



Sachstand

**Parliaments and the New Economic and Budgetary Governance
Questionnaire**

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In Vorbereitung auf das EZPWD Seminar in Baku soll von den Teilnehmerinnen und Teilnehmern ein Fragebogen ausgefüllt werden. Die Antworten wurden in Abstimmung mit Frau Richter (Bundesrat) und MR Zimmermann (L Pet1) erstellt.

Anlage 1

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ECPRD Seminar on
***“Parliaments and the New Economic and Budgetary Govern-
ance”***

Baku,

19-20 May 2016

QUESTIONNAIRE

To all ECPRD Correspondents

Dear Colleagues,

You will find below a series of questions relating to the subject of the seminar on *“Parliaments and the New Economic and Budgetary Governance”*, to be held in Baku on 19-20 May 2016.

The questionnaire is subdivided into four sections, related to the issues which will be addressed during each seminar session. The questionnaire is partly an update of the one relating to the previous ECPRD economic seminars, held in Rome (2012) and in Vienna (2013).

If you deem it appropriate, you could also provide a short introductory note to give relevant background information and/or cover any additional aspects which you consider pertinent to the subject of the questionnaire.

The period of reference for your answers should be the last three years, but you are free to use your own discretion to modestly extend this time-frame if you consider that important elements would otherwise be excluded.

All the information you provide will be greatly appreciated as a contribution to a better understanding of the issues involved in the seminar.

We would appreciate it if you could return the completed questionnaire **by 8 April 2016**

Thank you so much for your support.

1. Deficit reducing strategies: fiscal rules and allowed flexibility		
1.1) Have any fiscal rules been enacted in your country over the last three years (deficit/expenditure/debt rules)?	Yes	No
<p>In 2009, the German parliament passed a fundamental reform of government borrowing rules. For central and state governments, strict borrowing limits and the requirement for a structurally close-to-balance or balanced budget were constitutionally enshrined in the German Basic Law. The budgets of the Federation and the states shall be balanced without revenue from credits. Before the limits become binding, there will be a transitional period to extending to 2020 for the states and to 2016 for central government.</p> <p>Several states also have adopted the debt brake in their state constitutions.</p> <p>To ensure that the state is able to act in emergency situations, the debt rule has an exception clause. It allows to go beyond the regular credit limit in cases of “natural disasters or exceptional emergencies that are out of the control of the state and that affect the public finances significantly”. Another exception to the borrowing prohibition is provided for cases where an atypical economic development appear. It extends the maximum permissible net borrowing in economically bad times and restricts them contrary in economically good times (countercyclical borrowing). Especially this damping effect in good times should prevent the systematic re-growth of structural debt and thus ensure fiscal capital for economically bad times.</p>		
1.2) Does your Parliament engage – as a rule – in an exam of the consistency of the draft budget with the deficit and expenditure rules, where they exist?	Yes	No
<p>The “debt brake”, or limit on government debt – which was enshrined in the Basic Law in 2009 – has brought an even greater urgency to the Budget Committee’s work. The Budget Committee took the lead in all of the key national legislative processes relating to the establishment of various stabilization measures at European level.</p> <p>The role of the Bundestag and the Budget Committee does not end once the budget has been adopted; they also have a say in its execution. “Qualified blocks” are imposed on some budget appropriations, for ex - ample those relating to new programmes.</p>		

1.3) Has your Government made use of/asked for the allowed margins of flexibility to comply with the existing fiscal rules (e.g. the margins allowed by the SGP according to the Communication of the EU Commission of 13 January 2015)?	Yes	No
<p>If so, please give some insights.</p> <p>In particular, has this intention to use flexibility been submitted to your Parliament? How has this decision influenced the consideration and approval of the draft budget?</p>		
1.4) Have there recently been changes in the rules concerning the participation of local and regional authorities or other entities provided with financial autonomy in the pursuit of the general fiscal objectives concerning budget balances and public debt?	Yes	No
<p><i>Comments:</i> For state budgets no structural leeway for incurring debt is permitted.</p> <p>The local government are legally part of the states. Local budgets are controlled by the state. So every state can settle Local Debt-rules.</p>		
<p>2. Parliamentary Involvement in the European Semester and in the Overview of Draft Budgetary Plans</p>		
2.1) Is your Parliament adequately involved in the preparation and/or in the approval of Stability or Convergence Programmes (SCP) and National Reform Programmes (NRP)?	Yes	No

Please would you indicate the ways through which this involvement takes place? Are the above documents debated by the relevant Committees and/or by the House as a whole? Is there any formal deliberation on them?

Yes, both the German Bundesrat and the Bundestag are involved in the preparation of these programmes. According to article 23 of the Basic Law the Bundestag and the Bundesrat takes part in the political opinion forming of the Federal Government on matters concerning the European Union. The Federal Government shall keep the Bundestag and the Bundesrat informed, comprehensively and at the earliest possible time.

For the German Bundestag both, the SCP and the NRP, must be submitted formally to the responsible committees. While the SCP is only sent to the Bundestag, a parliamentary referral takes place in the Bundestag when it comes to the NRP.

For the Bundesrat both documents are debated in the leading Committee on European Union Questions and also the responsible Committees. They have got the option to give an opinion. Based on this statement, there is the debate in the plenary session. The plenary can also give an opinion or take note of the documents.

2.2) Has your Parliament carried out any strategies to align its internal procedures to the timing of the so-called European Semester?	Yes	No
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If so, have there also been changes to the national rules governing budget process? Which approach has been adopted to answer to the need for information and instruments of analysis stemming from the new procedures?

When it comes to the legislative procedure the timing of the German Bundesrat as well as the timing of the German Bundestag depends mostly on the timing of the Federal Government, which introduces most of the bills (they can also be introduced by the German Bundesrat and the German Bundestag).

Whenever a document is delivered, both constitutional bodies usually debate the subject/bills within 6 weeks during the committee meetings and plenary sessions. The Plenary of the Bundesrat comes together approximately 12 times a year for public sessions. This schedule means meetings are usually sufficiently frequent to offer a viable framework in which to address draft European Union legislation effectively. But consequently, the legislative process of the Bundesrat and the Bundestag are not directly coordinated to the timing of the European Semester.

In exceptional cases however the Bundesrat may need to respond more rapidly. The Basic Law (Article 52, Sub-section 3 a) provides for a Chamber for European Affairs to deal with precisely such eventualities and to handle subjects that need to be examined confidentially; decisions taken by this Chamber are considered to be decisions of the Bundesrat plenary.

2.3) Is the Draft Budgetary Plan formally presented to Parliament before it is sent to the European Commission?	Yes	No
<p>The German government presents its draft budgetary plan directly to the European Commission and Eurogroup every October. The plan is intended to provide the general government budget projection for the Federation, the states, the local authorities and the social security funds based on the latest planning.</p> <p>The aim is to start the monitoring procedure during the preparatory stage of the budget. With the present draft budgetary plan, which is based on the government draft of the federal budget, Germany is in full compliance with all its national and European fiscal policy obligations.</p>		

2.4) Has there been in your Parliament any formal consideration and/or follow up of the opinion expressed by The European Commission on the Draft Budgetary Plan of your country?	Yes	No
<p>Yes, the German Bundesrat debates the opinion expressed by the European Commission in the Committees as well as in the Plenary and can give an opinion by itself.</p> <p>In the German Bundestag the country-specific recommendation by The European Commission is also discussed within the Committees and the Plenary. This specific Committees are the European Committee, the Finance Committee, and the Budget Committee. Again, giving their opinion about the recommendation is possible.</p>		
<i>3. Public Debt: State of Play, Relevance of Economic Scenarios and Compliance with the Rules</i>		
3.1) Has your Parliament discussed and approved a debt rule over the last three years?	Yes	No
<i>Comments:</i> Debt-Brake, please refer 1.1		
3.2) Is your country dealing with any difficulties in abiding by the debt rules?	Yes	No
<p>If so, are these difficulties mainly connected to the unfavourable macroeconomic scenario (low inflation, low growth rate, etc.)? Please describe the main difficulties met in complying with the above rules.</p>		

3.3) Have any debt rules specifically drawn for local and regional authorities been enacted over the last three years?	Yes	No
<p><i>Comments:</i> The German Basic Law govern the debt-brake for the states. Not every state has adopt the debt-brake in their own constitution.</p> <p>The local government are legally part of the states. Local budgets are controlled by the state. So every state can settle Local Debt-rules.</p>		
3.4) Have primary surplus and deficit reduction been the main factors driving debt reduction over the last three years?	Yes	No
<p><i>Comments:</i> Positive development of revenues.</p>		
<p><i>4. Expertise at the Service of Democratic Institutions : the Role of Parliamentary Offices and Expert Bodies</i></p>		
4.1) Are the data related to fiscal policy provided to your Parliament on a reliable, accessible, and timely basis?	Yes	No
<p>In particular: is such information acquired by your Parliament exclusively through the Executive or is there some direct access to data? Does your Parliament have autonomous technical capacity for fiscal data interpretation? To that end does the Parliament rely only on its</p>		

<p>internal structures or also on experts and independent institutions (Fiscal councils, Statistics bureaus, Central banks, etc)?</p> <p>The German Bundesrat as the "second chamber" does not need these data very often because most legislative proposals are initiated by the Federal Government. The German Bundesrat itself has no autonomous technical capacity for fiscal data interpretation.</p> <p>The Zentrale Datenstelle der Landesfinanzminister (ZDL) is organized in the same house as the Bundesrat but is not part of the executive of the Bundesrat. They give the important fiscal data to the Minister of Finances of the German federal states for their conferences. In these conferences, they are talking about some issues and preparing some topics which are important for the federal states and can be part of a draft bill later.</p> <p>Bundestag: Ministry of Finance, Centralbank, Census Bureau</p>		
<p>4.2) Is there in your Parliament an internal unit with specific expertise in economic and budgetary affairs (such as a "budget office" or something similar)?</p>	<p>Yes</p>	<p>No</p>
<p>If so, is this office an autonomous organizational unit or is it a part of other departments (e.g. Research Department, Library, etc.)? Can you briefly account for the human, material and financial resources your budget office is endowed with? What do you feel is the main activity of this unit: the monitoring of public finance as a whole, the financial impact of single measures, cost assessments for individual MPs' initiatives, other?</p> <p>The German Bundesrat does not have an internal unit such as a "budget office".</p> <p>Bundestag: Research Service: WD 4 (Finance and Budget), WD 5 (Economic) Committee Service: PA 7 (Finance), PA 8 (Budget), PA 9 (Economic and Energy)</p>		
	<p>Yes</p>	<p>No</p>

4.3) Does the Budget Office of your Parliament have or does it access an econometric microsimulation model?		
If so, can you relate your experience?		
4.4) Has any independent entity entrusted with monitoring fiscal policy and the compliance with fiscal rules (such as a “fiscal council”) been set up in your country?	Yes	No
<p>If so, what is the mandate of the institution and its role in the budgetary process, in particular in the areas affecting Parliamentary activities? Is it frequently consulted by Parliamentary Committees? Which procedures have been adopted? What is the relationship between this independent body and the internal structure of your House specialized in budgetary affairs?</p> <p>The Stability Council (<i>Stabilitätsrat</i>) is a joint body of the German Federation (<i>Bund</i>) and the federal states (<i>Länder</i>). Together with Germany’s debt brake rules, the Stability Council strengthens the institutional framework for safeguarding the long-term sustainability of public budgets on the federal and <i>Länder</i> levels. The Stability Council consists of the Federal Minister of Finance, the <i>Länder</i> finance ministers and the Federal Minister for Economic Affairs and Energy. The Federal Minister of Finance and the chair of the <i>Länder</i> Finance Minister Conference co-chair the Stability Council.</p> <p>One of the Stability Council’s main tasks is to monitor the budgets of the Federation and <i>Länder</i> on a regular basis. The Council’s purpose is to recognize impending budgetary emergencies at an early stage so that appropriate counter-measures can be initiated in a timely manner. Furthermore, the Stability Council plays an important role with regard to compliance with the EU requirements for budgetary discipline, which also apply to Germany. In particular, the Council monitors the budgets of the Federation, <i>Länder</i>, local authorities and social insurance funds, to make sure that these, taken together, comply</p>		

with the upper limit for the general government structural deficit of 0.5% of gross domestic product, as stipulated in the Budgetary Principles Act.

Country/Chamber:	Bundesrat and German Bundestag
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Ende der Bearbeitung