

Information on what is required to be published in the Statement of Risks

The *Charter of Budget Honesty Act 1998* requires that the Budget include a statement of the risks, quantified where feasible, that may have a material effect on the fiscal outlook.

At the 2025-26 Budget, Department of Finance guidance to agencies set out the requirement to disclose:

- risks that may affect the fiscal outlook and have not been included in the fiscal forecasts because of uncertainty about their timing, magnitude or likelihood;
- contingent liabilities and contingent assets, both quantifiable and unquantifiable;
- significant contingent liabilities or assets considered remote; and
- government loans.

At the 2025-26 Budget, the materiality threshold for quantifiable risks was \$20 million in any one year, or \$50 million over the forward estimates period, and for loans it was \$200 million.

- Where risks are unquantifiable, they should be included if it is reasonable to expect that the cost to the Government would exceed these thresholds should the risk materialise.
- In addition to the Statement of Risks and the Budget process, estimates for special appropriations are published in Budget Paper No. 4 – *Agency Resourcing*.

Information on the PNG IMF program and the foreign exchange queue

PNG recently passed the fourth review of its IMF program. From May 2023 following commencement of the IMF program, the exchange rate has followed a depreciating trend to support the gradual return to kina convertibility.

The kina's depreciation, combined with a range of measures from BPNG over the past twelve months, including a requirement to prioritize essential foreign exchange orders, and the introduction of a weekly foreign exchange (FX) auction mechanism for FX intervention to cover pending essential FX orders, have alleviated FX shortages. PNG and the IMF have agreed to an upper limit for the stock of unmet import-related FX payments in the orderbook. This ceiling has been reduced from 150 million kina in March 2024 to 25 million kina in June 2025, and the indicative target for September 2025 and beyond is zero.