Tokyo Fiscal Forum 2018 :
Round Table Discussion

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Ministry of Finance has been upholding the fiscal sustainability framework which specifies that:

- Outstanding public debt to GDP not more than 60%
- Total debt service to government budget not more than 15%
- Medium-term budgetary balance
- Capital expenditure to government budget at least 25%
**Rationales**

Constitution of the Kingdom of Thailand B.E. 2560
- Section 62: The State shall strictly maintain its financial and fiscal discipline to ensure that financial and fiscal status is stable and secure in accordance with FRL

No overarching law on fiscal discipline
(Budget Procedures/Treasury Reserve/Public Debt Management/Working Capital Management Act)

Innovative fiscal practices
(Conduct of quasi-fiscal activities via SFIs and SOEs. Extrabudgetary spending. Establishment of extrabudgetary funds.)

Lack of nationwide fiscal overview
(Public agencies, SOEs, parliamentary agencies, constitutional court, court of justice, administrative court, constitutional agencies, public organisations, revolving funds with juristic person status, and Local Administration)

**Salient Features**

**Fiscal Policy Committee**
- Chairman
  - Prime Minister
- Deputy Chairman
  - Finance Minister
- Committee
- Secretariat

**Fiscal Discipline**
- Stipulate fiscal discipline regulations, especially numerical limits
- Formulate and revise Medium-Term Fiscal Framework
- Formulate risk management policy and supervise risk management

**Monitoring and Supervising**
- Prepare Whole-of-government Account and Fiscal Risk Statement
- Punishment for violation of the Law in accordance with Organic Law on Auditing

**Expected Benefits**

1. Public agencies are able to maintain fiscal disciplines with clear guidelines
2. Regulations cover innovative fiscal practices
3. Comprehensive public agencies’ data enables thorough fiscal analysis
Fiscal Responsibility Law (FRL) is compulsory under this law.

MTFF will serve as a master plan for:

- Fiscal and budget planning
- Annual budget formulation
- Public debt management

Medium-term fiscal framework (MTFF) must be formulated within 3 months after the end of each fiscal year. It must cover the timeframe no less than 3 years.

Fiscal Responsibility Law became effective on 20 April 2018.
The main features of MTFF must cover:

01. Fiscal framework which comprises of fiscal objective and policy measures

02. Overview of current macroeconomic condition and forecast

03. Fiscal position and forecast including revenue, expenditure, fiscal balance, and fiscal management

04. Public debt status and analysis

05. Other government’s fiscal and spending obligations
Central fund for emergency use to total budget must be between 2.0-3.5%

Principal repayment to total budget must be between 2.5-3.5%

Carry-over expenditure must not exceed 10% of total budget

Extra carry-over expenditure must not exceed 5% of total budget

Stock of fiscal responsibility as a result of government policy must not exceed 30% of total budget
Ratio for Debt Management under FRL

Debt to GDP must not exceed 60%

Debt to government revenue must not exceed 35%

Foreign-dominated debt to total public debt must not exceed 10%

Foreign-dominated debt to revenue from exports of goods and services must not exceed 5%