



DEPARTMENT OF FINANCE
Office of the Secretary

FINANCE INSTRUCTION 02/2023

8th MAY 2023

**SUBJECT: MANAGEMENT OF THE NON-TAX REVENUE BANK ACCOUNTS
SUPPORTING THE NTRA ACT OPERATIONS**

1.0 INTRODUCTION

1.1 Authority

This Financial Instruction (hereafter, FI), is issued under Section 117 of the *Public Finances (Management) Act 1995* (as amended) (**PFMA**), whereby the Finance Departmental Head (hereafter, Finance Secretary) may issue Financial Instructions that are necessary or desirable for carrying out or giving effect to this Act and in general for the better control and management of public monies and public property.

1.2 Legality & Enforcement

- 1.2.1 Pursuant to Section 4 (1) of the PFMA, the Finance Secretary has control and direction of all matters relating to the management of the financial affairs of the State.
- 1.2.2 Non-compliance with this and other FIs issued under PFMA, will invoke appropriate sanctions and/or penalties prescribed under the PFMA and/or under other relevant laws.

2.0 PURPOSE & INSTRUCTION

2.1 NTR Bank Accounts Necessary for the Effective Operation of the *Non-Tax Revenue Administration Act 2022* (NTRA Act)

The Department of Finance (DoF) shall ensure that the following bank accounts are opened, operated and maintained in compliance with the PFMA and NTRA Act:

- (a) The NTRA Holding Account, which will form part of the Consolidated Revenue Fund (CRF), to operate as a cash management buffer account to ensure the availability of cash reserves to fund warrants issued by the Department of Treasury when there are insufficient funds in the Waigani Public Account (WPA).
- (b) In accordance with the NTRA Act Section 8(5), one revenue account (hereafter DoF Revenue Accounts) for every public and statutory body, where the NTRA Act is applied.

- (c) In accordance with NTRA Act Section 8(1), one operating account for every statutory body (hereafter, Operating Accounts).
- (d) In accordance with NTRA Act Section 8 (1) and (9), one trust account (hereafter, NTR Revenue Trust Accounts) for each of the public bodies, which operate Drawing Accounts and collect non-tax revenue on behalf of the State.
- (e) The Operating and NTR Revenue Trust Accounts established under Paragraphs 2.1 (c) and (d) above shall contain only non-tax revenue -
 - (i) appropriated by the National Budget; and
 - (ii) transferred to a public or statutory body subject to Section 9 of the NTRA Act.
- (f) Pursuant to the NTRA Section 8, if a person or public or statutory body holds non-tax revenue in a bank account other than in accordance with the NTRA, PFMA, and this FI, the Finance Secretary shall transfer, without deduction of any type, to the DoF Revenue Account specified for the public or statutory body, all such money including the non-tax revenue held in that bank account.

3.0 OPERATION OF THE NTR BANK ACCOUNTS – CASH MANAGEMENT

3.1 NTR Collections - DoF Revenue Accounts.

Where the NTRA Act is applied to a public or statutory body, all NTR collected by that public or statutory body shall be deposited into the DoF Revenue Account specified by the Finance Secretary for the relevant public or statutory body in accordance with the NTRA Act, Section 7.

3.2 NTRA Holding Account

3.2.1 Transfers into the NTRA Holding Account

All public moneys held in DoF Revenue Accounts shall be remitted to the NTRA Holding Account without deduction, as required by Section 13 of the PFMA, except for funds required to meet bank fees imposed on the relevant DoF Revenue Accounts, as provided for in Section 5(2) of the NTRA Act 2022.

3.2.2 Transfers out of the NTRA Holding Account

- (1) No payments shall be made from the NTR Holding Account other than funds transfers to the WPA -
 - (a) Pursuant to Section 9 (6) of the NTRA Act, for the amounts of NTR, recommended by the Non-Tax Revenue Administration Committee and ratified by the Treasurer, shall be remitted by the DoF to public and statutory bodies for their reasonable operating requirements and justly compensate them in respect of any property affected by the NTRA Act. Remittances subject to this paragraph shall be made to:
 - (i) For statutory authorities, the funds shall be transferred to their Operating Accounts; and

- (ii) For Public Bodies operating Drawing Accounts, the funds shall be transferred to the NTR Revenue Trust Accounts opened for the respective public bodies.
- (b) Acting on the advice of the Treasury Secretary, the Treasurer may cause the issuance of warrants pursuant to the PFMA, and on the basis of those warrants the Finance Secretary shall transfer funds from the NTRA Holding Account to the WPA to meet a temporary need for cash to fund:
 - (i) key Government policies and critical transfers such as Government payroll, debt repayments, Tuition Fee Free (TFF), SIP, grants, etc., when the funds in the WPA are otherwise insufficient for those purposes; and
 - (ii) such other critical expenditures that have been endorsed for payment by the National Executive Council on the recommendation of the Treasurer when the funds in the WPA are otherwise insufficient for those purposes.
- (c) The Finance Secretary shall comply with a direction under paragraphs 3.2.2 (1) (a & b).
- (d) Fund transfers out of the NTRA Holding Account to the WPA, in accordance with Section 3.2.2 (1) (a) and (b), shall be made only to provide funds in compliance with warrants issued under the PFMA, against appropriations contained in the National Budget for the Financial Year in which the Parliament approves the appropriation.

3.3 Bank Reconciliations

- (a) The Department of Finance shall reconcile the NTR Revenue Accounts and the NTRA Holding Account monthly to ensure the transparent operation of the accounts in accordance with this FI and the requirements of the PFMA.
- (b) Public and Statutory Authorities shall reconcile all Operating and Revenue Trust Accounts in accordance with the requirements of the PFMA.
- (c) Where the public or statutory body operates on the Integrated Financial Management System (IFMS), all of the bank accounts referenced in this FI shall be operated solely on the IFMS in accordance with all other instructions, directions, and guidelines given for the operation of accounts on the IFMS.
- (d) The Finance Secretary shall inform the Minister for Finance if he believes that any of the accounts referenced in this FI are operated other than in compliance with this FI.

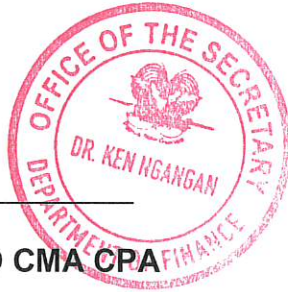
4.0 DATE OF IMPLEMENTATION

This Finance Instruction is effective as of the date of signing by the Secretary.

5.0 HELP DESK

Should you require further information the following office should be contacted:

The NTRAC-NTRAS
Department of Finance
Level 5, Twin Tower 1
Malanesian Way, Waigani
P. O. Box 710
WAIGANI
Email: ntra@finance.gov.pg
Phone: 341 6906



DR. KEN NGANGAN OBE PhD CMA CPA
Secretary

Date: 08 / 05 / 23
