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

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English - Or. English

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

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

#### **ANNOTATED AGENDA**

#### **25th Annual Meeting of Senior Budget Officials**

**Madrid, 9-10 June 2004**

*The meeting is hosted by the Spanish Ministry of Finance.  
It will be held at the Melia Castilla Hotel, Capitan Haya, 43 -- 28020 Madrid.*

*The meeting will be opened by Mr. Richard Hecklinger, Deputy Secretary-General on behalf of the OECD and  
by a senior member of the Government on behalf of Spain.*

*The meeting will be chaired by Mr. Richard Emery, Assistant director, Office of Management and Budget,  
Executive Office of the President, United States*

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English - Or. English

**TWENTY-FIFTH ANNUAL MEETING OF  
OECD SENIOR BUDGET OFFICIALS  
MADRID, 9-10 JUNE 2004**

**ANNOTATED AGENDA**

**Wednesday, 9 June**

9:30-10:00	Opening by Chairman, OECD Secretariat and Spain
<b>10:00-11:00</b>	<b>A Window into Budgeting -- Reflections on SBO's Past and Future</b>
<i>11:00-11:30</i>	<i>Coffee Break</i>
<b>11:30- 13:00</b>	<b>Accrual Budgeting</b>
<i>13:00-14:30</i>	<i>Luncheon for Heads of Delegations</i>
<b>14:30-16:00</b>	<b>Best Practices for Controlling Off-Budget and Tax Expenditures</b>
<i>16:00-16:30</i>	<i>Coffee Break</i>
<b>16:30-18:00</b>	<b>Incorporating a Medium-Term Horizon to Public Expenditures</b>
<i>18:00-21:00</i>	<i>Cocktail</i>

**Thursday, 10 June**

<b>9:30-11:00</b>	<b>Peer Review of Denmark</b>
<i>11:00-11:30</i>	<i>Coffee Break</i>
<b>11:30-13:00</b>	<b>Peer Review of Chile</b>
<i>13:00-14:30</i>	<i>Luncheon</i>
<b>14:30-16:00</b>	<b>Report on SBO Current Activities and Discussion of Future Work Programme</b>
16:00	Closing by Chairman, Spain and OECD Secretariat

## SUMMARY ANNOTATIONS

### GENERAL

1. The meeting will be held at the *Melia Castilla Hotel*, Capitan Haya 43, 28020 Madrid.
2. The meeting will commence promptly at 9:30 a.m. Please be advised that for security reasons you will need to show your passport or national identity card in order to receive an entry pass. Please allow 10-15 minutes to finish these formalities.
3. All participants need to complete the registration form and return it to the Secretariat ahead of the meeting. Entry passes can only be issued to registered delegates.
4. A luncheon for Heads of Delegations will be hosted by the Spanish Ministry of Finance on the first day of the meeting.
5. All delegates are invited to attend a cocktail reception hosted by the Spanish Ministry of Finance at the *Reina Sofia Museum* at the conclusion of the first day of the meeting.
6. Background documents are available for each substantive session and are listed in the appendix to this agenda. The documents will be distributed electronically to all participants prior to the meeting.
7. Simultaneous translation between English and French will be available at the meeting.

### AGENDA ITEMS

#### **A Window into Budgeting – Reflections on SBO's Past and Future**

8. This session will review the major budgeting reforms undertaken in OECD Member countries during the 25 years since the inaugural meeting of the Working Party of Senior Budget Officials in 1980. Professor Allen Schick will highlight the major successes and disappointments associated with those reforms and what they hold for the future. Delegates will then have an opportunity to discuss his assessments.

#### **Accrual Budgeting**

9. The discussion of accruals has tended to focus more on accrual *accounting* than accrual *budgeting*. This session is designed to highlight the specific issues involved with accrual budgeting. This will include items such as the treatment of non-cash items in appropriations, cash management, fiscal policy setting, opening balances in balance sheets and depreciation, control mechanisms for capital acquisitions and the impact on parliament in approving budgets. The session will open with a presentation by the Secretariat followed by introductory remarks by two countries with opposing views on the value of accrual budgeting. Delegates will then have an opportunity to discuss these issues.

#### **Best Practices for Controlling Off-Budget and Tax Expenditures**

10. Effective systems for controlling tax expenditures and other off-budget expenditures are generally considered lacking when compared with the systems for evaluating and approving traditional

expenditures. As a result, there may be an incentive to use such instruments in order to “escape” the controls associated with traditional expenditures, which can in turn serve to undermine overall fiscal discipline. The OECD organized an *ad hoc* meeting of national experts on 12-13 February to discuss these issues and to formulate guidelines for the appropriate treatment of tax expenditures in the budget process. The Secretariat will present the draft guidelines during this session followed by a presentation by a Member country that has recently enacted significant changes to the budgetary treatment of tax expenditures. Delegates will then have an opportunity to discuss the guidelines and the issues more generally.

### **Incorporating a Medium-Term Horizon to Public Expenditures**

11. In general, budgets are legally enacted on an annual basis in Member countries. This time horizon can impede effective expenditure management. The use of medium-term budget frameworks that extend 2-5 years beyond the next fiscal year is now common in Member countries. There is, however, a variety of different types of medium-term frameworks in use in Member countries. This session will include brief presentations by several Member countries of the medium-term frameworks in use in their respective countries. Delegates will then have an opportunity to discuss the different approaches adopted for incorporating a medium-term horizon to public expenditures.

### **Budgeting in Denmark and Budgeting in Chile**

12. Two countries will be reviewed – Denmark and Chile. In response to comments at last year’s SBO meeting, a separate session is now being devoted to each of the reviews. The Secretariat will present reports on the Danish and Chilean budgeting systems. Two member countries -- who have agreed to be the lead examiners -- will begin the review of each country. The floor will then be open for questions and comments by all Delegates.

13. The objective of the reviews is to provide a comprehensive overview of the budget process in the country under examination, to evaluate national experiences in the light of international best practice and to provide specific policy recommendations, and to offer other member countries an opportunity to comment on specific budgeting issues in the country under examination (“peer review”).

### **Report on Budgeting and Public Expenditure: Current and Future Activities, 2004 to 2006**

14. The Secretariat will report on activities since the last meeting of the Working Party. This will include (a.) an update on the work of each of the four SBO subsidiary bodies - the network on financial management (including accountability and control), the network on performance and results, the network on organizational structures, and the network of chairperson of parliamentary budget committees; (b.) co-operation with other bodies at the OECD on budget-related matters, most notably the newly created network on fiscal relations across levels of government.

15. The Secretariat will then outline proposals for the future work programme, and Delegates will be asked to comment on priorities and indicate their interest in particular studies.

16. Finally the Secretariat will outline proposed areas for co-operation with non member countries on budgeting issues, including the development and fund-raising for regional SBO networks in Asia, Latin America, Africa and Central/Eastern Europe.

## LIST OF DOCUMENTS

(in order of sessions)

1. Annotated Agenda  
[GOV/PGC/SBO/A(2004)5/FINAL]
2. A Window into Budgeting – Reflections on SBO’s Past and Future  
[GOV/PGC/SBO(2004)4]
3. Issues in Accrual Budgeting  
[GOV/PGC/SBO(2004)5]
4. Best Practices Guidelines – Off-Budget and Tax Expenditures  
[GOV/PGC/SBO(2004)6]
5. Incorporating a Medium-Term Horizon to Public Expenditures  
[GOV/PGC/SBO(2004)8]
6. Budgeting in Denmark  
[GOV/PGC/SBO(2004)9]
7. Budgeting in Chile  
[GOV/PGC/SBO(2004)7]
8. Report on Budgeting and Public Expenditure: Current and Future Activities, 2004 to 2006  
[GOV/PGC/SBO(2004)10]