



Conclusion of the sub-theme 3 “Fiscal sustainability in the modern State – Perspective”

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Summary of the sub-theme

- 8 country papers were submitted to this session by the representatives of SAI from Portugal, Brazil, Latvia, Sweden, Slovenia, Germany, the Netherlands and Estonia
- The keynote speeches were given by Mr. Vitor Constancio, Governor of Bank of Portugal and Sir John Bourn, Head of the NAO United Kingdom
- Discussion was Chaired by Mr. Walton Alencar Rodrigues President of the SAI of Brazil

Important questions:

- 1) Is financial sustainability a relevant issue for SAIs (now and in the future)?
- 2) Can SAIs do something about it?
- 3) Do we have one common way how to do something about it?

From the country papers 1:

Germany

- Existing constitutional constraints on spending still leave a leeway for excessive borrowing. This has resulted in pro-cyclical budgets and increase of borrowing even on “good times”

Estonia

- After significant pension reforms the government also takes active steps to improve innovation and economic policies (in the context of Lisbon Strategy) to cope with the pressures to the budget

Sweden

- The presence of radical budgeting reform that resulted from the economic downturn in the beginning of the 90's. Medium-term planning perspective and quantitative targets in budgeting were introduced

Portugal

- Governments are facing the dilemma: to spend on one hand (and fulfill the social obligations for its citizen) and to limit the spending (and meet the sustainability criteria)

From the country papers 2:

Brazil

- The true approach to matter of sustainability must, apart from fiscal sustainability, incorporate many more dimensions e.g. political-institutional, social, cultural, and environmental

Slovenia

- In terms of transparency and accountability two important questions need to be addressed: 1) whether transparency of public finance can foresee and avoid crises? and 2) whether the inclusion of the concepts of transparency and accountability into the legal bases and administrative procedures can contribute to better management of public finance?

Latvia

- The importance of the quality of communication between SAI and Parliament is the key for impacting the actions of Government to consider sustainability aspects

The Netherlands

- The taxes and social contribution are the most important (app. 85%) source of public revenue. The composition of public revenues is stable over time but the changes in the process e.g. widespread reorganizations of tax administrations, e-tax increasingly important etc. call for new audit strategies.

The roles of SAIs indicated in the country papers

- SAI role can be to evaluate the government's economic analyses and prognoses
- SAI should support the development of knowledge based policy making culture and transparent budgeting process
- SAI can give opinion about the level of sustainability (including fiscal) of governments' policies
- The formulation of recommendations is an important instrument that SAIs have at their disposal to promote fiscal sustainability
- SAI's key role is in provision of opinions about the legality and conformity of the use of public resources
- SAI can be active participant when enforcing the implementation of governments reforms (e.g. Budgeting reform)
- SAI as innovative auditor of tax revenues

... to summarize

- 1) Is financial sustainability a relevant issue for SAIs? - YES
 - 2) Can SAIs do something about it? - YES
 - 3) Do we have one common approach for audit? - NO
- In this concept of fiscal sustainability we may have a broad context into which one can fit all the governmental activities and at the same time have relatively rigid set of criteria that could be used for auditing purposes
 - The practice of SAIs shows large a variety and is specific for a particular society
 - We should “... share experiences among the different SAIs in order to enable /us/ to find, together, a set of common principles in this matter, without questioning each one’s particularities.”



Thank you for attention!