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CONTRIBUTION

by

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to the General Debate on

“The role of the Secretary General in the budget of Parliament: adoption, spending and scrutiny”

Kigali Session
October 2022

1. What is the role of the Secretary General in the adoption of the parliamentary budget?

2. How is parliamentary spending decided? Does the Secretary General have control over spending decisions?

Questions 1 and 2 are answered together.

(a) Preliminary remarks

Under section 9 of the Federal Budget Code (*Bundeshaushaltsordnung*), the role of Budget Officer falls to the Secretary-General in his or her capacity as head of the Bundestag Administration. Such a position exists in every authority that administers revenue or expenditure. If heads of administrative entities do not perform that function themselves, they appoint a budget officer in accordance with the first sentence of section 9(1) of the Code. This is done in the Bundestag through the delegation of that task to the head of the Budget Division.

The Bundestag budget is part of the federal budget. The latter is annexed to the Act Establishing the Federal Budget (Budget Act – *Haushaltsgesetz*), which is adopted annually. The federal budget is divided into numbered individual budgets. The Bundestag budget is Budget 02. These individual budgets are subdivided in turn into numbered chapters, and these are broken down into numbered items. The items in the Bundestag budget are administered internally. The Budget Officer has delegated his or her administration to officials known as budget item administrators, as he or she is authorised to do by the third sentence of section 9(2) of the Federal Budget Code.

(b) Drawing up the budget

The procedure for drawing up the budget of the Bundestag Administration is divided into two main procedures, namely the production of what is known as the **government draft** and the **parliamentary process**.

(aa) The government draft

The procedure for drawing up the government draft is normally carried out in the winter of year $N-2$ or in the spring of year $N-1$, N being the year to which the federal budget relates. It begins with a drafting circular from the Federal Minister of Finance. This is normally sent out in December. The circular specifies the main basic conditions for the new budget. These may, for example, comprise deadlines for the drafting procedure and indications regarding subsequent stages in the process or ceilings for particular expenditure categories.

The Budget Division of the Bundestag then assesses the requirements on behalf of the Secretary-General. This is followed by an internal drafting circular (Secretary-General's circular), which is signed by the Secretary-General and forwarded to the budget item administrators. It instructs the item administrators to draw up their respective contributions to the budget (budgetary announcements) and submit them to the Budget Division. The budgetary announcements comprise precise calculations and explanations of the expected revenue and expenditure (revenue and expenditure estimates).

On the basis of these individual contributions, the Budget Division then produces a general draft. This general draft is presented to the head of the competent

director-general, the Secretary-General and the President of the Bundestag. The Budget Officer plays a key role here, in that he or she gives an oral presentation of the main points in the draft budget. Following these presentation meetings, the Budget Officer discusses amendments with the item administrators and may, for example, ask them to provide reports for forwarding to the rapporteurs.

Thereafter, the general draft is presented to the Budget Group, a subcommittee of the Council of Elders. The Group's task is to reach a preliminary decision and so relieve the Council of Elders of a time-consuming duty. It comprises the rapporteurs on individual budget 02 from the Budget Committee as well as the President of the Bundestag, who chairs the Group and is assisted by the Secretary-General. The Budget Officer also attends the Group's meetings and speaks on important points during the deliberations as well as clarifying points of fact with the item administrators, for example. The Budget Group meets once a year to discuss the production of a new draft budget.

Following the deliberations in the Budget Group, the draft approved by the Group is the subject of negotiations with the Federal Ministry of Finance and the *Bundesrechnungshof*, Germany's Supreme Audit Institution. A crucial role in these negotiations devolves on the Budget Officer as the person appointed for that purpose by the Secretary-General. The Budget Officer discusses and negotiates the individual revenue and expenditure estimates with his or her interlocutor in the Federal Ministry of Finance. He or she is also expected to meet the representative of the *Bundesrechnungshof* to speak and answer questions on all items of Bundestag revenue and expenditure. If the Budget Officer cannot answer questions directly, he or she customarily requests reports from the relevant item administrators and forwards them to the Federal Ministry of Finance or the *Bundesrechnungshof*.

Once these negotiations are completed, the Federal Government adopts the draft of the general budget (the government draft), of which individual budget 02 – the Bundestag budget – is a component part.

(bb) The parliamentary process

When the production of the government draft by the Federal Ministry of Finance has been completed, the parliamentary budgetary process follows. This process normally takes place in the autumn before the year to which the budget relates.

The parliamentary process comprises three readings. At first reading, the Minister of Finance explains the proposed budget. After a debate lasting several days, the draft budget is then referred to the Budget Committee. The government draft, including budget 02, is discussed by the Budget Committee. The key votes on the individual budgetary estimates take place in the Budget Committee. The committee's rapporteurs go through each individual expenditure item in the individual budgets, query them with the relevant government ministry or, in the case of budget 02, with the Bundestag Administration and make recommendations to the Budget Committee; this is known as the rapporteur discussion. These recommendations are then discussed in what are known as individual budget deliberations. These deliberations culminate in the Budget Committee presenting a draft budget, which will normally have been amended, to a plenary sitting of the Bundestag.

The rapporteur discussion on budget 02 is attended by the President of the Bundestag and the Secretary-General. The Budget Officer also takes part and plays

the same key role as in the springtime talks, namely speaking on particular points, clarifying points of fact and requesting reports.

3. To what extent is the Secretary General involved in expenditure control?

Under the second sentence of section 9(2) of the Federal Budget Code, the Budget Officer must be consulted on all measures of fiscal significance. In practice, this leads to numerous consultations between budget users within Parliament and the Budget Division, which performs the function of Budget Officer on behalf of the Secretary-General. The involvement of the Division in procurement processes is institutionalised. The Budget Division is involved before the initiation of procurement processes and the conclusion of procurement contracts as well as in their cancellation. It can also halt these processes. The Budget Officer notifies the Secretary-General of these processes where necessary and, if appropriate, seeks his or her opinion.