The Dutch Parliament & the budget process

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Introduction by:
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Tweede Kamer der Staten-Generaal
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I. Dutch Parliament & Public Expenditure Committee
## Parliament in the Netherlands

<table>
<thead>
<tr>
<th>House of Representatives</th>
<th>Senate</th>
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<tbody>
<tr>
<td>150 members (directly elected)</td>
<td>75 members (indirectly elected)</td>
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<tr>
<td>Right of amendment</td>
<td>No right of amendment</td>
</tr>
<tr>
<td>Right of initiative</td>
<td>No right of initiative</td>
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<tr>
<td>Crucial role in amending and approving the budget</td>
<td>Passive role in budget-process</td>
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Parliamentary Groups

1) Christian-Democratic Appeal (CDA, 41 seats)
2) Labour Party (PvdA, 33 seats)
3) Socialist Party (SP, 25 seats)
4) People’s Party for Freedom and Democracy (VVD, 21 seats)
5) Freedom Party (PVV, 9 seats)
6) Green Left (GL, 7 seats)
7) Christian Union (CU, 6 seats)
8) Democrats ‘66 (D’66, 3 seats)
9) Calvinist Political Party (SGP, 2 seats)
10) Animal Rights Party (2 seats)
11) ‘Fraction Rita Verdonk’ (1 seat)
Committees

Standing committees
• Agriculture, Nature and Food Quality
• Defence
• Economic Affairs
• Education, Culture and Science
• European Affairs
• Finance
• Foreign Affairs
• Health, Welfare and Sport
• Interior and Kingdom Relations
• Justice
• Netherlands Antilles and Arubian Affairs
• Social Affairs and Employment
• Spatial Planning, Housing and the Environment
• Transport, Public Works and Water management

General Committees
• Credentials Committee
• Intelligence and Security Committees
• Petition Committee
• Presidium
• Procedure Committee
• Public Expenditure Committee

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The Public Expenditure Committee

Main topics concerning the PEC:

- Matters concerning efficiency and effectiveness of public expenditures
- Advises on major projects with special parliamentary status
- The audit reports of the **Court of Audit**
- Matters concerning the budget and accounting act
PEC - NCA

- Almost all NCA-reports are briefed to Parliament: organisation by PEC-staff
- Parliamentary Procedure: all audit reports go to PEC: proposes procedure (mostly written questions NCA & government);
- Next: distribution to standing committee involved (sometimes discussion with minister);
- Annual Regularity Reports directly to standing committee and discussed with ministers;
PEC - NCA

- PEC meets 2 times a year with NCA board: budgetary system, accounting act and audits requested by parliament
- More contact when needed (new accounting legislation or request audits)
- PEC makes Parliament proposal on new members of the Board of the NCA
- Many informal contacts between staff Parliament (staff PEC & research bureau) and staff NCA
II. Parliamentary Bureau for Research & Public Expenditure
Parliamentary Bureau for Research and Public Expenditure (Dutch: “BOR”)

- Dutch abbreviation: “BOR” (= Bureau Onderzoek en Rijksuitgaven)

- BOR is a relatively small Bureau:
  1 head of office, 8 (senior) staff members, 2 general analysts, 1 assistant

- Three main tasks of the BOR:
  1. Assisting with parliamentary research
  2. Verification of departmental evaluation reports
  3. Advising committees on budgetary matters
1. Parliamentary Research

- Two types of parliamentary research:
  1. by parliament itself (conducted by a temporary inquiry committee)
  2. on request of parliament (conducted by the Court of Audit, universities, private research bureaus, etc.)

- Role of the BOR:
  - advising on procedures and methodology
  - mediating between the committee and the researchers (i.e. Court of Audit)
  - participating in the staff of inquiry committees
2. Verification

- Verification of (some of) the studies/reports/investigations that are presented by the government to Parliament

- The BOR provides a written ‘verification-report’ to the committees involved in which a judgement is given about:
  - methodology of the study
  - validity of the conclusions
  - the way the results of the study are processed by the government (‘selective shopping’, ‘jumping to conclusions’)

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3. Advise on budgetary matters

- BOR provides on request of every committee written reports on matters concerning the budget or parliamentary control.

- BOR has a specific task to support the Public Expenditure Committee.

- Examples of BOR-reports:
  - about the budget bills and the annual reports
  - about major projects
  - about matters of effectiveness and efficiency of public organizations or current policy
III. The Budget Process
National Budget

- National budget consists of 27 separate chapters in separate bills
- Every bill has to be approved by parliament (every single budget act is voted on in the House as well as in the Senate)
- Every minister is responsible for his own budget bill(s)
Discussing the Budget bills in Parliament

I. Third Tuesday in September: budget bills presented (Princes Day)
II. Day after Princes Day: plenary meeting with all ministers (General Political Review)
III. October: plenary meeting with minister of Finance (General Financial Review)
IV. Committees handle their own budget bill
V. December: voting on the budget bills
Committees and the budget bills

Committees examination of the budget bills (October-December):

- written questions
- committee debate (technical questions)
- plenary debate (political questions)
## Amending the budget

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<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
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<tbody>
<tr>
<td>Submitted amendments</td>
<td>106</td>
<td>90</td>
<td>103</td>
<td>115</td>
<td>90</td>
</tr>
<tr>
<td>% approved amendments</td>
<td>25%</td>
<td>38%</td>
<td>30%</td>
<td>35%</td>
<td>34%</td>
</tr>
<tr>
<td>% of whole budget</td>
<td>0.1%</td>
<td>0.3%</td>
<td>0.1%</td>
<td>0.2%</td>
<td>0.2%</td>
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Annual reports

- Annual reports presented to Parliament on “Accountability Day” (Third Wednesday in May)

- Netherlands Court of Audit present their “Reports on the annual reports” with judgments about:
  - the regularity of the budget, and
  - the financial management of the departments

- President of NCA is the only external (non-parliamentary and non-governmental) party allowed to speak plenary in the House of representatives
IV. Result Oriented Budgeting (VBTB)
Outcome-based budget bills

New style government budget:

- Started in 1999
- Three “W”-questions:
  - *What do we want to achieve?* (outcome)
  - *What will we do to achieve it?* (output)
  - *What will be the costs of our efforts?* (input)
- Same questions in the annual report, but in retrospective
This operation of changing the budget was called “VBTB” (an abbreviation in Dutch).

Two main changes:

- Budget bills were no longer considered as financial/technical documents but also as “policy-papers”
  Main focus budget bills not only on ‘the money’ (input), but also on policy performance (output) and policy results (outcome)

- Budget bills (containing plans) became strongly related to the annual reports (containing the results)
Results of VBTB

• +/- improved structure of the budget
• +/- improved focus on political goals and greater political attention
• +/- clear relation between budget (plans) and annual reports (results)
• +/- Huge reduction in policy articles
• +/- Sometimes too much focus on performance indicators
• +/- VBTB-level of budget bills and annual reports could be further improved