



A BILL

for

AN ACT

entitled

Fiscal Responsibility(2011 Budget)(Amendment)Act 2010.

Being an Act to amend the ***Fiscal Responsibility Act 2006***,

MADE by the National Parliament to have come into operation on 1 January 2011.

1. INTERPRETATION (AMENDMENT OF SECTION 3).

The Principal Act is amended by inserting after the definition of "tax expenditure" the following new definitions:

"Contingent Liabilities" means any financial undertakings including government guarantees that is not explicitly recorded on the government balance sheet but has direct or indirect recourse to state assets.

"Other Liabilities" means a present obligation, enforceable against the Government as a result of a statute or legally binding agreement.

2. PRINCIPLES FOR SOUND MANAGEMENT(AMENDMENT OF SECTION 4).

Section 4 of the Principal Act is amended by -

(a) repealing Subsection (c) and replacing it with the following:

"(c) Government will not raise the overall level of general government debt as a share of Gross Domestic Product during its term, or in any event above 30 per cent of Gross Domestic Product, having regard for the size of the Government's other liabilities and the size and likelihood of contingent liabilities"; and

(b) repealing Subsection (d) and replacing it with the following:

"(d) the Budget will be in balance over the term of the Government, although temporary deficits are permitted if the fiscal circumstances permit and this is consistent with Subsection (c);".