



EUROPEAN COMMISSION

DIRECTORATE GENERAL

ECONOMIC AND FINANCIAL AFFAIRS

Brussels, 23 January 2006

National fiscal institutions – a questionnaire

Introduction

The progress report of the “Working Group on the Quality of Public Finances” (WGQPF), which was endorsed by the EPC on 27 September 2005, placed budgetary institutions at the centre of the analysis of fiscal developments. With the view to having an overall picture of fiscal rules and institutions in the EU, the Working Group considered it appropriate to build up a comprehensive and detailed database, based on information provided by Member States on the national budgetary rules and fiscal institutions.

To this end, a first questionnaire, focusing on existing **numerical fiscal rules** at *national* level, was distributed to Member States on 15 December 2004. This second questionnaire concerns the existing **national institutions**, others than the government, the Central Banks and the Parliament, which may have a direct or indirect influence on the conduct of fiscal policy. Specifically, the questionnaire focuses on the so-called ‘Fiscal Councils’ (see below for specification of this concept).

Some guidelines to fill in the questionnaire

The following may be useful to complete the questionnaire properly:

- For each Member State, *one questionnaire per national institution should be filled out*. For instance, a country with one institution providing independent macroeconomic forecasts to be used in the preparation of the budget, and one institution providing fiscal policy recommendations to be taken into account by the government, should fill in two questionnaires. Questionnaires should be numbered.
- Before answering, a complete reading of the whole questionnaire appears advisable in order to place properly each question in its context. Questions 1 to 3 deserve special attention since they provide the “staple information” of the questionnaire (i.e. the general presentation of the institution considered).
- The survey is made up of 35 questions, which are grouped in 6 sections covering different relevant aspects of institutions (nature, mandate, role, internal composition, status, visibility and influence). Despite the number of questions, filling out the questionnaire should not be overly time-consuming, considering that it mostly contains closed questions.

- The time frame covered by the questionnaire is the period 1990-2005. For those institutions currently in place, Member States are invited to signal changes in their mandate / status or role during the period under review.
- For most of questions, a large box under the heading “others” or “additional information” is available to make specific comments. Member States are invited to use these boxes to provide any remark they would consider necessary.

What should be considered a Fiscal Council?

The institutions (Fiscal Councils) covered by this survey are the institutions providing independent inputs / analysis / assessment or / and recommendations in the area of fiscal developments and policy. Institutions providing independent forecasts for the preparation of the budget, or against which the official projections are systematically assessed, are covered by the questionnaire. Institutions providing regular analysis, or formulating recommendations or normative statements on government finances developments and fiscal policy orientations (implementation of budgetary plans and budgetary plans themselves) are also covered by the questionnaire. Courts of Auditors should be included in the survey if their activities go beyond the accounting control and cover any of the tasks mentioned above. If considered relevant, especially in federal or quasi-federal Member States, information can also be provided on the role of Financial Planning Councils (Germany) or Economic and Financial Policy Council (Spain) in which central government and state governments' representative discuss fiscal policy and developments.

Only institutions primarily financed by public funds are covered by the questionnaire. Private ‘Think Tanks’ and research departments of private companies are not covered by the questionnaire. Finally, Central Banks and Directorates of the Ministry of Finance are not considered by the definition.

Timetable

Please fill out the questionnaire electronically, and send your replies to as soon as possible. Replies are expected before 10 February 2006. If you have any doubt, please do not hesitate to contact us:

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Member State: _____

Questionnaire n°:

I General description of the institution

1. Please provide an overall description of the institution in charge of providing analysis, forecasts, assessments or recommendations of fiscal policy. Please specify the name, nature, status, mandate and objectives of this institution (referred to as the “Fiscal Council” in the following questions):

2. Please indicate the main motivations for the introduction of the Fiscal Council. In particular, please indicate whether the creation of the Fiscal Council was related to particular events such as a broad institutional reform, changes in legislation to adapt the budgetary policy making to the requirements established by EMU etc:

3. Please indicate the relevant dates for the Fiscal Council considered:

- When it was first created:

- Please specify and describe the major changes (if any) to the mandate / status of the Fiscal Council in the period 1990-2005:

II Specifications on the role of the Fiscal Council

4. Could you specify whether the mandate of the Fiscal Council:

- Is circumscribed to fiscal policy / general government finances issues
- Goes beyond fiscal policy issues and covers other economic policy dimensions. If yes, please specify:

5. Among the following objectives, please identify those to which the Fiscal Council contributes (more than one option is possible):

- Ensuring that government policy is consistent with the sustainability of government finances
- Ensuring that government policy is adequate in the prevailing cyclical conditions (stabilisation function of fiscal policy)
- Providing an independent assessment of compliance with existing national fiscal rules
- Providing an independent assessment of compliance with the SGP fiscal rules
- Ensuring greater transparency in the conduct of fiscal policy, for instance by analysing the macroeconomic and budgetary forecasts of the government
- Assessing the quality of government finances, notably the composition of expenditure and the structure of the tax system
- Others. Please specify:

6. Please specify whether the Fiscal Council fulfils one or several of the following tasks (not mutually exclusive):

- The Fiscal Council provides independent analysis on fiscal policy developments
- The Fiscal Council provides independent forecasts and projections of macroeconomic or / and budgetary assumptions
- The Fiscal Council makes normative statements on the conduct of fiscal policy
- The Fiscal Council issues recommendations in the area of fiscal policy
- Others. Please specify:

7. Concerning the role of the Fiscal Council in the budgetary process, please specify whether:

- The draft Budget submitted by the government has to be approved by the Fiscal Council.
- The government has to consult the Fiscal Council in the course of the budgetary process
- The Fiscal Council is generally consulted (no obligation) by the government in the course of the budgetary process
- The Fiscal Council has to be audited by the Parliament in the course of the budgetary process¹
- The Fiscal Council is generally audited (no obligation) by the Parliament in the course of the budgetary process
- The Budget has to be approved by the Fiscal Council.
- Others. Please specify:

¹ In case the Fiscal Council deals with regional and/or local governments, the Parliament in this option and the next one would refer to the regional parliament and/or the local legislative bodies.

III.a. Fiscal Councils providing independent analysis on fiscal policy developments

In case the Fiscal Council provides independent analysis on fiscal policy developments, please answer to the following questions.

8. Please specify whether the fiscal Council (more than one option is possible) ...

Has the mandate to analyse the budget. Please specify:

Has the mandate to monitor the *implementation* of budget plans. Please specify:

Has the mandate to quantifying short-term and long-term effects of envisaged measures and reforms. Please specify:

Has the mandate to verify whether budgetary plans and outcomes are in accordance with existing budgetary rules. Please specify:

Is not explicitly in charge of any of the above tasks, but fulfils some of them in the context of its regular analysis and monitoring of fiscal developments. Please specify:

9. The Fiscal Council is in charge of the analysis of fiscal developments in (more than one answer is possible)...

The whole of the general government sector

Central government (The State and other central government entities)

The State / Federal Government

Regional governments (autonomous regions of the federated or quasi-federated states)

Local governments

Social security

Any other sector, please specify:

Additional information:

10. Does the Fiscal Council produce regular public reports on budget execution, developments or / and plans?

- No, most of the analyses of the Fiscal Council are confidential
- Yes, the Fiscal Council regularly produces such reports. Please specify frequency and overall description of such reports:

11. In case such reports are issued, please specify whether...

- The government is obliged to take into account the analysis prepared by the Fiscal Council and adopt measures to correct some aspects of fiscal policy deemed inappropriate in these reports
- The government has to publicly respond to the analysis prepared by the Fiscal Council
- The government is not obliged to publicly respond to the analysis prepared by the Fiscal Council
- Other, please specify:

III.b. Fiscal Councils providing independent forecasts and/or long-term projections of macroeconomic and/or budgetary variables

In case the Fiscal Council provides independent projections of macroeconomic and/or budgetary variables, please answer to the following questions.

12. Please indicate whether (more than one option is possible) ...

- The Fiscal Council provides independent macroeconomic forecasts
- The Fiscal Council provides independent forecasts for government expenditures based on the announced policy measures (e.g. the budget law or specific economic policy decisions). Please specify the aggregates forecast:
- The Fiscal Council provides independent forecasts for government revenues. Please specify the aggregates forecast:
- The Fiscal Council provides independent forecasts for the government balance and debt level. Please specify the aggregates forecast:
- The Fiscal Council provides independent long-term projections for government finances. Please specify the aggregates projected:

13. In case the Fiscal Council makes forecasts / projections for developments in government finances, do these projections concern (more than one option is possible):

- The whole of the general government sector
- Central government (The State and other central government entities)
 - The State / Federal Government
- Regional governments (autonomous regions of the federated states)
- Local governments
- Social security
- Any other sector, please specify:

Additional information:

14. In case the Fiscal Council provides independent forecasts of macroeconomic variables, could you please indicate whether ...

- The macroeconomic forecasts have to be used in the preparation of the budget (legal or constitutional obligation) and / or the Stability or Convergence Programme. Please specify:

- The macroeconomic forecasts are generally used in the preparation of the budget (political agreement within executive or between executive and legislative powers) and / or the Stability or Convergence Programme. Please specify:

- The government is free to prepare the budget and / or the Stability or Convergence Programme using its own macroeconomic assumptions, but deviations from the macroeconomic projections of the Fiscal Council have to be justified publicly. Please specify:

- The government is free to prepare the budget and / or the Stability or Convergence Programme using its own macroeconomic assumptions, without having to provide any justification

- Other, please specify:

15. In case the Fiscal Council provides independent forecasts / projections for government expenditures based on the announced policy measures (e.g. the budget law or specific economic policy decisions), could you please indicate whether ...

- The expenditure projections have to be used in the preparation of the budget (legal or constitutional obligation). Please specify:

- The expenditure projections are generally used in the preparation of the budget (political agreement within executive or between executive and legislative powers). Please specify:

- The government has to justify any deviation of its expenditure projections from those of the Fiscal Council. Please specify:

- The government is free to prepare the budget using its own projections, without having to provide any justification

- Other, please specify:

16. In case the Fiscal Council provides independent forecasts / projections of tax revenues, could you please indicate whether ...

- The revenues projections have to be used in the preparation of the budget (legal or constitutional obligation). Please specify:

- The revenues projections are generally used in the preparation of the budget (political agreement within executive or between executive and legislative powers). Please specify:

- The government has to justify any deviation of its revenues projections from those of the Fiscal Council. Please specify:

- The government is free to prepare the budget using its own revenues projections, without having to provide any justification

- Other, please specify:

17. In case the Fiscal Council provides independent forecasts / projections for the government balance

- The budget balance objective presented in the budget cannot deviate from the one projected by the Fiscal Council (legal or constitutional obligation). Please specify:

- The budget balance objective presented in the budget is generally in line with the one projected by the Fiscal Council (political agreement within executive or between executive and legislative powers). Please specify:

- The government has to justify any deviation in its budget balance objective from the projection of the Fiscal Council. Please specify:

- The government does not have to provide any justification

- Other, please specify:

18. Access to inside information – please specify whether ...

- When preparing its projections, the Fiscal Council has full access to inside information and administrations have to respond to its requests
- When preparing its projections, the Fiscal Council has a privileged access to inside information, without having access to all inside information
- The Fiscal Council has no privileged access to inside information
- Other, please specify:

III.c. Fiscal Councils doing normative statements and issuing recommendations

In case the Fiscal Council does normative statements and issues recommendations, please answer to the following questions.

19. Please specify whether the Fiscal Council (more than one option is possible) ...

Provides normative judgement on the budgetary *plans* and respect of the fiscal policy rules. Please specify (notably indicate at what stage of the budget process the judgement is formulated):

Is in charge of assessing the draft budget prepared by the Government and formulating an opinion on the budget or providing alternative quantifications of the measures therein. Please specify (notably indicate at what stage of the budget process the opinions are formulated):

Recommends changes in the budgetary plans formulated by the government, in order for instance to ensure that a specific government balance objective is met. Please specify (notably indicate at what stage of the budget process the recommendations are formulated):

Provides normative judgement on the *implementation* of fiscal plans and/or respect of fiscal policy rules. Please specify:

Has an 'alert function' to signal a possible deviation from initial plans. Please specify:

Formulates recommendations in case it identifies a slippage compared to initial fiscal plans. Please specify:

20. The assessments / recommendations formulated by the Fiscal Council concern public finances developments in (more than one option is possible):

- The whole of the general government sector
- Central government (The State and other central government entities)
 - The State / Federal Government
- Regional governments (autonomous regions of the federated states)
- Local governments

- Social security
- Any other sector, please specify:

Additional information:

21. The Government / Parliament / Local Authorities ...

- Have to follow the recommendations of the Fiscal Council (legal or constitutional obligation). Please specify:

- Generally decide to follow the recommendations of the Fiscal Council (political agreement within executive or between executive and legislative powers). Please specify:

- Can decide not to follow the recommendations of the Fiscal Council, but has to provide public justifications. Please specify:

- Other, please specify:

22. In practice, would you say that advices and recommendations formulated by the Fiscal Council are ...

- Always followed by the government
- Generally followed by the government
- Generally not followed by the government
- Generally ignored by the government
- Other, please specify:

IV. Composition of the Fiscal Council and appointment procedures

23. The (governing / high-level management) members of the Fiscal Council include (more than one option is possible):

- Academics
- Policy experts
- Civil servants (from the central or regional/local levels of governments)
- Politicians (central or local levels of governments)
- Members of a Monetary Policy Committee (Central Bank)
- Representants from Trade unions
- Others, please specify.

24. The (governing / high-level management) members of the Fiscal Council are appointed by

- The government
- The Parliament, please provide information on the appointment procedure:

- Other, please specify.

25. The (governing / high-level management) members of the Fiscal Council:

- Cannot at the same time hold political posts
- Can at the same time hold political posts
- Any other constraint. Please specify:

26. Could you please provide the following information on the members of governing / high-level management board of the Fiscal Council:

- a) Number of members in the governing/high-level management board

- b) Specify the number of years of the terms of office of governing board members

- c) Specify whether all governing members' terms start and end simultaneously or not

- d) Specify how the governing board members adopt decisions and/or release opinions (e.g. majority, unanimity etc)

27. Apart from the governing board, could you please specify the approximate size of the staff of the Fiscal Council?

V. Status of the Fiscal Council

28. Please indicate whether the provisions related to the existence of the Fiscal Council are ...

Enshrined in the Constitution. Please specify:

Enshrined in a legal act (e.g. rule incorporated in Public Finance Act, in a Fiscal Responsibility Law or in any other similar statutory act) . Please specify:

Other, please describe:

29. Is the mandate/role of the Fiscal Council explicitly defined in any official document (Constitution, Law or text endorsed by the Parliament or Government)?

No.

Yes. Please specify:

30. The Fiscal Council...

Is attached to the Parliament

Is attached to the government (Ministry of Finance, or Economics or the Prime minister office). Please specify:

Is not formally attached to the government or the Parliament. Please specify.

31. Do political parties have to submit or do they generally submit their economic programme to the Fiscal Council ahead of the elections, for assessment?

No

Yes

32.Has the Fiscal Council access to other sources of financing than the direct funding by the national government?

No

Yes. Please specify the share of these sources of financing in the total budget of the Fiscal Council:

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VI. Media visibility and influence of the Fiscal Council

33. Please indicate which of the following options best describes the average level of media coverage and public opinion reaction to the analysis / forecasts / recommendations issued by the Fiscal Council:

- Modest interest of media and public opinion
- High level of media activity, but not likely to invoke public debate
- High level of media activity, resulting in public debate on the subject, likely to induce government to publicly justify the non-compliance or to change its policy

Additional comments:

34. Please indicate how the quality / reputation of the analysis carried out by the Fiscal Council compare with respect to those published by other public/private institutions:

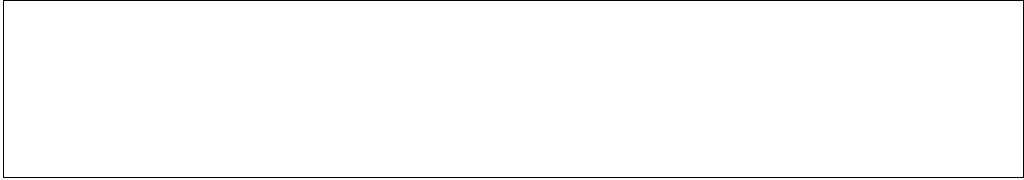
- Well above standard
- Above standard
- Same standard
- Below standard
- Well below standard

Additional comments:

35. Could you please indicate your view on whether the existence of the Fiscal Council rule has significantly contributed to budgetary discipline and / or improving the quality of government finances?

- There was hardly any contribution to fiscal discipline
- There is a perception that the Fiscal Council has significantly contributed to fiscal discipline
- The Fiscal Council has definitely contributed to fiscal discipline
- The Fiscal Council has contributed to improve the quality of government finances

Additional comments:



End of questionnaire

Thank you very much for your time and expertise

Contact person for the questionnaire:

With the view to facilitate future contacts, could you please indicate the name, phone number and email of the person in charge of fulfilling this questionnaire in your administration?

If you have any comments concerning the questionnaire, any additional remarks, please mention them in the box below: