

35. Legislative capacity to ensure transparency in the budget process

Legislatures' budgetary oversight function contributes to transparency and public financial accountability. The presentation of the budget and related documentation in the legislature is normally the first opportunity for public scrutiny of the government's spending priorities. Legislative debate in both the plenary and committees facilitates public participation in the budget process.

To meaningfully engage in the budget process rather than simply serving as a rubber stamp, legislatures require reliable, unbiased information as well as strong analytical capacity. While comprehensive budget documentation is available to most OECD legislatures, there is a trend among OECD legislatures (and legislatures worldwide) to establish specialised budget research units within parliaments, or independent parliamentary budget offices or fiscal councils. Across the OECD, these bodies vary in terms of size, constituents and core functions, but all help to simplify the complexity of the budget, eliminate the executive's monopoly of information in the budget process, and improve the budget's credibility and accountability. Key tasks, for example, may include analysis of the executive's budget proposal and economic forecasting. Some are long standing institutions such as the Central Planning Bureau in the Netherlands (1947) and the United States Congressional Budget Office (1974).

In less than a decade, the number of specialised budgetary research units has more than doubled, and in some cases their size has increased. In 2000, only seven OECD legislatures had specialised budget research offices. This number increased to ten in 2003 and 14 in 2007. In 2010, several new bodies have been, or are in the process of being established in countries such as Australia, Ireland and Spain.

In addition to support throughout the budgetary process, legislatures and their committees require an adequate amount of time to reflect upon and debate budget documentation prior to approval. This is particularly important in order to ensure that legislative committees (which exist in all OECD legislatures and which provide the most in-depth scrutiny of the budget) have sufficient time to review, debate, and propose amendments. The OECD (2002), *Best Practices on Budget Transparency* recommend that the executive's draft budget should be submitted far enough in advance to allow for its proper review by the legislature. This should be no less than three months prior to the start of the fiscal year and the budget should be approved by the legislature prior to the start of the fiscal year. In 20 OECD member countries, the budget is presented to the legislature three months before the start of the fiscal year, and the vast majority of OECD countries also approve the budget prior to the start of the fiscal year. Legislative debate on the budget ranges from one month in Australia to up to eight months in the United States. In around half of OECD countries the legislature has up to three months to debate the budget, in 12 it has two months and in three it has only one month.

Methodology and definitions

The data are derived from the OECD International Budget Practices and Procedures Survey (2000, 2003 and 2007), and include information on time available for legislative debate of the government's budget proposal and the existence of specialised budget research offices to assist the legislature. The survey was completed by senior officials in central budget authorities and responses represent the countries' own assessments of current practices and procedures. The data from the OECD survey are complemented by data from the Inter-parliamentary Union's (IPU) online database, Parline, which includes a module on parliamentary oversight and the budget process. Parline is completed by IPU member parliaments. The IPU Parline Database is available online at: www.ipu.org. Additional information presented here draws from OECD country budget reviews and articles in the *OECD Journal on Budgeting*. The terms parliament and legislature are used interchangeably.

Further reading

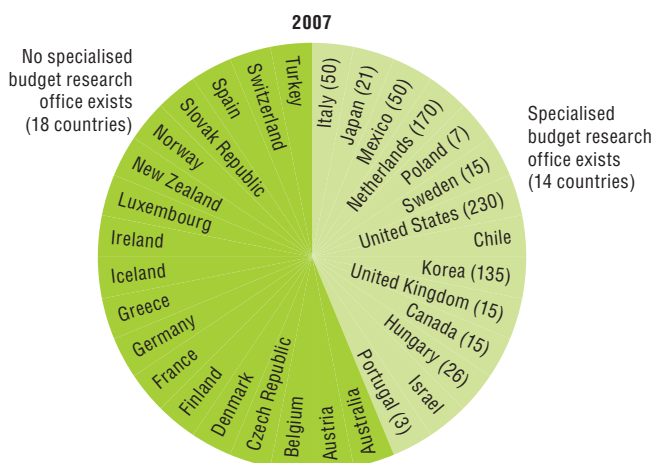
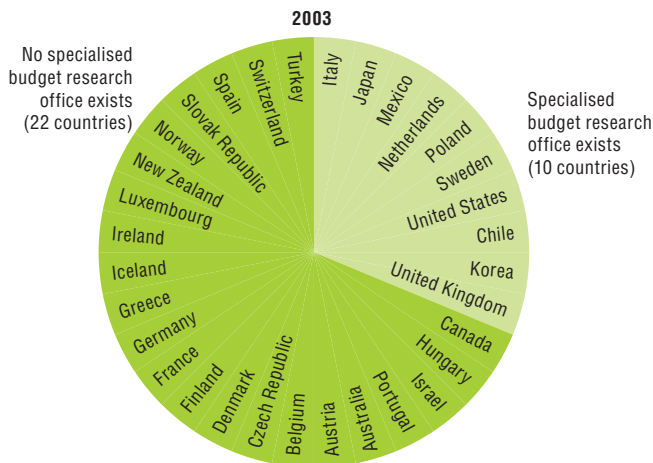
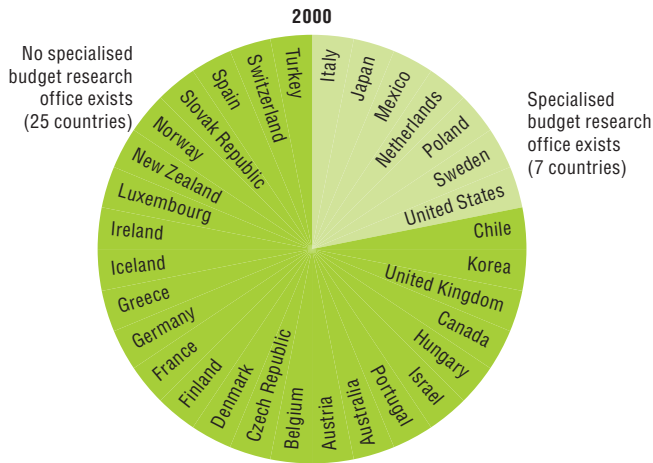
- Anderson, B. (2009), "The Changing Role of Parliament in the Budget Process", *OECD Journal on Budgeting*, Vol.2009/1, OECD Publishing, Paris, pp 37-47.
- OECD (2002), "OECD Best Practices for Budget Transparency", *OECD Journal on Budgeting*, Vol. 1, No. 3, OECD Publishing, Paris, pp. 7-14.
- OECD (forthcoming in 2011), *Budgeting Practices and Procedures in OECD Countries*, OECD Publishing, Paris.

Figure notes

- 35.1: For 2007, numbers in parentheses denote reported number of staff for that year. Staffing data are unavailable for Chile and Israel. Core staff working on budget analysis may be far fewer, for example around 20 in the United States Congressional Budget Office. The UK Parliament established an internal budget scrutiny unit with around 15 staff in 2002. A new Office for Budget Responsibility was formed in May 2010 to make an independent assessment of the public finances and the economy for each Budget and Pre-Budget Report. It has around 20 staff. In November 2010, Spain created a Budget Office to assist the Legislature. As part of the Agreement for a Better Parliament following the August 2010 federal election, Australia has proposed a Parliamentary Budget Office. The Irish Government has also committed to introducing a Budget Advisory Council to provide an independent assessment of the Government's economic forecasts as part of the National Recovery Programme 2011-2014.
- 35.2: See <http://dx.doi.org/10.1787/888932390937> for important country-specific notes.
- Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

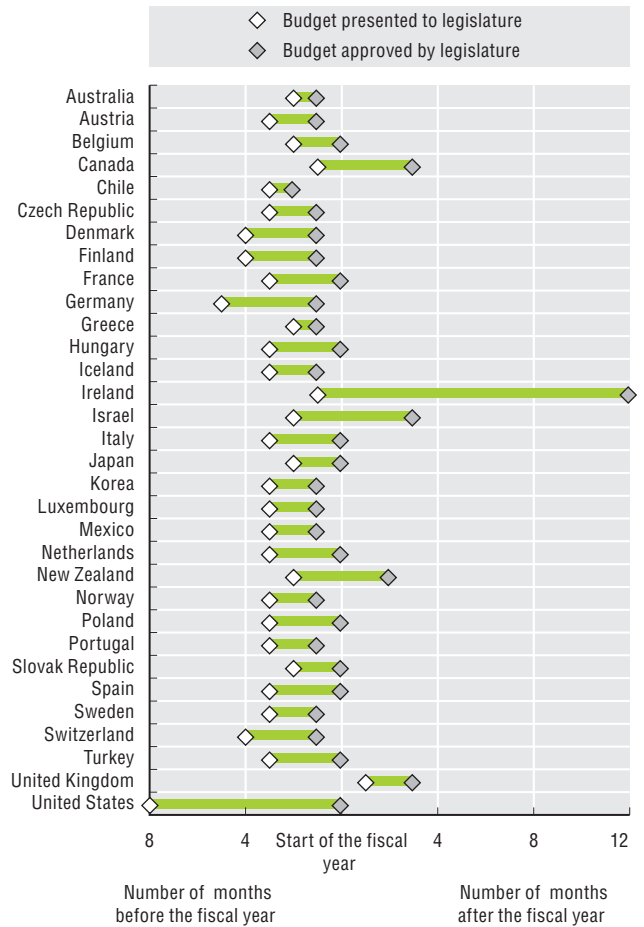
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35.1 Legislative budget offices in OECD countries and their staffing (2000, 2003 and 2007)

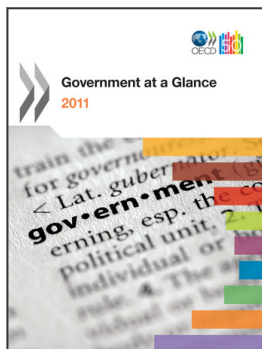


Source: OECD (2000, 2003, 2007), OECD International Budget Practices and Procedures Database and other research, www.oecd.org/gov/budget/database.
StatLink <http://dx.doi.org/10.1787/888932390918>

35.2 Time available for legislative debate of the government's budget proposal (2007)



Source: OECD (2000, 2003, 2007), OECD International Budget Practices and Procedures Database and other research, www.oecd.org/gov/budget/database.
StatLink <http://dx.doi.org/10.1787/888932390937>



From:
Government at a Glance 2011

Access the complete publication at:
https://doi.org/10.1787/gov_glance-2011-en

Please cite this chapter as:

OECD (2011), "Legislative capacity to ensure transparency in the budget process", in *Government at a Glance 2011*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/gov_glance-2011-41-en

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