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

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

Cancels & replaces the same document of 20 April 2004

Working Party of Senior Budget Officials

25th ANNUAL MEETING OF OECD SENIOR BUDGET OFFICIALS

ANNOTATED AGENDA

Madrid, 9-10 June 2004

The meeting is hosted by the Spanish Ministry of Finance.

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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**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, Spain and OECD Secretariat
10:00-11:00	25 Years of Budgeting Reform: What Has - And Has Not - Been Achieved?
<i>11:00-11:30</i>	<i>Coffee Break</i>
11:30- 13:00	Accrual Budgeting
<i>13:00-14:30</i>	<i>Luncheon for Heads of Delegations</i>
14:30-16:00	Best Practices for Controlling Tax Expenditures
<i>16:00-16:30</i>	<i>Coffee Break</i>
16:30-18:00	Incorporating a Medium-Term Horizon to Public Expenditures
<i>18:00-20:00</i>	<i>Cocktail</i>

Thursday, 10 June

9:30-11:00	Peer Review of Denmark
<i>11:00-11:30</i>	<i>Coffee Break</i>
11:30-13:00	Peer Review of Chile
<i>13:00-14:30</i>	<i>Luncheon</i>
14:30-15:15	Report on SBO Activities
15:15-16:00	Future Work Programme
16:00	Closing by Chairman, Spain and OECD Secretariat

SUMMARY ANNOTATIONS

GENERAL

1. The specific venue (location) of the meeting in Madrid will be confirmed by the Spanish authorities shortly.
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 attached 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 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

25 Years of Budgeting Reform: What Has – and Has Not – Been Achieved?

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 Tax Expenditures

10. Effective systems for controlling tax 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 SBO Activities

14. The Secretariat will report on activities that have taken place 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; and (c.) co-operation with non-Member countries on budgeting issues, including the regional SBO networks in Asia, Latin America and Central/Eastern Europe and related fundraising activities.

Future Work Programme

15. This session is designed for Delegates to identify emerging priority areas for future work, the nature of their interest in the subject and their willingness to participate in particular studies.

Appendix

LIST OF DOCUMENTS

(in order of sessions)

1. Annotated Agenda
[GOV/PGC/SBO/A(2004)5]
2. 25 Years of Budgeting Reform: What Has - And Has Not - Been Achieved?
[GOV/PGC/SBO(2004)4]
3. Accrual Budgeting
[GOV/PGC/SBO(2004)5]
4. Best Practices for Controlling 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 SBO Activities and Future Programme of Work
[GOV/PGC/SBO(2004)10]



25th Annual Meeting of Senior Budget Officials

MADRID, 9-10 JUNE 2004

REGISTRATION FORM
(TO BE COMPLETED FOR EACH PARTICIPANT)

NAME _____

FIRST NAME _____

JOB TITLE _____

ORGANISATION _____

MAILING ADDRESS _____

COUNTRY _____

TELEPHONE _____

FACSIMILE _____

E-MAIL ADDRESS _____

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