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## ROLE OF THE LEGISLATURE

**19th Annual Meeting of Senior Budget Officials  
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*Due to time constraints, the country responses are presented only in the language in which they were presented to the Secretariat and have received only limited editing.*

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## OVERVIEW

1. The budget is the major vehicle for the articulation of government policies in Member countries. This paper presents country responses to a Secretariat questionnaire on the role of the legislature in the budget process in Member countries. This overview note provides a synthesis of the different roles that legislatures play in Member countries and highlights common patterns of change in the role played by the legislature.

### A Variety of Roles

2. The role of the legislature in the budget process varies markedly across Member countries. This primarily reflects the constitutional arrangements in each Member country, for instance, a presidential system of government versus a parliamentary system of government. In a presidential system, the legislature is a separate and independent body. In a parliamentary system, the executive branch is in effect an agent of the legislature. The legislature is therefore not as independent a body from the executive branch as in a presidential system. The legislature is generally more active in countries with a presidential system of government than a parliamentary system of government. A closer look at the parliamentary systems reveals a sub-division between those countries that have a tradition of strong single-party majority governments and those with a tradition of coalition governments or minority governments. The legislature tends to be more active in the countries in the latter category. This is, however, a dynamic area and the role of the legislature is in transition in several Member countries.

3. The United States with its presidential system represents one end of the spectrum with a very active legislature. Not only does the United States Congress have the independent constitutional power inherent to the presidential system, but it has the resources to exercise that independent power. The U.S. Congress has famously declared the President's budget proposal "dead on arrival" and then started work on putting together its own budget proposal. There are no restrictions on the legislature's power in this area. However, the President can veto a budget passed by the Congress and it would require a 2/3 vote in both houses to overturn his veto. This rule imposes discipline on the actions of Congress.

4. It should be noted that this was not always the case. It was only following the enactment of the Congressional Budget and Impoundment Act of 1974 that the Congress truly created the infrastructure necessary for it to be able to play an independent role in the budget process. This followed bitter arguments between the Congress and the President over the budget. The President had claimed that the Congress had become incapable of exercising control over the budget and attempted unilaterally to withhold substantial funds that had been appropriated by law. The 1974 Act established a new and formal procedure through which the Congress could develop and enforce its own budget independent of the President. It also established budget committees to oversee the new congressional budget process and it created the Congressional Budget Office to assist the budget committees and the Congress in their budgetary deliberations.

5. Member countries with a Westminster, or similar, tradition of governance (such as the United Kingdom, Australia, Canada, Ireland and New Zealand) tend to represent the other end of the spectrum with very inactive legislatures. This is a reflection of the constitutional principle in these countries that equates a vote on the budget with a vote of confidence in the government. As the Canadian response notes, “it is extremely difficult to introduce changes to budget measures, once they have been formally introduced in Parliament. Defeat of a budget bill in the House of Commons traditionally implies the defeat of the budget and the government and a general election must be called.” This constitutional principle is very transparent in Ireland as detailed in their country response. The Irish Constitution “stipulates that the Dail (Parliament) may not pass any Vote or resolution, and no law may be enacted for the appropriation of public moneys unless the purpose of the appropriation has been recommended to the Dail by a message from the Government signed by the Taoiseach (Prime Minister)...The legislature has no power to propose amendments on the expenditure side of the Budget.” One United Kingdom observer commented that the government presenting the budget to parliament was a mere formality. In this context it can be noted that the Chairman of the Treasury and Civil Service Committee stated wryly in 1983 that “with the exception of a one-day debate in the previous Parliament...this is the first occasion since the Lord Chancellor’s bathroom was debated last century that the House has had an opportunity for debating an individual Estimate.”

6. New Zealand operates with the principle of a government “financial veto.” This allows the government to veto any proposal by members of the legislature that it considers would have more than a minor impact on the government’s fiscal aggregates if it became law. The execution of the veto cannot be voted on or overturned by the legislature.

7. Chile also represents a country with a very limited role for the legislature in Constitutional terms. The Constitution established a tight time limit for Congress to fully process the Budget Proposal presented by the executive, otherwise the original proposal becomes law. The legislature’s participation in the budget process is limited only to the discussion and approval of the budget proposal. In that respect, the initiative to propose or increase expenditure is limited only to the Government. Congress can only cut variable expenditures, i.e. those not established by permanent laws. Moreover it cannot alter the revenue estimates by the executive.

8. The role of the legislature in the budget process in most Member countries can be characterised as falling in between these two ends of the spectrum. The legislature is not inhibited by any constitutional provisions or principles in discussing the budget. The role of the legislature in these countries is variable depending on their respective political situation at a given time. The legislature can have an inactive role in times of strong single-party majority government whereas it may have an active role in times of coalition governments or minority governments. For example, Portugal notes in its country response that the legislature’s more active role in the budget process can be attributed to “the minority parliamentary representation of the present government.” In Norway, the present government has only 42 of 165 seats in parliament which gives the legislature an increased role in the budget process.

9. It should be noted that a more active role for the legislature does not translate directly to major changes being made to the government’s budget proposal. The fundamental difference is that in these countries it is accepted practice for the legislature to amend the government’s budget proposal. In Denmark, about 1,000 amendments are introduced to the government’s original budget proposal. In Finland, it varies between 400 and 700 proposed amendments. In Hungary, between 500 and 600 amendments are proposed. In Sweden, about 2,500 motions are proposed by Members of Parliament following the introduction of the budget. Only a very small fraction of these amendments are adopted and they often have a limited financial impact. As Hungary notes, “A large portion of the amendments proposals do not materially influence the total amounts or the internal structure of the submitted (budget)

proposal. They are primarily aimed at securing funds, through lobbying or coalition agreements, for minor development projects or other purposes.” This characterisation most certainly applies to other Member countries as well. The large number of amendments proposed does, however, highlight the dynamic nature of the budget debate in these countries.

10. Several Member countries are in a transition phase as it relates to the role of the legislature in the budget process. For example, the Czech Republic, Hungary and Poland have undergone tremendous reforms to the role of the legislature with the return to democracy. New Zealand has adopted a new system of proportional representation in parliament instead of the former first-past-the-post system. This has led to coalition governments whereas single-party majority governments were the rule previously. Mexico, which is a presidential system, is also experiencing a transition to a new role for the legislature as no longer does the same party control the executive branch and the legislative branch. Korea is undergoing a transition in the political environment in which the budget is debated as well. Brazil reports a significant increase in the role of the legislature in recent years and Japan reports that its legislature is becoming more and more active.

### **But There Are Some Common Emerging Areas of Change**

11. It is possible to identify some common emerging areas of change in the role of the legislature in the budget process in a number of Member countries. These changes do not directly increase the power of the legislature. Rather, they are designed to improve the quality of the discussion of the budget in the legislature. There are four specific areas where this appears to be the case.

- Aggregate fiscal policy statements
- Increased role for committees
- Improved reporting to the legislature
- Greater resources for the legislature

#### ***Aggregate fiscal policy statements***

12. Aggregate Fiscal Policy Statements are reports to the legislature where aggregate levels of government revenue, expenditure, deficit, and debt are generally proposed. These aggregate amounts are discussed --- and sometimes formally approved by the legislature. This takes place several months prior to the introduction of the budget itself.

13. These statements are designed to cast budget policy in a more macroeconomic and medium-term setting. This can serve the purpose of increasing budget discipline by establishing a limit for the budget aggregates in relation to the macroeconomic situation. The statements also help focus pre-budget consultation and public debate on the budget. This in turn may “pave the way” for any difficult choice that have to be made in the budget itself.

14. In countries that have introduced statements such as these, the result has often been for opposition parties in parliament to present their own statements --- how they view the economy differently and the different levels of aggregate revenue, expenditure, deficit and debt levels they would propose. In other words, the introduction of these statements has fostered debate on the budget at an aggregate level, rather than focusing on single appropriations as has often been the case with debate on the budget.

15. Examples of such statements include the Budget Policy Statement required by New Zealand's Fiscal Responsibility Act and the Swedish Spring Fiscal Policy Bill. The Canadian Fall Economic and Fiscal Statement and the United Kingdom's "Green Budget" can be seen in this light as well.

### ***Increased Role for the Committees***

16. Much of the actual work of the legislature in reviewing the composition of the budget takes place in committees. The role of the committees has been increasing and a pronounced division of responsibility between the budget committee and the sectoral committees has become apparent in a number of Member countries.

17. For example, Ireland reports that "the number and scope of Dail (parliament) Committees has increased significantly in recent years. This development has facilitated a more detailed consideration and scrutiny by the legislature of the annual Estimates." Similarly, Australia reports that "Since 1994 committees have had the power to send for specified persons and documents and to meet and hear evidence beyond Parliament House. Since 1993 committees considering estimates have been authorised to arrange supplementary hearing to inquire more fully into matters raised during the first round of hearing. The supplementary hearings replace committee of the whole consideration (by the whole chamber) of the appropriation bills..." These discussions have typically taken place in a single budget committee. There, have, however, been exceptions to this as is the case for example in the Netherlands where the sectoral committees have taken the leading role in reviewing the budget with only a limited role for the finance committee. There are, however, changes taking place in this area which are bringing together the two sets of committees, the budget committee and the sectoral committees, and establishing a clear division of responsibility between them.

18. The new system that is emerging in a number of Member countries has the budget committee being responsible for discussing the aggregate figures in the budget and the division of total expenditure across major sectoral areas. The sectoral committees are then responsible for allocating individual appropriations within the total that has been assigned for their sector. This is often a two-step procedure with parliament approving the level of expenditure for each sector before it approves individual appropriations within a sector. This is designed to keep a focus on maintaining aggregate fiscal discipline.

19. Countries that have adopted this new two-step procedure for discussing the budget include the Czech Republic, Hungary, Norway and Sweden.

### ***Improved Reporting to the Legislature***

20. Improved reporting to the legislature has been a priority issue for many Member countries. This can refer to simply updating or modernising the format of the budget documentation to make them more user friendly, or it can refer to a more fundamental shift in the contents of the budget documentation --- from inputs to outcomes and outputs. This is especially relevant in countries where the legislature has eliminated various controls on inputs. The quid pro quo for this is to provide the legislature with information on what has been achieved in terms of results for each appropriations.

21. New Zealand has changed the legal basis of most of its appropriations to detailed specification of outputs "to be purchased" for each respective appropriations. In Denmark, the budget documentation includes for each appropriation a specifications for the purpose of the appropriations. "The initial specification includes targets for evaluation. In further specification, measures for production/activity in

previous years and projections for future years are given and analysis of the productivity, efficiency and effectiveness (if possible) are supplied.” Iceland reports that the Ministry of Finance has published a special report parallel to the budget bill where “the operating cost of every agency is divided into major projects and activity indicators are shown for every project. In the next few years agencies and ministries are expected to revise these indicators so they can give a good picture of every agency's performance.” The United States reports that an extensive amount of performance information is presented with the agency budget proposals, including output and outcome goals. “Agencies are required by law to set performance goals for all programmes, and to link this performance to the amounts requested in the budget for these programmes”.

22. Some Member countries have decided to split the budget documentation into individual reports prepared by the respective ministry, rather than have them all amalgamated into a single budget document. For example, Canada as part of its Improved Reporting to Parliament Project introduced two sets of department-specific reports which are presented to parliament. The *Report on Plans and Priorities* contains information on objectives, initiatives and planned results, including linkages to related resources requirements. A separate *Performance Report* then provides information on results actually obtained. This will then help parliamentarians assess departmental plans and priorities for upcoming fiscal years. The Canadian responses notes that “Providing separate reports on performance increases the visibility of this information, encourages reporting of results, and improves accountability.”

### *Greater resources for the legislature*

23. In order to be effective in influencing the budget, the legislature needs to have sufficient resources to perform this function. These resources can be classified into four groups. First, the non-political staff of each committee. Second, independent and non-political legislative bureaus to assist parliamentarians in discussing the budget. Third, the resources of audit offices which are generally associated with the legislative branch (although there can be a conflict of interest in having auditors acting as ex ante advisors). Finally, funding parliamentary political parties in order for them to establish expertise in budgetary matters.

24. The United States Congress has more resources at its disposal in discussing the budget than do the legislatures in any other Member country, even in relative terms. In this respect, the Congressional Budget Office (CBO) deserves special mention. It was established in 1974 as part of the reforms to the congressional budget process, as mentioned earlier in this paper. It has a staff of 200 professionals. Its principal mission is provide Congress with independent and non-political information on budgetary matters --- including an analysis of the President’s budget proposal.

25. In other Member countries, the resources available to the legislature are generally limited. It is for example, common for the budget committee to be serviced by 1-3 staff members. A number of Member countries are recognising that the resources available to parliament need to be increased. Italy now supports its committees with the Budget Research and Development Departments of the Chamber of Deputies and of the Senate. Norway’s legislature has recently established a Budget Secretariat. It is to serve the parliamentary budget committee and to deliver services and necessary material for the different party groups in the legislature. The audit office in Hungary has a significant role in the parliamentary budget process as it scrutinises the budget proposal presented by the government and reports its findings to parliament before it begins deliberation of the budget proposal. These resources are independent and non-political. It would, however, appear to be more common and more preferred for Member countries to increase funding for parliamentary political parties in order for them to establish their own budget expertise.

26. The patterns of change that have been outlined above work together and reinforce each other. They are all designed to improve the quality of the budget debate in the legislature. This may in turn lead to greater power for the legislature in the future, but that cannot be considered as an immediate effect of these changes.

#### **ISSUES FOR DISCUSSION**

- How is the role of the legislature changing in Member countries? Is it becoming more active? What do Delegates see as the key advantages and disadvantages of a more active legislature?
- Do Delegates agree with the common patterns of change identified by the Secretariat in the Issues paper [PUMA/SBO(98)2]?



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## COUNTRY RESPONSES

### AUSTRALIA

2.1 *Are there any restrictions on the ability of the legislature to modify the budget proposed by the government? If so, what form do these take?*

a) Yes.

b) Section 53 of the Constitution provides that bills imposing taxation or appropriating funds may only be initiated in the lower house (the House of Representatives), and not in the upper house (the Senate). There are no restrictions on the ability of the House of Representatives to modify the government's budget. Modification of the budget rarely occurs, however, as the government, by definition, holds a majority in the House of Representatives. The Senate is restricted in that it may not amend bills imposing taxation or appropriating money for the ordinary annual services of government. If it wishes to make changes to such bills, it must request the House of Representatives to make the required amendments. This limitation on power is procedural, rather than substantive, however, as the Senate can reject any bill and can decline to pass any bill until it is amended in the way the Senate requires.

2.2 *Does the legislature typically enact the budget as proposed by the government? How many amendments to the budget (in number and amount) are typically proposed by the government and opposition members of the legislature, respectively? How many of these are typically approved? Please give details for the past three years. Does the legislature take a more active role in the budget process now than it did 10 years ago? If so, why?*

a) Yes.

b) Amendments to appropriation bills by the government of the day in the House of Representatives are very rare, as the government holds a majority in that house.

## c) Amendments to appropriation bills:

			Government	Non-government	Total	Total legislature
Financial Year 1994/95	House of Reps	Proposed	-	1	1	17 proposed 1 passed
		Passed	-	1	1	
	Senate	Proposed	-	16	16	
		Passed	-	-	-	

Financial Year 1995/96	House of Reps	Proposed	2	2	4	13 proposed 4 passed
		Passed	2	1	3	
	Senate	Proposed	-	9	9	
		Passed	-	1	1	

Financial Year 1996/97	House of Reps	Proposed	-	1	1	97 proposed 3 passed
		Passed	-	-	-	
	Senate	Proposed	-	96	96	
		Passed	-	3	3	

d) There have been no substantive changes in recent years but there have been a number of refinements in the manner in which Senate committees consider estimates of expenditure. Since 1994 these committees have had the power to send for specified persons and documents and to meet and hear evidence beyond Parliament House. Since 1993 committees considering estimates have been authorised to arrange supplementary hearings to inquire more fully into matters raised during the first round of hearings. The supplementary hearings replace committee of the whole consideration (by the whole chamber) of the appropriation bills except where a Senator has circulated an amendment or request for an amendment.

2.3 *Does one budget or appropriation bill cover the government as a whole, or are there a number of budget bills, for example based on individual ministries or categories of expenditures?*

The three annual appropriation bills introduced into the Parliament only cover about 30% of the annual Budget with the balance of outlays authorised by standing (or special) appropriation legislation for which the annual approval of the Parliament is not required.

The existence of multiple appropriation bills stems from the constitutional provision that provides that the upper house of the Australian Parliament (the Senate) may not amend an appropriation bill for the ordinary annual services of government. Following an agreement between the two houses of the Parliament it was agreed that the following items would not be considered 'ordinary annual services' and would be included in a separate appropriation bill:

- Construction of public works and buildings;
- Acquiring sites and buildings;

- Items of plant and equipment which are clearly capital in nature;
- Grants to the States and Territories under section 96 of the Constitution
- New policies not authorised by special legislation

The exception to these guidelines is that all Defence expenditure is included in the Appropriation for the ordinary annual services of government, Appropriation Bill No. 1).

Subsequently, the Parliament agreed to a separate appropriation bill to cover the Parliamentary Departments. This bill is amendable by the Senate.

The Appropriation (Parliamentary Departments) Bill covers all annual appropriations for the five Parliamentary Departments. Both Appropriation Bills 1 and 2 provide coverage for the rest of the Commonwealth budget sector.

*2.4 What are the key steps taken by the legislature in considering the budget? What are the respective roles of a budget or appropriation committee and the sectoral committees, if applicable? Do heads of government ministries and agencies typically testify at committee meetings? Are committee meetings typically open to the public?*

- a) Appropriation bills for expenditure by government in any one financial year are introduced to the lower house (House of Representatives) where they are debated and passed, usually without amendment, with the support of the government majority in the chamber. To expedite detailed consideration of the bills in the upper house (the Senate), the particulars of the bills are referred to Senate committees for examination and report while the bills are still being considered in the lower house. The bills are then introduced to the Senate where they may be debated but will not usually be passed until the aforementioned committee process has been completed.
- b) Following the examination by committees, if a request for an amendment is circulated by any Senator, the bills will be considered by the whole chamber (in Committee of the Whole) so that the amendment may be dealt with. Any amendment that is successful in the upper house must then be sent to the lower house for agreement before the next step can take place, which is obtaining the assent of the Governor-General.
- c) Bills concerned with revenue are dealt with similarly, except that the imposition of taxation and other revenue measures (such as the sale of government assets) is not done on an annual basis. These bills are considered by the standing legislation committees as they arise.
- d) Appropriation bills containing estimates of proposed annual expenditure by government are referred to Senate committees for examination and report. There is no specialist budget or appropriation committee as such. Rather, estimates of expenditure are considered by standing committees on a relevant subject basis which at other times also consider legislation, and annual reports of government departments. In their estimates examination mode, Senate committees consider the appropriation bills in detail, away from the main chamber. Committees play a key role in parliamentary scrutiny of the performance of the executive branch of government.
- e) It is usual for Senate ministers to attend hearings, accompanied by senior officers from the relevant departments and agencies, and to answer questions.
- f) Yes.

2.5 *What resources (e.g. staff) are available to the legislature for reviewing the budget?*

Each of the eight Senate committees that examine government expenditure proposals have a secretariat to support the process of committee hearings. The committee secretary, supported by an estimates officer, is the usual allocation. Parliamentary reporting staff provide transcripts of hearings. Committee members have publicly-funded personal staff who can provide research and support services.

The review by committees of bills concerning **revenue** measures is similarly supported.

2.6 *Are there any arrangements in place for the legislature to establish aggregate expenditure ceilings before beginning debate on individual expenditure items? If so, please describe.*

The Government, through Cabinet and the Expenditure Review Committee (ERC), determines its broad budgetary strategy within its overall economic and social policy goals, and in light of these goals, the allocation of resources, and consequently expenditure, on individual programmes.

2.7 *What information, if any, is presented to the legislature with the budget proposal on programme outputs or outcomes? How is this information used by the legislature?*

- a) Budget expenditure proposals are supported by "Portfolio Budget Statements", providing detail on expenditure proposals and programme outputs. Senate committees also consider annual reports of government departments, which provide information on performance. Reports by the Auditor General are regularly used as an aid to questioning by committees.
- b) Portfolio Budget Statements are used as the basis for committee consideration of government expenditure proposals.

2.8 *What share of total budget appropriations are annually voted, as opposed to permanent appropriations for programmes authorised in separate legislation (such as entitlement programs)?*

The Government each year brings down a Budget. The Budget documentation provides the estimated outlays and revenues of the Government for the Budget year and each of the three forward estimates years. At that time the Government introduces into the Parliament a group of three annual appropriation Bills (Appropriation Bills Nos. 1 and 2 and Appropriation (Parliamentary Departments) Bill).

However, these appropriation Bills cover only some 30 % of total government outlays – the remaining expenditure is authorised by standing (or special legislation) which may have open ended or multi-year expenditure authorisation for which the annual approval of the Parliament is not required.

2.9 *Are supplementary budget bills typically enacted during the course of a fiscal year? If so, what are the key steps in this process? How many supplementary bills have there been in each of the past three years?*

Under the Charter of Budget Honesty Act, the Government is mandated to publish approximately midway through each budget year an update of the economic and fiscal outlook. This report provides, amongst other information an update at the aggregate level of the Budget and forward estimates. However, it is not a vehicle for seeking Parliamentary approval to a revision to those estimates.

Parliament's approval to the supplementation of the authority provided in the three annual appropriation Bills is sought during the additional estimates process where supplementation is sought to the provisions

contained in the three annual appropriation bills. At the same time, the Parliament is informed of any underspends anticipated against the provisions in the annual appropriation Bills approved by the Parliament at Budget time. This supplementation exercise is very small when compared to the overall budget (less than 1% of total estimated outlays over recent years). In addition, this supplementation exercise does not take account of adjustments in anticipated expenditure from standing appropriations.

The basic steps in the process are:

- Agencies are asked to revise their estimates of expenditure from the annual appropriations to reflect any changes since the budget was brought down (new policies approved by the executive, adjustments to assumptions underpinning the budget estimates, etc.)
- The revisions to the estimates are reviewed by officials of the department of Finance and Administration before an omnibus submission is placed before the Cabinet
- On receipt of Cabinet endorsement, legislation is introduced by the Parliament where it goes through a scrutiny process before approval.

Supplementary appropriation Bills are not mandated. They are only introduced where changes in circumstances warrant them.

However, experience has shown that supplementation is sought for each of the original budget appropriation bills once each budget year (generally around the mid point between one budget and the next. However, it is open to the Government to seek supplementation for this initial budget legislation as often as it considers necessary.

## AUSTRIA

2.1 According to art. 51 par.1 of the Federal Constitution (B-VG) the draft of the Federal Finance Act has to be submitted for consultations to the National Council by the Federal Government. This draft can be amended by the National Council. The "approval" of the draft Federal Budget takes place according to art. 42 par.5 (B-VG) with enactment by the National Council alone.

Therefore the legislative initiative comes only from the Federal Government. Only if the government is defaulting, members of the National Council can propose an initiative motion.

Beside it, there are special constitutional provisions concerning "provisional budgets" (art.51 par.5 B-VG), in "defence case" (art.51b par.6 B-VG) as well as by "imminent danger" (art.51b par.2 B-VG).

2.2 The National Council can in principle amend the draft of the Federal Government in any way during the parliamentary treatment. Generally, the National Council is following the draft and makes only slight corrections. Motions of amendment of the Federal Government are not permitted after the parliamentary consultations on the federal draft have begun.

In our view, the National Council is not taking a "more active role" today than ten years ago.

2.3 The principle of the budget unity is in effect (see section 16 of the Federal Budget Act and the vague definition of art. 51 par.3 B-VG), which should describe the Federal Budget.

This principle is jeopardised in practice by "subsidiary budgets" (escape from the budget) separate (independent) legal entities, which are under the influence of the federation.

The draft Federal Finance Act submitted by the Federal Government is assigned by the National Council to a committee (budget committee) for non public deliberation, in which member of the Federal Government are also taking part.

Propositions from the government concerning the limitation of expenditures (e.g. in relation to the Maastricht criteria) are taking place in the frame of the draft Federal Budget.

Informations concerning the Federal Budget are essentially given in the "*Erläuterungen*" and in the "*Amtsbehelfen*". Other informations are submitted to the Members of Parliament in the so-called "Budget-Hearing", where the ministry of finance is represented.

The delegated powers to issue financial regulations are only related to receipts and expenditures of one financial year according to art. 51 par.2 B-VG. For undertakings over several years (previous charges) special budget regulations are in force (§45 BHG see annotation to item 6.12)

Expenditures are only being made in the extend in which means are assigned to planned appropriations.

For extra- and overplanned expenditures, a delegation of power is needed in the current financial year, which has to be obtained (art.51b B-VG).

## BELGIUM

### 2.1

*La Chambre des Représentants* est investie du pouvoir d'approbation du budget et, le cas échéant, d'y apporter les amendements qu'*elle* estime nécessaires.

- En droit, la Chambre des représentants ne connaît aucune limitation quant à son pouvoir d'amender un projet de budget. De même, son contrôle, qu'il soit direct (débats en "Commission du Budget et des Finances", débats en "séances plénières", questions parlementaires) ou qu'il soit réalisé par l'entremise de la Cour des Comptes n'est nullement limitatif.
- Dans les faits, deux facteurs au moins s'imposent de manière contraignante à la Chambre des Représentants: d'une part, les dépenses incompressibles et récurrentes telles, par exemple, celles qui sont obligatoires en raison du principe de la continuité des services publics ou de l'engagement contractuel de l'Etat à un niveau international ne font l'objet d'aucun débat ; d'autre part, une modification substantielle d'un projet de budget par la Chambre des Représentants équivaldrait à poser "la question de confiance" à l'égard du Gouvernement au risque d'en provoquer la chute ; or, en dehors des périodes de crises politiques aiguës, le Parlement évite de provoquer de telles situations.

Il ressort de cette analyse factuelle qu'en matière budgétaire, c'est, en définitive, le Gouvernement l'organe "fondamental", voire "fondateur".

### 2.2

En règle générale, la Chambre des Représentants adopte le projet de budget "majorité contre opposition".

Ce vote porte sur les programmes budgétaires et non sur les allocations de base.

Durant le premier trimestre de l'année budgétaire en cours, chaque département a l'opportunité, sur base de l'expérience qui a été la sienne pendant ces trois premiers mois, de "réajuster" la hauteur des crédits qui lui sont alloués : il s'agit de l'ajustement du Budget général, issu du "contrôle budgétaire".

Les ajustements proposés doivent être déposés au Parlement au plus tard pour le 30 avril de l'année budgétaire concernée.

La Chambre des Représentants a jusqu'au 30 juin pour procéder au vote.

Outre cette procédure spécifique, il est assez rare que la Chambre des Représentants amende un budget de manière significative ; par ailleurs, les amendements proposés ne portent en général que sur des points

spécifiques ou de détails et n'ont, jusqu'à présent, jamais concerné l'ensemble du budget ni un pan important de ce dernier.

Il est excessivement difficile de chiffrer, en nombre, en montant ou en fonction de leur "origine", de tels amendements, d'autant qu'ils ne sont que rarement révélateurs de véritables "malaises" ou d'authentiques intentions d'obvier la politique budgétaire en cours.

### 2.3

Parmi les principes de droit budgétaire belge, existe celui de l'unité ou unité de caisse.

Pour le budget de l'Etat Fédéral comme pour celui des Entités fédérées, l'unité de caisse signifie que "toutes les Recettes de l'Etat sont centralisées au budget des Voies et Moyens et versées sur un compte unique à l'Office des Chèques Postaux pour être utilisées au paiement des dépenses de **l'Etat**".

Par Etat, il y a lieu d'entendre le Pouvoir Central (le principe vaut donc pour toutes les Entités du Pouvoir central, mais uniquement chacune pour ce qui la concerne... en d'autres termes, il y a autant de budgets que d'Entités mais chacune d'elles doit respecter ce principe de l'unité) à l'exclusion de toutes les Entités décentralisées ou déconcentrées (Provinces, Communes, ASBL, etc...) qui ont leur propre mode de gestion budgétaire (grande part d'autonomie fonctionnelle).

Il faut, par contre, assimiler à l'Etat les Organismes d'intérêt Public (agences, parastataux et établissements publics) dont le mode de gestion et de contrôle est directement et complètement sous l'autorité d'un Ministre (O.I.P. de catégorie 'A'). Il en est de même de tout le secteur de la Sécurité sociale.

Par ailleurs, dans une phase ultérieure, la comptabilité de l'ensemble du secteur public fait l'objet d'un traitement spécifique par l'Institut des Comptes Nationaux.

### 2.4

#### A. PHASE PRÉPARLEMENTAIRE (PRÉPARATION DU BUDGET)

- L'Administration du Budget et du Contrôle des Dépenses propose au Conseil des Ministres les directives en vue de l'élaboration du budget.

Après accord du Conseil des Ministres, le Ministre du Budget diffuse une circulaire dans les départements ministériels (début mars). Cette circulaire comporte les paramètres techniques qui seront utilisés pour élaborer la préfiguration du budget de l'année civile suivante.

- Ces départements établissent alors des fiches budgétaires par article : ce sont leurs demandes de crédits.
- L'avant-projet de budget et le rapport de l'Inspection des Finances sont soumis au Ministre du Budget pour le 1<sup>er</sup> juin.
- Toutes les propositions budgétaires sont centralisées et examinées par l'administration du Budget et du Contrôle des Dépenses (libellés, crédits, gros postes). Le Gouvernement dispose ainsi d'une préfiguration des recettes, des dépenses et des soldes budgétaires.



- Viennent ensuite les réunions "bilatérales" auxquelles participent les responsables et "techniciens" du cabinet du budget, les responsables du budget de chaque département ministériel (Chef de cabinet, Secrétariat Général, Direction Générale, Comptables,...), divers techniciens, ainsi que les fonctionnaires compétents de l'Administration du Budget.
- Après ces réunions, les propositions budgétaires des départements sont analysées et éventuellement modifiées voire amputées par un Comité Ministériel (traditionnellement appelé le "Comité de la hache") : il s'agit du conclave budgétaire. Le conclave budgétaire se clôture par un Conseil des Ministres.
- Les projets de budget (Voies & Moyens et Dépenses) sont imprimés sous la responsabilité du Ministre du Budget et déposés sur le bureau de la Chambre des Représentants avant le 31 octobre précédant l'année budgétaire concernée. L'Exposé Général du Budget est également déposé pour le 31 octobre au plus tard.

## B. PHASE PARLEMENTAIRE D'ADOPTION DU BUDGET

Dans l'enceinte parlementaire, les projets de budget sont d'abord discutés en Commission des Finances et du Budget de la Chambre des Représentants, puis en séance publique.

Après avoir été votés, les budgets sont sanctionnés et promulgués par le Roi puis publiés au Moniteur.

## C. PHASE PARLEMENTAIRE DE PRÉ-CONTRÔLE

Considérant que, pour exercer un contrôle politique efficace, la Chambre des Représentants ne doit pas nécessairement être en possession de comptes certifiés exacts jusque dans le moindre détail (ce qui est en partie la cause du dépôt souvent tardif de la loi de compte), la Cour des comptes est chargée de communiquer, dans le courant du mois de mai, une préfiguration des résultats de l'exécution du budget de l'année précédente.

Cette préfiguration pourra donner lieu à l'adoption d'une motion motivée de règlement provisoire du budget.

Pour ce faire, la Cour peut se baser sur ses propres données et sur les écritures de la Trésorerie, notamment sur la situation générale du Trésor public au 31 décembre, qui doit être distribuée le 30 avril de l'année suivante, accompagnée du compte provisoire.

## D. PHASE PARLEMENTAIRE DE CONTRÔLE (ADOPTION DE LA LOI DE COMPTE)

La loi de compte, intitulée "loi portant règlement définitif du budget", présentera sous des rubriques distinctes :

- §1. en recettes : les prévisions, les droits constatés, les recettes imputées (sommes versées au profit de l'Etat), la différence entre les droits constatés et les recettes imputées, les droits à annuler ou à reporter à l'année suivante ou en surséance indéfinie et, à titre statistique, la différence entre les prévisions et les recouvrements ;
- §2. en dépenses :

\* *pour ce qui concerne les engagements :*

Les crédits initiaux, les ajustements de crédits opérés en cours d'année (en plus ou en moins), les crédits reportés, les engagements comptabilisés dans le courant de l'année budgétaire, les crédits disponibles à la fin de l'année budgétaire répartis en crédits reportés ou à annuler ;

\* *pour ce qui concerne les ordonnancements :*

Les crédits initiaux, les ajustements de crédits (en plus ou en moins), les crédits reportés, les dépenses de l'année réparties, d'une part en opérations imputées à charge de prestations d'années antérieures ou de l'année en cours, d'autre part en paiements visés par la Cour des comptes régularisés ou restant à régulariser, les crédits complémentaires à accorder, les crédits à reporter ou à annuler.

C'est dans le courant du mois d'octobre suivant la fin de l'année budgétaire que le Ministre des Finances dépose à la Chambre des Représentants, le projet de loi portant règlement définitif du Budget.

Lié étroitement à la loi de compte sur laquelle la Chambre doit se prononcer, le compte général de l'Etat doit nécessairement être à la disposition du Parlement au moment où cette loi sera discutée.

## 2.5

La Chambre des Représentants ne bénéficie d'aucune "ressource" spécifiquement ou spécialement affectée au traitement des matières budgétaires. Il faut toutefois noter qu'à chaque législature une Commission du budget est mise en place en son sein. Par ailleurs, la Chambre des Représentants bénéficie des compétences de la Cour des comptes qui dépend directement d'elle.

## 2.6

La nature même de la décision législative est de poser les limites dans lesquelles le Gouvernement va devoir procéder pour réaliser son programme politique : il s'agit de fixer les montants -en principe, maximaux des dépenses.

En outre, selon le droit constitutionnel belge, le budget procède d'une loi. Cette loi a "valeur" équivalente à toute autre norme de même nature<sup>1</sup>.

Ceci étant entendu, une loi (non budgétaire, s'entend) peut, le cas échéant, contenir un certain nombre d'implications budgétaires ; si tel est le cas, l'antériorité d'une loi sur l'autre lui donnant une "primauté", il sera forcément tenu compte de ces implications à l'occasion des "discussions bilatérales" préparatoires de la loi budgétaire. Cela signifie donc qu'avant même la préparation d'un budget, le Législateur a, par le biais de l'usage préalable qu'il a fait de ses compétences législatives, fixé un certain nombre de "balises" dont doit nécessairement tenir compte le Gouvernement.

Pour le surplus, la Chambre des Représentants est, constitutionnellement, maître en matière budgétaire : c'est elle qui fixe, souverainement, l'ensemble des ressources de l'Etat ainsi que ses dépenses. Il convient cependant de remarquer qu'en politique, la Chambre des Représentants s'écarte rarement des projets de budgets qui lui sont soumis par le Gouvernement.

## 2.7

Le projet de Budget général des dépenses et de Budget des Voies et Moyens est soumis chaque année au Parlement accompagné de "l'Exposé général". Cet Exposé général contient une synthèse et une analyse des budgets, *ainsi que les renseignements nécessaires* à l'information des Chambres sur la situation économique et financière du pays, de même qu'une estimation pluriannuelle.

Par ailleurs une autre source de documentation non négligeable mise à la disposition des députés est "la note de politique générale" établie département par département et accompagnant les documents budgétaires.

## 2.8

Tous les programmes budgétaires, sans exception, font l'objet d'un vote annuel : c'est ce que l'on appelle, en droit budgétaire belge, le principe de "l'annualité".

## 1- Portée du principe

L'année budgétaire commence le 1<sup>er</sup> janvier et finit le 31 décembre.

Le budget doit être approuvé annuellement par le pouvoir législatif et les crédits qui y sont inscrits couvrent exclusivement les besoins de l'année considérée afin que la chambre puisse contrôler régulièrement l'action de l'exécutif. Cela permet aussi d'avoir une plus grande exactitude dans la prévision.

## 2- Crédits d'engagement et d'ordonnement

Le système budgétaire belge connaît deux "types" de crédits : les crédits d'engagement et les crédits d'ordonnement.

Les crédits d'engagement correspondent aux montants maxima qu'un Ministre peut engager -c'est-à-dire pour lequel il peut engager l'Etat - au cours de l'année considérée.

Les crédits d'ordonnement sont ceux qu'un Ministre peut ordonner -c'est-à-dire pour lesquels il peut donner l'autorisation de payer- au cours de la même année.

Toutes les "allocations de base" sont reprises sous ces deux formes de crédits. Les crédits d'engagement et d'ordonnement sont "traités" de manière identique et sont repris, l'un et l'autre, dans les documents budgétaires approuvés par la Chambre des Représentants.

## 3- Procédure de reports de crédits

Il y a lieu, ici, de faire appel à la distinction entre crédits dissociés (en crédits d'engagement et en crédits d'ordonnement) et non dissociés (où la hauteur du crédit d'engagement est identique à celle du crédit d'ordonnement).

1. Report de C.N.D. : la partie d'un C.N.D. engagée au cours d'une année budgétaire mais non encore ordonnée à la fin de cette même année peut être reportée à l'année suivante. Au terme de la seconde année, toutefois, la partie des crédits reportés mais non ordonnés tombe en annulation (sauf dans le cas particulier du "cavalier budgétaire" qui est une

**disposition dans le dispositif d'une loi budgétaire autorisant de déroger aux principes de la comptabilité publique ou à la législation permanente).**

2. Report de C.D. : en vertu de l'article 35 §1 des lois sur la Comptabilité de l'Etat coordonnées le 17 juillet 1991, les crédits dissociés (tant les crédits d'engagement que les crédits d'ordonnancement) disponibles à la fin de l'année budgétaire tombent en annulation ; toutefois, en cas de nécessité dûment motivée, la partie d'un crédit dissocié engagée mais non encore ordonnancée à la fin de l'année budgétaire pourra être reportée dans la mesure de la partie des crédits reconnue, par arrêté royal, nécessaire à la réalisation de l'objet pour lequel le crédit a été alloué.

Qu'il s'agisse de C.N.D. ou de C.D., de tels reports doivent faire l'objet d'un projet de Loi déposé par le Ministre des finances avant le 31 août de l'année suivant la période budgétaire concernée : en aucun cas, il ne s'agit donc d'une procédure "automatique".

Par ailleurs, dans le cadre de ce qui a été expliqué ci-avant, la partie reportée d'un crédit, qu'il soit dissocié ou non, garde toujours son affectation initiale puisque, par définition, il a été "engagé" sous cette affectation.

Les crédits ou parties de crédits non ordonnancés et non engagés au 31 décembre de l'année considérée tombent automatiquement en annulation ; il faut cependant préciser qu'en ce qui concerne les crédits variables (crédits qui ne peuvent faire l'objet d'une dépense que dans la mesure de recettes au **moins** équivalentes), on prend en considération, lors des négociations fixant leur hauteur, les éventuels soldes positifs de l'année budgétaire précédente (recettes excédentaires par rapport aux dépenses).

#### 4- Programmes pluriannuels

Force est de constater que l'exécution de nombreux contrats, et par conséquent des dépenses y relatives, s'étale sur une période dépassant largement l'année budgétaire. Dans cette hypothèse, il y a évidemment impossibilité matérielle d'imputer ce type de dépenses l'année même de sa naissance. Il y a donc eu lieu de faire une distinction entre crédits, selon l'étalement dans le temps des contrats qu'ils concernent et, partant, selon les techniques budgétaires qui leur seront appliquées.

Ainsi l'on doit à nouveau distinguer:

- a. Les crédits non dissociés (C.N.D.) qui concernent les dépenses les plus courantes, souvent ponctuelles et toujours relatives à des contrats dont la durée d'exécution est inférieure à un an. Dans le cas des crédits non dissociés, la hauteur des crédits d'engagement et d'ordonnancement est la même. Pour ces C.N.D, les paiements relatifs aux obligations d'une année donnée peuvent toutefois intervenir jusqu'au 31 décembre de l'année suivante mais à charge des crédits reportés (cfr. ci-après).
- b. Les crédits dissociés (CD) qui concernent des contrats importants de fourniture, infrastructure etc... s'étalant sur plusieurs années comprennent, par poste budgétaire, un crédit d'engagement et un crédit d'ordonnancement distincts.

#### 2.9

Le terme de "collectif budgétaire" semble correspondre, dans le jargon budgétaire belge, à la notion de "feuilleton d'ajustement". Il en a été traité précédemment dans le cours de la réponse à la question 2.2.

En pratique, la législation belge prévoit, au cours de chaque exercice budgétaire, un "ajustement général". Celui-ci a lieu à la fin du premier trimestre de l'année budgétaire en cours et suit la même procédure que celle décrite au point 2.4.

Outre cet ajustement "systématique", il est relativement exceptionnel que le Gouvernement entreprenne et mette en oeuvre un feuillet. Il est cependant évident que, lors des changements de Gouvernement, la nouvelle majorité s'emploie à reconsidérer fondamentalement la politique budgétaire mise en place par l'exécutif précédent.

## BRAZIL

2.1. Yes. The Congress can modify the budget proposal, but have to observe the following:

- a) Multiyear Plan -- establishes goals and objectives for the public federal administration regarding capital expenditures and continuing duration programs for four years, beginning at the 2nd year term;
- b) Budget Guidelines Law -- sets parameters, annual goals and priorities for the public federal administration, including capital expenditures for the next year; it also regulates tax legislation changes and establishes the application programs and policies to be followed by development banks and agencies;
- c) The Congress cannot modify the items of payroll expenditures, debt service, and constitutional transfers. Also, it cannot increase the total level of spending, only its composition.

2.2. a) No. Usually, the Congress modifies the budget proposal.

b) Amendments to the budget:

### government members

number:	7132
approved:	7115
amount:	695.158.500,00

### opposition members

number:	1418
approved:	1417
amount:	171.142.80,00

c) No substantial changes.

d) Absolutely. Ten years ago the Congress had a small role in this area. The benchmark was the 1988 Constitution. After this date, all subjects related to tax system, debt, national development programs, exchange policy, and financial policy between others should be discussed and approved by the Congress.

2.3. One budget bill covers the government as a whole. Meanwhile, it is worth mentioning that the bill is divided into three main parts: Fiscal, Social Security (Health, Social Assistance and Social Security), and State-owned enterprise investments.

2.4. a), b) The first step in considering the budget bill is to submit it to the Permanent Joint Commission of Senators and Deputies to be analyzed. The Commission's rapporteur defines the basic lines to guide more detailed analysis. After that, the Commission votes the report. If approved, the bill

goes to specific committees (education, health, economy, etc.) to have programs, projects and activities analyzed. If approved, it is voted for the Congress in the plenary session.

c) Yes, ministers and heads of agencies can go to the Congress to explain the budget proposal, usually when they are invited.

2.5. Resources for reviewing budget: staff personnel, data processing equipment (PRODASEN), the Permanent Joint Commission.

2.6. In Brazil's case, there are "floors", not ceilings. One example: the earmarked revenue establishes the minimum to be spent in each item. The Congress can raise the amount, but can't reduce it. The exceptions are the limitations mentioned under 2.1.b) above.

2.7. a) The budget bill is sent to the Congress with a chart showing the regional effects on revenues and expenditures, brought about by exemptions, subsidies and other fiscal benefits.

b) That information is used by specific committees to subsidize studies in order to elaborate expert opinion about national and regional plans and programs, and to do the budgetary inspection. Besides, the results of the budget related to its function of minimizing inter-regional inequalities according to population criteria should be followed.

2.9. Yes.

## CANADA

*2.1 Are there any restrictions on the ability of the legislature to modify the budget proposed by the government? If so, what form do these take?*

In theory there are no restrictions on the ability of the legislature to modify the budget. In practice, in the Canadian Parliamentary system, it is extremely difficult to introduce changes to budget measures, once they have been formally introduced in Parliament. Defeat of a budget bill in the House of Commons traditionally implies the defeat of the budget and the government and a general election must be called. The budget consultation process begins well in advance of the tabling of the budget to allow Parliamentarians and the public to have meaningful input into budget deliberations (see 2.4 below).

*2.2 Does the legislature typically enact the budget as proposed by the government? How many amendments to the budget (in number and amount) are typically proposed by government and opposition members of the legislature, respectively? How many of these are typically approved? Please give details for the past three years. Does the legislature take a more active role in the budget process now than it did 10 years ago? If so, why?*

Parliament typically enacts the budget as proposed by the government. Amendments by opposition members may be made where the government accepts the amendment, but in no case would these amendments affect the basic principles of the bill or its fiscal implications. In the past three years, very few, if any, amendments have been made by the government or the opposition (not considering the amendments made to details or for drafting purposes).

Parliament takes a more active role in the process leading up to the budget now than it did 10 years ago. In the post-budget process, the role of Parliament has not changed. The recent adoption of a fall economic and fiscal statement has been a key component to opening up the Budget process. This statement sets the overall fiscal framework to help focus pre-budget consultations (see also section 2.4 on the budget process). The federal budget has evolved into a major statement of government policies. The current nature of the budget is in sharp contrast to its original form that was primarily concerned only with revenue-raising actions.

*2.3 Does one budget or appropriation bill cover the government as a whole, or are there a number of budget bills, for example based on individual ministries or categories of expenditures?*

Parliamentary tradition requires that a budget contain:

- the complete revenue plan including changes in tax acts – ways and means;
- the fiscal framework – that is, a statement showing how the revenue and expenditure plans of the government fit together to produce the budgetary deficit and financial requirements;



- a description of the economic environment within which the fiscal framework has been designed to operate; and,
- a rationalisation of discretionary fiscal actions (expenditure and revenue).

Under current arrangements, the borrowing bill is tabled with the Budget as it would be inappropriate to seek borrowing authority without first providing all the relevant details relating to the financial requirements to Parliament.

The Main Estimates are also related integrally to the Budget, as the details of expenditures for which parliamentary approval is required are contained in the Estimates. The Main Estimates are presented in three parts:

- Part I sets out the budgetary expenditure portion of the fiscal plan including reserves and lapses. It provides the link between the Budget and Part II of the Estimates.
- Part II sets out the departmental expenditures on a vote-by-vote basis. This, in fact, translates into the Appropriations Act. Part II also contains, for information purposes only, an estimate of the cost of statutory programs for which spending authority has been granted through existing legislation. In accordance with its statutory responsibility for accounting for expenditures, including the preparation of the Main Estimates, the President of the Treasury Board tables the Main Estimates and one appropriation bill for the government.
- Reports on Plans and Priorities (formerly Part III of the Estimates) described in section 2.7.

*2.4 What are the key steps taken by the legislature in considering the budget? What are the respective roles of a budget or appropriations committee and the sectoral committees, if applicable? Do heads of government ministries and agencies typically testify at committee meetings? Are committee meetings typically open to the public?*

The formal budget process begins in the early fall. In early October, the Minister of Finance presents an Economic and Fiscal Update to the House of Commons Standing Committee on Finance (which acts as the co-ordinating body for Parliamentary analysis of budget matters). This budget consultation report provides fiscal and economic updates based on current policy. It also outlines both the broad, longer-term policy goals as well as more immediate issues and options – with associated budgetary implications – for the budget planning horizon.

The Finance Committee uses this report as a basis for conducting its public hearings in this regard. Other parliamentary committees are also involved to identify policy priorities and review proposed policy initiatives in their particular areas of concern. Recent examples of such ad hoc committees include the Program Review Committee and the Expenditure Control Committee. These consultations form the basis of a report the committee presents on budget recommendations to the Finance Minister by the end of November or early December. This report (as well as those prepared by any other parliamentary committee, as appropriate) is taken into account by the Finance Minister and Cabinet in developing the upcoming budget.

The objectives of the Improved Reporting to Parliament Project which started in 1995, are: to improve the expenditure management documents supplied to Parliament; and to produce and distribute departmental planning and performance information to Parliament and the Canadian public more efficiently and economically, using information technology. Departments and agencies now submit Reports on Plans and

Priorities in the spring (formerly Part III of the Estimates) and Performance Reports to Parliament in the fall. Parliamentary committees can review these reports and provide their own input to Budget decisions.

In March 1996, the President of the Treasury Board tabled revised Part III documents for six pilot departments along with the 1996-97 Main Estimates. In June 1996, the House of Commons unanimously adopted a report recommending that the effort to improve expenditure management information be continued, and that Departmental Performance Reports be tabled on a pilot basis in October 1996. An evaluation of the pilot documents indicated broad support for replacing the Part III publications with separate planning and performance reports, to be tabled at different times in the year. Fall 1997 was the first time that all departments and agencies tabled performance reports.

The process by which Parliament deals with estimates and approves appropriations is called the “business of supply”. The Standing Orders of the House of Commons provide for three supply periods ending in December, June and March. Estimates, when tabled in the House of Commons, are referred to Standing Committees (sectoral committees) for review and report back to the House. According to the House rules, the Committees must either report back or are deemed to have reported back at the last day of the Supply period and the Estimates are disposed of (it is essentially a guillotine process).

Cabinet Ministers, deputy heads of government ministries and agencies as well as other senior officials typically testify at committee meetings. Committee meetings are typically open to the public.

2.5 *What resources (e.g., staff) are available to the legislature for reviewing the budget?*

Members of Parliament have their own staff, albeit limited, to undertake such research. Their staff will contact departments for fact-finding purposes. Standing Committees have use of researchers from the Library of Parliament.

2.6 *Are there any arrangements in place for the legislature to establish aggregate expenditure ceilings before beginning debate on individual expenditures items? If so, please describe.*

No.

2.7 *What information, if any, is presented to the legislature with the budget proposal on programme outputs or outcomes? How is this information used by the legislature?*

Reports on Plans and Priorities (RPP) are tabled in Parliament by the President of the Treasury Board on behalf of the ministers who preside over the departments and agencies. These RPPs contain information on objectives, initiatives and planned results including linkages to related resource requirements as well as objects of expenditure, human resource requirements, major capital projects, grants and contributions, and net program costs.

The President of the Treasury Board also tables a performance report for each department in the fall. Performance Reports provide information on results actually obtained in serving Canadians, and on the cost of serving them. These reports present information on past performance. They will help parliamentarians assess departmental plans and priorities for upcoming fiscal years. Providing separate reports on performance increases the visibility of this information, encourages reporting of results, and improves accountability. This kind of information is particularly valuable in a results-oriented management environment - for making decisions, improving services to clients, and ensuring that the right kinds of programs are being delivered.

Crown corporations report publicly in annual reports that are tabled in the House of Commons. The committees of the House of Commons and the Senate review these reports along with other government policy and legislative proposals, spending requests and accountability documents. The committee then reports to the government and may recommend changes to plans and priorities.

2.8 *What share of total budget appropriations is annually voted, as opposed to permanent appropriations for programmes authorised in separate legislation (such as entitlement programs)?*

Less than 30% of federal government spending is voted annually. The following information is from the Main Estimates (\$billions):

Total spending – Main Estimates 1998-99	\$145.5
Less:	
Public Debt Charges	<u>-43.5</u>
Program spending	102.0
Less:	
Statutory spending under previous authorities	<u>-59.6</u>
Voted appropriations	\$42.4

2.9 *Are supplementary budget bills typically enacted during the course of a fiscal year? If so, what are the key steps in this process? How many supplementary bills have there been in each of the past three years?*

The President of the Treasury Board tables Supplementary Estimates in the late fall and spring to obtain the authority of Parliament to authorise the balance of spending initiatives in the government's expenditure plan, as incorporated in the Budget for that fiscal year. Treasury Board authority must first be obtained by departments and agencies in order to include an item in Supplementary Estimates. The Supplementary Estimates also provide Parliament with information on changes in the estimated expenditures to be made under the authority of statutes previously passed by Parliament.

While there is no limit as to the number of Supplementary Estimates in a given fiscal year, in each of the past three years there have been two sets.

## CHILE

2.1 The Chilean Constitution gives the sole responsibility to manage the State to the Executive and subsequently severely curtails the role of Congress. National Congress participation in the Budget Process is limited only to the discussion and approval of the Budget Law. In that respect, the initiative to propose or increase expenditure is limited only to the Government. Congress can only cut variable expenditures (i.e. those not established by permanent laws). Moreover, it can not alter, to any extent, the incomes estimated by the executive.

2.2 The bulk of the Budget is not modified during the legislative process. Most of the very few -- and marginal in macroeconomic terms -- amendments are the result of negotiations and are finally presented by the Government given the limited powers of Congress. Very few modifications affect expenditure and most of them are related to conditions to materialise given expenditures.

In the last few years the most substantive debates are on two issues: the introduction of binding ceilings to global government expenditures and the introduction of limits to budgetary flexibility within those global ceilings. On the first subject the annual law establishes since 1993 fixed ceiling on current expenditures and a margin on investment expenditures. The flexibility discussion is usually centered on the size of the provision that the ministry of Finance has to supplement sectorial budgets. This provision is included in the budget and cannot be supplemented by the government during the execution of the Budget.

2.3 The Chilean National Budget covers the whole government. It is disaggregated by Ministries and, within each of these classifications, it is presented as income and expenditure items.

2.4 The Constitution establishes a limit of 60 days to Congress in order to fully process the Budget Proposal presented by the Executive, otherwise the original proposal becomes law. Therefore Congress has set up an special procedure to process the Budget proposal. An Special Budget Committee is set up with an equal number of senators and representatives. In order to enhance the efficiency of the design and negotiation of the Budget, the general Committee is divided into five sub-committees with specific sectors of the budget to analyse and inform. Ministers and high authorities, always supported by specialists from the Budget Office of the Ministry of Finance are summoned to explain and justify the proposal for their sectors. The reports of the Sub-Committees are discussed and voted by the General Committee which informs first the Chamber of Representatives which votes the Budget, which then goes to the Senate for a similar process. If discrepancies arise, the Special Committee must approve a new report, with or without amendments and re-submit it to both chambers.

Committee and Sub-committee meetings are not open to the public, but the general discussion in both chambers is open.

2.5 Congress has full autonomy to manage its budget, within the limits set up in the Budget Law. During the last few years allowances have been made in order to allow members of Congress to hire specific technical assistance under rules set by each Chamber. In addition to that. The Senate has hired

two professionals to assist the Budget Committee. However, there is widespread agreement that technical support for the Budget discussion is insufficient. Most active legislators rely on support from partisan think tanks in the opposition (they have strong ties and financial support from the business community) and from the government itself in the case of pro-government legislators.

2.6 No, there are no arrangements that enable the legislature to establish aggregate expenditure ceilings in advance.

2.7 The executive is committed to send quarterly and semi-annual data concerning the outgoing execution of the Budget. In addition, the government provides: information related to the budget execution of the previous year, personnel, the evaluation of several previously selected social programs being executed during that year, information about management indicators, etc. The Finance Minister has the responsibility of presenting "*El Estado de la Hacienda Publica*", a document describing and explaining macroeconomic policies, to the Special Budget Committee. In addition, the Budget Director presents "*Aspectos Macroeconómicos del Proyecto de Ley de Presupuesto del Sector Público*", a document that describes the fiscal policy and the main projects included on the budget.

2.8 The whole budget is voted at the National Congress. However, Congress cannot modify Government estimates for permanent appropriations.

2.9 Supplementary Budget bills have not been used since 1990.

## CZECH REPUBLIC

2.1 The proposed state budget is enacted by the Czech Republic Parliament which is authorised to modify the budget proposed by the government; the Parliament must respect the law in force, especially the Act No. 576/1990 Sb., on the Budget Rules for Using the Budget Funds of the Czech Republic and Czech Municipalities.

2.2 Since 1993 (when the Czech Republic has originated) the Parliament always enacted the budgets proposed by the government with minor changes only. Members of Parliament discuss the proposed budget in committees and at plenary sessions and propose amendments thereto; 47 amendments were enacted in 1997 and 51 in 1998 to the state budget as proposed by the government. The budget is discussed in the Parliament in a quite different way at present rather than 10 years ago, since the political, economic, and social conditions in the Czechoslovak Socialist Federal Republic of that time had basically changed in 1989.

2.3 The government proposes and the Parliament enacts only one budget document, namely the State Budget net which is divided into individual income and expenditure items, includes the budgets of individual ministries as well as subsidies for the budgets of district and municipal authorities (i.e. for the regional and local administration budgets).

2.4 The Parliament enacts the budget in three steps. During the first step Members of Parliament approve of the total volume of the state budget income and expenditure, the budget balance, and the volume of subsidies for municipal budgets; these budget quantities cannot be further modified during next steps. The proposed budget is then discussed in various Parliament committees, where the minister of the respective ministry presents to committee members the additional information concerning the budget, required by them. Committee meetings are open to the public. The most important role is played by the budget committee which considers the comments and modifying motions presented by other Parliament committees and prepares a resolution concerning them. During the second step the Parliament discusses during the general discussion the resolutions of the budget committee, motions to modify the budget as presented by Members of Parliament, and votes on them. During the third step the Parliament votes on the final version of the budget which now includes the alterations proposed by Member of Parliament and approved in the second step. This final version is in the form of a State Budget Act for a given fiscal year.

2.5 The Parliament has no qualified staff to examine the budget, Members of Parliament can, however, ask for cooperation of experts in respective ministries, especially in the Ministry of Finance.

2.6 Yes, as already mentioned in paragraph 2.4, Members of Parliament approve of the total volume of the income, expenditure, and balance of the budget during the first step of discussing the budget proposed by the government; these quantities cannot subsequently be changed, only individual budget items within the quantities can be further modified.

2.7 Members of Parliament receive, together with the budget proposal, an extensive report concerning the development of macroeconomic quantities including a brief prediction thereof, an

extensive explanation report concerning the budget proposal itself, which is presented by the Minister of Finance, and other information required from ministries or other public agencies by Members of Parliament. The budget, however, does not include outputs or performance indicators of individual programs.

2.8 The Parliament votes each year on all budget appropriations for the current fiscal year, that means also on the appropriations determined in special laws, e.g. concerning social benefits. These social appropriations determined by law represented in 1997 and 1998 40.2 % and 42.6 % respectively of the total state budget.

2.9 Yes, in exceptional cases; for example, in 1996 the government decided to modify 1996 state budget by means of reducing the total volume of the budget income and expenditure. The government informed the Parliament about the made modification. The government is authorised to modify the budget also without the consent of the Parliament, the balance of income and expenditure must not, however, be changed. In 1997 the government proposed to make two changes in the approved budget by means of reducing the budget funds. The Parliament was again informed about and approved of these changes.

## DENMARK

2.1 In principle any Member of Parliament can present a budget proposal.

In practice however the Parliament can not make its own budget proposal (it does not have the administrative capacity), but it is entitled to decide changes to any part of the Governments budget proposal before finally adopting the budget.

2.2 Yes, the legislature typically enacts the budget as proposed by the government, including numerous amendments proposed by government. These amendments include changes to the budget proposal agreed with parties in Parliament.

<b>Amendments proposed by</b>	<b>government</b>	<b>opposition members</b>
1998	606	399
1997	664	281
1996	610	239

Amendments proposed by the government are typically approved whereas amendments proposed by opposition members of the legislature are typically rejected.

The possibility for the legislature to acquire knowledge on the budget process and the social, financial and economic implications of the adopted budget proposal is improved over the past ten years.

The supporting notes to the budget proposal are improved. The new annual reports that all agencies shall supply to the Parliaments Finance Committee and the Auditor General combines among other things an expanded financial reporting with reporting on performance compared to targets.

There has been no research to establish whether the legislation now takes a more active role in the budget process.

2.3 The budget proposal covers Central Government, and is approved by Parliament as a whole. The budget proposal is based on a draft budget proposal for each ministry.

2.4 Discussions on the detailed contents of the Governments budget proposal are taken in the Parliament's Finance Committee. The Parliament debate on the proposal usually follows a broader perspective on the economic policy.

The Finance Committee discusses the Finance Bill before its first reading in Parliament. In the period between first, second and third readings in Parliament the Finance Committee poses elaborating questions to the ministries, and make recommendations regarding the budget proposal. It may also ask ministries to testify at committee meetings.

The sectoral committees may discuss the budget proposal. The formal competencies' regarding the budget proposal lies, however, exclusively in the Finance Committee.



Government officials do not participate if the Minister is asked to testify at meetings in the Finance Committee. The chairman of the committee is under exceptional circumstances authorized to grant exemption from this general rule, for instance in matters of a very technical nature.

Committee meetings are not open to the public.

2.5 In principle no administrative resources are available to the legislature for reviewing the budget, except for the secretary of the Finance Committee. However, some (larger) political parties have established secretariats, which may assist in this task. In addition members of the Finance Committee are assisted by junior staff from each ministry in gathering information.

2.6 There exist no such arrangements. The authority to determine the aggregate expenditure ceilings for the budget lies in the hand of the Government.

2.7 The budget documents include for each appropriation specifications on the purpose of the appropriation.

The initial specification includes targets for evaluation. In the further specifications measures for production/activity in previous years and projections for future years are given and analysis of the productivity, efficiency and effectiveness (if possible) are supplied.

All agencies shall (from the fiscal year of 1997) supply to the Parliaments Finance Committee and the Auditor General annual reports for examination. The annual reports, among other things, combine an expanded financial reporting with reporting on performance compared to targets.

By giving the annual reports to the Finance Committee it is intended to supply Parliament with a better basis for evaluating the budget proposal than the activity and productivity/efficiency measures which has previously been presented in the budget documents.

As the fiscal accounts for year t-2 is presented in May and the budget proposal for year t is presented in August, the Finance Committee can easily use the new annual reports when examining the budget proposal.

2.8 The total Finance Bill is annually voted by the Parliament, both programs authorised in separate legislation and other appropriations. In 1996 approximately 51 per cent of total expenditures concerned appropriations authorised in separate legislation (statutory expenditures).

2.9 When the budget proposal has been adopted by Parliament and the fiscal year has begun, changes to the appropriations in the budget can be implemented through applications to the Parliaments Finance Committee. The Ministry of Finance must approve the application before presenting it to the Parliaments Finance Committee.

All applications passed by the Finance Committee during the fiscal year are combined in one Supplementary Appropriation Act after the end of the fiscal year.

## FINLAND

2.1 Parliament's right to decide on the contents of the budget is not restricted. Preconditions have, however, been set relating to the procedures for amending the Government's budget bill. Fundamental amendments to the bill are possible only on the basis of the budget initiatives relating to them. The initiatives must be submitted within a certain time limit.

2.2 Parliament approves most of the appropriations included in the budget bill in the form proposed by the Government. The most important proposed amendments come from the Government itself during the reading of the budget in Parliament, which lasts about for months. When there are majority governments, the amendments are usually approved without alterations. Individual members of Parliament make between 400 and 700 proposed amendments to the budget every year. In recent years only a few have been approved.

The role of Parliament as the budgetary authority has weakened during the past ten years. This is partly because the budget bill has become more general, partly because major units has been transferred outside the budget as a result of establishing extra-budgetary funds, extra-budgetary state enterprises and government-owned corporations.

2.3 The budget proposals of all the ministries are collected into the Government's budget bill, which is divided into main categories, observing the division between the ministries.

2.4 *The stages for reading the budget in Parliament are:*

- the preliminary reading at the beginning of September
- the committee reading, about 3.5 month
- the plenary session (only one reading) about one week in December .

Amendments to the Government's budget bill are made mainly at the committee stage, rarely in the plenary session any more.

The budget is handled by one committee, the finance committee, which is divided into nine sub-committees. One of these, the taxation sub-committee, handles taxation legislation i.e. the budget's revenue.

Other special committees have had the right for several years to give to the finance committee an advisory opinion about the Government's budget bill concerning their own area. Representatives of the ministries are heard as experts during the committee stage of the budget . Meetings of the finance committee and its sub-committees are held in closed session. Nor are the experts present when the committee makes decisions.

2.5 The finance committee has two counsellors (there are also special arrangements in two of the sub-committees) one department secretary and two assistants.

2.6 In theory there is no cost ceiling on amendments, but in practice "budget discipline" requires the number of amendments to be relatively small.

2.7 The budget bill generally includes an economic review. In addition, in the last budget bill there was a description of the financial support to be distributed via the taxation system. The objectives of the ministries in each main category have also been described at a general level in connection with different projects. During the committee stage Parliament generally asks the ministries for numerous further explanations.

2.8 In the plenary session of the budget bill hundreds of votes are usually taken. As was said before, they rarely lead any longer to amendments after the committee stage.

2.9 In normal circumstances the Government gives 2 to 3 supplementary budgets to Parliament every year. They are handled in the same way as the primary budget bill.

## FRANCE

2.1 Les principales restrictions à la capacité du parlement de modifier le projet de budget proposé par le gouvernement sont la recevabilité financière des amendements d'origine parlementaire (interdiction d'augmenter une dépense ou de réduire les recettes par rapport au droit existant), le vote de la loi de finances en deux parties (avec l'adoption des recettes et d'un plafond de dépenses à l'issue de la première partie) et les instruments du parlementarisme rationalisé (en particulier la possibilité de procéder à une seconde délibération du texte avec un vote bloqué englobant les amendements du gouvernement).

2.2 Le projet de budget présenté par le gouvernement a toujours été adopté par le Parlement, avec des amendements qui peuvent « déplacer » plusieurs milliards de francs en recettes mais qui modifient peu les masses budgétaires en recettes et en dépenses et n'affectent le solde que dans des proportions très marginales (généralement moins de un milliard de francs).

2.3 Les autorités locales présentent des budgets distincts de celui de l'Etat. Au sein du budget de l'Etat, il existe à la fois un document unique (la loi de finances) et une présentation par ministères.

2.4 Le texte est examiné en première lecture d'abord par l'Assemblée, puis par le Sénat, dans des délais contraignants prévus par la Constitution. Une commission mixte paritaire est réunie pour dégager un éventuel accord entre les deux assemblées. A défaut d'accord, il est procédé à une nouvelle lecture par chaque assemblée et l'Assemblée nationale peut trancher en dernière lecture. La commission des finances est responsable de l'examen du texte. Les autres commissions sont saisies pour avis. Les responsables des ministères et des organismes publics peuvent éventuellement être auditionnés dans les réunions de commissions sectorielles. Les réunions de commissions ne sont pas publiques mais font l'objet d'un compte rendu détaillé.

2.5 La commission des finances dispose d'une dizaine d'administrateurs, directement concernés par l'examen du budget.

2.6 Le vote de l'article d'équilibre en fin de première partie comporte un plafond global de dépenses, qui doit être respecté lors de la discussion de deuxième partie sur les dépenses.

2.7 L'examen de la loi de finances est l'occasion de passer en revue les grands programmes de la politique gouvernementale et l'ensemble des politiques sectorielles.

2.8 Il existe trois catégories de crédits votés par le Parlement : les crédits évaluatifs (dépenses qui présentent un caractère juridiquement obligatoire et pour lesquelles l'administration ne dispose d'aucun moyen d'appréciation) pour lesquels les dépenses peuvent s'imputer au besoin au delà de la dotation, les crédits provisionnels qui peuvent être complétés à partir d'un crédit global par arrêté du ministre des Finances et les crédits limitatifs qui ne peuvent être modifiés par décret que dans des circonstances exceptionnelles ou d'urgence.

2.9 Les collectifs budgétaires interviennent nécessairement en cours d'exercice. La procédure est la même que pour la loi de finances initiale. Le gouvernement présente toujours un collectif budgétaire en fin d'année et parfois un collectif en cours d'année, lorsque les conditions générales de l'équilibre initial sont bouleversées. Deux collectifs ont été votés en 1995, un seul en fin d'année en 1996 et 1997.

## GERMANY

*2.1 Are there any restrictions on the ability of the legislature to modify the budget proposed by the government? If so, what form do these take?*

While the federal government has the so-called budget initiative, that is, the authority and obligation to introduce the draft budget to the lower house (Bundestag) of the German Federal Parliament, it is the parliament which has the exclusive power to adopt it, and in this it is bound only by the budget regulations - e.g. by the rule on limiting borrowing pursuant to Article 115 of the Basic Law.

In practice, however, parliament's right to approve the budget is restricted by the fact that most of the expenditure it provides for (about 80 to 85 %) is occasioned by obligations under laws or treaties. In the case of such expenditure, the only thing the legislature can do is to check whether the estimates contained in the draft budget are plausible.

A large portion of these legal obligations is based on non-budget laws (e.g. laws involving the disbursement of funds in the social sector). The parliament can reduce expenditure in these areas by changing the relevant laws.

*2.2 Does the legislature typically enact the budget as proposed by the government? How many amendments to the budget (in number and amount) are typically proposed by government and opposition members of the legislature, respectively? How many of these are typically approved? Please give details for the past three years. Does the legislature take a more active role in the budget process now than it did 10 years ago? If so, why?*

Almost without exception, it is only after intensive consultations have taken place in the parliamentary bodies responsible that the budget is passed. The details are worked out not so much during the readings in the Bundestag or the plenary sessions of the upper house (Bundesrat) of the German Federal Parliament but rather in the meetings of the budget committee of the Bundestag and the "*rapporteur* talks" leading up to them.

*Rapporteur* talks usually take place after the draft budget has been presented to parliament and before the committee has started considering it. In these talks the members of parliament (both from the government and from the opposition parties) sitting on the committee who are responsible for the respective sections (departmental budgets) - known as "*rapporteurs*" - discuss the draft budget with officials from the ministries and from the Budget Directorate-General of the Federal Ministry of Finance. After these talks the so-called "*rapporteur* proposals" are formulated, that is, the proposals put forward by the *rapporteurs* for amendments to the draft budget. These proposals include not only those unanimously supported by all the groups involved, but also those which are advanced only by the government or by the opposition.

These *rapporteur* proposals form the basis for the discussion of the departmental budgets in the budget committee, where additional amendments may very well be called for.

Since the federal budget is subdivided into very detailed categories, the number of amendments proposed in the parliamentary deliberations is necessarily quite large, since a proposed amendment normally refers to a specific budget item.

In the course of the budgetary consultations in the budget committee of the Bundestag in recent years, the following amounts of amendments have been adopted to the government's draft:

<b>Budget for the year</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>
	- DM billion -		
Revenue			
Increases	+ 45.2	+ 12.0	+ 17.2
Reductions	- 45.9	- 12.3	- 21.4
Balance	- 0.7	- 0.3	- 4.2
Expenditure			
Increases	+ 10.0	+ 8.6	+ 6.4
Reductions	- 10.7	- 8.9	- 10.6
Balance	- 0.7	- 0.3	- 4.2
<b>Proportion of amendments in total estimates of the government's draft in %</b>			
Revenue	20.2	5.5	8.4
Expenditure	4.6	4.0	3.7

In addition, for the 1997 budget the opposition proposed amendments totalling DM 14.2 billion on the expenditure side and DM 3.7 billion on the revenue side which were not adopted.

The amendments proposed in the course of the parliamentary consultations on the 1998 federal budget covered a total of 43 revenue estimates and 480 expenditure estimates (of a total of 1,065 revenue estimates and 7,065 expenditure estimates). Besides that, the opposition proposed 259 amendments, which were not passed, amounting to DM 161.7 million on the revenue side and DM 9,761.0 million on the expenditure side.

The role played by the legislature in the budgetary process has not changed much in the last ten years. Annual variations in the volume and number of amendment proposals only reflect peculiarities of the respective budget and do not indicate any important changes in the legislature's behaviour.

In the last few years, however, there has been a certain increase in the number of individual appropriations affected by amendment proposals due to the budget moratorium imposed by the governing coalition. This moratorium provides that any proposed increases in expenditure in individual items must be at least offset by savings (or increased revenue) somewhere else so that the total amount of the budget, and in particular the borrowing requirement, remains the same.

*2.3 Does one budget or appropriation bill cover the government as a whole, or are there a number of budget bills, for example based on individual ministries or categories of expenditures?*

In the Federal Republic of Germany, the constitution of the entire nation (the "Basic Law"), shares government functions out among the federation and the Länder in a certain fashion. Thus the Basic Law divides tasks between the federal government on the one hand and the Länder on the other, and

correspondingly divides up the expenditure and the tax revenue. From this general rule of the division of tasks, expenditure and revenue follows the principle set forth in Article 109 paragraph 1 Basic Law that in their budget management the Federation and the Länder shall be autonomous and mutually independent. Budget management includes fiscally responsible planning, use, accounting and monitoring of budget expenditure and the budget revenue available to cover it including borrowing; it also includes administering the assets and the debts as well as all measures which follow from the activities of public authorities connected with the budget in bodies under private or public law.

The federation and the Länder all pass their own budget laws. As a rule the federal Budget Act contains over 30 provisions which may be classified into the following categories:

- determination of all the revenue and expenditure estimated in the budget
- authorisation to borrow
- authorisation to give guarantees
- arrangements for the operation of the budget
- legal bases for revenue and expenditure
- arrangements for entry into force
- factual and temporal framework

The principle of separate budgets for the federation and the Länder is not an absolute one. It applies within the whole context of constitutional standards. Thus the federation and the Länder have a constitutional responsibility to take account of the requirements of macroeconomic equilibrium in their budget management. This does not happen by itself, rather, the statutory bodies set up for this purpose, namely the Economic Policy Council and the Financial Planning Council, have to draw up unified objectives; it is the federal government which has the responsibility for co-ordinating this process.

*2.4 What are the key steps taken by the legislature in considering the budget? What are the respective roles of a budget or appropriations committee and the sectoral committees, if applicable? Do heads of government ministries and agencies typically testify at committee meetings? Are committee meetings typically open to the public?*

The draft budget prepared by the Federal Ministry of Finance is adopted by the federal government. Next the draft Budget Act and the budget are presented simultaneously to the Bundesrat and the Bundestag as stipulated in Article 110 paragraph 3 of the Basic Law. This is different from the normal legislative procedure, due to the urgency of the budget.

The Bundesrat states its position within six weeks. This position - together with a response by the federal government - is conveyed to the Bundestag. Thus via the Bundesrat the Länder can exert their influence on the budget.

While the Bundesrat is deliberating, the first reading is taking place in the Bundestag. In his budget speech the Federal Minister of Finance presents the reasoning behind the government's budget. Members of parliament of the parties represented in the Bundestag seldom fail to state their positions on the budget.

Finally the bill is passed on to the budget committee of the Bundestag, which checks all the estimates and which may propose amendments. The budget committee's decisions are prepared by several committee members (*rapporteurs*). The *rapporteurs* discuss the government's draft budget with representatives of the ministries affected, the Federal Ministry of Finance and the Federal Court of Audit. They may then propose amendments to the government's draft. The *rapporteurs'* proposals form the basis for the deliberations in the budget committee and are usually accepted without discussions. They are discussed in the budget committee only when the *rapporteurs* have been unable to reach agreement on individual points or if a fundamental point is at issue which should be discussed in the budget committee. The budget committee invites the appropriate minister to such discussions, and he supplies the committee with the necessary information. The committee's meetings are not as a rule open to the public.

The second reading in the Bundestag is not held until the Bundesrat has stated its position. This is to ensure that the Bundestag may have an opportunity to take account of the Bundesrat's ideas.

In the second reading the *rapporteurs* of the budget committee present to the plenary session of the Bundestag the results of the committee's discussions. This starts the discussion of the departmental budgets. The Bundestag must decide separately on each individual departmental budget.

In the third reading, the motions to amend the departmental budgets are dealt with and the motions for resolutions are decided on, and then the Budget Act is passed by the Bundestag.

The Budget Act adopted by the Bundestag (including the budget) then goes back to the Bundesrat for the "second round".

If the Bundesrat does not agree to the Act, it may demand that it should be passed to the mediation committee (cf. Articles 77 and 78 of the Basic Law). If the latter recommends that the bill should be amended, the Bundestag must consider it again. After that the Bundesrat may lodge an objection, but this can be overridden by the Bundesrat with a corresponding majority.

2.5 *What resources (e.g., staff) are available to the legislature for reviewing the budget?*

The Bundestag and in particular the budget committee have general secretarial support available but over and above that they have no experts available in the parliamentary administration specially dedicated to dealing with budgetary issues. However, the parties represented in parliament do have such qualified personnel on their staff to a limited extent.

The executive branch of government has the obligation to do a lot of the preliminary groundwork for the committees of the Bundestag and in particular for the budget committee to help it with its discussions, depending on the nature of the case involved (producing reports; providing government representatives to be questioned by the committee) (cf. question No. 2.4).

2.6 *Are there any arrangements in place for the legislature to establish aggregate expenditure ceilings before beginning debate on individual expenditure items? If so, please describe.*

In principle the Bundestag could pass a resolution before the debate imposing an aggregate expenditure ceiling on itself, but in practice this option is never utilised.

However, in the course of the parliamentary consultations a certain commitment is made by means of the vote on the procedure by the budget committee (for details cf. questions Nos. 2.2 and 2.4).



In the great majority of cases, the adjustments adopted in the budget committee are confirmed in the second and third debates in the Bundestag.

*2.7 What information, if any, is presented to the legislature with the budget proposal on programme outputs or outcomes? How is this information used by the legislature?*

Together with the draft budget, the federal government presents a so-called financial report.

This report explains the government's budget bill in its fiscal and macroeconomic context. It contains details on the state of the economy, the aggregate public-sector budget, the estimates of future tax revenue, the EU's finance activities, the financial relations between the federation, the Länder and the municipalities as well as on the draft budget and the federation's multi-year financial plan.

In addition, it is the federal government's duty to report to the parliament on all matters concerning the budget and fiscal policy. This the federal government does not only when it presents the draft budget, but also during the entire fiscal year. Thus information on programme outputs or outcomes is as a rule presented to parliament (budget committee or other technical committee) when it is requested or in connection with the release of frozen budget appropriations. The information presented by the federal government is discussed in the competent parliamentary bodies and may be used in the budget drafting procedure as well as in the operation of the budget when the budget committee decides on whether to release frozen appropriations.

*2.8 What share of total budget appropriations are annually voted, as opposed to permanent appropriations for programmes authorised in separate legislation (such as entitlement programmes)?*

German budget law follows the principle that the budget must be unified and complete. This means that the federal budget passed by the legislature must contain all the revenue and expenditure of the federation regardless of its legal basis. (The same applies respectively to the budgets of the Länder).

As already explained in the answer to question No. 2.1, more than 80 % of the expenditure appropriated in the federal budget is based on legal obligations. In the 1998 federal budget with a total volume of DM 456.8 billion, the appropriations for social expenditure alone, for example, amount to approx. DM 176 billion, or 38 ½ % of total expenditure. This expenditure is occasioned by laws which involve the disbursement of funds and which thus limit the legislature's leeway in making the budget.

*2.9 Are supplementary budget bills typically enacted during the course of a fiscal year? If so, what are the key steps in this process? How many supplementary bills have there been in each of the past three years?*

Viewed over the entire history of the Federal Republic of Germany, supplementary budgets at federal level have been the exception rather than the rule. Since 1983 ten supplementary budgets have been produced, three of them in 1990 alone in the wake of German reunification. Since 1995 it has been only in 1997 that a supplementary budget was produced.

## HUNGARY

*2.1. Are there any restrictions on the ability of the legislature to modify the budget proposed by the government? If so, what form do these take?*

The power of the Parliament (legislature) is not restricted by any provision of the Constitution with respect to the bill submitted by government. According to Act XXXVIII of 1992 on General Government (Public Finance Act) by end-November the Parliament establishes the amount of the deficit and the amounts of the expenditures and revenues of the various chapters. Thereafter the various M-P's may only reallocate amounts within the chapters.

On the basis of the General Government Act the Parliament adopts, in - law, the budget and the statement closing the accounts on the implementation thereof, for the three sub-systems of general government, i.e. the central budget, the extra budgetary funds and the social security funds. As part of the central budget the Parliament approves the financial statements on the extra budgetary funds and adopts a separate law on the budget of the social security funds.

The fourth sub-system of general government, i.e. local (Municipal governments establish their own budgets within the legal and annual financial regulation framework created by the Parliament of which within the deadline specified in accordance with the promulgation of the budget law - they are obliged to inform the government.

*2.2. Does the legislature typically enact the budget as proposed by the government? How many amendments to the budget ( in number and amount ) are typically proposed by government and opposition members of the legislature, respectively? How many of these are typically approved? Please give details for the past three years. Does the legislature take a more active role in the budget process now than it did 10 years ago? If so why?*

The Parliament (legislature) has made amendments to each of the budget proposals submitted by government.

Ten years ago the budget proposal was a short one, establishing about 20 appropriations. Currently, about 300-600 amendment proposals are submitted to a budget proposal.

Fiscal year	Number of budget amendment proposals
1995	289
1996	625
1997	595
1998	526

Obviously, the role of the legislature following the transformation of the system has changed substantially -- also in respect of the adoption of the budget law - from what it had been a decade ago. The Constitution has been changed fundamentally and, consequently, there is a different political system in Hungary. Thus the legislature is not only performing a more active role in the creation of the budget law but its decision making powers have also considerably expanded. Currently, the budget proposal contains, besides the appropriations - over a hundred times as many as the proposals used before the system change -- those legislative amendment proposals that are required as foundations for such appropriations. Consequently, the MP's may submit amendment proposals to a rather voluminous norm text and to highly detailed appropriations. A large portion of the amendment proposals do not materially influence the total amounts or the internal structure of the submitted proposal. They are primarily aimed at securing funds, through lobbying or coalition agreements, for minor development projects or other purposes. A very large number of proposals of "legislation technique" relate to the clarification of the text.

### Overview of the amendment proposals submitted to the budget proposal

Fiscal year	On the basis of submitted notions					Supported by government					Adopted by legislature				
	By committee	By opposition	By coalition	Miscellaneous	Total	By committee	By opposition	By coalition	Miscellaneous	Total	By committees	By opposition	By coalition	Miscellaneous	Total
1995	232	233	189	10	664	156	4	93		253	156	4	93		253
1996	308	443	797	42	1590	209	2	234	2	447	200	2	214	2	418
1997	288	300	720	21	1329	177	4	283		464	194	3	291	1	489
1998	444	182	780	25	1431	326	3	107	2	438	350	3	131	1	485

2.3. *Does one budget or appropriation bill cover the government as a whole, or are there a number of budget bills, for example based on individual ministries or categories of expenditures?*

Although the budget bill or the budget law does cover the whole of the general government, strictly speaking, (including each ministry) but it is to be noted here that the budgets of the social security funds (Health Insurance Self-Government, Pension Insurance Self-Government) are approved by the legislature (Parliament) in a separate law, pursuant to Section 86(1) of Act XXXVIII of 1992.

In respect of the Social Security Self-Governments - pursuant to the Public Finance Act - its projections for the macro-economic indicators are forwarded by government to the Social Security Self-Governments until 30 April, each year, on the basis of which these submit their proposal for the social security system's budget guidelines until 31 May, to government. The government submits its social security budget guidelines to the legislature until 30 June. For the local governments the central government provides information on the Guidelines simultaneously with the submission to Parliament (30 June). In 1997 the guidelines for the central budget and for the budgets of the social security funds were submitted in one concerted documents.

The budget of the local governments is not part of the central budget, only the subsidies to the local governments is contained in the chapter for the Ministry of the Interior.

*2.4 What are the key steps taken by the legislatures in considering the budget? What are the respective roles of a budget or appropriations committee and the sectoral committees, if applicable? Do heads of government ministries and agencies typically testify at committee meetings? Are committee meetings typically open to the public?*

In considering the budget proposal the legislature proceeds on the basis of the decision on the 46/1994. (IX.30) OGY decision on the Standing Orders. The Standing Orders provides for the establishment of permanent and temporary committees. The budget committee is a standing committee which is a senior committee in respect of the budget. Each committee discusses the budget in their respective spheres of budgetary interests.

The committees discuss the budget proposal in two parts, first they decide whether, primarily from a constitutional point of view, the budget proposal is suitable for a plenary debate and then following the closing of the general debate they decide on its suitability for detailed debate and thereafter on the amendment proposals.

The committee makes its decisions by a simple majority of votes.

The government's experts involved in the preparation of the proposed law must be present at the meeting of the committee, they are to answer questions of the committee members and provide the required information. The governments statement of approval or rejection is to be justified.

The Parliament's committee meetings are generally open to the public, except when discussing matters of state secret.

The discussion of the budget bill -- on the basis of the Public Finance Act -- is carried out in two steps.

1. In the first step, until 30 November, the legislature decides, in a Parliament resolution, on the revenue and expenditure totals of the chapters and on the extent of the budget deficit or surplus.
2. In the second phase the legislature may make amendments to the norm text of the proposal or to the annexes thereof only if they do not change the decisions of the first phase, the extent of the surplus or deficit or the revenue and expenditure totals of the chapters. Changes may only result in reallocations within chapters.

2.5 *What resources (e.g. staff) are available to the legislature for reviewing the budget?*

The preparation for the parliamentary plenary and committee debates of the budget proposal is assisted by a very small team (one or two persons by committee, technically). Substantive support is given by the experts of the legal department of the Parliament Office and the experts of the Ministry of Finance.

According to Section 32C.(1) of the Constitution the State Audit Office is the financial-economic supervisory organ of the legislature. In its scope of responsibilities it controls the financial management of the general government, within which it scrutinises the well-foundedness of the central budget proposal, the legitimacy, necessity and propriety of outlays.

According to the Public Finance Act the budget proposal is discussed by Parliament together with the opinion of the State Audit Office while the closing accounts is discussed together with the report of the State Audit Office.

The experts of the State Audit Office participate in the work of the committees of Parliament.

2.6 *Are there any arrangements in place for the legislatures to establish aggregate expenditure ceilings before beginning on individual expenditures items? If so, please describe.*

The Constitution does not restrict the legislature in the definition of the expenditure appropriations.

2.7 *What information, if any, is presented to the legislature with the budget proposal on programme outputs or outcome? How is this information used by the legislature?*

The annexes to the budget proposal and the volumes containing detailed chapter budgets have in-depth information on the various expenditures and revenues. In this framework the detailed information and report papers specify the various appropriations the goals of the various appropriations and investment projects involved in programme financing, the annual and time proportionate implementation thereof and the commitments for the later years as well as the determination. The legislature uses the information so received, in the debate of the bill and in the framework of the closing accounts.

2.8 *What share of total budget appropriations are annually voted, as opposed to permanent appropriations for programmes authorised in separate legislation (such as entitlement programs)?*

All appropriations are annually voted. In the bill the government and the legislature takes into account all earlier commitments<sup>2</sup> this may be in the form of the budget law amending an act of law establishing an earlier commitment.

2.9 *Are supplementary budget bills typically enacted during the course of a fiscal year? If so, what are the key steps in this process? How many supplementary bills have there been in each of the past three years?*

Section 41 of Act XXXVIII on Public Finances provides for the necessity of the submission of a supplementary budget (amendment) bill.

The government is obliged to submit supplementary budget bills to the Parliament if the conditions have changed during the year in a way as would substantially and lastingly threaten the proposed balance of the central budget.

The government is obliged to submit the supplementary budget proposal to the legislature also if the general reserve appropriated in the budget is expended and the funds specified in the budget act are not sufficient to cover the expenditure appropriations.

The budget amendment proposal is approved as is the budget proposal, this provided for by Section 120 of the parliamentary decision no. 46/1994. (IX.30) OGY on the Standing Orders of the Parliament of the Republic of Hungary provides.

The adoption of the austerity measures known as the “Bokros package” entailed the adoption of a budget amendment. Over the past two years (1996-1997) no budget amendment was prepared, except for slight modifications of the budget law which involved the changing of some 10-15 appropriations by the legislature, without changing the major indicators (balances, debt elements).

## ICELAND

2.1 There are no formal restrictions on the ability of the legislature to modify the budget proposed by the government. Governments in Iceland have almost always had a majority in parliament which usually consults with the government before it modifies the budget.

2.2 The legislature usually passes the budget as proposed by the government. In 1997 amendments were about 150 and increased expenditure about 1.8 billion krónur (1.4% of the total budget) and increased income about 0.8 billion krónur. In 1998 amendments were 142 and increased expenditure about 2.7 billion krónur (1.7% of the total budget) and income about 2.3 billion krónur. All amendments were either propositions from the government or from its supporters in the legislature.

2.3 Starting in 1998, there is one budget for the government as a whole. Prior to that there were two budgets, one for income and expenditure and another for government borrowing.

2.4 When the Minister of Finance has introduced for the budget bill it is referred to the Budget Committee. The committee refers the various sections of the bill to the appropriate sectional committees that can give their opinion but can not propose any changes. Sectional committees were, however, asked to propose how certain transfer items should be distributed in the 1998 budget. Sectional committees usually invite representatives from the ministry concerned and the Ministry of Finance to introduce the budget bill.

The Budget Committee invites representatives from all ministries to introduce and explain expenditure proposals, and representatives from the National Economic Institute to discuss the underlying economic assumptions. The Ministry of Finance is represented at these meetings. The Committee invites agencies, municipalities and associations to meet with the Committee to give their view on the bill. Committee meetings are closed to the public.

2.5 The legislature has its own staff and resources to pay for assistance. The Budget Committee gets specialised assistance from the National Audit Office which is under the legislature and some technical assistance from the Ministry of Finance.

2.6 The government sets an expenditure frame for every ministry when preparing the budget bill. The legislature is not tied to these frames and does not discuss them formally but deals with single expenditure proposals.

2.7 In the comments on the budget bill there are explanations to all major changes from the last budget. Explanations are mostly about changes in input and arrangement, and not about output and results. In a special publication which the Ministry of Finance has published parallel to the budget bill, the operating cost of every agency is divided into major projects and activity indicators are shown for every project. In the next few years agencies and ministries are expected to revise these indicators so they can give a good picture of every agency's performance.

The budget committee and sectional committees have these activity indicators at hand when they discuss each agency's projects and propositions.

2.8 After voting for all changes of the budget bill, the total budget appropriation is voted on as a whole.

2.9 Each year two supplementary budget bills are enacted. In the first supplementary bill, which is enacted in the autumn, a formal authority to increase appropriations in the current fiscal year is sought. These include the authority to subtract excess spending or carry over unused appropriations from the preceding fiscal year from the current year's appropriations. In the latter supplementary budget bill, which is enacted in the spring next year, a formal authority is sought to finance expenditure in excess of appropriations of the previous fiscal year.



## IRELAND

2.1 *Are there any restrictions on the legislature to modify the Budget proposed by the government? If so, what form do these take?*

2.2 *Does the legislature typically enact the budget as proposed by the government? How many amendments to the budget (in number and amount) are typically proposed by government and opposition members of the legislature, respectively? How many of these are typically approved? Please give details for the past three years.*

Questions 2.1 and 2.2 are answered together.

Parliament is constrained in its initiation of tax and expenditure measures. The right of initiative in relation to public finance is vested in the Government by virtue of Article 17 of the Constitution. This stipulates that the Dáil (Parliament) may not pass any Vote or resolution, and no law may be enacted for the appropriation of public moneys unless the purpose of the appropriation has been recommended to the Dáil by a message from the Government signed by the Taoiseach (Prime Minister ' ). The Constitution provides that the Government shall prepare Estimates of Receipts and Expenditure of the State for each financial year and present them to Parliament for consideration.

The legislature has no power to propose amendments on the expenditure side of the Budget.

However, the legislature can propose amendments to the taxation or revenue raising side of the Budget. The taxation and revenue raising measures announced in the Budget are given legal effect to by the annual Finance Bill. The Bill also includes additional taxation measures of a more technical nature that are not normally announced in the Budget. During its passage through the Dáil, amendments to the Finance Bill are proposed by the Government and the opposition. Typically, only the Government amendments are approved. In 1996, there were a total of 188 proposed amendments to the Bill, of which 80 were approved. In 1997, 208 amendments proposed, 107 approved and in 1998 260 amendments were proposed of which 102 were approved.

*Does the legislature take a more active role in the Budget process now than it did 10 years ago ? If so, why? (last part of question 2.2)*

In relation to the expenditure side of the Budget, the annual Estimates are considered by the Parliament through the Committee system. Each Estimate is considered separately by the Dáil on a motion made by a member of the Government, usually the Minister responsible for the Estimate. The motion on each Estimate is debated in a relevant committee of the Dáil, following which it is returned for approval by the Dáil by way of a Financial Resolution. All the Estimates and the Financial Resolutions thereon are normally passed together following an overall or general Dáil debate on the Estimates for the year. Final statutory authority for the Estimates is given by the legislature through the enactment of the annual

Appropriation Bill. This is normally the last item of legislative business dealt with by the Dáil in the calendar year.

The number and scope of Dáil Committees has increased significantly in recent years. This development has facilitated a more detailed consideration and scrutiny by the legislature of the annual Estimates.

In relation to the taxation side of the Budget, new procedures were put in place in 1996 for dealing with pre-Budget submissions. Submissions were received and considered by the Select Committee on Finance and General Affairs, then reported to the Dáil on its findings and made recommendations on what it considered to be the priorities for the January 1997 Budget. The Minister for Finance considered their report and appeared before the Committee to give his response to their proposals. All Committees were disbanded in 1997 in advance of the General Election and the new Committees were not established in time to consider submissions in advance of the December 1997 Budget. It is unclear at this stage what will happen in future years.

2.3 *Does one budget or appropriation bill cover the Government as a whole, or are there a number of budget bills, for example based on individual ministries or categories of expenditure?*

One Appropriation Bill covers Government expenditure as a whole. Final Parliamentary consideration of the expenditure Estimates takes place with the passing of the annual Appropriation Bill which gives statutory effect to the individual Estimates which have been approved by the Dáil earlier in the year, including any supplementary estimates which have also been approved by the Dáil. All the Estimates are covered in the one Appropriation Bill. The Bill includes a Schedule which shows the net amounts appropriated for each service (Departmental Estimate).

The Government's taxation measures are legislated for by way of the annual Finance Act which must be enacted within 4 months of Budget Day. The Act's primary function is to give effect to the revised tax rates and bands to apply in the coming tax year. In addition the Act would also generally include certain anti-avoidance measures, to close off loopholes in the tax code that have come to light.

Finally the 'Social Welfare Bill' enacts changes in the Social Welfare System brought about by the Budget.

2.4 *What are the key steps taken by the legislature in considering the Budget? What are the respective roles of a budget or appropriations committee and the sectoral committees, if applicable? Do heads of Government Ministries and agencies typically testify at committee meetings? Are committee meetings typically open to the public?*

Two draft documents - *the Abridged Estimates for the Public Services and Summary Public Capital Programme* and the (White Paper) *Estimates of Receipts and Expenditure*, ~ are presented to Parliament each year prior to the Budget. The AEV & SPCP show the Government's pre-Budget expenditure plans. The White Paper presents the Budget arithmetic on the basis of these spending plans and the present, that is, pre-Budget, taxation rates. The Minister for Finance's *Budget Statement* which is now presented in December of the preceding year reviews Ireland's financial and economic position and sets out the Minister's proposed adjustments to the pre-Budget documents, in particular, the changes to taxation. So far as expenditure is concerned, most Budget changes relate to social welfare.

Following the annual Budget, the *Revised Estimates for the Public Services* and the *Public Capital Programme* are published. These include all Budget day changes to the expenditure estimates published

prior to the Budget. The *Revised Estimates* are presented to the Dáil and replace the *Abridged Estimates* published prior to the Budget.

Final Parliamentary consideration of the expenditure Estimates takes place with the passing of the *Appropriation Act* which gives statutory effect to the Estimates approved by the Dáil.

The role of the legislature in considering the Estimates through the system of Dáil committees was outlined in the answer to question 2.2 above. When an Estimate is being considered by a committee, the Minister concerned attends along with senior officials of his/her Department, including the Secretary General. The committee meetings are generally open to the public.

In relation to the revenue side of the Budget, the taxation changes which are presented in the Budget are enacted in the annual Finance Bill. On Budget night the Dáil passes Financial Resolutions dealing with any measures which propose to increase taxation or impose any additional charges on taxpayers. The resolutions are effectively temporary legislation and remain in force for 4 months, allowing time for the Finance Bill to be drafted. Following its publication, there is a general debate on the Bill in the Dáil followed by a detailed debate of the Bill section by section in special Committee. In addition, amendments to the Bill - both Government and Opposition are proposed and debated. The Public can attend the meeting of the special Committee as observers only, i.e. they cannot contribute to the debate. The Committee reports back to the Dáil that it has considered the Bill and made amendments to it. There is then a further round of amendments proposed and debated before the Bill is passed by the Dáil and transmitted to the Senate for its consideration. The Senate cannot amend the Finance Bill - see answer to Question 2.1 and 2.2. However, it can make recommendations that, if approved, are referred back to the Dáil for acceptance or rejection. After consideration by the Senate, the Bill is referred to the President for signature and enactment into law. This must be done within 4 months of Budget day.

2.5 *What resources (e.g. staff) are available to the legislature for reviewing the Budget?*

As detailed in reply to question 2.2 above, in relation to both expenditure and taxation the annual Estimates are considered by the relevant Committee in the Dáil. In general, each of the 15 Oireachtas Committees which exist at present is assigned a Clerk at Assistant Principal level. Support staff are supplied from a pool of 16 staff available to service the Committees. Obviously these Committees would consider matters other than the annual Estimates associated with their areas.

2.6 *Are there any arrangements in place for the legislature to establish aggregate expenditure ceilings before beginning debate on individual expenditure items? If so, please describe.*

The legislature cannot set overall expenditure ceilings. As indicated in the answer to questions 2.1 and 2.2. above, the right of initiative in relation to public finance rests with the Government. The legislature cannot alter or amend the Estimates presented by the Government.

2.7 *What information, if any, is presented to the legislature with the budget proposal on programme outputs or outcomes? How is this information used by the legislature?*

No information is presented to the legislature at present. However, as part of the general programme of financial management reforms under the Strategic Management Initiative, Government Departments are now required to specify objectives and outputs in their Departmental Strategy Statements. It is envisaged

that, in due course, specification of outputs will become an important element in the Government's consideration of the expenditure estimates.

2.8 *What share of total budget appropriations are annually voted, as opposed to permanent appropriations for programmes authorised in separate legislation (such as entitlement programmes)*

Government expenditure falls into two broad categories, namely voted expenditure and non-voted expenditure.

Non-voted expenditure represents expenditure which the Oireachtas has declared by law to be paid from the Central Fund without annual reference to the Dáil and consists primarily of the costs of servicing the national debt. Other items include Ireland's contribution to the EU budget, and the salaries, pensions and allowances of the President and the Judiciary. A separate category of Non Voted Expenditure is Non Programme Outlays (NPOs) which consist of miscellaneous capital payments which are not properly part of the Public Capital Programme. NPOs include such items as contingent liabilities, refinancing of State companies, and Ireland's capital contributions to international bodies such as the EIB or the World Bank. NPOs in 1997 were £69m.

Voted expenditure refers to the ordinary services of Government Departments, both capital and non-capital, the money for which is voted by Parliament on an annual basis i.e. the Supply Services.

In 1997, non-voted expenditure (including NPOs) accounted for 24 per cent of total Government net expenditure and voted expenditure represented 76 per cent.

2.9 *Are supplementary budget bills typically enacted during the course of a fiscal year? If so, what are the key steps in this process? How many supplementary bills have been in each of the past three years?*

If the Government needs to ask Parliament (Dáil) during the year for money additional to that already provided for a Department, a 'supplementary estimate' procedure is used to provide the required funds. Under this procedure, Parliament (Dáil) debate and vote on the additional funds. However, the approval of the Minister must be obtained in the first instance.

A supplementary estimate may be used to secure Dáil approval for any of the following:

- a) the provision of additional money for an existing service
- b) the provision of additional money to cover any shortfall in appropriations-in-aid
- c) the provision of money for a new service
- d) to introduce a new service even though no additional money is required (the passing of a supplementary estimate would enable the expenditure to take place on a new service in advance of the passing of the main estimate)
- e) to switch money from one particular service to another within a Vote where this cannot be done by virement
- f) to use surplus appropriations-in-aid to finance additional expenditure, and

- g) to enable the Dáil to debate a service for which the Estimates was previously passed, by arrangement, without a debate.

The number of Supplementary Estimates approved in recent years was as follows: 1995 - 19; 1996 -23; 1997 -22.

## ITALY

2.1 *The Parliament can modify the budget. The only restriction is the financial covering principle (Constitution, article no. 81; and law no. 468/1978) both for new or higher expenses and shortfall in receipts.*

2.2

- a) The Parliament usually modifies the draft budget submitted by the Government.
- b) The number of the amendments is often high, although they usually have a limited amount.
- c) The number of the approved amendments too is typically high although their amount is not remarkable.
- d) In 1997 the Parliament passed the reform of the State budget, which involved an important change: the primary budget units are now the fundamentals of the new budget, on which the parliamentary vote is expressed instead of the balance-sheet items. This allows the Parliament to evaluate more easily the resources available and its utilization.

2.3 The State budget is made up of one revenue estimation and several expenditure estimation for each ministries. The public bodies have got their own budgets separated from the State budget, from which they receive transfers because of their partial tax imposition power.

2.4

- The Government has to submit to the Parliament the Economic and Financial Planning Document for the next three years within the 15<sup>th</sup> of May; in this document primary objectives are fixed. The Government has to submit to the Parliament the Budget Bill (based on legislation in force) for the year within the month of July of the previous year. The financial Bill and the accompanying provisions for the budget adjustment is submitted within the month of September. The Parliament approves the budget within the month of December. The budget adjustment is approved within the next month of June.
- The budget parliamentary commissions examine the budget documents and express valuations about the Government proposals. The sectorial standing commissions (Environment, Defence, Foreign Affairs, etc.) evaluate the programmes concerning their own sectors.
- The parliamentary commissions can ask the heads of government ministries and agencies (President of the Audit Court, Paymaster General, Chief Executive of the Treasury, etc.) to take part in the meeting and to supply information.

- Public is not allowed to attend budget and sectorial commissions meetings. However, citizens can look into the meeting reports.

2.5 The parliamentary commissions (budget commission and finance commission) are supported by Secretary's Offices and by Budget Research and Development Departments of the Chamber of Deputies and of the Senate in their tasks about examination of the Government proposals.

2.6 The Government establishes its objectives in the Economic and Financial Planning Document (net borrowing, etc.). These objectives, as approved by Parliament, affect parliamentary decisions concerning the budget.

2.7 The Ministry of the Treasury, Budget and Economic Planning submits to the Parliament the cash statement of the previous year within the month of February, in which the objectives for the current year and the outputs/outcomes of the previous year are illustrated. The next document is the Quarterly Cash Statement, in which the overall results of the public finance for the current year will be showed each three months. The same Ministry has to submit to the Parliament the Report on economic situation within the month of March.

2.8 All the appropriations are subject-matter of parliamentary vote, nevertheless only a small amount of them is established in approving the budget. For the most part of their amount (90-95%) the budget acquires the decision already taken in previous expenditure laws.

2.9 The supplementary budget is submitted annually to the Parliament within the month of June. Usually, the Parliament approves it within the month of September.

## JAPAN

2.1 *Are there any restrictions on the ability of the legislature to modify the budget proposed by the government? If so, what form do these take?*

The Diet can modify the budget provided that it is consistent with the constitutional framework, i.e. the Cabinet (Administration) is empowered to develop and propose the budget to the Diet.

2.2 *Does the legislature typically enact the budget as proposed by the government? How many amendments to the budget (in number and amount) are typically proposed by government and opposition members of the legislature, respectively? How many of these are typically approved? Please give details for the past three years. Does the legislature take a more active role in the budget process now than it did 10 years ago? If so, why?*

When the ruling party dominates the majority, as has been the case in Japan, the proposed budget is normally approved intact.

The institutional framework for the role of legislature in the budget process has not changed after the War. Lately, however, there are arguments that the Diet should play more active role in deliberating the budget.

2.3 *Does one budget or appropriation bill cover the government as a whole, or are there a number of budget bills, for example based on individual ministries or categories of expenditures?*

The central government's budget consists of the General Account budget and 38 special account budgets. These budgets are submitted, along with the budgets of 11 government-affiliated financial agencies, to the Diet for approval.

2.4 *What are the key steps taken by the legislature in considering the budget? What are the respective roles of a budget or appropriations committee and the sectoral committees, if applicable?*

After deliberation of the budget at Budget Committee, it is discussed on the sectoral basis, where the individual sub-committee, currently 8, in charge of the legality and appropriateness of the appropriations in each sector.

Then, the Budget Committee again is called to sum up and prepare the final proposal to the House.

*Do heads of government ministries and agencies typically testify at committee meetings?*

Yes

*Are committee meetings typically open to the public?*

Yes



2.5 *What resources (e.g., staff) are available to the legislature for reviewing the budget?*

Each House has the staff and budget for reviewing the Budget.

2.6 *Are there any arrangements in place for the legislature to establish aggregate expenditure ceilings before beginning debate on individual expenditures items? If so, please describe.*

The Fiscal Reform Act, established last fall, provides that the aggregate expenditure of major government programs are subject to the numerical guideline. Obviously, both the Administration and Legislature are supposed to comply with this.

2.7 *What information, if any, is presented to the legislature with the budget proposal on programme outputs or outcomes?*

The Administration provides the Diet with the relevant information on program output on adhoc basis.

2.8 *What share of total budget appropriations are annually voted, as opposed to permanent appropriations for programmes authorised in separate legislation (such as entitlement programs)?*

All budget appropriations are voted annually.

2.9 *Are supplementary budget bills typically enacted during the course of a fiscal year?*

Yes

*How many supplementary bills have there been in each of the past three years?*

FY 1995:3 supplementary budgets

FY 1996:1 supplementary budget

FY 1997:1 supplementary budget

## KOREA

2.1 There is no limit on the amount by which the legislature can reduce the budget. But the legislature is required by the Constitution to ask approval from the government when increasing the budget.

2.2 The legislature usually makes various modifications to the budget proposed by the government before finalizing it. Modifications are made through talks between government and opposition parties. When an agreement is reached and finalised, the budget is approved. The total amount of changes, however, has typically been very small. There have been no significant changes in the role played by the legislature in the budget process.

### Budget Amendments (per cent of the original budget)

	1995	1996	1997	1998
General Account	- 0.3	- 0.1	- 0.3	0.5
Special Accounts	- 0.5	0.03	- 0.4	0.2

2.3 One budget bill covers the whole appropriations of the government. The budget is composed of one general account and twenty two special accounts.

2.4

### Key steps in the budget consideration

March	The Korea Planning and Budget Commission (KPBC) sends to each ministry directions for budget request.
May	Ministries send budget requests to the Office of National Budget (ONB).
August	A draft budget is prepared by the government and discussion between the government and the ruling party begins.
October	Authorized by the Cabinet and the President, the budget is sent to the national Assembly by October 2nd.  In mid-October, the Special Committee on Budget and Accounts begins deliberation on the proposed budget. At the start of the deliberation, the minister of Finance and Economy delivers an explanation on the budget to the national Assembly. Ministers are typically requested to testify at committee meetings.  Meetings are normally open to the public.
December	The budget is approved by the Special Committee on Budget and Accounts and then by the national Assembly by december 2nd.

2.5 The legislative and budgetary counseling office in the National Assembly Secretariat provides expert advice to the members of the National Assembly during the budget deliberations. But its role is weaker than its counterparts in other countries like the Congressional Budget Office in the United States.

2.6 There are no explicit aggregate expenditure ceilings on individual expenditure items.

2.7 Various information is provided to the legislature on programme outputs and outcomes. But the government has not yet established a systematic procedure to measure performance of individual ministries, like those found in the United States, Canada or New Zealand.

2.8 In addition to one general account and special accounts which are voted in the National Assembly, the government manages thirty five public funds and thirty nine non-public funds. Public funds include the National Pension Fund and other social insurance funds. Their operational plans, which are authorised by the cabinet, are presented to the National Assembly, but do not require legislative voting. Non-public funds are not supervised by the National Assembly. Their operational plans require approval by relevant ministries only. Excluding inter-fund transactions, expenditure and net lending of all public funds amounted to 13.2 trillion won.

2.9 One supplementary budget was enacted in each of the last three years, as was typical in previous years. The budget process is much the same as the original budget.

## NEW ZEALAND

2.1 Since February 1996, the New Zealand House of Representatives has operated under new Standing Orders. These allow Members of the House to propose changes that would affect Votes, and the Government to exercise a “financial veto” over such proposed changes. Where the Government considers that a spending proposal will affect the Crown’s overall financial position, it may veto that proposal. The veto cannot be voted on or overturned by the House.

The House will not pass a bill, amendment or motion which the Government certifies it does not concur in because, in its view, the bill, amendment or motion would have more than a minor impact on the Government’s fiscal aggregates if it became law.

In addition, the House will not make a change to a Vote which the Government certifies it does not concur in because, in its view, the change would, if made, have more than a minor impact on the composition of the Vote.

2.2

- Yes
- Very few, if any at all.
- None. Refer 2.1
- The Fiscal Responsibility Act, introduced in 1992 has increased the information put before Parliament. In particular the Budget Policy Statement debate is a new reporting requirement in which the government must specify their broad strategic priorities for the upcoming Budget; their fiscal intentions for the next three years; and their long-term fiscal policy objectives.

2.3 One bill covers all Ministries and categories of expenditures.

2.4

- Budget Policy Statement:

The Finance and Expenditure Committee must report on the budget policy statement within six weeks of the publication of that statement. A debate is then held on the budget policy statement and on the report of the Finance and Expenditure Committee.

- Delivery of the Budget and Budget Debate:

The main Appropriation Bill may be introduced to the House only after the first reading of bills. After its first reading the House proceeds to the second reading forthwith. The Budget statement is delivered in moving the second reading of the main Appropriation Bill. The debate on the Budget is taken ahead of all other Government orders of the day.

- Fiscal Strategy Report and Economic and Fiscal Update:

The Finance and Expenditure Committee prepares a report within two months of the delivery of the Budget, a report on the fiscal strategy report and the economic and fiscal update laid before the House on the day when the Budget was delivered.

- Examination of Estimates and Estimates Debate:

The Finance and Expenditure Committee may examine a Vote itself or refer it to any subject select committee for examination. Committees must report to the House on their examinations of the Estimates within two months of the delivery of the Budget.

The Estimates debate is a consideration of the appropriations being sought by the Government in each Vote in the main Appropriation Bill. At the conclusion of the Estimates debate the remaining Votes and provisions of the bill and any amendments proposed by the Minister of Finance that are notified on the Supplementary order Paper are put as one question.

- Budget Policy Statement:

The Finance and Expenditure Committee must report on the budget policy statement within six weeks of the publication of that statement. A debate is then held on the budget policy statement and on the report of the Finance and Expenditure Committee.

Debate on the question for the third reading of the main Appropriation Bill must be completed within three months of the delivery of the Budget.

- Supplementary Estimates:

Following the introduction of an Appropriation Bill, the Supplementary Estimates stand referred to the Finance and Expenditure Committee. The committee may examine a Vote itself or refer it to any subject select committee for examination.

- Passing of the Bill:

After the second reading of an Appropriation Bill, the House proceeds to the third reading forthwith, unless the Minister in charge requires the House to resolve itself into committee to consider amendment.

There is no amendment or debate on the question for the third reading.

- Financial Review:

Refer to 2.5.

- The Finance and Expenditure Committee (FEC) scrutinises the forecast and year-end financial statements of the Government as a whole, monitoring performance on behalf of the House. The FEC and other select committees do the same for: departments; State-owned Enterprises; Crown Entities; Offices of Parliament; and organisations deemed by the House to be public organisations.
- Chief Executives of Government Departments and Treasury officials are available for comment at committee meetings should Ministers request it.
- The proceedings of a select committee or subcommittee other than during the hearing of evidence are not open to the public and remain strictly confidential to the committee until it reports to the House.

## 2.5

- The Audit Office is an Office of Parliament and carries out its functions under the authority of, and for the benefit of, Parliament. The Auditor-General reports to the House and to select committees on whether departments have conducted their business in accordance with the intention and authority of Parliament. The role of the Audit Office is essentially to provide Parliament with an assurance that all expenditure of public money has been properly authorised and accounted for, and that the information presented to Parliament is fair and correct.
- Select committees of the House of Representatives carry out the following reviews:

*Estimates examinations:* the Estimates are presented at the time of the Budget. The Finance and Expenditure Committee (FEC) may then itself elect to examine any Vote, or refer it to another select committee for examination.

*Examination of the Supplementary Estimates:* Following the introduction of an Appropriation Bill, the Supplementary Estimates stand referred to FEC. The FEC itself generally elects to examine votes contained in the Supplementary Estimates, but it may refer them to another select committee for examination.

*Financial reviews of the performance and current operations of government departments:* Select committees review each department's annual report and responses to a financial review questionnaire which may be based on a standard questionnaire produced by the FEC. Each select committee is required to report back to the House on or before the first sitting day in each calendar year.

*Financial reviews of the performance and current operations of Crown entities, State-owned enterprises (SOE) and certain other public organisations:* Each select committee is required to report back to the House on a financial and operational review of the Crown entities and/or SOEs allocated to that committee, within six months of the relevant annual report having been presented to the House.

## 2.6 No

## 2.7

- The main (Budget) Estimates are presented to the Legislature. Part C of the Estimates provides detailed specifications (by output class) of the departmental and non-departmental outputs to be purchased by the Vote Minister. These reflect the Vote Minister's requirements for delivery of the outputs. They include a description of the output class followed by specification of the quality, quantity, timeliness and cost performance indicators. Where appropriate, comparative information for the performance indicators is provided.

How is this *information* used by the legislature?

- select committees examine Ministers and departments regarding the appropriations requested
- the information is presented in the audited financial statements
- the Budget documents are used in parliamentary debate

2.8 Most appropriations are limited to one year, consistent with the annual Budget cycle. Multi-year appropriations are provided for in the Public Finance Act. At present only one Vote has a multi-year appropriation. Permanent legislative authority is used in four circumstances: where a measure of constitutional independence from Government control is desirable, for example, Judge' salaries; to commit to the continuity of supply for "essential" services or transactions such as debt servicing; to provide a commitment to the settlement of liabilities, such as repayment of debt and payment of tax refunds; and for provision of Mode B (Net) output classes on the open market (to parties other than Ministers) in competition with other potential suppliers.

2.9

- Yes
- Ministers may request changes to baselines, and Cabinet considers proposals during the review of the baselines prior to the Budget. At the same time as the preparation and review of the budget baselines for the coming years, Ministers and Chief Executives agree any Supplementary Estimates proposals for the current year, including any planned changes to outputs. Supplementary Estimates proposals bring together Cabinet decisions and forecasting changes for the current year which have been made since the last Budget.
- One bill each year

## NORWAY

2.1 Theoretically, there are no restrictions on the type and scope of measures that may be introduced in parliament by the parliamentary parties, with or without tacit consent by the cabinet, including total expenditure, total revenue and budget balance.

Realistically, and in the short run, there is little that can be done about commitments towards beneficiaries of transfers from the National Insurance Scheme and towards state employees. In addition there are several statutory rights regarding health care, education and law and order which represent limitations on the possibility to change the budget from one year to another.

2.2 The legislature typically enacts the budget proposed by the government after some changes, depending on the political situation at the time. The last 10 years, minority governments have made compromises with the opposition parties. Therefore the final budget decisions always differ from the original budget proposal. The total amount of changes in the budget balance has varied from 1 to 5 billions NOK during the last three years. But within these aggregated amounts, there have been a great number of minor changes in the different policy-areas.

The legislature's role in the budget process varies with the political situation, for instance depending on the opposition's wish to overthrow the Government or the number of government members in the legislature. The Government in position have only 42 of 165 seats in the parliament and this probably gives the legislature a more important role in the budget process.

2.3 The Ministry of Finance is responsible for Appropriation bill No 1, called "Yellow Book", which contains the entire state fiscal budget. In addition the individual ministries forward annexes which contains a more detailed presentation of the expenditures in each area. These annexes are used as background documents when the budget is discussed in the parliamentary committees. But they do not contain any other proposals than those which already are listed in the budget bill forwarded by the Ministry of Finance ("Yellow Book").

2.4 The legislature's first step after receiving the budget appropriation bill No 1 is the parliamentary Finance Committee's proposal of net expenditure ceilings for 23 specified areas (like health care, school, culture etc.), and 2 ceilings for the revenues in the budget. These proposals are discussed in a plenary session and final votes for the 25 ceilings are made. In the next step the different parliamentary committees make recommendations on how to distribute the expenditures in detail within each ceiling. This process concludes with plenary decisions until the whole budget has been enacted in the beginning of December.

As a part of the legislature's budget process, the different ministries receive and answer by letter, questions from the parliamentary committees and from the different party groups. The questions often concentrate on details in the budget or other relevant information as background material for the committee members.



Heads of government ministries and agencies do not typically testify at committee meetings, but the cabinet ministers can in particular cases participate in committee meetings to answer questions or brief the committee.

The ordinary committee meetings are closed for the public, but organisations, experts or others with relevant information can be invited to meet with the committee.

2.5 The legislature has recently established a budget secretariat consisting of economists and technical staff. To serve the budget secretariat a computer program for the budget process has been developed. This secretariat is supposed to serve the parliamentary Finance committee and to deliver services and necessary material for the different party groups in the legislature. In addition, the biggest party groups have economic advisors or budget secretaries of their own.

2.6 A new budget procedure was implemented in the parliament when the 1998-budget was enacted during the autumn 1997. The new procedure includes aggregate expenditure ceilings before beginning debate on individual expenditure items, as described in 2.4.

2.7 The sectoral ministries make up appurtenant annexes which are presented together with the budget proposal in appropriation bill No 1 ("Yellow book"). In these annexes there is detailed information about the objectives for the different programmes and usually accounting figures for the past year(s). This information is used as basis for the decisions proposed by the parliamentary committees in each programme area.

2.8 The whole budget is voted annually. The budget procedures is based on the principle of annual spending authority and decisions. Even if entitlement programs contain statutory rights for different groups of citizens, the appropriations on the budget must be decided each year.

2.9 Generally there are two regular supplementary budget bills presented by the Ministry of Finance each year, the first presented before 15 May and the second presented in November/December. In connection with these two bills there may be presented several bills from the other ministries. These supplementary budget bills are supposed to contain only minor adjustments in the budget. Still significant changes in the budget have been voted during the last years.

The main rule is that proposals which represent changed expenditures or revenues during the budget year, must be presented in connection with one of the two supplementary bills. In that way the Ministry of Finance, the government and the parliament have the possibility to evaluate the total amount of changes in the budget and in some cases to consider countervailing measures.

## PORTUGAL

2.1. No restrictions.

2.2.

- Budget typically not enacted as proposed by the government.
- The government proposes no amendments.
- Variable number of amendments proposed by the parliamentary groups. Last three years number impact of the amendments approved on the central government deficit is as follows:
  - budget for 1998 - 0,17 per cent;
  - budget for 1997 - 1,60 per cent;
  - budget for 1996 - 1,29 per cent.
- Amendments are connected with government expenditure concerning public investment of the central government and tax expenditures.
- Actual legislature's more active role comparing to 10 years ago is due, among other possible causes, to the extension of the parliament budgetary competence (namely the fact that it approves the budget of all services with financial autonomy) and to the circumstance of the minority parliamentary representation of the present government.

2.3. *The parliament approves the budget of:*

- the government central services (without financial autonomy) and the services with financial autonomy, enacting, not only the receipts, but the expenditure according to three classifications: organic, functions (areas of governmental intervention) and economic aggregates; and
- the Social Security, being enacted a global map of the receipts of this sector by nature and the expenditure by areas of action.

2.4.

- Discussion and voting of the budget in general lines in plenary assembly. Discussion and voting in detail in the Committee for the Economy, Finances and Planning, excluding matters related to taxes, loans and other means of financing, as well as those evoked by the committee to plenary assembly. The committee approves the report and the final text for presentation to the plenary parliament.

- If demanded by the committee, the plenary parliament may convene external entities, providing that these are not submitted to governmental authority.

- The committee meetings are compulsively open to the public.

2.5. There isn't a specialised staff acting independently from the parliamentary groups. In fact, each one takes advantage of its own technicians.

2.6. No.

2.7. No information is presented in the terms of this question.

2.8. The total budget appropriations are annually voted in its whole. Even the annual tranches of pluri-annual credits are voted each year.

2.9.

- Yes.
- The key steps are similar to those of the budget enactment above described.
- In the past three years it has been enacted one supplementary budget bill *per* year.

## SPAIN

2.1. Discussion of the central government budget (*Ley de Presupuestos Generales del Estado*) is regulated by the 1978 Constitution and parliamentary rules of procedure. Article 134 of the Constitution sets limits on the legislature's scope to amend the budget as tabled by the government, given that any proposal or amendment put forward in Parliament which would increase appropriations or reduce revenue requires government approval before it can be discussed.

2.2. There is a set period, both in the Congress of Deputies and in the Senate, for presenting overall or clause-by-clause amendments. Looking back, it can be seen that all political groups represented in Parliament make use of this option; a large number of clause-by-clause amendments are submitted and many are taken into consideration, subject to economic and fiscal policy objectives.

Twenty years after the Constitution was adopted, the parliamentary regime is now fully consolidated in all aspects. There have been no substantial changes to the rules governing discussion of the budget over the last ten years, and the legislature continues to have a pre-eminent role in discussing, amending and adopting or rejecting this bill.

2.3 Spain has a single budget. This is set down in Article 134(2) of the Constitution, which provides that the budget is to include all government expenditure and revenue. Appropriations in the single budget are presented in line with a threefold classification, functional (by programmes), economic and by management centres (Article 53 of the revised General Budget Act - *Texto Refundido de la Ley General Presupuestaria*).

2.4 The procedure for discussion of the budget is outlined below.

### CONGRESS OF DEPUTIES

- Presentation of the budget bill (*Proyecto de Ley de Presupuestos Generales del Estado*) for the financial year n+1. The government must table the bill in the Congress of Deputies at least three months before the end of year n (Article 134 of the Constitution).
- The bill is referred to the Budget Committee.
- Period for tabling amendments in the committee. Amendments may relate to the budget as a whole or to individual clauses, and must comply with the limits set down in Article 134 of the Constitution.
- The government has fifteen days to respond to amendments, after which period it is deemed to accept them.
- Plenary discussion of the budget as a whole takes place once overall amendments have been presented, and the overall budget volume will then be set. Once the bill is approved the committee prepares a report dealing with the amendments to individual items, and clause-by-clause consideration then commences in the committee.

- Following that review the committee reports its conclusions and there is plenary discussion of the committee's work and the amendments it has rejected. The bill is then voted, or voted down, in plenary session.
- Once it has been passed the bill goes to the Senate, where amendments can again be tabled (by the same procedure as in the Congress of Deputies), together with veto motions.
- The Budget Committee of the Senate draws up a report and examines the bill, beginning with any veto motions.
- When the committee has concluded its review it reports its conclusions to the plenary session.
- As in the Congress of Deputies, the Senate considers the bill clause by clause and examines amendments in the light of the committee's report. After discussion, if the bill is approved it returns to the Congress of Deputies for the latter to consider and vote on any amendments introduced by the Senate.
- The Senate's rules of procedure set out the steps to be taken if a veto motion is passed and the bill is rejected.
- Once the Congress of Deputies approves the Senate's amendments the bill is passed, signed and promulgated by the King and published without delay.

The government is associated with the discussion process, since it has to notify acceptance of certain amendments; in addition, members of the government testify at the committee meetings.

2.5 Given the special status of budget discussions in the rules of procedure of both houses (the budget takes priority over other bills and the periods set for discussion cannot be exceeded), both the Congress of Deputies and the Senate make all the necessary staff available for this item of business.

2.6 When shaping its economic and fiscal policy the government may set expenditure ceilings for use when preparing the budget. Within Parliament, the rules of procedure of the Congress of Deputies stipulate that the debate on the budget as a whole will set the overall volumes of funding, so these have to be taken into account in the subsequent discussion of clause-by-clause amendments and in the Senate's hearings.

2.7 The bill is accompanied by a large quantity of documentation so that the proposed budget can be examined in depth. Some of these documents are required by law, and others are supplied by the government in support of its proposals. Article 54(3) of the revised General Budget Act provides for mandatory reports describing the content of each programme, the main changes compared with the current budget, and an interim estimate of the degree to which the current year's objectives are being met.

2.8 The budget for a given year has to contain all appropriations for existing programmes. No programme appropriations are authorised in separate legislation. Any service or activity that has to be provided or performed under statute will have an appropriation in the budget.

2.9 Spanish law does provide for Parliament to enact bills authorising extraordinary or supplementary appropriations. Bills of this kind are tabled by the government only when some item of expenditure which cannot be deferred until the following year has to be made and funding is not available in the budget or the funds earmarked are insufficient. The number of extraordinary or supplementary appropriations voted each year depends on the unforeseen necessities which arise.

## SWEDEN

2.1 No, there are no such restrictions.

2.2 The legislature typically enacts the budget as proposed by the government.

When the Budget Bill has been presented by the government on the 20th of September the opposition parties have got the possibility to present their budget alternatives within a two weeks period. There are about 2500 motions proposed by the Parliament members. The motions contains about 9000 amendments. How many of these that have budgetary matters is unknown. When handling the Budget Bill for 1997 Parliament exceeded two expenditure areas and reallocated funds within two (out of 27) expenditure areas. When handling the Budget Bill for 1998 the Parliament reallocated funds (about 90 million SEK) within five expenditure areas.

It is to early to draw any conclusions about how the new budget process effects the role of Parliament (see 2.4).

2.3 One Budget Bill covers the central government and social security system.

2.4 *What are the key steps taken by the legislature in considering the budget?*

Parliament uses a two-step procedure when it decides on the budget.

*The first step:* With the spring decision on total expenditure ceiling being a binding restriction (see 2.6), Parliament votes on the distribution of total expenditure over the expenditure areas. In this first step Parliament also comes to a decision on all tax changes and presents an over all estimate of the budget revenues.

*The second step:* Parliament decides on the appropriations within each expenditure area. This is done with one single decision for each expenditure area. The sum of all appropriations within an expenditure area are not allowed to exceed the frame decided in the first step. This means that any counter-proposal from opposition parties for an increased or new expenditure must be matched by another that reduces expenditure by at least the same amount.

*What are the respective roles of a budget or appropriations committee and the sectoral committees, if applicable?*

There are 16 standing committees in the Parliament. The Standing Committee on Finance is responsible for the preparation of the first step, however it collects the opinions of the other Committees. The 15 committees (incl. The Standing Committee on Finance) deal with one or more expenditure areas in the second step.

*Do heads of government ministries and agencies typically testify at committee meetings?*

The committees can invite whoever they want to a hearing. It occurs that the head of an agency or a deputy minister - but very rarely a minister - is present to testify at a committee meeting.

*Are committee meetings typically open to the public?*

Normally not, but the committees decides on this themselves.

2.5

- Each party group in Parliament has staff funded by public grants. The staff includes some officials (normally 5-10) recruited on political grounds dealing within budget matters.
- Parliament is served by The Research Service of The Riksdag (28 officials). One part of this is the Budget office (3 persons) which can assist the party groups with calculations of budget effects of different proposals.
- Each Committee has a staff of 3-7 officials (not recruited on political grounds) dealing within budget matters

2.6 When the new budget process was introduced, the Government proposed total expenditure ceilings for three years (1997-1999) in the Spring Fiscal Policy Bill in April 1996. In the Spring Bill 1997 the Government proposed a total expenditure ceiling also for 2000 (and so on). In June every year, Parliament decides on the ceilings for the next three years. The Spring Fiscal Policy Bill also includes estimated expenditure ceilings for each one of the 27 expenditure areas for the next year (year one).

The Budget Bill in September includes the final proposals on ceilings for the expenditure areas and also proposals for each appropriation. In November and December Parliament decides on this in two steps; first the 27 expenditure ceilings and then the appropriations within each area.

2.7 The main focus in the presentation is on outputs and outcomes and the purpose is to show if the objectives (which are of interest for Parliament) are fulfilled. This information is one input to the proposals in the Budget Bill and Parliament uses the information to judge the proposals.

2.8 All appropriations are voted annually.

2.9 There have been two supplementary budgets in each of the past two years. The first one is presented in the Spring Fiscal Policy Bill in April. The second one is presented in the Budget Bill in September. The supplementary budgets are not allowed to increase the total expenditures over the expenditure ceiling.

## SWITZERLAND

2.1 The Confederation's draft annual budget, drawn up by the government, is submitted to the Federal Chambers (National Council and Council of States) for approval. The amount of leeway for reducing expenditure within the framework of the budget debate is limited, some 80 per cent of the Confederation's expenditure being virtually irreducible because of legal prescriptions or contractual commitments. Also, the taxes that the Confederation can levy and the maximum rates thereof are written into the Federal Constitution, and any amendment to the Constitution has to be adopted by the cantons and the people.

2.2 Parliament adopts the budget after making a certain number of changes to the draft submitted by the government.

Switzerland has a coalition government and Parliament (right-left), rather than a majority/opposition system. When the budget is debated, most of the coalition's proposals are adopted. For the 1996 budget, Parliament proposed changes (expenditure down SF180 million, receipts up SF60 million) which achieved a SF240 million reduction in the deficit (SF4 290 million) forecast in the Federal Council's draft budget. For 1997, some 80 changes were approved in the course of the budget discussions in Parliament. The various cuts totalled some SF360 million and the increases in appropriations some SF620 million (in particular unemployment insurance, refugees). The result was an increase in the budget deficit of some SF240 million, which brought the budgeted deficit for 1997 up to SF5.8 billion. In 1998 the situation was much the same, with some 80 proposals being adopted. Cuts amounted to a total of SF370 million, increases in appropriations to SF650 million (not including appropriations redistributed within Ministries) and increases in receipts to SF20 million. All told, the deficit widened by SF260 million to 7.6 billion.

Proposals are also made by groups other than those belonging to the coalition parties in power and by Finance Committee minorities (in all, some 30 for the 1997 budget), but they are usually rejected.

In view of the sharp deterioration in Federal finances in recent years, Parliament is playing a more active role in the budget discussions, but its room for manoeuvre is limited because of the predominant share of tied expenditure (see 2.1 above).

2.3 The Confederation has a single budget encompassing all Federal expenditure. With regard to the major expenditure on rail infrastructure planned for the next few years, Parliament has decided to have recourse to a separate fund, which is an exceptional step to take. The cantons and communes also have their budgets.

2.4 The budget is first of all examined by the Finance Committee of each of the two Councils which make up the Federal Assembly - this on the basis of a draft message submitted by the Federal Council. At their first meeting the two Committees establish certain objectives and then, with the assistance of their sub-committees, draw up proposals for their respective Councils. The two Chambers of Parliament then debate the preparation of the budget. Appropriations which are the subject of a difference of opinion between the two Chambers are referred back to the Committees, and then from one Chamber to the other



in order to arrive at an agreement. If necessary a conference can be called in an effort to reconcile the opposing views. Heads of administration may be called upon to provide information at sub-committee meetings. As and when required, the Finance Minister and other Ministers, accompanied by government representatives, will attend meetings of the two Finance Committees. Meetings of the Committees are not public.

2.5 The Finance Committees have a 7-strong secretariat. The Federal Finance Administration and the Federal Financial Control provide substantial logistical back-up (reports, attendance at meetings, minutes). The other offices provide reports and opinions at meetings, on request.

2.6 When the draft budget is being drawn up by the Federal Council, the Finance Committees may ask for an overall target to be respected.

2.7 All new tasks submitted to Parliament, which has to adopt the legal foundations, include information about the budgetary implications, staffing requirements and, where appropriate, the macroeconomic effects. The programme credits requested by the Federal Council include an indication of total expenditure on the programme over a clearly defined period.

2.8 Overall payment appropriations for the fiscal year are submitted to Parliament. Also, commitment appropriations extending over several years and authorising the commitment of expenditure up to the ceiling voted for a single project or a group of similar projects are opened by Parliament. The Federal Council submits them to Parliament, either in the form of a specific message or via the budget or supplementary budgets. In 1998, payments in respect of commitment appropriations authorized earlier were equal to some 10 per cent of the budget (see item 4.5).

2.9 Two supplementary budget bills are voted during the fiscal year (which is the same as the calendar year), the first being voted in June and the second requested in December. The procedure for these bills is the same as in the case of the budget (discussion by the Finance Committees and then by Parliament). Supplementary bills amounted to SF0.6 billion in 1995 (1.5 per cent of budgeted expenditure), 1.7 billion in 1996 (3.9 per cent) and 1.6 billion in 1997 (3.5 per cent).

While the implementation of a bill admits of no delay, the Federal Council may authorize it either with the consent of a Parliamentary committee (ordinary provisional additional appropriation) or, in an emergency, of its own free will (urgent provisional additional appropriation). Ultimately, it will require Parliamentary approval, in the normal way.

The Federal Council may be obliged to authorize minimal overruns on appropriations in January, following the adoption of the message concerning the second supplementary bill.

## TURKEY

2.1 The draft Budget Bill submitted to the Parliament is debated in two level discussions. First level is the Plan and Budget Committee and second level is general meeting of the Parliament. During the debates, Plan and Budget Committee can propose any amendments which would change the Budget Bill. But, in the second level, members of the Parliament can not propose amendments that would increase expenditure or decrease revenues.

2.2 The role of Parliament in budget cycle has been determined in the Constitution. The Constitution dated 1982 outlines the specific and general terms of the government's budget practices and procedures and the role of the Parliament in budget cycle has been same in general up to date.

The amendments for the budget appropriations accepted by the Committee in three years are as follows:

Billion TL						
	1996		1997		1998	
	Expenditure	Revenue	Expenditure	Revenue	Expenditure	Revenue
Government Proposal	2780.0	2370.0	6255.0	6255.0	14793. 0	10800.0
Increased-Decreased Amount in the Committee	788.5	280.0	106.7	-79.1	3.5	
Cutting Amount by the Committee	57.5		106.8			
<b>TOTAL</b>	<b>3511.0</b>	<b>2650.0</b>	<b>6254.9</b>	<b>6254.9</b>	<b>14789.5</b>	<b>10800</b>

2.3 The annual Budget Bill submitted to the Parliament is composed of general budget and annexed budget. The General Budget covers the appropriations determined for the ministries and legislative, judicial and other executive bodies of the Government. The Annexed Budget includes the appropriations determined for agencies which are mainly universities and a number of general directorates. According to the General Accounting Law, which is the legal framework of the budget structure, the Annexed Budget Agencies have revenues of their own. But, with a few exceptions, most of the annexed budget revenues are the transfers from the general budget called as treasury aid.

2.4 The draft Budget Bills are discussed in two level in Parliament. The Plan and Budget Committee which is composed of 40 members of the Parliament first discuss the Budget Bill. It is a technical committee about economical and fiscal issues. The Committee can discuss all aspects of the Budget Bill and propose any amendments. The managers of the ministries and other agencies can join the meetings of the Committee if they wish. And also the meetings of the Committee are open the press and broadcasting. After discussed and adopted by the Committee, the Budget Bill is submitted to General Meeting of the Parliament. The Budget Bill has been discussed and voted in the general meeting. After the final approval by the Parliament, the Budget Bill has been submitted to the President of the Republic for signing. The Budget Bill, in generally, approved before the fiscal year that it will be enacted and issued in Official Gazette.

2.5 The draft Budgets of the agencies are given to the members of the Committee. The members can obtain the information from the agencies if they need.

2.6 During the budget preparation cycle, government determines a ceiling for personnel, other current, investment and transfer appropriations. The ministers discuss the ceilings and other economic targets.

2.7 The budget justification prepared by the Ministry of Finance and including the budget appropriations of the current year and the past four years, the budgets of the ministries and the budgets of the other agencies are submitted to the Parliament. If they need, the members of the Parliament can obtain detailed information from the agencies.

2.8 All appropriations are voted in annual base.

2.9 If the appropriations granted by the Parliament can not meet the required spending needs, then supplementary budget bill are prepared and submitted to the Parliament. Its approval procedure is the same as the annual budget.

## UNITED KINGDOM

*2.1 Are there any restrictions on the ability of the legislature to modify the Budget proposed by the government. If so, what form do these take?*

The House of Commons has the same powers to amend Budget tax proposals (contained in a Finance Bill) as they do other Bills, by succeeding in achieving a majority in favour of any amendment put forward. However, the ability of the House of Lords to amend a Finance Bill is significantly restricted. By convention, the House of Lords defers the right to deal with fiscal matters to the House of Commons and does not amend Finance Bills, or even enter upon the procedure under which a Finance Bill could be amended. The Parliament Acts apply to the majority of Finance Bills and prevent the House of Lords delaying the passage of a Finance Bill for more than a month.

The legislature cannot increase the Government's spending proposals set out in Main Estimates and in practice the ability to do other than accept them is very limited. Similar rules apply to the House of Lords with respect to their ability to amend Consolidated Fund Bills, as apply to Finance Bills.

*2.2 Does the legislature typically enact the budget as proposed by the government? How many amendments to the budget (in number and amount) are typically proposed by government and opposition members of the legislature, respectively? How many of these are typically approved? Please give details for the past three years? Does the legislature take a more active role in the budget process now than it did 10 years ago? If so, why?*

Broadly speaking, the legislature does enact the Government's proposals. There are generally a number of amendments to any Finance Bill, and these are often exclusively those put forward by the Government. There is little evidence to suggest that the role of the legislature has changed much in this respect over the last 10 years. However, there is evidence of an increase in recent years in the number of pages added to the Finance Bill between publication and Royal Assent (which reflects amendments). For example, in 1992 the length of the Finance Bill increased by 20 pages (from 156 to 176) between publication and Royal Assent. In 1996, the corresponding figure was 55 (from 408 to 463).

*2.3 Does one budget or appropriation bill cover the government as a whole, or are there a number of budget bills, for example based on individual ministries or categories of expenditures?*

There is generally only a single Finance Bill covering the Government's tax proposals following any given Budget (though there may be more than one Budget per year or per Parliamentary session, for example, in an Election year).

There is a single Appropriation Act covering Main Estimates and opportunities for further Consolidated Fund Acts for supplementary provision, increases or significant switches in spending, during the course of the year.

*2.4 What are the key steps taken by the legislature in considering the budget? What are the respective roles of a budget or appropriations committee and the sectoral committees, if applicable? Do heads of government ministries and agencies typically testify at committee meetings? Are committee meetings typically open to the public?*

The Government's Budget proposals are generally subject to 4 or 5 days discussion in the House of Commons, immediately following their announcement. The Treasury Select Committee takes evidence from invited experts, Treasury officials and the Chancellor, and publishes a scrutiny report on the Budget prior to discussion of the Finance Bill in Parliament. The hearings are open and often televised. Immediately following the publication of the Finance Bill, there is further general discussion for a day (during the Second Reading of the Bill), before detailed scrutiny of the individual clauses take place in Committee of the Whole House (2-3 days) and Standing Committee (around 12 days, spread over 6 weeks). Finally, the Bill is discussed for a further day or two (during Report Stage and Third reading), before being discussed for one day in the House of Lords.

All of these discussions are open to public observation (but not participation), and no evidence is taken directly from outside parties.

2.5 *What resources (eg staff) are available to the legislature for reviewing the budget?*

The Treasury Select Committee employs about half a dozen staff. The libraries of both Houses employ a total of about a dozen staff.

2.6 *Are there any arrangements in place for the legislature to establish aggregate expenditure ceilings before beginning debate on individual expenditures items? If so, please describe.*

No.

2.7 *What information, if any, is presented to the legislature with the budget proposal on programme outputs or outcomes? How is this information used by the legislature?*

From 1993 to 1996, spending plans for the three financial years starting the following April were announced alongside tax changes in a November Budget. The new spending plans were presented in the Budget documentation at the broad aggregate level of departmental spending programme, and would be set alongside updated projections of spending for the current year. Much more detailed analyses of spending, historical and planned, were published in Public Expenditure Statistical Analyses (PESA) and in departmental reports the following March.

No new spending plans have been announced in the past year - the Government is conducting a Comprehensive Spending Review - but updated numbers for spending by department for 1997-98 and 1998-99 were published in the March Budget, and PESA and departmental reports appeared with the usual analyses in early April.

All this information is made available largely for information and discussion. What parliament has to vote on and approve are the detailed Estimates for the year ahead, published at the same time as departmental reports and PESA.

2.8 *What share of total budget appropriations are annually voted, as opposed to permanent appropriations for programmes authorised in separate legislation (such as entitlement programs)?*

Supply expenditures are voted annually by Parliament. These account for around 90 per cent of spending by government departments. Standing services - payments which Parliament has decided, once and for all, by statute - include UK gross contributions to the EU budget and payments (where necessary) to the National Loans Fund to cover the cost of servicing the National Debt.

*2.9 Are supplementary budget bills typically enacted during the course of a fiscal year? If so, what are the key steps in this process? How many supplementary bills have there been in each of the past three years?*

There is typically only one Budget a year, though there were two Budgets in FY 1997-98, in July and in March. But there are usually presented to Parliament three sets of Supplementary Estimates, covering expenditure not covered in the original Estimates which the Chief Secretary to the Treasury has agreed to be necessary. When the spending plans are first announced, they include an unallocated Reserve for contingencies; the Supplementary Estimates generally involve allocations from this Revenue. Supply expenditure is typically subject to three separate Supplementary Estimate rounds at which provision may be increased or switched between departments or programmes in a significant manner. These are voted on by the House of Commons and may occasionally, at the initiative of select committees covering individual departments, be debated, but are not in practice overturned.

## UNITED STATES

2.1 There are no specific restrictions on Congress changing the President's budget, which is a proposal. However, revenue and spending are controlled by federal laws, which must be passed by Congress and either approved by the President or passed a second time by Congress, overriding the President's disapproval (veto).

2.2 Congress does not vote on the President's budget itself, so it does not amend the budget as such. The extent to which revenue and spending laws reflect the President's budget proposals varies for many reasons, including the strength of the President's party.

2.3 The budget consists of many different laws. Traditionally, thirteen annual appropriations bills provide funds for discretionary programs, which cover about one-third of total spending. A typical bill covers the Departments of Commerce, Justice, and State. Most spending in dollar terms results from permanent laws (see answer 2.8).

2.4 First, Congress prepares and adopts a budget resolution to set aggregate levels of spending and revenue (see answer 2.6). This process is overseen by the House and Senate Budget Committees. Next, the House and Senate Appropriations Committees allocate amounts provided to them in the budget resolution among their respective subcommittees -- defence, agriculture, housing, transportation, etc. Appropriations bills are initiated in the House. After each appropriation bill is approved by the whole committee and voted on by the whole House, usually with amendments to the original version, it is forwarded to the Senate, where a similar review follows. In case of disagreement between the House and the Senate, a conference committee (consisting of Members of both bodies) meets to resolve the differences. The conference committee reports a revised bill, which is returned to both the House and the Senate for a vote. When both bodies have approved the bill, it is transmitted to the President.

There are many authorising committees whose role generally is to determine *what* is to be done, rather than *how much* is to be spent. However, some programs with significant spending -- e.g., social security benefits - - are controlled through authorising legislation. The House Ways and Means Committee and the Senate Finance Committee have jurisdiction over tax laws.

Committees hold hearings at which Executive branch officials, as well as experts and representatives of various groups from outside the federal government, testify. Work sessions at which appropriations bills are drafted may or may not be open to the public depending on the individual committee's policy.

2.5 Each of the committees has its own staff and funds allocated to it from funds appropriated to the Legislative Branch. The legislature has a special agency, the Congressional Budget Office, to provide technical assistance.

2.6 Through the process of adopting a budget resolution, Congress agrees on levels of revenue and spending, in total and by functional category -- defence, agriculture, housing, transportation, etc.

2.7 An extensive amount of performance information is presented with the agency budget proposals, including output and outcome goals. Agencies are required by law to set performance goals for all programs, and to link this performance to the amounts requested in the budget for these programs. The law requiring this information became effective with the budget for fiscal year 1999. While it is not known yet how the new information will be used, in past years the legislature has considered performance information when making decisions on agencies' budget requests. Most of previously available information addressed incremental changes in performance resulting from incremental changes in funding levels; the new law requires performance information on base-level program activity as well.

2.8 About one-third of total spending is controlled through annual appropriations acts and two-thirds is authorised in permanent laws. Entitlement and other mandatory spending programs controlled by permanent laws accounts for about one-half of total spending. Net interest payments, which also are authorised in permanent laws, account for about 15 percent of total spending.

2.9 Supplemental appropriations bills are normally enacted in the spring or early summer of each year. In 1995, two bills were enacted: one in April and the second in July. In 1996, one bill was enacted in April. In 1997, one bill was enacted in June.



## NOTES

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1. BELGIUM: S'il n'y a pas de doute quant à la nature du budget, il faut cependant préciser qu'il s'agit d'une loi purement formelle qui obéit à quelques règles spécifiques : elle doit être "revotée" chaque année, elle n'est pas créatrice de droits et son adoption est simplifiée en ce qui concerne la procédure (pas de passage au Conseil d'Etat).
  2. HUNGARY: The performance of the state duties and the regulatory tasks and obligations relating to their funding are specified in separate sectoral and branch laws.