



EUROPEAN COMMISSION
DIRECTORATE GENERAL
ECONOMIC AND FINANCIAL AFFAIRS
Macroeconomy of the euro area and the EU
Public finances in the euro area and the EU

Fiscal Institutions: Update of Questionnaire

(30 April 2008)

Introduction and background

In January 2006, the ECOFIN adopted conclusions in which further analysis and research in three specific areas related to the quality of public finances were requested, namely (i) the influence of national fiscal rules and institutions on the conduct of budgetary policy, (ii) the analysis and monitoring of public expenditure composition, and (iii) the measurement of the efficiency and effectiveness of public expenditure. Specifically, the Council emphasised the role played by national fiscal rules and institutions on budgetary outcomes as a key element for improving the composition of public finances, and invited the Commission, in cooperation with the EPC, to conduct a comprehensive analysis of the existing national fiscal rules and institutions in the EU Member States and their influence on budgetary developments.

With a view to carrying out this analysis, two surveys on national numerical fiscal rules and on independent institutions operating in the area of fiscal policy were conducted among Member States in 2006. The questionnaires were filled in by national authorities and provided comprehensive and updated information on existing fiscal rules and institutions during the period 1990-2005 in EU countries. A first analysis of these surveys was included in the Commission's 2006 Public Finance Report and yielded interesting and relevant results in terms of policy making implications. Likewise, the information provided by these two surveys allowed Commission services to build up two detailed databases on domestic fiscal rules and institutions in force between 1990 and 2005 in the EU.

In particular, the questionnaire on independent fiscal institutions covered the existing **national fiscal institutions** in the period 1990-2005 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).

Following up the conclusions from the October 2007 ECOFIN Council and the mandate given by the EPC in its February 2008 meeting, with the present questionnaire Member States are asked to provide information concerning (i) changes to existing institutions and/or (ii) new fiscal institutions introduced since 2005.¹

¹ Two other questionnaires will be submitted to Member States concerning (i) changes in their national fiscal rules since 2005 and (ii) changes in the budgetary procedures and medium-term budgetary frameworks.

Attached to this explanatory note, you will find a questionnaire consisting of two parts. The first part, “Overview Information on Existing Institutions,” asks to provide a general overview of any changes made to existing domestic fiscal institutions between 2006 and 2008. The second part, “Main Questionnaire,” asks to provide details about these changes to existing institutions and/or to describe the specificities of the introduction of new institutions.

In addition, and as a reference, the e-mail contains the questionnaires on national fiscal institutions submitted by your authorities in the previous 2006 survey that were accepted by DG Ecfm and included in the corresponding database on domestic institutions.² This additional information should allow you to clarify any doubt related to the answers provided by national authorities two years ago.

Some guidelines to fill in the questionnaire

The following may be useful to complete the questionnaire properly:

- For each Member State, the “Overview Information” questionnaire in Part A, asking for changes in the existing fiscal institutions or the introduction of new fiscal bodies must be filled out. If there are no changes (i.e. no new and no reformed institutions), only this “Overview Information” questionnaire needs to be filled out and returned.³
- The “Main Questionnaire” incorporated in Part B providing details on new and reformed fiscal institutions is basically the same as the one used in the previous 2006 survey, and only slight changes have been introduced to make it consistent with the new period of analysis, 2006-2008, and the updating of the database on institutions.
- For each Member State, *one “Main Questionnaire” per new or reformed institution has to be filled out.* For instance, a country with one new institution providing independent macroeconomic forecasts to be used in the preparation of the budget, and one reformed institution already existing in 2005 providing fiscal policy recommendations, should fill in two questionnaires. Questionnaires should be numbered.
- Before answering this survey, a complete reading of the whole questionnaire appears advisable in order to place properly each question in its context.
- 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.
- For most of questions, a large box under the heading of “others” or “additional information” is available to make specific comments. Member States are invited to use these boxes to provide any clarification they would consider necessary. In turn, when the answers refer to a reformed fiscal institution, these boxes can be used to reply “unchanged” in case no modifications have been introduced in relation to a particular question.

² It must be recalled that some questionnaires sent to DG Ecfm by Member States were not taken into account since the institutions they referred to did not fit the definition of independent fiscal institution adopted in the 2006 survey.

³ This section should also include information on those fiscal institutions that were not yet in force between 2006 and 2008 but whose establishment was already approved during this period and whose design and mandates are completely known and their implementation will be effective shortly.

- Questions 1 to 3 deserve special attention since they provide the “staple information” of the questionnaire (i.e. overall description of the institution, main reasons for its implementation or reform, and date of establishment or implemented reforms).
- As previously said, the time frame covered by the questionnaire is the period 2006-2008. Member States are invited to signal changes in the definition and/or contents of the prevailing fiscal institutions in 2005 during the period under review as well as specifying the introduction of new institutions.
- Finally, Member States are invited to use the possibility to give open comments in the box at the end of the questionnaire. This box can be used for general comments on the approach followed by the questionnaire, but also for comments on individual questions in addition to the pre-defined options.

What should be considered a Fiscal Council?

Like in the previous 2006 survey, 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 budgetary 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.

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 as soon as possible. Replies are expected before **1st of July 2008**. If you have any doubt, please do not hesitate to contact us:

Mail to: Ecfm-fiscalframework@ec.europa.eu and Stig.Malmedal@ec.europa.eu
(Tel.: +32-2-295.94.95)

PART A: OVERVIEW INFORMATION ON EXISTING INSTITUTIONS

MEMBER STATE: XX

1. – Fiscal institutions in force in 2005.

Please, answer the following questions on fiscal institutions in your country that were already in force in 2005. According to the information provided by national authorities in the previous survey on fiscal institutions that was carried out by DG Ecfm and the EPC two years ago, there was 1 fiscal institution in force in 2005 (see questionnaire 1 attached to the e-mail to see the information submitted by your country in the preceding 2006 survey).

1.a – **XX** (see attached questionnaire 1 of the previous survey):

This fiscal institution

remains unchanged.

has been abolished. Please specify when it was abolished and explain the main motivations to remove it.

has been reformed.

In this case, please fill in the main questionnaire. If changes introduced are just limited to some specific aspects of the institution, you can answer only the questions related to them, whereas the remaining questions may be completed by simply answering “unchanged”.

PART B: MAIN QUESTIONNAIRE

Member State:

Questionnaire n°:

Introduction:

Please, **specify whether the answers given in this questionnaire refer to:**

A fiscal institution in force in 2005 that has been reformed. Please, indicate the name of the institution:

A new fiscal institution established or approved between 2006 and 2007.

I General description of the institution

1. In case of a new fiscal institution, 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). If the answer refers to a reformed fiscal institution, please specify the changes implemented in the functioning of this Fiscal Council compared to the prevailing situation in 2005.

2. Please indicate the main motivations for the introduction of a new Fiscal Council or for the reform of an existing fiscal institution already in force in 2005. In particular, please indicate whether the creation or the reform 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. In case of a reform of an existing Fiscal Council, please specify when the changes were approved and when entered into force

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 auditioned by the Parliament in the course of the budgetary process⁴
- The Fiscal Council is generally auditioned (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:

⁴ 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 new or reformed 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:

Others:

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:

Additional information:

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 new or reformed 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:

- Others:

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 new or reformed 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 new or reformed 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 new or reformed 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 new or reformed 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 new or reformed 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:

- Others:

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
- Have other constraints, 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)

Additional information

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:

Additional information:

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.

Additional information.

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

Additional information:

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:

Additional information:

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 new or reformed Fiscal Council rule is significantly contributing to budgetary discipline and / or improving the quality of government finances?

- There is hardly any contribution to fiscal discipline
- There is a perception that the new or reformed Fiscal Council is significantly contributing to fiscal discipline
- The new or reformed Fiscal Council is definitely contributing to fiscal discipline
- The new or reformed Fiscal Council is contributing 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: