



DEPARTMENT OF FINANCE
Office of the Secretary

FINANCE INSTRUCTION 04/2021

25 March 2021

**SUBJECT: ESTABLISHMENT AND OPERATION OF THE CONSOLIDATED
REVENUE (CRF) SUBSIDIARY ACCOUNTS – FOREIGN CURRENCY
AND LOCAL CURRENCY DEPOSIT ACCOUNTS**

1.0 INTRODUCTION

1.1 Authority

This Financial Instruction (hereafter FI), is issued under Section 117 of the *Public Finances (Management) Act 1995* (PFMA) (as amended) whereby the Finance Departmental Head 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

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.

2.0 PURPOSE

2.1 Establishment of "Foreign Currency Deposit Account" and "Local Currency Deposit Account"

- (a) The PNG Government signed a Loan Agreement on 4th March 2021 with JICA for the JPY 30 Billion Covid-19 Crisis Emergency Budget Support funding. Section 2 (2) of Schedule 5 of the Loan Agreement requires the Borrower ("The PNG Government") to open two deposit accounts with its agent bank.

The two accounts are to be:

- (i) Foreign Currency Deposit Account, and
- (ii) Local Currency Deposit Account.

The accounts will be used as mediums to channel funds to the Waigani Public Accounts ("WPA") to finance budget expenditure.

Based on the Loan Agreement requirement, the Finance Minister has directed the Secretary Department of Finance to establish the two Consolidated Revenue Fund (CRF) Subsidiary Accounts.

- (b) As the Secretary Finance shall comply with the direction specified in Paragraph 2.1(a), the Finance Secretary shall cause to be opened two Subsidiary Accounts, titled " Foreign Currency Deposit Account " and "Local Currency Deposit Account" with the Bank of PNG (BPNG).

3.0 PAYMENTS INTO AND OUT OF THE FOREIGN CURRENCY AND LOCAL CURRENCY DEPOSIT ACCOUNTS

3.1 Payments into the Foreign Currency Deposit Account and Local Currency Deposit Account

- (a) The Secretary Finance shall direct the Financial Controls Division of the Department of Finance to establish the "Foreign Currency Deposit Account" with BPNG and upon approval by JICA, the JPY 30 Billion Budget Support Loan will be transferred into the Account by JICA.
- (b) The Secretary Finance shall direct the Financial Controls Division of the Department of Finance to establish the "Local Currency Deposit Account" with BPNG and upon approval by JICA, the JPY 30 Billion Budget Support Loan in the "Foreign Currency Deposit Account" will be transferred into the "Local Currency Deposit Account" by the signatories to this Account (Department of Treasury representatives).

3.2 Payments from the Foreign Currency Deposit Account and Local Currency Deposit Account

- (a) Subject to this Finance Instruction, transfers from the "Foreign Currency Deposit Account", established under this Finance Instruction, shall upon approval by JICA be made only to the "Local Currency Deposit Account".
- (b) Similar to 3.2 (a) above, subject to this Finance Instruction, transfers from the "Local Currency Deposit Account", established under this Finance Instruction, shall be made only to the Waigani Public Account (WPA) as needed to meet temporary needs of cash so as to ensure critical government expenditure can be met for the purpose of meeting current year warrants issued under the ***Public Finances (Management) Act*** against appropriations contained in the National Budget.
- (c) The amount to be transferred from the "Local Currency Deposit Account" for specified budget support requirements shall be determined jointly by the Ministers for Finance and Treasury up to the limit of the balance of the Account.
- (d) The Finance Secretary shall only authorise transfers from the "Local Currency Deposit Account" to the WPA in accordance with the direction in paragraph 3.2 (c) and in accordance with purposes specified in paragraph 3.2(b).

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 officers should be contacted: First Assistant Secretary, Financial Controls Division, Department of Finance, Telephone number 79986000. Email: Jacob Mark, First Assistant Secretary, Financial Controls Division, jacob_mark@dofmail.finance.gov.pg. Assistant Secretary, Financial Controls Division, Department of Finance, Telephone number 79986000. Email: Chris Waiya, Assistant Secretary, Financial Controls Division, chris_waiya@dofmail.finance.gov.pg.



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Secretary

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