

MINISTRY OF FINANCE CIRCULAR

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From: Permanent Secretary for Finance

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To: As per Distribution List

FIN: 11/69

**Subject: Budget Response to the Fuel Crisis & Implementation Date: 23 April 2026
of Expenditure Reducing Measures**

1.0 INTRODUCTION

- 1.1 Following Cabinet approval on 21 April 2026, this Circular outline key expenditure-reducing measures to be implemented with immediate effect.
- 1.2 All Ministries, Departments and Agencies (“MDAs”) are required to strictly comply with the expenditure reducing measures set out in this Circular to support Government’s fiscal response to the prevailing fuel crisis.

2.0 BACKGROUND

- 2.1 Following the escalation of the middle east conflict, global crude oil prices have increased sharply. The magnitude and speed of this increase are unprecedented and have been further compounded by rising freight and insurance costs, adverse foreign exchange movements, force majeure declarations, suspension of fuel supply contracts, and increased reliance by fuel suppliers on spot-market procurement at significant price premiums.
- 2.2 The fuel crisis has intensified existing macroeconomic and fiscal pressures, including constrained fiscal space and funding gaps, economic slowdown, reduced tourism competitiveness, rising costs of living and increased pressure on the balance of payments and foreign exchange reserves.

3.0 EXPENDITURE REDUCING MEASURES

- 3.1 To support expenditure control and preserve fiscal stability, Cabinet has approved the following expenditure reduction measures, with immediate effect:
- a) The creation of new positions and the filling of existing vacancies would be subject to the Prime Minister’s approval. All Job Evaluation Exercises (JEEs) are deferred until further notice.
 - b) All overseas travel, training, workshops, seminars, conferences, and official events are suspended unless: (i) fully funded by external development partners; or (ii) deemed essential for national interest, statutory obligations, or critical service delivery, with exceptions granted by the Prime Minister.

- c) The hosting of conferences, workshops, and non-essential events shall be deferred. MDAs are requested to prioritise the use of virtual platforms (e.g. Zoom, MS Teams, Webex) for meetings, consultations, training, and capacity-building activities, including domestic engagements, where practical and cost-effective. MDAs are also encouraged to advise their grant recipients to adopt similar approaches.
- d) Overtime for officers in Salary Band F for nurses and Band E and below shall continue to be compensated through monetary payment.
- e) MDAs are requested to actively implement internal cost-saving measures, including but not limited to energy conservation during lunch breaks and after official working hours, and increased use of flexible or alternative work arrangements, where feasible and without compromising service delivery.
- f) No new capital project contracts shall be entered into without prior approval from the Ministry of Finance. All capital project contracts that have not yet been signed shall be frozen immediately pending review. New capital projects and procurement activities that have not reached contract award stage are to be placed on hold.
- g) MDAs are strongly advised to refrain from entering into new financial commitments, including agreements, Memorandum of Understanding, or project obligations, without prior concurrence from the Ministry of Finance.
- h) All programmes and subsidies shall be subject to rigorous performance and relevance assessments, with a view to discontinue non-performing programmes and poorly targeted subsidies.

4.0 CONCLUSION

- 4.1 The Ministry of Finance appreciates the full cooperation and commitment of all MDAs in implementing the above measures. These actions are necessary to safeguard fiscal stability and ensure Government's ability to respond effectively to the ongoing fuel crisis.
- 4.2 It is anticipated that the current pressures will ease over the coming months as global conditions stabilise, allowing circumstances to gradually improve and normalise. In the interim, strict adherence to these measures remains essential.
- 4.3 We look forward to your usual support and cooperation.



Shiri Gounder
Permanent Secretary for Finance

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