



**An Bille um Thuarascáil Seirbhíse Soláthair Chaipitiúil
agus Críche, 2023**

Capital Supply Service and Purpose Report Bill 2023

Meabhrán Miniúcháin
Explanatory Memorandum



**AN BILLE UM THUARASCÁIL SEIRBHÍSE SOLÁTHAIR
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CAPITAL SUPPLY SERVICE AND PURPOSE REPORT BILL
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EXPLANATORY MEMORANDUM

Purpose of the Bill

The Bill requires that each Minister of Government retrospectively details capital expenditure by asset in a comprehensive report to the Oireachtas.

A minimal reporting standard for capital expenditure

The Bill will lead to a simple, standardised, comprehensive and robust capital reporting mechanism being developed consistently across Government.

To preserve the commercial flexibility of Government and the public sector, the Bill seeks that reporting is done four years after the current financial year. The Bill also offers Ministers a mechanism to delay reporting of commercially sensitive information under certain circumstances.

To provide meaningful granularity the Bill seeks reporting of assets in excess of €500,000 of public funds.

Background

Why this Bill is needed?

Budget 2023 provided €12.8 billion for capital spending under the €165 billion 2021-2030 National Development Plan.

Once the Oireachtas supplies gross allocations of money to Departments there is no mechanism by which the Oireachtas is formally made aware of where this money goes. Indeed, once Departments distribute capital funds to various agencies, institutions, associations or individuals, it is often not formally or comprehensively reported upon back to the Department. Departments have provision to retain and redistribute capital expenditure from year to year which makes tracking capital spending outruns more difficult. Departments recording of their own capital outruns are idiosyncratic and so consistent data on capital spending patterns cannot usefully be obtained through parliamentary questions.

A 2016 OECD review of budget oversight by the Irish parliament noted that some studies have “placed Ireland lowest among OECD countries for effective parliamentary engagement in budgeting” and recommended “enhanced information to support parliamentary engagement”. Providing basic detail on historical capital spending strengthens Oireachtas oversight on long-term capital spending trends, and can determine if capital spending is fair and appropriate.

While there has been significant initiatives to improve transparency of capital spending by Government (for example the Department of Public Expenditure, NDP Delivery and Reform Capital Tracker and the Where Your Money Goes website), and to strengthen parliamentary involvement in the budgetary process, much of this effort highlights the absence of comparable, verifiable, consistent and meaningful data on capital spending patterns.

Our post-hoc oversight methods rely on audits and investigations by the Comptroller and Auditor General or private sector auditors and oversight-by-exception through the work of the Public Accounts Committee. As a result, we tend to become aware of surprisingly good or bad practice.

The Bill closes that loop by providing for a minimal reporting standard for parliamentary oversight over expenditure to be meaningfully undertaken.

Provisions of the Bill

Section 1 is a standard form provision and explains the terms used in the Bill such as “asset” and “capital supply service and purpose”.

Section 2 provides that each Minister of the Government shall periodically prepare, in respect of the relevant financial year (being the financial year ending 4 years prior to the current financial year concerned), a capital supply service and purpose report which shall be laid before the Houses of the Oireachtas. *Section 2* further provides for the details to be included in such reports, such as the amount in euro of each capital supply service and purpose allocation expended by or on behalf of a relevant Department and the local government administrative area, or areas, in which each asset is located.

Section 3 provides that the Minister may make regulations as required and that these regulations will be laid before both Houses of the Oireachtas.

Section 4 is a standard form provision and provides for the short title of the proposed Act and a commencement provision.

Matt Shanahan TD,

Samhain, 2023.