

Panel Discussion: ***The Long Term Fiscal Sustainability of Governments***

Moderator:	John Herhalt	Global Chair Government and Infrastructure KPMG LLP
Panelists:	Jón Blöndal	Head of Budgeting and Public Expenditures OECD
	Marco Cangiano	Assistant Director, Head of the Public Financial Management Division International Monetary Fund
	Robert Dacey	Chief Accountant Government Accountability Office USA
	Fritz Zurbrügg	Director Swiss Federal Finance Administration

*Following panelist presentations there was a Q&A session

Conference Panel Session Notes:

John Herhalt, Global Chair Government and Infrastructure KPMG LLP welcomed the conference participants to the panel session, outlined the agenda and format of the session.

Mr. Herhalt challenged the conference participants to consider the following issues as the panelists shared their insights, concerns and experiences regarding the current debt and deficit challenges many countries face, and the long-term fiscal sustainability of governments:

- Full accrual accounting and budgeting and what that means. What value do they bring to governments?
- Appropriate transparent and longer term budgeting, forecasting and reporting.
- The balance between potential spending cuts and tax increases.
- The appropriate structure of tax and fee increases while continuing to stimulate economic growth
- Possible reengineering of the scale and scope of public sector services
- Where do productivity improvements and the involvement of the private sector apply?
- Fiscal rules that discipline government activities- for example, the use of a “debt brake”
- How do fiscal rules get enforced or incentivized?
- Positions on financing current expenditure deficits with debt
- A consolidated view and management of the financial position of all levels of government – local, regional and federal.
- Political and social support and leadership for the actions necessary to restore and preserve long term fiscal sustainability.

The preceding points were not meant to be an exhaustive list of considerations, but triggers for the conference participants to consider what appropriate ingredients are needed for governments to have long-term fiscal sustainability.

Mr. Herhalt concluded the session with the following summary:

It was important to note that although there is much work to be done, much progress has been made by many countries. In any event, it was important that the solutions adopted be simple and not overly complex if their implementation is going to be successful.

Essentially, based on the presentations, the three categories of ingredients needed for a government to achieve and maintain long-term fiscal sustainability are as follows:

- Determine where the government's finances stand in a transparent, objective and open manner. Consider the current, medium term and long term view. This will require accrual based financial accounting and reporting and budgeting and long-term plans and financial forecasts.
- Determine the actions necessary to achieve a sustainable position and execute expeditiously and rigorously. This will require decisiveness and strong political will and leadership.
- Determine the mechanisms that need to be in place to maintain a sustainable position and execute those accordingly. This will include regular, timely and comprehensive financial reporting and monitoring amongst other steps.