

ARRANGEMENT OF SECTIONS

1. Short title
2. Amendment of section 2 of principal Act
3. Amendment of section 4 of principal Act
4. Amendment of section 10 of principal Act
5. Amendment of heading of Part III of principal Act
6. Repeal and substitution of section 12 of principal Act
7. Insertion of new section 12A to principal Act
8. Repeal and substitution of section 16 of principal Act
9. Amendment of section 25 of principal Act
10. Insertion of new section 25A to principal Act
11. Amendment of the Schedule to principal Act



GRENADA

ACT NO. 12 OF 2023**I assent,**

CÉCILE E. F. LA GRENADE

*Governor-General.**6th November, 2023.*

AN ACT to amend the Public Finance Management Act No.
17 of 2015.

[6th November, 2023].

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

1. This Act may be cited as the—

Short title.

PUBLIC FINANCE MANAGEMENT (AMENDMENT)
ACT, 2023,

and shall be read as one with the Public Finance Management
Act No. 17 of 2015, hereinafter referred to as the “principal
Act”.

Amendment
of section 2 of
principal Act.

2. Section 2 of the principal Act is amended as follows—

- (a) by deleting the definition of “public-private partnership” and substituting therefor the following new definition—

““public-private partnership” means a long-term contract between a private party and—

(a) Central Government; or

(b) a Statutory Body or State-Owned Enterprise,

for providing or managing a public asset and associated services, which shall be on terms and conditions as approved by Cabinet;”;

- (b) by inserting the following definitions in the appropriate alphabetical order—

““contingent liabilities” means financial obligations which arise by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Central Government, and includes debt guarantees, demand or price guarantees, and termination clauses or other default provisions that could imply a transfer of liabilities to Central Government, including financial obligations arising as a result of or in connection with public-private partnerships, but excludes letters of comfort;

“explicit contingent liabilities” means legal obligations for Central Government to make payments only if particular events occur;

“Fiscal Resilience Act” means the Fiscal Resilience Act, 2023;

“Fiscal Resilience Oversight Committee” means the Fiscal Resilience Oversight Committee preserved, continued and renamed under section 12 (1) of the Fiscal Resilience Act;

“medium-term economic and fiscal strategy report” means the medium-term economic and fiscal strategy report prepared in accordance with section 12A;

“medium-term fiscal framework” means the medium-term fiscal framework prepared in accordance with section 12;

“public debt” includes all direct liabilities of Central Government, Statutory Bodies and State-Owned Enterprises, including advances, arrears, compensation claims, finance leases, Government securities, loans, overdrafts, promissory notes, and supplier’s credit agreements and contingent liabilities, including explicit contingent liabilities arising as a result of or in connection with public-private partnerships;”.

3. Section 4 (b) of the principal Act is amended by deleting the words “medium-term budget framework” after

Amendment
of section 4 of
principal Act.

the words “implementation of the” and substituting therefor the words “medium-term fiscal framework”.

Amendment of
section 10 of
principal Act.

4. Section 10 (3) (a) of the principal Act is amended by deleting the words “medium-term budget framework” before the words “of the entity” and substituting therefor the words “medium-term fiscal framework”.

Amendment of
heading of Part
III of principal
Act.

5. Part III of the principal Act is amended by deleting the heading “MEDIUM TERM BUDGET FRAMEWORK AND BUDGET PREPARATION” and substituting therefor the following new heading—

“MEDIUM-TERM FISCAL FRAMEWORK AND
BUDGET PREPARATION”.

Repeal and
substitution of
section 12 of
principal Act.

6. The principal Act is amended by repealing section 12 and substituting therefor the following new section—

“Medium-
term fiscal
framework.

12.—(1) For the purpose of effective implementation of this Act, the Minister shall produce macroeconomic and fiscal forecasts which shall cover fully all subsectors of Government, in respect of fiscal forecasts.

(2) The Minister shall cause to be prepared a medium-term fiscal framework based on estimates for the fiscal year and for two consecutive years thereafter, which take into account the economic and development policies that are consistent with the Government’s declared medium-term economic and fiscal objectives, including the fiscal obligations under the Fiscal Resilience Act.

(3) Without prejudice to the generality of subsection (1), the medium-term fiscal framework shall contain the Government's fiscal policy objectives over the medium term, a statement showing the progress made towards compliance with the fiscal rules and targets under the Fiscal Resilience Act and the strategies and priorities for achieving its fiscal objectives, setting out the medium-term macroeconomic forecasts for—

- (a) real GDP growth;
- (b) inflation;
- (c) Central Government revenue and public expenditure;
- (d) the overall fiscal balance;
- (e) the primary balance; and
- (f) the stock of public debt.

(4) Notwithstanding subsection (3) (f), the medium-term fiscal framework shall present and report separately on—

- (a) the public debt attributable to Central Government;
- (b) the public debt attributable to Statutory Bodies and State-Owned Enterprises, and the corresponding annual ceilings.

(5) Prior to the finalisation of the medium-term fiscal framework and no later than six months before the commencement of the new fiscal year, the Minister shall cause a draft of the medium-term fiscal framework to be submitted to the Fiscal Resilience Oversight Committee for review.

(6) Within two weeks of receipt of the draft of the medium-term fiscal framework submitted in accordance with subsection (5), the Fiscal Resilience Oversight Committee shall prepare and submit to the Permanent Secretary a written assessment of the draft.

(7) No later than five months before the commencement of the new fiscal year, the Minister shall submit the medium-term fiscal framework to Cabinet for approval.

(8) The Minister shall oversee the preparation of the annual budget in the context of the medium-term fiscal framework to achieve the national objectives over a multi-year period and shall submit an updated medium-term fiscal framework to the House of Representatives along with the presentation of the annual budget.

(9) The aggregate budget ceilings estimated for the second year of the medium-term fiscal framework shall be the starting point of the budget for the following year and any

change in the budget year ceilings from those estimated in the medium-term framework shall be explained by the Minister.”.

7. The principal Act is amended by inserting after section 12 the following new section—

Insertion of new section 12A to principal Act.

“Medium-term economic and fiscal strategy report.

12A.—(1) The Minister shall cause to be prepared a medium-term economic and fiscal strategy report to be—

- (a) laid before the House of Representatives for approval along with the presentation of the annual budget; and
- (b) published on the official website of the Government no later than two weeks after being laid in accordance with paragraph (a).

(2) The medium-term economic and fiscal strategy report under subsection (1) shall contain—

- (a) an updated medium-term fiscal framework;
- (b) a review of the consolidated financial performance of State-Owned Enterprises and Statutory Bodies;
- (c) a compliance statement showing the manner in which the annual budget and the medium-term fiscal framework comply with the fiscal rules and targets under the Fiscal Resilience Act;

(d) a fiscal risk statement that reflects—

- (i) the sensitivity of economic and fiscal forecasts to changes in the economic outlook and economic shocks;
- (ii) the exposure of the Government to contingent liabilities, including guarantees and obligations arising from judicial proceedings in progress;
- (iii) fiscal risks arising from the financial sector, Statutory Bodies, State-Owned Enterprises, public-private partnerships, and any other institutions;
- (iv) any commitment unaccounted for in the economic and fiscal forecasts;
- (v) any other circumstance that may have a material effect on economic and fiscal forecasts and is unaccounted for in the economic and fiscal forecasts; and
- (vi) the decisions and measures of Cabinet or the Minister, to manage fiscal risks.”.

Repeal and substitution of section 16 of principal Act.

8. The principal Act is amended by repealing section 16 and substituting therefor the following new section—

“Budget preparation cycle.

16. The budget preparation cycle shall consist of the following two phases—

- (a) the preparation of a medium-term fiscal framework, in accordance with the rules and targets under the Fiscal Resilience Act; and
- (b) the preparation of the budget circular and the detailed annual budget that addresses the policies and priorities set out in the medium-term fiscal framework.”.

9. Section 25 (1) (b) of the principal Act is amended by deleting the words “medium-term fiscal and budget framework” after the words “implications for the” and substituting therefor the words “medium-term fiscal framework”.

Amendment of section 25 of principal Act.

10. The principal Act is amended by inserting after section 25 the following new section—

Insertion of new section 25A to principal Act.

“Post-elections report.

25A. At the sitting immediately following the first sitting of the new Parliament following the general election, the Minister shall prepare and submit to Parliament a post-elections report setting out the following—

- (a) updated macroeconomic forecasts and assumptions from the medium-term economic and fiscal strategy or mid-year review report, whichever is the most recent;
- (b) updated fiscal information including—
 - (i) Government revenue outturn and forecasts for the current year and the next two fiscal years;

- (ii) Government expenditure outturn and forecasts for the current year and the next two fiscal years including for recurrent and capital expenditure;
 - (iii) primary balance forecast for the current fiscal year and for the next two fiscal years; and
 - (iv) the outstanding stock of public debt;
- (c) an update of the fiscal risk position compared to the fiscal strategy report and the annual budget;
- (d) the progress expected to be made towards compliance with the fiscal rules and targets under the Fiscal Resilience Act.”.

Amendment of
the Schedule to
principal Act.

11. Paragraph 1 (a) of the Schedule to the principal Act is amended by deleting the words “medium-term budget framework paper” before the words “including macroeconomic” and substituting therefor the words “medium-term fiscal framework”.

Passed by the House of Representatives this 17th day of October, 2023.

ANDREW AUGUSTINE
Clerk to the House of Representatives.

Passed by the Senate this 26th day of October, 2023.

ANDREW AUGUSTINE

Clerk to the Senate.

GRENADA

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