High Council of Public Finances

ACTIVITY REPORT
2015–2018

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EDITORIAL

Didier Migaud

First President of the Court of Auditors
Chairman of the High Council of Public Finances

The High Council of Public Finances, an independent body formed in 2013 and attached to the Court of Auditors, is now a well established part of France's institutional landscape in connection with the governance of public finances, in which it plays a crucial role.

France adopted a novel organisational approach to setting up an independent fiscal council pursuant to the 2012 Treaty on Stability, Coordination and Governance (TSCG). The High Council's responsibilities were defined in addition to those already exercised by the Court of Auditors in respect of the supervision of public finances.

Under the Constitutional bylaw of 17 December 2012, the High Council has twin duties: to assess the extent to which economic forecasts associated with financial legislation are realistic, and to review the extent to which the trajectory of the public finances (central government, social security and local government) is consistent with France's multi-year planning and European commitments.

In just over five years, the High Council has issued 27 opinions in which it has sought to provide Government, Parliament and citizens with clarity on often complex issues in a changing environment. The High Council has, I hope, helped strengthen sound fiscal governance in our country. It cannot be denied that its creation, and the independence of its opinions, have helped curb the optimistic biases that have often tainted forecasts linked with finance acts in the past.

Its eleven-member Board is made up of members from a wide variety of backgrounds – a genuine strength for the High Council. It brings together magistrates from the Court of Auditors with outside individuals highly experienced in economic forecasting and public finances. The Board's has already been partially renewed twice in September 2015 and March 2018, as stipulated in the Constitutional bylaw. Board members have a very demanding job, notably due to the very short deadlines allowed for issuing opinions, and I sincerely thank them for their determination and motivation.

The High Council does not itself produce any macroeconomic or budget forecasts, for which the Government retains sole responsibility. It issues advisory opinions based on all available information – whether public or provided by the Ministry of Finance – and on expert hearings.

Like most of its European counterparts (independent fiscal institutions now exist in 26 European Union countries), the High Council is faced with a number of challenges. Its mandate, currently focused on the size of the structural balance, which is frequently subject to significant revision, could be expanded to other less volatile and more directly measurable indicators, such as structural effort or expenditure net of discretionary revenues measures, as suggested by discussions in various forums. The European rules themselves are difficult to apply due to their excessive number, their complexity and the latitude the European Commission allows itself in implementing them.

Due to its close ties with the Court of Auditors, dialogue with authorities and forecasting institutions in the course of performing its duties, and its close relationship with independent fiscal institutions in other European countries and the European Commission, the High Council of Public Finances is at the heart of various debates that touch on economic forecasting and analysis of the public finances.

Together with the Board's other ten members and the small secretariat that supports us, it is my wish that the High Council might continue to make an active contribution to these debates. This report, which reviews the High Council's activity over the past three years, has been produced to that end.

ÉDITORIAL

Didier Migaud

Premier président de la Cour des comptes
Président du Haut Conseil des finances publiques

Le Haut Conseil des finances publiques, organisme indépendant créé en 2013 auprès de la Cour des comptes, est désormais bien installé dans le paysage institutionnel français de la gouvernance des finances publiques, où il joue un rôle essentiel.

L'organisation mise en place par la France pour la création d'un conseil budgétaire indépendant, en application du Traité de 2012 sur la stabilité, la coordination et la gouvernance (TSCG), est originale. Les missions du Haut Conseil ont été définies en complément de celles déjà exercées par la Cour des comptes en matière de surveillance des finances publiques.

La loi organique du 17 décembre 2012 lui a confié une double mission : apprécier le réalisme des prévisions macroéconomiques associées aux textes budgétaires et examiner la cohérence de la trajectoire de finances publiques (État, sécurité sociale et collectivités locales) avec la programmation pluriannuelle et les engagements européens de la France.

En un peu plus de cinq ans, le Haut Conseil a rendu 27 avis, dans lesquels il s'est efforcé d'éclairer, sur des sujets souvent compliqués et dans un contexte changeant, le Gouvernement, le Parlement et les citoyens. Le Haut Conseil a, je l'espère, contribué à renforcer la bonne gouvernance budgétaire de notre pays. Force est de constater que sa création, et l'indépendance de ses avis, ont permis de réduire les biais optimistes qui ont souvent marqué les prévisions associées aux lois financières dans le passé.

Son collège de onze membres réunit des profils très divers qui constituent un atout pour le Haut Conseil. Il associe des magistrats de la Cour des comptes et des personnalités extérieures de grande expérience dans les domaines de la prévision économique et des finances publiques. Le collège a déjà fait l'objet de deux renouvellements partiels, en septembre 2015 et en mars 2018, comme le prévoit la loi organique. Le travail des membres au sein du Haut Conseil est exigeant, du fait notamment du temps très court dont ils disposent pour rendre les avis et je les remercie profondément pour leur détermination et leur motivation.

Le Haut Conseil ne réalise pas lui-même de prévisions macroéconomiques ou budgétaires, dont la production demeure de la seule compétence du Gouvernement. Il rend des avis consultatifs qui s'appuient sur l'ensemble des informations disponibles – publiques ou communiquées par le ministère des finances – et sur l'audition de personnalités qualifiées.

Comme la plupart de ses homologues européens – des institutions budgétaires indépendantes existent désormais dans 26 pays de l'Union européenne – le Haut Conseil est confronté à plusieurs défis. Son mandat, actuellement centré sur le niveau du solde structurel qui est soumis à de fréquentes et fortes révisions, pourrait être élargi à d'autres indicateurs moins volatils et plus directement mesurables, comme l'effort structurel ou l'évolution des dépenses nette des variations des prélèvements obligatoires, ainsi que le suggèrent les réflexions menées dans diverses enceintes. Les règles européennes elles-mêmes sont d'application difficile, en raison de leur trop grand nombre, de leur complexité et de la marge d'interprétation que se donne la Commission européenne dans leur mise en œuvre.

Du fait de sa proximité avec la Cour des comptes, de ses échanges avec les administrations et les instituts de prévision dans l'exercice de ses missions, des relations étroites qu'il entretient avec les institutions budgétaires indépendantes des autres pays européens et avec la Commission européenne, le Haut Conseil des finances publiques est au centre de nombreux débats touchant les prévisions économiques et l'analyse des finances publiques.

Je souhaite, avec les dix membres qui m'entourent et le secrétariat léger qui nous accompagne, que le Haut Conseil continue d'apporter une contribution active à ces débats. Le présent rapport, qui revient sur les trois dernières années d'activité du Haut Conseil, en constitue un élément.

KEY FIGURES SINCE CREATION

To 30 September 2018

11
MEMBERS

5
OPINIONS A YEAR ON AVERAGE

4
HOURS' DISCUSSION PER MEETING ON AVERAGE

3
MEETINGS PER OPINION ON AVERAGE

7
DAYS TO ISSUE AN OPINION, ON AVERAGE

3 to 4
HEARINGS PER OPINION

4 to 5
HIGH COUNCIL HEARINGS IN PARLIAMENT A YEAR

75
PRESS MENTIONS PER OPINION, ON AVERAGE (90 in 2017)

50,000
WEBSITE VISITORS IN 2017

KEY DATES (EXCLUDING OPINIONS)

2012

22 October – Act ratifying the TSCG

17 December – Constitutional bylaw on the planning and governance of the public finances

2013

21 March – Establishment of the High Council

2016

11 & 12 April – Eighth annual meeting of OECD Parliamentary Budget Officials and Independent Fiscal Institutions, jointly organised by the High Council of Public Finances

12 September – Discussion session with Pierre Moscovici, European Commissioner for Economic and Financial Affairs, Taxation and Customs

2017

5 April – Discussion session with Michel Sapin, Minister for the Economy and Finance, and Christian Eckert, State secretary with responsibility for the budget

11 September – Discussion session with Pierre Moscovici, European Commissioner for Economic and Financial Affairs, Taxation and Customs

2014

June

13 Seminar on potential growth

2015

July

8 Publication of first activity report (2013–2015)

20 Discussion session with Michel Sapin, Minister for the Economy and Finance, and Christian Eckert, State secretary with responsibility for the budget

September

20 First partial renewal of High Council members

2018

March

20 Second partial renewal of High Council members

July

18 Discussion session with Bruno Le Maire, Minister for the Economy and Finance

September

13 Launch of new High Council website

14 Discussion session with Pierre Moscovici, European Commissioner for Economic and Financial Affairs, Taxation and Customs

December

21 Publication of second activity report (2015–2018)

COMPOSITION OF THE HCFP

April 2018 – Members of the High Council of Public Finances (HCFP)

In October 2018, the High Council, chaired by the First President of the Court of Auditors (Cour des Comptes) (Didier Migaud), consisted of four Court of Auditors magistrates (Françoise Bouygard, Raoul Briet, Eric Dubois and Martine Latare) and five qualified individuals nominated by the parliamentary assemblies and the chair of the Economic, Social and Environmental Committee (Maya Bacache-Beauvallet, Eric Heyer, Isabelle Job-Bazille, Christian Noyer and Valérie Plagnol). The Director-General of the National Institute of Statistics and Economic Studies (Jean-Luc Tavernier) is also an ex officio member of the High Council.

The Board was refreshed for the first time in September 2015, with Christian Noyer and Valérie Plagnol replacing Marguerite Bérard-Andrieu and Michel Aglietta.

It was refreshed for the second time in March 2018, when Maya Bacache-Beauvallet, Eric Heyer and Isabelle Job-Bazille were appointed to replace François Bourguignon, Mathilde Lemoine and Philippe Dessertine respectively.

The permanent secretariat consists of a General Rapporteur, two Deputy General Rapporteurs, one Rapporteur and one assistant. The General Rapporteur is nominated by the Chairman of the High Council after consulting the members.

Appointment of HCFP members

The fact that the High Council is attached to the Court of Auditors, and the procedures by which its members are appointed, ensure a high level of independence.

The four Court of Auditors magistrates are nominated by its First President and include an equal number of men and women.

Meanwhile, its five qualified individuals are nominated by the president of the National Assembly, the president of the Senate, the chair of the National Assembly's Finance, Economy and Budget Control Committee, the chair of the Senate Finance Committee and the chair of the Economic, Social and Environmental Committee respectively. Qualified individuals nominated by parliamentary authorities must include an equal number of men and women. When these members are replaced, each female member must be succeeded by a man and vice versa.

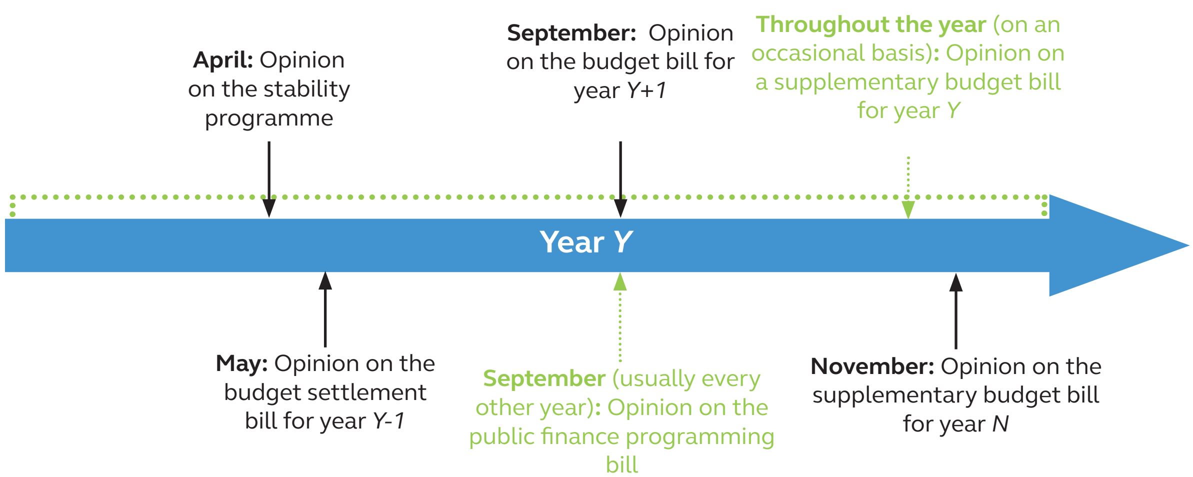
The diversity of members' backgrounds is an asset to the High Council: the fact that the Council is attached to the Court of Auditors ensures that it has a high level of expertise in public finances; outside members bring a wealth of experience in macroeconomic forecasting and public finances.

Members of the HCFP serve for five years. Court of Auditors magistrates may be reappointed once; qualified individuals may not be reappointed. The Board is partially refreshed every 30 months.

MANDATE OF THE HCFP

The mandate of the High Council of Public Finances is laid down in the Constitutional bylaw of 17 December 2012 on planning and governance of the public finances. The High Council seeks to ensure that the trajectory of public finances towards a balanced budget is consistent with the country's European commitments. To this end, it assesses the extent to which the Government's macroeconomic forecasts and potential growth estimates are realistic and gives its opinion on whether financial legislation (draft finance acts, draft social security finance acts, etc.) is consistent with multi-year public finance targets.
The High Council's view is expressed through opinions (of which it has issued 27 to date) published on its website and submitted to the competent authorities (the Council of State, Government and Parliament).

High Council opinions over a year



Note: High Council opinions issued every year are shown in black. Opinions relating to legislation that is less frequent (public finance programming bill) or occasional (supplementary budget bill other than the traditional November one) are shown in green.

Scope of High Council opinions

	Macroeconomic forecasts	Potential growth estimates	Public finances
PFPB (September of even-numbered years between 2008 and 2014, then September 2017)	✓	✓	✓
BB/SSFB (September)	✓	-	✓
SBB (according to referral)	✓	-	✓
BSB (May)	-	-	✓
SPU (April)	✓	-	-

PFPB: public finance programming bill; BB: budget bill; SSFB: social security financing bill; SBB: supplementary budget bill; SPU: stability programme update; BSB: budget settlement bill.

MACROECONOMIC FORECASTS

The High Council's mandate as regards economic forecasts is to review the extent to which Government forecasts associated with financial legislation, multi-year programming and the stability programme are realistic. This mandate therefore covers not only all macroeconomic forecasts (including growth in GDP and its components), but potential growth and output gap estimates used in public finance programming bills. Opinions also aim to identify the risk factors surrounding these forecasts.

The High Council's task is first and foremost to **ensure that Government adopts plausible macroeconomic forecasts on which is based its scenario for the public finances**. Revenue forecasts, in particular, are heavily dependent on assumptions regarding activity (e.g. consumer spending for VAT), employment and the wage bill (for social security contributions).

The High Council does not directly produce any macroeconomic forecasts of its own. In preparing its analysis, it draws on forecasts produced by international organisations and various bodies tasked with analysing economic conditions. In preparing its opinions, it conducts hearings with various economists. Some opinions (draft finance act and social security finance act, programming bill and stability programme) require numerous hearings, while others (draft supplementary finance act and draft finance review act) relating mainly to public finance issues appear to require few hearings beyond those involving the relevant authorities[1].

PUBLIC FINANCES

The High Council has a threefold role in relation to public finances:

- When a **public finance programming bill** is put forward, it checks that the proposed programme is consistent with France's European commitments.
- When **budget bills and social security financing bills** are put forward, it carries out an ***ex ante*** assessment as to whether structural balance forecasts used by Government in drawing up this draft legislation are consistent with commitments entered into through the programming bill. Consistency is interpreted in terms of both the potential gap between forecasts and programming and the internal consistency of forecasts themselves (credibility of assumptions used, measures announced and quantification of their impact in light of the structural balance target).
- When a **budget settlement bill** is put forward, it carries out an *ex post* assessment to identify deviations between the outturn and the programme. A "*significant deviation*" triggers the correction mechanism (see page 11).

■Consistency of the structural balance trajectory

The Treaty on Stability, Coordination and Growth in the Economic and Monetary and Union (TSCG) tasked independent national institutions with the role of verifying compliance with the balanced budget rule. In France, this role is undertaken by the High Council of Public Finances.

The HCFP seeks to ensure that the trajectory of France's public finances (central government, local government and social security) towards a balanced budget laid down in the public finance programming bill is consistent with the country's European commitments, and that all draft financial legislation is consistent with this trajectory.

In accordance with the TSCG, this trajectory concerns the structural balance after eliminating the effects of fluctuating economic conditions on public deficits and after deducting one-off and temporary measures.

The HCFP reviews all draft legislation pertaining to the public finances. Its opinions are issued before such draft legislation is brought before Parliament. They relate to both the future (the next budget year or the next programming bill) and the past (the previous budget year).

Programming bills

When the Government puts forward a multi-year public finance programming bill, generally every two years in September[2], the HCFP issues an opinion on "*the consistency of the proposed programme with the adopted medium-term objective (MTO) and France's European commitments*" (Article 13 of the Constitutional bylaw of 17 December 2012).

Finance acts and social security finance acts

The HCFP gives its opinion on the consistency of draft finance acts and social security finance acts *"in light of the multi-year structural balance trajectory laid down in the public finance programming bill"* (Article 14 of the Constitutional bylaw).

This involves reviewing whether

[1] A total of 59 hearings have been conducted with outside individuals since the High Council was created.

[2] This frequency prevailed until 2014, with programming bills put forward at end 2008 (passed in January 2009), end 2010, end 2012 and end 2014. In 2016, in light of the presidential election calendar, the Government decided to leave it to the future government to draw up the next public finance programming bill, in September 2017. As a result, the 2014–2019 public finance programming bill, passed at end 2014, was in force for three years, instead of two years for previous bills.

The balanced budget rule

The Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (TSCG) stipulates that *"the budgetary position of the general government […] shall be balanced or in surplus"* – i.e. the structural balance must be close to a medium-term objective (MTO) that may not be less than -0.5% of GDP. The MTO is a structural balance target set by each Member State according to its specific circumstances in terms of debt and the cost of the ageing population, with the aim of ensuring long-term budgetary sustainability.

This rule was transposed into French law by the Constitutional bylaw of 17 December 2012, which stipulates that the MTO must be laid down in the multi-year public finance programming bill. In the December 2012 public finance programming bill, the MTO was to achieve balance in 2016; in the December 2014 and January 2018 bills, the MTO was set at -0.4% of GDP, to be achieved in 2019 and after 2022 respectively.

The TSCG also stipulates that *"in the event of significant observed deviations from the medium-term objective or the adjustment path towards it, a correction mechanism shall be triggered automatically"*. The characteristics of this mechanism are detailed in "*common principles*" adopted by the Member States. In particular, these principles specify that attainment of the MTO must not be postponed following a deviation from the adjustment path, and that corrective measures must automatically apply to subsequent budgets. Responsibility for triggering and monitoring the correction mechanism is entrusted to an independent national institution, whose opinions Government must take into account unless it publicly explains why it is not doing so.

In France, the Constitutional bylaw of 17 December 2012 made the High Council responsible for identifying "significant deviations" from the adjustment path triggering the correction mechanism. When the mechanism is triggered, Government must take corrective actions in the following year's budget at the latest.

Government revenue and expenditure forecasts are consistent with the medium-term trajectory of returning the public finances to a position of structural balance. In practice, given how the structural balance is calculated, the High Council also expresses an opinion on the actual public deficit.

Correction mechanism

Before the budget settlement bill approving the general government accounts for the previous year is filed each May, the HCFP also gives an *ex post* opinion on any deviations between the outturn and the trajectory laid down in the programming bill (Article 23 of the Constitutional bylaw).

In particular, it identifies whether there are any "*significant deviations*" from the trajectory, which means deviations equating to more than 0.5 percentage point of gross domestic product (GDP) over one year or averaging 0.25 percentage point of GDP over two consecutive years.

If so, the Government must put forward correcting measures to bring the public finances back into line with the trajectory of returning the public accounts to a position of structural balance.

These measures must be adopted in the first finance act or social security finance act after the correction mechanism is triggered. When expressing its opinion on these acts, the HCFP gives an assessment of the correction measures and, if applicable, deviations from the structural balance trajectory.

As regards the public finances, the High Council's mandate, focused on monitoring the structural balance trajectory, is more restricted than that of most fiscal councils in other European countries (see box below). This is notably due to the fact that, when the High Council was created, the Court of Auditors was already fulfilling a number of the duties of an independent fiscal council. The High Council's mandate was designed to complement the one of the Court of Auditors.

The mandate of independent fiscal institutions in European Union countries

In all European countries, independent fiscal institutions (IFIs) are, like the High Council, tasked with approving or producing macroeconomic forecasts and monitoring adherence to the correction mechanism. Most of these have been set up over the past few years pursuant to Directive 2011/85 of the Council and the 2012 Treaty on Stability, Coordination and Governance (TSCG). There were around 35 such institutions in mid-2018[3].

In relation to economic forecasting, the main distinction is between those IFIs that produce the economic forecasts that underlie public finance forecasts, and those that approve or reject government forecasts. Of the 16 IFIs, which are involved in macroeconomic forecasts in the answer, six[4] fall into the former category. The rest provide an assessment of forecasts prepared by government.

Within this latter category, a distinction can be drawn between the following:

- those institutions that explicitly approve or reject the government's scenario through an opinion, report or letter to the minister (Spain, Ireland, Italy, Latvia, Lithuania and Portugal)
- those, like the HCFP, that publish commentary but without formally approving assumptions (Cyprus, Estonia, Greece and Malta)

IFIs' mandates with respect to the public finances are broader than that of the HCFP in almost all countries.

All IFIs in countries that have signed the TSCG must check that European budget rules are followed and monitor compliance with commitments entered into and, in particular, the adjustment path towards the medium-term objective (MTO). However, this role is usually less strictly delimited than that of the HCFP, which is focused on reviewing the structural balance and its consistency with the trajectory set out in public finance programming bills. Other IFIs' mandates also include analysing the actual balance relative to the 3% rule, compliance with the MTO, and structural adjustment (or effort). The debt position also frequently comes under scrutiny.

All IFIs play a role in triggering or monitoring a correction mechanism and assessing any exceptional circumstances, as laid down in the "*common principles*" drawn up by the European Commission and approved by the *Economic and Financial Affairs Council* on 21 June 2012.

Some IFIs have responsibilities that go well beyond these functions, including, for example:

- producing public finance projections (United Kingdom) and evaluating the long-term sustainability of the public finances (Austria, Belgium, Italy, the Netherlands, Portugal, Spain, Slovakia and Sweden);
- quantifying the cost or budgetary performance of measures and assessing their macroeconomic impact (Austria, Italy, the Netherlands, Romania, Slovakia, Slovenia and the United Kingdom);
- formulating recommendations on balance or expenditure trajectories or fiscal measures (Austria and Portugal).

[3] Eight members States have two IFIs.

[4] Austria (Wifo), Belgium (ICN), Luxembourg (CNFP), the Netherlands (CPB), the United Kingdom (OBR) and Slovenia (IMAD).

SCOPE OF HIGH COUNCIL OPINIONS

Although opinions issued by the High Council of Public Finances are not binding on Government, their public nature and the fact that they are publicised by the media make them particularly far-reaching. They also help clarify parliamentary debate on issues pertaining to the public finances.
As the European Commission and the International Monetary Fund have noted, the HCFP has helped moderate macroeconomic forecasts.

The HCFP plays an advisory role. Responsibility for determining the country's fiscal policy lies solely with Government and Parliament.

The Constitutional Council (Conseil constitutionnel) bases itself on the High Council's opinion in reviewing the accuracy of finance acts and social security finance acts[5], particularly as regards macroeconomic forecasts. When members of Parliament refer to it on this matter, it systematically draws on the High Council's opinions. For example, the Constitutional Council referred to the HCFP in its ruling 2016-744 DC of 29 December 2016 on the finance act for 2017: *"Given the risks to expenditure and forecast revenue, the High Council of Public Finances found it 'uncertain that the nominal deficit will fall back below the threshold of 3 percentage points of GDP in 2017'"*. It also mentioned the High Council's opinion in its ruling 2017-758 of 28 December 2017 on the finance act for 2018.

European Commission report on transposition of the Treaty on Stability, Coordination and Governance (2017)

In February 2017, the European Commission published its report assessing the compliance of national provisions adopted pursuant to the Treaty on Stability, Coordination and Governance (TSCG) by the 22 European Commission Member States parties to the Treaty. This report was provided for by Article 8 of the Treaty.

According to this review, all countries have complied with the Treaty requirements. In some cases, however, this positive assessment is subject to the future adoption of further provisions. The Commission's analysis focuses, for each country, on the legal status of provisions, how the balanced budget rule is formulated, the correction mechanism and the existence of an independent fiscal institution.

The Commission found that the provisions adopted by France were compliant with the Treaty requirements: *"The national provisions adopted by France are compliant with the requirements set in Article 3(2) of the TSCG and in the common principles in light of the formal commitment provided by national authorities to interpret the organic law consistently with Article 3(2) of the TSCG together with the compliant set-up of the monitoring institution, the clarifications provided by national authorities on the substance of the correction mechanism, and the formal commitment provided by national authorities to apply the comply-or-explain principle in line with the common principles".*

...

[5] As indicated in ruling 2012-653 DC of 9 August 2012 on the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union:"[…] **the Constitutional Council** is tasked with monitoring the constitutionality of multi-year public finance programming bills, finance acts and social security finance acts; […] acting under Article 61 of the Constitution, it must, in particular, ensure the fairness of such legislation; […] it shall carry out such monitoring taking into account the opinions of previously established independent institutions".

... However, in a letter addressed to the French authorities on 19 May 2016, the Commission raised questions over the legal status of provisions transposing the Treaty into French law: does the French system, under which the medium-term objective and the target structural balance trajectory are laid down in programming bills, ensure compliance with France's European commitments? Is it compliant with Article 3 of the Treaty, which stipulates that *"The rules [of the fiscal compact] shall take effect in the national law of the Contracting Parties […] through provisions of binding force and permanent character, preferably constitutional, or otherwise guaranteed to be fully respected and adhered to throughout the national budgetary processes"*?

The Commission highlighted the system's apparent fragility, insofar as the programming law that determines the structural balance trajectory can be amended at any time, or replaced by another bill, and, above all, the fact that it is an ordinary bill that is not legally binding on finance bills.

As was the case for all European countries about which reservations had been expressed prior to implementation of the Treaty, the Commission in the end noted a formal commitment by the Minister, finding that *"strict application of the Constitutional bylaw also appears to be guaranteed by the strength of the monitoring mechanism put in place in accordance with the Treaty"*, the final portion of this phrase referring to the role of the HCFP.

With regard specifically to the creation and operation of the High Council, the Commission concluded that *"the French monitoring institution is compliant with the requirements of the TSCG and the common principles"*, that "*the institution has been grounded in law and equipped with appropriate safeguards for its functional autonomy*" and that "adequate provisions on the HCFP's endowment with ressources and access to information are in place".

CONTRIBUTING TO PARLIAMENTARY DEBATE ON PUBLIC FINANCES

Article 20 of the Constitutional bylaw of 17 December 2012 stipulates that *"the Chairman of the High Council of Public Finances shall be heard at any time at the request of National Assembly and Senate committees"*.

In practice, the Chairman of the HCFP appears before the National Assembly and Senate finance committees in connection with key opinions issued by the High Council (opinion on draft finance acts and social security finance acts, programming bills and the stability programme). These opinions are communicated to Parliament immediately after adoption. They give rise to fruitful discussion between members of Parliament, who draw on them when debating draft financial legislation. Since the High Council's creation, its Chairman has appeared before the National Assembly and Senate finance committees 22 times (i.e. averaging four to five times a year). These hearings are broadcast live on the National Assembly and Senate websites.

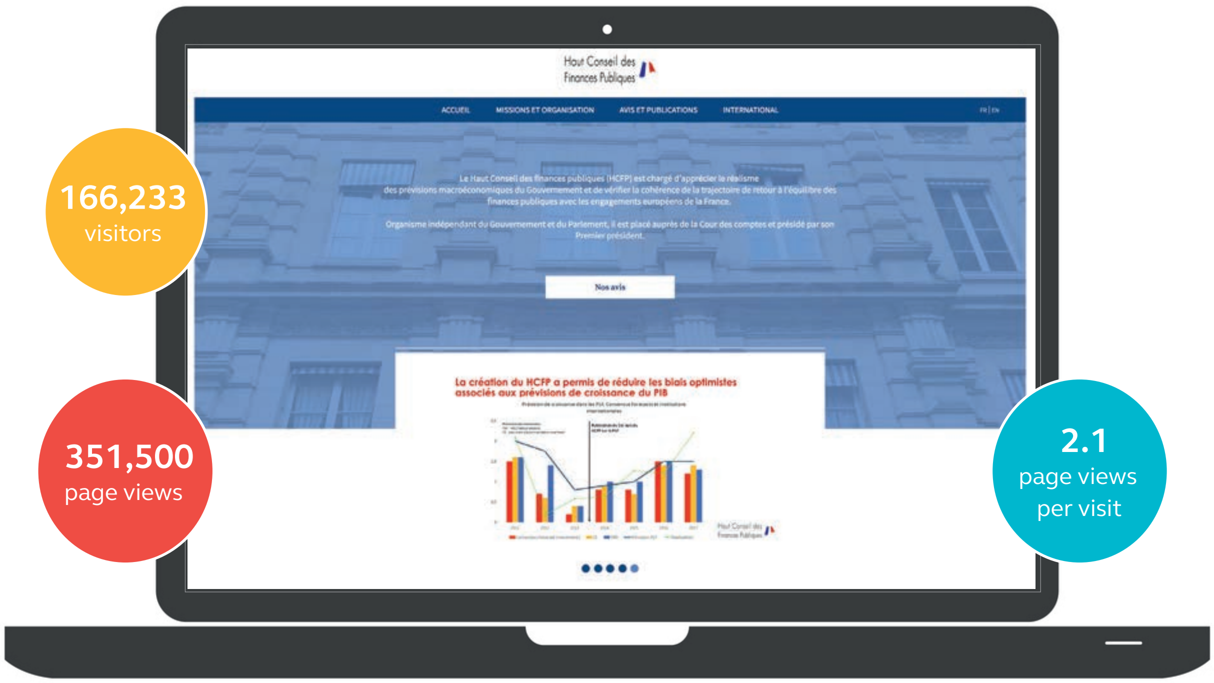
PUBLICLY ISSUED OPINIONS

In accordance with the Constitutional bylaw, **all HCFP opinions are publicly issued**. This is done through the **www.hcfp.fr** website, which offers a wealth of information about the High Council's remit, operation and organisation. All HCFP opinions and all testimony by the Chairman of the HCFP to the National Assembly and Senate finance committees are published on this website.

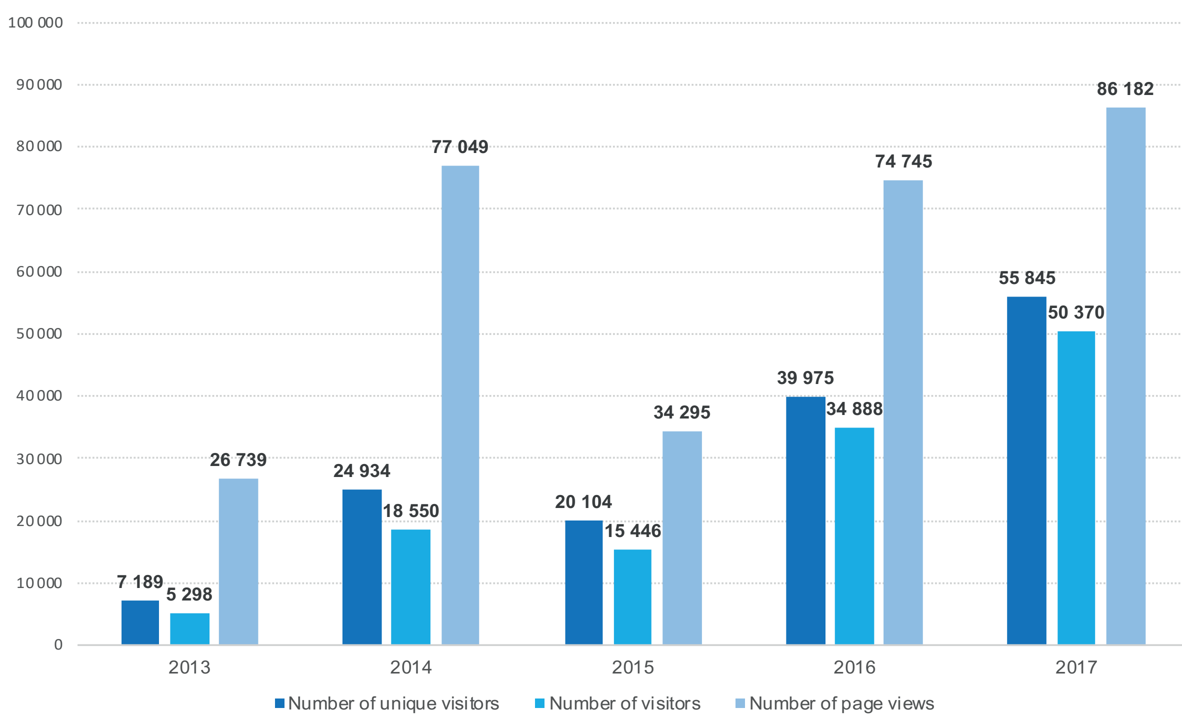
The site has many visitors keen to find out more about the HCFP's role and opinions, with almost 166,200 people visiting the site since its creation.

The High Council's new website went live in September 2018. This site, the entire content of which is now available in English, helps make opinions more visible to search engines, makes it easier to share them via social media and to foreign readers and promotes the High Council's work beyond producing opinions. In particular, it includes a more extensive international section and will include videos of parliamentary hearings involving the Chairman of the High Council.

Overall statistics since the HCFP website was created (Sep 2013–Dec 2017)



Website traffic



Source: HCFP

OPINIONS BROADLY ECHOED IN PUBLIC DEBATE

The High Council's opinions are picked up by international organisations and the media.

International organisations

The European Commission refers to the HCFP's opinions in the various multilateral monitoring exercises it undertakes on Member States' budgetary positions. The Commission first referred to the High Council's opinions in May 2013, in its analysis of the Government's macroeconomic scenario associated with the stability programme[6]. Since then, the High Council's opinions have consistently been mentioned in Commission working papers, and even in recommendations issued by the Council of the European Union. They have also regularly been referred to in reports produced by the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF)[7].

Recognition of HCFP opinions by international organisations

European Commission, Country Report France 2019, including an In-Depth Review on the prevention and correction of macroeconomic inbalances

"Established by the 2012 'Organic Law', the High Council for Public Finances plays a central role in the oversight of the fiscal strategy as it monitors the respect of the numerical fiscal targets and assesses compliance of the budgetary objectives set in the annual budgets with the objectives of the programming laws".

OECD[8], conclusion of a paper on budgeting in France (2018):

"France's fiscal council has only been operating since 2013. Although its creation already had visible impacts on the reliability of macro-economic forecasts, it can be said that both the Ministry of Finance and fiscal council are still on a learning curve."

June 2018 – Meeting of the High Council of Public Finances

[6] *"The newly established High Council of Public Finances has had a positive impact on budget forecasts." […] "Opinions issued by the High Council to date have clarified the feasibility of government forecasts and probably played a part in the decision to base the draft 2014 finance act on realistic macroeconomic assumptions, which had not always been the case in previous years."*

[7] Conclusions of the IMF's 2013 consultation mission: *"The first two opinions issued by the newly created fiscal council […] attest to its independence and professionalism."*

[8] Moretti, D. and Kraan, D. (2018), "Budgeting in France", *OECD Journal on Budgeting*, Volume 18 Issue 2.

The media

Opinions published by the High Council of Public Finances are regularly covered in the national and regional press, on the radio, on television and online. Coverage has increased as the High Council has gradually become more firmly established in the media landscape. Coverage differs depending on the type of opinion. Opinions on budget bills (September) generate the most media play (averaging almost 150 mentions over the period 2013–2017). Opinions on stability programmes (April) come in second (averaging 76 mentions), while those on finance review acts (May) generate more limited interest (averaging six mentions).

Some opinions have garnered particularly extensive coverage. In particular, the September 2016 opinion on the draft 2017 budget bills generated over 350 media mentions, 50% more than the whole of the previous year and 2.5 times more than the average number of mentions for opinions on draft budget bills. Similarly, the opinion on the first supplementary budget bill in October 2017 generated almost 250 media mentions, nearly four times the average number of mentions for that type of opinion.


Les Echos

FRANCE

Croissance : le gouvernement ne veut pas céder au pessimisme

● Le Haut Conseil des finances publiques révise légèrement à la baisse la prévision de croissance pour 2018, à +1,6 %.
● Mais l'exécutif estime que cela n'affecte pas sa trajectoire budgétaire.

CONJONCTURE

Renaud Honoré
@r_honore

La croissance économique en France ne manque pas de carburant aux yeux du gouvernement. Ainsi le projet de loi de finances rectificative (PLFR) pour 2018 présenté mercredi repose sur l'hypothèse d'une croissance à 1,7 % cette année, semblable aux prévisions précédentes. Pourtant, selon le Haut Conseil des finances publiques (HCFP), ce taux est « *un peu élevé* ». « *Une croissance de 1,6 % est plus vraisem-*

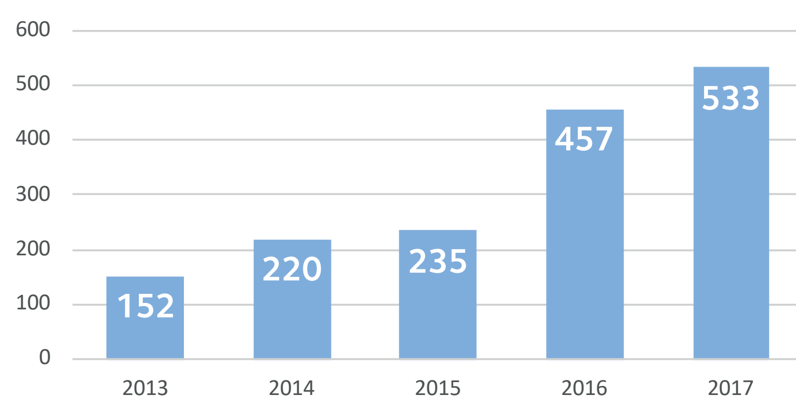
cette accélération de la croissance en cours d'année consolide l'acquis en vue de l'année prochaine », indique-t-on au ministère des Comptes publics.

La prévision de déficit reste « plausible »

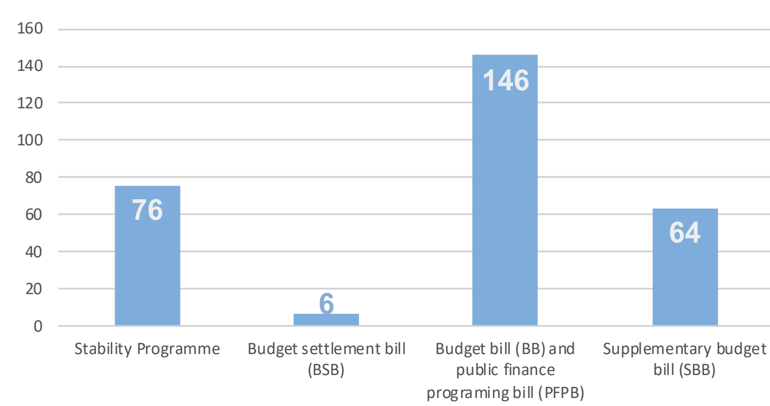
Le gouvernement peut aussi se rassurer en se disant que ce léger pessimisme sur l'activité n'amène pas pour autant le HCFP à remettre en

ments sont également mineurs et le gouvernement a cherché à limiter les annulations de crédits (2,7 milliards d'euros en tout) et les ouvertures de crédit (2,1 milliards) en cours d'exercice. Pour les premières, le ministère des Armées a été mis à contribution à hauteur d'environ 400 millions en moins. Pour les ouvertures, la mission Solidarité et insertion bénéficie d'une rallonge de 261 millions pour faire face

Annual media mentions
(number of appearances in the media)



Average media mentions by type of opinion
(average number of appearances in the media over the period 2013–2017)



Source: HCFP, based on data from Argus de la Presse

PREPARATION OF OPINIONS AND COMPLEMENTARITY WITH THE WORK OF THE COURT OF AUDITORS

The High Council has to issue its opinions within very short timescales. This constraint has led it to adopt a mode of operation that enables it to be highly responsive.

April 2018 – Meeting of the High Council of Public Finances

A RIGOROUS PREPARATION PROCESS

The High Council is subject to tight scheduling constraints laid down in the Constitutional bylaw. The Act stipulates that budget bill, social security financing bill and the public finance programming bill must be referred to the HCFP no later than one week before its opinion is passed on to the Conseil d'État (Council of State) – i.e. a few days before they are presented to Council of Ministers. In practice, the Government also applies this "*seven-day rule*" for most other texts submitted to the HCFP.

This means that on average, the High Council has seven days to issue an opinion. This timescale is particularly short compared with the time allowed for most HCFP's European counterparts to undertake similar work. This means members need to be highly available and responsive in preparing opinions.

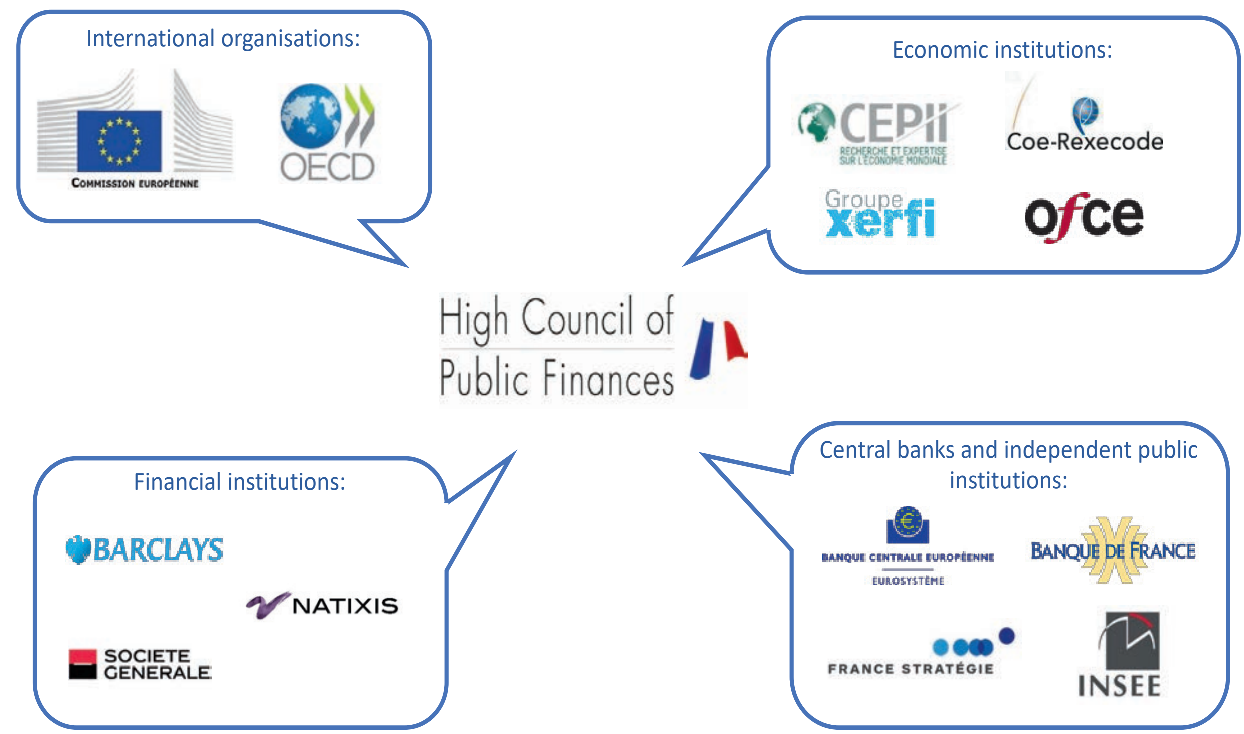
Relations between governments and independent fiscal institutions are characterised by information asymmetries. While the wealth of published data means information about macroeconomic forecasts is readily available, the same cannot be said of public finances. In France, government departments usually provide necessary information about financial legislation, as well as answers to the High Council's questions, within a time frame commensurate with the time allowed for the HCFP to draw up its opinions. However, the very tight schedule limits its ability to investigate certain topics.

The High Council does not wait until legislation is referred to it by Government; rather, it begins its work well ahead of time using all the information at its disposal and holding hearings with outside individuals. It refers to these hearings in its opinions.

Staff at the Ministry for Economic and Financial Affairs tasked with drawing up macroeconomic and public finance forecasts, and more specifically the Directorate-General of the Treasury and the Budget Department, are always called upon, and the Social Security Department is regularly called upon.

The HCFP also conducts hearings with qualified individuals from national, European or international public or private in-

Organisations heard by the HCFP, 2015–2018



Source: HCFP

stitutions. In particular, the High Council has held multiple hearings with representatives of the European Commission, the OECD, the European Central Bank, Insee, the Banque de France, France Stratégie, the OFCE and Coe-Rexecode, as well as representatives of private financial institutions.

These qualified individuals detail their forecasts and, where applicable, state the associated risks, notably with regard to the forecasting instruments they use. The High Council draws on these hearings when preparing its analysis.

The High Council may also draw on the public finance expertise of the Court of Auditors.

The High Council also organises regular discussions with serving ministers and the European Commission. Over the period covered by this activity report, ministers have appeared in front of the High Council on three occasions: Michel Sapin, Minister for the Economy and Finance, and Christian Eckert, Minister of State with responsibility for the budget, on 20 July 2015 and 5 April 2017; and Bruno Le Maire, Minister for the Economy and Finance, on 18 July 2018. Pierre Moscovici, the European Commissioner for Economic and Financial Affairs, Taxation and Customs appeared three times over the same period.

COMPLEMENTARITY WITH THE WORK OF THE COURT OF AUDITORS

One of the High Council's key characteristics is the degree of complementarity between its work and that of the Court of Auditors. Some of the duties assigned to independent fiscal institutions are performed by the Court of Auditors. This role performed by the Court, originally more at its initiative than as part of its formal responsibilities, became crucial in the 2000s in respect of duties assigned to it by the 2001 Constitutional bylaw on Finance bills. The Court gradually established itself as an authority on macro-fiscal analysis and, even before the High Council was set up, the European Commission recognised it as performing a number of the roles of an independent fiscal institution.

The 2001 Constitutional bylaw requires the Court of Auditors to submit three reports to Parliament, published each spring: one on the central government budget outturn, one on certification of the central government accounts and one on the position and outlook of the public finances.

Pursuant to legislative provisions, the Court is also tasked with presenting a report on social security and another on local public finances.

Until 2012, there were two major gaps in the Court's monitoring of public finances: it was not able to issue *ex ante* public opinions on draft financial legislation (to do so was beyond its remit), and it lacked the necessary legitimacy to assess the macroeconomic forecasts on which such legislation is based. The High Council was created to address both these shortcomings. It is tasked with formulating *ex ante* public opinions, and the fact that its members include recognised economists means it has the expertise to be able to assess the extent to which economic forecasts are realistic.

While the High Council alone analyses the macroeconomic outlook, the Court and the High Council take turns to express their opinion on the public finances in any given year. In preparing opinions and reports, the High Council and the Court of Auditors both follow procedures that are collegial and include hearings.

However, the High Council's procedures differ from those of the Court of Auditors on a number of points. The Court of Auditors has the time needed to undertake in-depth analysis. Furthermore, it has to comply with the “fair hearing” procedure under which Government or the body in question has an opportunity to put forward its observations on the Cour's findings and recommendations. By contrast, the High Council is required to issue opinions on specific pieces of legislation (draft finance acts, programming bills, stability programme, etc.), working to short timescales within a predetermined calendar. These constraints mean it has to focus only on those aspects that are essential in terms of the financial impact of financial legislation, whereas the Court of Auditors can, in its reports, review and detail the content of such legislation beyond its short-to-medium-term impact on the public finances.

Breakdown of roles between High Council opinions and Court of Auditors reports

	Macroeconomy	Public finances
Stability programme	HCFP	Court (public finances position and outlook)
Public finance programming bill	HCFP	HCFP *ex ante*/Court as regards outturn
Initial/supplementary budget bill for year *Y*	HCFP	HCFP *ex ante*/Court in May-June of year *N*
Budget Settement Bill for year *N*		HCFP: structural balance/Court: quality of management

REVIEW OF HCFP OPINIONS (2015–2018)

Under the mandate entrusted to it by the Constitutional bylaw of 17 December 2012, the High Council of Public Finances issues opinions on macroeconomic forecasts, potential growth estimates and the trajectory of the public finances.

MACROECONOMIC FORECASTS

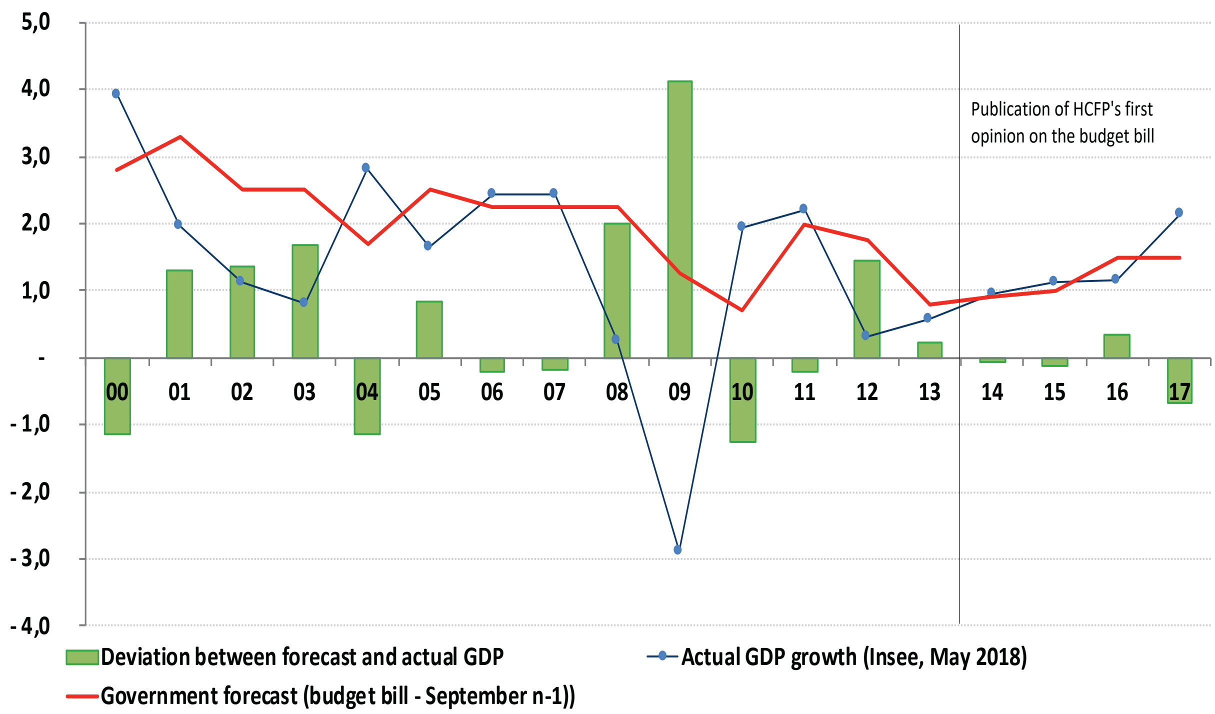
The High Council's mandate as regards economic forecasts is to review the extent to which forecasts underlying financial legislation, multi-year programming and the stability programme are realistic. These short- and medium-term forecasts are prepared by Government.

To fulfil this duty, the High Council examines whether, in the economic environment as it is known and understood, Government forecasts can be considered central, optimistic or prudent given the available information and forecasts produced by other institutions conducting similar exercises.

Government growth forecasts have significantly overestimated growth over certain periods

The chart below compares Government growth forecasts drawn up in September for the following year with actual results observed after the event.

GDP growth forecasts in budget bills and actual performance

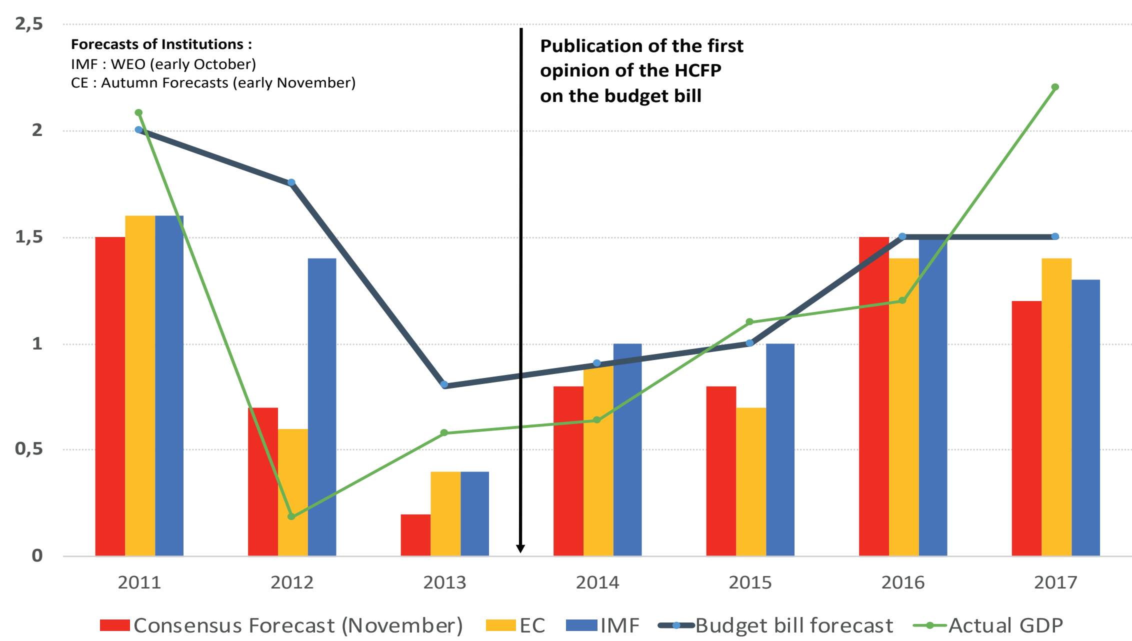


Sources: budget bills, Insee

It is apparent that Government forecasts for the following year significantly overestimated growth for the years 2001–2003, 2008–2009 and 2012. Other years, the deviation was small.

Government growth forecasts for the following year are usually slightly higher than the average of consensus forecasts at the same date. This deviation lessens towards the end of the period. Government forecasts for 2015 and 2017 proved better (closer to actual performance) than consensus forecasts at the same date.

Growth forecasts in draft finance acts, *consensus forecasts* and international institutions



Sources: © Consensus Forecast, European Commission, International Monetary Fund and Insee

Opinions issued by the High Council should be considered in the light of other forecasts produced at similar dates (forecasts published by international organisations and consensus forecasts) and actual results observed later and included in the annual accounts produced by Insee.

Growth forecasts

For **2015**, the High Council said in its April 2014 opinion that *"the assumption of 1.7% growth in 2015 is not out of reach, but the Government's macroeconomic scenario relies on a number of favourable assumptions all coming to pass at the same time".*

The **2015** growth forecast was revised downwards in the draft finance act put forward in September 2014. In its opinion on the 2015 draft finance act, however, the High Council said it considered the 1.0% growth forecast *"optimistic"*. It noted that this forecast assumed *"a rapid and sustainable upturn in activity not reflected in the latest economic indicators"*. Furthermore, according to the High Council, the Government's scenario had a number of weaknesses relating to the buoyancy of the international environment and domestic demand. According to the latest data reported by Insee, GDP growth for 2015 was 1.1%.

For 2016, the Government's forecast entailed a GDP growth of 1.5% from April 2015 (stability programme) through to the draft finance act for 2017 (September 2016). The High Council described this forecast as *"prudent"* in spring 2015 and *"achievable"* in autumn 2015 (see diagram on following page). At both these dates, the Government forecast still fell within the range of forecasts produced by international organisations. In spring 2016, the High Council felt this forecast was *"still achievable"*, and in autumn 2016, it considered it *"on the high side"*. By that date, international organisations had revised down their forecasts for 2016. According to the latest data reported by Insee (May 2018), GDP growth for 2016 was 1.2%.

For 2017, the forecast GDP growth of 1.5% had been deemed *"plausible"* by the High Council in April 2016. This unchanged forecast had subsequently been considered *"optimistic"* in September 2016 in the aftermath of the Brexit referendum. The same 1.5% forecast for 2017 was deemed *"plausible"* in April 2017 and then *"prudent"* in September 2017 in light of the improvement in the economic climate observed from end 2016 onwards. In May 2018, the provisional 2017 accounts published by Insee showed growth of 2.2%.

Beyond growth forecasts, the High Council has emphasised certain weaknesses in macroeconomic scenarios. In particular, it has highlighted assumptions as regards the international environment and global trade, as well as key variables used in forecasting government revenue (employment and the wage bill, consumer spending and price rises).

Review of growth forecasts for 2015 - 2017

	SPU N-1 (April N-1)	BB N / SBB N-1 (Sept/Nov N-1)	SPU N (April N)	BB N+1 / SBB N (Sept/Nov N)	Outcomes
2015	1,7%	1,0%	1,0%	1,0%	1,1 %
	Growth not out of reach	Optimistic	Cautious	Should be achieved	
	1,7 / 1,5 / 1,6	0,7 / 1,0 / 0,9	1,0 / 1,2 / 1,1	1,1 / 1,2 / 1,1	
2016	1,5%	1,5%	1,5%	1,5%	1,2 %
	Cautious	Achievable	Still achievable	On the high side	
	1,8 / 1,5 / 1,7	1,7 / 1,3 / 1,3	1,3 / 1,1 / 1,3	1,3 / 1,3 / 1,2	
2017	1,5%	1,5%	1,5%	1,7%*	2,2 %
	Plausible	Optimistic	Plausible	Cautious	
	1,4 / 1,3 / 1,5	1,4 / 1,3 / 1,3	1,4 / 1,4 / 1,3	1,6 / 1,6 / 1,8	

Government forecast
From 2018 budget bill, forecast growth is wda

High Council opinion

Actual
(Insee, May 2018)

European Commission forecast – not wda
(Spring and autumn forecasts, May and November)

IMF forecast – not wda

(Global economic outlook, April and October)

OECD forecast – wda
(Economic outlook, May and November)

International organisations' April and May forecasts are compared with stability programme forecasts, while their October and November forecasts are compared with forecasts associated with the draft finance act.

*wda: working day adjusted

Global trade and global demand for French goods and services

Global trade consists of all trading flows between the countries of the world, whereas global demand for French goods and services consists of imports by France's trading partners weighted by the proportion of total French exports they represent. Global demand is a key driver of exports and the mechanism by which global activity is transmitted to the French economy.

in its opinions, the High Council has noted on a number of occasions that assumptions regarding global trade and global demand for French goods and services were overly favourable. In reality, **growth in global demand in 2015 and 2016 was weaker than forecast in the draft finance act for the corresponding year.**

In its September 2014 opinion on the 2015 draft finance act, the High Council said it felt that *"the international environment, which is subject to a number of mostly downside risks, could prove less buoyant than the Government had been expecting".* Global demand was forecast to grow by 5.1% in 2015. Actual growth was significantly lower (3.1%).

In its September 2015 opinion on the 2016 draft finance act, the High Council considered "*the 2016 global trade forecast high*". Furthermore, the High Council noted in this opinion that "*for several years, Government forecasts for the following year have tended to overestimate growth in global trade, and thus global demand for French goods and services*". This analysis focused on forecasts produced by Government in 2014 and 2015. Global demand was forecast to grow by 5.2% in 2016. It actually grew by 3.1%.

In its April 2016 opinion on the stability programme, the High Council noted that the Government had "*revised down its global trade volume growth assumption for 2016 significantly relative to the draft finance act (from 5.2% to 3.2%), and it is now close to those adopted by international organisations*".

Conversely, the Government – and the High Council – underestimated global demand momentum for 2017. In its September 2016 opinion on the 2017 draft finance act, the High Council observed that Government's assumption on global trade (just over 3% in 2017), which included a moderate quickening in the US economy after a "*turbulent patch*" and the beginnings of an improvement in emerging economies, was "*plausible*". This assumption was accompanied by an assumption that global trade would grow at just over 3% in 2017. Global demand rallied strongly in 2017, with growth rising from 3.1% in 2016 to 5.3% (Treasury estimate, September 2018).

In its September 2017 opinion on the 2018 draft finance act, the High Council noted that Government's assumptions for global trade were in line with forecasts produced by international organisations.

Employment and the wage bill

The High Council assesses assumptions as regards employment and the wage bill in light of growth assumptions and, more broadly, the macroeconomic scenario as a whole, as well as the effects of employment policy.

Overall, forecasts for the wage bill and employment for the past few years have been consistent with the rest of the macroeconomic scenario taken as a whole. The High Council's observations on the growth scenario have therefore also been largely applicable to the employment and wage bill scenarios.

As such, **in its 2015 opinion on the 2016 draft finance act**, the High Council said it felt the employment forecast was "*consistent with growth assumptions*". It highlighted, however, that growth in the wage bill could be lower than forecast. In practice, employment proved more buoyant than projected in the 2016 draft finance act, whereas the wage bill grew slightly less than forecast due to wage growth coming in below forecast.

In its September 2016 opinion on the 2017 draft finance act, the High Council said it felt, in relation to its assessment of the growth scenario, that the employment and wage bill forecasts were "*on the high side*". As was the case with growth, observed employment and the observed wage bill were both higher than projected in the 2017 draft finance act.

Inflation

The direction of consumer prices depends, in particular, on the price of petroleum products, and thus on oil prices. Since trends in commodity prices are difficult to forecast, the Ministry of Economy and Finance usually puts forward a scenario in which oil prices are forecast to stay the same. This assumption of static oil prices has never been challenged by the High Council. In assessing price trends, the High Council therefore focuses its attention on consistency between the core consumer price index (excluding the most volatile prices, and therefore petroleum products) and the macroeconomic scenario as a whole.

In practice, over the past three years, the core inflation forecast has systematically been too high in draft finance acts (0.9% in the 2015 act, compared with 0.5% observed in 2015; 1.2% in the 2016 act, compared with 0.6% observed in 2016; and 0.7% in the 2017 act, compared with 0.5% observed in 2017). In its opinion on the 2016 draft finance act, the High Council stated that inflation in 2016 could be lower than the 1.0% assumption adopted by Government. The High Council deemed other forecasts over the period "*plausible*" (Opinion 2014-3 on the 2015 draft finance act) or "*reasonable*" (Opinion 2016-3 on the 2017 act). In its September 2017 opinion, the High Council arrived at similar conclusions as regards the inflation forecasts adopted for 2017 (1%) and 2018 (1.1%).

Deviations between forecast and actual headline inflation have thus mainly reflected the effects of changes in the price of oil. With oil prices (in euro) falling sharply in 2015 and 2016, observed inflation (0% in 2015 and 0.2% in 2016) was significantly lower than originally forecast (0.9% in the 2015 draft finance act and 1.0% in the 2016 act). With the direct effects of the fall in petroleum product prices fading in 2017, observed inflation (1%) was closer to the forecast level (0.8%).

Medium-term scenarios

Overall, medium-term growth forecasts adopted in stability programmes over the period under review have been higher than potential growth. Given the shortfall in growth (reflected in a negative output gap at the start of the forecast period), the High Council has usually approved this expected increase in the pace of growth. However, certain Government forecasts have sometimes gone beyond what the growth lag suggested, in which case the High Council has pointed out that they are "*optimistic*".

For example, in its **April 2016 stability programme**, the Government assumed that GDP growth would quicken (from 1.5% in 2017 to 1.9% in 2019). The High Council found the growth scenario "*plausible*" for the short term but described the assumed acceleration over the latter part of the period as "*tenuous*".

In its **April 2017 stability programme**, the Government revised down its medium-term forecasts. The High Council found that "*this more cautious scenario [could] constitute a reasonable basis on which to construct public finance trajectories*". In **the April 2018 stability programme**, the High Council deemed the Government's growth scenario realistic for 2018 and achievable for 2019 but optimistic for the period 2020–2022.

Medium-term growth forecasts

Opinion	Government forecasts	High Council opinion
2015–2018 SPU *(April 2015)*	**2016–2017: 1.5%** **2018: 1.75%**	"Cautious forecasts"
2016–2019 SPU *(April 2016)*	**2017: 1.5%** **2018: 1.75%** **2019: 1.9%**	"The GDP growth scenario is plausible, though the assumed quickening in activity over the latter part of the period is tenuous."
2017–2020 SPU *(April 2017)*	**2018: 1.5%** **2019: 1.6%** **2020: 1.7%**	"The High Council notes the downward revision in GDP growth assumptions", "more cautious scenario"
2018–2022 PFBB *(September 2017)*	**2018–2021: 1.7%** **2022: 1.8%**	[By 2020], "the assumption of growth in excess of potential growth is consistent with the observation of an initially negative output gap."
2018–2022 SPU *(April 2018)*	**2018: 2.0%** **2019: 1.9%** **2020–2022: 1.7%**	"The scenario of actual growth remaining continuously above potential growth until 2022 is optimistic."

ESTIMATES OF THE POTENTIAL GDP TRAJECTORY

Estimates of the output gap (the gap between actual and potential GDP) and of potential growth are traditionally uncertain and receive little attention in public debate. However, since they are used in estimating the structural balance (see box on following page), they play a vital role in medium-term economic forecasting and the evaluation of fiscal policy.

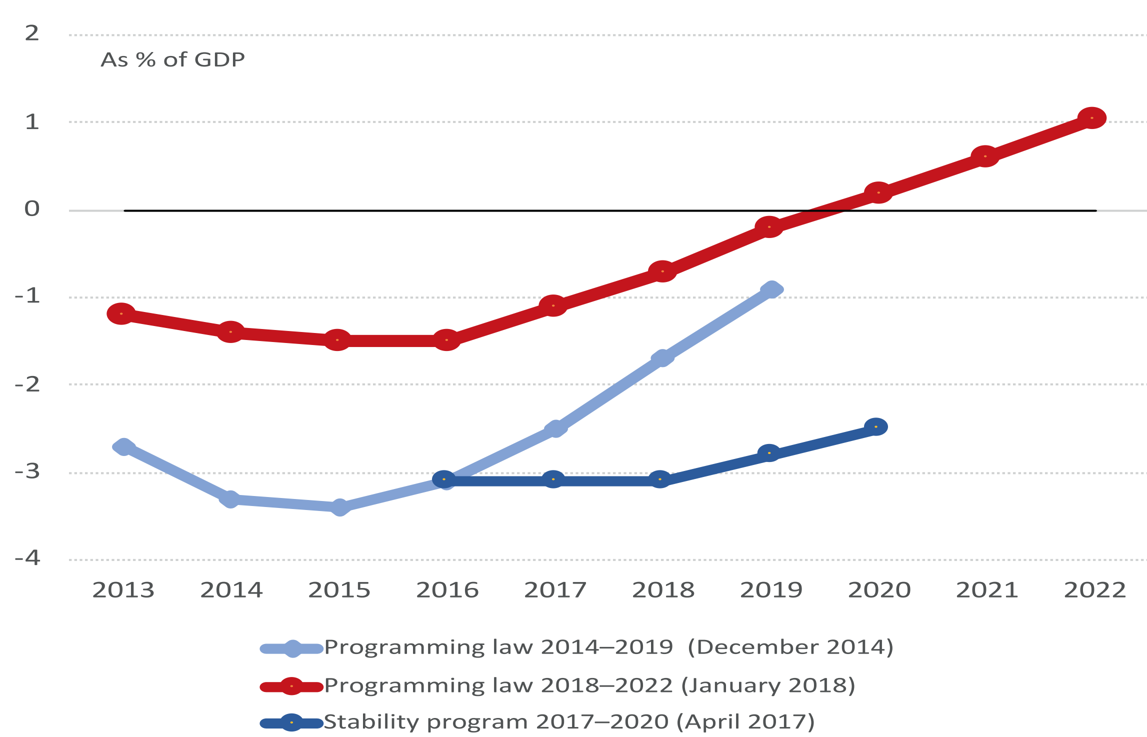
As part of its mandate, the High Council is required to issue an opinion on *"the estimate of potential GDP on which the public finance programming bill is based"*. **Only two programming bills have been passed since the High Council was created, giving rise to two opinions (in 2014 and 2017)**. In September 2014, the Government opted to align its estimates of potential GDP with the European Commission's. At the time, the High Council found that the forecasts used in the public finance programming bill constituted *"an acceptable assumption"*.

A few months after this bill was put forward, the Government revised up its potential growth forecasts in its April 2015 stability programme[9]. This resulted in a forecast output gap that remained very wide. **In its April 2015 opinion**, the High Council questioned *"the relevance of an output gap (the gap between actual and potential output) that remains very wide for almost a decade, and which would scarcely narrow between now and 2018"*. Subsequently, the High Council has several times emphasised the implausibility of output gap and potential growth estimates put forward by the Government from April 2015 onwards.

In its April 2017 opinion on the stability programme, *"the High Council [felt] that the Government's scenario, which would give rise to a negative output gap over a very long period (more than 12 years), narrowing only marginally by the end of the forecast period, [lacked] consistency." It [emphasised] that "such significant and lasting underutilisation of factors of production was not [in keeping] with the acceleration in investment and inflation adopted in the Government's scenario".*

It *"once again [emphasised] the implausibility of output gap and potential growth estimates put forward by the Government. Assuming a very large output gap leads to an artificial reduction in the structural deficit, thus playing down the effort required to rebalance the public finances".*

Output gap (as % of GDP)



Sources: PFPB (2014–2019), 2017–2020 stability programme, PFPB (2018–2022)

[9] The Commission's and the Government's estimates of output gap rapidly diverged after September 2014, with the Commission revising down its estimates several times (it revises them twice a year as part of its forecasting exercises), while the Government increased its potential growth estimates in April 2015.

In the public finance programming bill put forward in September 2017, the Government revised its output gap estimate relative to both the previous public finance programming bill and the April 2017 stability programme. The output gap is now estimated at -1.5% of GDP for 2016, instead of -3.1% (see chart on previous page). The High Council considered this new estimate more realistic. This sharp revision in the output gap leads to a significant increase in the estimated structural deficit (to -2.5 percentage points of GDP for 2016, vs. -1.5 previously).

Output gap and potential growth

The output gap and potential growth play a vital role in the evaluation of fiscal policy, particularly within the new European governance framework.

Concepts

Potential GDP, potential growth, the output gap (the difference between actual and potential GDP) and the structural budget balance have become key economic concepts in the context of fiscal governance, particularly at the European level.

Potential GDP is traditionally defined as "*sustainable*" production – i.e. production that can be achieved without putting a strain on production capacity and, in particular, without giving rise to inflationary or disinflationary effects. It is mainly a supply-side concept. The level of potential GDP depends on the existing stock of capital, the available labour force and the efficiency with which these two factors are utilised.

The output gap is the difference between actual output, as measured by GDP, and potential GDP. It indicates the country's ability to bounce back when negative and the prospect of a slowdown when positive. It can be used to assess the cyclical component of the public deficit and, by calculation, to measure the structural balance.

Weaknesses in principle and measurement

The output gap and potential growth are not pieces of statistical or accounting data; rather, they are the result of estimates which, by nature, are surrounded by uncertainty. Government and most international organisations use an approach based on a production function that calculates potential growth on the basis of changes in the labour and capital factors and total factor productivity (TFP). Estimating potential growth presupposes making choices about how to measure these production factors and how to estimate and extrapolate trends in them. These estimates turn out to be highly sensitive to the statistical methods and data used. In reality, output gaps can be subject to significant *ex post* revision.

Output gap uncertainties by nature affect measurement of the structural balance, which also depends on how sensitive revenue is to growth. The exceptional scale of the 2008–2009 financial crisis and difficulties assessing its economic implications mean particular caution is required when considering the output gap.

Use in managing the public finances

Although the structural balance is uncertain and hard to estimate accurately, it is nonetheless essential for assessing the public finances and the trajectory of fiscal policy. Measuring it helps neutralise the cyclical component of the balance and assess the structural improvement in the public finances. It provides a rough indication of the effort required to sustainably improve the public accounts.

In a number of its recent opinions, the High Council has noted the instability of structural balance estimates over time as well as their sensitivity to GDP revisions, indicating that it would prefer the analysis to take into account other more significant indicators: either the change in the structural balance (structural adjustment) or, better still, structural effort (the sum of new measures on the revenue side and efforts to curtail spending). Since structural effort is calculated using potential growth but not the size of the output gap, it is less subject to revision than the structural balance.

TRAJECTORY OF THE PUBLIC FINANCES

Public finance targets regularly postponed

As the High Council has noted in a number of its opinions, **multi-year programming of the public finances has, in the past, often been characterised by an optimistic bias**.

Successive stability programme trajectories have all forecast an improvement in the general government balance, usually with the aim of reaching equilibrium at the end of the programming period.

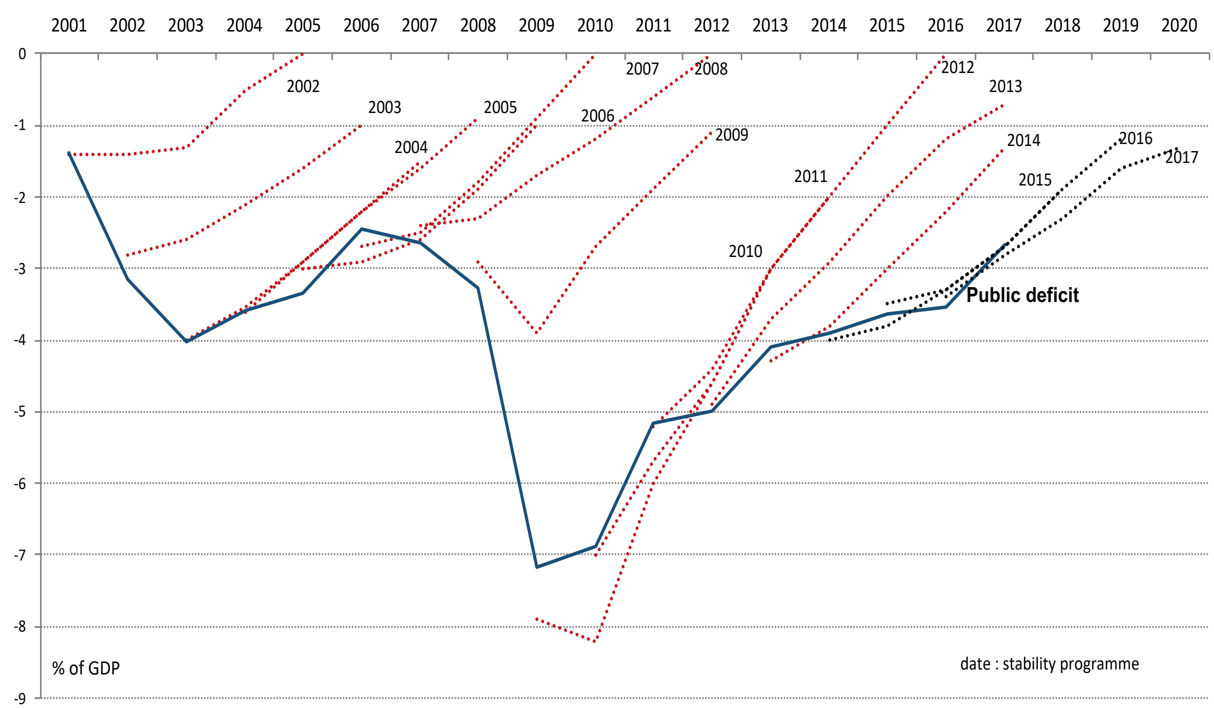
This highlights the need for an independent view of public finance programming and associated forecasts and measurements. For France, as for other countries, the continuous postponement of fiscal consolidation efforts has meant that European commitments are hardly ever kept. Since 2001, there have only been four years when France's public deficit was below 3% of GDP. Consequently, debt has risen sharply (from 58.1% of GDP in 2001 to 96.8% in 2017), climbing well above the 60% limit laid down in European treaties.

HCFP analysis of public finance forecasts

In conducting its *ex ante* analysis of forecasts, **the High Council examines changes in key variables in the general government accounts in light of macroeconomic forecasts and taking into account Government announcements** on measures relating to taxation and public spending.

Reviewing the government accounts entails checking that public finance forecasts are consistent with macroeconomic assumptions: for example, checking that revenue and spending are consistent with forecast inflation, that social security contributions are consistent with the wage bill and that interest costs

General government balance trajectories in stability programmes



Note: *the dotted public deficit trajectories are those included in successive stability programmes. The undotted curve shows the actual public deficit.*

Source: France's stability programmes

are consistent with interest rate assumptions. At a more granular level, the High Council also analyses the trajectory of public spending by branch of government (central government, local government and social security) and type of expenditure (wage bill, investment, health insurance, etc.), reviewing whether planned savings are sufficiently supported by appropriate measures[10]. Lastly, it compares the expected change in the various categories of revenue with changes in their drivers (the "*tax bases*" such as activity, wage bills, consumer spending, etc.)[11].

To carry out this review, the High Council draws on Government answers to its detailed questionnaires and on available forecasts, analysis and infra-annual implementation data such as, for example, the monthly central government budget position, ACOSS (Central Agency for Social Security Funds) recoveries and forecasts for social security contributions, opinions issued by the alert committee on health insurance spending, Unédic forecasts, and analysis by the Court of Auditors and the Social Security Accounts Committee.

Access to information is particularly crucial for analysing the public finances.

Information is rarely made pub-

Government structural balance forecasts and High Council opinion (2015–2017)

Legislation	Date	2015	2016	2017	High Council opinion
BB for 2015	Sep 2014	**-2.2**			*"There is a risk that the 2015 target spending growth of 1.1% by value may not be met. In that case, the same would apply to the target improvement in the structural balance."*
BB for 2016	Sep 2015	**-1.7**	**-1.2**		*"Significant risks to attainment of the expenditure target, and thus to the structural balance"*
2015 BSB	May 2016	**-1.9**			
BB for 2017	Sep 2016	**-1.9**	**-1.6**	**-1.1**	*"The HCFP considers the deficit reduction forecast in the finance act for 2017 (from -1.6 to -1.1 percentage points for the structural balance) unlikely [under the Government's assumption of 1.5% GDP growth]."*
SBB for 2016	Nov 2016	**-1.9**	**-1.5**		*"Realistic forecast"*
2016 BSB	June 2017	**-2.0**	**-1.7**		
SBB for 2018	Sep 2017		**-2.5/-1.5***	**-2.2**	*"Revenue could be higher than expected, but there are significant risks to the attainment of expenditure savings."*
SBB for 2017	Nov 2016		**-2.5/-1.5***	**-2.2**	*"A plausible deficit forecast"*
2017 BSB	May 2018		**-2.5/-1.5***	**-2.2**	

PFPB: public finance programming bill; BB: budget bill; SSFB: social security financing bill; SBB: supplementary budget bill; SPU: stability programme update; BSB: budget settlement bill.

* *Figures shown from the draft finance act for 2018 are not comparable with previous years' figures. The significant revision in the output gap assumption (from -3.1 to -1.5 percentage points of GDP) in September 2017 caused the structural balance estimate to worsen by one percentage point, rising to -2.5 percentage points of GDP in 2016 (compared with -1.5 points in earlier estimates). The second figure shown is an estimate of the structural balance under the old potential GDP scenario.*

[10] In its opinion on the draft finance act for 2015, for example, the High Council stressed that the public sector wage bill growth target implied a significant break with the trend for local government and hospitals.

[11] For example, the High Council has observed on a number of occasions that, assuming no change in legislation, growth in income from certain taxes appeared to have been overestimated.

lic, and few organisations produce detailed analysis and forecasts in this area. The High Council is thus dependent on information provided by Government. While this information has gradually become more comprehensive and detailed since the High Council was created, it is often provided late and is sometimes incomplete. This is particularly the case when last-minute decisions are made concerning new measures. This makes it difficult to provide a counter-expertise on the quantification of tax measures or to assess the credibility of savings measures announced.

Due to the tight timescales within which the High Council must prepare its opinions and the quantity of information to be reviewed, the Council's analysis of the public finance scenario focuses on the most significant items of revenue and spending.

Over the past three years, the High Council has reviewed public finance forecasts for 2016, 2017 and 2018 and the medium-term trajectory out to 2022.

For the three years for which the outturn is now known (2015, 2016 and 2017), the High Council's analysis has led to the following conclusions:

Estimating the structural balance

To assess the trajectory of the public finances, it is customary to consider the structural balance, which corresponds to the general government balance adjusted to exclude the direct effects of the economic cycle as well as exceptional events. The general government balance is thus split into two components:

- a cyclical component representing the impact of the economic cycle on general government expenditure and revenue
- a structural component corresponding to what the general government balance would be if national production were at its full potential.

Fundamentally, the cyclical and structural components of the public deficit are identified based on the potential GDP estimate. Specifically, they are identified by first calculating the cyclical portion of Government revenue and expenditure:

- On the revenue side, only compulsory levies are assumed to be cyclical. Cyclical levels of income tax, corporate income tax, social security contributions and other compulsory levies are calculated separately based on observed levels, the estimated output gap and the specific elasticity of each category of tax[12].
- On the expenditure side, only unemployment allowances are assumed to be cyclical[13]. As with revenue, the cyclical component is estimated based on their elasticity to the output gap.

The cyclical component of the balance and structural balance, which is determined by subtracting the actual balance, can be calculated directly from these estimates.

A simplified method can be used to approximate the cyclical balance. Given that compulsory levies and cycle-dependent expenditure account for around half of GDP and their average elasticity is close to one, France's cyclical balance corresponds to just over half the output gap.

A final correction is applied to the structural balance to exclude certain events or measures which, due to their exceptional nature, have no lasting impact on the general government balance. However, there is no exhaustive definition of one-off and temporary measures, and their identification is partly a matter of interpretation.

In its opinion on the draft finance review act for 2012, the High Council lamented the fact that the scope of one-off and temporary measures had not been clearly and precisely established. In response, the Government has published its policy as an appendix to programming bills since 2014.

[12] The elasticity values used are OECD estimates, revised in summer 2014. They are used by the European Commission.

[13] Other expenditure is either discretionary or cannot be clearly and reliably linked to the cycle.

- **For 2015**, the High Council considered that attainment of the target improvement in the structural balance at the time of the draft finance act for 2015 was at risk. In the end, targets for the structural balance and the improvement in it were met[14].
- **For 2016**, the High Council judged, in autumn 2015 in respect of the draft finance act for 2016, that there were significant risks to attainment of the spending target, and thus of the structural balance target (-1.2 percentage points of GDP, according to estimates at the time). Indeed, actual performance was slightly poorer than that forecast in the draft finance act (-1.5 percentage points of GDP, assuming comparable potential GDP), notably due to lower than forecast structural effort.
- **For 2017**, the 0.5 percentage point reduction in the structural deficit forecast in the draft finance act (from 1.6 to 1.1 percentage points of GDP) was deemed "*unlikely*" by the High Council in September 2016. May 2018 estimates put the outturn at a 0.3 point reduction. More specifically, the High Council's reservations on spending proved justified. Public spending increased 2.2% by value in 2017 (excluding reimbursement of the 3% tax on dividends) rather than the 1.6% forecast in the draft finance act. This overspend was offset by significantly higher than forecast revenue.

Structural balance trajectory in programming bills

	2014	2015	2016	2017	2018	2019	2020	2021	2022
2014–2019 PFPB (Dec 2014)									
Structural balance[15]	**-2.4**	**-2.1**	**-1.8**	**-1.3**	**-0.8**	**-0.2**			
Change in structural balance	**0.1**	**0.4**	**0.3**	**0.5**	**0.5**	**0.5**			
2018–2022 PFPB (Jan 2018)									
Structural balance (a)				**-2.2**	**-2.1**	**-1.9**	**-1.6**	**-1.2**	**-0.8**
Change in structural balance				**0.3**	**0.1**	**0.3**	**0.3**	**0.4**	**0.4**
Structural effort				**0**	**0.2**	**0.3**	**0.4**	**0.5**	**0.5**
Actuals (finance review act)									
Structural balance (b)	**-2.3**	**-2.0**	**(-1.7) -2.5**	**-2.2**					
Change in structural balance	**0.3**	**0.2**	**0.3**	**0.3**					
Structural effort		**0.7**	**0.1**	**-0.1**					

(a) The structural balance series set out in the 2018–2022 public finance programming bill is not comparable to that set out in the previous bill due to the output gap assumptions being significantly revised in September 2017. This change in assumptions resulted in approximately a one percentage point deterioration in the structural balance.

(b) For 2016, the first figure (-1.7 percentage points of GDP) is calculated based on a series of potential GDP consistent with the 2014–2019 public finance programming bill; the second (-2.5 percentage points) is calculated based on new output gap estimates put forward by the Government in September 2017 (2018–2022 public finance programming bill). The estimated output gap for 2016 fell from -3.1 to -1.5 percentage points between the two programming bills.

[14] The 2015 budget bill forward in May 2016 noted that the structural adjustment and effort targets had not been met. Subsequently, however, a significant revision of GDP prices in 2015 (between the May 2016 provisional accounts and the May 2017 semi-final accounts) resulted in amended structural adjustment and effort estimates that appeared in May 2017 and were, in the end, in line with targets.

[15] In September 2014, the High Council gave its opinion on the 2014–2019 public finance programming bill including very small structural adjustments for 2014 (0.1 percentage point), 2015 (0.2 point) and 2016 (0.3 point). Savings measures agreed during the autumn 2014 budget debate resulted in the forecast 2015 adjustment being increased in the bill passed in December (up from 0.2 to 0.4 percentage point of GDP).

Multi-year structural balance trajectory and programme deviations

The medium-term target and the structural balance trajectory required to achieve it are laid down in public finance programming bills.

1 – December 2014 and January 2018 programming bills: unambitious structural balance trajectories not in keeping with France's European commitments

The last two programming bills have had the following characteristics in common:

- Both included little in the way of structural adjustments at the start of the programme period.
- In both cases, the structural adjustment was concentrated over the last few years of the programme period.

In its September 2014 opinion on the 2014–2019 public finance programming bill, the High Council noted that *"the public finance trajectory laid down in the programming bill is not consistent with the commitments entered into by France, currently under an excessive public deficit procedure, in its April 2014 stability programme […], with the structural adjustment for each of the years 2014, 2015 and 2016 falling well short of these commitments. "* Accordingly, and following European Commission recommendations, the Government put forward an amendment to the public finance programming bill containing an improved structural balance trajectory, notably including a larger structural adjustment in 2015.

In its September 2017 opinion on the 2018–2022 public finance programming bill, the High Council emphasised that *"the proposed trajectory deviates from France's European commitments by assuming an annual structural adjustment below that laid down in Article 5 of European Regulation 1466/97. This has the effect of delaying attainment of the medium-term objective (MTO) in respect of the structural balance until after the end of the programme period."*

2 – Structural balance targets laid down in programming bills were met for the four years from 2014 to 2017 but with low structural adjustments

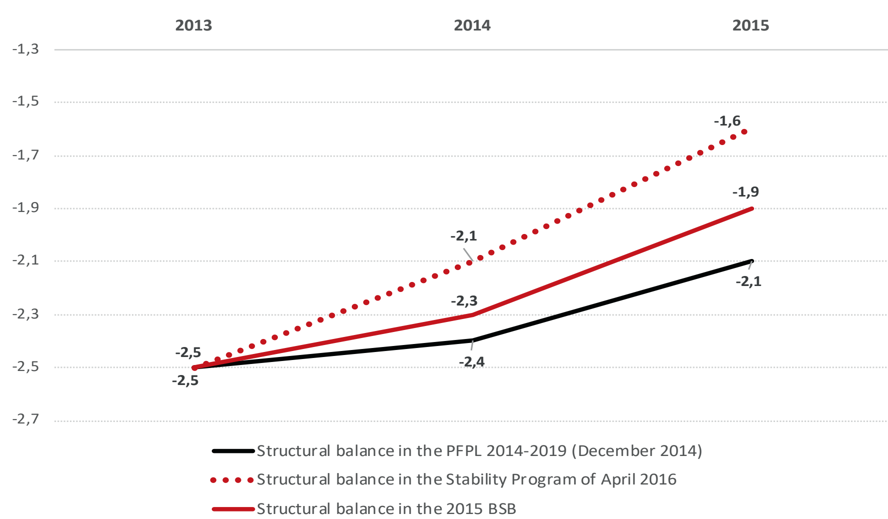
The correction mechanism was therefore not triggered during this period.

3 – Structural balance estimates have been affected by GDP revisions in previous years and by changes in revenue elasticities

3.1 – Impact of GDP revisions

In May 2016, the HCFP noted in its opinion on the draft finance review act for 2015 that, due to the revision of the general government accounts for 2014 and 2015, "*observed 2015 GDP is 0.6 percentage points higher than that stated in the public finance programming bill, resulting in a smaller output gap (-2.8% in 2015 instead of -3.4%) and representing a 0.4 percentage point reduction in the cyclical deficit*". The structural deficit was thus automatically 0.3 percentage points worse (falling to -1.9 percentage points of GDP instead of -1.6). The entire structural balance curve therefore shifted downwards from 2014 onwards following this revision of the general government accounts, for reasons independent of public finance policy[16].

Structural balance trajectory and effect of revision of the general government accounts



Sources: 2015 Budget settement law (May 2016), stability programme (April 2016) and public finance programming law (December 2014)

[16] Revisions to the general government accounts had already had an impact on structural balance estimates for 2012 and 2013.

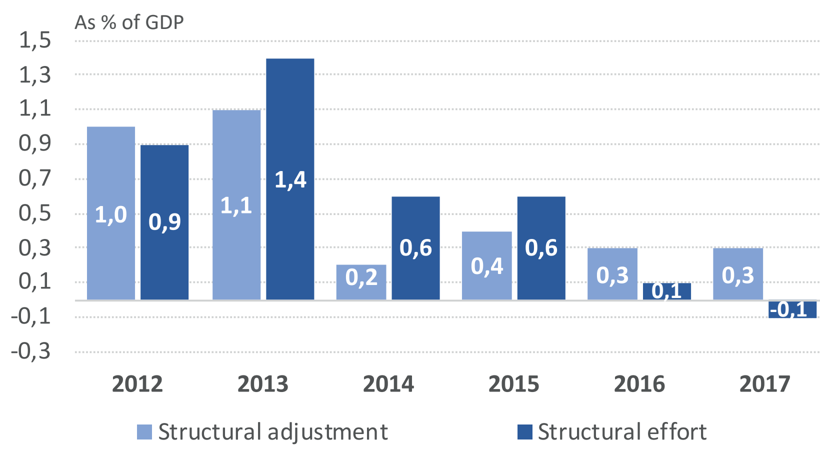
In its opinion on the draft finance review act for 2015, the HCFP reached the following conclusion on this point: *"The 2015 outcome once again highlights the fact that structural balance data are subject to significant revisions, linked in particular to revisions of GDP estimates for previous years. This variability in the level of the structural balance, and its sensitivity to revisions of economic variables, bolster the argument that the analysis should also take into account other indicators that better represent the direction of fiscal policy, such as structural effort"*.

3.2 – Fluctuations in revenue elasticity to GDP

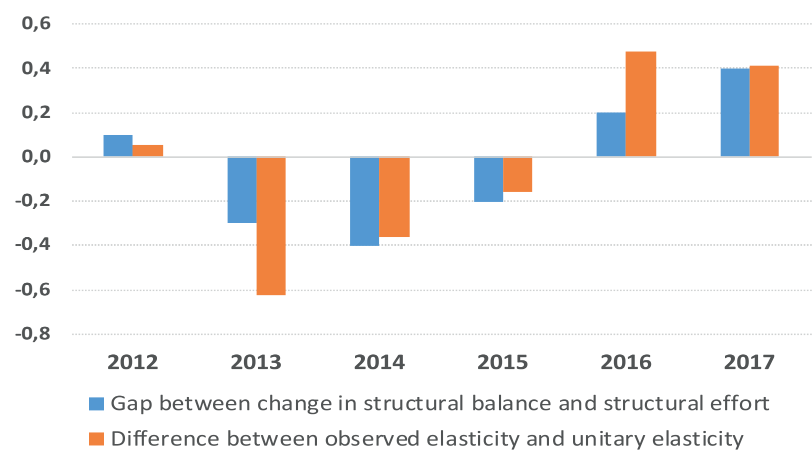
Deviations in the level of the structural balance may reflect an increase in revenue excluding the impact of legislative changes (also known as "*spontaneous*" revenue growth) either higher or lower than GDP growth: revenue elasticity to growth is then said to be greater or less than one[17]. The provisional medium-term balance trajectory generally assumes an elasticity value of one. If observed elasticity values are less than (or greater than) one, deviations from this trajectory will appear even if discretionary effort is on target. **Most of the gap to the 2013 trajectory observed in 2014 – which triggered the correction mechanism – was thus due to the very low elasticity of compulsory levies. Conversely, the improvement in the structural balance observed *ex post* for 2017 is purely a reflection of the impact of revenue elasticity being greater than one**.

Activation of the correction mechanism in such circumstances can give rise to undesirable procyclical effects: had the rules been applied, the gap observed for 2013, which was a result of low elasticity linked to weaker economic conditions, would have prompted restrictive

Change in structural balance and structural effort between 2012 and 2017



Gap between structural adjustment and effort and elasticity of compulsory levies



Sources: 2018–2022 stability programme and 2018–2022 public finance programming bill

measures that would have worsened the situation. This would have been all the more unjustified given that the elasticity of compulsory levies over a number of years averages out at one, and "*lost revenue*" during cyclical downturns is subsequently "*clawed back*" a few years later, as was the case in France in 2016–2017.

Conversely, taking into account the level of the structural balance alone can make targets too easy to achieve and relatively meaningless when elasticity is favourable. This was notably the case in 2017, when the structural balance improved 0.3 percentage points without any discretionary effort. The target trajectory (laid down in the 2014 public

[17] Revenue elasticity to growth is the ratio of the rate of spontaneous revenue growth to the rate of GDP growth by value.

finance programming bill) can thus be adhered to without difficulty.

All in all, implementation of the Constitutional bylaw on the correction mechanism is confronted with a number of difficulties:

Sensitivity of structural balance estimates to GDP revisions

Deviations from the structural balance trajectory can result from revisions of economic variables just as much as from the direction of fiscal policy. This is because the criteria under which the mechanism is triggered are defined in terms of the deviation in the level of the structural balance, while that level is itself dependent on the size of the output gap. Any change in the output gap has an automatic knock-on effect on the structural balance.

Elasticity effects

Fluctuations in the elasticity of compulsory levies to GDP make the "structural balance" as estimated by international organisations and the Treasury more difficult to read. Structural balance estimates are only partially corrected to exclude the impact of the prevailing economic situation insofar as changes in revenue elasticity, while mostly cycle-related, are not taken into account in this correction. They therefore continue to be included in the "structural" balance, which thus retains a significant degree of procyclicality.

This decision not to treat elasticity effects when correcting for the impact of the prevailing economic situation arises, of course, from the difficulty of identifying a clear and systematic relationship between elasticities and phases in the cycle. However, it has significant adverse effects on structural balance estimates and changes in the structural balance – two indicators that play a key role in European monitoring (2012 Treaty and regulations amended by the "six-pack")[18]:

- The estimated "*structural balance*" is not "*pure*", in that it is not stripped of all cyclical effects.
- Changes in the structural balance from year to year are not always representative of the direction of fiscal policy.

For these reasons, the High Council has been arguing for several years that ***"analysis of the public finances should also take into account other indicators that better represent the direction of fiscal policy"***. In particular, it considers that ***"the analysis must place greater importance on structural effort[19], and more specifically effort on expenditure"***[20].

The European Commission has moved in this direction by placing the emphasis in its analyses and recommendations on "*expenditure net of discretionary revenue measures*" – a concept close to that of structural effort.

The temptation of unambitious programming bills at the start of the period

The less ambitious the trajectory, the easier it is to adhere to.

The last two programming bills (December 2014 and January 2018) have thus adopted structural balance trajectories that included only small or very small improvements at the start of the programme period. In spite of High Council opinions emphasising that the targets put in place were not in keeping with France's European commitments, these programming bills have been passed and subsequently served as baselines for assessing the trajectory.

In the absence of a system requiring national structural balance targets to be fully aligned with European rules, unambitious public finance targets can be set, as has been the case with the last two programming bills. In such circumstances, the monitoring responsibilities entrusted to the HCFP become less effective.

Frequency of programming bills

The frequency with which programming bills are passed appears to be too high for the correction mechanism to be able to properly function. With regard to the year during which a programming bill is put forward (2014, then 2017), the structural balance estimated in the finance review act in May of the following year does not usually deviate significantly from this new programming bill (excluding the effects of any revised economic assumptions and elasticity values).

The High Council considers the programming bill currently in force to be the last one passed in Parliament. For example, the January 2018 programming bill estimated the structural balance for 2017, and it was against this estimate that the High Council assessed actual performance in its May 2018 opinion.

In practice, there is usually little deviation between a forecast made towards the end of a year for that

[18] The 2012 Treaty on Stability, Coordination and Governance (TSCG) defines the balanced budget rule in terms of the level of the structural balance and convergence towards the MTO. Regulations 1466/97 and 1467/97 define minimum variations in the structural balance.

[19] Defined as that portion of the improvement in the structural balance that is directly related to effort on expenditure or new compulsory levy measures.

[20] June 2017 opinion on the draft finance review act for 2016.

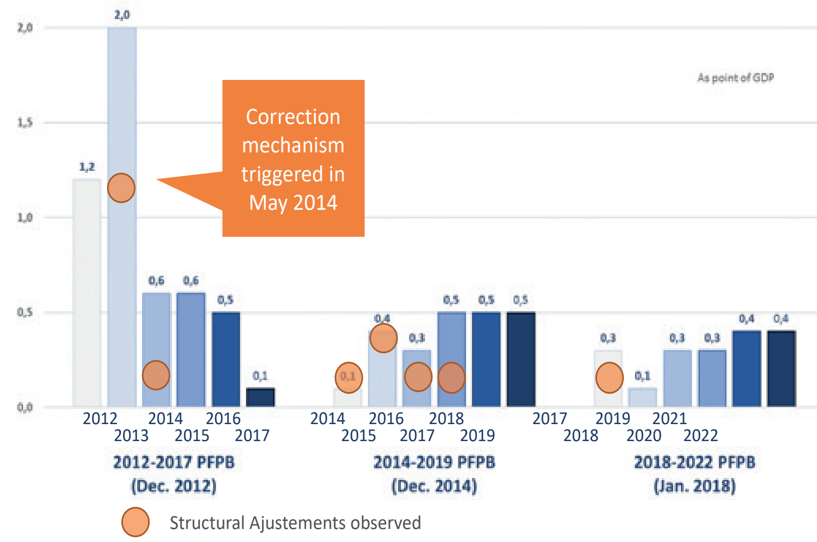
same year and the outturn observed a few months later[21].

Similarly, there is little at stake in the second year of the programme period if the Government decides to put forward a new programming bill at the end of that second year. If the deviation is significant (as defined in the Constitutional bylaw[22]) and the correction mechanism is applied, the new programming bill can serve as an opportunity to respond to the institutional requirement to take corrective steps.

This, in practice, is what happened in 2014: after the High Council, through its opinion on the finance review act for 2013, triggered the correction mechanism in May 2014, the December 2014 public finance programming law did not include any corrective measures but rather amended the structural adjustment path. In practice, the December 2014 public finance programming law laid down a new structural balance trajectory that became the new baseline, and that turned out to be less ambitious than that laid down in the previous programming law.

For these various reasons, the correction mechanism has, in practice, proved ineffective.

Forecast and actual structural adjustments over the last three public finance programming bills



Note: public finance programming laws lay down structural adjustment targets. For example, the 2014–2019 public finance programming law of December 2014 forecast a structural adjustment of 0.5 percentage point of potential GDP in 2017. The actual structural adjustment observed in 2017 was 0.3 percentage point. This appears compatible with the structural adjustment forecast in the 2018–2022 programming law of January 2018 (which forecast an adjustment of 0.3 percentage point). The High Council of Public Finances gives an opinion on attainment of the target based on the programming law in force at the time its opinion is published – i.e. in May of year Y+1 for year Y. The programming law in force may have changed between the date on which the programming law for a given year was put forward and the date of the finance review act for that same year. This is what happened in 2014 and 2017 in particular.

Sources: HCFP, based on the last three public finance programming bills put forward

21 Excluding the impact of any revisions of GDP for previous years.

22 I.e. of the order of 0.5 percentage point over that year or an average of 0.25 percentage point over the first two years.

EUROPEAN AND INTERNATIONAL RELATIONS

The High Council of Public Finances maintains close relationships with independent fiscal institutions in other countries, the European Commission and the OECD.

NETWORK OF EUROPEAN UNION INDEPENDENT FISCAL INSTITUTIONS (*EU IFI NETWORK*)

A network of independent fiscal institutions[23] was formed in 2013 at the initiative of Slovakia's Council for Budget Responsibility. This network, open to all independent institutions in the European Union[24], provides a forum for sharing opinions, expertise and resources on matters of common interest. It aims to encourage institutions to share information about their practices, the difficulties they encounter in performing their duties, their interpretation of European legislation and regulations, and so on. The network holds two meetings a year, in spring and autumn. Autumn meetings have been held in Bratislava (2013–2015), Paris (2016) and Madrid (2017). Spring meetings are held alongside OECD meetings (in Vienna in 2015, Paris in 2016, Edinburgh in 2017 and Seoul in 2018). Network members also frequently communicate by e-mail and hold many bilateral meetings.

After operating informally for two years, **the network was established more formally in September 2015** at a meeting held in Bratislava at which 26 independent institutions from 24 European countries signed an agreement. The network has a chair and a deputy chair, each of whom is elected for a two-year term. José Luis Escriva, president of Spain's Independent Authority for Fiscal Responsibility (AIReF), was elected chair and subsequently re-elected in November 2017. The first deputy chair was Ludovit Odor, a member of Slovakia's independent institution from 2015 to 2017. Giuseppe Pisauro, president of Italy's Parliamentary Budget Office, succeeded him in November 2017.

The network has a Committee for EU Affairs tasked with preparing for plenary meetings, assisting institutions on matters relating to implementation of the Fiscal Compact and managing relations with other EU authorities.

The network is very useful for exchanging information and comparing working methods between institutions.

The main topics discussed at the network's first few meetings, besides the terms of implementation of the European Treaty, were estimating the output gap and the structural balance, the classification of exceptional and temporary measures and the definition of common principles for independent fiscal institutions. The most recent meetings have covered the simplification and upgrading of the budgetary framework, to which the network is keen to contribute.

The network supports efforts to better leverage synergies between the Fiscal Compact rules and institutions while abiding by the principle of subsidiarity and encouraging national ownership of rules. In November 2015, the network's representatives produced a position paper on initiatives likely to strengthen the European budgetary framework.

Two working groups have been set up within the network, based on voluntary participation:

- a working group on **medium-term budgetary frameworks**, chaired by the Italian institution (UPB), which issued its report in May 2018
- a working group on **the output gap and its utilisation**, chaired by the Lithuanian institution (National Audit Office), which held its first meeting in Vilnius in September 2018.

The High Council of Public Finances is a participant in both working groups. In particular, it made a significant contribution to the May 2018 report.

The working group on budgetary frameworks met over a period of around 18 months. Its final report is a very detailed document high-

[23] The network's website can be found at **www.euifis.eu**

[24] The following countries have at least one institution that is a member of this network: Austria, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Spain, Sweden and the United Kingdom. Croatia (*Commission on Fiscal Policy*) and the Czech Republic (*Czech Fiscal Council*) joined the network in 2018.

lighting, in particular, a certain disconnect between the European framework (rules and stability programmes) and national frameworks (definition of operational rules); it also underscores the vital importance of spending targets in medium-term budget programming and supports the Commission's proposal to strengthen the role of spending in European rules.

Cooperation is gradually taking shape between independent fiscal institutions belonging to the network and European committees at which economic and financial issues are discussed (Economic and Financial Committee and Economic Policy Committee). This is the fruit of a collective initiative taken by independent fiscal institutions in early 2015 by way of two letters, one to the European Commissioner for Economic and Financial Affairs and the other to the chair of the European Economic Policy Committee. Independent fiscal institutions now have easier access to methodological documentation on the operation of the Stability and Growth Pact.

HALF-YEARLY MEETINGS ORGANISED BY THE EUROPEAN COMMISSION

In autumn 2013, the European Commission (Directorate-General ECFIN) took the initiative of inviting IFIs to regular and informal technical meetings (initially held once a year, then twice since 2015), in full recognition of their independence, to discuss matters of common interest (European fiscal rules, methodology, etc.) as part of a network dubbed EUNIFI (EU Network of Independent Fiscal Institutions).

These half-yearly meetings organised by the Commission are very useful for informing independent institutions about European legislation and its implementation, as well as the calculation methods used by the Commission. The Commission has notably had to answer numerous questions and criticisms from IFIs on *output gap* and structural balance estimates, with the majority of institutions encountering difficulties in applying the Fiscal Compact rules as a result of significant revisions to these variables.

These meetings are supplemented by annual training seminars organised by DG ECFIN on the European budgetary framework, aimed at finance ministry experts and members of independent institutions, at which European rules and their terms of implementation are presented and discussed in detail. The High Council's secretariat attended these seminars in April 2014, February 2015 and July 2017.

OECD NETWORK OF PARLIAMENTARY BUDGET OFFICIALS AND INDEPENDENT FISCAL INSTITUTIONS (PBO)

Since 2009, the Organisation for Economic Co-operation and Development (OECD) has held annual meetings of parliamentary budget officials and independent fiscal institutions (IFIs) of the organisation's 35 member countries. Topics addressed at these meetings include governance of public finances (medium-term programming, performance-based management, principles to be applied to independent institutions, etc.), economic matters (potential growth, the relationship between debt and growth, sustainability, etc.) and practical issues (access to information, modes of communication, etc.). These meetings cover a geographical scope broader than the European Union, since they include, in particular, the United States, Canada, Japan, South Korea, Brazil and European countries outside the EU. The most recent meetings have been held in Jerusalem, Vienna, Paris, Edinburgh and Seoul.

The number of attendees at these meetings has risen sharply as European countries have established new independent fiscal institutions since 2013. Attendance has averaged around 80 people since 2015.

EUROPEAN FISCAL BOARD

The European Fiscal Board was established in autumn 2015 following the Five Presidents' Report of June 2015 titled "*Completing Europe's Economic and Monetary Union*", which aimed to strengthen the European Union's economic governance framework. The European Fiscal Board is an independent advisory body reporting to the European Commission. It was set up to contribute to public debate on the coordination of national fiscal policies and the most appropriate fiscal policy for the euro area as a whole.

The European Fiscal Board has five members who are experts in fiscal policy, public finances and macroeconomics. It is chaired by **Niels Thygesen**, Professor Emeritus of International Economics at the University of Copenhagen and former adviser to governments and international institutions in Denmark. Its other members are as follows: **Roel Beetsma**, Professor at the University of Amsterdam and Vice-

Dean of the Faculty of Economics and Business, the Netherlands; **Massimo Bordignon**, Professor and Director of the Department of Economics and Finance at the Catholic University of Milan, Italy; **Sandrine Duchêne**, General Secretary of AXA France; and **Mateusz Szczurek**, former finance minister, lecturer at Warsaw University and Associate Director at the European Bank for Reconstruction and Development, Poland. The Board is supported by a permanent secretariat.

Its key responsibilities are as follows[25]:

- evaluate implementation of the European Union's fiscal framework and the appropriateness of the actual fiscal stance at euro area and national level
- make suggestions for the future evolution of the EU's fiscal framework
- assess the prospective fiscal stance appropriate for the euro area as a whole based on economic judgment, as well as appropriate national fiscal stances, within the rules of the Stability and Growth Pact
- cooperate with national independent fiscal councils
- provide *ad hoc* advice to the Commission President[25]

Every June, the European Fiscal Board publishes a report on its "*Assessment of the prospective fiscal stance appropriate for the euro area*" for the following year. In its June 2017 report on the most appropriate fiscal stance for 2018, the Board recommended a neutral fiscal stance for the euro area as a whole. In its June 2018 report, the Board recommended a somewhat restrictive fiscal stance for 2019. On the basis of the Commission's spring 2018 projections, the Board noted that corrective measures would need to be adopted to arrive at such a fiscal stance for the euro area in 2019.

In November 2017, the European Fiscal Board published its first annual report, in which it set out a comprehensive independent assessment of how the Stability and Growth Pact (SGP) was implemented in 2016. Based on its analysis, the Board put forward a number of proposals. These proposals aim to (i) encourage governments to take advantage of the favourable economic climate to improve public finances, (ii) reinforce the application of rules, (iii) strengthen the effectiveness of national independent fiscal institutions, (iv) encourage Member States to implement structural reforms to increase economic resilience and (v) simplify the Stability and Growth Pact while maintaining sufficient flexibility thanks to independent judgement.

[25] https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/european-fiscal-board-efb_fr

RESOURCES

The High Council of Public Finances has 11 members. It is assisted in the performance of its duties by a permanent secretariat headed by a General Rapporteur and two Deputy General Rapporteurs.

April 2018 – Members and permanent secretariat of the High Council of Public Finances

BOARD

The Board, chaired by the First President of the Court of Auditors, consists of four magistrates of the Court of Auditors, five qualified individuals and the Director-General of the National Institute of Statistics and Economic Studies (Insee). **Members nominated by the First President and parliamentary authorities include strictly as many women as men**. Board members are not paid and serve for five years[25]. Their work is very demanding around the times when opinions are issued (approximately 15 meetings a year)[26].

Members' independence is protected by firm guarantees. They may not receive or seek instructions from Government or from any other public or private person or entity. With the exception of magistrates of the Court of Auditors, they cannot be reappointed to the Board. They cannot be dismissed except in the event of a serious breach or physical incapacity. Lastly, although the HCFP is not an independent administrative authority as defined in the Act of 11 October 2013 on transparency in public life, Board members must complete a declaration of interest that is published on the HCFP website.

Around 15 meetings a year, with 27 opinions issued during 81 meetings

[25] Two and a half years for four members in the High Council's original constitution.

[26] 27 opinions issued during 81 meetings.

PERMANENT SECRETARIAT

The Board is assisted by a permanent secretariat of six people working part-time, most of whom belong to the First Chamber of the Court of Auditors, whose remit covers economic, fiscal and financial issues. A General Rapporteur, assisted by two Deputy General Rapporteurs, leads the work of the secretariat, which is also assisted by one or two specialised rapporteurs and an assistant.

BUDGET

The HCFP has its own budget programme funded by appropriations from the budget of the Court of Auditors. Establishing the High Council was therefore budget-neutral for central government. The High Council's budget covers staffing costs and ongoing operating expenses.

The bulk of the High Council's expenditure (€362,000 in 2017) consists of staffing costs.

Thanks to being hosted on the premises of the Court of Auditors, the HCFP also has access to physical and logistical facilities. In particular, the High Council's secretariat and Board members meet on the premises of the Cour. This proximity also facilitates access to the Cour's documentation.

The HCFP budget

	2016		2017	
	Forecast	Actual	Forecast	Actual
Staff	373,000	345,000	404,000	357,000
Operations	150,000	20,000	50,000	5,000
TOTAL	**522,000**	**365,000**	**454,000**	**362,000**

Source: annual performance reports appended to the finance review act

APPENDICES

BIOGRAPHIES

BOARD

Chairman

Didier Migaud

First President of the Court of Auditors, Chairman of the High Council of Public Finances

Didier Migaud took up his duties as First President of the Court of Auditors on 11 March 2010. He was appointed by the President of the Republic on 23 February 2010 as successor to Philippe Séguin. A graduate in public law and political science, he has been a tutor at the IEP school of political studies in Lyon, a representative in the office of the President of the Isère General Council, and later Chief of Staff and Secretary General of that same Council. A local elected representative from 1986 to 2010 and a member of Parliament from 1988 to 2010, Didier Migaud notably served as General Budget Rapporteur and Chairman of the National Assembly Finance Committee.

Magistrates of the Court of Auditors

Nominated by the First President of the Court of Auditors

Raoul Briet (March 2013 –)

President of the First Chamber of the Court of Auditors, chair of the cross-chamber panel on budget implementation and public accounts

An alumnus of the ENA school of public administration, **Raoul Briet** has served since 2012 as President of the First Chamber of the Court of Auditors, which monitors the Ministry for the Economy, Budget and Public Accounts as well as the public financial sector. His previous roles include Deputy Commissioner-General for Planning, Director of the national employee pension fund (CNAVTS) and Director of Social Security at the Ministry for Labour and Social Affairs.

Raoul Briet has also served as Chairman of the Supervisory Board of the Fonds de réserve pour les retraites (Pension Reserve Fund), member of the Board of the Haute Autorité de santé (National Health Authority) and Chairman of the Supervisory Board of Assistance publique Hôpitaux de Paris AP-HP.

Françoise Bouygard (March 2018 –)

Senior Auditor at the Court of Auditors

A graduate in law and political science, **Françoise Bouygard** began her career lecturing in economics and social sciences after serving as a supervisor at the National Institute for Deaf Youth in Bordeaux. Upon graduating from the ENA school of public administration, she mainly worked at the Ministry for Labour, where she was Deputy Director-General for Employment and Vocational Training. She has also served as Director of Events, Research, Studies and Statistics at the Ministry for Labour. She is a Senior Auditor at the First Chamber of the Court of Auditors.

Éric Dubois (January 2016 –)

Master Auditor at the Court of Auditors

A graduate of the École Polytechnique and the ENSAE school of economics, data science and finance, **Éric Dubois** is a Master Auditor in the First Chamber of the Court of Auditors and general rapporteur of the annual report on the position and outlook of France's public finances.
His many previous roles include posts with the National Accounts and Economic Budget Committee, the Economic Analysis Board, the Department for Social Security (as Deputy Director for Forecasting and Financial Research), the Directorate-General of the Treasury (as Deputy Director for Macroeconomic Forecasting) and Insee (as Director of Economics Studies and National Accounts).

Martine Latare (March 2013 –)

Senior Auditor at the Court of Auditors

Martine Latare is a Senior Auditor in the Sixth Chamber of the Court of Auditors and general rapporteur of the report certifying the financial statements of the general social security system. She previously served as Deputy Director-General with responsibility for resources at the National Research Agency. Upon graduating from the ENA school of public administration, she was assigned to the Treasury Department, where she served as financial attaché to the French Embassy in Washington and financial adviser to the French Embassy in Tokyo. She is an alumna of the École Normale Supérieure and a university-qualified teacher of mathematics.

Qualified individuals

Nominated by the President of the National Assembly

Maya Bacache-Beauvallet (March 2018 –)

Professor of Economics

Maya Bacache-Beauvallet, a graduate of the prestigious École Normale Supérieure, university-qualified teacher of economics and social sciences, Doctor of Economics and authorised research supervisor, is Professor of Economics at Telecom ParisTech. She is joint head of Public Economics at Cepremap, joint editor of the journal Politique et Management Public and a member of the Conseil d'analyse économique (Economic Analysis Board) and the Conseil d'orientation pour l'emploi (Employment Advisory Council). She supervises the Employment Chair of the Paris School of Economics (PSE). She has also served at the Ministry of Economy and Finance and the OECD.

Nominated by the President of the Senate

Valérie Plagnol (September 2015 –)

Economist, independent consultant for public and private groups

An economist, independent consultant, and adviser on strategy and market research, **Valérie Plagnol** is Digital Director of Techfoliance as well as Associate Professor at the EDHEC Business School, Chair of the Cercle des Épargnants (Retail Investors' Circle) and member of the Board of Directors of Conservateur Finance. She has been Chair of the Société d'économie politique (Society for Political Economics) since 2012.

She has worked at Nomura Securities (Tokyo), Credit Suisse First Boston (London), HSBC as Chief Strategist, Crédit Mutuel-CIC as Research and Strategy Director, Credit Suisse as Private Banking International Research Director and BIPE as Chief Economist.

She was also a member of the Conseil d'Analyse Économique (Economic Analysis Council) reporting to the prime minister. An alumna of Sciences Po Paris and Keio University in Tokyo, she is a member of the Conference of Business Economists in Washington.

Nominated by the Chair of the National Assembly Finance Committee

Christian Noyer (September 2015 –)

Honorary Governor of the Banque de France

After studying law at Sciences Po Paris and the ENA school of public administration, **Christian Noyer** was assigned to the Treasury Department, where he spent most of the early part of his career. He was Treasury Director and held a number of posts in ministers' offices (notably as Chief of Staff for two finance ministers). Vice-President of the European Central Bank when it was established in Frankfurt, his European and wider international experience includes several years' involvement in the European Monetary Committee and stints as representative of the finance minister at the OECD, the G7 and the G10, Alternate Governor of the IMF and the World Bank and Chairman of the Paris Club. He was appointed Governor of the Banque de France in November 2003 and subsequently reappointed in November 2009. He has served as Chairman of the Autorité de contrôle prudentiel (Prudential Supervisory Authority), member of the European Central Bank's Governing Council and General Council, Chairman of the Bank for International Settlements (BIS) and Alternate Governor of the International Monetary Fund.

Nominated by the Chair of the Senate Finance Committee

Éric Heyer (March 2018 –)

Director of the Analysis and Forecasting department, OFCE

A Doctor of Economics and lecturer at Sciences Po Paris and Université de la Méditerranée, **Eric Heyer** has spent most of his career at the French Economic Observatory (OFCE), initially as a research officer and later, since January 2015, as Director of the Analysis and Forecasting department. Author of numerous publications in the fields of economic forecasting, the labour market and modelling, he notably edited "L'économie française 2019" for publishing house La Découverte.

Nominated by the Chair of the Economic, Social and Environmental Council (Cese)

Isabelle Job-Bazille (March 2018 –)

Director of Economic Research, Crédit Agricole S.A. Group

Holder of a doctorate in Economics from Université Paris X Nanterre, **Isabelle Job-Bazille** began her career as a lecturer and researcher at Université Paris X Nanterre before moving to BNP Paribas as an economist. She went on to spend most of her career with the Crédit Agricole group, where she is currently Director of Economic Research.

She is also a member of the Board of Directors of the Crédit Agricole group's life insurance subsidiary Predica and Co-Chair of Financi'Elles. She has sat on the admissions panel of the ENA school of public administration.

Ex officio member: Director-General of the National Institute of Statistics and Economic Studies (Insee)

Jean-Luc Tavernier (March 2013 –)

Director-General, Insee

An alumnus of the École polytechnique and a graduate of the ENSAE school of economics, data science and finance, **Jean-Luc Tavernier** has spent most of his career with the Ministry for Economic and Financial Affairs, the Forecasting Department (now part of the Directorate-General of the Treasury) and Insee. He has served as Director of ENSAE, ministerial advisor, Director of Forecasting, Director-General of the Agence centrale des organismes de sécurité sociale (Central Agency for Social Security Organisations) and at the same time Deputy Chairman of the Conseil d'orientation de l'emploi (Employment Advisory Council), and later Chief of Staff for the budget minister and Deputy Commissioner-General for Investment. He has been Director-General of Insee since March 2012.

FORMER MEMBERS

Michel Aglietta (March 2013 – September 2015)

Nominated by the President of the Senate

Professor Emeritus of Economics, Université de Paris X Nanterre

Scientific Adviser to the Centre for Research in International Economics (CEPII)

Marguerite Bérard-Andrieu (March 2013 – September 2015)

Nominated by the Chair of the National Assembly Finance Committee

Inspector of Finance

Deputy Chief Executive Officer, BPCE group (2012–2017)
Member of the senior leadership team, BNP Paribas (since January 2018)

François Bourguignon (May 2013 – March 2018)

Nominated by the President of the National Assembly

Former Chief Economist and Senior Vice President at the World Bank

Professor at the École d'économie de Paris

Catherine Démier (March 2013 – March 2018)

Nominated by the First President of the Court of Auditors

Senior Auditor at the Court of Auditors

Philippe Dessertine (March 2013 – March 2018)

Nominated by the Chair of the Economic, Social and Environmental Council

Professor of economics and Director of the Institut de haute finance

François Ecalle (March 2013 – December 2015)

Nominated by the First President of the Court of Auditors

Master Auditor at the Court of Auditors
Chairman of FIPECO (since 2016)

Mathilde Lemoine (March 2013 – March 2018)

Nominated by the Chair of the Senate Finance Committee

Director of Economic Research and Market Strategy, HSBC France (2006–2015)
Chief Economist, Edmond de Rothschild Group (since January 2016)

Jean Pisani-Ferry (March 2013 – June 2013)

Nominated by the President of the National Assembly

Director, Bruegel (until 2013)
Professor of Political Economics, Sciences Po Paris
Commissioner-General, France Stratégie (2013–2016)

PERMANENT SECRETARIAT

François Monier

Honorary Master Auditor, General Rapporteur (since October 2013)

An alumnus of the École polytechnique and the ENSAE school of economics, data science and finance, **François Monier** began his career in the economic analysis department at Insee. After a brief stint at the Directorate-General of Telecommunications, he worked in the office of Prime Minister Pierre Mauroy and later in the office of Minister for the Economy and Finance Pierre Bérégovoy. He was head of the Economics Department of the General Planning Commission (1986–1988) and subsequently Director of Forecasting (1992–1994). He was appointed a Master Auditor at the Court of Auditors in 1994 and joined the High Council of Public Finances in October 2013.

Vianney Bourquard

Senior Auditor, Deputy General Rapporteur

Vianney Bourquard is a Senior Auditor in the First Chamber of the Court of Auditors and deputy general rapporteur of the report on the position and outlook of France's public finances and the report on the central government budget. He has previously worked for the Autorité de contrôle prudentiel et de résolution (ACPR – Prudential Supervisory and Resolution Authority), the Budget department (where he headed the local government and revenue office and the budget execution office) and the Directorate-General of the Treasury (on macroeconomic forecasting for France and summarising the public finances).

Vladimir Borgy

Deputy General Rapporteur

Holder of a doctorate in economics from Université de Paris I Panthéon Sorbonne, **Vladimir Borgy** is Deputy General Rapporteur at the High Council of Public Finances and External Rapporteur in the First Chamber of the Court of Auditors. He has previously worked at the Banque de France (in the Monetary and Financial Research department and later the Economy and Macroeconomic Forecasting department), the Centre for Research in International Economics (CEPII) and the Forecasting Department (now part of the Directorate-General of the Treasury).

Marie Diawara-Camara

Assistant and project manager at the Court of Auditors

Marie Diawara-Camara spent the early part of her career at the ministry with responsibility for agriculture. Seconded to the Court of Auditors in 2016, she oversees administrative and organisational matters for the High Council and manages its website.

She is also project manager working with two other institutions related to the Court of Auditors: the Conseil des prélèvements obligatoires (Compulsory Levies Council) and the Commission de contrôle des organismes de gestion des droits d'auteur et des droits voisins (supervisory committee for bodies managing copyright and similar rights).

FORMER MEMBERS OF THE PERMANENT SECRETARIAT

Jean-Philippe Cotis (March 2013 – October 2013)

Master Auditor, General Rapporteur

Jean-Philippe Cotis has been Director of Forecasting at the Ministry for Economic and Financial Affairs, Chief Economist at the OECD and Director-General of Insee. Appointed a Master Auditor at the Court of Auditors in 2012, he served as General Rapporteur at the High Council of Public Finances from March to October 2013.

Philippe Ravalet (March 2013 – October 2014)

Senior Auditor, Deputy General Rapporteur

An alumnus of the École Polytechnique and the ENSAE school of economics, data science and finance, **Philippe Ravalet** was appointed Senior Auditor at the Court of Auditors in 2008. Assigned to the First Chamber, he has notably worked on central government debt management and reports on the public finances. He served as General Rapporteur of the HCFP from its creation in early 2013 until October 2014. Since then, he has served as adviser to the President of the Senate.

Boris Melmoux-Eude

Senior Auditor, Deputy General Rapporteur (2013–2016)

Boris Melmoux-Eude joined the Court of Auditors on leaving the ENA school of public administration in 2012. A member of the project that was the precursor to the High Council of Public Finances from September 2012, he served as a Deputy General Rapporteur at the High Council from March 2013 to early 2016. After serving in the Budget Department, as of 2018 he is head of the Economic and Financial Affairs section of the General Secretariat for European Affairs (SGAE).

Annabelle Mourougane

Director of Insee, Rapporteur (2013–2015)

Annabelle Mourougane, Director of Insee, was Rapporteur at the High Council of Public Finances and the Court of Auditors from June 2013 to June 2015, having previously worked at the OECD, the ECB and Insee. She returned to the OECD in June 2015. She has written for numerous international journals, mainly on the labour market, macroeconomic modelling and potential growth.

Nathalie Georges

Director of Insee, Rapporteur (2013–2016)

A graduate of the prestigious École Normale Supérieure and the ENSAE school of economics, data science and finance, **Nathalie Georges** is a director of Insee. She joined the High Council of Public Finances and the Court of Auditors as a Rapporteur in 2013 after working at the Directorate-General of the Treasury on public finances and European political economics. Having returned to the Directorate-General of the Treasury in early 2016, as of 2018 she is head of the Foreign Trade and Country Risk office.

Paul Bérard

Rapporteur (2016–2018)

Paul Bérard was External Rapporteur in the First Chamber of the Court of Auditors and Rapporteur at the High Council of Public Finances from January 2016 to September 2018. He previously held a number of positions in the Budget Department, including as head of its European Union office. Since October 2018, he has served as Deputy Director-General of Services for the Île-de-France region with responsibility for finance.

Bérénice Bah

Assistant to the High Council of Public Finances (2013–2016)

Bérénice Bah joined the Court of Auditors in 2013. She oversaw administrative and organisational matters for the High Council and managed its website.
In May 2016, she became Deputy Clerk in the Provence-Alpes-Côte d'Azur Regional Audit Chamber.

A number of interns contributed to the work of the High Council between 2015 and 2018:

Florian Bon (Sciences Po Paris/ESCP Europe)**, Anna Leccia** (ENSAE Paris Tech)**, Pauline Lesterquy** (Sciences Po Paris/Paris 1 Panthéon Sorbonne)**, Boris Bouzol Broitman** (Sciences Po Paris)**, Ingrid Barrat** (École Polytechnique, intern officer at Insee)**, Guillaume Bove** (ENSAE Paris Tech)**, Louis Adjiman** (ENSAE Paris Tech) **and Fatoumata Binta Barry** (Université Paris-Dauphine).

CHRONOLOGICAL LIST OF HCFP OPINIONS

2013

Opinions on:

- Macroeconomic forecasts associated with the draft stability programme for 2013 to 2017 (Opinion 2013-01 – April 2013)
- General government structural balance set out in the 2012 draft finance review act (Opinion 2013-02 – May 2013)
- Draft finance act and social security finance act for 2014 (Opinion 2013-03 – September 2013)
- Draft supplementary finance act for 2013 (Opinion 2013-04 – November 2013)

2014

Opinions on:

- Macroeconomic forecasts associated with the draft stability programme for 2014 to 2017 (Opinion 2014-01 – April 2014)
- General government structural balance set out in the 2013 draft finance review act (Opinion 2014-02 – May 2014)
- Draft supplementary finance act and supplementary social security finance act for 2014 (Opinion 2014-03 – June 2014)
- Public finance programming bill for 2014 to 2019 (Opinion 2014-04 – September 2014)
- Draft finance act and social security finance act for 2015 (Opinion 2014-05 – September 2014)
- Second draft supplementary finance act for 2014 (Opinion 2014-06 – November 2014)

2015

Opinions on:

- Macroeconomic forecasts associated with the draft stability programme for 2015 to 2018 (Opinion 2015-01 – April 2015)
- General government structural balance set out in the 2014 draft finance review act (Opinion 2015-02 – May 2015)
- Draft finance act and social security finance act for 2016 (Opinion 2015-03 – September 2015)
- Draft supplementary finance act for 2015 (Opinion 2015-04 – November 2015)

2016

Opinions on:

- Macroeconomic forecasts associated with the draft stability programme for 2016 to 2019 (Opinion 2016-1 – April 2016)
- General government structural balance set out in the 2015 draft finance review act (Opinion 2016-2 – May 2016)
- Draft finance act and social security finance act for 2017 (Opinion 2016-3 – September 2016)
- Draft supplementary finance act for 2016 (Opinion 2016-4 – November 2016)

2017

Opinions on:

- Macroeconomic forecasts associated with the draft stability programme for 2017 to 2020 (Opinion 2017-1 – April 2017)
- General government structural balance set out in the 2016 draft finance review act (Opinion 2017-2 – June 2017)
- Public finance programming bill for 2018 to 2022 (Opinion 2017-3 – September 2017)
- Draft finance act and social security finance act for 2018 (Opinion 2017-4 – September 2017)
- First draft supplementary finance act for 2017 (Opinion 2017-5 – November 2017)
- Second draft supplementary finance act for 2017 (Opinion 2017-6 – November 2017)

2018

Opinions on:

- Macroeconomic forecasts associated with the draft stability programme for 2018 to 2022 (Opinion 2018-1 – April 2018)
- General government structural balance set out in the 2017 draft finance review act (Opinion 2018-2 – May 2018)
- Draft finance act and social security finance act for 2019 (Opinion 2018-3 – September 2018)

GLOSSARY OF ACRONYMS

AIREF	Autoridad Independiente de Responsabilidad Fiscal (Spain)
ACOSS	Central Agency for Social Security Organisations
BB	Budget bill
BB/SSFB	Budget bill and Social security financing bill
BSB	Budget settement bill
CESE	Economic, Social and Environmental Council
CGSP	General Commission for Strategy and Economic Foresight
Rexecode	Centre for economic observation and research for the expansion of the economy and corporate development
CPB	Centraal Planbureau (Netherlands)
DG ECFIN	Directorate-General for Economic and Financial Affairs (European Commission)
EUIFI	Network of EU Independent Fiscal Institutions
GDP	Gross domestic product
IMF	International Monetary Fund
HCFP	High Council of Public Finances
IFI	Independent Fiscal Institution
Insee	National Institute of Statistics and Economic Studies
LOLF	Constitutional bylaw on Finance Acts
OBR	Office for Budget Responsibility (United Kingdom)
OECD	Organisation for Economic Co-operation and Development
OFCE	French Economic Observatory
MTO	Medium-term (budgetary) objective
ONDAM	National health insurance expenditure target
RESF	Economic, social and financial report
SBB	Supplementary budget bill
SPU	Stability programme update
STABP	Stability programme
TSCG	Treaty on Stability, Coordination and Growth in the Economic and Monetary and Union

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