

ANY REPLY OR SUBSEQUENT REFERENCE
SHOULD BE ADDRESSED TO THE **FINANCIAL SECRETARY**
AND THE FOLLOWING REFERENCE NUMBER QUOTED:-
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MINISTRY OF FINANCE AND THE PUBLIC SERVICE
30 NATIONAL HEROES CIRCLE
P.O. BOX 512
KINGSTON
JAMAICA

September 30, 2022

Circular No. 19
Permanent Secretaries
Heads of Departments
Chief Executive Officers

Budget Call Circular - Financial Year 2023/2024 and the Medium Term

1. Introduction

This is the call for Accounting Officers to prepare and submit to the Ministry of Finance and the Public Service by November 30, 2022, the four year Corporate/Strategic Plan of ministries, departments and agencies (MDAs) containing the budget estimates for Financial Year 2023/2024 and medium term forward estimates (FEs) for financial years 2024/25, 2025/26 and 2026/27.

The Budget Call communicates the envelope of resources available to each MDA for allocation to priority programmes, activities and where applicable to public investment projects, for Fiscal Year 2023/24 and over the medium term 2024/25, 2025/26 and 2026/27.

2. Legal Framework

The Budget Call Circular is issued in accordance with *the Financial Administration and Audit Act, the Financial Management Regulations and the Financial Administration and Audit Act (Fiscal Responsibility Framework) Regulations*. The legislation authorises the Minister of Finance to issue, a Budget Call containing economic and fiscal parameters to govern the preparation of the Estimates of Expenditure for the ensuing financial year and the medium term.

The *Financial Administration and Audit Act (Fiscal Responsibility Framework) (Amendment) Regulations, 2015 6(1) (2)*, require each accounting officer to submit to the Minister of Finance, a four-year Corporate Plan containing budget estimates for the upcoming financial year, and forward estimates for the succeeding three financial years, in respect of existing recurrent and public investments, and any new policy proposals, to be implemented within the period covered by the corporate plan. The Regulations impose a requirement that the cost of implementing MDAs Corporate Plans must be consistent with the expenditure ceilings of the Budget Call.

3. Context of Central Government Expenditure Budget

The Jamaican economy continues to rebound and recover from the COVID-19 global pandemic, albeit at a reduced pace of expansion, indicating a near or full return to pre-COVID normality. The fiscal position, up to July 2022 has been positive. However, risks remain, such as high inflation and rising interest rates. In view of this, the Government will continue to maintain prudent management of its fiscal affairs.

Achieving the legislated debt target of 60% of GDP, or less, by end FY 2027/28, and ultimately attaining fiscal sustainability remains a priority. In view of this the GOJ continues to be committed to fiscal discipline and good governance, while ensuring that priority programmes and projects are adequately funded.

Table 1 reflects the non-debt resource envelope available for the budget year and each year of the medium term 2024/25 to 2026/27, for allocation across the Central Government.

The cost of the public sector compensation restructure for the Central Government is included in the compensation envelope for FY 2023/24 and the medium term.

Inflation is projected to decline in FY 2022/23 and to continue to trend downwards until it stabilises at approximately 5% in the later years of the medium term. Growth in real GDP is expected within the range of 1.0% to 2.0% over the medium term.

Table 1 - Medium Term Non-Debt Resource Envelope (J\$M)

Item	Proj	Proj	Proj	Proj	Proj
	2022/23	2023/24	2024/25	2025/26	2026/27
Total Recurrent	559,469.1	604,984.1	648,212.4	687,628.0	728,885.2
Programmes	264,226.0	269,377.0	282,846.2	296,988.6	314,807.3
Compensation of Employees	295,243.1	335,606.7	365,366.1	390,639.5	414,077.9
Total Capital	65,067.3	87,210.2	95,269.3	100,660.3	104,342.7
Total Non-Debt Expenditure	624,536.5	692,194.3	743,487.7	788,288.4	833,227.9

Source: MOFPS Fiscal Policy Paper Interim Report September 2022/23

4. RESPONSIBILITY OF ACCOUNTING OFFICERS

In keeping with the Financial Management Regulations (FMR), Accounting Officers are to ensure that, among other things:

- a) the estimates are prepared as completely and accurately as possible;
- b) the estimates are framed with due regard to economy and efficiency;
- c) the estimates are submitted in due time and in proper form.

1) Accounting Officers are required to submit in respect of the upcoming financial year, the following documents:

- (a) Medium Term Corporate Plan;
- (b) Operational Plan;
- (c) Procurement Plan;
- (d) Medium Term Expenditure;
- (e) Cash Flow Forecast;
- (f) Permanent Secretary's Memorandum;
- (g) Medium Term Miscellaneous Revenue Budgets

2) In order to present a comprehensive picture of the central government, Accounting Officers must ensure that total recurrent costs of MDAs operations, whether financed by revenue, grants, loans or appropriations-in-aid, are reflected in the budget for approval by Parliament. All donations/grants from local and external sources must be handled in accordance with *the Financial Instructions* issued by the Financial Secretary.

3) The GOJ adoption of the medium term results based budgeting (MTRBB) approach, requires, among other things, the preparation of estimates for three forward years following the 2023/24 Budget Year. Accounting Officers are advised that the ceilings for the forward years take account only of ongoing programmes or programmes that have been approved by Cabinet for implementation in future years. In order to accommodate new expenditure, accounting officers are required to repurpose budget resources from low priority activities to those that are in keeping with the main priorities of government.

- 4) Accounting officers must ensure that the results to be delivered by the policies and programmes reflected in their Corporate/ Strategic Plans are consistent with the strategic priorities of the government which are aligned with the national priorities and outcomes of Vision 2030 and the Sustainable Development Goals
- 5) Accounting Officers are to ensure that submission of the budgets is done through upload to the Budget Preparation and Management System (BPMS). Accounting Officers are reminded that the Budget Ceilings for each MDA will be loaded into the BPMS prior to the system being made available for the input of budget estimates. Draft Corporate/Strategic Plans along with the Permanent Secretary's Memorandum are to be sent electronically to the Public Expenditure Division, using the BPMS
- 6) Accounting Officers must ensure that the input of data into BPMS accurately reflects the purpose for which the funds are required. As such budget allocations at the object, sub object and sub sub-object levels must be accurate to prevent distortion of data and unexplained variances in summary reports that are generated for publication.
- 7) Given that the Medium Term Budget is the quantitative expression of the Medium Term Corporate Plans, accounting officers are to ensure that the plans are developed with due regard for the limits of the expenditure ceiling allocated to each MD

5. RECURRENT EXPENDITURE PROPOSALS

Accounting Officers are required to review all programmes/activities/projects in order to determine their continued relevance and contribution to government's current policy directions.

a) Compensation of Employees

MDAs individual compensation ceilings for FY 2023/24 and the medium term do not, at this time, include the cost of the expected increase in wages and salaries from the public sector compensation restructure as the aggregate sum.

The ceilings will be adjusted to incorporate the additional sums as soon as discussions between the GOJ and the unions representing public sector workers are concluded and the costing of the settlement is available.

The adjusted ceilings will be uploaded into the BPMS, after which MDAs will be allowed to make the necessary adjustments to their budgets.

b) Recurrent Programmes

Accounting Officers are advised that the ceilings for Recurrent Programmes exclude one-off payments for COVID-19 related expenditure.

(i) Public Utilities

In order to prevent the build-up of expenditure arrears, Accounting Officers must ensure that budgetary allocations are based on actual usage of public utility services. With regard to electricity billing, Accounting Officers are advised that interest charges are applied on balances over thirty days and all accounts should therefore be kept current.

(ii) General Consumption Tax on Purchases

Accounting officers are to ensure that adequate budgetary allocation is requested to cover the full cost of purchases, inclusive of consumption tax, customs and other import duties.

(iii) Rental of Property

Estimates for rental of property must reflect actual contract arrangements with allocations made for any increases expected to take place during the course of the financial year.

(iv) Travel Allowances and Subsistence

Accounting Officers are reminded that fixed travel allowances are to be reflected under Object 21- Compensation of Employees. Discretionary local and overseas travel are to be managed within the budgetary allocation for the financial year.

(v) Expenditure Arrears

Accounting Officers are reminded that unauthorized spending above the budget or entering into commitments which result in expenditure above the level approved by Parliament is a breach of the Financial Administration and Audit Act.

(vi) Statutory and Other Deductions

Accounting officers must ensure that adequate provision is made to facilitate payment of statutory and other deductions from the earnings of employees in compliance with Regulations 54 and 54A of the Financial Management (Amendment) Regulations, 2015.

6. PUBLIC SECTOR INVESTMENT PROGRAMME (PSIP)

- a) Accounting Officers are reminded that the Capital Budget reflects allocations to support the implementation of Central Government Public Investment Projects.
- b) Accounting Officers are reminded that the Capital expenditure ceilings are to support the implementation of public investment projects that have been appraised by the Public Investment Management Committee (PIMC) and approved by Cabinet for implementation and funding.
- c) Accounting Officers further are reminded that the Public Investment Appraisal Branch (PIAB) of the Public Expenditure (PEX) Division is responsible for carrying out the technical appraisal work of the PIMC.
- d) Funding to undertake preparatory/pre-investment planning activities in support of the development of public investment projects, are to be allocated in the Recurrent Budget of **portfolio ministries** under Head Programme 001; Sub Programme 01; Activity 10098: Pre-Investment Planning. Funding should only be requested for projects for which Concepts have already received approval to proceed to further development from the PIMC.

7. BUDGET- FUNDED PUBLIC BODIES

Accounting Officers are advised that budget-funded public bodies, which are fully or partially dependent on the Consolidated Fund for financing, must comply with the requirements of the Budget Call. The Boards of these bodies are to be apprised of the budget constraints and advised of the approval process for utilizing own-source funds as Appropriations-in-Aid (AIA) to off-set their operating expenditure. Expenditure which will be funded from AIA must be clearly identified and submitted along with the budget proposals.

8. DEADLINE FOR SUBMISSION OF DRAFT BUDGETS

Accounting officers are reminded that the budget estimates are to be uploaded to BPMS by Wednesday November 30, 2022.

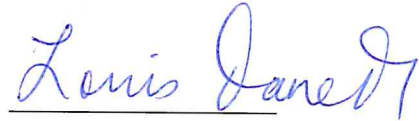
9. BUDGET CEILINGS – FY 2023/24 AND MEDIUM TERM FY 2024/25 – 2026/27

The budget ceilings are attached as follows:

Appendix 1 (a) Recurrent Expenditure Ceilings for FY 2023/24 and the Medium Term

Appendix II (b) Capital Expenditure Ceilings for FY 2023/24 and the Medium Term

Yours sincerely,



for **Darlene Morrison**
Financial Secretary

C: Auditor General

Attach: