

## **OPINION OF THE HIGH COUNCIL OF PUBLIC FINANCE ON THE SECOND AMENDING BUDGET BILL FOR 2014**

**On Thursday, 6<sup>th</sup> November 2014, the High Council of Public Finance (Haut Conseil des finances publiques, HCFP) adopted an opinion concerning the Second Amending Budget Bill for 2014. It deals with the macroeconomic forecasts on which the budget bill is based as well as the consistency of annual structural balance forecasts vis-à-vis the multi-year structural balance targets.**

### **Main conclusions of the HCFP's opinion:**

In its opinion adopted on September 26<sup>th</sup> concerning the Budget Bill for 2015, the HCFP has stated that the growth forecast for 2014 presented by the Government (0.4 %) is realistic. The latest short-term indicators and statistical data do not cast doubt upon this assessment.

Given the information available, the HCFP reckons that the public finance forecasts for 2014, and especially the public deficit forecast (4.4%), are likely to be realised. However, the HCFP considers that complying with the state expenditure targets will be more difficult in 2014 than in previous years. Besides, some elements remain uncertain at this time of the year, especially with respect to the corporate tax revenue and the investments by local authorities.

As undertaken in its previous opinion, the HCFP underscores that the Government has not attempted to correct the “significant deviation” (1.5 points of GDP) between the deficit in 2013 and the multi-year balance trajectory of the programming budget law for the years 2012-2017. As a result, the Government continues not to comply with its commitments undertaken in the initial budget law for 2014 and in the last Stability programme.

The HCFP notes that the present Budget Bill is likely to contain some measures that will impact public finance for 2015 and for subsequent years. The HCFP has not been summoned to give an opinion on these measures. However, the HCFP considers that available information would not have called for changing the position expressed in its two last opinions with respect to public finance forecasts for said year.<sup>1</sup> In these opinions, the HCFP has expressed doubts about the Government's capacity to reach its targets of public expenditure limitation in future years, and therefore to comply with the multi-year structural balance targets for 2014-2019.

**The full version of HCFP's opinion is available in French on its website: [www.hcfp.fr](http://www.hcfp.fr)**

*The High Council of Public Finance (Haut Conseil des finances publiques, HCFP) is required to assess the realism of macroeconomic forecasts presented by the Government and to check the consistency of the structural balance trajectory with French commitments to reach structural balance in the mid-term. The HCFP is an independent body from the government and parliament. It is attached to the French supreme audit institution (Cour des comptes) and chaired by the Head of the Court.*

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<sup>1</sup> *Opinion concerning the Budget Bill for 2015 and opinion concerning the Programming Budget Bill for the years 2014-2019*