

The Importance of Fiscal Transparency

PFM Panel Session
PFTAC Steering Committee
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What do we mean about fiscal transparency?

- Openness about the state of public finances, past, present and future.
- Ensuring information is accessible, relevant, timely, contextual, reliable, and understandable.
- It moves beyond just publishing the budget document.

What is fiscal transparency important?

- It is critical for effective fiscal management and accountability.
- Assists in ensuring Governments' economic decisions are informed by a shared and accurate assessment of the current fiscal position

Six Key Features Fiscal Transparency?



Accessible



Relevant



Reliable



Timely



Contextual



Easy to
Understand

What are examples of lack of transparency

Publishing
only partial
information

- No information on off budget government entities
- Only aggregated data

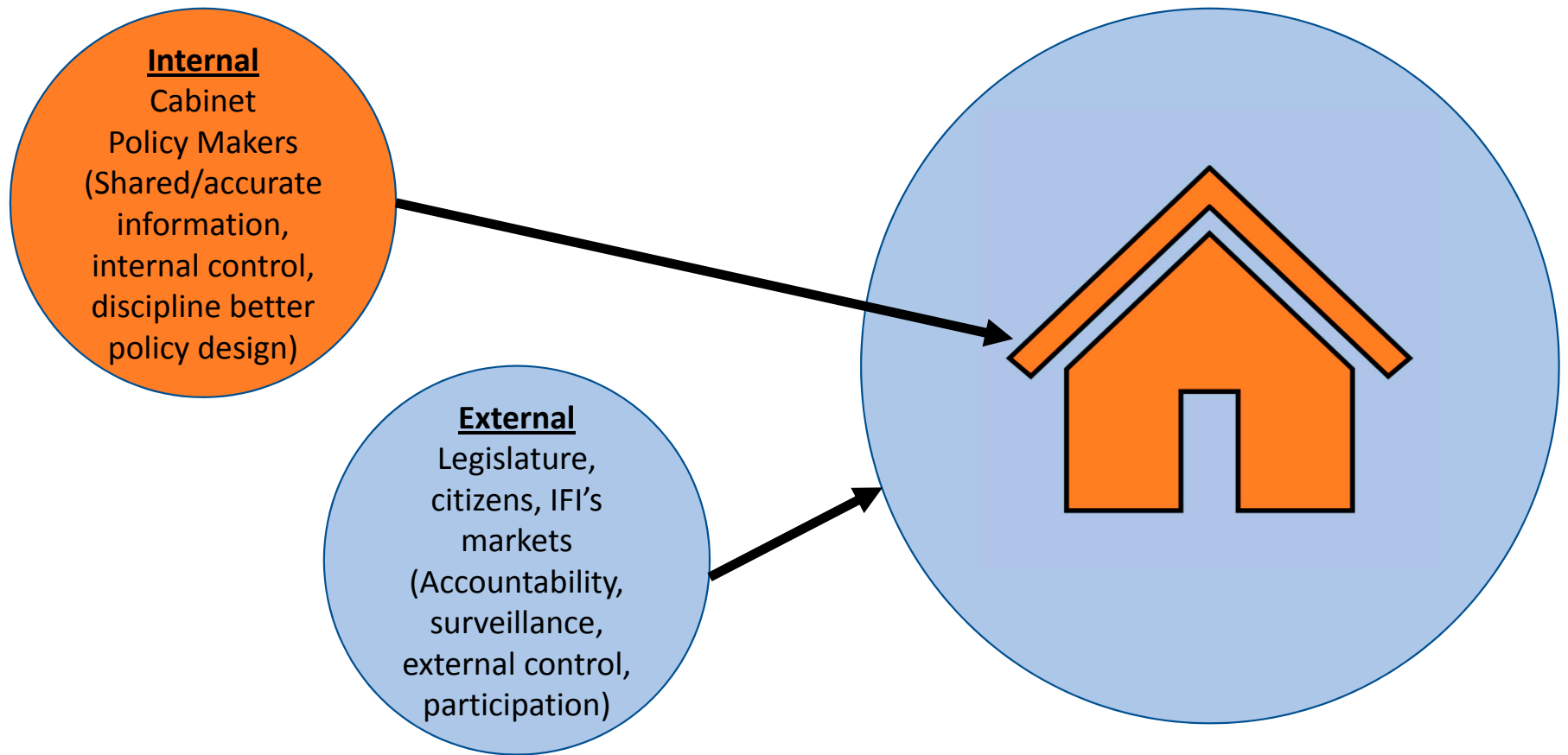
Publishing
difficult to
understand
information

- Without summary tables or explanatory text.
- Not posted on the internet

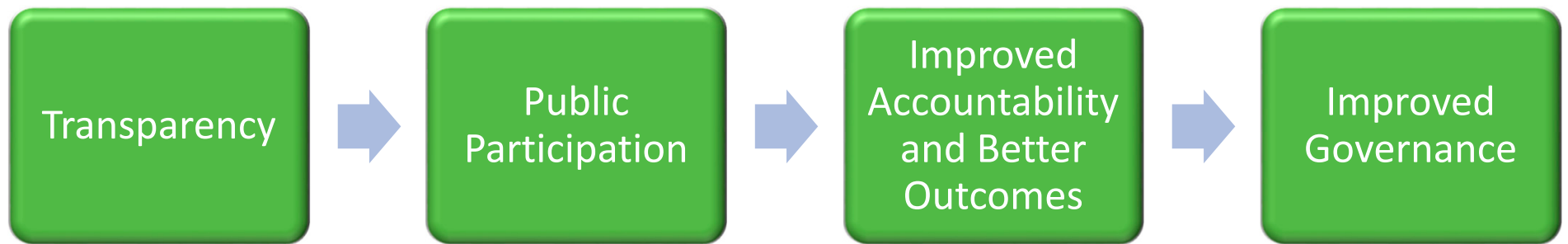
Exploiting
weaknesses
in accounting
rules

- Selling assets and treating the proceeds as revenue.

Dimensions of Transparency

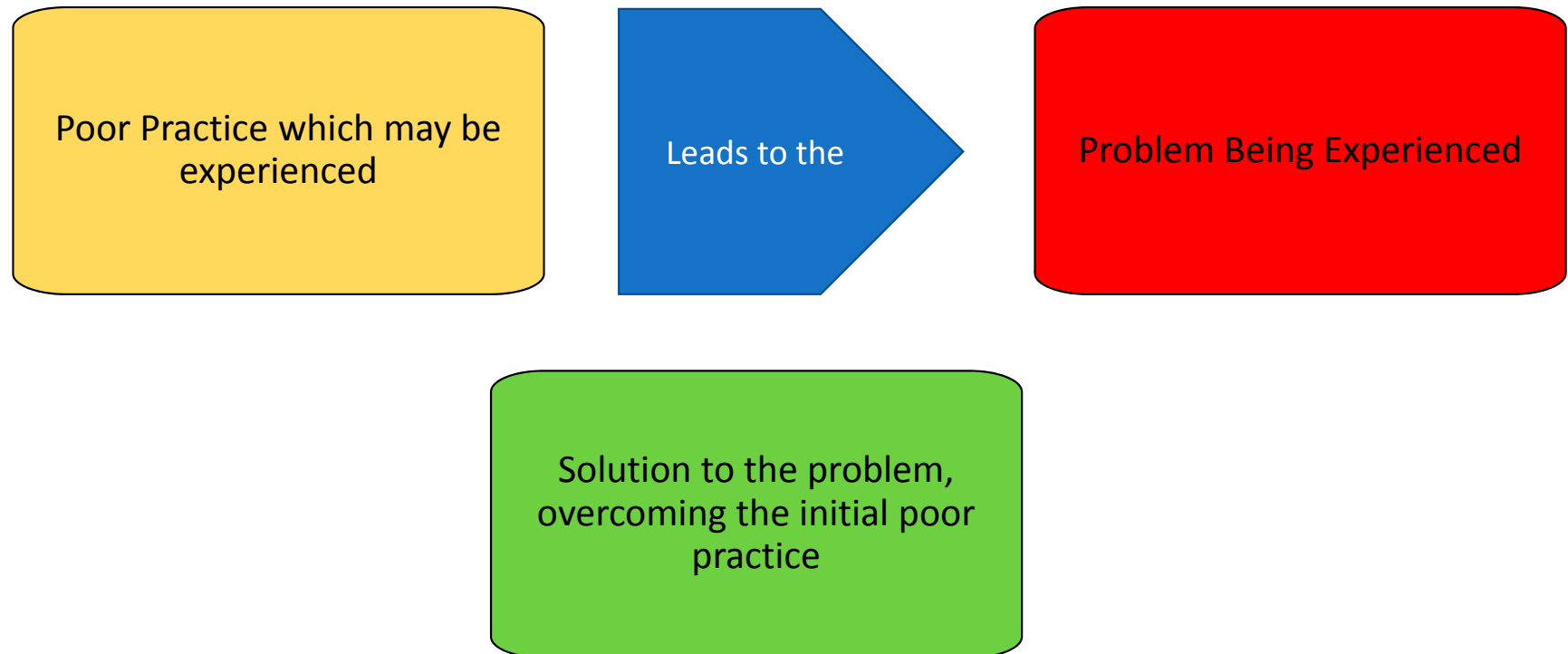


Fiscal Transparency - The path to better governance



Poor Transparency Leads to Problems

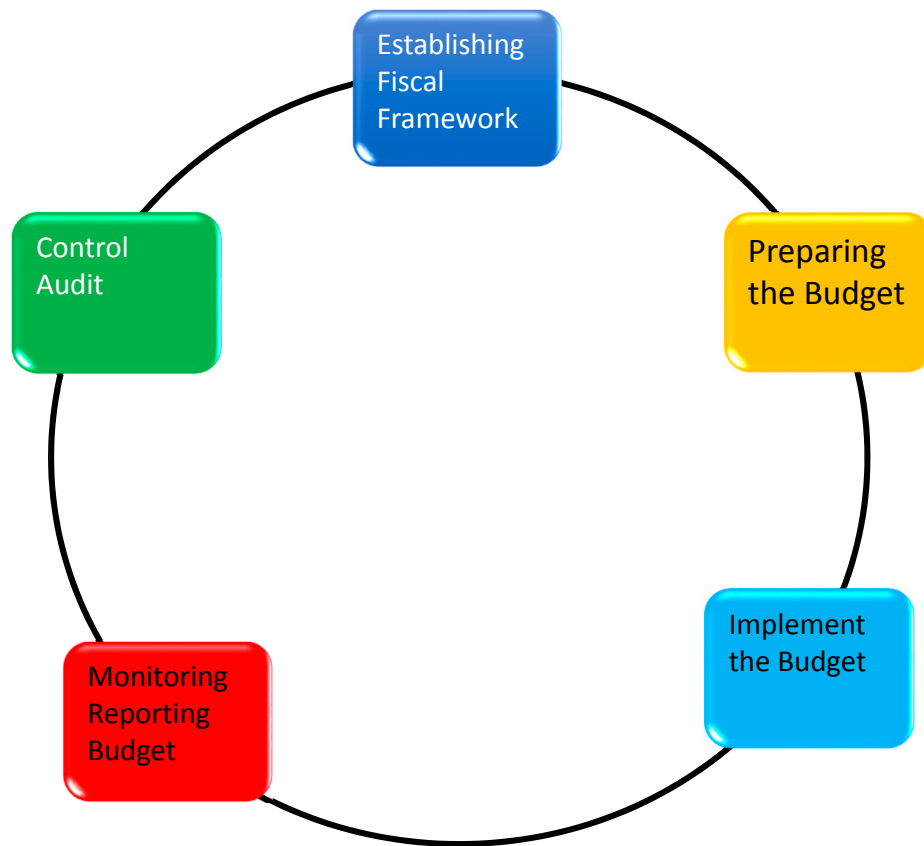
- There are some key transparency problems, these usually arise because of a weakness in the standards being applied.



Five Common Issues

Infrequent Fiscal Reporting	Revisions to Deficits	Monthly Operational fiscal reports
Exclusive Focus on General Gov't	Quasi Fiscal Activities by SOE's	Publication of Data for Public Sector
Losses on Asset and Liability Holdings not recognised	Unreported Flows	Recognise doubtful debts in Summary Aggregates
Bias in Macro economic forecasts	Macro Economic Shocks	Alternative Macro Fiscal Scenarios
Non Recognition of Contingent Liabilities	Exposure to the Financial Sector	Recognising Quantifiable Contingent Liabilities

The budget cycle – Documenting the stages



(i) Accessible, (ii) timely, (iii) relevant, (iv) contextual, (v) reliable and (vi) easy to understand.

The budget cycle – Documenting the stages



In terms of publishing information Pacific countries are a lot stronger in publishing information around the preparation of the Budget.

International Budget Partnership

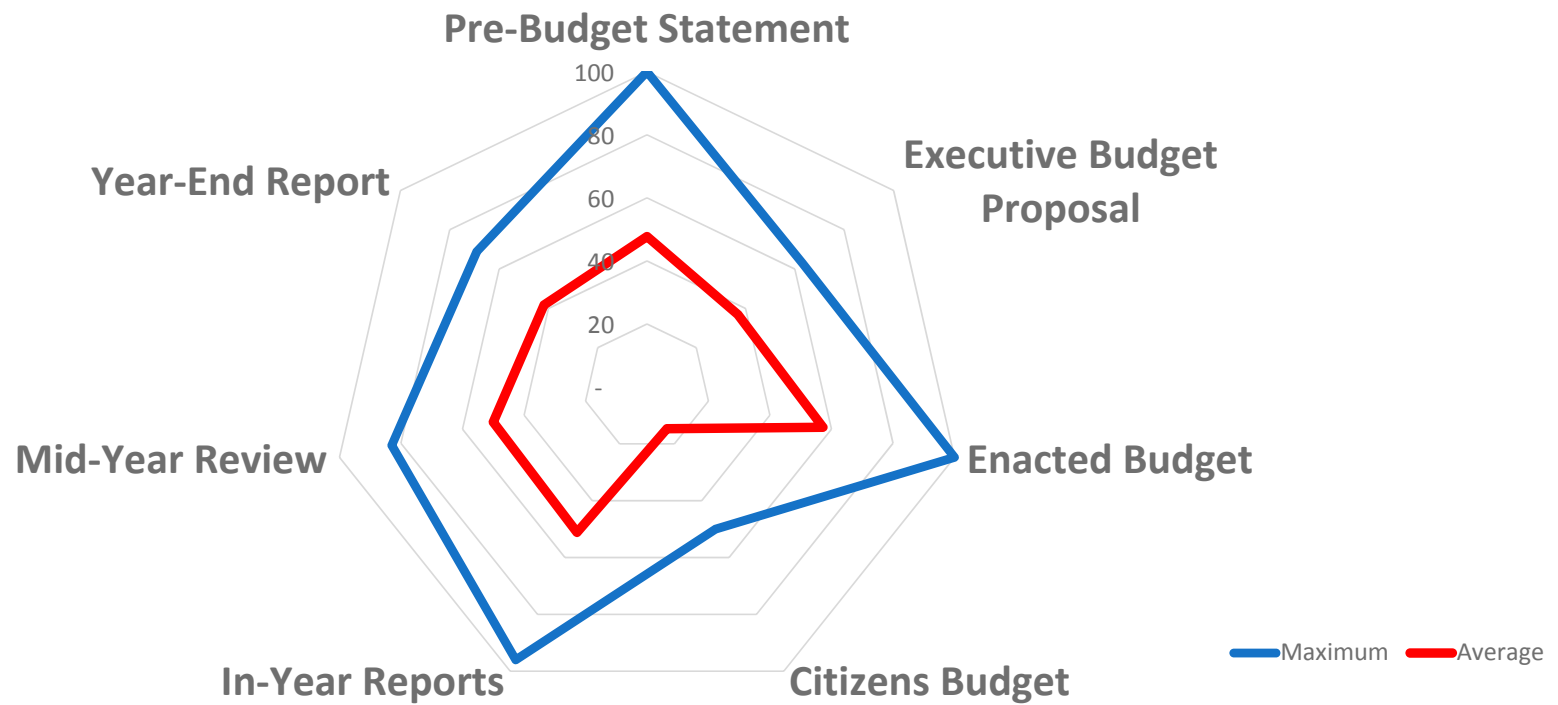
- The International Budget Partnership collaborates with civil society around the world to analyze and influence public budgets in order to reduce poverty and improve the quality of governance.
- Only Papua New Guinea, Timor-Leste and Fiji participated through NGO's assessment (a bit like Transparency International).
- Assessment is on all areas of the budget cycle not just the budget document

What can be found on Ministry Websites

- Green – Best Practice
- Amber – Issues of Timeliness mostly.
- Red – Not Published.



How does it look across the Pacific



How does it Look?

	In year Reporting	Annual Report	Mid Year Economic Review	Pre Budget Statement	Executive Budget Proposal	Enacted Budget	Year End Report
Cook Islands							
Federated States of Micronesia							
Fiji							
Kiribati							
Marshall Islands							
Nauru							
Niue							
Palau							
Papua New Guinea							
Samoa							
Solomon Islands							
Tokelau							
Tonga							
Vanuatu (Jan to Dec)							
Tuvalu							
Timor Leste							