



**DEPARTMENT OF TREASURY  
Office of the Secretary**

**Telephone: (675) 312 8812  
Facsimile: (675) 312 8806**

**Vulupindi Haus  
PO Box 542, WAIGANI, NCD**

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09 January 2009

## **BUDGET CIRCULAR 1/2009**

### **CIRCULAR LETTER TO:**

**All Provincial Administrators, Departmental Heads and  
Heads of Statutory Authorities**

### **2009 RECURRENT BUDGET CASH FLOW PROJECTIONS**

#### **1. Purpose**

This Budget Circular advises National Departments, Statutory Authorities and Provincial Administrations (**agencies**) of their responsibilities in preparing and submitting cash-flow requirements with detailed work program implementation schedules for the 2009 Fiscal year to the Department of Treasury (Treasury) for the preparation of the consolidated master annual cash-flow for 2009.

#### **2. Distribution**

To ensure the effective implementation of the 2009 National Budget, it is imperative that all Departmental Heads, Heads of Statutory Authorities and Provincial Administrators ensure that the key officers in their agency, especially the Program Managers, are provided with a copy of this Budget Circular.

#### **3. Annual Cash Flow Projections & Implementation Schedules**

One of the key challenges presently facing Papua New Guinea is effective implementation of government programs. Over recent years, agencies have frequently claimed that delays in the release of the monthly warrants and inadequate monthly funding are the lead factors for agencies being unable to adequately deliver programs and services to citizens.

While not accepting that the release of the monthly warrant is a contributing factor to the inadequate delivery of programs and services, Treasury will ensure the timely release of monthly warrant to each agency that has submitted its annual cash flow projections in accordance with the requirements outlined in this Circular.

Where an agency has submitted an annual cash flow projection at the start of the year, warrant release as per this cash flow will be automatic at the commencement of each month. If an amendment to your agency's annual cash flow projection is required, you must contact the relevant Assistant Secretary in Budgets Division (contacts provided below) to discuss this request and provide adequate justification for the amendment. If you fail to do so, the release of the monthly warrant for your agency will be in accordance with your agency's original annual cash flow projection. It is important to note that no additional funding will be provided. You must manage within your agencies' 2009 Budget appropriation.

#### **4. Annual Cash Flow Format (Template)**

The annual cash flow should be split into Personnel Emoluments and Other Items (Goods & Services) by month as shown in the attached template. All agencies are requested to use the standardized template attached for consistency with Treasury's requirements. *(Refer to the attached Template).*

#### **5. Grants to Provincial and Local Level Governments**

All grants to Provincial and Local Level Governments will be released once their respective 2009 Budgets have been approved by the Minister for Treasury & Finance. All Provinces and LLGs are still required to submit their annual cash flows and 2009 Budgets to Treasury for approval. Adjustments to cash flow projections will be made as required, following approval by the Minister for Treasury & Finance.

#### **6. Responsibilities of Heads of Agencies**

Section 5 of the *Public Finances (Management) Act 1995* makes agency heads, including Provincial Administrators, personally responsible for the financial management of their agencies. Subsection 5(1)(e) states that agency heads are responsible for ensuring that "there is no over commitment of funds and a review is undertaken each month to ensure that there is no over-expenditure or over commitment". The agency head's responsibility extends to the actions of subordinates acting under delegation.

It is crucial that you and your officers understand that it is your responsibility to manage your agencies within the appropriation that has been approved for you by the Government and by the Parliament, and that you are required by the law to monitor the expenditure of your agency to ensure that it is consistent with the budget allocation for the year. **No additional funding will be provided if you fail to manage your resources across the year.**

All annual cash-flow projections for agencies must be submitted, on or before Friday, 23 January 2009, to the respective Assistant Secretary of each Sector in Budgets Division. Any queries can be directed to the relevant Assistant Secretary on the contact details below.

<b>Economic Sector</b>	<b>Mr Ropit Botong</b>	<b>312 8781</b>
<b>Infrastructure Sector</b>	<b>Mr Ropit Botong</b>	<b>312 8781</b>
<b>Social Sector</b>	<b>Ms Ruth Veapi</b>	<b>312 8753</b>
<b>Law &amp; Order Sector</b>	<b>Mr Ravu Paku</b>	<b>312 8438</b>
<b>Administrative Sector</b>	<b>Mr Rudolph Aigili</b>	<b>312 8737</b>
<b>Provincial Sector</b>	<b>Mr Lazarus Enker</b>	<b>312 8739</b>

**ANTHONY YAUIEB**

Acting Secretary