

## **Budget Calendar**

### **1. BACKGROUND AND CONTEXT**

The GOJ has created a permanent binding budget calendar through amendments to the Financial Administration and Audit (FAA) Act, the Public Bodies Management and Accountability Act, the Financial Management Regulations (FMR) and the Fiscal Responsibility Framework (FRF). This has led to a change in Jamaica's budget cycle.

The existence of a budget calendar is a Public Finance Management (PFM) best practice. The features of a good calendar are:

- ▶ It is established by law (and is therefore fixed);
- ▶ It is well-known, and generally adhered to;
- ▶ It allows enough time for preparation of detailed estimates (PEFA standard is at least six weeks from receipt of the Budget Call);
- ▶ It specifies the timeframe for parliamentary scrutiny and approval of the budget
- ▶ Provides for the tabling and approval of the budget before the start of the next financial year;

GOJ's weak budget calendar which existed in 2012 resulted in the following scores and comments in the PEFA Review:

- ▶ C - When assessed on "the existence of and adherence to a fixed budget calendar". The report stated that although a budget calendar was in existence, it was "rudimentary, with activities and times not specified, followed through only by custom/default, and delays are frequent as a result."
- ▶ C - When assessed on timely budget approval by the legislature. The report further stated "the absence of a fixed budget calendar has become more of an issue today with increasing delays in completion of the budget process"

### **What is a Budget Calendar**

- ▶ A tool which facilitates predictability, accountability and transparency in the budget preparation and approval process.

- ▶ Identifies the different stages and elements of the budget preparation and approval process,
- ▶ The individuals accountable for each stage of execution, and
- ▶ The timelines within which all activities are to be achieved.

## **2. MAIN ACTIVITIES, RESPONSIBILITIES AND TIMELINES OF GOJ's BUDGET CALENDAR:**

### **(a) Fiscal Policy Review**

*Within six months* of the passage of the Appropriation Act for the financial year to which the Estimates of Revenue and Expenditure relate, a review of the Fiscal Policy Paper is carried out covering the outturn of the previous financial year, the performance of the first quarter of the financial year, projections to the end of the current financial year and projections for the succeeding financial year and the medium term.

### **(b) Budget Call**

*Before September 30* of each financial year, the Budget Call containing the economic and fiscal parameters which will guide MDAs in preparing the Revenue and Expenditure Estimates issued to accounting officers. The FRF Regulations specifies the information to be included in the budget Call.

### **(c) Submission of Corporate and Operational Plans to MOFP**

The existing financial management regulations require the MDAs to submit their Corporate and Operational Plans within the expenditure ceilings contained in the Budget Call. The regulations are now being amended to include a requirement for these to be submitted to MOFP by **November 30 of each year**.

**(d) Supplementary Estimates**

Tabling and approval of the First Supplementary Estimates is now likely to be done during the Third Quarter (late November and approval in early December). This is a realistic time line for tabling the First Supplementary Estimates if the legal timeline for approval of the budget is to be achieved.

**(e) Tabling of Budget and Approval of Budget**

The Estimates of Revenue and Expenditure will be simultaneously tabled. In addition, all supporting documents which were previously tabled by the Minister at the opening of the budget debate are now required to be tabled with the Estimates of Revenue and Expenditure. These include the Fiscal Policy Paper, the Debt Management Strategy, the Tax Expenditure Report and a new addition, the multiannual Public Sector Investment Programme. While the Calendar has no explicit date for the tabling of the budget, the law requires the Estimates of Revenue and Expenditure to be simultaneously tabled in time for their approval by both Houses of Parliament, no later than **March 31<sup>st</sup> of the year preceding** that to which the Estimates relate and the FAA Act is now being amended to specify the tabling of the Fiscal Policy Paper in February.

**(f) Auditor General's Review of Fiscal Policy Paper**

The FAA Act requires the Auditor General's review of the Fiscal Policy Paper to be completed and the report tabled in the House **within one week after tabling** of the FPP. The FAA Act is now being amended to provide the Auditor General with more time to conduct the review and to submit the report **two weeks after tabling** of the FPP.

**(g) Meeting of the Standing Finance Committee**

The Standing Orders of the House of Representatives requires that the Estimates are to be referred to the SFC. No timeline is set for this to take place but it is expected that it will be completed in time to allow for the tabling, debate and approval of the Appropriation Bill to be concluded before March 31<sup>st</sup> as required by law.

**(h) Tabling, Debate and Approval of the Appropriation Bill**

The Appropriation Bill is the only budget document not tabled with the Estimates of Revenue and Expenditure. The Financial Management Regulations is being amended to include the following provision:

*“the Minister shall cause the Appropriation Bill in respect of each financial year to be laid in the House of Representatives no later than one week after the Standing Finance Committee has completed its examination of the estimates of revenue and expenditure in respect of that financial year”.*

The debate in the lower House must be concluded to allow for discussion and approval in the Upper House **before March 31<sup>st</sup>**.

**3. BENEFITS**

- (i) Earlier start to budget preparation. Establishes the Strategic Review and Planning phase involving the Cabinet, MOFP, BOJ, PIOJ and the Office of the Cabinet as the critical first step in the budget process which must precede the issue of the Budget Call;
- (ii) Early Budget Call facilitates improved budget submissions - quality of budgets approved for execution affected by- information available to guide preparation; timeliness of information provided; time provided for discussions and review;
- (iii) MDAs will be able to comply with FRF Regulations which require adherence to the expenditure ceilings in development of Corporate Plans/budgets;
- (iv) Provision for Vote-on-Account (Carrying-on Allowance) will be reduced to one month (April) instead of the current 3 months;
- (v) Spending on new projects/programmes will begin earlier in the fiscal year;
- (vi) Is a PFM best-practice which facilitates predictability, accountability and transparency in the budget preparation and approval process;