



## NATIONAL BUDGET PROCESSES - FACT SHEET

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### FORMULATION STAGE

- Government puts together the budget plan
- A plan for the budget is based on the forecasted revenue, targeted expenditure, deficits and debt level from the economic activity of the current year.
- In Fiji, this stage begins early in the year.
- Various line ministries submit their proposed allocations to the Ministry of Economy.
- The Ministry of Economy calls for submissions from communities and CSOs and conducts National Consultations.
- The Minister for Economy presents the Appropriation Bill as part of the First reading in the Budget Address to Parliament
- According to International standards – there are 4 budget documents that need to be produced during the Formulation and Approval Stages:

I. **Pre-Budget statement or Fiscal Strategy paper**- discloses the broad parameters of fiscal policies in advance of the Executive's Budget Proposal and it outlines the government's economic forecast, anticipated revenue, expenditures and debt.

II. **Executive Budget Proposal which is the Budget Estimates and Supplement**- submitted by the executive to the legislature for approval; details the sources of revenue, the allocations to ministries, proposed policy changes and other information important for understanding the country's fiscal situation.

III. **Citizens budget**- a simpler and less technical version of the government's Executive Budget Proposal or Enacted Budget, designed to convey key information to the public.

IV. **Enacted Budget**- the budget that has been approved by the legislature.

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### APPROVAL STAGE

- Bills and supporting documents are sent to all Members of Parliament as per standing orders. Members are to consider the Appropriation Bill and related documents for six days.
- A second reading of the Bill is done and a notice is given two days before the reading.
- The Bill is referred to the Committee of Supply after being read for a second time.
- Parliament debates on each Estimate head where amendments are either moved and voted upon or not.
- The Committee of Supply considers the Bill schedule/clause and votes without any debate.
- The Bill is tabled in Parliament and a motion for a third reading is put forward by the Minister for Economy. This is immediately decided upon without any debate.
- Once the motion is agreed where the Bill gets passed, it is sent to the President for acceptance.

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### EXECUTION STAGE

- Government implements policies in the budget
- An allocated amount is given to each ministry which will determine the work and responsibilities for each internal department. The allocated amount is based on the expenses from the last financial year.
- Each ministry needs to have its own Budget Focus Group (BFG). The BFG manages policy planning and prepares budgets for different departments. The BFG also reviews the baseline for new and ongoing spending.
- Fiji's financial year begins on the 1 August and ends on 31 July.
- According to International standards – there are 4 budget documents that need to be produced and published during the Execution and Auditing stages and these are:

I. **In Year Reports** – include information on actual revenues collected, actual expenditures made, and debt incurred at different intervals.

II. **Mid-Year reviews** – contains a comprehensive update on the implementation of the budget as of the middle of the fiscal year; includes a review of economic assumptions and an updated forecast of budget outcomes.

III. **Year End Report**- describes the situation of the government's accounts at the end of the fiscal year and ideally an evaluation of the progress made toward achieving the budget's policy goals.

IV. **Audit Report** – issued by the supreme audit institution and it documents year-end accounts.

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### AUDITING & LEGISLATIVE EVALUATION STAGE

- The Auditor General's office accounts for and assesses the expenditures made under the budget.
- To meet international best practices, some countries have established an Independent Fiscal Institution (IFI) or a Parliamentary Budget Office (PBO) to produce non-partisan and impartial analysis on the budget to all Members of Parliament. Fiji may wish to consider the same.



FIJI PARLIAMENT SUPPORT PROJECT

