

BELIZE:

**FISCAL TRANSPARENCY AND
RESPONSIBILITY REGULATIONS, 2010**

STATUTORY INSTRUMENT NO. 95 OF 2010

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BELIZE:

STATUTORY INSTRUMENT

No. 95 of 2010

REGULATIONS made by the Minister of Finance in exercise of the powers conferred upon him by section 23(3) of the Finance and Audit (Reform) Act (No. 12 of 2005), and all other powers thereunto him enabling.

(Gazetted 9th October, 2010.)

WHEREAS, the Government of Belize is committed to enhancing fiscal transparency and accountability in the conduct of its affairs;

AND WHEREAS, it is expedient to provide a framework for sound fiscal discipline and public scrutiny of fiscal policy and performance at all levels:

NOW, THEREFORE, it is hereby provided as follows:

1. These Regulations may be cited as the

Short title.

FISCAL TRANSPARENCY AND RESPONSIBILITY REGULATIONS, 2010.

2. (1) In these Regulations, unless the context otherwise requires —

Interpretation.

“**Act**” means the Finance and Audit (Reform) Act, 2005;

No. 12 of 2005.

“**Budget**” means the Estimates of Revenue and Expenditure for a fiscal year presented to the House of Representatives by the Minister of Finance;

“fiscal year” means the period of twelve months commencing from 1st April of one year and ending on the 31st March of the following year, both days inclusive, or such other dates as may be prescribed by the National Assembly.

“Government” means the Government of Belize;

“Minister” means the Minister of Finance;

“National Assembly” means the House of Representatives and the Senate of Belize;

“public statutory bodies” include the Belize Tourism Board, the Central Bank of Belize, the Social Security Board, the Belize Agricultural Health Authority, the Protected Areas Conservation Trust, the Statistical Institute of Belize, the Karl Heusner Memorial Hospital, the Belize Airport Authority, the Belize Port Authority, the Belize Trade and Investment Development Service, the University of Belize, the Belize Marketing and Development Corporation, the Development Finance Corporation, the National Library Service, the National Institute of Culture and History, the Pesticides Control Board, and any other body designated from time to time by the Minister by Regulations.

(2) Other terms and expressions used but not defined herein shall have the meanings respectively assigned to them in the Act.

No. 12 of 2005.

Part 1 - Principles of Fiscal Management

Principles of
fiscal policy.

3. (1) The Government shall conduct all of its fiscal policy in accordance with the following principles:

- (a) transparency in the setting of fiscal policy objectives and targets, the implementation of

fiscal policy, and the publication of the public accounts;

- (b) stability in the fiscal policy-making process and the way fiscal policy impacts on the economy;
- (c) fairness at all levels, including fairness between the present and future generations; and
- (d) efficiency in the design and implementation of fiscal policy and the management of both the asset and liability sides of the public sector balance sheet.

(2) The full realisation of the principles set out in paragraphs (c) and (d) of subregulation (1) above are the long-term goals and the Government shall provide information from time to time on the progress made towards the realisation of those principles.

Part 2 - Overview of Government Obligations

4. The Government's fiscal strategy shall be set out in a Fiscal Strategy Statement, as described in Part 3.

Fiscal strategy.

5. The Financial Secretary shall prepare regular fiscal reports, including the Fiscal Outlook and Mid-year Review Report and the Final Budget Outcome Report, as described in Part 4.

Financial Secretary to prepare fiscal reports.

6. The reports and statements required by Regulations 4 and 5 are in addition to the Budget and other obligations of the Government as set out in other legislation governing the conduct of fiscal policy.

Reports and statements not to affect Budget, etc.

Part 3 - Fiscal Policy Formulation and Fiscal Strategy Statement

Fiscal Strategy Statement.

7. (1) It shall be the duty of the Minister, for each fiscal year, to lay before the National Assembly for consideration and debate a Fiscal Strategy Statement.

(2) The Fiscal Strategy Statement shall be prepared by the Financial Secretary who shall seek the comments of the Auditor General and the Governor of the Central Bank and make such amendments to the Statement as may be appropriate, before submitting the same to the Minister for presentation to the National Assembly.

Purpose of Fiscal Strategy Statement.

8. The purpose of the Fiscal Strategy Statement is to increase public awareness of the Government's fiscal strategy and to establish benchmarks for evaluating the Government's conduct of fiscal policy. The Statement must disclose sufficient information to enable the public to scrutinise the conduct of fiscal policy.

Contents of Fiscal Strategy Statement.

9. The fiscal strategy outlined in the Fiscal Strategy Statement shall be consistent with the broad principles of fiscal management set out in Part 1. It shall explain how the Government's policies will:

- (a) maintain government debt at prudent levels;
- (b) ensure that policy decisions have due regard to the financial implications for future generations;
- (c) support adequate levels of national savings;
- (d) promote stable and predictable levels of taxation and spending;
- (e) moderate cyclical fluctuations in economic activity, as appropriate;

- (f) maintain the integrity of the tax system by minimising special incentives, concessions and exemptions;
- (g) pursue expenditure policies that would provide impetus for economic growth, poverty reduction, and improvement in human welfare;
- (h) ensure that physical assets of the Government are properly maintained;
- (i) manage expenditure policy consistent with revenue generation; and
- (j) ensure progress towards the principles set out in paragraphs (c) and (d) of Regulations 3(1) above.

10. The Minister shall forward the Fiscal Strategy Statement to the Clerk, National Assembly, at or before the time of presentation of the Government's annual Budget. The Statement may be included as a section of the Budget Speech of the Minister.

Time for submitting Fiscal Strategy Statement to National Assembly.

11. The Statement shall be made publicly available no later than four weeks after the Budget is approved by the National Assembly.

Statement to be made publicly available.

12. In addition to the other requirements set out in Regulation 9, the Fiscal Strategy Statement shall:

Additional requirements of Fiscal Strategy Statement.

- (a) specify the Government's long-term fiscal objectives, in both qualitative and quantitative terms, within which shorter-term fiscal policy will be framed and the consistency of those objectives with the macroeconomic framework;
- (b) explain the broad strategic priorities on which the Budget is, or will be based;

- (c) specify the key and new fiscal measures against which fiscal policy will be set and assessed;
- (d) specify, for the current Budget year and the following two fiscal years:
 - (i) the Government's fiscal objectives and quantitative targets for key fiscal indicators; and
 - (ii) the expected outcomes for the specified key fiscal measures;
- (e) explain how the fiscal objectives, targets, indicators, strategic priorities, and measures specified and explained pursuant to the foregoing paragraphs of this Regulation relate to the principles of sound fiscal management;
- (f) specify fiscal policy actions taken or to be taken by the Government that are temporary in nature, adopted for the purpose of moderating cyclical fluctuations in economic activity, or addressing disruptions caused by natural disasters, or for whatever other reason, and indicate the time period during which the fiscal policy will exist and how any increase in debt from these policies will be offset;
- (g) explain the consistencies of this Statement with other Government documents related to the conduct of fiscal policy such as the Budget from the previous fiscal year and the Medium-term Fiscal Framework;
- (h) explain the reporting basis on which subsequent Government fiscal reports will be prepared; and

- (i) explain how the Government is working to achieve fairness, including fairness between generations, and efficiency in the design and implementation of fiscal policy and in managing both the asset and liability sides of the public sector balance sheet.

Part 4 - Regular Fiscal Monitoring and Reporting

13. (1) It shall be the duty of the Minister, for each fiscal year, to lay before the National Assembly for consideration and debate the following Reports to ensure consistency with the Fiscal Strategy Statement as described in Part 3:-

Fiscal reports.

- (a) the Fiscal Outlook and Mid-year Review Report; and
- (b) a Final Budget Outcome Report.

(2) The above-mentioned reports shall be prepared the Financial Secretary who shall seek the comments of the Auditor General and the Governor of the Central Bank and make such amendments to the reports as may be appropriate, before submitting the same to the Minister for presentation to the National Assembly.

14. The Fiscal Outlook and Mid-year Review Report shall provide updated information and establish fiscal targets to allow for the assessment of the Government's fiscal performance against the fiscal strategy set out in its current Fiscal Strategy Statement. In addition, it shall provide an early indication of the Budget.

Fiscal Outlook and Mid-year Review Report.

15. The Minister shall present to the National Assembly the Fiscal Outlook and Mid-year Review Report on or before November 15 of each fiscal year. This Report shall also be made publicly available no later than December 31 of that fiscal year.

Minister to submit Fiscal Outlook Report to National Assembly.

**Contents of
Fiscal
Outlook
Report.**

16. The Fiscal Outlook and Mid-year Review Report shall include —

- (a) budget overview information for the preceding two years;
- (b) preliminary fiscal data for the first five months of the current fiscal year and the implications for the remainder of the current fiscal year, including a detailed explanation for all supplementary appropriations, if any, and key items that are likely to deviate from the approved Budget;
- (c) detailed budget information for the upcoming fiscal year, and
- (d) an overview of the fiscal outlook for the following two years.

**Additional
information
to be included
in Fiscal
Outlook
Report.**

17. The Fiscal Outlook and Mid-year Review Report shall include information, described in more detail in Regulations 18, 19, 20 and 21 below, on the following matters:

- (a) budget overview;
- (b) review of Government receipts and expenditures;
- (c) assets and liabilities; and
- (d) budget reconciliation.

**Budget
overview
information.**

18. The budget overview information shall include:

- (a) the economic and other outcomes and assumptions that have been used in preparing

those fiscal estimates, including, but not limited to, key national accounts and balance of payments data such as gross domestic product and gross domestic product growth rates; average and accumulated annual inflation; exchange rates; domestic interest rates; employment; exports and imports; and influential external information such as foreign income and foreign interest rates;

- (b) the consistency of the fiscal outlook with the underlying macroeconomic framework and the role that fiscal policy plays in supporting economic growth;
- (c) aggregate and important actual and expected receipts and expenditures;
- (d) for all new measures – both revenue and expenditures – their rationale, the estimate of their cost, an analysis of how those measures will be funded, and the long-term implications of those measures on net debt;
- (e) an explanation of progress on key fiscal indicators, and an explanation of differences between forecasted and actual fiscal data for the first five months of the current fiscal year and the previous two years;
- (f) a statement of the budget deficit and the source of financing, or in the case of a surplus, how the net debt stock will be reduced; and
- (g) such other information as may be considered necessary by the Minister.

**Review of
Government
receipts and
expenditures.**

19. The review of Government receipts and expenditure shall explain the expected level and all deviations from current trends and past projections for the following:

- (a) revenue, including tax revenue, revenue from licenses, rents and royalties, ministries, transfers, and capital revenue;
- (b) expenditures, including personal emoluments, pensions, goods and services, transfers, and capital expenditures;
- (c) permanent and temporary Government employees;
- (d) payments of interest or amounts in the nature of interest on debt owed by the Government and for expected repayment of debt principal;
- (e) details of public grants;
- (f) for fiscal years after March 31, 2012, tax expenditures and contingent liabilities; and
- (g) such other information as may be considered necessary by the Minister.

**Assets and
liabilities
information.**

20. The assets and liabilities information shall include details of the following:

- (a) actual and expected investments of public money, distinguishing between investment under execution and new investment;
- (b) liability information shall include —
 - (i) current debt and expected changes;

- (ii) all arrangements that may give rise to future liabilities including guarantees and contingent liabilities; and
- (iii) the repayment profile of debt;
- (c) financial and physical assets;
- (d) expected borrowings and loans;
- (e) the assets and liabilities of public statutory bodies;
- (f) the expected trajectory of debt and why it is considered prudent; and
- (g) such other information as may be considered necessary by the Minister.

21. The budget reconciliation shall include:

- (a) details of important revisions in fiscal data for the last two fiscal years, especially details of revisions to information provided in the reports under these Regulations where that information deviates from information in the Final Accounts presented to the National Assembly by the Minister, including an explanation for deviations and the implications of those deviations for current and future fiscal performance;
- (b) a statement of how any substantial deviations will affect the Government's fiscal strategy; and
- (c) a statement of any remedial measures the Government intends to take.

**Budget
reconciliation
information.**

Minister to explain Fiscal Outlook Report.

22. In the Fiscal Outlook and Mid-year Review Report, the Minister shall explain how the information and data provided in the Report are consistent with a prudent level of debt and other key principles set out in Regulation 3.

Level of detail in the Fiscal Outlook Report.

23. Information related to the fiscal year in which the Fiscal Outlook and Mid-year Review Report is presented and the upcoming budget fiscal year shall be detailed, while information relating to two years subsequent to the budget year may be aggregative.

Details to be included in Fiscal Outlook Report after fiscal year commencing March 31, 2013.

24. For fiscal years commencing after March 31, 2013, the Fiscal Outlook Report shall include a qualitative statement of risks to the budget arising from cyclical variation, and external economic and other influences. For fiscal years commencing after March 31, 2014, the statement shall include qualitative and quantitative terms as well as a sensitivity analysis.

Reports to include information on public statutory bodies.

25. In preparing the reports in accordance with this Part, the Financial Secretary will incorporate information related to public statutory bodies. For the fiscal years ending March 31, 2012 and March 31, 2013, the reporting related to public statutory bodies shall include only the current fiscal year. For fiscal years commencing after March 31, 2013 the reports will include information for the current fiscal year and the past and subsequent two fiscal years.

Final Budget Outcome Report.

26. The Final Budget Outcome Report is to account for the activities of the Government against the Fiscal Outlook and Mid-year Review Report, and the Fiscal Strategy Statement.

Minister to present Final Budget Outcome Report to National Assembly.

27. The Minister shall present the Final Budget Outcome Report on the budget for the previous fiscal year, to the National Assembly on or before July 31 of each fiscal year. The Report will be published no later than 30 days after it is laid on the table of the National Assembly.

28. The Final Budget Outcome Report shall review the budget outcome against each of the measures identified in Part 3 and this Part and include the rationale and implications of all supplementary appropriations.

Review of budget outcome by Final Budget Outcome Report.

29. The reports required by Regulation 13 shall include an evaluation of each report's consistency with or deviations from the Budget and other fiscal policy commitments of the Government as set out in all applicable legislation.

Reports to include evaluation of consistency with Budget, etc.

Part 5 – Rules Governing the Reports Required by the Fiscal Responsibility Regulations

30. The data presented in the documents required by these Regulations must:

Data to be included in the documents.

- (a) for periods prior to the fiscal year commencing April 1, 2015, identify the reporting standards on which the reports are based and identify ways in which the report departs from the cash-flow International Public Sector Accounting Standards (IPSAS); and
- (b) for fiscal years after March 31, 2014, be based on cash-flow IPSAS.

31. (1) The documents referred to in these Regulations may not include information that the Minister considers should not be included because:

What information need not be included in the documents.

- (a) it is confidential commercial information; or
- (b) its disclosure in the report could prejudice national security.

(2) To exclude information under this Regulation, the Minister shall explain the nature of the information and the rationale for its exclusion to the National Assembly.

Information in the Reports to be consistent with Medium Term Fiscal Framework.

32. The information and analysis contained in the reports required by these Regulations shall be consistent with the Medium Term Fiscal Framework and other documents relating to fiscal policy prepared by Government, unless deviations are properly explained.

Part 6 – Respective Roles of the Financial Secretary, Auditor General, the Central Bank, and the National Assembly

Power of the Financial Secretary to obtain requisite information.

33. The Financial Secretary shall have power to require the production of any relevant Government documents required to enable the Government to meet its obligations as set out in these Regulations. The Financial Secretary may make such requests in writing or otherwise as appropriate, and shall specify the date and manner by which such information shall be produced. The date for the production of information shall be reasonable having regard to the deadlines for the production of reports and statements required by these Regulations.

Central Bank and Auditor General's Office to study reports.

34. The Central Bank and the Auditor General shall study the statements and reports described in Parts 3 and 4 of these Regulations and shall submit their comments to the Financial Secretary within ten (10) days after receiving the said documents.

National Assembly may require further information.

35. (1) For the purpose of consideration and examination of the reports presented to it, the National Assembly or a Committee thereof may require any person in possession or control of any relevant government documents to provide any assistance, information or explanation which the National Assembly considers necessary for the purpose.

(2) All persons from whom the National Assembly may ask for information or assistance shall provide such information or assistance with all due dispatch.

(3) For the purpose of this Part, the term “relevant Government documents” means documents in the custody or under the control of the Government department primarily responsible for the adoption or formulation of the policy in question.

36. The Minister shall ensure that all comments and recommendations made by the National assembly as a result of its examination and consideration of the reports submitted to it shall be duly adopted and remedial action taken as appropriate.

Comments and recommendation of the National Assembly.

37. Copies of the documents and related statements described in this Part shall be made public in accordance with the dates prescribed in Regulations 11, 15, and 27 of these Regulations and shall be available on the Government website.

Reports to be made public.

Part 7 - Publication and Inspection of Reports

38. (1) The Minister shall ensure that every report or statement prepared pursuant to these Regulations is published in the *Gazette* as soon as may be after it is submitted to the National Assembly.

Minister to publish reports and statements.

(2) The Minister shall, in respect of every such report or statement as aforesaid, publish a notice in the *Gazette* and at least one newspaper of general circulation in Belize, indicating —

- (a) where copies of the report or statement are available for inspection free of charge; and
- (b) where copies of the report or statement are available for purchase.

Time for availability of documents.

39. (1) Unless otherwise provided, the Minister shall ensure that copies of the documents described in these Regulations are made available for inspection or purchase no more than three months after such documents are presented to the National Assembly and that they remain available for at least four years from the date of publication.

(2) Copies of all such documents shall also be made available on the Government internet website.

Documents to be accompanied by a statement of responsibility.

40. All reports and statements presented by the Minister to the National Assembly under these Regulations shall be accompanied by a statement of responsibility signed by the Minister which shall affirm that all policy decisions with material economic or fiscal implications made by the Government before the day on which the statement or report was finalised, and all other circumstances with material economic or fiscal implications of which the Government was aware before that day, have been duly taken into account, and that the information and data have been prepared and reported in strict conformity with these Regulations.

Part 8 – Ensuring Compliance with the Regulations

Financial Secretary to ensure compliance with the Regulations.

41. It shall be the responsibility of the Financial Secretary to ensure that all reports and statements required by these Regulations are prepared by the due dates and submitted to the Minister for presentation to the National Assembly.

Disciplinary action against defaulting public officers.

42. Every public officer who makes a default in the supply of information required under these Regulations shall be subject to disciplinary action by the competent authority.

43. Where the Minister fails to submit the reports and statements to the National Assembly by the due dates as prescribed in these Regulations, the National Assembly or either House thereof, may pass a resolution requiring the Minister to present such reports without further delay, together with the reasons why the deadlines could not be complied with.

National Assembly may pass a resolution in the event of failure to submit reports.

Part 9 – Miscellaneous

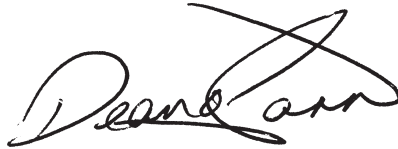
44. The first fiscal year for which the documents and reports referred to in these Regulations are required to be prepared and laid before the National Assembly shall be fiscal year commencing April 1, 2012.

Transitional provision.

45. These Regulations shall come into force on the **1st day of October, 2010.**

Commencement.

MADE by the Minister of Finance this 16th day of September, 2010.



(DEAN O. BARROW)

Prime Minister and Minister of Finance

APPROVED by the House of Representatives, this 24th day of September, 2010.



(Eddie Webster)

Clerk

National Assembly

APPROVED by the Senate, this 1st day of October,
2010.



(Eddie Webster)

Clerk

National Assembly