9	67.2	31.9	21.3	32%
Transport/Infrastructure Maintenance Grant	157.1	157.1	59.2	17.4	11%
Travel and Subsistence	99.2	104.4	52.2	37.4	36%
Utilities	216.2	218.5	109.8	75.7	35%
Village Courts Function Grant	7.8	7.8	2.9	0.8	10%
Capital Investment	3,027.5	3,049.0	861.5	468.6	15%
Acquisition of Lands, Buildings & Structures	5.0	5.0	-	-	0%
Administrative Consultancy Fees	13.0	13.0	10.3	7.3	56%
Capital Transfer to Government Agencies	883.4	883.4	132.5	109.3	12%
Construction, Renovation and Improvements	1,107.6	1,107.6	316.8	150.7	14%
Domestic Travel and Subsistence	3.1	3.1	3.1	1.7	56%
Feasibility Studies & Project Preparation	6.8	6.8	3.9	2.0	29%
Grants/Subsidies-Public & Dpt Enterprise	0.1	0.1	-	-	0%
Grants/Transfers to Individuals and Non-profit Organi	25.7	25.7	15.5	4.8	19%
Grants/Transfers to Public Authorities	338.9	341.5	103.5	51.3	15%
Information & Communication Technology	11.2	11.2	3.2	2.4	21%
Motor Vehicles - Purchase	0.3	0.3	0.3	0.3	100%
Office Materials and Supplies	1.6	1.6	1.6	1.3	78%
Operational Materials and Supplies	7.1	7.1	5.1	2.0	29%
Other Operational Expenses	596.5	615.3	240.5	122.9	20%
Plant, Equipment & Machinery	1.5	1.5	1.5	-	0%
Routine Maintenance	0.5	0.5	0.2	0.2	39%
Special Support Grant	-	-	-	-	0%
Substantial/Specific Maintenance	4.0	4.0	3.0	-	0%
Training	20.7	20.7	19.9	12.0	58%
Transport and Fuel	0.2	0.2	0.2	0.1	74%
Travel and Subsistence	0.3	0.3	0.3	0.3	93%
Utilities	0.1	0.1	0.1	0.1	100%
Donor Grants	1,134.1	1,134.1	-	214.3	19%
Administrative Consultancy Fees	29.7	29.7	-	-	0%
Construction, Renovation and Improvements	174.8	174.8	-	-	0%
Feasibility Studies & Project Preparation	2.4	2.4	-	-	0%
Grants/Transfers to Public Authorities	9.3	9.3	-	-	0%
Other Category for Donor Funded Projects	57.3	57.3	-	-	0%
Other Operational Expenses	776.6	776.6	-	214.3	28%
Procurement Category for Donor Funded Projects	60.4	60.4	-	-	0%
Training	23.7	23.7	-	-	0%
Concessional Loans	930.1	930.1	-	440.2	47%
Construction, Renovation and Improvements	466.4	466.4	-	27.0	6%
Information & Communication Technology	9.5	9.5	-	-	0%
Operational Materials and Supplies	1.9	1.9	-	0.2	13%
Other Category for Donor Funded Projects	263.7	263.7	-	-	0%
Other Operational Expenses	147.4	147.4	-	413.0	280%
Procurement Category for Donor Funded Projects	29.9	29.9	-	-	0%
Substantial/Specific Maintenance	8.0	8.0	-	-	0%
Training	3.3	3.3	-	-	0%
Grand Total	8,766.5	8,766.9	2,416.4	1,949.4	22%

Source: Department of Treasury

FUNDING FOR CAPITAL INVESTMENT EXPENDITURE

Table 24: Domestic Expenditure towards Government priority projects 2015-16 (Kina, millions)

Div.	Agency Short	Description	2016 Revised	Warrants as at 30 June	Expenditure as at 30 June	Warrant (%)	Expenditure (%)
204	NSO	NSO Reforms	2.0	1.7	1.4	86%	70%
211	Customs	Automated System for Customs Data (ASYCUDA)	5.0	4.0		80%	0%
213	PNG Fire Service	Construction, Rehabilitation & Upgrading of 14 Fire Stations	11.0			0%	0%
216	IRC	RASII Project: Replacement of Ageing Tax Collection System	10.0	7.1	3.5	71%	35%
223	Judiciary Services	Court House Design and Maintenance	80.0	8.0		10%	0%
225	DJAG	Infrastructure and Capital Works Program	6.0	3.5	2.4	58%	40%
226	CS	CS Infrastructure	10.0	4.0		40%	0%
229	DNPM	Identity Card (with Biometrics)	20.0	20.0	5.2	100%	26%
229	DNPM	National Land and Housing Program	20.0	20.0	3.2	100%	16%
229	DNPM	PNG Church State Partnership Program	10.0	10.0	0.0	100%	0%
236	DHRST	Nursing College Infra. Rehabilitation	10.0	2.0		20%	0%
236	DHRST	Teacher's College Infra Rehabilitation	10.0	2.0		20%	0%
236	DHRST	Technical and Business College Infra. Rehabilitation	10.0	2.0		20%	0%
236	DHRST	Trade Skills Scholarship	10.0	9.0	5.9	90%	59%
241	HMS	Angau Memorial Hospital Redevelopment	10.0	6.0		60%	0%
241	HMS	Mt. Hagen Hospital Rehabilitation	5.0	4.5		90%	0%
241	HMS	Port Moresby General Hospital Rehabilitation	20.0	8.5		43%	0%
241	HMS	PSIP - Provincial Hospitals Infrastructure	225.0			0%	0%
245	DEC	Kokoda Track Initiative	3.0	3.0	1.3	100%	43%
247	DAL	Productive Partnership for Agriculture Development	2.0	1.5	1.0	75%	50%
261	DCI	Pacific Marine Industrial Zone	2.0			0%	0%
261	DCI	Special Economic Zone - Sepik Plains	5.0	3.5		70%	0%
264	DoW	East/West - New Britain Highway	20.0			0%	0%
264	DoW	Highlands Region Roads Improvement Program (HRRIP II)	10.0	5.0	3.0	50%	30%
264	DoW	Lae City Roads-(GoPNG)	10.0	7.0	3.4	70%	34%
264	DoW	Lae-Nadzab Road (4Lane)	45.0	45.0	28.1	100%	62%
264	DoW	Reconstruction of New Britain Highway Bridges	1.0	1.0		100%	0%
269	OTEC	Tourism Infrastructure Program	50.0	5.0		10%	0%
512	UPNG	UPNG Law School Building	10.0	5.5	2.5	55%	25%
512	UPNG	UPNG Science IV Building	20.0	7.0	2.5	35%	13%
513	PNGUOT	Library Extension	10.0	5.0	2.5	50%	25%
513	PNGUOT	Mess Extension	10.0	5.0	2.5	50%	25%
524	IPBC	National Broad Band Network	6.0	2.0		33%	0%
524	IPBC	Port Moresby Sewerage Project	1.0	1.0		100%	0%
537	NAC	Civil Aviation Sector Development Investment	5.0	4.5	2.0	90%	40%
537	NAC	Jackson's Airport Upgrade and Rehabilitation	10.0	5.0		50%	0%

Div.	Agency Short	Description	2016 Revised	Warrants as at 30 June	Expenditure as at 30 June	Warrant (%)	Expenditure (%)
537	NAC	Nadzab Airport Terminal Redevelopment Project	5.0	1.0		20%	0%
539	NMAG	International Conference Centre	4.0	4.0	2.3	100%	56%
543	NDB	Agriculture and SME Funding	35.0	2.3	2.3	7%	7%
543	NDB	People's Microbank	6.5	2.3	2.3	35%	35%
543	NDB	Stret Pasin Retail Incubation Program	20.0	2.3	2.3	12%	12%
546	PNG Power	PNG Towns' Electricity Investment Project	5.0	5.0	1.3	100%	25%
546	PNG Power	Port Moresby Grid Development	5.0	4.0	1.0	80%	20%
546	PNG Power	Upgrading the Power Distribution System of Ramu Grid	3.0	3.0	1.0	100%	33%
557	Forest Authority	Reforestation Programme	5.0	1.5	1.0	30%	20%
562	NARI	El Nino Drought Events Preparation	2.0	1.3		67%	0%
567	NRA	Highlands Region Roads Improvement Investment Program	7.0	3.8		54%	0%
574	NCD	Port Moresby City Roads	20.0	20.0	10.0	100%	50%
579	Western Highlands	Kapal Haus (Administration Building)	10.0	5.0		50%	0%
582	Morobe	District Support Improvement Program-Morobe	90.0	18.0	18.0	20%	20%
Grand Total			911.5	291.8	111.8	32%	12%

Source: Department of National Planning and Monitoring

The Government of PNG has committed to delivering an ambitious set of priority projects, which will drive development in key sectors of the Medium Term Development Plan. These include Transport, Education, Health, Law & Justice, Utilities and the Strategic Assets of the Strategy for Responsible Sustainable Development (StaRS). Expenditure towards these key priorities has been affected by the same cash flow issues as the capital investment component in general. DNPM will maintain its close linkage with implementing agencies to ensure that the Government's key priorities are delivered within the realities of the 2015 Budget. A progress update of all critical development projects and activities can be found in the Critical Activity Matrix, provided by the Department of National Planning and Monitoring.

PART 3 ATTACHMENTS

ATTACHMENT A	SUMMARY OF NATIONAL BUDGET EXPENDITURE
ATTACHMENT B	NATIONAL DEPARTMENT BUDGET EXPENDITURE
ATTACHMENT C	COMMERCIAL STATUTORY AGENCY BUDGET EXPENDITURE
ATTACHMENT D	PROVINCIAL ADMINISTRATION BUDGET EXPENDITURE

Attachment A:

SUMMARY OF NATIONAL BUDGET EXPENDITURE MYEFO 2016 (KINA, MILLION)

Details	2016 Original Budget	2016 Revised Budget	Warrant as at 30 June	Expenditure as at 30 June
National Department	5,413.4	5,211.8	2,016.4	1,521.5
Operational	4,035.7	3,822.6	1,571.7	1,352.2
Personnel Emoluments	1,868.0	1,873.2	767.3	914.9
Goods & Services	2,167.8	1,949.4	804.4	437.4
Capital Investment	1,377.7	1,389.2	444.7	169.3
Personnel Emoluments	4.0	4.0	3.6	1.0
Goods & Services	1,373.7	1,385.2	441.2	168.3
Commercial & Statutory Authority	757.6	774.7	350.9	275.3
Operational	431.3	438.4	198.4	193.1
Personnel Emoluments	312.6	312.6	140.8	138.6
Goods & Services	118.7	125.8	57.7	54.4
Capital Investment	326.3	336.3	152.5	82.2
Personnel Emoluments	0.2	0.2	0.2	0.2
Goods & Services	326.1	336.1	152.3	82.1
Miscellaneous Expenditure	1,051.6	1,243.2	549.5	370.8
Operational	1,051.6	1,243.2	549.5	370.8
Personnel Emoluments	266.7	270.4	80.8	107.3
Goods & Services	784.9	972.8	468.7	263.6
Provincial Administration	3,442.5	3,444.7	953.8	1,065.7
Operational	2,114.7	2,116.9	685.8	842.2
Personnel Emoluments	1,511.3	1,511.3	461.6	771.4
Goods & Services	603.4	605.6	224.1	70.9
Capital Investment	1,327.8	1,327.8	268.0	223.5
Personnel Emoluments				5.2
Goods & Services	1,327.8	1,327.8	268.0	218.3
Debt Services	1,479.6	1,470.2	1,479.6	437.9
Operational	1,479.6	1,470.2	1,479.6	437.9
Financial Costs (Interest & Borrowing & Related Charges)	1,479.6	1,470.2	1,479.6	437.9
Donor Grants	1,134.1	1,134.1	-	214.3
Donor Grants	1,134.1	1,134.1	-	214.3
Goods & Services	1,134.1	1,134.1	-	214.3
Concessional Loans	930.1	930.1	-	440.2
Concessional Loans	930.1	930.1	-	440.2
Goods & Services	930.1	930.1	-	440.2
Grand Total	14,208.8	14,208.8	5,350.3	4,325.8

Source: Department of Treasury.

Attachment B:

NATIONAL BUDGET EXPENDITURE MYEFO 2016 (KINA, MILLION)

Details	2016 Original Budget	2016 Revised Budget	Warrant as at 30 June	Expenditure as at 30 June
Operational	6,566.9	6,536.1	3,600.8	2,160.9
Personnel Emoluments	2,134.7	2,143.6	848.1	1,022.1
201 National Parliament	105.5	105.5	52.4	52.4
202 Office of Governor-General	2.5	2.7	1.1	1.2
203 Department of Prime Minister & NEC	53.1	53.1	21.3	26.5
204 National Statistical Office	4.9	4.9	2.0	3.7
205 Office of Bougainville Affairs	1.9	1.9	0.8	1.4
206 Department of Finance	18.4	18.7	7.4	11.9
207 Treasury and Finance - Miscellaneous	266.7	270.4	80.8	107.3
208 Department of Treasury	21.0	21.0	10.3	6.4
209 Registrar For Political Parties	5.1	5.1	2.0	2.4
211 PNG Customs Service	29.0	29.6	10.5	0.0
212 Information Technology Division	5.9	5.9	2.4	1.1
213 Fire Services	11.4	11.6	4.6	8.4
215 PNG Immigration and Citizenship Services	10.0	10.0	4.0	7.5
216 Internal Revenue Commission	33.8	33.8	13.5	17.1
217 Department of Foreign Affairs and Trade	33.1	36.6	20.4	11.8
218 Office of the Public Prosecutor	5.3	5.3	2.5	2.9
219 PNG Institute of Public Administration	5.2	5.2	2.1	2.4
220 Department of Personnel Management	16.3	17.1	7.5	6.5
221 Public Service Commission	5.3	5.3	2.1	2.4
222 Office of the Public Solicitor	8.8	8.8	4.1	4.0
223 Judiciary Services	69.0	69.0	21.1	37.6
224 Magisterial Services	31.6	31.6	9.6	18.6
225 Department of Attorney-General	73.7	73.7	29.5	43.0
226 Department of Corrective Institutional Services	87.2	87.2	40.7	37.3
227 Provincial Treasuries	35.7	35.7	14.4	18.0
228 Department of Police	196.5	196.5	76.7	116.2
229 Department of National Planning and Monitoring	11.1	11.1	4.4	5.4
230 Electoral Commission	6.7	6.7	2.7	2.8
231 National Intelligence Organisation	2.6	2.6	1.0	1.4
232 Provincial and Local Government Affairs	9.7	16.7	10.9	11.5
233 Office of Censorship	2.7	2.7	1.1	0.8
234 Department of Defence	115.1	115.1	36.2	73.6
235 Department of Education	145.1	145.1	62.4	71.0
236 Department of Higher Education Research Science & Technology	6.1	6.1	2.5	2.2
237 PNG National Commission for UNESCO	2.2	2.2	0.4	0.2
238 Milne Bay Provincial Health Authority	23.8	23.8	7.7	2.7
239 Western Highlands Provincial Health Authority	26.0	26.0	10.6	12.7
240 Department of Health	78.5	78.5	31.4	38.0
241 Hospital Management Services	275.3	271.8	117.3	149.5
242 Department of Community Development	10.0	10.0	4.0	3.6
243 National Volunteer Services	1.6	1.6	0.6	0.7
244 Eastern Highlands Provincial Health Authority	28.7	28.7	11.3	0.8
245 Conservation and Environment Protection Authority	6.6	6.6	2.7	3.4
246 Office of Urbanization	1.5	1.5	0.6	1.1
247 Department of Agriculture and Livestock	12.1	12.1	4.9	3.9
251 PNG Science & Technology Secretariat	2.5	2.5	0.9	0.6
252 Department of Lands and Physical Planning	16.6	16.6	6.6	8.5
253 West New Britain Provincial Health Authority	28.8	28.8	11.2	3.1
254 Department of Mineral Policy and Geohazards Management	5.5	5.5	2.2	2.6
255 Department of Petroleum and Energy	11.4	11.4	4.1	4.9
256 Manus Provincial Health Authority	11.9	11.9	5.5	4.2
257 Department of Public Enterprises	2.7	2.7	1.0	0.6
258 Department of Information and Communication	1.8	1.8	0.7	0.8
259 Department of Transport	12.9	12.9	5.3	5.8
260 Enga Provincial Health Authority	23.4	23.4	9.7	12.4
261 Department of Commerce and Industry	8.2	8.2	3.0	3.2
262 Department of Industrial Relations	14.3	14.3	5.7	6.9
263 National Tripartite Consultative Council	0.5	0.5	0.2	0.2
264 Department of Works and Implementation	61.7	58.0	22.1	29.7
266 Sandaun Provincial Health Authority	19.9	19.9	9.7	1.2
267 Department of Implementation and Rural Development	7.7	7.7	3.1	2.8
268 Central Supply & Tenders Board	1.5	1.5	0.5	1.0
269 Office of Tourism Arts and Culture	0.9	0.9	0.3	0.4
Goods & Services	2,952.6	2,922.2	1,273.2	700.9
201 National Parliament	42.0	42.0	20.6	20.6
202 Office of Governor-General	2.7	2.5	1.9	1.8

Details	2016 Original Budget	2016 Revised Budget	Warrant as at 30 June	Expenditure as at 30 June
203 Department of Prime Minister & NEC	30.2	63.7	42.6	30.3
204 National Statistical Office	1.5	1.5	0.6	0.6
205 Office of Bougainville Affairs	1.5	1.5	0.7	0.6
206 Department of Finance	10.9	12.4	4.5	3.2
207 Treasury and Finance - Miscellaneous	784.9	972.8	468.7	263.6
208 Department of Treasury	8.4	30.0	24.1	23.3
209 Registrar For Political Parties	2.7	2.7	1.9	1.9
211 PNG Customs Service	20.6	20.0	8.1	0.3
212 Information Technology Division	12.5	12.5	5.0	1.6
213 Fire Services	6.6	6.4	2.6	2.0
216 Internal Revenue Commission	21.2	21.2	12.3	6.5
217 Department of Foreign Affairs and Trade	26.9	30.4	21.1	16.7
218 Office of the Public Prosecutor	2.0	2.0	1.4	1.2
219 PNG Institute of Public Administration	1.9	1.9	0.8	0.7
220 Department of Personnel Management	5.7	5.7	2.5	2.0
221 Public Service Commission	1.2	1.2	0.5	0.4
222 Office of the Public Solicitor	3.7	3.7	1.9	1.5
223 Judiciary Services	78.3	88.3	36.2	21.6
224 Magisterial Services	6.7	6.7	3.0	2.5
225 Department of Attorney-General	24.8	24.8	12.4	10.3
226 Department of Corrective Institutional Services	42.5	42.5	20.0	14.8
227 Provincial Treasuries	9.5	9.5	3.8	3.3
228 Department of Police	159.8	159.8	78.9	58.0
229 Department of National Planning and Monitoring	5.5	5.5	2.2	1.8
230 Electoral Commission	15.0	37.5	16.4	7.5
231 National Intelligence Organisation	2.1	2.1	0.9	0.6
232 Provincial and Local Government Affairs	6.5	6.5	2.8	1.9
233 Office of Censorship	1.0	1.0	0.4	0.3
234 Department of Defence	122.4	122.4	46.2	32.4
235 Department of Education	700.0	399.0	66.1	25.6
236 Department of Higher Education Research Science & Technology	48.1	48.1	27.0	26.5
237 PNG National Commission for UNESCO	0.9	0.9	0.4	-
238 Milne Bay Provincial Health Authority	6.0	6.0	3.6	3.3
239 Western Highlands Provincial Health Authority	6.8	6.8	4.3	4.3
240 Department of Health	232.2	232.2	104.1	-
241 Hospital Management Services	108.2	93.6	60.4	-
242 Department of Community Development	2.0	2.5	1.3	1.2
243 National Volunteer Services	0.3	0.3	0.2	0.2
244 Eastern Highlands Provincial Health Authority	6.3	6.3	3.7	3.6
245 Conservation and Environment Protection Authority	6.9	6.9	3.9	3.4
246 Office of Urbanization	0.3	0.3	0.1	0.1
247 Department of Agriculture and Livestock	3.7	3.7	1.9	2.5
251 PNG Science & Technology Secretariat	1.8	1.8	0.7	0.7
252 Department of Lands and Physical Planning	23.0	23.0	10.1	5.2
253 West New Britain Provincial Health Authority	7.4	7.4	4.3	4.3
254 Department of Mineral Policy and Geohazards Management	3.2	3.2	1.4	1.1
255 Department of Petroleum and Energy	8.4	8.4	5.4	4.9
256 Manus Provincial Health Authority	5.8	5.8	2.7	2.7
257 Department of Public Enterprises	5.1	5.1	1.9	1.2
258 Department of Information and Communication	2.5	2.5	1.0	0.6
259 Department of Transport	11.8	11.8	5.8	3.2
260 Enga Provincial Health Authority	6.2	6.2	2.9	2.9
261 Department of Commerce and Industry	7.4	7.4	2.7	2.2
262 Department of Industrial Relations	17.1	17.1	10.9	7.7
263 National Tripartite Consultative Council	0.3	0.3	0.2	0.2
264 Department of Works and Implementation	258.2	261.9	93.0	53.6
266 Sandaun Provincial Health Authority	7.1	7.1	4.8	4.8
267 Department of Implementation and Rural Development	2.4	2.4	1.0	0.7
268 Central Supply & Tenders Board	1.2	2.7	1.9	0.1
269 Office of Tourism Arts and Culture	1.0	1.0	0.4	0.4
Financial Costs (Interest & Borrowing & Related Charges)	1,479.6	1,470.2	1,479.6	437.9
299 Treasury and Finance - Public Debt Charges	1,479.6	1,470.2	1,479.6	437.9
Capital Investment	1,377.7	1,389.2	444.7	169.3
Personnel Emoluments	4.0	4.0	3.6	1.0
206 Department of Finance	2.2	2.2	2.2	0.8
247 Department of Agriculture and Livestock	0.8	0.8	0.4	0.2
261 Department of Commerce and Industry	1.0	1.0	1.0	-
Goods & Services	1,373.7	1,385.2	441.2	168.3
203 Department of Prime Minister & NEC	25.0	25.0	-	-
204 National Statistical Office	4.0	4.0	3.7	3.3
206 Department of Finance	17.8	17.8	9.5	7.5
208 Department of Treasury	121.0	123.6	36.0	15.5

Details	2016 Original Budget	2016 Revised Budget	Warrant as at 30 June	Expenditure as at 30 June
211 PNG Customs Service	10.0	10.0	7.5	-
213 Fire Services	11.0	11.0	-	-
216 Internal Revenue Commission	20.0	20.0	14.3	5.7
219 PNG Institute of Public Administration	3.0	3.0	2.0	0.1
223 Judiciary Services	80.0	80.0	8.0	-
225 Department of Attorney-General	7.0	7.0	3.9	2.4
226 Department of Corrective Institutional Services	10.0	10.0	4.0	-
228 Department of Police	5.0	5.0	3.0	1.0
229 Department of National Planning and Monitoring	85.5	85.5	65.2	14.5
232 Provincial and Local Government Affairs	2.0	9.4	8.4	-
234 Department of Defence	19.0	19.0	6.0	-
235 Department of Education	7.5	7.5	7.5	1.4
236 Department of Higher Education Research Science & Technology	83.0	83.0	37.0	35.9
240 Department of Health	10.0	10.0	4.0	-
241 Hospital Management Services	294.0	294.0	36.5	-
242 Department of Community Development	2.0	2.0	2.0	1.5
245 Conservation and Environment Protection Authority	3.0	3.0	3.0	1.3
247 Department of Agriculture and Livestock	1.2	1.2	1.1	0.8
254 Department of Mineral Policy and Geohazards Management	3.0	3.0	-	-
255 Department of Petroleum and Energy	27.7	27.7	5.0	1.6
258 Department of Information and Communication	3.0	3.0	0.5	-
259 Department of Transport	20.0	20.0	-	-
261 Department of Commerce and Industry	9.5	9.5	5.5	1.9
262 Department of Industrial Relations	2.0	2.0	0.8	0.4
264 Department of Works and Implementation	382.0	382.0	134.0	73.5
267 Department of Implementation and Rural Development	55.5	57.0	27.8	-
269 Office of Tourism Arts and Culture	50.0	50.0	5.0	-
Donor Grants	970.1	970.1	-	-
Goods & Services	970.1	970.1	-	-
Concessional Loans	425.6	425.6	-	416.6
Goods & Services	425.6	425.6	-	416.6
Grand Total	9,340.2	9,320.9	4,045.6	2,746.9

Source: Department of Treasury.

Attachment C:

COMMERCIAL STATUTORY AGENCY BUDGET EXPENDITURE MYEFO 2016 (KINA, MILLION)

Details	2016 Original Budget	2016 Revised Budget	Warrant as at 30 June	Expenditure as at 30 June
Operational	431.3	438.4	198.4	193.1
Personnel Emoluments	312.6	312.6	140.8	138.6
501 Konebada Petroleum Park Authority	3.8	3.8	1.8	1.8
502 Office of the Auditor-General	13.9	13.9	6.4	6.4
503 Ombudsman Commission	12.1	12.1	5.5	4.6
505 National Research Institute	3.6	3.6	1.6	1.6
506 National Training Council	1.0	1.0	0.4	0.5
507 National Economic & Fiscal Commission	2.0	2.0	0.6	0.2
509 Border Development Authority (BDA)	2.2	2.2	0.9	0.5
510 Legal Training Institute	1.7	1.7	0.8	0.6
511 Papua New Guinea Climate Change Authority	3.0	3.0	0.9	2.1
512 University of Papua New Guinea	45.0	45.0	21.0	17.0
513 University of Technology	35.4	35.4	16.5	13.4
514 University of Goroka	17.7	17.7	8.3	6.7
515 University of Environment & Natural Resources	17.0	17.0	7.9	6.4
516 Papua New Guinea Sports Foundation	6.8	6.8	2.6	4.4
517 National Narcotics Bureau	2.3	2.3	0.5	3.0
518 PNG Maritime College	4.4	4.4	2.1	2.1
519 National Aids Council Secretariat	7.4	7.4	3.4	3.4
520 Institute of Medical Research	9.7	9.7	4.5	4.5
521 National Youth Commission	1.8	1.8	0.7	1.3
522 Constitutional and Law Reform Commission	2.3	2.3	0.7	0.3
523 Papua New Guinea Accidents Investigation Commission	5.1	5.1	2.4	2.4
525 National Broadcasting Commission	16.1	16.1	7.6	7.6
526 National Maritime Safety Authority	1.7	1.7	0.8	0.8
530 Investment Promotion Authority	1.6	1.6	0.8	0.8
531 Small Business Development Corporation	3.0	3.0	1.4	1.4
532 National Institute of Standards & Industrial Technology	2.1	2.1	0.6	1.6
533 Industrial Centers Development Corporation	2.3	2.3	1.1	1.1
536 Kokonas Industry Koproration	0.2	0.2	0.1	0.1
539 National Museum and Art Gallery	3.5	3.5	1.4	2.2
541 National Housing Corporation	-	-	-	0.8
542 National Cultural Commission	3.2	3.2	1.3	2.0
549 Office of Coastal Fisheries Development Agency	1.9	1.9	0.6	0.6
550 Cocoa Coconut Institute Ltd	5.6	5.6	2.6	2.5
551 National Fisheries Authority	-	-	-	0.0
553 Fresh Produce Development Company	3.7	3.7	1.7	1.7
554 PNG Coffee Industry Corporation	2.0	2.0	0.9	0.9
557 PNG National Forest Authority	23.7	23.7	10.9	10.9
558 Tourism Promotion Authority	2.1	2.1	1.0	1.0
562 National Agriculture Research Institute	9.4	9.4	4.4	4.4
563 National Agriculture Quarantine & Inspection Authority	8.4	8.4	3.3	8.0
565 Civil Aviation Safety Authority	11.3	11.3	5.3	4.3
566 Cocoa Board	3.9	3.9	2.0	2.0
567 National Road Authority	2.0	2.0	0.6	0.0
569 Independent Consumer and Competition Commission	6.5	6.5	3.0	2.4
Goods & Services	118.7	125.8	57.7	54.4
501 Konebada Petroleum Park Authority	2.6	2.6	1.1	1.1
502 Office of the Auditor-General	10.0	10.0	3.9	3.9
503 Ombudsman Commission	6.3	6.3	2.8	2.3
505 National Research Institute	3.6	3.6	1.6	1.6
506 National Training Council	1.5	1.5	0.6	0.6
507 National Economic & Fiscal Commission	1.5	1.5	1.0	1.0
509 Border Development Authority (BDA)	2.0	2.0	1.3	1.2
510 Legal Training Institute	1.2	1.2	0.5	0.4
511 Papua New Guinea Climate Change Authority	5.5	5.5	2.2	2.2
512 University of Papua New Guinea	2.5	2.5	1.0	0.8
513 University of Technology	9.9	9.9	6.1	5.5
514 University of Goroka	1.7	1.7	0.7	0.5
515 University of Environment & Natural Resources	1.6	1.6	0.6	0.5
516 Papua New Guinea Sports Foundation	3.7	3.7	1.5	1.5
517 National Narcotics Bureau	2.1	2.1	0.4	-
518 PNG Maritime College	0.4	0.4	0.1	0.1
519 National Aids Council Secretariat	1.6	1.6	0.6	0.6
520 Institute of Medical Research	2.6	2.6	1.1	1.1
521 National Youth Commission	2.3	2.3	0.9	0.9
522 Constitutional and Law Reform Commission	0.8	0.8	0.4	0.3
523 Papua New Guinea Accidents Investigation Commission	0.5	0.5	0.2	0.2
525 National Broadcasting Commission	9.2	9.2	3.7	3.7

Details	2016 Original Budget	2016 Revised Budget	Warrant as at 30 June	Expenditure as at 30 June
526 National Maritime Safety Authority	1.6	1.6	0.6	0.6
530 Investment Promotion Authority	1.3	1.3	0.5	0.5
531 Small Business Development Corporation	0.1	0.1	0.0	0.0
532 National Institute of Standards & Industrial Technology	1.4	1.4	0.6	0.6
533 Industrial Centers Development Corporation	0.2	0.2	0.1	0.1
536 Kokonas Industry Koproration	1.9	1.9	0.8	0.8
539 National Museum and Art Gallery	4.3	4.3	1.7	1.6
541 National Housing Corporation	0.2	0.2	0.1	0.1
542 National Cultural Commission	1.5	2.5	1.6	1.6
545 Rural Airstrip Authority	4.5	4.5	1.8	1.4
549 Office of Coastal Fisheries Development Agency	0.7	0.7	0.3	0.3
550 Cocoa Coconut Institute Ltd	1.1	1.1	0.4	0.4
553 Fresh Produce Development Company	2.9	2.9	1.1	1.1
554 PNG Coffee Industry Corporation	1.0	1.0	0.4	0.4
557 PNG National Forest Authority	5.7	11.8	7.5	7.5
558 Tourism Promotion Authority	7.7	7.7	3.5	3.5
562 National Agriculture Research Institute	2.1	2.1	0.8	0.8
565 Civil Aviation Safety Authority	1.0	1.0	0.4	0.3
566 Cocoa Board	2.9	2.9	1.4	1.4
567 National Road Authority	0.5	0.5	0.2	0.2
569 Independent Consumer and Competition Commission	3.3	3.3	1.5	1.2
Capital Investment	326.3	336.3	152.5	82.2
Personnel Emoluments	0.2	0.2	0.2	0.2
516 Papua New Guinea Sports Foundation	-	-	-	- 0.0
536 Kokonas Industry Koproration	0.2	0.2	0.2	0.2
Goods & Services	326.1	336.1	152.3	82.1
503 Ombudsman Commission	2.0	2.0	1.0	0.5
509 Border Development Authority (BDA)	1.0	1.0	0.5	0.5
510 Legal Training Institute	2.0	2.0	2.0	1.5
511 Papua New Guinea Climate Change Authority	1.0	1.0	1.0	-
512 University of Papua New Guinea	30.0	30.0	12.5	5.0
513 University of Technology	20.0	20.0	10.0	5.0
514 University of Goroka	15.0	15.0	3.0	-
515 University of Environment & Natural Resources	10.0	10.0	6.5	3.0
516 Papua New Guinea Sports Foundation	40.0	40.0	25.4	11.2
522 Constitutional and Law Reform Commission	1.0	1.0	1.0	0.5
524 Independent Public Business Corporation	9.0	9.0	4.5	-
526 National Maritime Safety Authority	1.0	1.0	0.5	-
531 Small Business Development Corporation	1.5	1.5	1.5	0.9
535 Mineral Resources Authority	22.8	22.8	-	-
536 Kokonas Industry Koproration	4.3	4.3	4.3	4.3
537 National Airports Corporation	-	20.0	10.5	2.0
538 Papua New Guinea Air Services Limited	-	10.0	4.2	2.7
539 National Museum and Art Gallery	4.0	4.0	4.0	2.3
541 National Housing Corporation	7.0	7.0	-	-
543 National Development Bank	61.5	61.5	6.9	6.9
546 PNG Power Limited	14.0	14.0	13.0	3.8
549 Office of Coastal Fisheries Development Agency	23.0	23.0	14.0	14.0
551 National Fisheries Authority	1.0	1.0	-	-
553 Fresh Produce Development Company	2.0	2.0	2.0	-
554 PNG Coffee Industry Corporation	7.0	7.0	7.0	7.0
557 PNG National Forest Authority	5.0	5.0	1.5	1.0
562 National Agriculture Research Institute	2.0	2.0	1.3	-
563 National Agriculture Quarantine & Inspection Authority	2.0	2.0	0.5	-
566 Cocoa Board	10.0	10.0	10.0	10.0
567 National Road Authority	7.0	7.0	3.8	-
Donor Grants	73.7	73.7	-	-
Goods & Services	73.7	73.7	-	-
Concessional Loans	388.4	388.4	-	23.6
Goods & Services	388.4	388.4	-	23.6
Grand Total	1,219.7	1,236.8	350.9	298.9

Source: Department of Treasury.

Attachment D

PROVINCIAL ADMINISTRATION BUDGET EXPENDITURE MYEFO 2016 (KINA, MILLION)

Details	2016 Original Budget	2016 Revised Budget	Warrant as at 30 June	Expenditure as at 30 June
Operational	2,114.7	2,116.9	685.8	842.2
Personnel Emoluments	1,511.3	1,511.3	461.6	771.4
571 Fly River Provincial Administration	51.9	51.9	16.0	30.3
572 Gulf Provincial Administration	33.9	33.9	9.5	14.9
573 Central Provincial Administration	60.9	60.9	16.5	36.5
574 National Capital District	-	-	-	0.0
575 Milne Bay Provincial Administration	66.8	66.8	19.4	32.7
576 Oro Provincial Administration	34.1	34.1	9.9	18.1
577 Southern Highlands Provincial Administration	89.0	89.0	23.0	55.1
578 Enga Provincial Administration	56.0	56.0	14.7	40.6
579 Western Highlands Provincial Administration	82.6	82.6	22.4	45.5
580 Simbu Provincial Administration	72.9	72.9	19.9	44.0
581 Eastern Highlands Provincial Administration	91.8	91.8	23.9	47.7
582 Morobe Provincial Administration	179.9	179.9	52.4	77.4
583 Madang Provincial Administration	108.1	108.1	35.0	56.2
584 East Sepik Provincial Administration	74.0	74.0	32.1	46.7
585 Sandaun Provincial Administration	69.1	69.1	22.4	27.4
586 Manus Provincial Administration	37.2	37.2	12.1	13.2
587 New Ireland Provincial Administration	75.4	75.4	24.5	27.9
588 East New Britain Provincial Administration	89.1	89.1	28.9	47.6
589 West New Britain Provincial Administration	66.8	66.8	21.5	31.2
590 Autonomous Bougainville Administration	106.2	106.2	35.1	45.4
591 Hela Provincial Administration	31.8	31.8	11.7	14.0
592 Jiwaka Provincial Administration	33.8	33.8	10.7	19.2
Goods & Services	603.4	605.6	224.1	70.9
571 Fly River Provincial Administration	17.2	17.2	6.3	3.1
572 Gulf Provincial Administration	29.2	29.2	11.0	2.9
573 Central Provincial Administration	32.7	32.7	12.1	3.0
574 National Capital District	3.3	3.3	1.1	0.3
575 Milne Bay Provincial Administration	35.0	35.0	12.9	3.1
576 Oro Provincial Administration	22.9	22.9	8.5	2.0
577 Southern Highlands Provincial Administration	15.6	15.6	5.4	2.6
578 Enga Provincial Administration	29.7	29.7	11.0	5.1
579 Western Highlands Provincial Administration	26.2	26.2	9.9	2.5
580 Simbu Provincial Administration	38.3	38.3	14.3	3.4
581 Eastern Highlands Provincial Administration	49.6	49.6	18.2	3.9
582 Morobe Provincial Administration	14.8	14.8	5.2	2.8
583 Madang Provincial Administration	48.3	48.3	17.9	4.3
584 East Sepik Provincial Administration	63.2	64.4	21.7	8.5
585 Sandaun Provincial Administration	44.9	45.9	17.5	5.2
586 Manus Provincial Administration	14.1	14.1	5.3	1.3
587 New Ireland Provincial Administration	5.4	5.4	2.0	1.0
588 East New Britain Provincial Administration	26.4	26.4	9.9	2.8
589 West New Britain Provincial Administration	22.6	22.6	9.0	2.9
590 Autonomous Bougainville Administration	21.8	21.8	8.3	1.9
591 Hela Provincial Administration	16.6	16.6	5.2	1.7
592 Jiwaka Provincial Administration	25.7	25.7	11.3	6.6
Capital Investment	1,327.8	1,327.8	268.0	223.5
Personnel Emoluments	-	-	-	5.2
592 Jiwaka Provincial Administration	-	-	-	5.2
Goods & Services	1,327.8	1,327.8	268.0	218.3
571 Fly River Provincial Administration	44.9	44.9	7.0	7.0
572 Gulf Provincial Administration	32.0	32.0	5.0	5.0
573 Central Provincial Administration	51.7	51.7	9.0	9.0
574 National Capital District	63.1	63.1	30.0	17.6
575 Milne Bay Provincial Administration	51.6	51.6	7.0	7.0
576 Oro Provincial Administration	30.9	30.9	5.0	5.0
577 Southern Highlands Provincial Administration	69.5	69.5	13.5	13.4
578 Enga Provincial Administration	63.5	63.5	13.0	13.0
579 Western Highlands Provincial Administration	60.9	60.9	14.0	9.0
580 Simbu Provincial Administration	72.0	72.0	13.0	13.0
581 Eastern Highlands Provincial Administration	92.4	92.4	17.0	16.9
582 Morobe Provincial Administration	103.8	103.8	19.0	19.0
583 Madang Provincial Administration	71.9	71.9	13.0	13.0
584 East Sepik Provincial Administration	72.6	72.6	13.0	13.0
585 Sandaun Provincial Administration	61.7	61.7	9.0	9.0

Details	2016 Original Budget	2016 Revised Budget	Warrant as at 30 June	Expenditure as at 30 June
586 Manus Provincial Administration	21.2	21.2	3.0	3.0
587 New Ireland Provincial Administration	34.9	34.9	7.0	5.0
588 East New Britain Provincial Administration	51.8	51.8	9.0	9.0
589 West New Britain Provincial Administration	31.1	31.1	5.0	4.9
590 Autonomous Bougainville Administration	120.0	120.0	33.0	3.0
591 Hela Provincial Administration	85.1	85.1	16.5	16.5
592 Jiwaka Provincial Administration	41.2	41.2	7.0	7.0
Donor Grants	98.3	98.3	-	214.3
Goods & Services	98.3	98.3	-	214.3
Concessional Loans	108.1	108.1	-	-
Goods & Services	108.1	108.1	-	-
Grand Total	3,648.9	3,651.1	953.8	1,280.1

Source: Department of Treasury.