

JAMAICA

No. 5-2010

I assent,

[L.S.]

(sgd) P. L. Allen
Governor-General.

March 22, 2010

AN ACT Further to Amend the Financial Administration and Audit Act.

**The date notified by the Minister
bringing the Act into operation**

BE IT ENACTED by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and House of Representatives of Jamaica, and by the authority of the same, as follows:—

1.—(1) This Act may be cited as the Financial Administration and Audit (Amendment) (No. 2) Act, 2010, and shall be read and construed as one with the Financial Administration and Audit Act (hereinafter referred to as the principal Act) and all amendments thereto.

Short title,
construction
and
commence-
ment.

(2) This Act shall come into operation on a day appointed by the Minister by notice published in the *Gazette*.

Insertion of
new section
7A into
principal Act.

2. The principal Act is amended by inserting next after section 7 the following as section 7A—

“Loans
and
grants to
Govern-
ment.
7A.—(1) The authority to receive a loan or grant made to the Government from any source is hereby vested solely in the Minister.

(2) Any loan or grant referred to in subsection (1) shall be paid into the Consolidated Fund.”.

Amendment
of section 8
of principal
Act.

3. Section 8 of the principal Act is amended in the marginal note and in subsection (1), by inserting next after the words “section 7”, in each case, the words “or 7A”.

Amendment
of section 9
of principal
Act.

4. Section 9 of the principal Act is amended by inserting next after subsection (2) the following as subsection (2A)—

“ (2A) Notwithstanding the provisions of subsection (2), the Minister may, if in his opinion the exigencies of the financial situation render it necessary, withdraw, suspend, or impose conditions on any expenditure authorized under, a warrant issued pursuant to section 117 of the Constitution.”.

Amendment
of section 16
of principal
Act.

5. Section 16 of the principal Act is amended by inserting, next after subsection (2), the following subsection—

“ (3) Where, in relation to any department specified in a designation under subsection (1), a proposed change in policy with respect to the work of the department is likely to have an impact on the finances or financial administration of the department, the accounting officer shall notify the Financial Secretary in writing of such change as soon as is practicable .”.

Insertion of
new Part VII
into principal
Act.

6. The principal Act is amended by renumbering Part VII as Part VIII and inserting the following as Part VII—

“ **PART VII. *Fiscal Responsibility Framework***

Interpreta-
tion for Part
VII.

48A. In this Part—

“fiscal balance” means revenue less expenditure of the Government;

“fiscal indicators” means measures such as numerical ceilings used to evaluate the state of the economy or the fiscal position of the Government;

“primary balance” means the fiscal balance plus net interest expense;

“public sector” means the Government and all public bodies;

“total debt” means the stock of public debt directly contracted by the Government and Government guaranteed external debt.

Development
and
implementa-
tion of fiscal
policy, *etc.*

48B.—(1) The Minister shall be responsible for—

- (a) the development and implementation of a fiscal policy framework for Jamaica;
- (b) the supervision and monitoring of public finances; and
- (c) the co-ordination of the international and inter-Governmental fiscal relations of the Government.

(2) Upon presentation of the annual Estimates of Revenue and Expenditure, the Minister shall lay before both Houses of Parliament, a Fiscal Policy Paper setting out, in accordance with this section—

- (a) Macroeconomic Framework;
- (b) a Fiscal Responsibility Statement; and
- (c) a Fiscal Management Strategy.

(3) The Macroeconomic Framework referred to in subsection (2) shall—

- (a) provide an overview of the current state of the economy, including an evaluation of its performance; and

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- (b) give an assessment of the prospects for economic growth (accompanied by a statement of the assumptions underlying the assessment), as well as an indication of the medium-term trajectory for the main macroeconomic variables.

(4) The Fiscal Responsibility Statement referred to in subsection (2) shall—

- (a) specify the level of fiscal balance and the level of total debt that are prudent, in the opinion of the Minister;
- (b) set out the fiscal policy measures proposed to be taken to achieve the levels referred to in paragraph (a); and
- (c) contain a declaration, signed by the Minister, that in pursuing policy objectives he will adhere to the principles of prudent fiscal management and seek to manage financial risks accordingly.

(5) The Fiscal Management Strategy referred to in subsection (2) shall—

- (a) give an assessment of the current and projected finances of the Government;
- (b) set out, in respect of a specified planning period, being a period of not less than three years, the plans and policies for the development of the economy, including the level of public expenditure as a proportion of the gross domestic product;
- (c) make explicit the ways in which such plans and policies conform to the Fiscal Responsibility Statement;

- (d) without prejudice to the provisions of section 48C—
 - (i) develop a set of fiscal indicators (including annual public sector borrowing, the fiscal balance and the primary balance) to enable the measurement of economic performance and establish targets for such indicators to be met during the planning period specified pursuant to paragraph (b); and
 - (ii) in respect of the planning period, compare the outcome of the fiscal indicators with the targets for the previous financial year, and give the reasons for any deviation; and
- (e) report on any policy changes that have been made since the presentation of the previous Fiscal Policy Paper.

(6) The Auditor-General shall, as soon as is reasonably practicable after the Fiscal Policy Paper is laid before both Houses of Parliament, examine the components of the Fiscal Policy Paper and provide a report to the Houses indicating whether—

- (a) the conventions and assumptions underlying the preparation of the Fiscal Policy Paper comply with the principles of prudent fiscal management specified in section 48D; and
- (b) the reasons given pursuant to subsection (5)(d)(ii) are reasonable having regard to the circumstances.

Fiscal
targets.

48C.—(1) Subject to subsection (2), the Minister shall take appropriate measures—

- (a) to reduce the fiscal balance to nil by the end of the financial year ending on March 31, 2016;
- (b) to reduce the total debt to one hundred percent or less of the gross domestic product by the end of the financial year ending on March 31, 2016;
- (c) to reduce the ratio of wages paid by the Government as a proportion of the gross domestic product to nine percent or less by the end of the financial year ending on March 31, 2016; and
- (d) beyond the end of the financial year ending on March 31, 2016, to maintain or improve on the targets specified in paragraphs (a), (b) and (c).

(2) The targets specified in subsection (1) (a) to (d) may be exceeded on the grounds of national security, national emergency, or such other exceptional grounds, as the Minister may specify in an order subject to affirmative resolution.

Fiscal
manage-
ment prin-
ciples.

48D. In exercising functions under this Part, the Minister shall act in conformity with the following fiscal management principles—

- (a) the total debt is to be maintained at a prudent and sustainable level;
- (b) guarantees and other contingent liabilities are to be managed prudently with particular reference to their quality and level;

- (c) borrowings are to be geared toward productive purposes and the accumulation of capital assets; and
- (d) expenditure is to be managed in a manner that is consistent with the level of revenue generated.

Fiscal trans-
parency.

48E.—(1) Subject to subsection (2), the Minister shall take measures to ensure greater transparency in the Government's fiscal operations, including in the preparation of the annual Estimates of Revenue and Expenditure, and shall disclose in the Fiscal Policy Paper, any significant change in the accounting standards, policies or practices that affect or are likely to affect the attainment of the targets specified in section 48C or contained in the Fiscal Management Strategy related to the financial year concerned.

(2) In taking measures under subsection (1), the Minister may reserve any information which, in the opinion of the Minister—

- (a) is confidential commercial information; or
- (b) if disclosed could prejudice national security or defence or have a substantial adverse effect on the Jamaican economy or the Government's ability to manage the Jamaican economy.

(3) The Minister shall lay before each House of Parliament, at least twice in each financial year, a report on the performance of the economy, the public finances of Jamaica, and the actions taken under the Fiscal Management Strategy.

Tax Expen-
diture State-
ment.

48F. Upon presentation of the Estimates of Revenue and Expenditure to the House of Representatives, the Minister shall table a Tax

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Expenditure Statement giving details of waivers, exemptions and other revenues foregone in the preceding financial year.

Report on
statement of
excess, etc.

48G. Before the House of Representatives votes on any statement of excess or supplementary estimates pursuant to section 116(2) of the Constitution, the Public Administration and Appropriations Committee of the House shall consider, and report to the House on the statement of excess or supplementary estimates (as the case may be), having regard in particular to any Financial Instructions issued by the Financial Secretary, under section 51, as to the contents of statements of excess.

Compensa-
tion settle-
ments.

48H.—(1) Government policy with respect to the negotiation of rates of pay and related conditions of employment for persons employed to the Government shall be consistent with the targets specified under section 48C and the policies and plans set out in the Fiscal Management Strategy.

(2) For the purposes of subsection (1), the Minister responsible for the public service may, by order subject to negative resolution, establish compensation negotiating cycles that allow for compensation settlement for persons employed to the Government to be incorporated into the Estimates of Revenue and Expenditure for the financial year to which the settlement relates.

Central
Treasury
Manage-
ment.

48I.—(1) The Minister shall cause to be established a Central Treasury Management System so as to enable the cash resources of—

- (a) the Government; and
- (b) public bodies covered by an order made under subsection (3),

to fall within an account to be called the Treasury Single Account.

(2) The operation and maintenance of the Central Treasury Management System shall be in accordance with such provisions as may be prescribed.

(3) Notwithstanding the provisions of any relevant enactment or any constituent document, the Minister may, by order subject to affirmative resolution and published in the *Gazette*, provide for the management of the cash resources of public bodies as part of the Central Treasury Management System.

(4) An order under subsection (3) may be made so as to apply to a specified public body or to a class of public bodies, and may contain such ancillary, consequential or supplementary provisions as may be required to give effect to the order.”.

7. Section 50 of the principal Act is amended in subsection (1) by deleting the full stop appearing at the end of paragraph (f) and substituting therefor a semicolon, and inserting the following as paragraph (g)—

Amendment
of section 50
of principal
Act.

“(g) a Central Treasury Management System.”.

8. Section 51 of the principal Act is amended by deleting the colon appearing at the end of paragraph (f) and substituting therefor a semicolon, and inserting the following as paragraph (g)—

Amendment
of section 51
of principal
Act.

“(g) the supply of such information relating to public moneys as the Financial Secretary may require:”.

Passed in the Honourable House of Representatives this 23rd day of February, 2010.

DELROY CHUCK
Speaker.

Passed in the Senate this 12th day of March, 2010.

OSWALD G. HARDING, O.J., C.D., Q.C.

President.

This printed impression has been carefully compared by me with the authenticated impression of the foregoing Act, and has been found by me to be a true and correct printed copy of the said Act.

Clerk to the Houses of Parliament.