

JAMAICA

No. 19 – 2011

I assent,

[L.S.]

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

16th day of September, 2011

AN ACT 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) Act, 2011, 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* (hereinafter called the "appointed day").

Amendment  
of section 16  
of principal  
Act.

2. Section 16 of the principal Act is amended by deleting subsection (3) and substituting therefor the following as subsections (3) and (4)—

“ (3) The written assessment and recommendations of the Financial Secretary shall be obtained before an accounting officer—

- (a) takes any step to implement a change that is likely to have adverse budgetary implications for the financial year that is then current and for the medium term; or
- (b) submits to the Cabinet a proposal for any such change.

(4) An accounting officer shall, upon being requested to do so by any committee of Parliament, attend before that committee to be examined respecting the exercise of that person’s functions under this Act.”.

Amendment  
of section  
24E of  
principal  
Act.

3. Section 24E of the principal Act is amended by inserting, next after subsection (4), the following as subsection (5)—

“ (5) The Minister shall not give approval for entry into any credit agreement whereby—

- (a) any person agrees to carry out, and take ownership of, any project with a provision for transfer of the ownership of the project to the Government, in return for monetary payment at some future date extending beyond the end of the financial year in which the project is completed; or
- (b) any person agrees to carry out, and take ownership and secure the financing of, any project with a provision for the transfer of the ownership of the project to the Government, in return for an undertaking given by the Minister to the agreed financing source, for the repayment of the financing therefor at some future date extending beyond the end of the financial year within which the project is completed.”.

**4. Section 48A of the principal Act is amended by—**

Amendment  
of section  
48A of  
principal  
Act.

**(a) inserting in the appropriate alphabetical sequence the following definitions—**

“fiscal risk” means the possibility that actual fiscal outcomes will deviate from the fiscal outcomes expected at the time of the presentation of the annual estimates of revenue and expenditure arising from matters such as—

- (i) economic assumptions;
- (ii) the structure of public debt;
- (iii) Government guarantees;
- (iv) public-private partnerships;
- (v) natural disasters and other acts of God;  
and
- (vi) contingent liabilities;

“fiscal target” means a specified quantitative or qualitative limit against which a particular fiscal indicator is measured and monitored;

“sustainable level” means that level of a fiscal indicator which does not compromise the required fiscal space necessary to meet socio-economic objectives.”;

**(b) renumbering the section as section 48A(1) and inserting the following as subsection (2) of the section as renumbered—**

“ (2) For the purposes of this Part, the accounting concepts and principles used to measure and assess fiscal performance shall conform to international fiscal accounting standards.”.

**5. Section 48B of the principal Act is amended in subsection (2) by inserting immediately after the words “Fiscal Policy Paper” the words “containing the information indicated in the Third Schedule and”.**

Amendment  
of section 48B  
of principal  
Act.

Amendment  
of section  
48C of  
principal  
Act.

6. Section 48C of the principal Act is amended by deleting subsection (2) and inserting the following as subsections (2) and (3)—

“ (2) The targets specified in subsection (1)(a) to (d) may be exceeded on any of the following grounds specified by the Minister by order subject to affirmative resolution—

- (a) national security;
- (b) national emergency; or
- (c) any other occurrence that is severe in its impact on the economy.

(3) An order under subsection (2) shall specify a new time schedule for the targets concerned and the measures for indicating how they will be met.”.

Amendment  
of section  
48D of  
principal  
Act.

7. Section 48D of the principal Act is amended—

- (a) in paragraph (a), by deleting the words “maintained at” and substituting therefor the words “reduced to, and thereafter maintained at,”;
- (b) in paragraph (b), by deleting the words “guarantees and other contingent liabilities” and substituting therefor the words “fiscal risks”;
- (c) in paragraph (c), by deleting the words “productive purposes and the accumulation of capital assets” and substituting therefor the words “investment activities that support productivity and economic growth”;
- (d) in paragraph (d), by inserting immediately after the word “generated”, the words “, so as to achieve the desired fiscal outcomes”.

Amendment  
of section  
48E of  
principal  
Act.

8. Section 48E of the principal Act, is amended by inserting, next after subsection (3), the following as subsection (4)—

“ (4) For the purposes of subsection (1), each accounting officer shall submit to the Minister, within such time as the

Minister shall specify and in respect of the particular planning period (not being less than three years) specified by the Minister, a business plan setting out the objectives, policies, plans and strategic outcomes for the department in respect of which that officer is an accounting officer.”

9. Section 48F of the principal Act is repealed and the following substituted therefor—

Repeal and replacement of section 48F of principal Act.

“Tax Expenditure Statement. (1) Upon presentation of the Estimates of Revenue and Expenditure to the House of Representatives, the Minister shall table a Tax Expenditure Statement which shall—

(a) contain details of—

(i) waivers, exemptions and other revenues foregone in the calendar year preceding the previous financial year; and

(ii) the waiver policies and strategies to be pursued in the financial year to which the Statement relates; and

(b) set out, for the approval of each House of Parliament, the proposed ceiling to be placed on discretionary waivers for the financial year to which the Statement relates.”

(2) In subsection (1)(b) the reference to discretionary waivers is a reference to waivers of tax liability that have been granted in the exercise of a discretionary power conferred on the Minister to do so, on the basis of a determination that it is just and equitable to do so or on similar terms, and not on the basis of the prospective beneficiary having satisfied statutorily specified qualifying conditions.

Amendment  
of section  
48H of  
principal  
Act.

**10.** Section 48H of the principal Act is amended in subsection (2) by deleting the word “may” and substituting therefor the word “shall”.

Amendment  
of section 50  
of principal  
Act.

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

“(h) the linking of fiscal principles to fiscal policy, and the assessment of fiscal performance, so as to ensure that fiscal principles determine the formulation of fiscal policy and are also used to evaluate fiscal performance.”.

**12.** The principal Act is amended by inserting next after the Second Schedule the following as the Third Schedule—

THIRD SCHEDULE (Section 48B)

*Minimum Contents of Fiscal Policy Paper*

The Fiscal Policy Paper shall cover central Government and public bodies, and shall include, at the minimum, the details set out below.

(Note: Information required in respect of previous financial years shall be the best actual or provisional results available at the date of preparation).

*A. Macroeconomic Framework*

1. In respect of the financial year to which the relevant Estimates of Revenue and Expenditure relate, the two financial years immediately preceding that year, and the two financial years subsequent to that year, information on the macroeconomic situation and forecasts, including—

- (a) gross domestic product and its components;
- (b) consumer prices;
- (c) employment and unemployment;
- (d) external accounts, with emphasis on the current account position of the balance of payments; and
- (e) assumptions underpinning the forecasts.

2. In respect of the financial year to which the relevant Estimates of Revenue and Expenditure relate, the two financial years immediately preceding that year, and the two financial years subsequent to that year, information on the medium to longer term trajectory for the matters referred to in paragraph 1.

*B. Fiscal Management Strategy*

1. In respect of the financial year to which the relevant Estimates of Revenue and Expenditure relate, the two financial years immediately preceding that year, and the two financial years subsequent to that year—

- (a) information as to fiscal outcomes and forecasts, including fiscal aggregates for—
  - (i) the level of operating expenses categorised by type of expenditure;
  - (ii) the level of operating revenue, categorised by type of revenue;
  - (iii) the fiscal balance and primary balance;
  - (iv) the level of debt;
  - (v) the key assumptions on which the information referred to in sub-paragraphs (i) to (iv) are based; and

- (vi) any other information the Minister considers material to the Fiscal Policy Paper;
  - (b) the long term fiscal policy and targets that have been taken into account in formulating the Fiscal Policy Paper.
2. In respect of the financial year to which the relevant Estimates of Revenue and Expenditure relate, the two financial years immediately preceding that year, and the two financial years subsequent to that year—
- (a) an explanation of the fiscal policies as regards fiscal responsibility principles, and the fiscal targets and measures to be implemented to ensure compliance with those policies, including the overall strategy to achieve the fiscal balance, primary balance, and debt targets, and to moderate cyclical fluctuations in the fiscal position;
  - (b) details as to revenue policy and administration, including planned changes to taxation and other revenues;
  - (c) details as to expenditure policy, including capital and other expenditure priorities, aggregate expenditure intentions, expenditure ceilings and other targets or limits implied, or required, by the fiscal policy;
  - (d) a fiscal risk statement, including contingent liabilities, any commitments not included in the fiscal forecasts, and all other circumstances which may have a material effect on the fiscal and economic forecasts and which have not already been incorporated in those forecasts;
  - (e) an explanation of the relationship between the Fiscal Policy Paper and the Fiscal Policy Paper for the previous financial year, including an explanation of any significant change.

*C. The Fiscal Responsibility Statement*

A declaration of responsibility, signed by the Minister, attesting to the reliability and completeness of the information in the Fiscal Policy Paper and its compliance with fiscal responsibility principles.”.

Passed in the House of Representatives this 7th day of June, 2011.

DELROY H. CHUCK  
*Speaker.*

Passed in the Senate this 24th day of June, 2011 with two (2) amendments.

OSWALD G. HARDING, OJ, CD, QC  
*President.*



On the 30th day of August, 2011 the House of Representatives agreed to the amendments made by the Senate.

MARISA DALRYMPLE PHILIBERT,  
*Speaker.*

*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.*

  
*Keith A. Cook*  
*Clerk to the Houses of Parliament.*