

FISCAL RESPONSIBILITY ACT
ARRANGEMENT OF ACT

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CHAPTER 534

FISCAL RESPONSIBILITY ACT

To provide for fiscal responsibility and for matters ancillary or related thereto.

8th August, 2014

ACT XXVII of 2014 as amended by Act *VII of 2018*.

PART I

PRELIMINARY

Short title.

1. The short title of this Act is the Fiscal Responsibility Act.

Interpretation.

2. (1) In this Act, unless the context otherwise requires -

"1997 Excessive Deficit Regulation" means [Council Regulation \(EC\) No. 1467/97](#) of 7 July 1997 as amended by [Council Regulation \(EC\) No. 1056/2005](#) of 27 June 2005 and [Council Regulation \(EU\) No. 1177/2011](#) of 8 November 2011;

"1997 Surveillance and Coordination Regulation" means [Council Regulation \(EC\) No. 1466/97](#) of 7 July 1997, as amended by [Council Regulation \(EC\) No. 1055/2005](#) of 27 June 2005 and [Regulation \(EU\) No. 1175/2011](#) of 16 November 2011;

"2009 Regulation" means [Council Regulation \(EC\) No. 479/2009](#) of 25 May 2009, as amended by [Council Regulation \(EU\) No. 679/2010](#) of 26 July 2010;

"2013 Regulation" means [Regulation \(EU\) No. 473/2013](#) of 21 May 2013;

"annual structural balance of the general government", in relation to a year, means the general government deficit or general government surplus for the year, cyclically adjusted and net of one-off and temporary measures, expressed as a percentage of gross domestic product at market prices;

"Budget" means the budgetary estimates, presented to the House of Representatives in respect of any financial year, of the expenditure and revenue for the service of that financial year and includes any supplementary estimates of expenditure for which it may be necessary to provide after the estimates have been presented to the House of Representatives;

"budgetary rule" shall be construed in accordance with article 8;

"cyclically-adjusted" means adjusted to take account of effects estimated to be due to the operation of the economic cycle;

"European System of Accounts" means the European system of national and regional accounts in the Community as provided for under [Council Regulation \(EC\) No. 2223/96](#) of 25 June 1996, as it has effect as amended from time to time;

"exceptional circumstances" means:

- (a) a period during which an unusual event outside the control of the State has a major impact on the financial position of the general government, or
- (b) a period of severe economic downturn, within the meaning of the Stability and Growth Pact;

"fiscal stance" means the change in the annual structural balance of the general government, excluding interest payments on the general government debt expressed as a percentage of gross domestic product at market prices, for a year relative to the preceding year;

"general government", in relation to the State, shall be construed in accordance with the European System of Accounts;

"general government debt", in relation to a year, means the total gross debt at nominal value of the general government of the State which is outstanding at the end of the year, as arrived at in accordance with the [2009 Regulation](#);

"general government deficit", in relation to a year, means the net borrowing of the general government of the State for the year, as arrived at in accordance with the [2009 Regulation](#);

"general government surplus", in relation to a year, means the net lending of the general government of the State for the year, as arrived at in accordance with the [2009 Regulation](#);

"Government" means the Government of Malta unless otherwise specified;

"gross domestic product at market prices", in relation to a year, means gross domestic product of the State for the year at market prices, as arrived at in accordance with the European System of Accounts;

"House of Representatives" has the meaning as it has for the purposes of the [Constitution of Malta](#);

"Malta" has the same meaning as is assigned to it by article 124 of the [Constitution of Malta](#);

"medium-term budgetary objective" means the medium-term budgetary objective required by the [Council Regulation \(EC\) No. 1466/97](#);

"Minister" means the Minister responsible for Finance;

"National Audit Office" means the National Audit Office set up by article 108 of the Constitution;

"official forecasts" means the macroeconomic and budgetary forecasts published by the Ministry for Finance for the purposes of fiscal planning;

"Stability and Growth Pact" means the [Council Regulation \(EC\) No. 1466/97](#), the [Council Regulation \(EC\) No. 1467/97](#) and the Resolution of the European Council of 17 June 1997 on the Stability and Growth Pact;

"stability programme" means the stability programme required by Article 3(1) of the [Council Regulation \(EC\) No. 1466/97](#);

"subsector", in relation to the general government, shall be construed in accordance with the European System of Accounts;

"Supplementary estimate" shall have the same meaning assigned to it by article 103 of the [Constitution of Malta](#).

(2) A word or expression used in this Act and in the Treaty on Stability, Coordination and Governance has, unless the contrary intention appears, the same meaning in this Act as in the Treaty on Stability, Coordination and Governance.

Fiscal Responsibility

3. The Government shall define and carry out its fiscal and budgetary policies according to the following principles:

- (a) the principle of transparency whereby in setting out the budgetary targets and objectives and in carrying out its fiscal and budgetary policies, the Government has the obligation to make public all the information necessary to allow the assessment of the implementation of such fiscal and budgetary policies, the respective outcomes and the stance of central and local finances. In furtherance of this principle, Government shall, at the time of the presentation of its annual budget, disclose in statement form:
 - (i) any significant changes in the accounting standards, policies and practices affecting or likely to affect the computation of the prescribed fiscal indicators;
 - (ii) as far as is practicable and, consistent with the protection of the public interest, the contingent liabilities created by way of guarantees, the actual liabilities arising out of borrowings by Public Sector Undertakings and Special Purpose Vehicles and other equivalent instruments where liability for repayment is on the Government; all claims and commitments made by Government having potential budgetary implications, including revenue demands raised but not realised;
- (b) the principle of stability whereby Government shall carry out its fiscal and budgetary policy in a manner that will ensure medium-term predictability, consistent with the objective of maintaining macro-economic stability;
- (c) the principle of fiscal responsibility whereby Government shall carry out its fiscal and budgetary policy and manage budgetary resources, obligations and fiscal risks in a manner that ensures the sustainability of the fiscal position in the medium and long term such that the Government is able to manage financial risks and unforeseen events in future periods without having to introduce economically or socially destabilizing expenditure or revenue adjustments;

Fiscal
responsibility.
Amended by:
VII.2018.84.

- (d) the principle of equity whereby Government shall conduct its budgetary and fiscal policies taking into account the potential financial impact on current and future generations as well as the impact on medium and long term economic development while ensuring that the current generation funds the costs of its services;
- (e) the principle of efficiency whereby the Government's fiscal and budgetary policies shall be aimed at achieving an efficient use of scarce public resources requiring that economic efficiency is considered in defining fiscal policies and that public investment decisions, including those related to EU funded initiatives or other donors, are based *inter alia* on an economic appraisal as well as the assessment of the capacity to absorb the relevant funding levels;
- (f) the effective management of personnel spending whereby public sector employment and pay policies in respect of Ministries, Departments, public sector authorities, entities and agencies and Local Councils, except where expressly excluded by the Minister for Finance, shall be consistent with the fiscal and budgetary targets set out in the Medium Term Fiscal Strategy;
- (g) the principle of effective financial and asset management whereby Government shall implement its fiscal and budgetary policies according to the best practices for sound and effective financial and asset management. In furtherance of this principle, there shall be instituted a system of performance management and reporting, asset registers and the policies and procedures regulating the acquisition, use and disposal thereof, policies regulating funding decisions and risk management policies and practices.

4. The principles referred to in article 3 shall be equally applicable to the Local Councils, public sector authorities, entities and agencies that are fully or partially financed from the Consolidated Fund.

Applicability of principles.

Objectives of Fiscal and Budgetary Policy

5. Government shall pursue its fiscal and budgetary policy objectives, and formulate and execute its annual fiscal strategy in accordance with the fiscal rules specified in this Act.

Fiscal and budgetary policy objectives.

6. The objectives of fiscal policy shall be, but not limited, to:

Objectives.

- (a) achieve a balanced general government budget over the economic cycle;
- (b) maintain the public debt at sustainable levels over the medium and long term;
- (c) ensure and enable access to the broadest possible investor base for Government borrowing at the least possible cost over the medium to long term, within

tolerable levels of risk;

- (d) exercise prudent management of public sector assets, liabilities, and fiscal risks;
- (e) maintain an adequate level of fiscal reserves to service the public debt;
- (f) maintain the balance between revenue receipts and the revenue expenditure;
- (g) ensure certainty and predictability in the level of tax rates and composition of the tax base;
- (h) ensure that, as far as is reasonable and practicable, Government borrowing is used for productive purposes and the accumulation of capital assets, and not to finance recurrent expenditure;
- (i) manage Government guarantees and other contingent liabilities prudently with particular reference to the quality and level of such liabilities;
- (j) maintain the integrity of the tax systems by ensuring that special incentives, concessions and exemptions are kept at the appropriate level;
- (k) pursue tax policies with due regard to economic efficiency and compliance costs;
- (l) pursue non-tax revenue policies with due regard to cost recovery and equity;
- (m) pursue revenue and expenditure policies that would support economic growth, social equity and the general well-being of the population;
- (n) build up a revenue surplus for use in capital formation and productive expenditure;
- (o) disclose sufficient information to allow the public to scrutinize the conduct of fiscal policy and the state of the public finances;
- (p) ensure that Government uses resources and public assets in ways that give best value for money and in the best possible manner;
- (q) minimize the fiscal risks associated with the running of public sector undertakings and utilities providing public goods and services;
- (r) manage expenditure consistent with the level of revenue generated;
- (s) formulate budgets in a realistic and objective manner with due regard to the general economic outlook and revenue prospects, and minimize deviations during the course of the year;
- (t) ensure the discharge of current liabilities in a timely manner.

PART II

FISCAL RULES

7. (1) The Government shall endeavour to secure that:
- (a) the requirement imposed by article 8, and
 - (b) the requirement imposed by article 9,
- which derive from Articles 3 and 4 respectively of the Treaty on Stability, Coordination and Governance, are complied with.
- (2) The official forecasts shall set out the data required to assess whether the requirement specified in sub-article (1)(a) is complied with.
8. (1) The budgetary rule is that for each year either:
- (a) the budget condition, as set out in sub-article (2), or
 - (b) the adjustment path condition, as set out in sub-article (4),
- is satisfied.
- (2) The budget condition is that either:
- (a) the budgetary position of the general government is in balance or in surplus, or
 - (b) the requirement in paragraph (a) is not met only as a result of exceptional circumstances and the failure to meet it does not endanger fiscal sustainability in the medium-term.
- (3) The requirement in sub-article (2)(a) shall be deemed to be respected if the annual structural balance of the general government is at the medium-term budgetary objective.
- (4) The adjustment path condition is that either:
- (a) the annual structural balance of the general government is converging towards the medium-term budgetary objective in line with the timeframe set in accordance with the [Council Regulation \(EC\) No. 1466/97](#), or
 - (b) the requirement in paragraph (a) is not met only as a result of exceptional circumstances and the failure to meet it does not endanger fiscal sustainability in the medium-term.
9. When the ratio of general government debt to gross domestic product at market prices exceeds 60 per cent, the ratio shall be reduced in accordance with the [Council Regulation \(EC\) No. 1467/97](#) until the ratio reaches 60 per cent.
10. (1) Subject to the provisions of sub-article (2), the lower limit of the medium-term budgetary objective shall be an annual structural balance of the general government of minus 0.5 per cent of gross domestic product at market prices.
- (2) If the ratio of general government debt to gross domestic product at market prices is significantly below 60 per cent, and the

Requirements of the Treaty on Stability, Coordination and Governance.

Budgetary rule.

Ratio of general government debt to gross domestic product.

Lower limit of the medium-term budgetary objective.

risks in terms of long-term sustainability of public finances are low, the lower limit of the medium-term budgetary objective shall be an annual structural balance of the general government of minus 1 per cent of gross domestic product at market prices.

European
Commission
warning.

11. (1) If the European Commission addresses a warning to the Malta under Article 6(2) of the [Council Regulation \(EC\) No. 1466/97](#) or if the Government considers that there is a failure to comply with the budgetary rule which constitutes a significant deviation for the purposes of Article 6(3) of that Regulation, the Government shall, within two months, prepare and lay before House of Representatives a plan specifying what is required to be done for securing compliance with the budgetary rule.

(2) The plan shall:

- (a) specify the period over which compliance with the budgetary rule is to be achieved,
- (b) if that period is longer than a year, specify annual targets to be met in moving towards such compliance,
- (c) specify the size and nature of the revenue and expenditure measures that are to be taken to secure such compliance, and
- (d) outline how any revenue and expenditure measures that are to be taken will relate to different subsectors of the general government.

(3) The provisions made by the plan shall be consistent with:

- (a) the rules of the Stability and Growth Pact,
- (b) any recommendations made to Malta under the Stability and Growth Pact in relation to the period over which compliance with the budgetary rule is to be achieved and the size of measures to be taken to secure such compliance, and
- (c) the current stability programme.

(4) If the Government considers that exceptional circumstances have arisen during the period specified in the plan, the things specified in the plan shall no longer be required to be done; but when the Government considers that the exceptional circumstances have ceased to exist, the Government shall, unless there is no longer a failure such as is mentioned in sub-article (1), within two months prepare and lay before the House of Representatives a new plan under that sub-article.

(5) If the Government considers that a failure to comply with the budgetary rule is likely to occur, the Government may, within two months, prepare and lay a statement before the House of Representatives outlining the steps the Government intends to take to avoid such a failure.

PART III

MONITORING OF FISCAL RULES AND ENDORSEMENT
OF OFFICIAL FORECASTS

12. The Ministry for Finance shall be responsible to publish official forecasts to be used in the context of the national medium-term fiscal plan and the draft budget, and such forecasts must also be submitted simultaneously to the Fiscal Council endorsement for the purposes of the [2013 Regulation](#).

Official forecasts.

13. (1) The Fiscal Council shall monitor, and at least once in each year provide an assessment of, whether any obligation under articles 7(1)(a) or 11(1), or to do things specified in a plan under article 11(2), is being complied with.

Monitoring by the
Fiscal Council.
Amended by:
VII.2018.85.

Provided that, in the first year after the coming into force of this Act, and, if the Council is not yet constituted, the monitoring and assessment exercise shall be carried out by competent experts identified by the National Audit Office, selected on the basis of their knowledge, experience and independence. In the selection or appointment of such officials the National Audit Office shall have regard to the desirability of their having competence and experience in domestic or international macroeconomic or fiscal matters.

(2) An assessment under sub-article (1) shall include an assessment of whether, in the opinion of the Fiscal Council:

- (a) exceptional circumstances exist or have ceased to exist,
- (b) there is a failure such as is referred to in article 11(1), and
- (c) during any period specified in a plan under article 11(2), progress towards securing compliance with the budgetary rule is being made in accordance with the plan.

(3) The Fiscal Council shall:

- (a) endorse, as it considers appropriate, the macroeconomic and fiscal forecasts prepared by the Ministry for Finance and provide an assessment of the official forecasts, and
- (b) analyse and assess whether the Government's Medium Term Fiscal Policy Statement and Medium Term Fiscal Policy Strategy are compliant with the provisions of the Act, issue an opinion and any appropriate recommendations;
- (c) in relation to each National Medium Term Fiscal Plan, Stability Programme, Annual Draft Budget and Annual Budget, provide an assessment of whether the fiscal stance for the year or years concerned is, in the opinion of the Fiscal Council, conducive to prudent economic and budgetary management, and in conformity with the provisions of this Act, including by reference to the provisions of the Stability and Growth Pact;

- (d) assess the Government's budgetary performance against the fiscal targets and policies specified in the Medium Term Fiscal Strategy and its compliance with the provisions of this Act;
- (e) analyse and issue an opinion and any recommendations pursuant to the Government's publication of the half-yearly and the annual report on the execution of the budget including an *ex post* evaluation of macroeconomic and fiscal forecasts;
- (f) provide information and advice to Government and the Public Accounts Committee concerning any legislative proposals on the maintenance of fiscal discipline and the transparency of the fiscal and the budgetary policies and processes.

(4) The Fiscal Council shall, as soon as is practicable after completing an assessment under this article, give a copy of the assessment to the Minister and publish the assessment within the period of ten days beginning on the day on which the copy is so given.

(5) The Fiscal Council shall be responsible to arrange for the dissemination in such form and manner, as considered appropriate, of such information as it may appear expedient, to give to the public:

- (a) a fair representation of the medium-term sustainability of government finances and;
- (b) a sufficient understanding of whether any obligation under articles 7(1) or 11(1), or to do things specified in a plan under article 11(2), is being complied with.

(6) The opinions and the recommendations of the Fiscal Council shall be considered by Government when preparing and approving its Medium Term Fiscal Strategy and the annual budget.

(7) If the Government does not accept an assessment of the Fiscal Council in relation to any of the matters referred to in sub-article (2), the Minister shall, within two months of being given a copy of the assessment under sub-article (4), prepare and lay before the House of Representatives a statement of the Government's reasons for not accepting it.

PART IV

BUDGETARY PROCESS

Business and Financial Plans

14. (1) Each Ministry, Department, Public Sector Authority, Entity and Agency, and Local Council that are in receipt of a Government subvention shall prepare a three-year rolling Business and Financial Plan as prescribed, from time to time, by the Minister for Finance. Such plans shall be submitted to the Ministry for Finance. Business and Financial Plans shall be based on the most recently announced Medium Term Fiscal Strategy.

(2) The Ministry for Finance may issue guidelines for the

preparation of the Business and Financial Plans.

(3) Responsibility for the preparation of the Business and Financial Plans or failure thereof rests entirely with the respective Ministry, Department, Public Sector Authority, Entity and Agency and Local Council. Failure to submit a Business and Financial Plan by any Ministry, Department, Public Sector Authority, Entity and Agency and Local Council automatically gives the right to the Ministry for Finance to allocate funds upon its own discretion.

(4) The Ministry for Finance may propose amendments in the Business and Financial Plans where it deems it necessary in order to ensure compliance with Government's Medium Term Fiscal Strategy as defined by this Act, including compliance with the fiscal rules and spending targets. Where necessary, proposed amendments shall be submitted to the respective Ministry, Department, Public Sector Authority, Entity and Agency, and Local Council that are in receipt of a Government subvention.

(5) The Ministry, Department, Public Sector Authority, Entity and Agency, and Local Council that are in receipt of a Government subvention that receive a revised business and financial plan shall either endorse the proposal of the Ministry for Finance or provide a detailed reply highlighting any disagreements with the proposal. The reply should be sent to the Ministry for Finance on the first week of September. Failure to send a reply in the due time shall be deemed to constitute a *prima facie* acceptance of the proposed revision by the Ministry for Finance.

Medium Term Fiscal Strategy

15. (1) In every financial year, the Government shall lay on the table of the House, the Medium Term Fiscal Strategy made up of a Medium Term Fiscal Policy Statement and the Fiscal Policy Strategy.

Medium term
fiscal strategy.
Amended by:
VII.2018.86.

(2) The Medium Term Fiscal Policy Statement shall set forth the Government's fiscal objectives, strategic priorities and a three-year rolling target for fiscal management together with a description of any underlying assumptions.

The macroeconomic and fiscal forecasts shall be endorsed by the Fiscal Council and made public.

(3) In particular, and without prejudice to the provisions of sub-article (2), the medium term fiscal policy statement shall include an assessment of sustainability relating to:

- (a) the balance between revenue receipts and expenditure;
- (b) the use of capital receipts including open market borrowings for generating productive assets; and
- (c) the estimated yearly pension liabilities worked out on actuarial basis, for the next ten years, within such period as Government may, by order, specify.

(4) The macroeconomic framework underlying the Medium Term Fiscal Policy Statement shall contain information on the macroeconomic situation and forecasts for:

- (a) the current budget year and at least the next three

financial years and actual out-turns for the two previous budget years;

- (b) the gross domestic product and its components;
- (c) consumer prices and the gross domestic product deflator;
- (d) employment and unemployment;
- (e) the current account position of the balance of payments;
- (f) the methodologies, assumptions and relevant parameters underlying the forecasts;
- (g) a statement of the consistency or differences with the forecasts from the European Commission, and, if appropriate, those of other independent bodies, including a comparison of the main economic assumptions;
- (h) an ex-post evaluation based on objective criteria, of macroeconomic forecasts of at least four years, clearly identifying forecast errors and biases. The evaluation is to be made public.

(5) The fiscal framework underlying the Medium Term Fiscal Policy Statement shall contain actual results for the two previous budget years, estimated results for the current budget year, spending ceilings for the forthcoming budget year and two further years conditional on the revenue forecasts and consistent with the fiscal rules, and covering:

- (a) the total balance of the general government budget as a percentage of Gross Domestic Product (GDP);
- (b) the total of the general government recurrent expenditure as a percentage of Gross Domestic Product (GDP);
- (c) the total of general government capital expenditure as a percentage of Gross Domestic Product (GDP);
- (d) personnel expenses for the general government budget as a percentage of Gross Domestic Product (GDP);
- (e) the ceilings on the issuance of guarantees by the Government through the Ministry for Finance;
- (f) the primary balance of the general government budget.

(6) The fiscal framework in the Medium Term Fiscal Policy Statement shall also contain:

- (a) updated forecasts for the current budget year and three further years and actual results for the two previous budget years for the general government budget and other budgets specified in the general government budget for:
 - (i) level of budgetary revenues by classification of the main categories of revenues;
 - (ii) level of budgetary expenditures by economic

- and functional classifications;
 - (iii) the balance between total operating expenses and total operating revenues;
 - (iv) the contingency reserve;
 - (v) capital expenditures;
 - (vi) level of general government debt;
 - (vii) any other information which the Minister for Finance may determine as material to the medium term fiscal strategy;
 - (viii) key assumptions on which the above numbers are based; and
 - (ix) sensitivity analysis based on objective criteria, taking account of possible changes in macroeconomic conditions, including growth and interest rates. The sensitivity analysis shall be guided by the performance of past forecasts and shall endeavour to take into account relevant risk scenarios.
- (b) an explanation of the fiscal policies in relation to fiscal responsibility principles and fiscal rules, and any temporary measures to be implemented to ensure compliance;
- (c) an analysis and explanation of medium term fiscal policies with an impact on general government finances broken down into:
- (i) revenue policy, including planned changes to taxes and policies affecting other revenues;
 - (ii) deficit and debt policy, including an analysis of debt sustainability; and
 - (iii) expenditure policy, including expenditure priorities aggregate expenditure intentions, including for the general government budget and other budgets; and expenditure ceilings and other targets or limits implied by or required by the fiscal rules;
- (d) a description of how medium term fiscal targets comply with the required adjustment towards the medium term budgetary objectives compliant with the provisions of this Act;
- (e) a fiscal risk statement, based on the independent assessment by the Fiscal Council of the official forecasts produced by virtue of article 13(3)(a) and taking into account the *ex post* assessment of the Fiscal Council produced by virtue of article 13(3)(e), including any commitments and contingent liabilities not included in the fiscal forecasts, and all other circumstances which may have a material effect on the fiscal and economic forecasts and which have not already been incorporated into the fiscal forecasts, as well as information on the losses and outstanding payments of

the state-owned enterprises;

- (f) an account of current and future actions to be taken following any identification of significant bias in macroeconomic forecasts pursuant to sub-article (4)(h);
- (g) an analysis of the consistency of the updated medium term fiscal strategy with the previous medium term fiscal strategy, providing an explanation of significant changes;
- (h) projections of each major expenditure and revenue item of the general government with more specifications on the central government and social security level, for the budget year and the following three years based on unchanged policies.

(7) The Medium Term Fiscal Policy Strategy shall set out an aggregated level of the Government's spending plans for the forthcoming budget year, the three subsequent years, estimated actual results for the current year, and actual results for the two previous years containing:

- (a) expenditure priorities and their rationale, including an explanation of how the Government intends to improve policy, the efficiency, effectiveness and equity of service delivery, the quality of its regulatory activities, and its initiatives to reduce barriers to business and encourage private sector growth in various sectors;
- (b) the public investment program, including the Government priorities and its justifications for same.

(8) The Medium Term Fiscal Policy Strategy shall contain a statement of responsibility signed by the Prime Minister and the Minister for Finance attesting to the reliability and completeness of the information in the medium term fiscal strategy and compliance with principles of fiscal responsibility.

(9) Pursuant to the [2013 Regulation](#), the National Medium Term Fiscal Plan, to be published ideally by the 15th April but not later than the 30th April, shall be based on the Medium Term Fiscal Policy Statement and Fiscal Policy Strategy updated with the latest official forecasts as appropriate.

Annual Draft Budget

16. (1) The Ministry for Finance shall prepare a Draft Budgetary Plan for the forthcoming year based on the Medium Term Fiscal Plan projections as updated by the most up to date macroeconomic projections.

(2) The draft budgetary plan shall contain the following information for the forthcoming year:

- (a) the targeted budget balance for the general government as a percentage of Gross Domestic Product (GDP), broken down by subsector of general government;
- (b) the projections at unchanged policies for expenditure

and revenue as a percentage of Gross Domestic Product (GDP) for the general government and their main components, including gross fixed capital formation;

- (c) the targeted expenditure and revenue as a percentage of Gross Domestic Product (GDP) for the general government and their main components, taking into account the conditions and criteria to establish the growth path of government expenditure net of discretionary revenue measures under Article 5(1) of the [Council Regulation \(EC\) No. 1466/97](#);
 - (d) relevant information on the general government expenditure by function, including on education, healthcare and employment, and, where possible, indications on the expected distributional impact of the main expenditure and revenue measures;
 - (e) a description and quantification of the expenditure and revenue measures to be included in the draft budget for the year to come at the level of each subsector in order to bridge the gap between the targets referred to in paragraph (c) and the projections at unchanged policies provided in accordance with paragraph (b);
 - (f) the main assumptions of the independent macroeconomic forecasts and important economic developments which are relevant to the achievement of the budgetary targets;
 - (g) a sensitivity analysis based on objective criteria, of the budgetary targets taking account of possible changes in macroeconomic conditions, including growth and interest rates. The sensitivity analysis shall be guided by the performance of past forecasts and shall endeavour to take into account relevant risk scenarios;
 - (h) an annex containing the methodology, economic models and assumptions, and any other relevant parameters underpinning the budgetary forecasts and the estimated impact of aggregated budgetary measures on economic growth;
 - (i) indications on how reforms and measures in the draft budgetary plan, including in particular public investment, address the current recommendations to Malta in accordance with Articles 121 and 148 of the Treaty on the Functioning of the European Union and are instrumental to the achievement of the targets set by the Union's strategy for growth and jobs.
- (3) The Draft Budgetary Plan shall be submitted to the Fiscal Council for endorsement and shall thereafter be made public.
- (4) In addition the Ministry for Finance shall compile a Report containing -
- (a) the detailed reply referred to in article 14(5) highlighting any disagreements with the proposed

business and financial plan,

- (b) the list of disputed budgetary allocation, the fiscal impact of every disputed budgetary allocation, and proposal by the Ministry for Finance to reject the request or to accept subject to the financing of the additional allocation either through a detailed revenue measure proposal or through an expenditure reduction elsewhere in the budget.

(5) The Draft Budget Plan and the Report referred to in sub-article (4) shall be submitted by the Minister for Finance to Cabinet. Deliberations shall be made in due consideration of the provision of this Act and shall constitute the basis for the presentation of the Budget.

Annual Budget

Annual Budget.
Amended by;
VII.2018.88.

17. (1) The Government shall present an annual Budget to the House that is consistent with the fiscal responsibility principles, the fiscal rules, the Medium Term Fiscal Strategy and any other requirements in this Act, including a sensitivity analysis as specified in article 16(2)(g). The Prime Minister and Minister for Finance shall sign a statement attesting to such consistency which shall be presented to the House with the Annual Budget.

(2) The Budget shall supersede any business plan or draft budget plan.

(3) Earmarking a specific level of funding to a Ministry or sector shall not be permitted, except where permanently appropriated by the House of Representatives. Allocations of budget funding to a Ministry or sector can only be made through the annual budget process.

(4) The Ministry for Finance shall have the power to request amendments to any budgetary proposals or to reject all requests for budgetary allocations that would not be compliant with Government's Medium Term Fiscal Strategy and any instructions that may be issued, from time to time, by the Minister for Finance. If any spending authority fails to amend its budget proposal in conformity with the issued instructions, the Ministry for Finance shall have the power to unilaterally amend the budget proposal for inclusion in the annual budget.

(5) If the Government considers that exceptional circumstances as defined by this Act exist and, by virtue of these exceptional circumstances, it is unable to comply with the requirements of sub-article (4), the Prime Minister and Minister for Finance shall prepare and provide a statement that would give explanations for the deviations. This statement shall be presented to the House of Representatives with the Annual Budget and shall include proposals and a timeframe within which Government would comply with the fiscal responsibility principles, the fiscal rules, the Medium Term Fiscal Strategy and the other requirements of this Act, once exceptional circumstances cease to exist.

(6) The Fiscal Council shall provide an opinion on the statement specified in sub-article (5).

(7) The Annual Budget Act shall be consistent with the Medium Term Fiscal Strategy and with the provisions of this Act and shall present:

- (a) the fiscal targets for the forthcoming fiscal year and the two following years, in nominal terms and expressed as a share of Gross Domestic Product (GDP), for the general government budget balance, the primary general government budget balance, revenue and total expenditure and primary expenditure of the general government budget;
- (b) the level of public debt;
- (c) information on how the targets were set, including the presentation of the methodology used for calculating and comparing with their execution in the last two years;
- (d) presentation of the financial impact of any legislative changes and any compensatory measures to be taken.

Budgetary Expenditures

18. The proponents of project, policy and programme initiatives and measures that involve new or increased public expenditure shall provide the Ministry for Finance with:

Budgetary expenditures.

- (a) a detailed description of the proposed project or program and of its objectives and likely outcomes and impact;
- (b) a detailed financial statement, including any assumptions and any related calculation methodology, that would identify all capital and recurrent cost expenditures for the implementation of the project policy or programme;
- (c) a description of how the proposed initiative or measure complies with the strategic objectives and priorities of the Government's Medium Term Fiscal Strategy and with the annual budget and the expenditure ceilings specified in the Medium Term Fiscal Strategy as updated with the latest official forecasts.

19. The Ministry for Finance shall review and assess all such proposals and determine on their inclusion in the annual Government budget or otherwise.

Review and assessment of proposals.

20. All persons responsible for public service recruitment, pay policies and wage agreements shall ensure that such recruitment, policies and agreements comply with the objectives of fiscal responsibility, the fiscal rules and the objectives and ceilings established under the fiscal and budgetary strategy.

Persons responsible for public service recruitment, etc.

21. All persons responsible for publicly-financed social welfare and pension benefits shall ensure that any new or increases in such social welfare and pension benefits are consistent with the objectives of fiscal responsibility, the fiscal rules and the objectives and ceilings established under the fiscal and budgetary strategy.

Persons responsible for publicly-financed social welfare and pension benefits.

- New or additional expenditures. **22.** In the course of the budget year, no new or additional expenditures can be made or committed to in excess of the relevant budgetary allocation, except with the express approval of the Minister for Finance.
- Consistency with the fiscal rules. **23.** In its exercise of such powers the Ministry for Finance shall at all times ensure consistency with the fiscal rules and spending ceilings by requesting from the responsible entity and in this order:
- (a) virements between votes within the same department;
 - (b) re-allocation of expenditure within the same Ministry.
- Rejection of approval for new or additional expenditure. **24.** In the absence of the identification of virements or resource reallocation as defined in article 23, the Ministry for Finance shall have the power to reject approval for new or additional expenditure unless, and in this order:
- (a) following due notification, the Ministry for Finance appropriates unspent resources from other ministries, departments or public sector entity which do not exceed 3 per cent of the budgetary allocation for that ministry, department or public sector entity;
 - (b) drawdown from the Contingency Reserve established by virtue of this Act is expressly approved by the Prime Minister following a proposal from the Minister for Finance.
- Unauthorized new or additional expenditures. **25.** Any unauthorized new or additional expenditures shall become the sole responsibility of the person making such authorizations and the person occupying the highest executive position in Departments, authorities, agencies and entities falling within the remit of this Act and shall lead to disciplinary action.
- Collective agreements and other pay negotiations. **26.** All persons negotiating public sector collective agreements and other pay negotiations shall ensure that any proposals being made in the course of such negotiations are consistent with the objective of fiscal responsibility, the fiscal rules and the objectives and ceilings established under the fiscal and budgetary strategy. No such collective agreements and pay negotiations shall be concluded until their fiscal implications would have been appropriately assessed by the Ministry for Finance and without the approval of the Minister for Finance. In the case where a collective agreement would have been entered into without the prior approval of the Ministry for Finance, such an agreement shall be deemed to be null and void.
- Exceptional and duly justified cases. **27.** In exceptional and duly justified cases, the Ministry for Finance may approve an increase to the allocations for personnel expenditures, provided that the institution requesting such an increase provides proof on the compliance with article 18 and with the annual approved budget for that institution.
- Revenue and expenditure targets. **28.** Ministries, Departments, Public Sector Authorities, Entities and Agencies and Local Councils shall take all necessary measures to meet their revenue and expenditure targets and shall follow all the instructions that may be issued, from time to time, by the Minister for Finance.

Budgetary Revenues

- 29.** The Ministry for Finance shall - Budgetary revenues.
- (a) in the presentation of its annual budget, elaborate and publish a detailed annual program for revenue collection that shall include:
 - (i) quarterly targets for revenue collection in respect of each revenue source;
 - (ii) quarterly targets for the recovery of revenue arrears;
 - (iii) planned measures to combat tax evasion and tax fraud;
 - (b) publish the annual forecasts for revenue collection from any self-financed institutions including, where applicable, forecasts for the recovery of revenue arrears.
- 30.** Proposals for any measure or legislation leading to a reduction of budgetary revenues must: Reduction of budgetary revenues.
- (a) be endorsed by the Minister for Finance who, in turn, must take into account the impact of such measure or legislative proposal on the budgetary revenue forecast, the annual budget targets and the medium-term targets;
 - (b) be accompanied, as far as is reasonably possible or practicable, by proposals for either expenditure and/or revenue measures to compensate for the estimated financial impact of such proposals.

Contingency Reserve

- 31.** A contingency reserve shall be established by the Ministry for Finance to ensure that unforeseen expenditure or revenue slippages do not jeopardize the compliance with fiscal rules. Contingency reserve.
- 32.** As long as the budget is not balanced, the contingency reserve is to be established as an expenditure vote to be appropriated in the event of temporary and unforeseen circumstances. Contingency reserve is to be established as an expenditure vote.
- 33.** Specific financial provisions to the contingency reserve shall be made as soon as the budgetary position of the general Government is in surplus. The funds earmarked for the contingency reserve can be invested in top rated short-term liquid assets. Funds earmarked for the contingency reserve.
- 34.** The Contingency Reserve shall amount to between 0.1 per cent and 0.5 per cent of the Gross Domestic Product (GDP) in any one particular year. Amount of contingency reserve.
- 35.** The contingency reserve shall be built gradually over a period of five years starting from the first year following the entry into force of this Act. Gradual building up of contingency reserve.
- 36.** Drawdown from the Contingency Reserve shall only be made in urgent, temporary and unforeseen circumstances following a proposal from the Ministry for Finance and with the approval of the Prime Minister. Drawdown from the contingency reserve.

Replenishment of the contingency reserve.

37. Any drawdown from the contingency reserve shall be replenished gradually over a period of three years until the ceiling as defined in article 34 is re-established.

Approval of the House of Representatives.

38. Any drawdown from the contingency reserve is to be presented to the House of Representatives for final approval.

Monitoring of In year Budget Execution

Implementation of the approved budget.

39. (1) In the course of the budget execution, the Ministry for Finance shall monitor and evaluate regularly the implementation of the approved budget.

*Amended by:
VII.2018.89.*

(2) In exercising its monitoring and evaluation functions, the Ministry for Finance shall, from time to time, have the right to:

- (a) issue any instructions or directives to Ministries, Departments, Public Sector Authorities, Entities and Agencies and Local Councils, as may be deemed necessary in furtherance of Government's fiscal strategy objectives and targets;
- (b) request from Ministries, Departments, Public Sector Authorities, Entities and Agencies and Local Councils, as it may deem fit, any information as may be prescribed.

(3) Ministries, Departments, Public Sector Authorities, Entities and Agencies and Local Councils shall comply with any instructions and directions that may be issued by the Ministry for Finance and shall provide full access and provide all the required information in the format and within the time period as may be prescribed, from time to time, by the Ministry for Finance.

(4) Ministries, Departments, Public Sector Authorities, Entities and Agencies and Local Councils shall have a distinct responsibility to ensure a reliable, transparent and functioning institutional framework that would ensure the integrity of all fiscal reporting systems. For this reason, they shall:

- (a) keep proper books of accounts that would provide a fair and true picture of all their revenues and debtors, expenditures and creditors, expenditure commitments, and other contingent liabilities;
- (b) follow any prescribed Government accounting policies, principles, procedures and methodologies as may be approved or prescribed, from time to time, by the Ministry for Finance;
- (c) ensure the comprehensiveness, integrity, reliability and timeliness in reporting financial data and other information to the Ministry for Finance, the Treasury and the National Statistics Office.

(5) Heads of Ministries, Departments, Authorities and other entities shall ensure full observance and compliance with the statutory and other reporting requirements as provided in this Act or as may be prescribed, from time to time, by the Ministry for Finance, the Treasury and/or the National Statistics Office. Any failure to abide by the provisions of this sub-article and of sub-

articles (3) and (4) shall lead to disciplinary proceedings.

(6) After the approval of the annual budget and in the course of its execution, the Ministry for Finance shall publish monthly schedules of revenues and expenditures, desegregated by source and economic function.

In-year budgetary reporting.

(7) In July of each year, the Minister for Finance shall compile and lay on the table of the House of Representatives a half-yearly report on the economic and budgetary situation.

(8) The half-yearly report stipulated in sub-article (7) shall, without being limited to, contain the following:

- (a) a review of the macroeconomic situation that would include the latest significant changes and trends since the finalization of the annual budget;
- (b) an assessment of the impact on the fiscal targets of any changes in the macroeconomic situation;
- (c) a presentation of necessary corrective measures being undertaken and/or to be taken to address such impacts;
- (d) an explanation of how the implementation of the budget is consistent with the Government's European commitments, in particular the terms of the Stability and Growth Pact;
- (e) data on the general budget revenues, detailed for each category of revenue, indicating the initial forecast, revenues collected in the first six months and an updated forecast for the entire year;
- (f) data on the general budget expenditures, detailed by economic and functional classification for each constituent budget of the general government budget, indicating the approved expenditure, the expenditures incurred in the first six months and an updated forecast for the entire year;
- (g) data on the budgetary balance of the general government budget (total and primary), indicating the approved program, in the first six months and an updated forecast for the entire year;
- (h) data on the absorption of European funds, indicating the approved program, the results achieved in the first six months and an updated forecast for the entire year;
- (i) data on all outstanding creditors for the first six months of the year;
- (j) data on government debt and financing of the budget deficit;
- (k) explanations for any shortfalls in the forecasted revenues and revenue arrears, indicating the measures taken and any planned measures to improve such collection.

(9) The information contained in the half-yearly report referred to in sub-article (7) on the economic and fiscal situation must take

into account, to the extent possible, any Government decisions and other developments, which may have an effect on the fiscal and economic prospects for the year.

(10) The data and information contained in the half-yearly report on the economic situation and the budget must be presented in a tabular format comparable to those in the annual budget and in the Medium Term Fiscal Strategy. Data should reflect actual data or estimates based on the most recently available data where appropriate.

Revisions

Revisions.
Amended by:
VII.2018.90.

40. (1) Subject to the provisions of this Act, the Medium Term Fiscal Strategy may be revised if:

- (a) there is a change in the coverage of the general government budget, giving the reasons, the data and other information that is comparable to the new coverage of the general government budget;
- (b) there would be a significant worsening of the macroeconomic indicators that were used in preparing the Medium Term Fiscal Strategy;
- (c) a new Government deems it appropriate to change the Medium Term Fiscal Strategy to reflect its new policy priorities. In this case, the new government shall indicate the differences from the previous medium-term fiscal strategy.

(2) The Minister for Finance shall submit any revision to the Medium Term Fiscal Strategy to the House of Representatives for its due consideration.

(3) The revision of the Medium Term Fiscal Strategy, the annual budget, or any other budget document, shall be subject to review and opinion from the Fiscal Council.

(4) The revised version of the Medium Term Fiscal Strategy should contain a section detailing and explaining differences from the version previously laid on the Table of the House of Representatives.

Government Annual Report

Government
Annual Report.
Amended by:
VII.2018.91.

41. (1) The Minister for Finance shall prepare and make public before or at the end of June of each year, an annual report on the previous fiscal year.

- (2) The purpose of the annual report is to:
- (a) provide information on the execution of the previous budget and to compare its outcome with the strategic objectives and priorities in the Medium Term Fiscal Strategy and the fiscal targets as announced in the previous annual budget;
 - (b) analyze how the Government has respected the principles and rules stipulated in this Act and to explain any deviations therefrom;
 - (c) assess if the fiscal and budgetary policies in the

completed budget year and its results were in line with the medium-term objective stipulated in the Medium Term Fiscal Strategy;

- (d) explain any deviations from the Government's medium-term objectives and how these are to be addressed;
- (e) explain the outcome of the budget in the context of the Government's European commitments, in particular the terms of the Stability and Growth Pact.

(3) The report on budget execution shall include the final execution data for the indicators provided in the Medium Term Fiscal Strategy, and a section that shows deviations from the Medium Term Fiscal Strategy and from the initial annual budget, with justification for such deviations.

PART V

THE FISCAL COUNCIL

The Fiscal Council

42. There shall be a body to be known as the Fiscal Advisory Council (in this Act referred to as the "Fiscal Council") to perform the functions conferred or imposed on it by this Act.

The Fiscal Council.

43. (1) The members of the Fiscal Council shall exercise their mandate under this Act and will not seek or receive instructions from public authorities or from any other institution or authority.

Members of the Fiscal Council to be independent from public authorities or from any other institution or authority.

(2) The Fiscal Council shall review and assess the extent to which the fiscal and economic policy objectives proposed by the Government are being achieved and thus contribute to more transparency and clarity about the aims and effectiveness of economic policy.

44. The Fiscal Council shall be a body corporate that may sue and be sued.

Body corporate.

45. The Fiscal Council shall be independent in the performance of its functions.

Fiscal Council to be independent.

46. (1) The Fiscal Council shall have all such powers as are necessary for, or incidental to, the performance of its functions.

Powers for the performance of functions.

(2) The Fiscal Council may request information, documents or data as may be relevant for the discharge of its duties and responsibilities from any Ministry, Department, Public Sector Authority, Entity and Agency, and Local Council.

(3) Ministries, Departments, Public Sector Authorities, Entities and Agencies and Local Councils shall make any information, documents or data available in the format and level of detail and within the time period as may be established by the Fiscal Council:

Provided that if such information, documents or data is either not available or cannot be supplied as provided for in this article, the relevant organization shall inform in writing the Fiscal Council to that effect also stating the reasons why.

(4) If any Ministry, Department, Public Sector Authority,

Entity and Agency, and Local Council fail to provide the required information, documents or data and fail to inform the Fiscal Council accordingly, the latter shall inform the Minister for Finance accordingly and shall publish this fact.

Membership of the Fiscal Council

Number of members.

47. The Fiscal Council shall consist of three members.

Fiscal Council to be appointed by the Minister for Finance.

48. (1) Subject to the provisions of sub-article (2), the Fiscal Council shall be appointed by the Minister for Finance.

(2) In appointing the members of the Fiscal Council, the Minister shall:

- (a) have regard to the desirability of their having competence and experience in domestic and international macroeconomic and fiscal matters, and
- (b) to the extent practicable, ensure an appropriate balance between men and women in the membership of the Fiscal Council.

(3) If there is a vacancy in the membership of the Fiscal Council, the Minister shall, if it is reasonably practicable to do so, appoint a replacement before the end of the period of six months beginning on the day on which the vacancy arose.

(4) The Chairperson of the Fiscal Council shall be appointed by the Minister after consultation with the Opposition.

Term of office

Term of office.

49. (1) Except where otherwise provided, the term of office of a member of the Fiscal Council shall be four years.

(2) A person may not be a member of the Fiscal Council for more than two consecutive terms of office but shall otherwise be eligible for reappointment.

Resignation and removal.

50. (1) A member of the Fiscal Council may at any time resign from office by letter addressed to the Minister and the resignation shall take effect on the date specified in the letter.

(2) The Minister may remove a member of the Fiscal Council from office if:

- (a) the member has become incapable through ill-health of effectively performing the functions of the office;
- (b) the member has committed proven misbehaviour;
- (c) the member has a conflict of interest of such significance that, in the opinion of the Minister, the member should cease to hold office.

(3) Any member of the Fiscal Council may not be removed from office unless a resolution providing for the removal and stating the grounds for it is approved by the House of Representatives.

(4) A person shall be disqualified from holding and shall cease

to hold office as a member of the Fiscal Council if he or she:

- (a) is declared bankrupt;
- (b) makes a composition or arrangement with creditors;
- (c) is convicted on indictment of an offence or is convicted outside Malta of an offence consisting of acts or omissions which would constitute an offence triable on indictment if done or made in Malta;
- (d) is convicted of an offence involving fraud or dishonesty; or
- (e) has a declaration under the [Companies Act](#) made against him or her or is subject or is deemed to be subject to a disqualification order by virtue of that Act.

Cap. 386.

(5) Where the Minister appoints a new member of the Fiscal Council because a member of the Fiscal Council has died, resigned, been removed from office or become disqualified from holding office, the term of office of the new member shall be the remainder of office of the former member.

(6) Subject to such rules as the Fiscal Council may make regarding quorum, the Fiscal Council may act despite one or more vacancies in its membership.

51. Each member of the Fiscal Council shall:

- (a) hold office on such terms (other than the payment of remuneration and allowances for expenses) as the Minister for Finance may determine; and
- (b) be paid by the Fiscal Council, out of the resources at its disposal, such remuneration and allowances for expenses as the Minister for Finance may determine.

Remuneration and conditions of office.

Staff

52. (1) The Fiscal Council may appoint such and so many persons to be members of the staff of the Fiscal Council, and on such terms, as may be determined by the Fiscal Council.

Staff.

(2) A member of the staff of the Fiscal Council shall be paid out of the moneys at the disposal of the Fiscal Council.

Membership of the House of Representatives or of the European Parliament

53. (1) Sub-article (2) applies where a person who is a member of the Fiscal Council or a member of the staff of the Fiscal Council at any time (in this sub-article referred to as "the material time"):

Membership of the House of Representatives or of the European Parliament.

- (a) becomes a candidate for election to either the House of Representatives or the European Parliament;
- (b) is elected or co-opted to the House of Representatives or elected to the European Parliament.

(2) The person referred to in sub-article (1) shall:

- (a) if a member of the Fiscal Council, cease to be a

member of the Fiscal Council, and

- (b) if a member of the staff of the Fiscal Council, stand seconded from employment by the Fiscal Council, and not be paid by, or be entitled to receive from, the Fiscal Council any remuneration or allowances for expenses in respect of the period commencing at the material time and ending when the person ceases to be a member of either the House of the Representatives and the European Parliament;
- (c) a person who is for the time being either entitled under the Standing Orders of the House of Representatives to sit in that House or who is a member of the European Parliament shall, while so entitled or such a member, be disqualified from becoming a member of the Fiscal Council or a member of the staff of the Fiscal Council.

(3) Without prejudice to the generality of the provisions of sub-article (2)(b), those provisions shall be read as prohibiting, among other things, the reckoning of a period mentioned in the said provisions as service with the Fiscal Council for the purposes of any superannuation benefits.

Prohibition of disclosure of confidential information

Confidential information.

54. (1) A person shall not, without the relevant consent or as required by law, disclose confidential information obtained by that person in any capacity, or while performing functions, as:

- (a) a member of the Fiscal Council, or
- (b) a member of the staff of the Fiscal Council.

(2) A person who contravenes the provisions of sub-article (1) shall be guilty of an offence and liable, on conviction, to a fine (*multa*) not exceeding one thousand euro (€1000).

(3) Nothing in sub-article (1) shall prevent the disclosure of information to the Fiscal Council or by or on behalf of the Fiscal Council to the Minister.

(4) In this article:

"confidential information" means information that is expressed by the Fiscal Council or, in the case of information supplied to the Fiscal Council by the Minister, to be confidential either as regards particular information or as regards information of a particular class or description;

"relevant consent" means -

- (a) in the case of information expressed to be confidential by the Fiscal Council, the consent in writing of the Fiscal Council, and
- (b) in the case of information expressed to be confidential by the Minister, the consent in writing of the Minister.

Funding

Funding.

55. (1) Subject to the provisions of sub-article (2), the

expenditure incurred by the Fiscal Council in the performance of its functions shall be charged on and paid out of the Consolidated Fund or the growing produce thereof.

(2) Subject to the provisions of sub-article (3), not more than the sum specified in sub-article (4) shall be so charged and paid out for any year.

(3) If the provisions of article 53(1) come into operation otherwise than at the beginning of a year, the amount so charged and paid out for that year shall be reduced *pro rata*.

(4) The sum referred to in sub-article (2) shall be -

- (a) for the year in which article 53(1) comes into operation, two hundred and fifty thousand euro (€250,000), and
- (b) for each subsequent year, the sum which (whether by virtue of this paragraph or paragraph (a)) applies for the preceding year as adjusted by the Index of Inflation as established and published by the National Statistics Office.

Accounts and audit

56. (1) The Fiscal Council shall keep, in such form as may be approved by the Minister for Finance, all proper and usual accounts of receipts and expenditure by the Fiscal Council and shall keep any special accounts which the Minister for Finance may from time to time direct.

Accounts and
audit.

(2) Accounts kept under this article, duly audited, and signed by the Chairperson of the Fiscal Council, shall be submitted as soon as is practicable (but not later than three months after the end of the accounting period to which they relate) to the Minister for Finance.

(3) The Minister for Finance shall lay on the table of the House of Representatives a copy of the Fiscal Council's audited accounts not later than the end of April of each year.

Appearance before Public Accounts Committee

57. (1) The Chairperson of the Fiscal Council shall, whenever requested in writing by Chairperson of the Public Accounts Committee of the House of Representatives, be required to give evidence to that Committee on:

Appearance before
Public Accounts
Committee.

- (a) the regularity and propriety of the transactions recorded or required to be recorded in any account kept under article 56,
- (b) the economy and efficiency of the Fiscal Council in the use of its resources,
- (c) the systems, procedures and practices employed by the Fiscal Council for the purpose of evaluating the effectiveness of its operations, and
- (d) any other matter affecting the Fiscal Council and its operations.

(2) The Chairperson of the Fiscal Council shall, whenever requested to do so, account for the performance of the functions of the Fiscal Council to the Public Accounts Committee of the House of Representatives.

Annual Report

Annual report.

58. (1) The Fiscal Council shall as soon as practicable after the end of each year prepare a report of its activities during the year to which the report relates.

(2) The Fiscal Council shall provide a copy of each report prepared under sub-article (1) to the Minister for Finance who shall cause a copy to be laid on the Table of the House of Representatives as soon as is reasonably practicable after the copy is so provided.

Seal of Fiscal Council

Seal of Fiscal Council.

59. (1) The seal of the Fiscal Council shall be authenticated by:

- (a) the signature of the Chairperson or another member of the Fiscal Council authorised by the Fiscal Council to act in that behalf, and
- (b) the signature of a member of the staff of the Fiscal Council authorised by the Fiscal Council to act in that behalf.

(2) Judicial notice shall be taken of the seal of the Fiscal Council and, accordingly, every instrument:

- (a) purporting to be an instrument made by the Fiscal Council, and
- (b) purporting to be sealed with the seal of the Fiscal Council authenticated in accordance with sub-article (1),

shall be received in evidence and be deemed to be such instrument without further proof, until the contrary is proved.

(3) Any contract or instrument which, if entered into or executed by an individual, would not require to be under seal, may be entered into or executed on behalf of the Fiscal Council by any person generally or specially authorised by the Fiscal Council to act in that behalf.

Premises

Premises.

60. The Fiscal Council may, for the purposes of providing premises necessary for the performance of its functions, lease, equip and maintain offices and premises subject to the consent of the Minister.

Procedure and quorum

Procedure and quorum.

61. Subject to the provisions of this Act, the Fiscal Council may regulate its own procedures, including the quorum necessary

for a meeting of the Council to be held.
