



DEPARTMENT OF TREASURY
Office of the Secretary

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BUDGET CIRCULAR 2/2012

11 April 2012

CIRCULAR LETTER TO:

All Departmental Heads, Heads of Statutory Authorities and Provincial Administrators

2012 FIRST QUARTER BUDGET REVIEW **(including the 2012 Quarterly Budget Review Timetable)**

This Budget Circular advises National Departments, Statutory Authorities and Provincial Administrations (*agencies*) of their responsibilities in providing the Department of Treasury (Treasury) with performance, program, expenditure and revenue information for the first quarter of 2012 (1 January to 31 March 2012).

The 2012 Quarterly Budget Review (QBR) Timetable is at Attachment A to this Budget Circular.

Key Dates

Action	Due Date
Agencies to have signed hard and electronic copies of First Quarter Budget Review templates to Treasury	Friday 27 April 2012

Background

The QBR process is conducted under the *Public Finances (Management) Act 1995* according to guidelines set out in *Section 36* of the Department of Finance's *Financial Instructions*. QBRs allow the Government to:

- monitor progress in implementing the annual Budget and to assess what results are being achieved from recurrent budget and development budget spending;
- identify spending trends in the recurrent budget and development budget that may lead to over expenditure of budget appropriations; and
- update agency staffing profiles and advise of the steps being taken to bring those profiles in line with annual budget funding.

It is important that all Budget-funded agencies participate in the reviews and report to Treasury on the 2012 first quarter to ensure the Central Agencies Coordinating Committee (**CACC**) has sufficient information to inform key decisions on implementation of recurrent budget and development budget funded policies.

During the 2012 Budget process, the Government agreed that all agencies would be required to provide options to either increase their non budget revenues and/or reduce their operating costs.

Additional Reporting Requirement – First Quarter

To ensure consistency of responses, Treasury has prepared an additional template (Attachment B) for each agency to complete as part of their First QBR. Completing the template now will give Treasury and agencies the opportunity to work together on proposals for consideration by the Government in the 2012 Budget process. The template covers both expenditure and revenue items.

- Expenditure items –to be identified at a whole of agency level. The template asks for an explanation of what has caused costs to rise between 2010 and 2012. This information should be readily available to agencies from their own records but could also be found in the 2012 Budget Volume 2 Part 1.

The template also provides agencies with the opportunity to make suggestions on ways to limit costs in the future. This could be as simple as reducing overseas travel or spending less on stationary.

- Revenue items –to be identified at a whole of agency level. The template asks agencies to identify each source of revenue that it administers. The template has a few suggested categories of revenue but agencies should add any other categories that are relevant to them. Agencies are required to identify:
 1. the type of revenue for each year between 2010-2012;
 2. when the revenue type was last reviewed for reasonableness;
 3. what legal authority the agency has to collect the revenue – agencies might reference the Act and section (if relevant) empowering revenue collection;
 4. who actually pays the revenue. Treasury is interested in the numbers of people who make payments;
 5. suggestions for increasing revenue through increasing existing fees. Agencies might also identify how fees are set or what they represent eg cost recovery/fees for service; and
 6. suggestions for increasing revenue through new fees or one off transactions e.g. disposal of assets.

Completed templates must be submitted to Treasury as part of each agency's First QBR which is due on 27 April 2012.

Action Required by Agencies

Agencies are to complete the templates at Attachments B and C and the Recurrent Budget - Agency Staffing Level form at Attachment D and **return to Treasury by 27 April 2012.**

Agencies are to ensure that completed templates are returned to Treasury in both signed hardcopy and electronic format, marked for the attention of the **First Assistant Secretary, Budget Division.**

Agencies are also requested to provide their expenditure reports for the First QBR from the Papua New Guinea Government Accounting System (PGAS) together with their completed templates for Treasury's reference. The PGAS report will provide the basis for Treasury's verification of information supplied on the templates and performance assessment of all agencies.

QBR templates will be provided electronically on the Treasury website. Please contact the relevant Treasury officer listed below if you cannot access the website.

Further guidance to assist agencies with the completion of all templates is provided at Attachment E.

Budget funded agencies failing to complete the templates satisfactorily and on time will be reported to Secretary of Treasury and CACC.

Review meetings

Agencies will only be required to meet with Treasury (and other Central Agencies) on an exceptions basis. Treasury will advise your agency Head if a meeting is required.

Future Budget Review Dates

While further information on the 2012 QBR process for the Second and Third quarters will be provided in future Budget Circulars, agencies should note the key dates outlined in Attachment A

For further information or guidance please contact the officers below.

Recurrent Budget (Department of Treasury)

Economic Sector	Mr Ropit Botong	312 8781
Infrastructure Sector	Mr Ropit Botong	312 8781
Social Sector	Ms Ruth Veapi	312 8753
Law & Order Sector	Ms Maryanne Maspok	312 8855
Administrative Sector	Ms Maryanne Maspok	312 8855
Provincial Sector	Ms Ruth Veapi	312 8753

Development Budget (Department of National Planning & Monitoring)

Economic Sector	Ms Monica Lopyui	328 8505
Infrastructure Sector	Mr Kelly Kabilo	328 8557
Social Sector	Ms Ilma Gani	328 8572
Law & Justice & Administrative Sectors	Mr Siboney Reuben	328 8509
Police & Defence	Mr Willie Kumanga	328 8510
Provincial Sector	Mr Jacob Areman	325 8303
HIV/AIDS & Climate Change	Mrs. Rhoda Yani	328 8506

SIMON TOSALI

Secretary

Attachments:	A:	2012 Quarterly Budget Review Timetable
	B:	Agency Expenditure and Revenue Review
	C:	2012 First Quarter Budget Review Templates
	D:	Agency Staffing Level Form
	E:	Further guidance on template completion

CC: All Government Chief Financial Officers