Working Party of Senior Budget Officials

ANNOTATED AGENDA

2006 MEETING OF THE OECD-ASIA SENIOR BUDGET OFFICIALS NETWORK

Bangkok, 14-15 December, 2006

This meeting is hosted by the Thai Bureau of Budget. The Australian and Korean governments are gratefully acknowledged for their financial assistance.

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### Thursday, 14 December

<table>
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<th>Time</th>
<th>Session</th>
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| 9:00–9:30 | **Keynote Address by the Deputy Prime Minister and Minister of Finance of Thailand**  
  - M.R. Pridiyathorn Devakula |
| 9:30–10:00 | **Photo Session** |
| 10:00–10:30 | **Welcome Remarks**  
  - Mr. Vudhibhandhu Vichairatana, Director-General, Bureau of the Budget, Office of the Prime Minister, Thailand  
  - Mr. Ian Watt, Permanent Secretary, Department of Finance, Australia  
  - Mr. Richard Hecklinger, Deputy Secretary-General, OECD |
| 10:30–11:00 | **Coffee Break** |
| 11:00–13:00 | **Budgeting Reforms – Myths and Realities**  
  This session will focus on two contemporary budget reform efforts: performance budgeting and accrual budgeting.  
  The session will discuss the promise of both reforms as espoused by their proponents, as well as the difficulties that have been encountered in implementing them and the obstacles faced in reaping their promised benefits.  
  The session will analyse the relative merits of each reform from two perspectives: as decisional rules that dictate the way governments allocate resources and as analytical tools that inform budget decisions.  
  The background paper for this discussion will be presented by Mr. Allen Schick of the Brookings Institution, Washington D.C. The floor will then be opened for discussion among Delegates. |
| 13:00–14:30 | **Luncheon** |
Thursday, 14 December …/ (cont’d)

14:30-16:00 ROLE OF THE LEGISLATURE IN THE BUDGET PROCESS

In constitutional terms, the legislature plays a critical role in the budget process. In most countries, the role of the legislature is more limited in practice. There is however a trend in many countries for the legislature to assert a more active role in the budget process.

This session is designed to discuss the various institutional arrangements in place for the legislative budget process, including independent analytical capacity by the legislature. The session will also focus on the relationship between the central budget office and the legislature in these matters.

The background paper for this discussion will be presented by Mr. Paul POSNER of the George Mason University, Washington D.C. The floor will then be opened for discussion among Delegates.

16:00-16:30 Coffee Break

16:30-18:00 BUDGETING IN SINGAPORE

The budgeting system of Singapore will be profiled during this session.

Singapore has a very innovative budgeting system, including fixed multi-year expenditure ceilings for line ministries that are directly linked to GDP performance and a system of mandatory individual savings accounts for the provision of retirement, medical and housing programs that relieves such expenditures from the budget. This session is designed to showcase these and other aspects of the Singapore budget system.

The background paper for this discussion will be presented by Mr. Jón R. BLONDAL of the OECD Secretariat.

Two countries will initiate the discussion of the profile. Following the reaction by the Singapore Delegation, the floor will be opened for questions and comments by all Delegates.

19:00-22:00 Gala Evening Hosted by the Thai Bureau of the Budget
## Friday, 15 December

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<tr>
<td>9:30-11:00</td>
<td><strong>ASSESSING FISCAL RISKS THROUGH LONG-TERM BUDGET PROJECTIONS</strong></td>
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<td>The most common methods used to illustrate long-term fiscal finances include (accrual) balance sheet analysis, present value calculations of expected deficits, fiscal gap analysis and generational accounting. There are drawbacks to all of these methods when the purpose is to develop a strategy for fiscal sustainability. As a result, there is increasing interest in the production of long-term budget projections – extending 25, 50, 75 years into the future. They offer better coverage and may reduce the number of arbitrary assumptions required. The development of such projections is however in its infancy and no single analytical approach has been agreed upon as constituting best practice. This session is designed to discuss the key issues involved in the production of long-term budget projections. It will also examine how such long-term budget projections can best be utilized and leveraged for necessary policy reforms in order to ensure long-term budget sustainability. The background paper for this discussion will be presented by Mr. Barry ANDERSON of the OECD Secretariat. The floor will then be opened for discussion among Delegates.</td>
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<td>11:00-11:30</td>
<td>Coffee Break</td>
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<td>11:30-13:00</td>
<td><strong>TOP-DOWN BUDGETING</strong></td>
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<td>Top-down budgeting, where binding expenditure ceilings for line ministries are set prior to the submission of their individual bids, is an increasingly common budgeting practice. Its objective is to increase the effectiveness and efficiency of public expenditure. It allows for the budget to better reflect high-level political priorities. It reduces game-playing where line ministries submit unrealistic and exaggerated initial bids as an opening gambit. It fosters internal reallocations to fund new initiatives, thereby tempering the inherent upward bias in total expenditures. It also recognizes the information asymmetry between the central budget office and line ministries and encourages “ownership” of action by line ministries. This session is designed for Delegates to discuss practical experiences with top-down budgeting, including how the ceilings are fixed and at what level of detail, and the relative roles of the central budget office, president / prime minister and cabinet, and line ministries in this respect. The background paper for this discussion will be presented by Mr. John M. KIM of the Korea Institute for Public Finance. The floor will then be opened for discussion among Delegates.</td>
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14:30-15:15 UPDATE ON THAILAND’S PUBLIC EXPENDITURE MANAGEMENT (PEM)

At last year’s meeting, Thailand presented their Public Expenditure Management (PEM) reforms. It discussed the concept and the scope of the PEM, which aims to signify fiscal status, effect, and present/future contingent risks in an attempt to be the instrument for the government to decide fiscal policy that assimilates and accords with long-term economic and social development direction.

The Thai Budget Bureau will provide Delegates with a progress report.

15:15-16:00 OECD’S FUTURE WORK PROGRAMME

This session is designed for Delegates to identify emerging priority areas for future work, the nature of their interest in the subject and their willingness to participate in particular studies.

The OECD Secretariat will highlight the OECD Budgeting Database, which has just been re-launched.

16:00 CLOSING
GENERAL INFORMATION

DISCUSSION FORMAT

Each substantive session will open with a brief overview of the topic by the OECD Secretariat. The floor will then be opened to all participants for general discussion. One participant from the Asian region will be asked to lead-off the discussion.

CONFERENCE LOCATION – HOTEL ACCOMMODATIONS

The meeting will take place at the Dusit Thani Hotel, which is located at 946 Rama IV Road in central Bangkok [http://bangkok.dusit.com].

Special room rates have been negotiated for conference participants at the Dusit Thani Hotel. Please make reservations directly with the hotel, noting “OECD Asian Senior Budget Officials Meeting” in order to qualify for the special room rates.

REGISTRATION

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

The meeting will commence promptly at 9:00 a.m. Participants are kindly asked to arrive 15-30 minutes in advance in order to complete registration formalities.

DOCUMENTATION

Background documents are available for each of the five main substantive sessions. The documents will be distributed electronically to all registered participants prior to the meeting.

LANGUAGE

The meeting will be conducted in English.
WORKING PARTY OF SENIOR BUDGET OFFICIALS - SBO

Budget directors from OECD Member countries have been meeting regularly for nearly 30 years at OECD Headquarters in Paris in the Working Party of Senior Budget Officials, colloquially known as the SBO.

The SBO is recognized as the world’s leading forum on international budgeting issues. It is a laboratory of ideas where many of the most important innovations in budgeting have originated.

The key to the success of the SBO has been a culture of informal professionalism and mutual support, within which participants have the confidence for frankness, disclosure and peer review. It is a forum of practitioners, with each meeting chaired by a budget director.

The agenda for each SBO meeting is carefully constructed to reflect the principal issues of the day. The objective is to address key budgeting issues and discuss relevant policy options by learning from each other's experiences.

SBO meetings are generally of two days duration with 5-7 substantive sessions. Sessions usually begin with a brief introduction of the topic by the OECD Secretariat that sets the scene and outlines the key policy questions for subsequent general discussion. A more detailed background paper is frequently prepared for each session as well.

After the opening presentation, one participant is usually asked in advance to lead-off the discussion with a brief intervention. SBO meetings are held in a round-table format that encourages all those attending to participate in the discussion. Sessions generally last ninety-minutes in order to allow sufficient time for debate. Discussions are always off the record, thus providing an atmosphere conducive for the sharing of experiences, both positive and negative.

Much of the discussion also takes place outside of the formal sessions. To aid in this, regular coffee breaks — as well as lunches and dinners — are organized to facilitate networking between participants. For each meeting, the OECD Secretariat provides a list of participants with comprehensive contact details to aid participants in keeping in touch after the meeting.

This format has also been very successful in running meetings for senior budget officials of countries outside of the OECD. Regional network of budget directors have been established in Asia, Latin America, and Eastern and Central Europe. They aim to replicate the same modus operandi as at meetings conducted at OECD Headquarters in Paris and to focus the discussion on the issues most relevant to the respective regions.
REGISTRATION FORM
(TO BE COMPLETED FOR EACH PARTICIPANT)

NAME
(IN BLOCK LETTERS)

First Name

JOB TITLE

ORGANISATION

MAILING ADDRESS

COUNTRY

TELEPHONE

FACSIMILE

E-MAIL ADDRESS

Please return the completed form to:

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