Haut Conseil des Finances Publiques

Opinion n° HCFP-2017-4

On the budget bill and the social security financing bill for the year 2018

September 24, 2017

Main conclusions

The High Council considers the Government's macroeconomic scenario (GDP growth, inflation, employment and private sector payrolls forecasts) to be cautious for 2017 and reasonable for 2018.

With regard to the public finance scenario, the structural adjustment (i.e. the variation of the structural balance) would be small in both 2017 and 2018 (respectively 0.2 and 0.1 % of GDP). The High Council notes that these adjustments are lower than the minimum required by European rules.

The High Council is of the view that the compulsory levies collected in 2017 could be higher than anticipated by the budget bill. For the year 2018, subject to the uncertainties regarding the valuation of new measures, the High Council considers the foreseen compulsory levies' receipts to be prudent.

The High Council notes that the objectives concerning the control of public expenditure in 2018 are more demanding than in the previous years. It also notes that an effort has been made in order to budget Government's expenses in a more realistic way. However, it emphasizes that there are significant risks to the realization of the planned reductions in public spending.

Since the structural deficit in 2018 is high and its planned reduction small, the High Council emphasizes the need to respect the spending objectives, even in the event of better than expected revenues.