

Meeting with Heads of Department/Agencies & Provincial Administrators

IMPLEMENTING THE 2007 BUDGET

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Structure of Presentation

- Budget Implementation Principles
- Additional Priority Expenditures
- Budget Circular
- Quarterly Budget Review
- Expenditure Control
- Expenditure effectiveness

Implementation Critical to Success

- The 2007 Budget has been very well received.
- The challenge now is implementation.
 - All Departments, Agencies and Provinces have a role to play in the implementation of the Budget, not just Treasury, Finance and Planning.

Budget Implementation Principles

1. The Government will exercise tight fiscal controls by closely monitoring all expenditures and by continuing to explore ways to enhance revenue collection.
2. Budget plans will be adhered to and departments will be held responsible and accountable for managing their allocated expenditures.

Budget Implementation Principles

3. The Government expects that requests for additional funding outside the annual Budget process will be kept to an absolute minimum, and any such requests must be accompanied by offsetting savings from the department or agency.
4. The Government will work towards increasing the transparency of public finances by releasing timely budget information.

Additional Priority Expenditures

K1.1 billion to be used for:

- Rehabilitation of essential infrastructure
- Direct investment in economic projects
- Repayment of debt and other one- off obligations

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Budget Circular 7/2006

- Public Finances (Management) Act 1995
 - Financial Instructions under Sect 117 of the Act
 - Trust Instruments
 - Responsibility for Heads of Agencies

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Quarterly Budget Review

- Quarterly Budget Reviews a very important tool in Budget implementation.
- The purpose of the Quarterly Budget Review is to monitor overall expenditure and ensure programs are carried out as planned.
- Quarterly Budget Reviews also influence Treasury's approach to Budget Submissions.
 - A good quarterly review shows that existing funding is being used well, so more should be provided.
 - A poor quarterly review suggests that existing funding is not being well used, so less should be provided.

Expenditure Control

- Each individual agency is responsible for keeping its expenditure in 2007 within the Budget allocation.
 - Over expenditure in 2007 will be recovered from your 2008 Budget allocation.
 - Unused appropriations expire at the end of the year.

Expenditure effectiveness

- Each agency and province will need to prioritize its spending to achieve the objectives of their programs and ensure that expenditure is not diverted to non-priority areas.

Conclusion

- True success of the 2007 Budget will be in its implementation.
- By showing strong leadership in implementing the Budget, we can ensure the Government's vision to improve people's lives is achieved.