

# Tokyo Fiscal Forum 2018 :

## Round Table Discussion



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เสนอแนะอย่างมีหลักการ  
ศึกษาโดยไม่หยุดนิ่ง  
คนคลังที่มีคุณภาพ

ส.ค.ค.

# Fiscal Sustainability Framework

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%**

Capital expenditure to  
government budget  
**at least 25%**

Medium-term  
budgetary balance

## 1 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)

## 3 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



## 2 Salient Features



### Fiscal Policy Committee

Chairman  
Prime Minister

Deputy Chairman  
Finance Minister



### 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



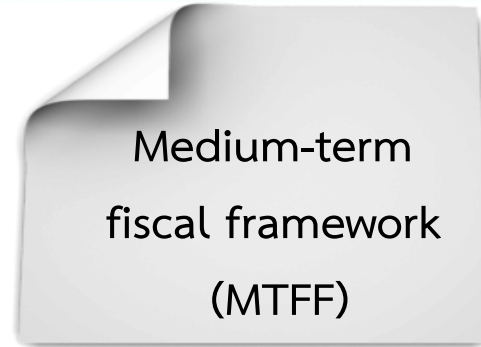
# Medium Term Fiscal Framework (MTFF)



Fiscal Responsibility Law (FRL)



**Fiscal Responsibility Law** became effective **on 20 April 2018**



is **compulsory** under this law.

MTFF will serve as a master plan for

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

**MUST**

- ✓ Must be formulated within **3 months after the end of each fiscal year**
- ✓ Must cover the timeframe **no less than 3 years**

The main features of MTFF must cover

02

- Overview of current macroeconomic condition and forecast

04

- Public debt status and analysis



01

- Fiscal framework which comprises of fiscal objective and policy measures



03

- Fiscal position and forecast including revenue, expenditure, fiscal balance, and fiscal management



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%