

Unclassified

GOV/PGC/SBO(2005)10



Organisation de Coopération et de Développement Economiques  
Organisation for Economic Co-operation and Development

20-Feb-2006

English text only

**PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT DIRECTORATE  
PUBLIC GOVERNANCE COMMITTEE**

GOV/PGC/SBO(2005)10  
Unclassified

## **Working Party of Senior Budget Officials**

### **BUDGETING IN THAILAND**

#### **2005 MEETING OF THE OECD ASIA SENIOR BUDGET OFFICIALS NETWORK**

**Bangkok, 15-16 December, 2005**

*This report is part of the programme of work of the Seoul-based OECD Asian Centre for Public Governance. The OECD gratefully acknowledges the financial support of the Government of Korea for this activity*

For further information, please contact Mr. Jón R. BLÖNDAL or Mr. Sang-in KIM at OECD Headquarters in Paris: [jon.blondal@oecd.org](mailto:jon.blondal@oecd.org); [sang-in.kim@oecd.org](mailto:sang-in.kim@oecd.org)

**JT00201341**

Document complet disponible sur OLIS dans son format d'origine  
Complete document available on OLIS in its original format

English text only

**TABLE OF CONTENTS**

Introduction	Page 3
Budget Formulation	Page 4
Role of Parliament	Page 12
Budget Implementation and Management Issues	Page 19

## INTRODUCTION

1. For the 2005 meeting of Asian Senior Budget Officials, the OECD carried out a review of the Thai budgeting system in the same manner and using the same methodology as it does for the regular peer reviews of the budgeting systems of OECD Member countries. It is envisaged that such reviews become a regular feature on the agenda of future meetings of Asian Senior Budget Officials.
2. The objective is to provide a comprehensive overview of the budgeting system of the country under consideration and thus to act as a basis for the discussion of that country's budgeting system. As a result, countries in the region will become more aware of each other's budgeting systems.
3. It should be noted that this review focuses on budgeting at the national level only. It does not discuss budgeting at provincial and local levels of government, nor the management of fiscal relations across levels of government.
4. A mission, consisting of Mr. Jón R. BLÖNDAL and Mr. Sang-in KIM, visited Bangkok in September 2005 to carry out the review. During this visit, the mission met with senior officials from the Bureau of the Budget, the National Economic and Social Development Board, the Ministry of Finance, the Public Sector Development Commission, the Civil Service Commission, the Comptroller-General's Department; and line ministries, including the Ministry of Health and the Ministry of the Environment. The mission also met with senior officials from the National Assembly and the Office of the Auditor-General. The mission would like to express its gratitude and appreciation for the warm and cordial reception by the Thai authorities and the uniformly frank and useful discussions with Thai officials.
5. In particular, thanks are due to Mr. Vudhibhandhu VICHAIKATANA, Director-General, and Mr. Somnuk PHIMOLSATHIAN, Deputy Director-General, Bureau of the Budget, for their support throughout the review.
6. Finally, the mission would like to thank Mr. Dechapiwat na SONGKHLA, Budget Advisor, and his staff team for organising the mission's visit and for their excellent and invaluable assistance throughout this review.
7. The views expressed in this report are those of the OECD Secretariat and should not be attributed to governments of OECD member countries, or to any organisation or individuals consulted for this review.
8. The review was completed in December 2005.

## BUDGET FORMULATION

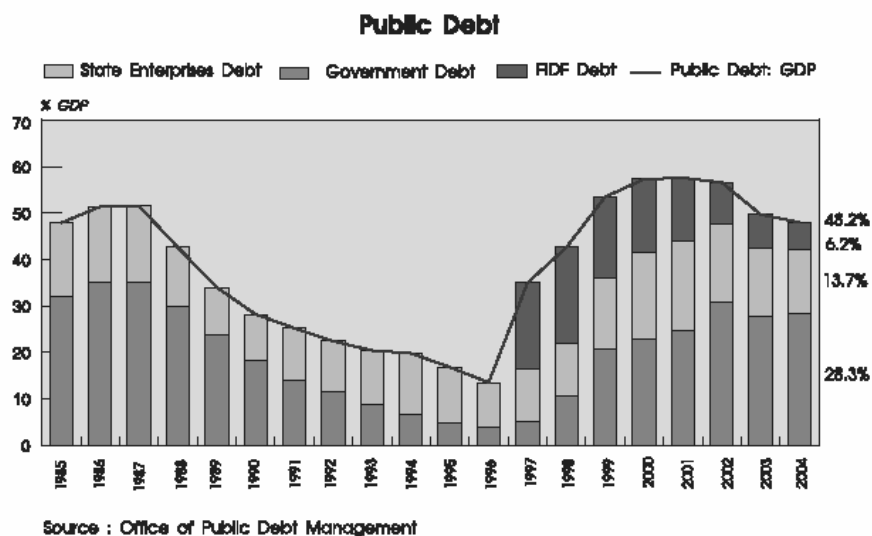
### Introduction

9. Thailand's total public debt stood at 48.2% of GDP at the end of 2004. The public debt is composed of the accumulated deficits of the budget itself, the debt held by state enterprises, and the debt assumed by the government in connection with the bail-out of the financial system following the economic crisis in 1997.

10. The performance of the budget has been very solid over the years. Prior to the onset of the economic crisis in 1997, the level of outstanding debt-to-GDP stood at less than 5%, with the government having recorded surpluses for each of the previous 10 years. Following the 1997 economic crisis, the central government recorded deficits in the following 6 years, with debt peaking at 31.4% of GDP in 2002. Since then the budget has been in modest surplus and the debt ratio declining.

11. The state enterprises sector includes a number of capital-intensive utilities and transportation enterprises which account for most of the total debt in this sector. Their debt is not a function of financing perennial losses. Most of the enterprises are profitable, and the sector as a whole has a positive net worth and is a net contributor to the budget.

12. The third category is the Financial Institutions Development Fund (FIDF), which assists distressed financial institutions and provides deposit guarantees. This was the vehicle used to bail-out the financial system following the economic crisis in 1997. This fund has steadily been improving its balance sheet with total outstanding debt at 6.2% of GDP in 2004 – down from nearly three-times that share in 1997.



13. For the purposes of this report, the outstanding feature of these statistics is the highly disciplined manners in which the budget has been formulated, approved and implemented in Thailand. As part of its *Fiscal Sustainability Framework*, the government has committed itself to running balanced budget on wards. This, coupled with economic growth, will exert a strong downward track for overall public debt as a share of GDP.

### **Strategic performance budgeting**

14. Thailand's excellent record of aggregate expenditure control over the years was facilitated by a centralised budgeting process based on line-item input budgeting. Budgets were approved on a very detailed level and pre-approvals for individual expenditures were required in-year.

15. It was, however, recognised that allocative and operational efficiencies were not optimal in this environment. As a result, in the mid-1990's, efforts were begun to re-orient the budget process towards a greater focus on performance and results. At the same time, efforts were made to reduce input and other central management controls and to empower spending ministries and agencies to take on more responsibility for their own activities.

16. Thailand embarked on these reforms cautiously. Rather than being introduced comprehensively as a new overall budgeting process, individual spending ministries and agencies had to fulfil an exacting criteria before being granted greater flexibility. This was to ensure sound public finances and to minimise any potential for abuse. These criteria, known as the "hurdles," were however set at such a level that hardly any organisation actually fulfilled them. Indeed, most OECD countries would have found it difficult to meet them. The criteria included, for example, requirements for accrual budgeting.

17. A new government was elected several years following these initial reforms, a government with a keen interest in upgrading the management of the public sector. It was not satisfied with the slow pace of the 'hurdles' approach. It decided that *all* ministries and agencies would move to the new performance and results budgeting system – which was termed "strategic performance budgeting." This became effective with the fiscal year 2002-2003 budget.

18. There was concern voiced that this universal move was too rapid and that some ministries and agencies were not up to the task. This can be viewed as two-fold. One concern centred on the development of a performance and results framework. The other about the relaxation of central input controls.

19. In this regard, it should be borne in mind that this reform initiative builds on years of preparations. A special performance office had been established within the Bureau of the Budget with the launch of the original reforms in the mid-1990's. It acted as a consultant to ministries and agencies in how they could best define their outputs and develop appropriate performance measures. On average, each ministry and agency has about four final outputs. A sample review of final outputs showed them to be of high quality by international standards – both in terms of definition and quantitative measurement. (Requirements for accrual costing of each output were dropped.)

20. All ministries and agencies must submit regular performance reports (key performance indicators) throughout the year and at the end of the year depicting their progress in achieving the agreed outputs. In addition, the budget office regularly monitors individual aspects of the performance of individual ministries and agencies in a system modelled after the United States PART's initiative.

21. It should however be emphasised that a performance and results oriented budget has not *replaced* the traditional input oriented budget. The performance and results focus was simply in addition to the traditional presentation. The budget is therefore presented on both formats.

22. It should however be emphasised that alongside the performance and results budget, there is also an input based budget as not all government agencies have been able to establish robust costing of outputs. The budget is therefore presented in both a performance and results and an input based formats.

23. The relaxation of central input controls has essentially amounted to merging appropriations for operating expenditures into two – one for salaries and one for other operating expenditures. Ministries and agencies now have in essence full discretion over the latter category. The government now also pre-approves (apportions) spending by ministries and agencies in bulk at the beginning of the year. In addition, the government is establishing a number of specialised agencies – known as *Autonomous Public Organizations* and *Special Delivery Units* – that have greater flexibility. This is discussed further in a subsequent chapter.

### **Central development planning**

24. Thailand has a long history of central development planning. The first five-year plan, the *National Economic and Social Development Plan*, came into effect in 1961. The current five-year plan, the ninth, concludes in 2006. The early plans were focused mainly on infrastructure and other economic development activities, although later plans were broader and encompassed various social aspects as well.

25. These plans were developed internally by a cadre of elite government officials, although later plans formally incorporated various public consultation mechanisms. These plans were more than indicative; they literally set the agenda – including overall budget priorities – for successive government administrations.

26. A major change in Thailand's system of central planning occurred in 2005. In fact, central planning as had been practiced up to then was abolished. Following national elections, the re-elected government decided to adopt a system of four-year *Government Administrative Plans*. This document is meant to translate the political manifesto that the government was elected upon into the administrative actions that must be carried out in order to fulfil the political manifesto. The four-year timeframe coincides with the electoral term of the government.

27. This symbolism of this reform cannot be overstated: instead of governments responding to a five-year plan drawn up by technocrats; the government machinery now has to respond to the will of the popularly-elected government.

28. Interestingly, the five-year plans are not being discontinued. However, their character will necessarily change markedly although no final decisions have been made in that regard (at the time of writing this report).

The *Government Administrative Plan* is divided into nine separate strategies:

- Reduction of poverty
- Quality development of society and human resources
- Conformation of balanced and competitiveness of economic structure
- Administration and management of natural resources and environment
- Maintain foreign affairs policy and international economy
- Development of nation laws and regulations and promotion of good governance
- Promotion of democracy and social popularization process
- Sustain national security
- Comprehensive national administration and implementation

29. As can be seen, the nine strategies are comprehensive and cover all areas of government. As such, they are necessarily quite general at the top-level, but they do cascade down into more and more detail and highlight specific priorities.

30. This year was a transition year as the *Government Administrative Plan* was being introduced. All government ministries and agencies had to prepare annual plans on how they would implement the *Plan*. This was similar to the requirements for the previous 5-year plans. As the government's budget is to reflect the *Plan*, preparing the annual budget submissions and the annual *Plan* are generally conducted in unison by ministries and agencies. The *Plan* and the Budget – on an annual basis – are officially parallel mechanisms but in practice work together as one.

31. The Office of the National Economic and Social Development Board produces both plans. It prepares the contents of the 5-year plans whereas it translates the government's manifesto into the new four-year plans. The Bureau of the Budget is integrally linked with the preparations of both.

### **Annual Budget Preparation Process**

32. The fiscal year in Thailand starts on 1 October. The annual budget preparation process begins 10 months earlier, i.e. January.

33. The first step is to determine the economic assumptions applicable for the budget. As the government is committed to operating a balanced budget (nominal surpluses), the calculations of economic activity and the revenues it will generate will in effect set the overall ceiling for total expenditure during the year.

<b>Budget Preparation Timetable<sup>1</sup></b>	
<b>January-February</b>	<i>Gang of Four</i> prepare economic assumptions Bureau of the Budget updates baseline projections Spending ministries prepare and submit their initial budget bids
<b>March</b>	Aggregate budget ceilings established for individual ministries
<b>April</b>	Spending ministries submit second budget bids – in line with their ceilings
<b>May</b>	Budget finalised Budget submitted to parliament
<b>Fiscal Year = October-September</b>	

34. Calculating the economic assumptions used in the budget is carried out jointly by four key central economic agencies, colloquially known as the “Gang of Four.” These are the Bank of Thailand (central bank), the Ministry of Finance (taxation; cash and debt management), the National Economic and Social Development Board (macroeconomic analysis; central planning machinery) and the Bureau of the Budget itself.

<b>The Bureau of the Budget</b>	
The Bureau of the Budget is a central agency responsible for budgeting and reports directly to the Prime Minister.	
Its official primary responsibilities are to:	
<ul style="list-style-type: none"> <li>• Develop macro fiscal projections and set medium-term budget ceilings;</li> <li>• Facilitate budget dependent agencies preparing their annual budget;</li> <li>• Assist the Executive branch during parliamentary budget approval process;</li> <li>• Execute annual budget – with responsibilities shared with the Ministry of Finance</li> <li>• Monitor and evaluate government-wide programs.</li> </ul>	
The Bureau of the Budget is divided into a number of analytical divisions that “shadow” spending ministries as well as various “whole-of-budget” divisions, including for co-ordinating the budget process , budget policy, and for following through on the performance-and-results focus.	
The Bureau of the Budget is headed by a director-general. He is assisted by five deputy directors-general. The Bureau has a total staff of 800.	

<sup>1</sup> As applied for fiscal year 2006 budget.



35. The Bureau of the Budget is divided into a number of analytical divisions that “shadow” spending ministries as well as various “whole-of-budget” divisions, including for co-ordinating the budget process, budget policy, and for following through on the performance-and-results focus.
36. The Bureau of the Budget is headed by a director-general. He is assisted by five deputy directors-general. The Bureau has a total staff of 800.
37. Each of the four agencies makes its own estimates of key macroeconomic variables, with the Ministry of Finance having the principal information on tax revenue. The initial estimates of the four agencies generally differ and a two-three weeks process of informal dialogue ensues before a consensus forecast is arrived at. The heads of the four agencies formally endorse the consensus forecast and submit it to the Prime Minister for final approval. This would conclude in February.
38. In the past two years, the forecasts have underestimated economic activity and revenue collections have been significantly higher than expected. This would appear to indicate a conservative bias in the economic assumptions used in the budget revealing a preference for erring on the side of prudence. In both years, a supplementary budget was presented to parliament late in the fiscal year for approval.
39. At the same time, the Bureau of the Budget will be updating its baseline estimates (medium-term expenditure framework) for the continuation of current government policies – including the financial impact of prior decisions whose full expenditure impacts only materialises in subsequent budgets. This will involve a review of last year’s operational and financial performance with frequent yet informal contacts between analysts at the Bureau of the Budget and officials at spending ministries. It should be noted that the baseline forecasts for out-years is not published; it is an internal Bureau of the Budget document only.
40. Parallel to this, spending ministries will be working on their budget submissions. The sophistication of the internal budget procedures varies tremendously from ministry to ministry. In some cases, they are based on elaborate internal strategic planning exercises. The complete reverse is the case in others. Regardless, ministries submit their initial bids in February, i.e. at about the same time as the *Gang of Four* will have arrived at their conclusion.
41. Spending ministries submit these bids before the overall expenditure ceilings are decided. These initial bids are generally wildly in excess of any realistic expectations of funding – spending ministries appear to view them as a “marketing” device to influence the level of their final spending ceiling.
42. At this stage, the Bureau of the Budget is in a position to formulate the budget framework for the following year. Based on the work of the *Gang of Four*, the total resources available for next year’s budget will be known. The update of the baselines for current activities will have been completed, thus revealing how much money is left for new initiatives. It should be highlighted that the Thai economy is expanding at a rapid pace compared with OECD Member countries, thus making relatively large new resources available each year.
43. The Bureau of the Budget will propose expenditure ceilings for each ministry. These will be submitted to the Prime Minister for approval. Each minister is then required to submit a new spending request by the end of April.
44. These ceiling decisions bear no relation with the initial bids submitted by ministries – which draws into question the rationale for asking spending ministries to submit two sets of bids. Spending ministries are granted an aggregate ceiling which they can reallocate among their various programs and agencies – subject to final approval by the Bureau of the Budget. This is, however, exceedingly rare. As a general rule, spending ministries either do not have the capacity or the will to reallocate among their various programs and agencies.

45. This is accentuated by the fact that the Bureau of the Budget maintains direct contacts with agencies attached to ministries, rather than dealing only with ministries. This is also a reflection of the capacity issues in certain ministries.

### Evaluating New Bids from Spending Ministries

The Bureau of the Budget evaluates each bid for new funding against three dimensions:

- Is it in line with government priorities?
- Is the agency making the bid the correct administrative unit to be carrying it out?
- How does it contribute to empowering lower levels of government?

As noted earlier, government priorities are formally enunciated in the four-year *Government Administration Plan*. This is the first point of reference and all bids must demonstrate their alignment with the *Plan*. As discussed, the *Plan* however encompasses all activities of government and is therefore, by definition, of general nature - although specific policies are of course highlighted.

In addition to the four-year *Plan*, the Cabinet generally designates a number of areas separately as priorities. This is referred to as the “National Agenda.” These may be very large activities such as supporting the reconstruction and development efforts following the tsunami. Or they can be smaller activities such as campaigns to reduce smoking.

Parliament also authorises a comparatively large discretionary fund – the Central Fund – to the Prime Minister to meet new priorities during the year. The use of this fund is *prima facie* a strong indication of the government’s priorities.

Aside from the identification of specific activities as priorities, the government has set itself a number of overall benchmarks for the allocation of expenditure. For example, it aims for capital expenditure to amount to one-fourth of the total budget each year. Similarly, it aims to significantly reduce the share of salaries and other employment costs as a proportion of the total budget – from 40% to 30%.

As can be seen, there are numerous vehicles for highlighting government priorities. It is in the end a political decision as to which priorities to fund and at what level. The Bureau of the Budget – reporting directly to the Prime Minister – is uniquely positioned to serve this role.

46. In evaluating the bids, the Bureau of the Budget establishes an internal budget committee headed by the budget director and five internal sub-committees. The sub-committees reflect the organization of the Bureau into five analytical areas. Each sub-committee is headed by the respective deputy director-general responsible for that area. The sub-committees bring together the respective analysts that “shadow” the respective ministries and agencies. A representative from the co-ordination division (budget policy division) and the performance office are also members. Following the review of the sub-committees, the internal budget committee reviews their conclusions and makes any amendments and then submits them to the prime minister for his final approval. The Cabinet then formally approves them.

47. This is a surprisingly fast operation – both due to the fact that the Bureau of the Budget is well versed in the priorities of the government and due to the frequent informal contacts with spending ministries which results in the main contents of their submissions being known ahead of time.

### **The Central Fund**

A special feature of the Thai budgeting is the existence of the *Central Fund*, which is organized in accordance with the Budget Procedures Act of 1959. This is a large fund – amounting to 20% of total government outlays. About 80% the Fund is pre-determined in the budget formulation and approval phases. The other 20% operates as an in-year discretionary fund for specific purposes, such as “Enhancing Nation’s Competitiveness and Sustainable Development,” or for emergency projects. This serves to create additional flexibility in budget implementation. The existence of this Fund does not appear to have undermined fiscal discipline as the Fund is generally not used to supplement appropriations for government entities.

### **Conclusion**

48. Thailand has a sophisticated budget formulation process which has delivered solid fiscal results over time – as demonstrated by Thailand’s overall level of public debt. The budget process has traditionally been highly centralised, which has contributed to strong aggregate fiscal discipline.

49. In order to improve allocative and operational efficiency of public expenditure, initiatives are currently in place to reduce the centralisation of the budget process. In the area of budget formulation, a crucial role in these reforms is played by line ministries. They have to be willing and able to reallocate resources among their various departments (agencies.) To date, they have shown great hesitation in doing so. Specific initiatives to strengthen this function in line ministries are called for. The Budget of the Budget could limit – or end altogether – direct communications with departments (agencies) and only work through ministries. This would be a powerful symbol of change. Furthermore, consideration could be given to the reallocation of resources among departments being one of the performance criteria for ministries and their senior executives.

50. The relationship between the new 4-year *Government Administrative Plans* and the budget is a work in progress as these were only introduced this year. This could be an opportunity to reinforce the top-down nature of the Thai budget process by no longer requesting initial budget submissions from line ministries and departments, but rather having the Plan inform the top-down allocations in the first instance. At present, the initial budget submissions are wildly in excess of final allocations, and thus appear to be irrelevant to the top-down expenditure ceilings in any case.

51. Thailand has a highly developed performance and results orientation to its budgeting system. The definition and measurement of outcomes and outputs is impressive by any standards. At the same time, the budget is also presented on the traditional input-basis. It would appear to be the case that the budgets of ministries and departments are often formulated on the basis of inputs which are then “translated” into outcomes and outputs. In order to reinforce the performance and results focus, consideration could be given to modernising the format of the budget and not presenting input information where possible.

52. Finally, it is worth noting that Thailand uses various quasi-fiscal measures as well for the implementation of public policy, such as government-directed lending by government financial institutions. A recent report by the International Monetary Fund assessed such measures and concluded they did not represent a significant fiscal risk. Nonetheless, it is important for the Thai government to have a comprehensive fiscal framework in place that incorporates them. This is recognised in Thailand and work is already in progress towards that end.

## ROLE OF PARLIAMENT

### Introduction

53. The effective role of parliament in the budget process has been limited throughout Thailand's history, albeit for different reasons at different times. During the long periods of military rule, parliamentary oversight - by definition - did not exist. During the early periods of civilian rule, parliament's role was undermined by chronic party infighting, localism and instability which characterised this time. Today, due to the unprecedented success of a single political party and its strong internal discipline, the influence of parliament as an institution vis-à-vis the Executive has been reduced.

54. In addition, specific Constitutional provisions guarantee the prerogative of the Executive in budgetary affairs. These provisions came into effect with the new 1997 constitution – previously the Thai parliament had no such constitutional restrictions on its authority.

55. Nonetheless, the Thai parliament has an elaborate process for scrutinizing the government's budget proposal and does in fact succeed in making amendments to the budget proposal – albeit not on a large scale.

### The National Assembly

56. Thailand's legislature, the National Assembly, is a bi-cameral institution consisting of the House of Representatives and the Senate.

57. A new reform-oriented Constitution was approved in 1997, the “democracy” Constitution. It was meant to rectify the deficiencies identified in the earlier periods of civilian rule and defines today's political landscape. It is worth highlighting several electoral provisions of the 1997 reform Constitution.

#### Key Electoral Reforms

- An appointed Senate was replaced by an elected one. It is to be “above” politics and principally act as a “watch-dog” institution.
- The House of Representatives which had been elected through proportional, multi-member constituencies was replaced by a dual system of single-member constituencies and national party lists.
- Provisions to promote strong nationally-based political parties as an institution were introduced.
- A number of eligibility and disclosure criteria were introduced to promote the “quality” and “honesty” of candidates for the National Assembly
- It was made mandatory for eligible citizens to vote in elections.

58. The Senate had traditionally been appointed – with Senators generally being former military officers and senior government officials. The new constitution made them directly elected. Senators are however only elected in their personal capacities and cannot have any political party affiliations. The Senate is to be “above” politics. The Senate has limited legislative responsibility in the area of budgeting. It mainly fulfils a “watch-dog” function. For example, it is responsible for appointing members to bodies

such as the State Audit Commission, the Election Commission and the National Counter-Corruption Commission.

59. The Senate consists of 200 members elected for 6 years' terms. The electoral districts correspond to the country's 76 provinces, with the larger provinces having multiple members.

60. The House of Representatives which had been elected through proportional representation, multi-member constituencies was replaced by a dual system of single-member constituencies and a national party-list.

61. Constituency MP's were explicitly tasked to represent local interests as they had traditionally done. The introduction of single-member constituencies was meant to accentuate that role, promote competition *between* political parties, and to prevent competition *within* political parties. Traditionally, candidates from the same party within a constituency campaigned as much against other fellow party members as they did against other parties. This undermined the roles of political parties and served to destabilise Thai politics. This reform was meant to alleviate that.

62. Political parties must also establish a national list of candidates. They are elected indirectly, i.e. the number of candidates elected from the national list is a function of the number of constituency MP's the respective party received. MP's cannot serve concurrently in the Cabinet. In practice, this means that only MP's elected from the national list become ministers. The objective was to promote a cadre of highly qualified MP's to serve as ministers and to have an elite group of MP's focused on national issues as opposed to local issues. Constituency MP's are not prevented *per se* from becoming Cabinet ministers. However, if they do, a new election for the affected constituency must be called to replace the MP joining the cabinet. In the case of the national list, the next member on the list simply moves up and replaces the member leaving to become a minister. The national list is also seen by political parties as an opportunity to showcase their cabinet hopefuls.

63. The House of Representatives consists of 500 members, 400 elected directly in the single-member constituencies and 100 elected through the national party lists. Each province is entitled to at least one representative, with the larger provinces having multiple members. Members of the House of Representatives are elected for terms of four years.

64. The Constitution also sought to promote strong nationally-based political parties as an institution. Previously, there had been large numbers of very small, often regionally-based parties with MP's often switching party allegiances. A political party needs to secure 5% of constituency MP's in order to qualify for any seats through the national list. This is a prohibitive hurdle for small parties. Small parties would also find it difficult to find the required 100 candidates for their respective national list who would be suitable. There is also a prohibition against MP's switching political parties. All of these provisions were meant to create a more stable political climate.

65. In order to promote the "quality" and "honesty" of candidates for the National Assembly, the Constitution introduced a number of eligibility and disclosure criteria. The minimum age of candidates was set at 25 and 40 years' old for the House and Senate, respectively. All candidates must have a university degree. In addition, all candidates are subject to extensive public disclosure requirements of their personal finances and other circumstances.

66. Finally, the Constitution made it mandatory for all eligible citizens to vote in elections.

67. All of these Constitutional provisions were meant to promote good governance and a sustainable democracy in Thailand. It is beyond the scope of this paper to assess the effectiveness of the individual reforms listed above.

68. It is however beyond question that the new Constitution succeeded in fostering a historic new dynamic in Thai politics. In the first elections held under the new Constitution in 1991, one political party won 248 seats out of the 500 in the House of Representatives and was able to form a government with just one coalition partner (although it actually opted to form a coalition with more parties). The government sat its entire 4 year term of office, the first government in the history of Thailand to do so. In the subsequent election, the same party won 377 seats in the House of Representatives and was able to form an unprecedented majority in the National Assembly and did not need any coalition partner. Previously, it was not uncommon for 5-6 political parties to have to come together in order to be able to form a government.

### **Constitutional Restrictions on the Parliament's Budgetary Role**

69. The 1997 Constitution also provided for several restrictions on parliament's role in the budget process which serve to guarantee the Executive's pre-eminence. Such restriction had previously not been in place.

#### **Key Constitutional Restrictions**

- No amendments to the budget may be *permitted for a vote* in the House of Representatives except with the prior endorsement of the Prime Minister.
- Members of the House of Representatives may only *consider* reductions in expenditure. They cannot propose additional expenditures.
- All proposed amendments must be approved by the individual member's political party.
- The Senate cannot make any changes to the budget. It can only make an up-or-down vote on the budget as a whole.
- If the House and Senate have not finished their deliberations of the budget within fixed time limits, the proposed budget is deemed to have been approved by them.

70.

71. In order to ensure the pre-eminence of the Executive vis-à-vis the legislature in budget matters, the Prime Minister – the minister responsible for the Bureau of the Budget – enjoys a veto over any proposed amendments to the budget. The Constitution stipulates that no proposed amendment to the budget may be *voted* upon in the House of Representatives without the prior consent of the Prime Minister.

72. This provision should be viewed in connection with the respective roles of constituency MP's and party-list MP's, with only the latter becoming ministers. Conceptually, the provision serves to act as a "national" counter to the "local" interests of constituency MP's.

73. The Constitution also stipulates that the House of Representatives can only *consider* amendments that reduce expenditures. (Expenditures related to the national debt are explicitly excluded from this provision.) As a result, any proposal to increase expenditures would be ruled out of order immediately.

74. Individual members of the House have to secure the approval of their political parties before they can propose any such amendments. This is, again, meant to act as a counter to "localism," as fellow party members (from other regions) would act as the first discipline on such proposals.

75. The Senate cannot make any amendments to the budget – it can only approve it or reject it as a whole. This is in line with its Constitutional function as a "watch dog," i.e. they as Senators in their own

right and not beholden to any political party should only reject the budget as a check against the propriety of the House’s consideration of the budget.

76. Finally, the Constitution imposed time limits on how long the House of Representatives and the Senate have to consider the Budget. In the case of the House, it is 105 days. A general session of the House lasts 120 days so this essentially means that the House has its entire session to deliberate the budget proposal. The Senate has 20 days to finish its deliberations and make an up-or-down vote on the budget. If either the House or the Senate has not finished the consideration of the budget within these periods, the budget is deemed to have been approved by them.

77. Notwithstanding these provisions, the National Assembly carefully scrutinises the Government’s budget proposal and does in fact manage to amend it. This is described in the following section.

**Parliamentary budget process**

78. The parliamentary budget process starts with the Prime Minister introducing the government’s budget in the House of Representatives. This generally occurs in May and usually follows the ceremony for the King’s annual convocation of the National Assembly.

<b>Budget Approval Timetable</b>	
<b>End May</b>	Budget is introduced in the House of Representatives by the Prime Minister <i>First reading</i> takes place immediately
<b>July-September</b> <i>Scrutiny Committee on the Budget</i> reviews government’s proposal	
<b>September</b>	Informal negotiations between Government and Opposition on amending the Budget <i>Second reading</i> - votes on each individual amendment to the budget <i>Third reading</i> – up-or-down vote on the budget as a whole.
<b>Late September</b> Senate take one up-or-down vote on the budget as a whole following 2 day debate	
<b>Fiscal Year = October-September</b>	

79. Following the Prime Minister’s *budget speech*, the leaders of Opposition political parties counter with their different economic and social outlooks and how they would be reflected in the budget if they were in power. This is a “macro” debate where different political philosophies are aired rather than any specifics of the budget.

80. Following this debate – which constitutes the *First Reading* of the budget – a vote is taken. This is considered a vote-of-confidence in the government. If the government were to lose this vote, the government would resign and a new election would be called.

81. If the vote is won – as is normally the case – a *Scrutiny Committee* is selected to examine the government’s budget proposal. This is an *Ad Hoc* committee which is formally selected anew each year – although its membership exhibits much continuity from year to year.

82. In comparison to parliamentary committees in other countries, the *Scrutiny Committee* is most unusual in one respect: the Committee is a joint Legislative-Executive Committee with the government nominating about one-fourth of the total membership. More so, the Minister of Finance serves as the chairman of the Scrutiny Committee.

83. This Committee is very active. In the 105 days it has to consider the budget, its 79 members meet every working day. The Committee meets in plenary in the beginning of the process, when it considers its overall work programme for examining the government's budget proposal, and at the end when it makes its final recommendations to the House.

84. The Committee normally divides into several sub-committees to address the different sectors of the budget and that's where most of the concrete meetings (scrutiny) take place. The number of sub-committees changes from year to year and do *not* necessarily coincide with the 5 sub-committees established in the Bureau of the Budget during the budget formulation phase. The issues that sub-committees are formed for change from year to year – this year a special sub-committee was formed to review IT spending government-wide.

85. During the sub-committee's meetings, the relevant Minister, his Permanent Secretary and heads of subsidiary departments (agencies) appear. The meetings are not open to the public.

#### **Secretariat for the National Assembly**

The National Assembly has a professional staff of over 1,500. As such, it is one of the best endowed parliaments of the world in terms of its capacity for independence from the Executive.

The Bureau of the Budget – reflecting the Executive's primacy in the budget process – serves as the "substantive" secretariat of the Scrutiny Committee. The deputy director-general of the Bureau of the Budget in fact serves as the official Secretary of the Committee. The National Assembly's secretariat responsibility is to ensure that correct parliamentary procedures are adhered to in the Committee's examination of the budget.

86. Despite the restrictions on Parliament's ability to amend the budget – as noted in previous sections, the Committee takes its mandate very seriously. It is in fact *the* principal (political) accountability institution in Thailand. And its scrutiny does typically result in changes in the government's original budget proposal.

87. These changes are usually agreed by the government and the Opposition outside of the normal parliamentary budget process due to Thailand's constitutional restrictions. The changes do not infringe on the overall fiscal policy objectives or sectoral allocations of the government. The changes have more symbolic value than anything else. A premium is paid upon consensus in Thailand and a government – especially a strong government – feels obligated to make amendments to the budget which it is not *legally* obliged to do.

88. Following this, the budget goes to a plenary session of the House of Representatives for its *Second Reading*. For the budget, this is a technical session where all the amendments previously agreed "informally" by the government and the Opposition are made official. An individual vote is taken on all the separate amendments. The *Second Reading* normally occupies several full days.

89. The final and *Third Reading* is a pro-forma event where an up-or-down vote is taken on the budget as a whole incorporating the amendments made during the *Second Reading*.

90. Following its approval in the House, the budget is transmitted to the Senate which can only make an up-or-down vote on the budget in total



91. Once the House and the Senate have approved the budget, it is submitted to His Majesty the King for Royal Assent. Although it has always been the case for the budget, Royal Assent is by no means automatic. The King is revered in Thailand. The Royals have a solid checks-and-balances role on government, on behalf of the people. This was especially relevant during military rule and the period of fragile democracy. The fact that His Majesty has not had to revert to his power also demonstrates that governments would not put him in that position. This is another informal aspect to the Thai parliamentary budget process.

#### **Office of the Auditor-General**

In line with the new Constitution, the Office of the Auditor-General became an independent agency in 1999. Previously, it had been a unit of the Office of the Prime Minister. It performs the traditional compliance, financial and performance audits in the public sector.

Recently, the OAG has been emphasising the development of internal controls in ministries and agencies. It explicitly links (inversely) the frequency of in-depth external controls with the quality of the internal control systems in place.

The OAG is placing greater and greater emphasis on performance audits with financial audits increasingly being outsourced to private sector audit firms.

With Thailand's emphasis on performance budgeting, the OAG has assumed an important role in sampling and verifying the performance information provided by ministries and agencies.

The OAG has a staff of 1,500 professionals and 700 support staff.

The reports of the office are made public and provided to Parliament. It is an agency held in very high regard by the public with many of their recent findings having received extensive media coverage.

#### **Conclusion**

92. Budgeting in Thailand is very much an Executive-led endeavour. This is both due to specific constitutional provisions which guarantee the Executive's pre-eminence vis-à-vis Parliament and by the current political environment, i.e. the unprecedented situation of a single party enjoying an overwhelming majority in parliament. This necessarily acts as a strong constraint on parliament's role in the budget process. Nonetheless, the National Assembly takes its role very seriously and scrutinises the budget proposal in great detail. It does in fact manage to change the government's budget proposal – in albeit limited ways. At the same time, parliament's extensive scrutiny of the budget has served to increase the transparency of the entire budgeting process greatly.

93. Parliament has not embraced the performance and results orientation of the budget with parliament's deliberations generally focused on inputs. This does pose a challenge to the effective sustainability of the outcomes and outputs framework.

94. Despite parliament's constrained role in the budget process at present it should be borne in mind that this is a relatively new phenomenon and could change. It is worthwhile to consider what internal

institutional mechanisms could be put in place in Parliament to foster fiscal discipline under different circumstances.<sup>2</sup>

---

<sup>2</sup> For a discussion of such institutional mechanisms, see Budgeting in Sweden. *OECD Journal on Budgeting*. Vol. No.1.

## BUDGET IMPLEMENTATION AND MANAGEMENT

### Introduction

95. Thailand has introduced a number of reforms to its budget implementation and management procedures since the early 1990s. The reform efforts were accelerated by the financial crisis in 1997 and by the effects of the new Constitution of 1997, as described in the previous chapter.

96. This chapter reviews budget appropriations and financial management practices, organizational structures and human resource management issues.

### Budget Appropriations and Financial Management

There are five types of appropriation modes in the Thai budget:

- Personnel expenses
- Operating expenses
- Subsidies
- Investments
- Other expenses

97. *Personnel expenses* refer to the standard costs of personnel classified as Civil Servants whose posts are approved by the Civil Service Commission – or other equivalent bodies.

98. *Operating expenses* refer to day-to-day operating costs, running costs, including special personnel allowances in addition to the standard costs of posts. This category is further divided for information purposes into several subcategories. The key recent reform was to merge these sub-categories into one flexible pool of funds. There are, however, still some remaining restrictions in place for what was described as “legacy” reasons. For example, a Cabinet Resolution mandates that government entities cannot transfer money from the special sub-category for utilities expenses until they can demonstrate to the Bureau of the Budget that they have paid all their bills in full. Previously, government units often did not pay the bills from the (government-owned) utilities.

99. *Subsidies* can either be of a general or specific nature. In all cases, there would be separate laws or regulations in place to govern their use. Each subsidy is listed individually in the budget. The possibility to shift funds between individual subsidies varies but in all cases must have the prior approval of the Bureau of the Budget.

100. *Investments* refer to either the purchase of equipment or the acquisition or construction of capital projects. For equipment, these must be listed individually in the budget if they exceed 1 million Baht

(\$25,000). For capital projects, they must be listed individually if they exceed 10 million Baht (\$250,000). Transfer between individually listed items is possible with the prior approval of the Bureau of the Budget.

101. *Other expenses* is a unique category. Such appropriations can be for personnel expenses, operating expenses, subsidies or investments – i.e. any of the four categories described above. These appropriations are however subject to special reporting on their use. The amounts involved are generally not large but they are sensitive from a political point of view. Examples include hiring of consultants and foreign travel of government officials – i.e. areas which may be perceived as susceptible to abuse. The use of such funds must be reported specifically.

102. The Bureau of the Budget may authorise government bodies to transfer funds between the above categories and within them. In general, the Bureau of the Budget is receptive to such request. There are four guiding principles for such transfers:

- The transfer should not be for new personnel
- The transfer should not change the output targets nor change the core objective of the budget
- The transfer should not tie up funds in future budget
- The transfer should not be for unplanned overseas trips

103. As can be seen, the National Assembly has entrusted great flexibility in the implementation of the Budget to the Executive. The Bureau of the Budget has taken a cautious approach in delegating this flexibility to individual spending units, i.e. such flexibility generally requires the approval of the Bureau of the Budget on a case-by-case basis. It is noteworthy that the Budget Procedures Act gives this authority to the Director-General of the Bureau of the Budget, a civil servant.

104. The Central Fund – as described in the chapter on budget formulation – also provides for in-year flexibility in the implementation of the budget.

105. There is no system of carry-forwards of appropriations. However, Thailand operates on an obligations-basis for budgeting and financial reporting purposes. This means that any amount obligated during the current fiscal year may be spent in cash terms in the next fiscal year.

106. The strong role of the Bureau of the Budget is also highlighted by the requirement for each government unit to submit a Budget Implementation Plan to the Bureau of the Budget. This goes beyond a cash-flow or apportionment plan to a detailed action plan for how the budget will be implemented project by project. Previously, the Bureau of the Budget would approve individual aspects of the Plan on a rolling basis throughout the year. Following the reforms introduced, it is now common practice for the Bureau of the Budget to authorise expenditure for the whole year at the beginning of the year.

107. Following the Bureau of the Budget's approval of the spending of ministries and agencies it is forwarded to the Comptroller-General's Department of the Ministry of Finance which is responsible for the government's cash management function. The Comptroller-General maintains accounts for all government ministries, departments and their regional offices in the state-owned *Krung Thai Bank*. The central bank account for the Government is maintained at the Bank of Thailand.

108. A payment request would be sent by an agency to the Comptroller-General. It verifies that the agency has pre-audited the payment request and then verifies that the money for this item is authorised in the agency's budget implementation plan for the month that it requests it. The Comptroller-General then

pays directly from its account in the Bank of Thailand into the recipient's bank account electronically. In cases where the amount is small or there is no bank account available for the recipient, the money is paid from the account in the Bank of Thailand to the bank account of the agency in the *Krung Thai Bank* who in turn disburses it immediately directly to the recipient.

109. The payment requests have traditionally been made by paper but are now being made electronic. It takes the Comptroller-General 1-2 days to process a payment request that is in order. The process for pre-audit in the agency general takes 1-2 weeks for smaller items and up to 1-2 months for larger projects.

110. The Bank of Thailand does not pay the government any interest for the money it has on deposit there. The amount on deposit in the each agency's account at the *Krung Thai Bank* is immaterial and no interest is earned on it.

111. The Comptroller-General's Department prepares monthly statements of the government receipts and expenditures. These statements are not audited separately. The Annual Financial Statements are prepared by the Comptroller-General's Department within 3 months of the close of the fiscal year and submitted to the Auditor-General for certification.

### **Organizational structure**

112. Thailand is a constitutional monarchy with the King as the head of state. Under the King, the Prime Minister, the leader of the ruling party, is responsible for the operating of government. The Cabinet is the supreme body which steers and manages all state affairs. The Cabinet consists of a 36 members: the Prime Minister and 35 other ministers. A number of Deputy Prime Ministers are appointed for specific issues and areas (presently six). Smaller cabinet committees have been set up to screen and coordinate proposals before submission to the full cabinet in order to promote policy coherence across government.

113. The Prime Minister's Office is the nerve center of the government. With the assistance of several cabinet-rank ministers attached to the Office and of the Secretariat of the Prime Minister, it coordinates and oversees the activities of all government agencies. As noted earlier, the Bureau of the Budget reports directly to the Prime Minister and – along with other elite central agencies - plays a very important role in formulating, guiding, implementing, and monitoring government policy.

114. A major reorganization of the machinery of government took place in 2002. It included reducing the number of ministries and shifting their portfolios, re-assigning departments (agencies) from one ministry to another and clarifying their portfolios. The central government is currently organized around 20 ministries and 143 departments. This restructuring of ministries and agencies was referred to as a 'big bang' reform, as it was the largest reorganization in terms of scale and impact since 1897 when modern Thai government system was set up.

115. Each ministry is headed by a minister appointed by the Prime Minister with some ministries having deputy ministers as well. All other ministry staff are career civil servants. The head career official is the Permanent Secretary who oversees all aspects of the ministry, including the departments (agencies). He may be assisted by several deputy permanent secretaries.

116. The Department which is the main operational component of the ministry is headed by a director-general. Under the director-general there are usually several deputy directors-general. Despite being hierarchically subordinate to their respective ministry, the Departments have traditionally enjoyed a great deal of "separate identity" from their parent ministries. In organizational terms, they can be viewed in the same context as Executive Agencies in OECD countries.

### **Public Sector Development Commission**

The Public Sector Development Commission was established in 2002. Its purpose is *inter alia* to build on the 2002 restructuring of government. This commission is chaired by the Prime Minister, or designated Deputy Prime Minister. The Commission has numerous standing sub-commissions and *ad-hoc* sub-commissions.

The objective of the Commission is to spearhead reform in public administration by being a permanent and coherent voice for reform. Previous reform efforts were judged by many to have suffered by the disparate – and sometime contradictory – implementation by the various central management organizations.

The Commission has announced an overall strategy for the development of the public sector, focusing on streamlining and rationalizing work processes; restructuring government organization; budgetary and financial reform; human resource management and compensation reform; change management paradigms and cultural norms and values; modernization through e-government; and encouragement of public participation. Some of these objectives are already formulated into policy.

117. In addition to ministries and departments, two new types of government organizations have been created recently: Autonomous Public Organizations (APO's) and Service Delivery Units (SDU's). APO's refer to transforming whole departments into this new organizational form. SDU's refer to transforming individual parts of departments. APO's have been in place since 1999; SDU's were created in 2004. These organizations could be understood as the Thai version of full-fledged Executive Agencies regardless of their names. They go beyond the organizational model of Departments to embrace increased managerial flexibility. These units generally enjoy exemptions from the general central management rules in terms of budgeting and human resource management. Examples include receiving lump-sum appropriations for their entire budget allocation and being able to hire staff on terms similar to the private sector.

118. Finally, it is worth highlighting the significant number of committee-type organizations in Thailand. Their status, functions, and roles vary from powerful boards and commissions attached to central agencies to advisory and auxiliary organizations. The extensive use of such structures can be ascribed to the emphasis on achieving consensus in Thai culture and to promote public participation, which has been one of the main reform agendas of recent successive Thai governments.

### **Rewarding Organizational Performance**

The Thai government has introduced an incentive system to improve performance of government organizations. This project started on a voluntary basis. In order to motivate departments and ministries to participate, the Thai government allocates a significant budget to reward highly performing organizations. Each ministry and department participating in this programme must present a performance proposal. The basis for these proposals are the department's and ministry's internal plans that were prepared during the budget formulation process.

This proposal has to be agreed with the *Committee on Improving the Government Efficiency and Effectiveness* (CIGEE), which is a neutral body set up by the Public Sector Development Commission and currently headed by a distinguished businessman. The CIGEE will negotiate a set of performance targets that must be achieved in order to be rewarded.

At the end of fiscal year, ministries and departments must produce a performance report informing CIGEE if they have achieved what has been agreed. Upon receiving the report, CIGEE assesses ministries' and departments' performance using four dimensional balanced scorecard criteria. They are:

- Financial performance, which indicates how money has been spent, and how the results of projects contribute to the fulfillment of main missions.
- Internal process management, which indicates improvements in work processes in ministries and departments. These can be shortening lengthy procedures, deregulating or amending existing rules and laws to facilitate the achievement of mission.
- Customers and stakeholders' satisfaction, which can be measured by surveying the target groups served by departments. Ministries and departments, therefore, must identify their target customers and stakeholders so that the CIGEE can assess their satisfaction.
- Ability to learn and grow, which indicates how well the organisation has prepared for incoming change, and how far they have developed their human resources capacity. To assess this aspect, CIGEE may need some proof of training results, as well as evidence of creating learning organization.

After assessing performance, CIGEE will assign scores to those ministries and departments. Only those that meet CIGEE's assessment criteria are eligible for extra financial rewards. Ministries and departments that receive higher scores will receive a larger extra financial reward than the departments with lower scores.

After CIGEE have allocated extra financial rewards to eligible departments, it is the departments' responsibility to reward their own staff. The respective civil servants must have received a good assessment in their annual appraisal to qualify for reward.

### **Human resource management**

119. The Thai civil service is uniformly structured.<sup>3</sup> All staff are divided into one of 11 levels (with 18 incremental steps for each level.) The bulk of the public service falls into level 3-8; permanent secretaries represent level 11. Civil servants are appointed for life with a mandatory retirement age of 60. Mobility is very low with civil servants generally remaining with the same organization throughout their career; promotions to higher ranks come from within the organizations.

<sup>3</sup> The discussion here refers to the general civil service. Specialised services are excluded, such as those for the legislature and the judiciary.

120. The hiring of civil servants is subject to very extensive sets of uniform central rules. All positions – and redeployment of positions – must be approved on a case-by-case basis by the Office of the Civil Service Commission (OCSC), which is responsible for overall human resource management policy in Thailand.

121. Recruitment and promotion in the civil service is merit based. The basic process of entry into the civil service starts with competitive examination to test general knowledge. Upon receiving a satisfactory score, candidates are added to a “certified list.” Next, candidates will complete a written examination relevant to the specific position they apply for. Finally, an interview will be conducted for finalist candidates.

122. Another channel into the public service is through government scholarship schemes for study abroad. After scholarship recipients finish their study, they must work in the government for a period of two times the duration of their scholarship.

123. For each hiring, a separate selection panel is created. Although the OCSC may not be represented on each panel, it must approve the membership of the panels. Specific criteria apply for the highest level positions (Level 9-11). For the position of Permanent Secretary (Level 11), the relevant minister selects the candidate and proposes to the Cabinet.

#### **Downsizing the Civil Service**

Over staffing is viewed as a problem in the Thai government. During the last elections, the current ruling party aimed to reduce the share of spending on personnel to 30% of total expenditure from the current 40%.

Nonetheless, the government has an *80-20* policy. For every 10 person that retire, 8 positions are retired as well while 2 positions remain open for rehiring. This applies for the government as a whole, and can vary in different organizations.

The government has also launched four rounds of early retirement schemes whereby lump sum payments are offered for government employees to retire early. In the last round, 48,000 employees participated in it.

124. In order to attract more talented candidates and to retain highly performing incumbents, the salary level of public servants has increased dramatically in recent years, both in terms of base pay and allowance for executive and some professional and specialist position. The pay of civil servants is set unilaterally by the government. The government’s overall pay policy is to achieve parity for government employees’ compensation with those of the private sector. Thai civil servants are not allowed to set up their own union, nor join other trade unions. Instead, there is a Civil Service Association which can take stand on conflict issues and protect the rights of civil servants.

125. The performance of all government employees is evaluated twice a year. The result of these performance evaluations is directly related to salary increases. Highly performing civil servants get two-step or one-and-a-half step increase for outstanding and excellent ratings, respectively. For satisfactory ratings, a one-step increase is rewarded. Civil servants who fails to meet satisfactory rating, do not gain any salary increment for that particular year. Some have questioned the robustness of these evaluations.

126. A rapid promotion scheme and the creation of a Senior Executive Service (SES) have also been recently introduced in order to make public service more attractive. The rationale is to increase the pool of



talented workers at the top in order to drive public sector reform and to lead government organizations. Interestingly, membership of the SES is limited to the highest levels of the civil service. It covers only position levels 9, 10, and 11 t - a total of only 496 individuals as of 2004.

127. As noted earlier, Autonomous Public Organizations (APO's) and Special Delivery Units (SDU's) are exempt from the central management rules that apply to the civil service in general.

### **Conclusion**

128. Thailand has been making significant reforms to its budget appropriations and financial management, organizational structures and human resource management practices in recent years. The common theme has been to increase flexibility and reinforce a performance and results orientation.

129. Thailand has embarked on a process of creating a series of special bodies – Autonomous Public Organizations (APO's) and Special Delivery Units (SDU's). The creation of these units allows them to “escape” from the current management rules. At the same time, reforms to the various input controls and central management rules have proceeded cautiously. In the longer-term, there needs to be convergence between these reforms – i.e. that the APO's and SDU's are only spearheading an overall reform of these controls. The risk is that more and more entities will simply be hallowed out of the “traditional” public service with reforms to the various central controls not proceeding apace.

130. It should also be noted that reforms to introduce such flexibility in OECD countries have generally been accompanied by special savings demands on the respective organizations. This follows the logic that increased flexibility should bring about increased operational efficiency. Thailand needs to ensure that these reforms support the maintenance of aggregate fiscal discipline.