

**ACT NO. 34 OF 2021**

I assent.

J. K. KONROTE  
President

[30 July 2021]

## **AN ACT**

### **TO AMEND THE FINANCIAL MANAGEMENT ACT 2004**

ENACTED by the Parliament of the Republic of Fiji—

*Short title and commencement*

**1.—**(1) This Act may be cited as the Financial Management (Amendment) Act 2021.

(2) This Act comes into force on a date or dates appointed by the Minister by notice in the Gazette, except for section 35 which comes into force 2 years after the enactment of this Act.

(3) In this Act, the Financial Management Act 2004 is referred to as the “Principal Act”.

*Section 2 amended*

**2.** Section 2 of the Principal Act is amended by—

(a) in subsection (1)—

(i) in the definition of “borrowing”, deleting “(including by way of bonds or treasury bills)” and substituting “, issuance of debt security”;

(ii) after the definition of “control”, inserting the following new definition—

““debt security” means any bond, note, debenture, bill of exchange, treasury bill or any other security representing part of government debt;”;

- (iii) after the definition of “department”, inserting the following new definition—
  - ““economic shock” means a pandemic, a climate-related event or any unforeseen event that significantly threatens, or has a large-scale adverse impact on, Fiji’s economy;”;
- (iv) after the definition of “Government company”, inserting the following new definition—
  - ““internal auditor” means a person who conducts an internal audit of an entity by gathering relevant and objective information in relation to the entity and independently and objectively evaluating the operations of the entity;”;
- (v) after the definition of “loss”, inserting the following new definitions—
  - ““medium term” means not less than 3 years and not more than 5 years or any other term as may be prescribed by the Minister in the Finance Instructions;
  - “Minister” means the Minister responsible for finance;”;
- (vi) deleting the definition of “permanent secretary” and substituting the following—
  - ““permanent secretary”, in relation to a department, means the person who is responsible under section 127 of the Constitution of the Republic of Fiji for the management of the department;”;
- (vii) after the definition of “person”, inserting the following new definition—
  - ““Procurement Regulations” means the regulations issued under section 30 and in force for the time being;”;
- (viii) deleting the definition of “public money” and substituting the following—
  - ““public money” means all money received by or on behalf of the Government, including the proceeds of all loans raised on behalf of the Government, State revenue and any other money that the Minister or the permanent secretary responsible for finance directs to be paid into any bank account held by the Government, but does not include trust money;”;
- (ix) in the definition of “standard expenditure group”, deleting “annual”;
- (x) in the definition of “State revenue”—
  - (A) in paragraph (a) after “fees”, inserting “and charges”;
  - (B) in paragraph (f), deleting “,” and substituting “;”; and

- (C) after paragraph (f), inserting the following new paragraph—
  - “(g) dividends from government investments, profits and repatriation from the Reserve Bank of Fiji, interest income, receipt from repayment of loans and reimbursements,”; and
- (xi) after the definition of “statutory authority”, inserting the following new definition—
  - ““Supplementary Appropriation Act” means an Appropriation Act that has been introduced in Parliament as a Bill as part of the budget papers for a supplementary budget under section 13B;”; and
- (b) in subsection (3) after “fee”, inserting “or charge”.

*Section 5 amended*

- 3. The Principal Act is amended by deleting section 5 and substituting the following—

*“Principles of responsible fiscal management*

5. The management of the public finances of the Republic of Fiji, including the preparation and execution of a budget, is to be guided by the following principles—

- (a) Accountability: the Government is accountable to Parliament for the way it carries out its responsibilities in relation to the management of public finances;
- (b) Comprehensiveness: all revenue and expenditure must be included and appropriated in the budget and recorded on a gross basis;
- (c) Fiscal discipline: the budget must be prepared in accordance with a medium term fiscal framework and the Government must ensure that it meets its fiscal objectives as specified in the fiscal strategy subject to economic shocks;
- (d) Specificity: all expenditure of budget sector agencies must be made solely for the specific purpose of appropriations;
- (e) Sustainability: the budget must achieve and maintain a prudent level of outstanding government debt and an appropriate balance between revenue and expenditure subject to economic shocks;
- (f) Transparency: the roles of those entrusted with financial management functions must be clearly specified in this Act or any subsidiary legislation made under this Act, and timely and reliable financial information on the budget, budget sector agencies and off-budget State entities must be made publicly available; and
- (g) Value for money: all expenditure of budget sector agencies must be made through the effective, efficient, economical, equitable and ethical utilisation of financial and non-financial resources to achieve the best possible development outcomes over the life of an activity related to the expenditure.”.

*Section 6 amended*

4. The Principal Act is amended by deleting section 6 and substituting the following—

*“General responsibility of the Minister on fiscal management*

6. The Minister is responsible for managing the financial affairs of the Government in accordance with the requirements of the Constitution of the Republic of Fiji, this Act and the principles of responsible fiscal management, including the following—

- (a) managing revenue and expenditure in such a way as to achieve prudent levels of debt;
- (b) managing prudently the fiscal risks of the Government;
- (c) ensuring that a fiscal strategy considers the likely impact of the fiscal strategy on present and future generations and the interaction between fiscal policy and monetary policy; and
- (d) ensuring that the Government’s financial resources are managed effectively and efficiently.”.

*Section 6A inserted*

5. The Principal Act is amended after section 6 by inserting the following new section—

*“Responsibilities of permanent secretary responsible for finance*

6A. Subject to the provisions of this Act, the permanent secretary responsible for finance is responsible for the following—

- (a) performing the functions and duties specified under this Act and any subsidiary legislation made under this Act to be the functions and duties of the permanent secretary responsible for finance;
- (b) the administration of the Ministry;
- (c) advising the Minister on matters pertaining to the implementation of this Act and any subsidiary legislation made under this Act; and
- (d) assisting the Minister in the discharge of his or her responsibilities under this Act and any other written law.”.

*Section 7 amended*

6. Section 7 of the Principal Act is amended by—

- (a) in the heading, deleting “financial” and substituting “fiscal”; and
- (b) deleting “financial management” wherever it appears and substituting “fiscal management”.

*Section 10 amended*

**7.** Section 10 of the Principal Act is amended by deleting subsection (3) and inserting the following new subsections—

“(3) Notwithstanding subsection (2), upon the dissolution of a trust, any trust money remaining, that is unclaimed for a period of one year after having become repayable to the depositor or payable to any other person entitled thereto, is, subject to any written law dealing with such trust, together with interest, if any, deemed to be public money and must be paid into the Consolidated Fund.

(4) If any person claims any trust money which has been deemed to be public money under this section, and establishes a claim to the satisfaction of the permanent secretary responsible for finance, the money must be paid to that person out of the Consolidated Fund, without further appropriation than this Act.

(5) Other money within the meaning of this Act may, subject to the Finance Instructions, be paid into the Consolidated Fund.”.

*Section 12 inserted*

**8.** The Principal Act is amended before section 13 by inserting the following new section—

*“Fiscal strategy*

12.—(1) The Ministry must prepare a fiscal strategy which—

- (a) is to be based on the principles of responsible fiscal management;
- (b) sets out the Government’s fiscal objectives for the medium term;
- (c) sets out the Government’s financial targets or limits for the medium term, relating to—
  - (i) revenue, expenditure and borrowing as a proportion of gross domestic product;
  - (ii) government debt stock and government debt servicing as a proportion of gross domestic product; and
  - (iii) contingent liabilities as a proportion of gross domestic product;
- (d) reviews the performance of the previous 2 financial years against the financial targets or limits for the medium term and includes a statement comparing the financial targets or limits with, for each type of financial target or limit, the actual results for the previous 2 financial years; and
- (e) reviews the performance of the current financial year against the financial targets or limits for the medium term and includes a statement comparing the financial targets or limits with an estimate of the results for the current financial year.