



**Tithe an  
Oireachtais  
Houses of the  
Oireachtas**

**Tithe an Oireachtais**

**An Coiste um Fhormhaoirsiú Buiséid**

**Tuarascáil Eatramhach ar an gcreat do rannpháirtíocht  
pharlaiminte le linn an timthrialla buiséid**

**Samhain 2020**

---

**Houses of the Oireachtas**

**Committee on Budgetary Oversight**

**Interim Report on the framework for parliamentary  
engagement throughout the course of the budgetary cycle**

**November 2020**

**33CBO002**

# Contents

|  |    |
|--|----|
| Chair's Foreword.....  |    |
| 1. Introduction .....  | 1  |
| 2. Executive Summary.....  | 2  |
| 3. Background .....  | 5  |
| 3.1. Importance of Parliamentary Budget Oversight.....                             | 5  |
| 3.2. Background to Dáil instruction .....  | 6  |
| 3.3. Summary of progress to date and next steps .....                              | 6  |
| 3.4. The Parliamentary Budget Cycle.....   | 6  |
| 3.5. Ireland in an international context .....                                     | 7  |
| 3.6. Principles of developing a more effective parliamentary budget framework..... | 8  |
| 4. Pre-budget scrutiny.....  | 10 |
| 4.1. Overview .....  | 10 |
| 4.2. Requirement for information and data .....                                    | 11 |
| 4.3. Sectoral committee involvement.....   | 11 |
| 5. Scrutiny of Expenditure.....  | 13 |
| 5.1. Role of the Oireachtas .....  | 13 |
| 5.2. Support and briefing .....  | 13 |
| 5.3. Focus of Estimates Engagement .....   | 15 |
| 5.4. In-year financial oversight.....  | 16 |
| 6. Committee on Budgetary Oversight Work Programme .....                           | 18 |
| 6.1. Overview .....  | 18 |
| 6.2. Engagement with Budget Cycle .....  | 18 |
| 6.3. Other elective work .....   | 20 |
| 7. Finance Bill .....  | 22 |
| 8. Conclusion.....   | 23 |
| Appendix One: Committee Membership.....  | 24 |
| Appendix Two: Terms of Reference.....  | 25 |

## Chair's Foreword



The Select Committee on Budgetary Oversight was established during the last Dáil in order to enhance the role of the Oireachtas in scrutinising the budget. In July of this year, the Dáil instructed the Committee to consider the overall parliamentary engagement in the budgetary cycle and make recommendations on the same. Given that the 33<sup>rd</sup> Dáil is in its early stages, and that there is a new membership of the Committee, it is timely that this work is being undertaken.

Given the breadth of the task at hand, the Committee decided that it would be best approached in two stages. This interim report is the culmination of stage one and is the output of the Committee's engagement with the Department of Public Expenditure and Reform and the Parliamentary Budget Office, in addition to the support of the Committees Secretariat.

What follows within this interim report are the key issues that the Committee has considered, and the resultant observations it has made. Stage two of this work will involve the Committee engaging with a wider range of stakeholders, including the Chairs of any Oireachtas Committees or Ministers with responsibility for Departments which may be impacted by any reforms to the parliamentary budget cycle recommended by the Committee.

I would like to thank witnesses to the Committee in recent weeks and I look forward to engaging with stakeholders on this report in the coming weeks, before laying a final report before the Dáil in early 2021.

A handwritten signature in black ink, which reads "Neasa Hourigan". The signature is written in a cursive, flowing style.

---

Neasa Hourigan TD.

Committee Chair

# 1. Introduction

Standing Order 219 defines the remit of the Committee on Budgetary Oversight. Paragraph (3) of that Standing Order provides as follows:

*“(3) The Committee may also consider the overall framework for parliamentary engagement throughout the course of the budgetary cycle and may make recommendations thereon to the sub-Committee on Dáil Reform for that Committee’s consideration under Standing Order 119(1)(b): Provided that, in so doing, the Committee shall consult with—*

*the Committees established pursuant to Standing Order 95 on any recommendations which, in the opinion of the Committee, impact on their role or remit; and*

*the relevant Minister or Ministers on any recommendations which, in the opinion of the Committee, impact on the role or remit of a Department or Departments,*

*and shall notify the results of such consultations to the sub-Committee on Dáil Reform.”.*

The following order was made by Dáil Éireann on 28 July 2020:

*“That it be an Instruction to the Committee on Budgetary Oversight that it consider the matters provided in Standing Order 219(3) and report accordingly not later than 26th November, 2020.”*

The Committee has made progress in relation to the matters comprehended by the Order of the Dáil of 28 July and, on that account, has decided to make an interim report on the matters comprehended by the Order. The Committee requests that the Dáil amend the Order of 28 July to extend the Committee’s deadline for reporting to 25 February 2021.

## 2. Executive Summary

This interim report sets out the current position of the Committee on Budgetary Oversight (BOC) on a number of matters that have been raised to date during its work in response to the Order of the Dáil of 28 July. Over the coming weeks, the Committee will use this report as the basis for consultation with Oireachtas committees, Government ministers, parliaments in other jurisdictions and other stakeholders.

Evidence suggests that the Oireachtas has a comparatively low level of engagement with the budgetary process, despite reforms that have been introduced in recent years. The paper sets out a number of areas that the Committee believes warrant further attention, and where reforms would have the potential to strengthen parliamentary input during budget cycle and result in improved outcomes arising from public spending.

The purpose of this Report is not to identify solutions. Subsequent to its publication, the Committee will engage with the relevant stakeholders, international parliaments and experts with a view to laying a more comprehensive set of recommendations before the Dáil in early 2021.

This report sets out several key observations focusing on pre-budget scrutiny, performance scrutiny, the work of the BOC and the Finance Bill.

### *Pre-budget Scrutiny*

- There is an opportunity to increase the involvement of sectoral committees in pre-budget scrutiny, debating targeted policy proposals to address specific challenges;
- BOC should focus on issues such as revenue, the overall fiscal stance, longer-term sustainability, debt and any fiscal risks, in addition to identifying the priority areas to be considered by sectoral committees; and
- There is a requirement for timely provision of data by Government and its departments.

### *Performance Scrutiny*

- Scrutiny should move towards a more structured, year-round engagement on performance scrutiny;
- Sectoral committee meetings scrutinising Revised Estimates should be complemented by meetings on the Public Service Performance Report (PSPR) and a mid-year review of in-year expenditure pressures;
- Financial performance should be assessed through the principles of performance budgeting, focusing on what is being delivered with resources and how this aligns with the Programme for Government and/or departmental statements of strategy;
- Equality, green and wellbeing budgeting should become standing items on the agenda of performance scrutiny meetings;
- The Committee recognises the usefulness of performance budgeting in facilitating parliamentary oversight of public expenditure and believes the state should have an ambition of demonstrating international best practice in this area; and
- There should be a recognition by departments as to the importance of the timely provision of briefing material for sectoral committees that is of a satisfactory nature.

### *Committee on Budgetary Oversight work programme*

- The Committee should continue to engage with the Ministers for Finance and Public Expenditure & Reform at the key points of the budget cycle, and in particular have a greater role in the Stability Programme Update;
- The Committee should maintain overall responsibility for monitoring the implementation of frameworks such as the PSPR and those relating to green, equality and well-being budgeting;
- Consideration should be given as to the role BOC should have in the scrutiny of substantive Supplementary Estimates; and
- Outside of the formal budgetary cycle, the Committee will also undertake periodic scrutiny of issues such as tax expenditures, the tax gap, demographic costs and any other issue relating to fiscal risks or budgetary oversight.

### *Finance Bill*

- BOC should have a formal role post-budget and how it interacts with the Finance Bill should be considered.

The Committee believes that the above framework would result in a more co-ordinated approach to budget scrutiny and also significantly strengthen engagement by the Oireachtas in the budget cycle. However, the Committee also acknowledges that much of this is predicated on co-operation of Government and its departments and the provision of timely and informative briefing material.

The Committee looks forward to consulting with stakeholders during the next phase of this work, before laying the final report to the Dáil in early 2021.

## 3. Background

### 3.1. Importance of Parliamentary Budget Oversight

The Committee notes that recent years have seen a move towards stronger engagements by parliaments in the budgetary cycle in OECD countries. This has been facilitated through the introduction of budgetary reforms designed to increase parliamentary involvement and to also enhance the capacity of legislatures<sup>1</sup>.

The Committee also notes that a number of reforms have been made in an Irish context. Subsequent to the recommendations contained in the OECD's 2015 *Review of Parliamentary Engagement in Budgeting: Ireland*<sup>2</sup>, there have been significant reforms made in Ireland, including the establishment of the Committee on Budgetary Oversight (BOC) and the Parliamentary Budget Office (PBO).

The Committee acknowledges that significant benefits can arise from having effective parliamentary involvement in the budgetary cycle. As noted by the OECD, a budgetary process that informs and consults the legislature on fiscal policy and medium-term budget policy, and that takes the views of the legislature into account during the budget formulation phase, promotes transparency and encourages fiscally responsible legislative decision-making.<sup>3</sup> Nonetheless, the Committee notes that there is much heterogeneity internationally with regard to the level of involvement that the legislature has in budgetary matters.

This report sets out the Committee's current position with regard to problems, issues and opportunities that have been highlighted during the initial phase of its work in examining the effectiveness of the current parliamentary budget cycle. The Committee recognises that a more effective framework has the potential to lead to improved outcomes for citizens through better informed policy-making, resource allocation and accountability.

---

<sup>1</sup> Budgeting and Public Expenditures in OECD Countries, *OECD*, 2019

<sup>2</sup> <https://www.oecd.org/ireland/review-of-budget-oversight-by-parliament-ireland.htm>

<sup>3</sup> Budgeting and Public Expenditures in OECD Countries, *OECD*, 2019

### 3.2. Background to Dáil instruction

On the 28<sup>th</sup> July the Dáil made the following Order in relation to the Committee on Budgetary Oversight (BOC):

*That it be an Instruction to the Committee on Budgetary Oversight that it consider the matters provided in Standing Order 219 (3) and report accordingly not later than 26 November 2020.*

### 3.3. Summary of progress to date and next steps

In recent months, the Committee has commenced the process of answering the Order. Given the breadth of the work at hand, the Committee agreed that it would be addressed in two stages. The objective of the first phase was to gather evidence and identify issues that currently exist in the parliamentary budget cycle and highlight potential barriers to making the cycle more effective. This has been informed by engagements with the PBO and the Department of Public Expenditure and Reform (DPER), in addition to the support of the Committee Secretariat.

The purpose of this Report is not to identify solutions, but rather to highlight a number of particular areas that the Committee sees as having scope for potential improvement. In the coming weeks, the Committee will use this report as the basis for consultation with relevant stakeholders, international parliaments and experts with a view to laying a more comprehensive set of recommendations before the Dáil in early 2021. This consultation will also include other Oireachtas Committees and Ministers impacted by the proposals contained in the report, as per Standing Order 219(3).

### 3.4. The Parliamentary Budget Cycle

The Committee notes the various functions of the Oireachtas, through which it engages with the budgetary cycle. These can be summarised as the Oireachtas having the following roles:

*Constitutional role* – Passing of the Estimates and legislation giving effect to tax and other changes

*Oversight role* – Are policies effective and do they achieve their objectives in a manner that provides value for money?

*Accountability role* – Is money being spent on what it is allocated for?

Currently, the key points of formal parliamentary input are the consideration and approval of the Revised Estimates and the Finance Bill. However, the Committee also acknowledges the important role of less formal engagements – such as opportunities to engage with ministers and accounting officers, consideration of publications such as the Public Service Performance Report, the ex-post role of the Committee of Public Accounts and other budget and spending related work contained in committee work programmes.

### 3.5. Ireland in an international context

The Committee notes that according to the OECD, there are two factors that predominantly determine the extent to which a legislature can influence budgetary matters; its formal powers and the organisational capacity to support it<sup>4</sup>. Considering this, the Committee also acknowledges that significant improvements have been made to the organisational capacity of the Oireachtas in recent years.

Despite these steps, the Committee acknowledges that evidence suggests that the Oireachtas still has a comparatively low level of engagement in budgetary matters. The Committee notes the findings of a 2018 study which found that, from a study of 70 countries, Ireland ranked only ahead of nine in terms of the input that the parliament has in the budget process, compared to that of the executive<sup>5</sup>. However, the Committee also acknowledges that for a ‘Westminster-style’ Parliament such as Ireland, it is common for there to be lower levels of engagement in the budget cycle.

Nonetheless, it is clear that Ireland is something of an international outlier with regard to the input the Oireachtas has at certain points of the cycle, such as the influence over the medium term budget strategy, the role it has in amending budget allocations and the timing of the budget being passed<sup>6</sup>. The Committee believes that the process in which it is currently engaged should seek to bring Ireland more in line with other jurisdictions.

---

<sup>4</sup> Budgeting and Public Expenditures in OECD Countries 2019

<sup>5</sup> Kim C., (2018) Who has power over the budget-The Legislature or the Executive?: A comparative analysis of budgetary power in 70 Countries, OECD Journal on Budgeting, Vol 18 (3).

<sup>6</sup> Kim Chunson, (2014) *A Study on Compilation and Improvement of Indices for Legislative Budgetary Institutions* p.7: OECD Journal of Budgeting 2014 Vol. p.7

The Committee also notes that there are areas in which Ireland performs well but has the potential to become an exemplar. One such area is using best practice performance budgeting to improve the level of budgetary scrutiny that can be undertaken by sectoral committees.

### 3.6. Principles of developing a more effective parliamentary budget framework

In undertaking this work, the Committee has identified a number of key principles which will be a pre-requisite of an effective parliamentary budget framework.

#### **Relationship with the Executive**

To facilitate effective engagement, it is imperative that Government departments respect the role of the Oireachtas and its committees in performing budgetary and performance scrutiny. Requests from committees for further information, support or evidence should be met as efficiently as possible. The importance of parliamentary oversight, and the improved outcomes that, when undertaken effectively it can lead to, should be recognised.

#### **Provision of information**

The Committee believes that the provision of satisfactory data and information is a crucial enabler of any parliamentary budgetary oversight. With regard to pre-budget scrutiny, the Oireachtas, via the Committee on Budgetary Oversight, should be provided with pre-budget information in a timely manner, while performance scrutiny can only be undertaken when a committee has the required information and data at its disposal.

While the Committee notes the support that is available to Parliamentarians through the PBO, Library and Research Service and the Committee Secretariat, it is of the belief that it is Government departments that hold this information and therefore they need to play a greater role in supporting committee scrutiny. Nonetheless, the Committee also believes that there may be opportunities to better leverage the resources within the Oireachtas towards better informed scrutiny also.

This report addresses the information required, and the current deficits, in subsequent sections.

### **Committees working in a complementary and co-operative manner**

The Committee believes that currently it is not clear as to how the roles of BOC, the Committee on Finance, Public Expenditure & Reform and the Taoiseach, other sectoral committees and the Committee of Public Accounts delineate and what the responsibilities of each are with regard to performance scrutiny. This is a matter that should be addressed throughout this process.

The Committee is of the view that the roles and responsibilities of each committee should be set out clearly in Standing Orders. In doing so, it believes that BOC should maintain an overall oversight and co-ordination role, with sectoral committees best placed to undertake detailed scrutiny of their areas of remit. However, work should be undertaken in a complementary manner and this report attempts to set out how the parliamentary budget cycle can become more co-ordinated and seeks to leverage the expertise and knowledge of the different committees at the points whereby they can add the most value.

## 4. Pre-budget scrutiny

### 4.1. Overview

Since its establishment, the primary output of BOC has been an annual pre-budget report<sup>7</sup>, based on the Committee's pre-budget scrutiny. Typically, this has involved an assessment of relevant publications by the PBO, government departments and other third parties, submissions to the committee made by stakeholders and scrutiny meetings held between the committee and selected stakeholders.

While the above model has been effective, the Committee acknowledges that there has been a degree of overlap between this process and the National Economic Dialogue, and also that opportunity for input by other Oireachtas committees is limited.

The Committee believes that it should maintain overall responsibility for undertaking pre-Budget scrutiny. However, it is acknowledged that there is also significant scope for sectoral committees to have a role in this. Sectoral committees have developed a considerable in-depth knowledge of their areas of remit and therefore can add significant value when considering budgetary policies that will address specific priorities. The Committee is also of the view that this should be undertaken in a non-partisan manner and should be informed by a strong evidence base.

---

<sup>7</sup> See for example:

[https://data.oireachtas.ie/ie/oireachtas/committee/dail/32/committee\\_on\\_budgetary\\_oversight/reports/2019/2019-07-10\\_interim-pre-budget-report-2020\\_en.pdf](https://data.oireachtas.ie/ie/oireachtas/committee/dail/32/committee_on_budgetary_oversight/reports/2019/2019-07-10_interim-pre-budget-report-2020_en.pdf)

## 4.2. Requirement for information and data

The Committee is of the view that parliamentary pre-budget scrutiny has been constrained considerably by the lack in information provided to it by Government and its departments. The Committee is firmly of the view that the following information, at an absolute minimum, should be provided to it before it commences its pre-Budget scrutiny in quarter 2 of a given year:

The total cost of standing-still for the budget year, broken out as:

- Demographic costs
- Inflationary pressures;
- Forecast amount of revenue generated during budget year without any policy change; and
- Estimated fiscal space available for the budget year.

For a more robust debate on budgetary decisions, the Committee may wish to consider potential measures that will increase or decrease revenue as it sees fit. The Committee would welcome the co-operation of the relevant department(s) in this regard.

## 4.3. Sectoral committee involvement

As noted above, the Committee believes there is a significant opportunity for wider committee involvement in the pre-budget process, and that overall, the final Report, and longer-term outcomes in terms of the efficacy and impact of public spending, would benefit from this. As with Estimates scrutiny, there is significant potential for the Committee to move to an 'outcomes-focused' pre-budget debate, focussed on recommendations that will address specific policy challenges highlighted either in key European Semester publications, or by domestic stakeholders such as the Irish Fiscal Advisory Council.

To this end, the Committee will consider how sectoral Committees could also be involved in the pre-budget process, leveraging their detailed knowledge of particular policy areas. Should this course be followed, BOC would, early in the year, establish the key challenges that should be addressed in the budget and request that the relevant sectoral committees propose policy initiatives that seek to address said challenges. These proposals should be costed by the line department of the respective committees and a final recommendation made by the sectoral

committee. However, other sectoral committees should also during this period engage with their respective Ministers on the key budget priorities or pressing issues and communicate any recommendations to BOC.

In tandem with this, BOC will focus on macroeconomic issues such as the appropriate overall fiscal stance, budgetary sustainability and debt. Upon receiving the policy proposals as outlined above, BOC could consider the merit and likely effectiveness of these policies, in the context of the fiscal space available. Where sufficient expenditure is not available, BOC may consider revenue raising options, and work with the relevant department(s) with regard to costing of same.

## 5. Scrutiny of Expenditure

### 5.1. Role of the Oireachtas

Currently, the primary function of a sectoral Oireachtas committee with regard to budget or financial matters is the consideration of the Revised Estimates relating to the Votes which it has oversight of. The Committee notes that, at present, there is little output from this process, and that neither committees, nor the Dáil, have any formal powers of amendment. The Committee also notes that, in this regard, Ireland is an international outlier. A study of OECD countries published in 2019 showed that Ireland was one of only two countries where the legislature does not have any ability to make amendments to the budget<sup>8</sup>. While the Committee acknowledges that amendment powers in ‘Westminster-style’ parliaments are generally low, it notes that even a moderate level of power can “signal to the executive that it needs to take legislative scrutiny seriously<sup>9</sup>”.

In order to address this deficit, the Committee believes that there should be an enhanced formal role for sectoral committees after it conducts its scrutiny. The Committee is of the view that, in line with some international peers, Committees should have the power to propose to the Dáil amendments to budgetary allocations. Failing this, at a very minimum, committees should be required to lay a report before the Dáil setting out its observations and any findings and/or recommendations at which it may arrive with regard to the Estimates. This would provide the opportunity for the findings to be revisited by the Committee at a later date, or by PAC when considering the respective Appropriation Account.

### 5.2. Support and briefing

However, as set out above, the factors that determine the influence of the legislature are both the formal powers it has and the organisational capacity to support it. To this end, this Committee recognises the importance that all committees are adequately supported through the provision of performance data and briefing material of a satisfactory quality. The Committee believes that BOC should be the committee with a remit for monitoring this architecture and ensuring that the quality of information and support being provided to the House is optimal. This should be easily digestible for members of sectoral committees and provide a comprehensive picture of how resource allocation relates to delivery during the

---

<sup>8</sup> Budgeting and Public Expenditures in OECD Countries, *OECD*, 2019

<sup>9</sup> <https://read.oecd.org/10.1787/9789264307957-en?format=pdf>

budget year, and also how this relates to the departmental statement of strategy and/or need of the citizen.

In this regard, the Committee believes that performance budgeting, whereby expenditure is evaluated in a manner that is focused on the outputs and outcomes occurring as a direct result of it, should be the basis for financial scrutiny. While the Committee acknowledges that this is a significant undertaking, it sees no reason why Ireland should not have an ambition to become an example of international best practice in this space, and looks forward to engaging with sectoral Committees, the Department of Public Expenditure and Reform and other Government departments with a view to progressing this objective.

The Committee also notes with interest that the New Zealand parliament utilises an ‘Estimates Questionnaire<sup>10</sup>’ which is circulated to departments post the announcement of individual budget allocations. The Committee will consider how a model such as this could be implemented by the Oireachtas.

While the Committee believes that sectoral committees should be responsible for scrutinising the Estimates that are relevant to the Departments they oversee, it is also of the view that this should not preclude BOC from examining particular Votes where performance issues relating to resources and output have been identified. The Committee will be mindful of not impinging on the remit of the Committee of Public Accounts and will engage with the Working Group of Committee Chairs (WGCC) in the next phase in order to ensure that the remits of each Committee with regards to this specific area of activity are clear.

Further, the Committee realises the importance that committees and their support staff receive briefing material regarding to financial performance in a timeframe that allows for it to be considered by Members in advance of scrutiny meetings. To this end, the Committee is concerned that briefing material is not always being provided to committees with satisfactory timeliness. This has previously been highlighted by the PBO<sup>11</sup>.

---

<sup>10</sup> For more information see: [https://www.parliament.nz/resource/en-NZ/SCR\\_96182/065bc6ac0de4ef823240772d23b88055d1f14f7d](https://www.parliament.nz/resource/en-NZ/SCR_96182/065bc6ac0de4ef823240772d23b88055d1f14f7d)

<sup>11</sup> [https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2019/2019-12-20\\_supplementary-estimates-for-public-services-2019-how-much-time-was-there-for-the-dail-select-committees-to-prepare-for-scrutiny\\_en.pdf](https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2019/2019-12-20_supplementary-estimates-for-public-services-2019-how-much-time-was-there-for-the-dail-select-committees-to-prepare-for-scrutiny_en.pdf)

The Committee believes that a fixed timeframe should be set at which briefing material must be provided to committees ahead of scrutiny meetings. The Committee will engage with the relevant stakeholders towards progressing this during the next phase of this work.

### 5.3. Focus of Estimates Engagement

#### **Equality, green and wellbeing budgeting**

The Committee recognises the improvements that have been made with regard to equality budgeting in Ireland, and also the work that is continuing to progress this, along with green and wellbeing budgeting frameworks. While the Committee believes that BOC should be responsible for oversight of these frameworks and their respective levels of progress, it is also of the belief that there is a considerable role of sectoral committees in monitoring their implementation at a departmental level.

In this regard, the Committee believes that it may be a valuable exercise for, when meeting to discuss Estimates, the relevant Minister outlines how the Estimates presented align with the principles of equality, green and wellbeing budgeting.

#### **Holistic scrutiny**

Across the budget cycle, the Committee is of the view that too much focus may be placed on marginal changes in expenditure, rather than examining what is already in the 'base', what it is delivering and whether it is still required or the best vehicle through which Government objectives can be achieved. As noted above, performance budgeting should act as a toolkit that will allow committees to form a clear picture as to what is being delivered for public spending. Members should also be provided with evidence as to the ongoing requirement for expenditure.

To this end, the Committee believes that the Spending Review process provides an opportunity to better inform Oireachtas scrutiny. This should involve an ex-ante meeting between BOC and the Department of Public Expenditure and Reform at the outset of the Spending Review cycle, allowing BOC to provide input with regard to the schedule of topics that will be examined. The process should also be developed in a manner that allows Spending Review findings to be used by sectoral committees in consideration of Estimates, and for PAC to examine how Spending Review findings have been incorporated into financial performance.

As highlighted in a recent external review of the Spending Review process<sup>12</sup>, Members of the Oireachtas should be the key audience of the Review papers. Considering this, the Committee looks forward to engaging with the Department of Public Expenditure and Reform to ensure that the Review process is designed in a way that meets the requirements of the Oireachtas.

#### 5.4. In-year financial oversight

The Committee believes that parliamentary scrutiny of public expenditure would benefit from a move towards a more formal structured year-round calendar of performance scrutiny. Currently, financial scrutiny meetings outside of consideration of the Estimates are not a regular feature of the schedule of Oireachtas committee meetings. The Committee is of the view that a structured calendar or periodic meetings would lead to more effective scrutiny, delivering better outcomes. An annual calendar could be scheduled around the following key milestones:

##### **Revised Estimates**

The Committee notes that Ireland is an outlier in terms of the point of the budget year that the Budget is actually approved. Typically, the Estimates are not voted on by the Dáil until at least March or April. The Committee believes that Ireland should move closer to international norms and, at a minimum, seek to have Estimates considered by Committees before the end of January. This will allow for their passing in the Dáil in early February, if not earlier.

The Committee will engage with the Working Group of Committee Chairs and the Minister for Public Expenditure and Reform in this regard in the coming weeks.

##### **Public Service Performance Report**

As set out in more detail later in this report, the Committee recognises the potential value that the Public Service Performance Report (PSPR) can have in providing parliament with oversight of public expenditure and performance. Since first introduced, BOC has been responsible for its scrutiny. However, given the quantum of information contained in the report which accounts for spending across all Government departments, the Committee believes that the sectoral committees should conduct scrutiny of the chapters of the PSPR that are relevant to the department that it has oversight of. This should include meeting the

---

<sup>12</sup> O'Hagan, J (2020). *Rationale, Operation and Issues: Irish Spending Review Process, 2017-2019*

Minister/accounting officer of the department in question upon publication of the report which, up until this year, has been each May.

The Committee will engage with the WGCC with regard to this in the coming weeks.

### **Mid-year position**

As noted above, the Committee believes that there is merit in more regular performance scrutiny meetings. In this regard, it believes that each sectoral committee should have a meeting in September which examines the in-year financial performance and identifies in expenditure pressures that may be arising. At this point, any developments likely to result in a Supplementary Estimate being required for a particular vote should be communicated to BOC.

The Committee will engage with the WGCC with regard to this proposal in the coming weeks.

## 6. Committee on Budgetary Oversight Work Programme

### 6.1. Overview

The Committee believes that its annual cycle of work can be categorised into two modules; engagement with the budgetary cycle and elective scrutiny of specific topics. However, the Committee does not believe that these are discrete pieces of work, but rather should be interrelated. Findings from elective scrutiny should at least partly inform pre-budget scrutiny, while engagement with the budget cycle should inform the topics that the committee will be scrutinising in the future.

### 6.2. Engagement with Budget Cycle

#### *Pre-Budget Scrutiny*

As set out above, the Committee believes that BOC should maintain overall responsibility for pre-budget scrutiny. However, it is also of the view that there is significant potential for sectoral committees to play a greater role during this process.

#### *Stability Programme Update*

The Committee notes that the Oireachtas has little input into the Stability Programme Update (SPU) and is again an outlier in this regard compared to legislatures in other jurisdictions. Scrutiny of the medium-term budgetary framework (MTBF) is now a common practice in OECD legislatures, with 24 parliaments reporting that they debate the MTBF and 13 of these report that they formally approve the MTBF.

In the Irish case, the Minister for Finance typically meets BOC following publication of the draft SPU, but the Committee or the Dáil, have no real opportunity to influence it. The Committee believes that there is considerable scope for increased engagement between BOC and the Government on the SPU. This may be delivered through pre-SPU engagement with the Minister, and other stakeholder, that culminates in a report that is laid before the Dáil. Post-publication of the draft SPU, and in advance of it being submitted to the European Commission, the Committee will engage with the Minister to discuss how its report fed into the draft SPU process.

### *Summer Economic Statement and Mid-Year Expenditure Report*

The Committee acknowledges the value that the Summer Economic Statement and the Mid-Year Expenditure Report add to the pre-budget process. While the Committee acknowledges that there will be unforeseen developments between the publication of these documents and the Budget, it believes that it would be beneficial for the information that is contained in these publications were more in-line with the actual budget day package, in order to facilitate a more informed pre-budget report. Where unexpected developments do occur, the Committee should be notified by the relevant Minister at the earliest opportunity. Further, and as covered above, earlier publication of the data contained in these documents would also allow for more effective scrutiny and should be facilitated by the Department of Public Expenditure and Reform and the Department of Finance.

The Committee believes that it should continue to engage with the Minister for Finance and the Minister for Public Expenditure & Reform with regard to these documents upon publication.

### *Public Service Performance Report*

The Committee acknowledges that the PSPR has been one of the key performance budgeting reforms introduced in recent years. The Committee believes that the PSPR has the potential to be a useful resource for committees.

The Committee believes that it should maintain responsibility for monitoring the PSPR at a high-level, in particular the evolution of its content. This aligns with the Committee's role in scrutinising the wider performance budgeting initiative. However, given the breadth of information contained in the PSPR, the Committee is also of the belief that in order for effective scrutiny to be undertaken at a departmental level, each sectoral committee should scrutinise the chapters of the PSPR that are relevant to the department it oversees. This would be further strengthened were the PSPR to evolve in a manner that allowed expenditure to be directly linked to its outputs. The Committee looks forward to engaging the Department of Public Expenditure and Reform in this regard.

### *Supplementary Estimates*

The Committee has also considered how best to treat Supplementary Estimates. The Committee believes that there is a strong argument that substantive Supplementary Estimates should be scrutinised differently to technical Supplementary Estimates. Where a

department is seeking a substantive estimate, additional funding is being required of the Exchequer, impacting on the overall fiscal position for that year. This may impact the resources available for the following year, or otherwise have borrowing implications.

In considering the above, the Committee believes that there is a role for BOC in considering these Estimates but that if this is to occur, it is important that the conditions under which BOC undertakes scrutiny are clear. This could be done by establishing a clear Supplementary Estimates threshold at a Vote level, which only when exceeded, will BOC scrutinise the Estimate. This threshold could be based upon exceeding voted expenditure by a certain percentage. However, should there be a significant number of Votes in excess of the threshold, BOC may only scrutinise those which require the largest Supplementary Estimate as a percentage of their initial voted allocation for the year. However, the Committee believes that further consideration is required as to how this would operate in practice and to ensure that the capacity of the Committee to undertake other important work is not reduced.

The Committee will engage with the WGCC in the coming weeks to discuss options and potential thresholds.

### 6.3. Other elective work

As noted above, the Committee believes that the 'elective' work it undertakes should be informed by issues that it encounters while interacting with the budget cycle. However, the Committee is also of the belief that there are a number of key budget related process and issues that the Committee should have responsibility for maintaining ongoing oversight of. Included in this are (non-exhaustive):

- Tax Expenditures
- Tax Gap
- Performance budgeting framework
- Development of green, equality and wellbeing frameworks
- Demographic costs

In addition to the above, the Committee should maintain the ability to undertake scrutiny of any area that it considers as presenting a risk to the overall budgetary position. As an example of this, the Committee believes that the performance of our current procurement code, particularly as it relates to large public procurement contracts, should also be examined. In

undertaking this work, the responsible Officer for Government Procurement would also appear before the committee to give an overview of the performance of government contract(s) and the Public Spending Code.

## 7. Finance Bill

During this process, the Committee considered the role of BOC post-budget, and also what would represent optimal scrutiny of the Finance Bill. The Committee is of the belief that, considering the extent of the work it undertakes in advance of the budget, BOC should have a stronger role in post-budget scrutiny. In advance of the budget, BOC considers a large volume of evidence from a wide array of stakeholders and this culminates in the laying of a report before the Dáil. Greater credibility may be attached to this process were the Committee to have an ex-post role after the announcement of the budget. The Committee has considered options which would serve to address this deficit:

- BOC takes over Committee stage of the Finance Bill;
- BOC takes Committee stage of certain parts of the Finance Bill (or the Finance bill becomes too separate bills);
- BOC produces a post-budget report that takes a position with regard to the Budget and/or Finance Bill, and that this is the basis for scrutiny by the Finance Committee.

At this point, the Committee believes that there is merit further considering an option whereby BOC would undertake partial scrutiny of the Finance Bill, particularly those parts of the Bill that relate to revenue raising measures. This could be done through a second bill being published which separates solely revenue changing proposals from technical measures.

Further, The Committee believes that it should look to give a form performance metrics score or grading to the budget.

## 8. Conclusion

This interim report marks the conclusion of phase one of the Committee's work in answering the Dáil Order of 28 July 2020. The purpose of this phase has been to gather evidence and identify issues that currently exist in the parliamentary budget cycle and to highlight potential barriers to making the cycle more effective. The purpose of this interim Report is not to identify solutions but rather to highlight a number of particular areas that the Committee sees as having scope for potential improvement, including a more collaborative pre-budget scrutiny process, more holistic consideration of financial performance, the work of BOC and the treatment of the Finance Bill.

Upon the publication of this report, the Committee looks forward to engaging with the relevant stakeholders (including Oireachtas committees, Ministers and departments), international parliaments and experts with a view to laying a more comprehensive set of recommendations before the Dáil in early 2021.

## Appendix One: Committee Membership



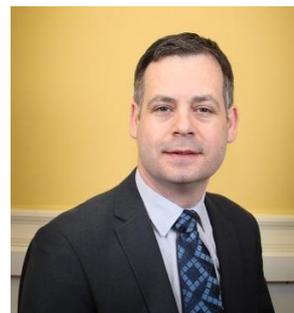
Richard Boyd-Barrett  
TD  
Solidarity – People  
Before Profit



Seán Canney TD  
Independent



Ciaran Cannon TD  
Fine Gael



Pearse Doherty TD  
Sinn Féin



Bernard Durkan TD  
Fine Gael



Mairéad Farrell TD  
Sinn Féin



Michael Healy-Rae  
TD  
Independent



Neasa Hourigan TD  
Green Party



John Lahart TD  
Fianna Fáil



Brian Leddin TD  
Green Party



Aindrias Moynihan  
TD  
Fianna Fáil



Ged Nash TD  
Labour



Willie O'Dea TD  
Fianna Fáil



Kieran O'Donnell TD  
Fine Gael



Patricia Ryan TD  
Sinn Féin

## Appendix Two: Terms of Reference

Go ndéanfar, de réir mholadh an Fhochoiste ar Athleasú na Dála faoi Bhuan Ordú 107(1)(a), Buan-Orduithe Dháil Éireann i dtaobh Gnó Phoiblí a leanas tríd an mBuan-Ordú seo a leanas a ghlacadh:

‘186A. (1) Beidh arna bhunú, a luaithe is féidir i ndiaidh ationól na Dála tar éis Olltoghcháin, Buanchoiste, dá ngairfear an Coiste um Fhormhaoirsiú Buiséid, chun scrúdú a dhéanamh agus, más cuí leis é, chun tuarascáil a thabhairt don Dáil—

- (a) ar an staid fhioscach fhoriomlán, lena n-áirítear—
- (i) an staid chomhiomlánaithe maidir le hioncam agus caiteachas agus larmhéid Ginearálta an Rialtais, lena n-áirítear spriocanna struchtúracha;
  - (ii) réamh-mheastacháin mheántearma don airgeadas poiblí;
  - (iii) réamhaisnéisí agus forbairtí maicreacnamaíocha; agus
  - (iv) rialachas fioscach ginearálta, lena n-áirítear rialacha agus priacail fhioscacha a fheidhmiú maidir leis an staid fhioscach;
- (b) ar an mbeartas maidir le caiteachas poiblí, lena n-áirítear—
- (i) an staid chaiteachais ag féachaint don Uasteorainn Caiteachais Rialtais agus don tslat tomhais chaiteachais faoin gComhaontú Cobhsaíochta agus Fáis; agus
  - (ii) na hUasteorainneacha Caiteachais Aireachta a bhfuil feidhm acu maidir le Meastacháin ar leith nó grúpaí Meastachán i gcomhair Seirbhísí Poiblí i gcás go bhféadfadh athruithe suntasacha ar an bpróifíl chaiteachais tionchar a bheith acu ar an staid fhioscach fhoriomlán;

That, in accordance with the recommendation of the sub-Committee on Dáil Reform under Standing Order 107(1)(a), the Standing Orders of Dáil Éireann relative to Public Business be amended by the adoption of the following Standing Order:

219 (1) There shall stand established as soon as may be, following the reassembly of the Dáil subsequent to a General Election, a Standing Committee, to be known as the Committee on Budgetary Oversight, to examine and, where it considers it appropriate, report to the Dáil on—

- (a) the overall fiscal position, including—
- (i) the aggregated position on revenue and expenditure and the General Government Balance, including structural targets;
  - (ii) medium-term projections for the public finances;
  - (iii) macro-economic forecasts and developments; and
  - (iv) general fiscal governance including the application of fiscal rules and risks to the fiscal position;
- (b) public expenditure policy, including—
- (i) the expenditure position having regard to the Government Expenditure Ceiling and the expenditure benchmark under the Stability and Growth Pact; and
  - (ii) Ministerial Expenditure Ceilings applying to individual Estimates or groups of Estimates for the Public Services where significant variations from the expenditure profile could potentially impact on the overall fiscal position;

(c) ar an mbeartas maidir le fáltais an Státhchiste.

(2) Féadfaidh an Coiste breithniú a dhéanamh ar ní a bhaineann le beartas poiblí agus a bhfuil tionchar suntasach aige ar an staid bhuiséid nó ar an staid fhioscach fhoriomlán: Ar choinníoll go rachaidh Cathaoirleach an Choiste, roimh thosach an bhreithnithe sin, i gcomhairle leis an gCoiste earnála iomchuí arna bhunú de bhun Bhuan-Ordú 95

(3) Féadfaidh an Coiste freisin breithniú a dhéanamh ar an gcreat foriomlán do rannpháirtíocht pharlaiminte le linn an timthrialla buiséid agus féadfaidh sé moltaí a ndáil leis an gcéanna a dhéanamh don Fhochoiste ar Athleasú na Dála, is moltaí a bheidh le breithniú ag an gCoiste sin faoi Bhuan-Ordú 119 (1)(b): Ar choinníoll, le linn dó é sin a dhéanamh, go rachaidh an Coiste i gcomhairle—

(a) leis na Coistí arna mbunú de bhun Bhuan-Ordú 95 maidir le haon mholtaí a bhfuil tionchar acu, i dtuairim an Choiste, ar ról nó ar chúram na gCoistí sin; agus

(b) leis an Aire nó leis na hAirí iomchuí maidir le haon mholtaí a bhfuil tionchar acu, i dtuairim an Choiste, ar ról nó ar chúram Roinne nó Ranna,

agus tabharfaidh sé fógra i dtaobh thorthaí na gcomhairliúcháin sin don Fhochoiste ar Athleasú na Dála.

(4) Beidh na cumhachtaí seo a leanas ag an gCoiste:

(a) an chumhacht chun fios a chur ar dhaoine, ar pháipéir agus ar thaifid mar a mhínítear i mBuan-Orduithe 96(3) agus 99;

(b) an chumhacht chun fianaise béil agus fianaise scríofa a ghlacadh agus chun aighneachtaí a ghlacadh mar a mhínítear i mBuan-Ordú 96(1) agus (2);

(c) an chumhacht chun Fochoistí a cheapadh mar a mhínítear i mBuan-Ordú 96(4);

(d) an chumhacht chun sainchomhairleoirí a fhostú mar a mhínítear i mBuan-Ordú 96(14);

(c) Exchequer receipts policy.

(2) The Committee may consider a matter of public policy with significant impact on the budgetary position or on the overall fiscal position: Provided that prior to the commencement of such consideration, the Chairman of the Committee shall consult with the relevant sectoral Committee established pursuant to Standing Order 95.

(3) The Committee may also consider the overall framework for parliamentary engagement throughout the course of the budgetary cycle and may make recommendations thereon to the sub Committee on Dáil Reform for that Committee's consideration under Standing Order 119 (1)(b): Provided that, in so doing, the Committee shall consult with—

(a) the Committees established pursuant to Standing Order 95 on any recommendations which, in the opinion of the Committee, impact on their role or remit; and

(b) the relevant Minister or Ministers on any recommendations which, in the opinion of the Committee, impact on the role or remit of a Department or Departments,

and shall notify the results of such consultations to the sub-Committee on Dáil Reform.

(4) The Committee shall have the following powers:

(a) power to send for persons, papers and records as defined in Standing Orders 96(3) and 99;

(b) power to take oral and written evidence and submissions as defined in Standing Order 96(1) and (2);

(c) power to appoint sub-Committees as defined in Standing Order 96(4);

(d) power to engage consultants as defined in Standing Order 96(14);

(e) an chumhacht chun taisteal mar a mhínítear i mBuan-Ordú 96(15)).

(5) Déanfar gach tuarascáil a bheartóidh an Coiste a thabhairt, arna glacadh ag an gCoiste, a leagan faoi bhráid na Dála láithreach agus as a aithle sin beidh cumhacht ag an gCoiste an tuarascáil sin, mar aon le cibé doiciméid ghaolmhara is cuí leis, a chlóbhualadh agus a fhoilsiú.

(6) Maidir leis an gCoiste cúig Chomhalta dhéag a bheidh air, nach comhalta den Rialtas ná Aire Stáit aon duine acu, agus ceathrar acu sin is córam dó: Ar choinníol—

(a) go mbeidh an Coiste agus aon Fhochoistí a cheapfaidh sé comhdhéanta ar chuma go ndéanfaidh sé nó siad ionadaíocht chothrom don Dáil; agus

(b) go mbeidh feidhm ag forálacha Bhuan Ordú 106 maidir leis an gCoiste.

(e) power to travel as defined in Standing Order 96(15).

(5) Every report which the Committee proposes to make shall, on adoption by the Committee, be laid before the Dáil forthwith, whereupon the Committee shall be empowered to print and publish such report, together with such related documents it thinks fit.

(6) The Committee shall consist of fifteen Members, none of whom shall be a member of the Government or a Minister of State, and four of whom shall constitute a quorum: Provided that—

(a) the Committee and any sub-Committees which it may appoint shall be constituted so as to be impartially representative of the Dáil; and

(b) the provisions of Standing Order 106 shall apply to the Committee.

—*Ríona Uí Dhochartaigh, Aire Stáit ag Roinn an Taoisigh*