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

Working Party of Senior Budget Officials

SBO NEWSLETTER

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SBO Newsletter

February 2004

SBO – Madrid, 9-10 June

This year's SBO meeting will be hosted by the Government of Spain and will take place in **Madrid** on **9-10 June**. The agenda for this 25th Anniversary Meeting of the SBO will be sent out shortly. The OECD would like to express its gratitude to the Spanish Ministry of Finance for this generous support.

Introduction

In an effort to improve communications with SBO delegates, the *SBO Newsletter* is being launched with this first issue. The aim is to publish the *SBO Newsletter* each quarter in order to provide concise and timely updates on the activities of SBO. The *SBO Newsletter* will be in pdf format and sent by email to SBO delegates and other interested parties.

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The 4th Annual OECD Public Sector Accruals Symposium

The 4th Annual OECD Public Sector Accruals Symposium was held at OECD Headquarters in Paris on 9-10 February. Over 110 delegates attended the meeting, which was chaired by Mr. Ian McPhee, Deputy Secretary, Department of Finance and Administration, Australia.

As in previous years, a large part of the meeting was devoted to the accrual treatment of specific transactions, assets and liabilities that are unique to the public sector. These included non-exchange revenue (taxes), social policy obligations, military equipment, heritage assets, credit programmes (loans and guarantees), provisions and commitments. The IFAC Public Sector Committee presented their work on the first two items as well as providing a general update on their work. The various facets of valuation in a public sector context were discussed, including a presentation by the International Valuation Standards Committee. The International Accounting Standards Board provided an update on developments with private sector GAAP and the potential implications for public sector accounting standards. The International Task Force on the Harmonisation of Public Accounts also presented its work (see below). The meeting concluded with a discussion on how governments can get the most from their investment in adopting accruals.

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Harmonising GAAP/IPSAS, GFS and ESA

The International Task Force on the Harmonisation of Public Accounts met in conjunction with the 4th Annual OECD Public Sector Accruals Symposium on 11 February and a Working Group met on 6-7 February. The Task Force meeting was chaired by Ms. Lucie Laliberte, Senior Advisor, Statistics Department, International Monetary Fund and the Working Group meeting was chaired by Mr. Ian Mackintosh, Regional Financial Management Advisor, World Bank and former Chairman of the IFAC Public Sector Committee. The OECD provides the Secretariat for this work.

The objective of these meetings was three-fold. First, to identify the differences that exist between the different standards in the treatment of specific transactions, assets and liabilities. Second, to identify areas where harmonization between the different standards is considered desirable, and to take action to affect the necessary amendments. Third, to identify areas where harmonization between the different standards is not considered feasible/desirable, and to assess the implications of remaining differences between the standards.

The creation of the Task Force was *inter alia* in response to a request from the 3rd Annual OECD Public Sector Accruals Symposium (2003) to study the feasibility of harmonization between the different international government accounting and statistical standards, notably the GAAP standards developed by the International Accounting Standards Board, the International Public Sector Accounting Standards (IPSAS) developed by the Public Sector Committee of the International Federation of Accountants (IFAC), the Government Finance Statistics Standards (GFS) and the European System of Accounts (ESA). The Task Force brings together the relevant organizations and interested parties to carry this work forward.

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Latin American SBO meeting

The 2nd Annual OECD Latin American SBO meeting was held in Santiago, Chile on 28 January. The meeting was held in conjunction with the annual Fiscal Policy Seminar hosted by the United Nations Economic Commission for Latin America and the Caribbean. It attracted budget directors and other senior budget officials from 18 countries in the region. The meeting was chaired by Mr. Mario Marcel, Budget Director of Chile and opened with a keynote speech by Mr. Barry Anderson, past chairman of the SBO. The meeting featured sessions on reallocation, budget transparency, participatory budgeting, a peer review of the Brazilian budgeting system and a presentation on the results of the OECD database on budget practices and procedures. It is envisaged that this meeting will become a regular annual event in the framework of the OECD Budget Project. There are regional SBO networks also in place in Asia and Central and Eastern Europe.

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Reallocation : The Role of Budgetary Institutions

A half-day meeting was held at OECD Headquarters in Paris on 11 February to present the draft final report on *Reallocation : The Role of Budgetary Institutions*. Over 35 delegates attended the meeting, largely reflecting the membership of the expert group that had been guiding this work. The meeting was chaired by Mr. Mike Joyce, Assistant Secretary, Treasury Board Secretariat, Canada. In addition to the presentation of the report by the Secretariat, there were presentations by officials from Canada and the Netherlands and a keynote address by Professor Daniel Tarschys of the University of Stockholm. The OECD would like to express its gratitude to the Governments of Canada and the Netherlands for their generous financial support of this activity.

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Controlling Tax Expenditures and Off-Budget Expenditures

This meeting was held at OECD Headquarters in Paris on 12-13 February. Forty delegates attended the meeting. It was chaired by Mr. Richard Emery, Assistant Director, Office of Management and Budget, United States and the Chairman of SBO. The meeting featured presentations and discussion of country case studies by Canada, Czech Republic, Germany, Greece, Hungary, Italy, Mexico, the Netherlands, Norway, New Zealand, Poland, Spain, Sweden and the United States. The objective of the meeting was to develop best practice guidelines for controlling tax expenditures and off-budget expenditures based on national experiences. These will be presented at the next meeting of Senior Budget Officials.

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Performance and Results – Upcoming meeting

A network of officials dealing with performance and results is being formed as a subsidiary group of SBO. The network will examine the different approaches adopted by OECD member countries to performance-based budgeting and management. The aim is to produce analytical reports that will provide practical guidance to countries on the opportunities and limitations of performance-based approaches to budgeting and management. The first meeting aims to examine the different approaches taken by OECD member countries to the development and use of performance indicators/measures and evaluation in the budget process. The first meeting of this expert group will be held on **1-2 April 2004** at OECD Headquarters in Paris.

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Central and Eastern European SBO Meeting – Upcoming

A meeting of Senior Budget Officials from Central and Eastern European countries is planned to take place on **10-11 November 2004** in the Hague, Netherlands. This will be the first meeting of this regional network and

joins the Latin American and Asian regional networks already in place. More information will be provided in due course.

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A brochure on the SBO

A short brochure on the SBO is being prepared. It will provide an overview of the activities of the SBO and its related bodies and is being designed for people not familiar with our work.

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New book: *Who Will Pay? Coping with Ageing Societies, Climate Change, and Other Long-term Fiscal Challenges*

Peter Heller recently held a seminar at the OECD to discuss his new book: *Who Will Pay? Coping with Ageing Societies, Climate Change, and Other Long-term Fiscal Challenges*. The book focuses on the many long-term fiscal challenges faced by governments and suggests that addressing the impact of long-term fiscal issues of a country requires a multi-pronged approach, starting with a long-term focus on fiscal sustainability; innovative analytical techniques; strengthened budget procedures; less pre-committing to expenditures; a stronger sustained aggregate fiscal position; and more global co-ordinating efforts. Peter Heller is Deputy Director of the IMF Fiscal Affairs Department.

2004 Calendar of SBO meetings

28 January	2nd Annual OECD Latin American SBO Meeting <i>Santiago, Chile</i>
9-10 February	4th Annual OECD Public Sector Accruals Symposium SBO Network on Financial Management <i>Paris</i>
11 February	Reallocation: The Role of Budget Institutions <i>Paris</i>
12-13 February	Controlling Tax Expenditures and Off-budget Expenditures <i>Paris</i>
1-2 April	Performance Information in the Budget Process SBO Network on Performance and Results <i>Paris</i>
9-10 June	25th Annual Meeting of Senior Budget Officials <i>Madrid, Spain</i>
10-11 November	1st Annual OECD Eastern and Central European SBO Meeting <i>The Hague, Netherlands</i>
To be confirmed	3rd Annual OECD Asian SBO Meeting <i>Bangkok, Thailand</i>

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