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TEE



ACT NO. 29 OF 2015

I assent,



CÉCILE E. F. LA GRENADE
Governor-General.

25th August, 2015.

AN ACT to establish a transparent and accountable rule-based fiscal responsibility framework in Grenada, to guide and anchor fiscal policy during the budget process to ensure that government finances are sustainable over the short, medium, and long term, consistent with a sustainable level of debt, and for related matters.

[By Order].

BE IT ENACTED by the Queen'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—

PART I

PRELIMINARY

1.—(1) This Act may be cited as the

FISCAL RESPONSIBILITY ACT, 2015.

Short title and
commencement.

(2) This Act shall come into force on such a day as the Minister may appoint by Order in the Gazette.

Interpretation. **2.** In this Act—

“arrears” means Government obligations from the current and past years that are due but have not been paid;

“borrowing” means the creation of debt obligations through any means including advances, loans, overdrafts, Government securities, payment arrears, finance leases, suppliers credit, and other borrowing from commercial banks, and “borrow” shall be construed accordingly;

“capital expenditure” means non-recurrent expenditure on goods, works and services carried out by the Government or any public entities on its own or by one or more public entities in conjunction which is aimed at accumulating new physical assets with usable value for more than one financial year or improving or rehabilitating such existing physical assets, to achieve development objectives;

“Central Government” means every branch, ministry, department, agency of the Government and includes all special funds established and maintained by the Government under the Consolidated Fund;

“commitment” means a legally binding agreement that will result in payments or other liabilities for the Government or a covered public entity under this Act;

“contingent liabilities” means possible obligations which shall arise by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Government and includes debt guarantees, demand or price guarantees, and termination clauses or other default provisions that could imply a transfer of liabilities to the Government, but excludes letters of comfort;

“covered public entity” means a statutory body or state-owned enterprise for which any of the following applies—

- (a) the entity has received transfers of any kind from the Budget, including subventions or guarantees for any year in the five-year period immediately preceding the fiscal year;
- (b) the entity has, for three consecutive quarters in the preceding fiscal year, not met the quarterly reporting requirements established by the Minister; or
- (c) the audited balance sheet of the entity has recorded a negative equity position as at the end of one of the preceding three financial years;

“Division of Economic Management and Planning” means the division of the Ministry with responsibility for—

- (a) management of debt;

- (b) preparation, monitoring and implementation of the annual budget;
- (c) macroeconomic and fiscal surveillance; and
- (d) monitoring of state-owned enterprises;

“debt-stabilising primary balance” means the primary balance that is consistent with maintaining the debt-to-GDP ratio constant over the medium term, which is computed in accordance with the First Schedule;

“expenditures” means expenditures of the Central Government and covered public entities, and includes—

- (a) interest and non-interest spending;
- (b) current spending under the Recurrent Expenditure Chart of Accounts; and
- (c) capital spending under the Capital Expenditure Chart of Accounts;

“fiscal balance” means the total receipts into Central Government accounts and accounts of covered public entities (excluding debt receipts and unspent grants) less total disbursements (excluding repayment of debt) during the financial year;

“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—

- (a) economic outcomes differing from the assumptions made in the budget;
- (b) the structure of public debt;
- (c) the potential call on explicit Government guarantees and the realisation of other contingent liabilities, including those associated with public-private partnerships; and
- (d) the occurrence of natural disasters and other ‘acts of God’;

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

“GDP” means the level of nominal gross domestic product measured at market prices that has not been adjusted for inflation, as published by the Statistical Office;

“medium term” means a period not exceeding five fiscal years;

“Minister” means the Minister of Finance;

“Ministry” means the Ministry of Finance;

“notional compensation account” means an accounting mechanism for tracking the cumulative deviations (whether negative or positive) of actual fiscal primary balances from targeted primary fiscal balances from the first full year in which the Act has come into effect, and “notional

compensation balance” means the resulting balance reflected on this notional compensation account;

“primary balance” means the overall fiscal balance before interest expense;

“primary expenditure” means the total expenditure less interest payment on debt in a fiscal year;

“public-private partnership” means a contract or arrangement governed by a long-term procurement contract between one or more public entities and one or more private entities, for providing or managing a public asset and associated services through the appropriate sharing of resources, risks and rewards;

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

“Public Debt Management Act” means the Public Debt Management Act, 2015;

“Public Finance Management Act” means the Public Finance Management Act, 2015;

“public sector” means the Central Government, the National Insurance Scheme, statutory bodies, and state-owned enterprises;

- “real effective interest rate” means the weighted average nominal interest rate on outstanding government debt, as calculated by the Division of Economic Management and Planning using the average inflation rate over the five financial years prior to the current year as a proxy for the expected rate of inflation;
- “real expenditures” means expenditures of Central Government and covered public entities, divided by the consumer price index;
- “real GDP” means the level of gross domestic product at base year market prices as estimated by the Statistical Office;
- “real GDP growth rate” means the rate of change of real GDP on an annual basis;
- “real wage bill” means the wage bill divided by the consumer price index;
- “recalibration” means the process of periodically resetting the minimum fiscal balance required to achieve the debt sustainability target of no more than fifty-five percent of gross domestic product;
- “recovery plan memorandum” means the document that is prepared pursuant to section 10 (5);
- “recurrent expenditure” means expenditures that are not capital expenditures, and includes normal overhead and administrative expenses, purchases of non-capital goods, personnel

costs including salaries, emoluments and other benefits of the Government's current and past employees, interest payments, and transfers to covered public entities;

“revenue” means all taxes, tolls, imposts, levies, rates, duties, fees, penalties, royalties, surcharges, forfeitures, rents and dues, proceeds of sale, repayment of loans and all other receipts of the government from whatever sources arising, over which Parliament has the power of appropriation;

“state-owned enterprise” means an entity whether or not incorporated under company law, being—

- (a) a company in which the Government or an agency of the Government, by the holding of shares, is in a position to direct the policy of that company through, among other things, its representation on the governing board of the entity; or
- (b) a company, Board or Authority established under special legislation which recovers a significant proportion of its operating costs through charges on users,

and being determined by the Minister to be a state-owned enterprise;

“Statistical Office” means the Statistical Office established pursuant to section 3 of the Statistics Act, Chapter 311;

“statutory body” means a body set up by an enactment with statutory powers and operational autonomy to carry out Government-related functions and which are part of and under the direct control of the Government;

“supplier’s credit agreement” means credit arrangements by which goods or services are supplied on credit for payment at future dates agreed between the supplier and purchaser;

“tax revenue” includes all tax and customs revenue collected and deposited into the Consolidated Fund during a fiscal year, corresponding to line items 110 and 120 of the Chart of Accounts;

“wage bill” means all personal emoluments, wages, allowances, and payments for professional services, made to Government established and un-established employees including project workers employed under the Public Sector Investment Programme, and such payments made to employees of covered public entities, but excludes pensions and National Insurance Scheme payments.

3. This Act governs matters related to the management of public finances and fiscal matters relating to the Central Government and covered public entities.

Scope and application of this Act.

4. This Act shall be read and construed together with the Public Finance Management Act and the Public Debt Management Act.

Act to be read in conjunction with other legislation.

5. The objects of this Act are—

Objects of this Act.

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- (a) to ensure that fiscal and financial affairs are conducted in a transparent manner;
 - (b) to ensure full and timely disclosure and wide publication of all transactions and decisions involving public revenues and expenditures and their implications;
 - (c) to ensure that debt is reduced to, and then maintained at, a prudent and sustainable level by maintaining primary surpluses that are consistent with this object; and
 - (d) to ensure prudent management of fiscal risks.

PART II

FISCAL RESPONSIBILITY FRAMEWORK

Duty of Government to comply with fiscal rules.

6. The Minister shall take appropriate measures to ensure compliance with this Act, including taking appropriate measures to ensure the following—

- (a) that the fiscal and financial affairs of the Government are conducted in a transparent manner with full and timely disclosure and wide publication of all transactions and decisions involving public revenues and expenditures and the implications for finances;
- (b) that there is observation of the principle of fiscal sustainability by ensuring that debt is reduced to, and then maintained at, a prudent and sustainable level as prescribed pursuant to

section 8 (1), by maintaining primary surpluses that are consistent with this objective;

- (c) that there are no announcements or implementation of any new policy initiative, unless measures that offset the impact of the policy initiative on the primary balance or overall level of spending have been identified;
- (d) that management of fiscal risks is in accordance with regulations and guidelines to be issued by the Minister; and
- (e) that documented public investment procedures are prepared and made available for the submission and approval of all projects submitted for inclusion in the capital expenditure programmes of the Central Government and covered public entities.

7.— (1) The Minister shall take appropriate measures to ensure that— Expenditure and wage rules.

- (a) the rate of growth of the primary expenditure of the Central Government, and of every covered public entity, shall not exceed two percent in real terms in any fiscal year, when adjusted by the preceding year's inflation rate;
- (b) policy on negotiation of rates of pay and related conditions of employment for persons employed in the Central Government and covered public entities shall be consistent with the targets under section 8 (1) and the policies and plans set out in the Medium Term Fiscal

Framework under section 12 (2) of the Public Finance Management Act; and

- (c) no multi-year commitment shall be entered during a period in which Parliament is dissolved.

(2) For the purposes of subsection (1) (b), the Minister shall, by order subject to negative resolution, establish compensation negotiating cycles that allow for compensation settlement for persons employed by the Government to be incorporated into the Estimates of Revenue and Expenditure for the financial year to which such settlement relates.

(3) The Minister shall take appropriate measures to ensure that the ratio of expenditure on the wage bill shall not exceed nine percent to GDP.

(4) For purposes of determining the maximum wage bill and expenditure in nominal terms for any fiscal year, the consumer price index for the immediately preceding fiscal year shall be used to adjust the real growth rate of primary expenditure for inflation as specified in subsection (1) (a),

Provided that if it appears that the real expenditure or wage bill for a fiscal year actually exceeds two percent in real terms, as a result of a lower inflation rate than anticipated at the beginning of the fiscal year, the fiscal rules in subsection (1) (a) shall not be deemed to have been breached.

Prudent debt, contingent liabilities, and primary balance target.

8.—(1) The Minister shall take appropriate measures to ensure that the ratio of the total of—

- (a) the total stock of public sector debt from domestic or external sources for any purpose, including the total sum of debt guaranteed by

the Government including contingent liabilities assumed by the Government, but excluding contingent liabilities arising from, as a result of, or in connection with public-private partnerships;

- (b) the debt and contingent liabilities of statutory bodies and state-owned enterprises; and
- (c) such sums as may be necessary to defray expenses in connection with such liabilities,

to the GDP shall not exceed fifty-five percent of GDP.

(2) The Minister shall ensure that contingent liabilities arising from, as a result of, or in connection with public-private partnerships shall not exceed five percent of GDP.

(3) Where the ratio of public debt to GDP for the preceding year reaches fifty-five percent, the Minister shall take appropriate steps to ensure that—

- (a) the targeted primary balance shall be a minimum of three point five percent of GDP;
- (b) upon achievement of the target specified in paragraph (a), the target shall be maintained over the medium term by ensuring compliance with the expenditure growth rule established in section 7 (1) (a);
- (c) as a transitional arrangement, the targeted primary balance shall be at a minimum one point three percent of GDP in the fiscal year ending in December 2015;

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- (d) a notional compensatory primary balance shall be calculated to reflect the cumulative difference between the actual primary balance and the target primary balance realised in any fiscal year from the first full fiscal year after commencement of this Act;
 - (e) if at any time the notional compensatory balance shows a value greater than three percent of gross domestic product, revenue and/or expenditure corrective policies will be introduced to reduce the notional compensatory primary balance to zero over a period of three fiscal years to achieve compliance with the target, with at least one third of the adjustment in the first year;
 - (f) where the programme established under the Citizenship by Investment Act, 2013 is in effect—
 - (i) forty percent of the monthly inflows into the National Transformation Fund shall be saved for general budget financing purposes, including contingency spending, natural disasters and debt reduction;
 - (ii) at the end of every month, the inflow under subparagraph (i) shall be transferred from the National Transformation Fund account to the Consolidated Fund; and
 - (iii) upon achievement of the debt levels pursuant to subsections (1) and (2),

the total sum of receipts from the programme, which are used for meeting the primary balance targets shall not exceed the equivalent of one point five percent of GDP.

(4) Upon achievement of the debt levels pursuant to subsections (1) and (2), the Minister shall take appropriate steps to maintain, in compliance with the expenditure growth rule established in section 7 (1) (a), a debt-stabilising primary balance of one percent of GDP which shall be computed in accordance with the First Schedule.

(5) If in a fiscal year the debt level exceeds sixty percent of GDP, the Minister shall undertake appropriate corrective revenue and expenditure measures to reduce the public debt to fifty-five percent of GDP over a period of three fiscal years, with at least one-third of the adjustment in the first year.

9. The following are exempted from the fiscal rules and targets established under this Part—

- (a) grants made to the Government for the financing of capital expenditures in Grenada and the associated expenditures; and
- (b) any capital expenditures made from or under the National Transformation Fund.

Receipts and expenditures excluded from fiscal rules and targets.

10.—(1) The Minister may by Order suspend, for a period not exceeding one fiscal year, fiscal rules, targets and corrective measures under sections 7 and 8, where—

Escape clause.

- (a) a natural disaster, public health epidemic, or war as a result of which a state of emergency

has been declared by the Governor-General pursuant to section 17 (1) of the Constitution;

- (b) real GDP experiences a decline of two percent in a given fiscal year or a cumulative decline equal to or greater than three percent over two consecutive fiscal years;
- (c) the Eastern Caribbean Central Bank has certified in writing that a financial sector crisis has occurred, or is imminent, and the Minister estimates that the fiscal costs of such crisis, including the costs of any related recapitalisation of banks by the Government after all possible private sector solutions have been explored, is likely to equate or exceed four percent of GDP,

if the Minister determines that implementation of the fiscal rules, targets or corrective measures would be unduly harmful to the public finances and macroeconomic or financial stability.

(2) An Order made pursuant to subsection (1) shall, being accompanied by a memorandum pursuant to subsection (3), be subject to approval by Cabinet and laid before Parliament, which shall be subject to negative resolution of Parliament.

(3) A memorandum accompanying a draft order under subsection (2) shall set out—

- (a) the manner in which implementation of the fiscal rule or target would be harmful to the public finances, macroeconomic or financial stability; and

- (b) the estimated levels of expenditure or wages for the period as a result of the relevant circumstances under subsection (1) and the implications for the current fiscal year and the subsequent fiscal year.

(4) Where the Minister has suspended any fiscal rule, target or corrective measure established under section 7 or 8, the Minister shall immediately prepare and lay before the Houses of Parliament for approval a recovery plan memorandum pursuant to subsection (5).

(5) The recovery plan memorandum under subsection (4) shall set out the measures proposed to secure compliance with the fiscal rule, target or corrective measure at the expiration of the period for which Parliament approves the suspension of a fiscal rule, target or corrective measure established under section 7 or 8, including the size and nature of the revenue and expenditure measures.

(6) Subject to subsection (7), in the fiscal year immediately following the period for which fiscal rules and targets are suspended pursuant to this section, the Minister shall implement the measures approved by Parliament under the recovery plan memorandum to ensure full compliance with the fiscal rules and targets under sections 7 and 8.

(7) Where the Minister determines that resumption of the application of fiscal rules, targets or corrective measures at the expiration of the period stipulated in an Order made pursuant to subsection (1) would be unduly harmful to the public finances and macroeconomic or financial stability, the Minister may make a second Order to extend the period for which such fiscal rules and targets are suspended under this section by a period not exceeding one fiscal year.

(8) An Order made pursuant to subsection (7) shall, being accompanied by a memorandum pursuant to subsection (3), be subject to approval by Cabinet and subject to affirmative resolution of Parliament.

Recalibration of targets under the fiscal rules.

11.—(1) Upon achievement of the public debt target prescribed in section 8 (1), the debt-stabilising primary balance shall be recalibrated and every five fiscal years thereafter to ensure that the debt-stabilising primary balance is consistent with a sustainable level of public debt.

(2) As part of the annual budget and any supplementary budget, the Minister shall propose appropriate revenue or expenditure policies to achieve the recalibrated debt-stabilising primary balance to Parliament for approval and implementation over a period of three fiscal years.

(3) The recalibration shall account for—

- (a) the average real GDP growth rate since the fiscal year ended in December 2000 as a proxy for potential output; and
- (b) the average real effective interest rate for the preceding five years or the real effective interest rate for the next five years, as estimated by the Division of Economic Management and Planning, whichever is higher, in accordance with the First Schedule.

(4) Where, at the time of the recalibration, the average real GDP growth rate at constant market prices since the fiscal year ended December 2000 is greater or less

than two percent by more than half of a percent, the estimated real GDP growth rate used in the expenditure rule, in the wage rule, and in calculation of the debt-stabilising primary balance shall be recalibrated to reflect the expenditure and wage growth rates specified in paragraphs (a) and (b) respectively of section 7.

(5) During a period of transition to the lower primary balance as a result of—

- (a) recalibration of the debt-stabilising primary balance pursuant to section 11; or
- (b) achievement of the public debt target specified in section 8 (1) in the preceding fiscal year for the first time since the commencement of this Act and where a lower primary balance is needed to stabilise debt at the public debt target,

the Minister may adjust expenditures and revenues consistent with the new targeted primary balance in accordance with the First Schedule, with the expenditure rule suspended during this transition and only by the amount necessary to reach the new primary balance.

PART III

RESPONSIBILITIES FOR IMPLEMENTATION AND MONITORING FISCAL RESPONSIBILITY FRAME- WORK

12.—(1) The Minister—

- (a) shall take appropriate measures to ensure transparency in the Government's fiscal operations

Duties and powers of the Minister for implementation and reporting.

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- at every stage of the budget preparation and execution cycle, unless it is reasonably required to withhold publication of information in the interest of national security, or of financial or economic stability;
- (b) may request information from any legal person or legal entity and may request that any legal person or legal entity comply with any relevant provision of this Act;
 - (c) shall prepare and submit to Parliament, along with the presentation of the annual and any supplementary budget, a statement showing the progress made towards compliance with the fiscal rules and targets under sections 7 and 8, in the relevant financial year;
 - (d) shall, at the first sitting of every new Parliament, prepare and submit to Parliament, along with the presentation of the relevant budget and any supplementary thereof, a statement showing the progress made towards compliance with the fiscal rules and targets under sections 7 and 8; and
 - (e) shall prepare and submit to Parliament, with the annual Budget Bill, a fiscal risk statement that shall reflect all decisions by Cabinet and the Minister and circumstances that may have a material effect on the economic and fiscal outlook.
- (2) A report statement pursuant to subsection (1)(c) shall include—

- (a) a review of performance over the preceding two years in comparison with the fiscal rules and targets under sections 7 and 8;
 - (b) the notional compensation primary balance;
 - (c) explanations for every instance of underperformance or overperformance and implications for future years; and
 - (d) the manner in which the annual budget or supplementary budget laid before Parliament complies with the fiscal rules and targets, and reflects improvement required for full compliance.
- (3) A fiscal risk statement pursuant to subsection(1)
- (d) shall include—
- (a) the sensitivity of economic and fiscal forecasts to changes in the economic outlook and economic shocks;
 - (b) the exposure of the Government to contingent liabilities, including guarantees and obligations arising from judicial proceedings in progress;
 - (c) fiscal risks arising from the financial sector, statutory bodies, state-owned enterprises, public-private partnerships, and any other institutions;
 - (d) any commitment unaccounted for in the economic and fiscal forecasts;

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- (e) 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
 - (f) any measures implemented by Cabinet, or the Minister, to manage fiscal risks.
- (4) The Minister may, for the purpose of fulfilling his or her responsibilities under subsection (1)–
- (a) request any financial statement, data, or information associated with fiscal risks from any economic entity, any entity in the public sector or any entity receiving guarantees and loans from the Government; and
 - (b) request information from any domestic or regional authority, including the Eastern Caribbean Central Bank, Eastern Caribbean Securities Exchange, the Grenada Authority for the Regulation of Financial Institutions and any other supervisory entity responsible for the supervision of financial institutions or other business undertakings, about fiscal risks associated with any entity in Grenada under supervision by the domestic or regional authority.

Statistical data.

13.—(1) The Division of Economic Management and Planning shall produce all fiscal data necessary for compliance with the provisions of this Act on a timely and regular basis as may be prescribed by the Minister pursuant to section 16.

(2) The Statistical Office shall produce macroeconomic data that will be needed to meet the requirements of this Act on a timely and regular basis in accordance with the schedule to be specified in the Regulations to this Act.

(3) Where the Statistical Office is unable to produce the macroeconomic data in a timely manner, the Minister may rely on available estimates which in the professional opinion of the Minister are most credible and accurate in the circumstances.

(4) Where the Minister relies upon any estimate provided pursuant to subsection (2), the Minister shall disclose the source of the estimate in any communication or report that reflects the estimate.

14.—(1) There is hereby established the Fiscal Responsibility Oversight Committee.

Fiscal Responsibility Oversight Committee.

(2) The composition of the Fiscal Responsibility Oversight Committee and related matters are set out in the Second Schedule.

(3) The Fiscal Responsibility Oversight Committee shall—

- (a) monitor compliance with the fiscal rules and targets under sections 7 and 8;
- (b) lay before the House of Representatives for consideration, an annual report on the status of implementation of this Act; and
- (c) upon request by the House of Representatives, lay before the House of Representatives an assessment report on the degree to which economic forecasts set out in the

annual budget or supplementary budget, and supporting documents, comply with the provisions of this Act.

(4) An annual report pursuant to subsection (3) (b) shall include—

- (a) the progress made towards compliance with the fiscal rules and targets established under sections 7 and 8 with respect to the relevant financial year including where applicable a statement on compliance with a fiscal rule or target within the fiscal year;
- (b) outcomes and implications of implementation of this Act;
- (c) advice on measures that ensure compliance in accordance with provisions of this Act;
- (d) the occurrence of circumstances leading to the activation of the automatic correction mechanism for cases of significant observed deviations from the targets included in this Act or the adjustment path towards it in accordance with section 11, and any occurrence or cessation of such circumstances;
- (e) progress made in the period of adjustment towards ensuring that compliance with fiscal rules and targets is being made in accordance with the automatic correction mechanism.

(5) The Fiscal Responsibility Oversight Committee may request any additional information or documents for the purposes of carrying out its responsibilities under this section.

(6) Where the Fiscal Responsibility Oversight Committee lays before the House of Representatives a report pursuant to paragraph (b) or (c) of subsection (3)–

- (a) the House of Representatives shall cause a copy of the report of the Fiscal Responsibility Oversight Committee to be served on the Minister within seven days of receipt of the report and cause a copy to be published in the Gazette within seven days of receipt of the report;
- (b) the Minister shall make representations in the House of Representatives in response to the contents of the report, including any areas of non-compliance referred to in the report; and
- (c) the Public Accounts Committee, the Standing Orders Committee and the Standing Committee on Finance of Parliament shall proceed to examine the report together and the representations made by the Minister, and shall make recommendations to the House of Representatives on the implementation of measures to ensure compliance with the relevant provisions of this Act.

PART IV**MISCELLANEOUS**

Confidentiality.

15.—(1) In furtherance of this Act, the Minister may reserve any information which, in the opinion of the Minister—

- (a) is confidential commercial information; or
- (b) if disclosed, could prejudice national security or defence or have a substantial adverse effect on the Grenadian economy or the Government's ability to manage the Grenadian economy.

(2) A person with responsibility for or involved in management of public debt who discloses any information to any unauthorised person shall be subject to disciplinary action by the Public Service Commission including dismissal, and prosecution where appropriate, demotion, suspension, or other sanctions applicable to breach of any public financial management requirements under the Public Finance Management Act or other relevant law or administrative code of conduct.

Regulations.

16.—(1) The Minister may make regulations for the purpose of giving effect to the provisions of this Act.

(2) Without prejudice to the generality of subsection (1), the Minister may make regulations—

- (a) relating to the methodologies and procedures for the computation of the fiscal and other ratios to be used in the preparation of the reports required for measuring compliance with the provisions of sections 7 and 8 of this Act;

-
- (b) relating to the discharge of the responsibilities of accountable officers; and
 - (c) prescribing the operational guidelines for the preparation, submission and approval of public investment projects.

FIRST SCHEDULE

Formula for computing “Debt-Stabilising Primary Balance”

(Section 8)

The Debt-Stabilising Primary Balance shall be recalibrated using the following formula—

$$PB=(R-G)/(1+G)*D$$

Where:

- (i) PB is the debt-stabilising primary balance to GDP ratio
- (ii) R is the real effective interest rate
- (iii) D is the debt-to-GDP ratio
- (iv) G is the real GDP growth rate.

SECOND SCHEDULE

Fiscal Responsibility Oversight Committee

(Section 14)

1. Composition (1) The Fiscal Responsibility Oversight Committee shall consist of three members nominated by the House Committee of Parliament on the advice of the Director of Audit, with qualifications in the following areas—

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- (a) accounting,
 - (b) economics or business management,
 - (c) public administration, or
 - (d) law.

(2) The persons appointed shall select a Chairperson from their number.

(3) All persons appointed to the Fiscal Responsibility Oversight Committee shall hold office for as long as the appointing authority determines.

2. Secretariat. The Division of Economic Management and Planning of the Ministry shall provide secretariat support for the Fiscal Responsibility Oversight Committee.

3. Meetings. (1) The Fiscal Responsibility Oversight Committee shall meet as often as is necessary but at a minimum of three times a year;

(2) Subject to the provisions of this Act, the Fiscal Responsibility Oversight Committee shall regulate its own proceedings.

Passed by the House of Representatives this 29th day of May, 2015.

WILLAN THOMPSON

Clerk to the House of Representatives.

Passed by the Senate this 5th day of June, 2015.

WILLAN THOMPSON

Clerk to the Senate.

GRENADA

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