

Unclassified

PUMA/SBO(99)2/ANN2



PARIS

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

OLIS : 21-May-1999

Dist. : 27-May-1999

Or. Eng.

PUBLIC MANAGEMENT SERVICE
PUBLIC MANAGEMENT COMMITTEE

PUMA/SBO(99)2/ANN2
Unclassified

THE OECD SURVEY OF BUDGETING DEVELOPMENTS -- COUNTRY RESPONSES

20th Annual Meeting of Senior Budget Officials
Paris, 3-4 June 1999

For further information, please contact Jim Brumby
Tel (33-1) 45 24 90 85; Fax (33-1) 45 24 17 06; E-mail: jim.brumby@oecd.org

78337

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

Or. Eng.

1. The following document comprises two parts. The first part presents the responses to the OECD Survey of Budgeting Developments [PUMA/SBO(99)2] carried out for the 1999 meeting of the Senior Budget Officials. Responses are expressed in percentage terms. Responses from 28 Member countries are included in the tables.
2. The second part of the document summarises responses for questions thought to be of particular interest to SBO participants.

OECD SURVEY OF BUDGETING DEVELOPMENTS – COUNTRY RESPONSES

MEDIUM-TERM FISCAL POLICY OBJECTIVES

1. Does the government announce its medium-term (3-5 years) fiscal policy objectives in a formal manner?	Yes=100.0	
2. Is this a legal requirement?	Yes=50	No=50
3. How are these objectives enunciated? <i>All that apply</i>		
Deficit/surplus as a % of GDP		60.7
Debt as % of GDP		57.1
Expenditure as a % of GDP		42.9
Revenue as a % of GDP		42.9
Deficit/surplus in nominal terms		32.1
Debt in nominal terms		28.6
Expenditure in nominal terms		46.4
Revenue in nominal terms		35.7
other		46.4
4. How is this information provided?		
In special announcements made at the beginning of the government's term and as warranted		35.7
In regular reports made by the government to the legislature		57.1
other		53.6
5. Is a formal comparison made between the medium-term fiscal policy objectives and the government's annual budget with explanations given for any deviations? Yes=53.6 No=32.1 NR=14.3		
If yes		
specialised reports are released ahead of the budget		26.7
the budget includes such a discussion		86.7
other		53.3
6. Does the legislature get an opportunity to discuss the government's budget strategy prior to the introduction of the budget each year?	Yes=57.1	No=42.9

BUDGET DOCUMENTATION

7.	What best describes the budget documentation presented to the legislature?			
	Detailed estimates of revenue and expenditure are presented in one document			35.7
	General overview of revenue and expenditure is presented in one document; detailed estimates of expenditure are presented separately			60.7
	No general overview; separate documents for revenue and expenditure			None
	other			14.3
8.	If detailed estimates of expenditure are presented to the legislature separately, are they all contained in one document?	Yes=32.1	No=39.3	NR=28.6
	If no, in how many documents?			
9.	If detailed estimates of expenditure are presented to the legislature in more than one document, what is the basis for dividing them into separate documents?			
	different ministries (departments) are grouped into separate documents			25.0
	current expenditure and capital expenditure is grouped into separate documents			3.6
	other			10.7
10.	Is a citizen's guide to the budget published (i.e. a short easy to understand document aimed at the general public)?	Yes=67.9	No=32.1	
11.	Is the budget documentation placed on the Internet?	Yes=85.7	No=10.7	NR=3.6
	If yes			
	highlight information is placed on the Internet			45.8
	most or all of the budget information is placed on the Internet			58.3
12.	Does the legislature approve expenditures in one appropriation act?			
		Yes=75.0	No=25.0	
	If no, in how many acts?			

13.	If the legislature approves expenditure in more than one appropriation act, what is the basis for dividing them into separate acts:	
	different ministries (departments) are grouped into separate acts	7.1
	current expenditure and capital expenditure is grouped into separate acts	None
	other	21.4
14.	What best describes the manner in which expenditure for statutory (entitlements) programmes is treated?	
	the budget documentation presented to the legislature contains an estimate of the expenditure for information purposes only. The legislature does not approve such expenditure annually.	14.3
	the budget documentation presented to the legislature contains an estimate of the expenditure and the legislature approves expenditure for such programmes annually	78.6
	other	10.7
15.	How many supplementary budgets (i.e. in addition to the original budget) does the government usually present to the legislature in each fiscal year?	
	One 25.0	two 21.4
	Three 10.7	other 42.9
16.	What has been the general magnitude of supplementary budgets (all together) in relation to the planned level of total expenditure in the original budget?	
	significant increases 3.6	moderate increases 32.1
	very small increases 28.6	other 35.7
17.	What have been the major factors requiring supplementary budgets? <i>All that apply</i>	
	changing economic forecasts resulting in lower revenue/higher expenditure	75.0
	new policy initiatives	60.7
	transfer of funds from one appropriation to another appropriation (no net increase)	53.6
	formal approval of appropriations carried-forward from one fiscal year to the next	21.4
	other	39.3

PERFORMANCE INFORMATION IN THE BUDGET			
18.	Is non-financial performance data routinely included in the budget documentation presented to the legislature?	Yes=75.0	No=25.0
	If yes		
	for most programmes 71.4	for some programmes 23.8	
	If yes, how is this information presented? <i>All that apply</i>		
	in the main budget documentation		57.1
	in a government-wide performance report accompanying the budget		28.6
	each ministry prepares performance reports that accompany the budget		38.1
	other		14.3
19.	Is this a legal requirement?	Yes=35.7	No=57.1 NR=7.1
	If yes		
	for most programmes 80.0	for some programmes 20.0	
20.	Does the performance data include performance targets?	Yes=57.1	No=32.1 NR=10.7
	If yes		
	for most programmes 56.3	for some programmes 37.5	
21.	If the performance data includes performance targets, is actual performance reported against these targets?	Yes=57.1	No=25.0 NR=17.9
	If yes		
	Always 43.8	mostly 50.0	
22.	Is the performance data audited?	Yes=46.4	No=46.4 NR=7.1
	If yes		
	for most programmes 69.2	for some programmes 30.8	
23.	Is there evidence that performance data is regularly used in determining budgetary allocations?.	Yes=50.0	No=39.3 NR=10.7
	If yes, all that apply		
	within agencies/programmes		92.9
	within ministries		85.7
	between ministries		28.6

COMPARISON WITH PAST AND FUTURE EXPENDITURE

24.	Does the budget documentation contain a comparison with actual expenditure during the past year(s) ?	Yes=82.1	No=10.7	NR=7.1
	If yes, for how many years?			
	for the past three years 13.0	for the past two years 30.4		
	for the past year 65.2	other 26.1		
	If yes, at what level of detail is this comparison made? All that apply			
	at aggregate whole-of-government level			82.6
	at ministry level			82.6
	at agency/programme level			73.9
25.	Is this a legal requirement?	Yes=46.4	No=50.0	NR=3.6
26.	Does the budget documentation contain a projection of expenditure beyond the next fiscal year?	Yes=60.7	No=32.1	NR=7.1
	If yes, for how many years?			
	One None	two 29.4		
	Three 41.2	other 41.2		
	If yes, at what level of detail is this projection made? All that apply			
	at aggregate whole-of-government level			70.6
	at ministry level			29.4
	at agency/programme level			52.9
27.	Is this a legal requirement?	Yes=42.9	No=53.6	NR=3.6
28.	Is an <i>ex-post</i> comparison made between projected expenditure in future years and the actual expenditure in those years? (i.e. to see the accuracy of the original projections)	Yes=53.6	No=42.9	NR=3.6
	If yes, at what level of detail is this comparison made?			
	at aggregate whole-of-government level			80.0
	at ministry level			60.0
	at agency/programme level			60.0
29.	Is this a legal requirement?	Yes=25.0	No=71.4	NR=3.6

IN-YEAR REPORTING				
30.	At what interval is information on the in-year budget outturn released?			
	Monthly 67.9	Every two months 0		
	Quarterly 25.0	Half-yearly 7.1		
	Other 0			
31.	Is this a legal requirement		Yes=60.7	No=39.3
32.	How much time elapses from the end of the reporting period until the reports are issued?			
	4 weeks or less 42.9	5 weeks or less 7.1		
	6 weeks or less 17.9	other 39.3		
33.	Is there a maximum time that can elapse established in legislation?		Yes=28.6	No=71.4
34.	Does the government announce the release dates for these reports in advance?		Yes=50.0	No=50.0
35.	Does this information have a clear comparison between actual and planned out-turn for the period covered		Yes=50.0	No=50.0
36.	At what level of detail is this information? <i>All that apply</i>			
	at aggregate whole-of-government level			82.1
	at ministry level			53.6
	at agency/programme level			42.9
37.	Is this information audited?		Yes=25.0	No=75.0
	If yes			
	all reports 14.3 some reports 85.7			
38.	In addition to the above outturn reports, does the government regularly release more substantial reports that discuss the changing economic environment, revenue and expenditure trends and the implications for the outturn for the fiscal year?		Yes=67.9	No=32.1
39.	How frequently are such reports made?			
	Quarterly 28.6	half-quarterly 7.1	other 39.3	
40.	Is this required by law		Yes=39.3	No=46.4 NR=14.3

PRE-ELECTION REPORTS

41.	Are special reports on the fiscal outlook released prior to elections?	Yes=14.3	No=82.1	NR=3.6
42.	Is this a legal requirement	Yes=10.7	No=78.6	NR=10.7
43.	Is there any role for the budget office (audit office/similar) in estimating the cost of the announced policies of political parties prior to elections?	Yes=3.6	No=85.7	NR=10.7
44.	Is this a legal requirement	Yes=3.6	No=71.4	NR=25.0
45.	Who is responsible for the production of such reports, if applicable?			
	civil servants exclusively			7.1
	ministers and civil servants as with other reports			None
	other			None
46.	Is this division of responsibility established in legislation?	Yes=3.6	No=64.3	NR=32.1

ECONOMIC FORECASTS

47.	How have the key economic forecasts applied in the budget compared to the actual out-turn during the last several years?			
	the economy has performed significantly better			21.4
	the economy has performed somewhat better			50.0
	about the same			21.4
	the economy has performed somewhat worse			17.9
	the economy has performed significantly worse			None
48.	Is there any independent review of the economic assumptions used in the budget?			
		Yes=35.7		No=64.3
	If yes			
	the audit office reviews them			30.0
	a formally appointed independent panel reviews them			30.0
	there is a collaborative review process involving private sector forecasters			40.0
49.	Is this a legal requirement	Yes=10.7	No=78.6	NR=10.7
50.	Are private sector economic forecasts discussed in the budget documentation and the government's economic assumptions compared to them?	Yes=14.3	No=85.7	NR=-0
51.	Is this a legal requirement?	Yes=None	No=82.1	NR=17.9
52.	Does the budget documentation contain a discussion of what impact variations in the key economic assumptions would have on the budget out-turn?	Yes=53.6	No=46.4	
53.	Is this a legal requirement	Yes=7.1	No=89.3	NR=3.6

LONG-TERM OUTLOOKS

54.	Does the government produce a report on the long-term (10-40 years) outlook for the public finances as a whole on a regular basis?			Yes=14.3	No=85.7
55.	How frequently are such reports prepared?				
	Annually	14.3	every 5 years	None	other
				7.1	
56.	Is this a legal requirement?	Yes=7.1	No=67.9	NR=25.0	

REPORTING FOR SOCIAL SECURITY PROGRAMMES

57.	Are regular actuarial estimates made for social security programmes (<i>only</i> old-age pension, superannuation programmes)	Yes=75.0	No=21.4	NR=3.6
If yes, how frequently is this information reported?				
	Annually	61.9	other	42.9
58.	Is this a legal requirement?	Yes=53.6	No=32.1	NR=14.3
59.	Who conducts the actuarial estimates?			
	the social security programme itself			39.3
	an independent government office (government actuary)			14.3
	Ministry of Finance			3.6
	National Audit Office			None
	private firms			7.1
	other			14.3
60.	Where is this information reported? <i>All that apply</i>			
	as a liability in the financial statements			7.1
	as a contingent liability in the financial statements			3.6
	in the financial statements as a note for information			10.7
	in specialised reports on social security finances			50.0
	in the budget documentation for information			32.1
	other			7.1

REPORTING FOR CIVIL SERVICE PENSION PLANS

61.	Are regular actuarial estimates made of the civil service pensions plans?	Yes=75.0	No=21.4	NR=3.6
	If yes, how frequently are such reviews made?			
	every year	52.4		
	other	42.9		
62.	Is this a legal requirement?	Yes=42.9	No=46.4	NR=10.7
63.	Who conducts such reviews?			
	the civil service pension plans themselves			21.4
	an independent government office (government actuary)			17.9
	Ministry of Finance			14.3
	National Audit Office			None
	private firms			10.7
	other			21.4
64.	Where is this information reported? <i>All that apply</i>			
	as a liability in the financial statements			17.9
	as a contingent liability in the financial statements			None
	in the financial statement as a note for information			14.3
	in specialised reports on the civil service pension plan finances			39.3
	in the budget documentation for information			21.4
	other			21.4
65.	Where is the employers' contribution to the civil service pension plans charged?			
	to the ministry or agency where the employee works			39.3
	to a central account in the Finance Ministry			32.1
	other			25.0

REPORTING FOR CONTINGENT LIABILITIES

66.	Does the government report its contingent liabilities on a regular basis?	Yes=85.7	No=10.7	NR=3.6
	If yes, how frequently is this information reported?			
	Annually 66.7	every 6 months None	other 37.5	
67.	Is this a legal requirement?	Yes=60.7	No=35.7	NR=3.6
68.	Where is this information reported? <i>All that apply</i>			
	in the government financial statements			46.4
	in the budget documentation			50.0
	in special reports on government contingent liabilities			32.1
	other			7.1
69.	Is this information audited?	Yes=50.0	No=46.4	NR=3.6
70.	What types of contingent liabilities are reported? <i>All that apply</i>			
	guarantees and indemnities			82.1
	uncalled capital (e.g. obligations to development banks)			32.1
	legal proceedings and disputes			21.4
	environmental clean-ups			17.9
	other			21.4
71.	What mechanisms exist for controlling the volume of government guarantees and indemnities?			
	the legislature must approve them			75.0
	the Minister of Finance must approve them			28.6
	other			28.6
72.	Is the estimated risk of the government having to fund a contingent liability estimated before they are entered into?			
	Yes, for most programmes 64.3	Yes, for some programmes 25.0		No = 10.7
73.	Must such a risk be funded in the budget at the time of entering into a contingent liability?			
	Yes, for most programmes 39.3	Yes, for some programmes 21.4		No = 28.6

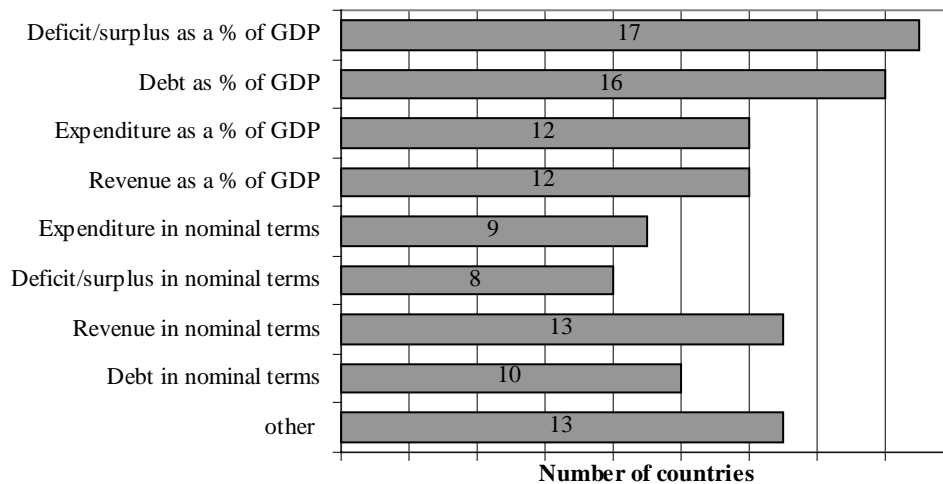
REPORTING FOR TAX EXPENDITURES

74.	Does the government report tax expenditures on a regular basis?	Yes=75.0	No=21.4	NR=3.6
	If yes, how frequently is this information reported?			
	Annually 81.0	other 14.3		
75.	Is this a legal requirement?	Yes=42.9	No=50.0	NR=7.1
76.	Where is the information reported? <i>All that apply</i>			
	in the government financial statements			10.7
	in the budget documentation			57.1
	in special reports on tax expenditures			25.0
	other			10.7

The following tables and charts summarise results for a number of the questions. Responses from 28 countries are included in this section.

Medium term fiscal objectives

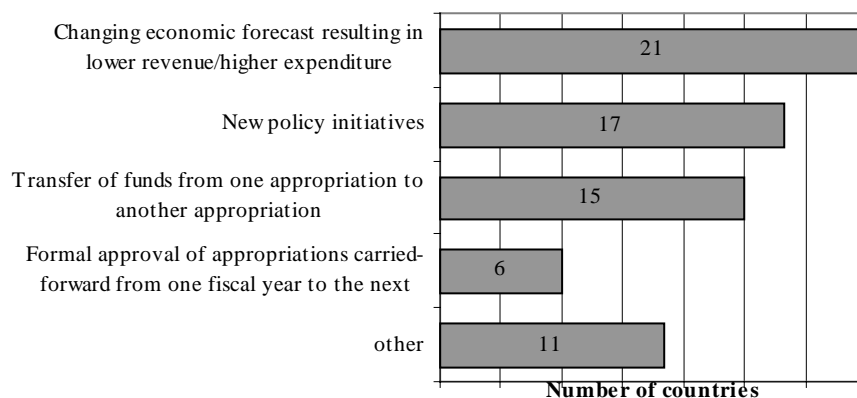
Figure 1. How Member countries spell out their medium term fiscal objectives (question 3)



Supplementary budgets

Supplementary budgets are used mainly to take account of changing economic circumstances, although they are also used extensively for funding new policy initiatives and transfers between appropriation lines.

Figure 2. What have been the major factors requiring supplementary budgets? (question 17)



Performance information

A majority of countries now present performance information in the budget and a smaller majority of responding countries use performance information in determining budgetary allocations.

Table 1. Use of the performance data (questions 18 & 23)

Data is regularly used in determining budgetary allocations	Data included in the budget documentation presented to the legislature			
	For most programmes	For some programmes	No	Total
Yes	11	2	1	14
No	6	2	2	10
Total	17	4	3	24

Note: NR = 4 (Hungary, Portugal, Switzerland and Turkey)

Reporting on the budgetary track

All countries report on the progress of the budget through the year. A majority do so monthly.

Table 2. Interval for information on the in-year budget outturn released (question 30)

Monthly =19	Quarterly only = 7	Half yearly only =2
AUS BEL CAN DNK FIN FRA DEU HUN ISL IRE ITA JPN NZL POL ESP SWE TUR GBR USA	AUT CZE GRC KOR NLD NOR CHE	HUN MEX

Economic assumptions

A majority of countries have seen economic outturns in recent years that have exceeded their forecasts. Of the seven countries that have described the economic outturn as significantly better than forecast, six of them have subjected their forecasts to independent review

Figure 3A. “Does the budget documentation contain a discussion of what impact variations in the key economic assumptions would have on the budget outturn?” and the economy performance (questions 47 & 52)

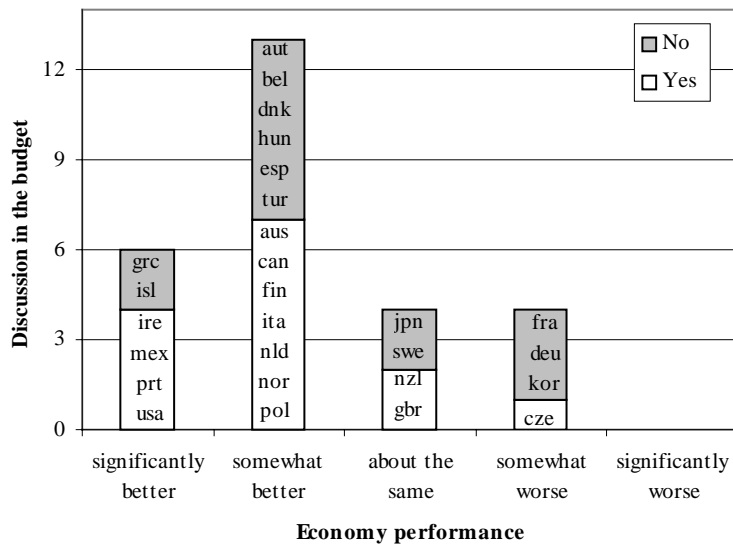
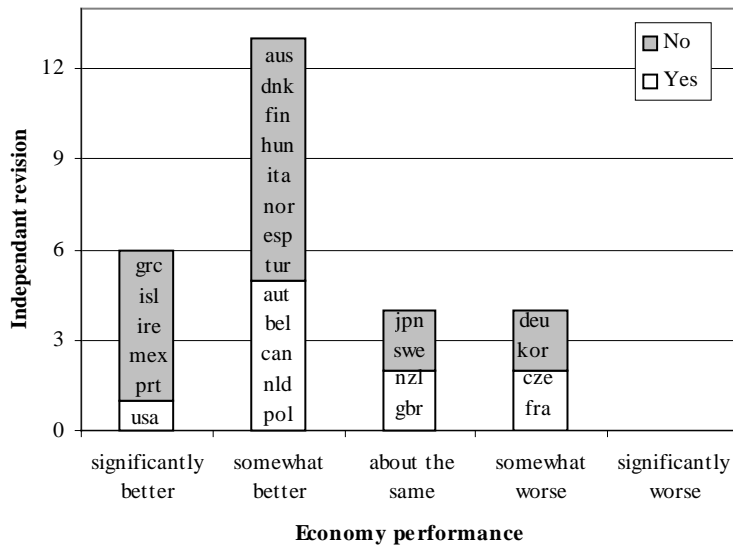


Figure 3B: “Is there any independent review of the economic assumptions used in the budget ?” and the economy performance. (questions 47 & 48)



Actuarial estimates

A total of 17 countries conduct actuarial reviews of their social security systems and their public sector pension systems. Four countries do one and not the other, and two countries do neither.

Table 3. Actuarial estimates (questions 57 & 61)

		A regular actuarial estimates is made for social security programmes					
		YES			NO		
A regular actuarial estimate is made of the civil service pension plans	YES	AUS CZE GRC ESP USA = 17	AUT FIN IRE SWE	BEL FRA JPN TUR	CAN DEU KOR GBR	ISL NLD NOR = 4	NZL
	NO	HUN = 4	ITA	MEX	CHE	DNK PRT = 2	

Legal requirements

There is a considerable spread in the legal environment for committing to the practices surveyed in this fiscally transparency questionnaire. Of the 18 possible legal requirements surveyed, the most adopted by any country was 13 (USA and New Zealand). The most popular legal requirements relate to the interval for within year budgetary tracking reports and the requirement to provide information on contingent liabilities.

Table 4. Frequency of legal requirements in countries

Number of legal requirements	Number of countries
[1 – 2]	3
[3 – 4]	6
[5 – 6]	8
[7 – 8]	5
[9 – 10]	4
> 10	2

Average number of legal requirements = 6.1
Total surveyed = 18

Figure 4. Number of countries with this type of legal requirement.

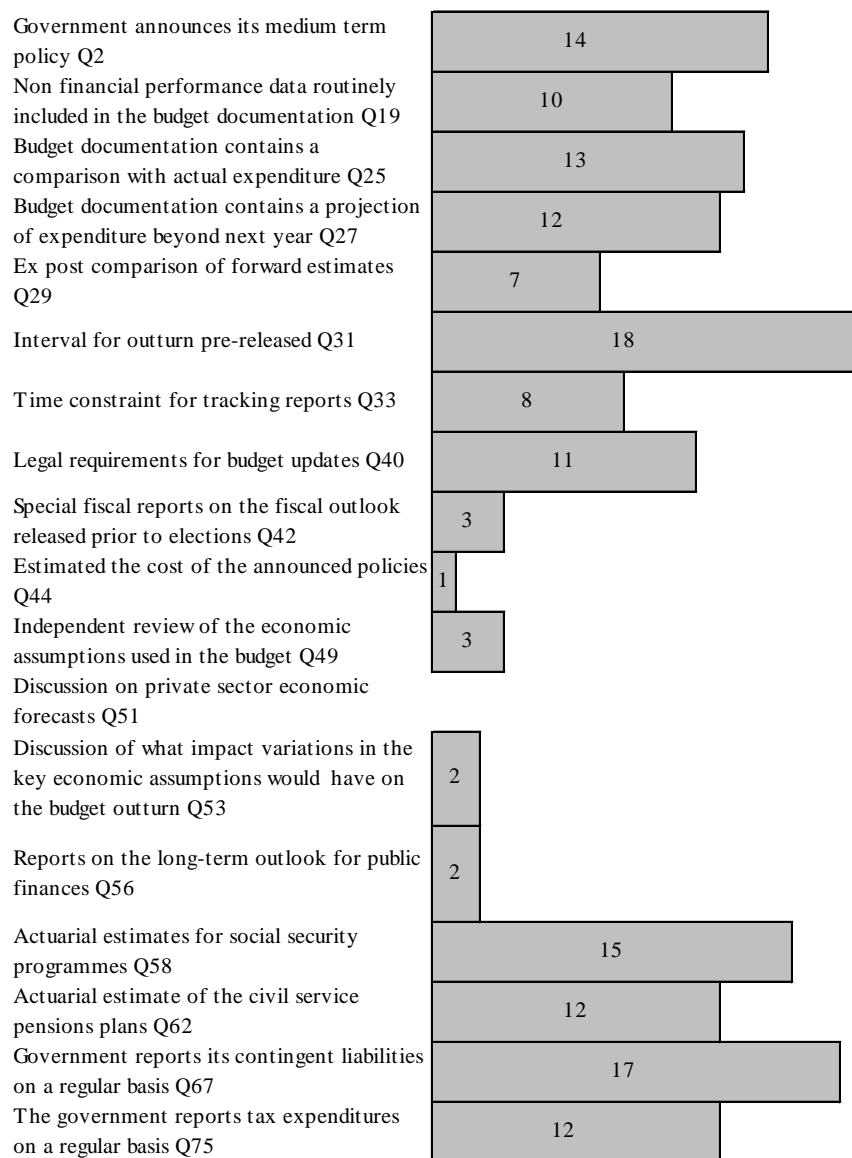


Figure 5. Number of legal requirements by country

