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Pobail**

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**Joint Committee on Rural
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Development**

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Mr. Anthony McCarthy,
Private Secretary to Michael Ring TD,
Minister for Rural and Community Development,
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Ref: RCD-i-015

Committee Meeting on 17 October 2018 at 10.30 a.m. Mid-Year Review of Estimates

Dear Anthony,

As part of the Joint Committee's Work Programme, the Committee decided to request a meeting with the Minister for Rural and Community Development, to carry out a mid-year review of the Estimates.

The details of the committee's requests and proposals are attached to this letter.

The Committee would, of course, welcome any views that the Minister may have regarding the further development of the role of the Committee in relation to formulation of his Department's Estimates.

The Committee hopes that the Minister will respond positively to each of the Committee's requests and proposals.

Yours sincerely,

Leo Bollins
Clerk to the Committee
19 September 2018

Mid Year Review of Outputs and Expenditure

Mid Year Review of Outputs and Expenditure

Committee Meeting on 17 October 2018 at 10.30 a.m.

re Mid-Year Review of Outputs and Expenditure

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Mid Year Review of Outputs and Expenditure

1) Objectives of the Mid Year Review of Expenditure

The Committee wishes to engage in this mid-year review process, as envisaged by Comprehensive Expenditure Report 2012-14¹.

The Committee notes the OECD publication "Review of budget oversight by parliament: Ireland"² which stated that

"That governments should:

'...provide for an inclusive, participative and realistic debate on budget choices, by offering opportunities for the parliament and its committees to engage with the budget process at all key stages of the budget cycle, both ex ante and ex post as appropriate'.³

The committee also notes the following publications:

- i) the 2018 Expenditure Report;
- ii) the Mid Year Expenditure Report 2018 (July 2018).

The Committee is of the view that the value of the committee meeting would be enhanced if progress was made in achieving each of the following objectives before the committee meeting.

On this account, the Committee has certain requests and proposals which are outlined in this document.

¹ Comprehensive Expenditure Report 2012-14, Department of Public Expenditure and Reform, page 111
<http://www.budget.gov.ie/Budgets/2012/Documents/CER%20-%20Estimates%20Final.pdf>

Review of budget oversight by parliament: Ireland, Ronnie Downes and Scherie Nicol, OECD, 2016
<https://www.oecd.org/gov/budgeting/Review-of-budget-oversight-by-parliament-Ireland.pdf>

³ OECD Recommendation on Budgetary Governance (2015)

Mid Year Review of Outputs and Expenditure

The Committee's objectives are as follows.

a) Mid-Year review of Outputs and Expenditure

To assist the Committee in carrying out a mid-year review of the position pertaining to outputs and expenditure, concerning Vote 42 Rural and Community Development, for the year ending 31 December 2018.

b) Better Performance Information

To assist the Committee in considering improvements that may be desirable in relation to the performance information included in the Unabridged Estimate.

c) 2019 Estimates Position

To afford the Minister an opportunity to brief the Committee in relation to the emerging position so as to enable the Committee to have a more meaningful engagement on the 2019 Estimates in advance of the allocations being finalised.

Mid Year Review of Outputs and Expenditure

2) Mid-year review of Outputs and Expenditure

To assist the Committee in this regard, the Committee requests that the Minister arrange to have his officials provide the following information to the Committee.

a) Information Requested by 24 September 2018

i) Statement of Output Performance against Target 2016 / 2017

A statement as to output performance against target in each of the years 2016 and 2017 using the attached form which seeks to reproduce the output measures and associated targets contained in the Estimates for those years.

ii) Statement by Expenditure by Programme and Subhead 2017/ 2018 allocation

A statement, by programme and subhead, and modelled on Parts II and III of the Estimate, including the original and final allocations (i.e. including any supplementary sums granted and *virement* between subheads) for 2017 and 2018; and the 2017 outturn.

b) Information Requested by 8 October 2018

i) Statement of Output Performance against Target 2018

An updated statement as per (a)(i) above, including output performance against target in 2018 to end June 2018.

ii) Statement of Expenditure by Programme and Subhead of 2017 / 2018

An updated statement as per (a)(ii) above, including expenditure incurred in 2018 to end June 2018.

Mid Year Review of Outputs and Expenditure

3) Better Performance Information in the Unabridged Estimates

The committee wishes to consider improvements that may be desirable in relation to the performance information included in the unabridged Estimates.

a) New Zealand Performance Information Principles

The Committee is of the opinion that application of the following principles, drawn from guidance issued by the Comptroller and Auditor General of New Zealand in 2011⁴, would be of assistance in seeking to improve the utility of performance information included in the Estimates.

The details are below.

⁴ Central government: Case studies in reporting forecast, Comptroller and Auditor General of New Zealand, performance information, 2011

<https://www.oag.govt.nz/2011/central-government/docs/central-government.pdf>

Mid Year Review of Outputs and Expenditure

i) Performance Information Outputs

- (1) Outputs, which should relate to the goods and services provided to third parties that the public entity is accountable for, should be included in the document.*
- (2) Output performance measures should not relate to internal processes, events, milestones, and other deliverables.*

ii) Performance Information Output Classes

- (1) The number of performance information output classes should be appropriate to the entity.*
- (2) The performance outputs included in the document should cover all "significant" services of the entity and a significant proportion of the entity's budget.*
- (3) The use of performance output classes allows the entity to aggregate its services in such a way that the reader is provided with sufficient information about the activities of the whole entity without being burdened with too much detail.*

b) Discussions between Departmental Officials and Houses of the Oireachtas Staff

The Committee recommends that discussions take place between Departmental officials and staff of the Houses with a view to presenting, in advance of the meeting, proposals for improvement based on these principles and other considerations that appear relevant.

Mid Year Review of Outputs and Expenditure

4) Participation by the Committee in the 2019 Estimates discussions

The Committee appreciates the difficulties associated with public discussion of options under consideration in relation to the 2019 financial allocations in advance of the Budget and in advance of the allocations being finalised.

Nevertheless, the Committee hopes that it will be possible, at the October meeting, for the Minister to identify expenditure pressures emerging at that time and outline any responses to such pressures that are being considered, having regard to the following matters.

a) More Meaningful Engagement by the Committee

The Government's commitment⁵ to allow greater, more meaningful engagement by Oireachtas Committees in contributing to Estimates discussions in advance of the allocations being finalised.

b) Multi-annual Expenditure Ceilings 2018 - 2020

The fact that binding multi-annual expenditure ceilings for the years 2018-2020 were set in the 2018 Expenditure Report^{6,7}, within which Departments are expected to deliver services, including responding to emerging expenditure pressures over that period without recourse to additional Exchequer allocations, through commitment to ongoing reform and efficiency measures and reprioritisation of expenditure as appropriate.

⁵ Comprehensive Expenditure Report 2012-14, Department of Public Expenditure and Reform, page 111
<http://www.budget.gov.ie/Budgets/2012/Documents/CER%20-%20Estimates%20Final.pdf>

⁶ 2018 Expenditure Report, Department of Public Expenditure and Reform, 2018
[http://www.budget.gov.ie/Budgets/2018/Documents/Expenditure Report 2018 \(Parts I-III\).pdf](http://www.budget.gov.ie/Budgets/2018/Documents/Expenditure%20Report%202018%20(Parts%20I-III).pdf)

⁷ Mid Year Expenditure Report 2018, Department of Public Expenditure and Reform, 2018
<https://www.per.gov.ie/en/minister-donohoe-publishes-mid-year-expenditure-report-spending-review-as-part-of-budgetary-process/>

Mid Year Review of Outputs and Expenditure

c) European Commission's Proposed Multiannual Financial Framework 2021 – 2027

The impact (if any) of the probable reduction in resources available to Ireland under the European Commission's proposal for the Multiannual Financial Framework 2021 – 2027, will have on Rural Development in Ireland, particularly in light of the departure of the United Kingdom from the European Union.

The Committee notes the proposed reduction in Pillar II of the CAP (Common Agricultural Policy) Rural Development Fund EAFRD (European Agricultural Fund for Rural Development), and the effective transfer of funding from Pillar II to Pillar I.

The committee notes that Pillar II is financed through co-funding; the European Commissioner for Agriculture and Rural Development, Phil Hogan, has been reported as stating that:

“Continued financing of grants to rural development projects would require the Government to find an extra €47M a year from the Irish budget if they are to be sustained”⁸.

⁸ [Big farmers to bear brunt of cuts to EU farm budget](https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2018/2018-06-11_the-multiannual-financial-framework-2021-2027-of-the-eu-the-european-commission-s-proposals_en.pdf), The Irish Times, 2 May 2018 quoted in The Multiannual Financial Framework 2021-2027 of the EU – the European Commission's proposals, Parliamentary Budget Office https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2018/2018-06-11_the-multiannual-financial-framework-2021-2027-of-the-eu-the-european-commission-s-proposals_en.pdf