Lighten the burden - aspirational or achievable

PwC's 2022 Budget insights

At a glance...

- **Economic growth**: 3.5% in 2021
- **Inflation**: 4.8% in 2021
- **Debt to GDP ratio**: 51.5% in 2021
- **Debt service as a percentage of Opex**: 20.4% in 2021
- **Tax revenue to GDP**: 11.2% in 2021

How will the budget be spent?

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt service</td>
<td>12.0%</td>
<td>10.8%</td>
</tr>
<tr>
<td>Health</td>
<td>8.9%</td>
<td>11.9%</td>
</tr>
<tr>
<td>Education</td>
<td>5.6%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Law and justice</td>
<td>6.5%</td>
<td>6.5%</td>
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<tr>
<td>Transport</td>
<td>11.0%</td>
<td>6.7%</td>
</tr>
</tbody>
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Key takeaways

- Relies on optimistic growth and revenue assumptions
- Described as budget repair, although deficit budget
- Continued reduction in financing costs through cheaper debt
- Bank and telecom levies are largest new tax item
- Debt to GDP ratio remains over 50% until 2026

What do these mean for PNG?

- Likely a higher chance of downside risk rather than upside risk.
- Growth is planned to come principally from non-resource sector, but limited new initiatives to stimulate growth
- A continued focus on Connect PNG, education and health funding. These are good drivers, but execution is key