PUBLIC GOVERNANCE AND TERRITORIAL DEVELOPMENT DIRECTORATE
PUBLIC GOVERNANCE COMMITTEE

Working Party of Senior Budget Officials

ANNOTATED AGENDA

26th ANNUAL MEETING OF SENIOR BUDGET OFFICIALS

OECD, Paris
30-31 May 2005

The meeting will be chaired by Mr. Richard Emery, Assistant Director, Office of Management and Budget, Executive Office of the President, United States.

For further information, please contact Mr. Barry ANDERSON (barry.anderson@oecd.org) or Mr. Jon BLONDAL (jon.blondal@oecd.org)
26th Annual Meeting of Senior Budget Officials
Paris, 30-31 May 2005

ANNOTATED AGENDA

Monday, 30 May 2005

9:30   Opening by Chairman

9:30-11:00 Reporting on Fiscal Sustainability

11:00-11:30 Coffee Break

11:30-13:00 Communicating Fiscal Issues with the Public

13:00-14:30 No-Host Luncheon for Delegates

14:30-16:00 Performance Information in the Budget Process

16:00-16:30 Coffee Break

16:30-18:00 Peer Review of Budgeting in Switzerland

18:00-20:00 Cocktail Reception for Delegates

Tuesday, 31 May 2005

9:30-11:00 Public-Private Partnerships (PPP’s)

11:00-11:30 Coffee Break

11:30-13:00 Budgeting Issues in the People’s Republic of China

13:00-14:30 Lunch Break

14:30-16:00 Report on SBO Current Activities and Discussion of Future Work Program

16:00   Closing by Chairman
SUMMARY ANNOTATIONS

Reporting on Fiscal Sustainability

1. Fiscal sustainability is the government's ability to manage its finances so it can meet its spending commitments, both now and in the future. It ensures future generations of taxpayers do not face an unmanageable bill for government services provided to the current generation. This issue is especially acute as OECD member countries are experiencing an ageing of their population, driven by declining fertility and mortality rates, which places a significant upward pressure on government expenditures in the long-term.

2. The practices employed by Member countries vary as to how they report on fiscal sustainability, both in terms of the specific reporting models used and the coverage of the long-term projections.

3. This session is designed for delegates to discuss their general experiences with reporting on fiscal sustainability, and explore the advantages and disadvantages of specific reporting mechanisms.

4. Mr. Allen Schick of the Brookings Institution will present the background paper for this discussion.

Communicating Fiscal Issues with the Public

5. This session is designed to build on the previous one and focus on how governments can best strive to communicate fiscal issues, especially long-term ones, with the public. In most Member countries, there is only limited understanding by the public of the fiscal challenges ahead and the need for often radical changes in various government expenditure programs.

6. The session will be devoted to exploring possible ways to elevate public understanding of the fiscal challenges facing Member countries. How can governments “change the conversation” with the public about long-term fiscal challenges? What are some innovative approaches to conveying the nature and magnitude of the challenge and generating the public’s understanding of the relationship between today’s decisions and the long-term fiscal challenges? For example, what success have references to the “dependency ratio” had on the consideration of the issue?

7. The session will open with presentations by two distinguished members of the media. They will inter alia comment on why fiscal challenges generally do not get coverage and what kinds of reactions they get when it does. The floor will then be opened to general discussion among all Delegates on their experiences with communicating fiscal issues with the public.

8. Ms. Jackie Calmes of the Wall Street Journal will lead the discussion, along with a member of the European media who is to be confirmed.
Performance Information in the Budget Process

9. Over the past two decades many OECD member countries have introduced reforms with the aim of establishing performance-based budgeting and management. These reforms sought to shift the emphasis of management and budgeting from inputs towards results measured in the form of outputs and/or outcomes. This session will examine the use for performance information in the budget process. Based on the results of the OECD questionnaire on performance information and the recent meeting of the SBO Network on Performance and Results it will discuss the different approaches taken by OECD member countries to the development and use of performance information, including performance indicators/measures and evaluation, in the budget process. It will also address the challenges and issues encountered by countries in using this information in the budget decision making.

10. This session is designed for Delegates to discuss their general experiences of the use of performance information in the budget process. The Secretariat will present the draft results of the questionnaire.

Peer Review of Budgeting in Switzerland

11. Switzerland is the object of this year’s peer review.

12. Peer reviews are a main tool for analyzing innovations in budgeting and public expenditure practices and for making them visible in the international arena. Following a common methodology and conceptual framework, reviews promote the sharing of experience among countries and the formulation and diffusion of relevant policy recommendations.

13. The objective of the reviews is to provide a comprehensive overview of the budget process in the country under examination, to evaluate national experiences in the light of international best practice and to provide specific policy recommendations, and to offer other member countries an opportunity to comment on specific budgeting issues in the country under examination (“peer review”).

14. The Secretariat will present its draft report. Two member countries – who have agreed to be the lead examiners – will begin the review. Following the reactions from the Swiss delegation, the floor will be open for questions and comments by all Delegates.

Public-Private Partnerships (PPP’s)

15. Public-private partnerships (PPPs) commonly refer to the private sector financing, designing, building, maintaining, and operating infrastructure assets traditionally provided by the public sector, although there are many other forms of PPPs. For example, PPPs can also involve the private sector purchasing already existing infrastructure assets and redeveloping them. Public-private partnerships bring a single private sector entity to undertake to provide public infrastructure assets for their “whole-of-life”, generally 20-30 years with the assets generally reverting to the government at the end of this period. The private sector partner then charges an annual fee for the use of the infrastructure assets. This can either be paid by the government or through user charges, or a combination of the two.

16. PPP’s are complex and involve the shifting of risks from the government to the private entity undertaking the project. The use of PPPs may, however, offer the possibility to bypass the established processes for ensuring budgetary discipline and constraining expenditure by treating the transaction off-budget. This session will focus on the relationship between the attributes most important to the economic success of a PPP – the shifting of risks to the private sector – and the value for money obtained.

17. The Secretariat will present the background paper for this discussion.
Budget Issues in the People’s Republic of China

18. The budgeting system of the People’s Republic of China will be profiled during this session.

19. In the recent past, China has made significant and rapid achievements in building the infrastructure for a modern budgeting process, where none existed before. In the planned economy, all major policy decisions were made in the Plan with the budget serving primarily as a financing and accounting device. The session will discuss the reforms already undertaken in China and the remaining challenges ahead.

20. The OECD has co-operated with China on the reforms undertaken and numerous Delegates to the SBO have been engaged in dialogue with their Chinese colleagues on these reforms.

21. This is not an official peer review exercise. The background report does not follow the structure of OECD peer reviews and the report does not make definitive policy recommendations. Similarly, there will be no formal examiners. Two countries who have been actively engaged in dialogue with China will initiate the discussion of the review. Following the reactions from the Chinese delegation, the floor will be open for questions and comments by all Delegates.

22. Ms. Christine Wong, University of Washington, will present the background paper for the discussions topic.

Report on SBO Current Activities and Discussion of Future Work Program

23. The Secretariat will report on activities since the last meeting of the Working Party, including an update of the work of each of the five SBO subsidiary bodies – the network on financial management, the network on performance and results, the network on organizational structures, the network of chairpersons of parliamentary budget committees, and the experts group on fiscal relations across levels of government.

24. The Secretariat will then highlight proposals for the future work programme and Delegates will be asked to comment on priorities and indicate their interest in particular studies.

25. Finally, the Secretariat will outline proposed areas for co-operation with non-Members countries on budgeting and public expenditure issues, including the development and fund-raising for the five regional SBO networks - Asia, Latin America, Central and Eastern Europe, Middle East and North Africa, and Africa.

26. The Australian delegation will provide an update on the organizational aspects for the 2006 SBO meeting, which is being hosted by Australia.
GENERAL MEETING INFORMATION

Meeting location

27. The meeting will take place at OECD Headquarters which is located at 19 rue de Franqueville in the 16th arrondissement (district) of Paris. The closest metro station is “La Muette”.

Registration form

28. All participants need to complete the attached registration form and return it to the Secretariat ahead of the meeting.

Security

29. Please be advised that OECD Headquarters is a secure complex. Entry passes can only be issued to registered delegates and a passport or national identity card needs to be presented in order to receive an entry pass. Delegates will also be required to clear a security checkpoint for entry. Please allow 15 minutes to finish these security formalities.

Documentation

30. The background documents available for this meeting are listed in the appendix to this agenda. The documents will be distributed electronically to all registered delegates prior to the meeting.

Cocktail

31. All delegates are invited to attend a cocktail reception hosted by the Secretariat at the conclusion of the first day of the meeting.

No-Host Luncheon

32. All delegates are invited to attend a no-host luncheon on the first day of the meeting. Each person is responsible for settling their own bill.

Simultaneous translation

33. Simultaneous translation between English and French will be available throughout the meeting.
Appendix

LIST OF DOCUMENTS

2. Reporting on Fiscal Sustainability
3. Performance Information in the Budget Process
4. The Use of Market-Type Mechanisms in the Provision of Public Services
5. Peer Review of Budgeting in Switzerland
6. Budgeting Issues in China
7. Report on SBO Current Activities and Discussion of Future Work Program
26th Annual Meeting of Senior Budget Officials
Paris, 30-31 May 2005

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Please return the completed form to:

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