



DEPARTMENT OF TREASURY OFFICE OF THE SECRETARY



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BUDGET CIRCULAR 1/2022

3rd January 2022

CIRCULAR LETTER TO:

All Provincial Administrators, Departmental Heads and Heads of Statutory Authorities

2022 APPROPRIATION AND NON-FINANCIAL INSTRUCTIONS (GENERIC AND SPECIFIC).

1. Purpose

The purpose of this Budget Circular is to advise all National Departments, Statutory Authorities and Provincial Administrations (**agencies**) of their 2022 Appropriation and Non-Financial Instructions (both generic and specific). Non-Financial Instructions are issued to Government Agencies to improve efficiencies in the execution of the Budget, accountability and transparency in 2022

2. 2022 Appropriation

The 2022 Budget reflects the budget reforms jointly undertaken by the Departments of Treasury (DoT) and National Planning & Monitoring (DNPM). It also reflects the government's priorities to address current issues and medium-term. A total of K22,174.4 million is appropriated via Budget against a revenue envelope of K16,190.2 million. The total Budget appropriation includes K13,422.8m in operational expenditure and K8,751.6m in capital investment expenditure. Both the Operational and Capital Budgets have been increased by 8.2 per cent and 10.9 per cent respectively from the 2021 Supplementary Budget.

Although the 2022 Budget is K1,887.3m higher than 2021 revised budget, key Government priorities are not affected with improved outcomes likely to flow from better management and expenditure controls.

The details of your Agency's appropriation can be examined in the budget publications available online at www.treasury.gov.pg, or in printed books which can be collected from the Treasury Department. You must familiarize yourselves with your Agency's budget appropriation, and adjust your plans and programs as and where necessary to ensure your operations are sustainable within the funding allocated to you by Parliament. Treasury will

soon write to you requesting explanations of variances between the 2022 Budget outcomes and your Agency's 2022 appropriations.

While the devolution of human resources powers has given heads of agencies greater control over staffing decisions, you must exercise these powers within the limit of your Agency's 2022 Personnel Emoluments budget.

Remember that, regardless of the funding sought in your Agency's 2022 Budget submission, the approved appropriation is the full extent of National Government funding that will be legally available to your Agency for operational and capital expenses in 2022. It is therefore important to be smart about how we do our business and to be within the appropriation for your agency set out in this circular at attachment 1. **Breaching of these funding limits are in direct contravention of the 2022 Appropriation Acts and illegal.**

3. Non-Financial Instructions

All government-funded agencies are expected to report on the implementation status of their 2022 Budgets respectively as part of the Quarterly Budget review process conducted under the Public Finance (Management) Act 1995 every year. NFIs are issued to address inefficiencies associated to a specific agency or to the whole of public services. Below are NFIs issued to specific agencies in 2022.

- **National Department of Health (NDOH):** To do a policy submission for a new entity to be set up for procurement of drugs and medical supplies. This is to ensure quality and standards of drugs and medical supplies are controlled and maintained.
- **Conservation and Environment Protection Authority (CEPA):** In compliance with the amended PMMR/NTRA Bill, CEPA, to remit access revenue collected from fees and charges to the Consolidated Revenue Fund, after adequately funding their cost of operations.
- **National Agriculture Quarantine Inspection Authority (NAQIA):** To improve on its compliance and account for funds it is responsible for.
- **Department of Finance (DoF):** To cost out the sustainability of the Integrated Financial Management System (IFMS) and PICAP rollout programmes once they come to completion. DoF to prepare a sustainability Plan for IFMS and the PCaB under the Financial Monitoring Improvement Program (FMIP) in anticipation for the closure of the FMIP so that the program is fully planned and incorporated into their Operational Budget.
- **Department of Provincial and Local Level Government Authority (DPLGA):** to established an efficient administration process for payment to councillors and to ensure that allowances are paid to councillors on time.

A number of NFI relating to arrears are also issued to address inefficiencies leading to arrears build up. This includes:

- **Department of Treasury and Finance** to complete Arrears Verification and Management Strategy paper.

- **Department of Finance** to conduct awareness to re-emphasize the importance of procurement processes and the penalties for breach of the *National Procurement Act 2018* and the *Public Financial Management Act 1995* and other related legislations around procurement.
- **All agencies** still utilizing independent accounting systems to immediately transit onto IFMS.
- **Government agencies** must enter into contracts to hire vehicles when engaged for indefinite periods of time, which could potentially increase bills above the departmental head threshold.

All legal bills (from private law firms) need to be vetted and taxed by Office of Solicitor General prior to payments

4. Contacts

Any queries can be directed to the relevant Assistant Secretary from the Departments of Treasury and National Planning & Monitoring on the contact details below.

Economic & Infrastructure Sector (Treasury)	Mr. Godfrey Ivun	313 3548
Economic Sector (DNPM)	Ms. Marie Pais	328 8505
Infrastructure Sector (DNPM)	Mr. Monica Lopyui	328 8529
Social Sector (Treasury)	Mr. Gabriel Kaku	313 3549
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Administrative Sector (Treasury)	Ms. Roselyn Irum	313 3613
Administrative Sector (DNPM)	Mr. Jonathan Kenneth	328 8382
Provincial Sector (Treasury)	Mr. Hans Margis	313 3532
Provincial Sector (DNPM)	Mr. Jonathan Kenneth	328 8382

For overall response, please direct to Budget Coordination and Analysis Division, Department of Treasury, for compiling and consolidation. The contact details are:

First Assistant Secretary	Maryanne Maspok	313 3591
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