

FINANCE CIRCULAR

MINISTRY OF FINANCE AND NATIONAL PLANNING
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Registry

CIRCULAR NO: 10/2004

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2 June 2004

FROM: Chief Executive Officer for Finance and National Planning

TO: All Chief Executive Officers and Heads of Departments

SUBJECT: Revised Cashflow for July-December 2004

1.0 OBJECTIVE

1.1 The Ministry of Finance and Planning, in an attempt to improve the forecasting of its borrowing needs, will revise its monthly consolidated cashflow for the months of June - December 2004. Ministries and Departments are being requested to revise their respective cashflows to facilitate this exercise.

1.2 The purpose of a revised cashflow is to accurately predict when and by how much the Ministry of Finance and National Planning needs to borrow funds. An inaccurate prediction means:

- ⊙ not having adequate funds to cover payments; or
- ⊙ borrowing funds when they are not needed thereby creating unnecessary interest payments.

2.0 SUBMISSION PROCESS

2.1 Ministry and Departments are required to prepare a revised forecast cashflow for the months of **June -December 2004**. Bear in mind, that actual spending and commitments up to the end of May 2004 and the forecasted cashflow for June - December **should not** exceed the budgetary allocation as indicated in the 2004 Budget Estimates and the May 2004 Additional Appropriation of \$11.9 million.

2.2 We request that ministries and departments submit these cashflows electronically by **18 June 2004**. This means that cashflows should be either:

- ⊙ emailed to the following address: tulu@govnet.gov.fj; or

Ⓣ submitted in a 3½ inch floppy disk to Tuimasi Ulu, Level 9, Ro Lalabalavu House, Victoria Parade, Suva. Mr. Ulu can be contacted on 3222143

- 2.3 Ministries and Departments are requested to properly project their expenditure cashflows in the months of June to December 2004. The usual practise with some agencies is to evenly spread the expenditure over the period of the forecast. This is **not** applicable to many expenditures and actual results as at the end of April 2004 shows large variations between forecast and actual spending. This is counterproductive and defeats the purpose of forecasting in the first place.

I request your full cooperation in this regard.



T. Banuve

Chief Executive Officer, Ministry of Finance and National Planning

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