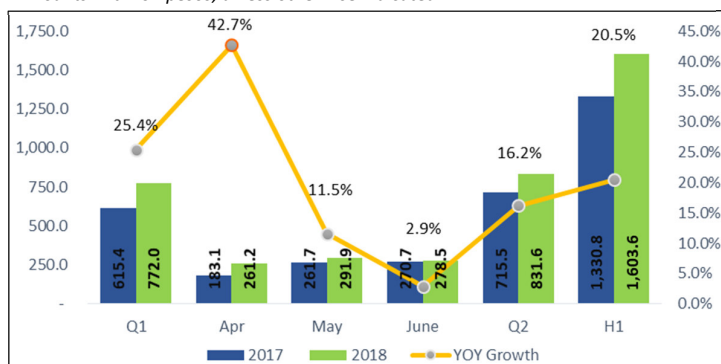


NATIONAL GOVERNMENT DISBURSEMENT PERFORMANCE

AS OF JUNE 2018

National Government spending reached P1,603.6 billion as of June 2018, up by P272.7 billion or 20.5 percent year-on-year, owing to high Personnel Services (PS) expenditures and strong Infrastructure and Other Capital Outlays. Disbursements in June, meanwhile, stood at P278.5 billion, slightly higher by 3.0 percent from the previous year's outturn. While all three major expense items increased from the levels recorded a year ago, spending in June was tempered by the timing of releases to Government Corporations and Local Government Units.

Figure 1. National Government Disbursements for the Period Indicated
Amounts in billion pesos, unless otherwise indicated



For the Month of June 2018

Spending for Infrastructure and Other Capital Outlays remained robust in June amounting to P72.0 billion, an increase of P20.0 billion or 38.6 percent from June last year. Disbursements of the DPWH for its infrastructure projects such as construction, widening, upgrading and preventive maintenance of road networks nationwide, continued to drive infrastructure spending. Capital outlay projects in the DepEd and SUCs (repair and rehabilitation of classrooms/school facilities), DOH (acquisition of hospital/medical equipment), and DOTr (rail transport projects, purchase of airport security equipment) also contributed to the high infrastructure outlays in June.

PS expenditures and Maintenance Spending, expanded by 11.4 percent and 8.8 percent, respectively to help sustain the growth of disbursements in June. PS reached P74.8 billion on account of the higher pay of government workers, and military and uniformed personnel, the filling of positions and release of hardship allowances of teachers in the DepEd, and filling of positions in the PNP, as well as the release of retirement and gratuity benefits, and pensions of retirees in the DILG-PNP and DND-AFP. Maintenance expenditures, meanwhile, amounted to P45.5 billion owing to the operating requirements of line agencies; repair and maintenance of military equipment/aircraft and procurement of supplies, materials and petroleum, oil and lubricant requirements of the AFP; and the payment of equity rental fee for the MRT 3.

The increase recorded in the aforementioned expenditures, however, was tempered by the lower disbursements for Subsidy, Equity and Capital Transfers to LGUs:

1. Subsidy was down to P14.8 billion (54.3 percent) due to timing of releases to GOCCs. In June of the previous year, some P12 billion subsidy was released to NHA for its housing programs. This compares to just P310 million this June 2018 as the bulk of subsidy releases is expected to be requested by the NHA starting this July. Similarly, some P9.3 billion subsidy was released to the PHIC for the National Health Insurance Program last year. This year, some P15.1 billion was released to the PHIC in March.
2. Equity was lower year-on-year due to the absence of similar P3.1 billion equity infusion to Landbank this June 2018.
3. Capital Transfers to LGUs were down to P11.1 billion from P22.0 billion in June last year, as releases under the *Local Government Support Fund* for local infrastructure projects were frontloaded in April.

For the First Semester 2018

Disbursements for the first six months of 2018 increased by P272.7 billion or 20.5 percent to reach P1,603.6 billion. This is largely driven by the growth of Infrastructure Outlays and PS expenditures, which soared by 41.6 percent and 20.1 percent, respectively. Infrastructure and other capital outlays grew significantly on account of the infrastructure projects of various agencies, specifically the road infrastructure projects of the DPWH, while PS expanded mainly on account of the increase in the pay of civilian employees and the military and uniformed personnel.

Spending also exceeded the P1,569.1 billion program for the first semester by P34.4 billion or 2.2 percent, mainly from PS expenditures (P24.5 billion) and from Infrastructure and Other Capital Outlays (P14.4 billion). PS topped the program due to the improved fill up rates for teaching positions in the DepEd, and the payment of pension and retirement claims in the DILG-PNP and DND-AFP. Infrastructure and Other Capital Outlays, meanwhile, exceeded the program amount in view of the acceleration of disbursements for infrastructure projects, including those from the previous administration, which resulted in higher payment claims for prior and current year accounts payable.

On the other hand, the government continued to save from Interest Payments (P7.5 billion) due to bond maturities and lower-than-programmed issuance of debt instruments; and from Net Lending (P4.3 billion) owing to repayments and minimal availment of GOCCs.

Although disbursements exceeded the program for the first semester, revenue performance continued to be strong to give the government enough fiscal space to stay well within the deficit ceiling. Revenue collections as of end-June 2018 reached P1,410.5 billion, surpassing the target of P1,304.8 billion by P105.7 billion, largely due to the impact of TRAIN and improved revenue collections of the BIR and BOC, as well as higher remittances of dividends by GOCCs. This resulted in a deficit of P193.0 billion, P71.3 billion or 27.0 percent below the P264.3 billion program for the first six months of the year.