

25.08.2022

Background Note

Appropriation (Amendment) Bill to amend Appropriation Act No. 30 of 2021

The inauguration speech of the second reading of the Appropriation (Amendment) Bill to amend the Appropriation Act No. 30 of 2021 is scheduled for the 30th and the Parliament will convene at 1:00 PM where the President is to present the second reading of the Appropriation (Amendment) Bill following which, the Parliament will be adjourned.

The debate on the second reading of the Appropriation (Amendment) Bill will be held on August 31st and September 1st from 9.30 am to 5.30 pm. On September 2nd from 9.30 am to 4.30 pm, the second reading of the Appropriation (Amendment) Bill will be debated, following which the Bill is scheduled to be passed after the committee stage and the third reading.

Accordingly, this brief is prepared based on a background note prepared by the Parliament's Research Division on this Bill.

The Appropriation Bill presented by the former Minister Basil Rajapaksa, who was the Minister of Finance at the time, was passed in Parliament following a debate held on the Bill presented for the purpose of providing necessary service expenses and arrangements for the fiscal year 2022. Accordingly, the Appropriation Bill was endorsed and certified as an Act on December 10th, 2021 and was herein called the Appropriation Act No. 30 of 2021.

After Hon. Ranil Wickremesinghe assumed the office of the president, the Parliament prorogued on the 28th of July 2022 and the third session of the Ninth Parliament was declared open on 3rd August 2022. Accordingly, the incumbent President Hon. Ranil Wickremesinghe while presenting his government's policy statement stated that he will present a new budget.

As a result, this Appropriation Bill for the remainder of the 2022 fiscal year as a new government is presented to Parliament as an amendment to the previously presented Appropriation Bill. Prime Minister Hon. Dinesh Gunawardena, on behalf of the Minister of Finance, presented the Appropriation (Amendment) Bill to amend the Appropriation Act No. 30 of 2021 to the Parliament for the first reading on August 9th, 2022.

According to the said Act, referred to in sub-section (1) of section 2 of the Appropriation Act No. 30 of 2021,

Instead of the words “rupees two thousand seven hundred ninety-six billion four hundred forty-six million five hundred fifty-eight thousand” (Rs. 2,796, 446,558,000), the words “rupees three thousand two hundred seventy-five billion eight hundred seventy-six million five hundred fifty-eight thousand” (Rs.3,275,876,558,000) have been substituted.

Impact of the Amendment

According to the previously presented Appropriation Bill, an amount of Rs. 2,796.4 billion was estimated for the 2022 fiscal year from January 1, 2022 to December 31, 2022. According to the new amendment, for the year 2022, the amount allocated to bear the Ministerial Service Expenses of the Government, the estimated amount has increased to Rs. 3,275.8 billion and accordingly the expenditure required for the Ministerial Service activities has increased by Rs. 929.4 billion.

by the substitution in paragraph (b) of that subsection, for the words “shall not exceed rupees three thousand two hundred billion” (Rs. 3,200 billion), of the words “shall not exceed rupees four thousand eighty-two billion” (Rs. 4,082).

Impact of the Amendment

For the financial year 2022, the credit amount obtained from within or outside of Sri Lanka will be increased from Rs. 3,200 billion to Rs. 4,082 billion. Accordingly, subject to the approval of the Parliament, the borrowing limit of the Government is increased by about Rs. 892 billion.

In Section 2 Subsection 4 of Appropriation Act No. 30 of 2021, the words “rupees two thousand six hundred twenty-three billion one hundred twenty-three million four hundred forty-two thousand” (Rs. 2,623 billion), has been substituted by the words “rupees two thousand nine hundred one billion one hundred twenty-three million four hundred forty-two thousand”. (Rs. 2,901 million)

Impact of the Amendment

With the amendment of this sub-section 4, the estimated expenditure of the government's estimated cost or debt servicing cost authorized by law to be an expense to the Consolidated Fund has been given the space to be increased from Rs. 2,623 billion to Rs. 2,901.

After the section 9 of the main charter, a new section as 9 a is inserted by the new amendment to the Appropriation Act No. 30 of 2021.

Accordingly,

Notwithstanding anything contained in the resolutions passed by Parliament under paragraph (2) of Article 150 of the Constitution during the period so far in year 2022, making financial provision for expenditure for the period commencing on January 1, 2022 and ending on December 31, 2022 all such sums of money which have been expended during the respective periods, out of the moneys allocated by such resolutions to any programme appearing under any head specified in such resolutions and any moneys which have not been expended on the day immediately preceding the date of commencement of this Act shall for all purposes be deemed to be included in the moneys allocated to the corresponding Programme appearing under the corresponding Head, as specified in the First Schedule to this Act”

Impact of the Amendment

Given that the money under the Appropriation Act No. 30 of 2021 approved earlier for the fiscal year 2021 has not been spent for the programs specified under the specific headlines of the respective ministries, such money is also authorized to be spent further under this amendment. Accordingly, the estimated amount for the 2022 fiscal year presented under Appropriation Act No. 30 of 2021 is also revised for special expenditure units (expenditure for the offices of the Commission including the President) and the amount allocated to ministries.

Allocation of funds to Ministries for the Fiscal Year 2022

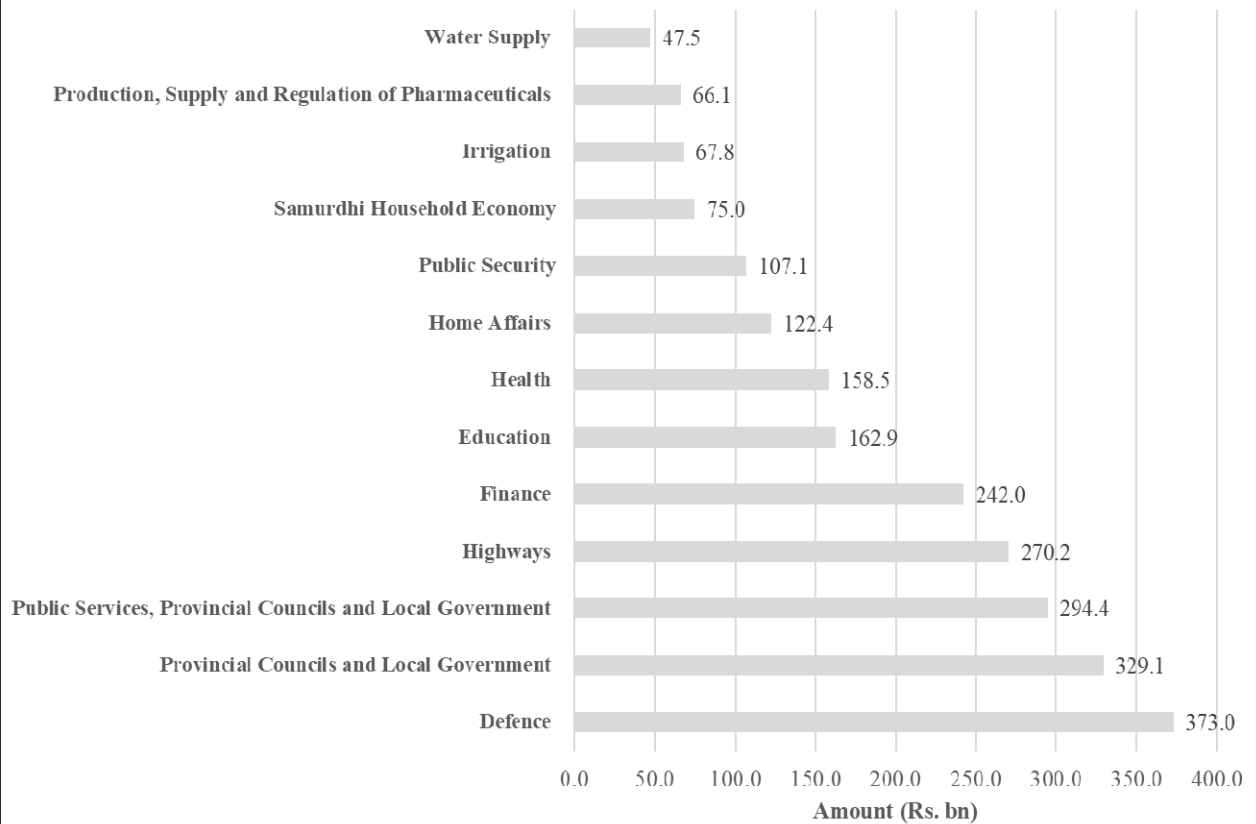
According to the approved Appropriation Act No. 30 of 2021 and the Appropriation (Amendment) Bill submitted thereto, the allocation of ministries will be changed. In the Appropriation Act presented by the Minister of Finance on October 7th, 2021, pertaining to the fiscal year 2022, there were 32 ministries and 43 state ministries in addition to the special spending units. Accordingly, in the Appropriation Bill dated October 7, 2021, Rs. 2,505 billion had been allocated.

After debating the Appropriation Bill, it was endorsed and certified as the Appropriation Act No. 30 of 2021 on December 10, 2021. According to the Act, the amount allocated to the Ministries vary as Rs. 2,796 billion.

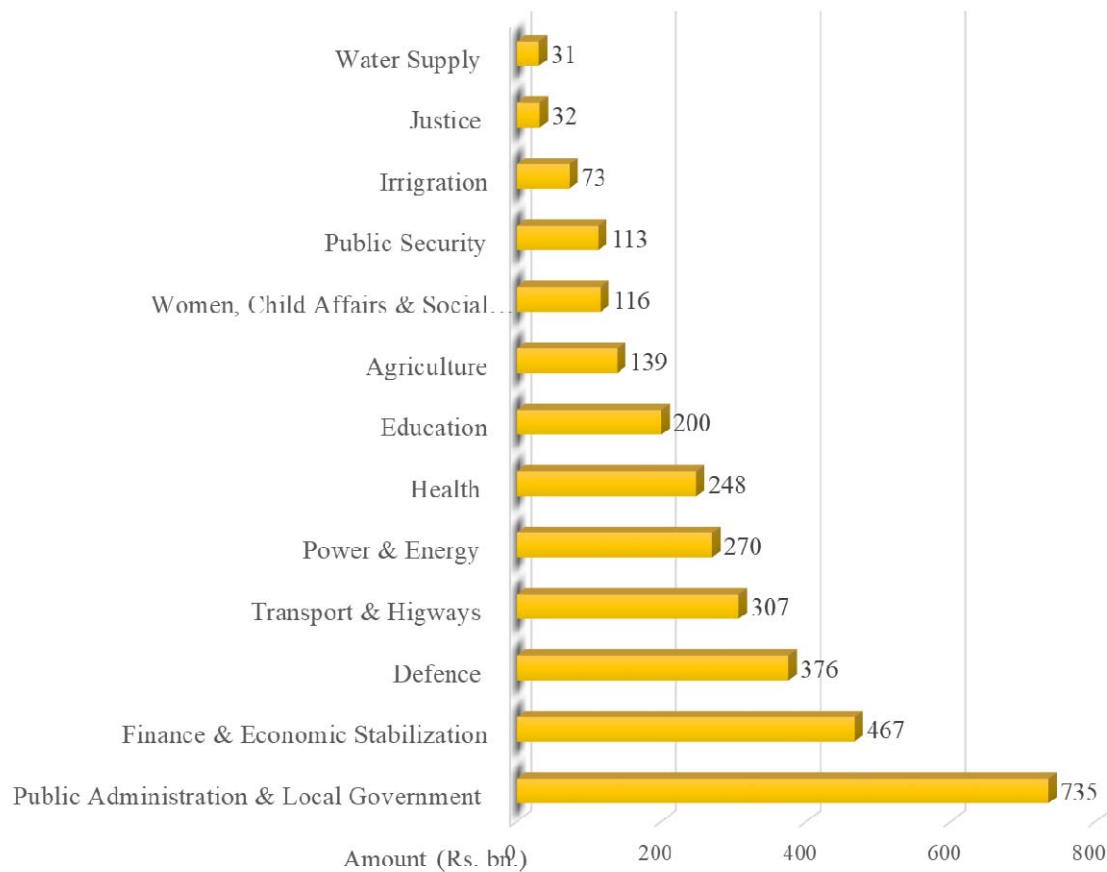
According to the Appropriation (Amendment) Bill No. 30 of 2021, which will be presented for the coming months of the fiscal year 2022, 3,276 billion rupees have been allocated for ministry service expenses. The specialty is that this amount is allocated for 29 ministries (excluding special expenditure units). However, this is shown as a sum of all the money previously allocated to the ministries and the money that has not been spent. Therefore, according to the existing Appropriation Act, the new Appropriation Act will change the service cost by Rs. 480 billion.

Ministries which received the highest amount of money as per Appropriation Act presented on 07.10.2021 and 09.08.2022

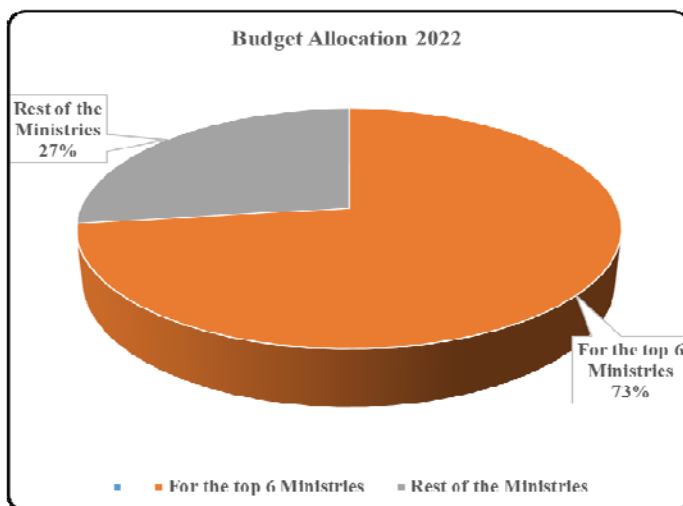
Highest Allocation Ministry in the Approved Budget 2022 (presented on 7.10.2021)



Highest Allocation Ministry in the Budget (Amendment) 2022 (presented on 09.08.2022)



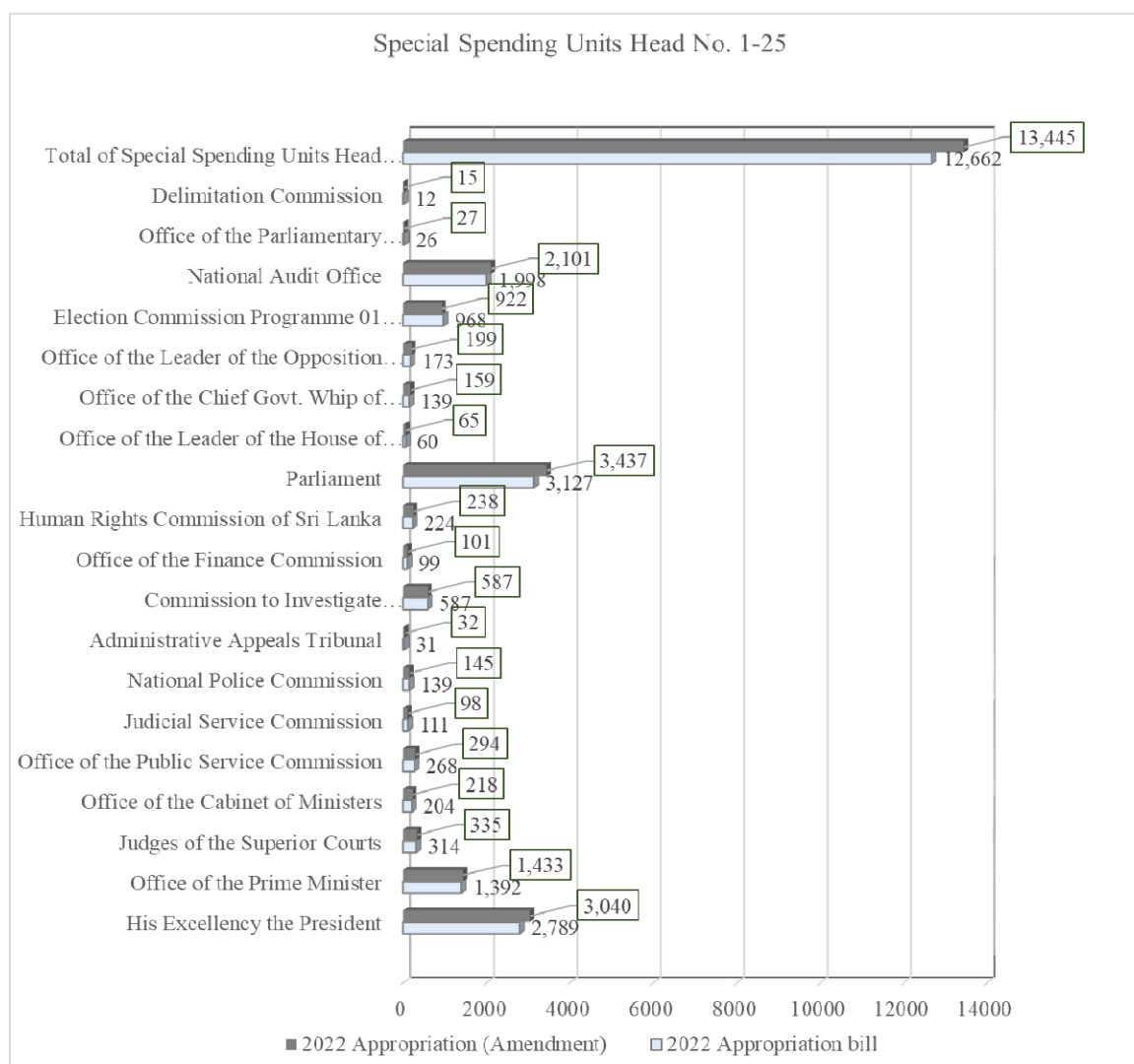
73 percent of the total ministerial expenditure allocation is shared between 6 ministries and 27 percent is allocated to the remaining 23 ministries.



Funds appropriated by appropriations bill for special spending units for fiscal year 2022 headings

1-25

A comparison of the funds appropriated for these special spending units by the appropriations bill introduced on October 7, 2021 and the amendment to the 2022 appropriations bill introduced on August 9, 2022 for fiscal year 2022 is included.



Preparation - Research Division, Parliament of Sri Lanka