



UNIDADE TÉCNICA DE APOIO ORÇAMENTAL
(UTAO) | TECHNICAL BUDGET SUPPORT UNIT
– PORTUGUESE PARLIAMENT

Roundtable on Recent Parliamentary
Budgeting Developments

2011-04 | OECD PARLIAMENTARY BUDGET OFFICIALS
Third Annual Meeting, Swedish Parliament, Stockholm.

Recent budgeting and public expenditure developments and reforms in Portugal from a parliamentary perspective

Outline

- i. Developments regarding the parliamentary budget unit
- ii. Developments regarding the budget framework law,
including the creation of a new fiscal council

I. Developments regarding UTAO

Inception of the Technical Budget Support Unit (UTAO) at the Portuguese Parliament

- UTAO is a nonpartisan unit **created in 2006**
 - by the Resolution of the Portuguese Assembly of the Republic no. 53/2006, of 7th August
- Started in November 2006, with a staff of 3
 - [Resolution foresee 3 to 5 staff]
- **Purpose:** Providing technical support to the specialist committee with responsibility for budgetary and financial matters

□ **The functioning of UTAO revealed some fragilities:**

- No legal provision regarding **access to information**
- **Insufficient staff**
 - 2 from August 2007 until October 2009
- **Instability:** Staff on secondment; secondments end with the end of the legislature:
 - OECD recommended increasing the number of staff and an increasing the duration of its mandate while ensuring the unit's independence [OECD, Budgeting in Portugal, December 2008]
 - in October 2009 all secondments ended and staff dropped to zero
- **Very short deadlines**

Legislative changes

- On June 2010 the Plenary of the Assembly of the Republic approved a law (13/2010) and changed the previous Resolution

Law 13/2010

- Defines UTAO's role as:
 - «The Parliamentary Technical Budget Support Unit (UTAO) is a specialised unit that operates under the guidance of the standing parliamentary committee with competence in budgetary and financial matters, to which it provides support by drawing up technical working studies and documents on budgetary management and public finance.»
- And sets the principles of impartiality and objectivity
 - «In the exercise of its competences the UTAO must act with strict impartiality and objectivity, in compliance with technical criteria that shall be duly set out in detail»

Legislative changes

- **Extension of the scope of the unit**
 - ▣ Fiscal projections for the year end
 - ▣ drawing up of quarterly reports on the debts contracted and investment made at all the entities and enterprises in the public sector
- **Increase in the number of staff** (8 to 10 specialists) – presently 8 - to be recruited by means of internal mobility (secondment) or assignment in the public interest
- **Legal provision regarding direct access to (some) information**
 - ▣ Information available at the services and bodies of the Ministry of Finance
 - ▣ Excludes social security, local government, health, statistical office, etc.

- **Other development: appointment of an unit coordinator, in March 2011**
- **Still some difficulties:**
 - ▣ No full access to all relevant information
 - ▣ No legal provision regarding the stability of the Unit's staff
 - ▣ Very short deadlines, resulting from very short Parliamentary timetables (not in line with OECD guidelines on budget transparency)
 - The Unit has just 10 calendar days to analyse the state budget proposal & less than 8 for the analysis of the annual update of the Stability and Growth Programme

II. Revision to the Budget framework law

Approved in the end of the legislature and sent to the President of the Republic for enactment

Source:

II. Revision of the Budget Framework Law

The revision of the Budgetary Framework Law includes:

- A multi-annual framework for expenditure - to be updated annually
- A structural balance limit
- Programme Budgeting, including zero based budgeting
- An enlarged universe of public entities to which the Law applies
- An independent Council for Public Finances
- **No** changes have been introduced to extend the Parliamentary timetables to approve the budget or discuss the SGP

Multi-annual framework and structural balance limit:

- *Multi-annual framework* set in line with goals defined in the Stability and Growth Programme
- *Structural deficit limit:* defined by reference to the medium term objective (MTO) assumed in the Stability and Growth Pact, taking into account a sustainable path for the public debt
 - the structural balance cannot be smaller than the MTO
 - Includes requirements for a subsequent correction of the multi-annual plan whenever deviations from the defined target occur
- **No** numerical expenditure rule

Programme and Zero Based Budgeting:

- The budget based on programmes merges the actual investment programme (PIDDAC – Central Government Development Expenditure and Investment programme) and the operating budget, with the purpose of reducing budgetary fragmentation and increasing the ownership and accountability of each Ministry within the Government
- Zero Base Budgeting process to some entities or programmes

Enlarged universe of the Law:

- ▣ The budgetary framework is extended to all the entities that are part of general government, as defined by national accounts rules applied by the National Statistics Office (INE)
- ▣ This extension implies explicit inclusion in the yearly budget reports and multi-annual plans as well as full compliance with intra-annual information requirements

Independent Council for Public Finances:

- ▣ To be created by law as an independent body, will assess:
 - The consistency between macroeconomic and budgetary scenarios
 - Assess the long term sustainability of public finances
 - Assess the compliance with the structural balance rule, and with the multi-annual expenditure framework
- ▣ Composed by experts with extensive and recognised knowledge of economic policy and public finances
- ▣ A more detailed proposal made by an independent working group will be analysed by the next legislature
 - proposal available at: <http://www.cfinpub.org/en-US/Pages/Inicio.aspx>

Contact information



Postal address:

Unidade Técnica de Apoio Orçamental
Assembleia da República
Av. D. Carlos I, 128-138
P-1200-651 Lisboa, Portugal

Tel.: (+351) 21 391 41 51

Fax: (+351) 21 393 69 58

E-mail: utao@ar.parlamento.pt

UTAO's documents are available (in Portuguese) at:

[XI Legislature] <http://www.parlamento.pt/sites/COM/XILEG/5COF/Paginas/UTAO.aspx>

[X Legislature] <http://www.parlamento.pt/sites/COM/XLEG/5COFposRAR/Paginas/UTAO.aspx>