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CONSTITUTION OF IRELAND



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Oireachtais
Houses of the
Oireachtas

An Coiste um Fhormhaoirsiú Buiséid
Chlár Oibre 2023 – 2024
Samhain 2023

Committee on Budgetary Oversight
Work Programme 2023-2024
November 2023

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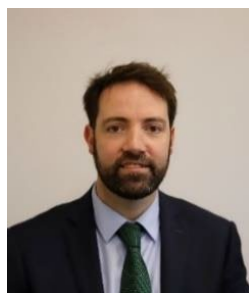
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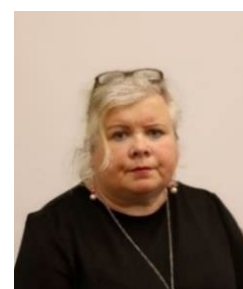
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Standing Orders

The Select Committee on Budgetary Oversight was established on 21 July 2016 following the adoption of Dáil Standing Order 186A. Standing Order 100(4) of Dáil Éireann require that *“as soon as may be following its appointment and thereafter at annual intervals, each Select Committee shall prepare a work programme and shall lay such programme before Dáil Éireann and Seanad Éireann”*.

Role of the Committee on Budgetary Oversight (CBO)

The Budget is key to decisions on how national resources are allocated. The Committee on Budgetary Oversight (CBO) was established on the 21st of July 2016 as a Standing Committee designed to enhance the level of engagement by the Oireachtas in the Budget process.

The Committee can achieve this by:

- Engaging with a range of stakeholders and carrying out “ex-ante” (before the event) scrutiny of Revenue and Expenditure options before the Budget;
- Carrying out “ex-post” (after the event) scrutiny to evaluate Budget measures or to assess how budgeted spend or revenue projections compare with out-turns;
- Bringing a strategic focus to monitor macro-economic developments and fiscal risks;
- Engaging with the Fiscal Advisory Council (FAC) to receive its regular assessments of compliance with fiscal rules;
- Holding budget scrutiny meetings with the Minister for Finance and Public Expenditure and Reform at key budget milestones;
- Making recommendations to Dáil Éireann on measures to enhance and strengthen the budget scrutiny framework.

Parliamentary Budget Office (PBO) and the Irish Fiscal Advisory Council (IFAC)

The Committee's work programme is informed by evidence-based research, including analysis provided by the Committee Secretariat, and by the independent [Parliamentary Budget Office \(PBO\)](#).

As part of the Dáil reform process, Ireland's Parliamentary Budget Office (PBO) was established on 15th August 2017. The Committee engages with the PBO and with on a regular basis. As the PBO develops specialist economic expertise, the Committee will endeavour to make use of its advice and expertise to develop the Oireachtas budget framework, in line with international best practice.

The Fiscal Advisory Council was established as an independent fiscal institution in July 2011 and put on a statutory footing in December 2012 by the [Fiscal Responsibility Act](#).

The Committee also engages with the Fiscal Advisory Council (IFAC) regularly to consider its Fiscal Assessment Reports.

Existing Levels of Service/Stand-Still Costs Pressures

The Committee recognises that Existing Levels of Service (ELS) costs, or the costs of 'standing still' i.e., delivering the same quantum of public services, taking into account pressures due to demographic change and inflation, are a significant calculation in budgetary discussions. If ELS calculations are underestimated or there is a failure to account for these costs correctly, this can have a detrimental impact on the delivery of public services. The Existing Level of Service (costs) are an important part of budgetary calculations and are likely to be of increasing importance in managing the costs of changing demographics.

The Committee also notes that its predecessor of the 32nd Dáil had planned on undertaking this work before the dissolution of the Dáil. The Committee believes that this work should be undertaken in the near future to ensure that the cost in meeting these pressures is being sufficiently allowed for. As such, the Committee intends to

examine how ELS costs were calculated for Budget 2024 and beyond and to establish if there should be any changes to the methodology employed.

Spending Overruns & Supplementary Estimates

The Committee intends to examine the 2024 Supplementary Estimates and the spending overruns that have required them. The Committee aims to examine the overall increase in spending as well as where the biggest Supplementary Estimates have been required.

Climate Change and Ireland's Public Finances

A recent [report](#) by the Irish Fiscal Advisory Council notes that a changing climate in Ireland and globally will impact the Irish economy and the public finances. The report assesses the likely impacts on the public finances through compliance costs, transition costs, and physical risks. The Fiscal Council notes that it has been estimated that the costs of addressing these issues could see tax revenues reduced by €4.4 billion, increased expenditure by 0.4 to 0.7% GNI* per annum, and penalties of between €0.35 billion to €0.7 billion per annum.

As these would have significant fiscal implications the Committee maintains an interest in this topic.

State Savings Funds

On Budget Day in 2023, Minister for Finance Michael McGrath announced to establishment of two new savings funds, one entitled the Future Ireland Fund, and the other the Infrastructure, Climate, and Nature Fund.

Minister McGrath advised that 0.8% of GDP will be transferred to the Future Ireland Fund annually from 2024 – 2035, approximately €4.3 billion in 2024, with additional seed funding of just over €4 billion from the National Reserve Fund, possibly reaching a total of €100 billion by 2035. Minister McGrath noted that the National Reserve Fund will be dissolved.

Minister McGrath also noted the Infrastructure, Climate and Nature Fund aims to grow incrementally by €2 billion for seven consecutive years when it will reach €14 billion plus interest accrued. In 2024, the first €2 billion contribution will come from the dissolution of the National Reserve Fund.

Both funds will be vested in the Minister for Finance and will be managed and invested by the NTMA subject to an investment policy and investment strategy. The Funds will be audited by the C&AG.

As these funds are capitalised by significant amounts, the Committee may choose to examine these in more detail, notwithstanding the Committee's previous engagement, and subsequent [report](#), on the proposal for a sovereign wealth fund arising from the Governments scoping paper – "[Future proofing the public finances – the next steps](#)".

Stability Programme Update

The publication of the SPU is a key point in the European Semester and represents the state's medium-term budgetary Plan. In 2021 and 2022, the Committee held a number of meetings with stakeholders prior to publication of the SPU and published a pre-SPU report outlining a number of areas that needed to be addressed. This was a departure from previous years where Committee only engaged on the SPU after publication. The Committee published a pre-SPU report on 04 April 2023, found [here](#), and aims to publish a pre-SPU report in 2024.

Oversight Frameworks

Equality, Green and Wellbeing Budgeting

In October 2020, the Committee met with the OECD to discuss Performance Budgeting, including Equality and Wellbeing budgeting. The Committee recognises the important role that these frameworks can have with regard to outcomes, and the potential for them to provide the Oireachtas with greater oversight of departmental performance. Considering this, the Committee believes that it is important that it examines the overall frameworks, their adequacy and implementation.

Estimates Process

The Committee will continue its work examining the overall Estimates process and its interaction with Sectoral Committees.

The Committee notes the significant supplementary estimates expected in 2023, and as outlined in the Committee's Framework Report, the Committee intends to examine the overall additional supplementary estimate required and particular votes if required.

Public Service Performance Report

As with the above, the introduction of, and improvement to, the Public Service Performance Report (PSPR) has led to better oversight of what is being delivered by public resources. However, the Committee believes that some additional improvements could result in significant benefits for Oireachtas committees. While the Committee believes scrutiny of individual votes in PSPR is best served if undertaken by Sectoral Committees, it also believes that BOC has an important role to play in monitoring the overall Report, including the type of information contained in the report and how it can be improved. The Committee also notes that the Committee of the 32nd Dáil made a number of recommendations regarding the PSPR.

The Committee met with representatives from the Department of Public Expenditure, National Development Plan Delivery and Reform on the 28 Jun 2023 to further discuss the Public Service Performance Report. In addition, the Committee has engaged with sectoral Committee's on this issue and will continue to examine this topic to seek improvements in the PSPR.

Public Spending Code

The Committee recognises the important role that the Public Spending Code plays ensuring that, in particular, capital projects are delivered cost effectively. It is intended to consider the overall Code and to ensure that best value is being achieved for public expenditure.

Spending Review

The Committee notes the important role that the Spending Review cycle plays in evaluating expenditure and promoting the efficient use of public resources. The Committee also notes the recent external review of the Spending Review¹ which observed that there should be greater parliamentary awareness of the spending review process through more interaction with the Houses of the Oireachtas. The Committee believes that BOC should be the conduit between the Spending Review and the wider Oireachtas and should have a role in monitoring the overall cycle, the topics it is addressing, and how its findings are being incorporated. However, it also believes that there is an important role to be played by individual sectoral committees.

Revenue Analysis

Tax expenditures

The Committee on Budgetary Oversight during the 32nd Dáil undertook significant work in scrutinising tax expenditures which culminated in the publication of a report. Several recommendations were made in this [report](#), and the Committee has committed to following up on these recommendations and related issues. It is also believed that ongoing parliamentary monitoring of tax expenditures is needed given their fiscal cost.

In 2022 the Committee examined further both the Research and Development, and Knowledge Development Box tax credits and has published a report on these, found [here](#).

In the period since the last Work Programme the Committee has also examined the Section 481 – Film Credit tax expenditure and has published a report on the topic, found [here](#).

The Committee intends examine two recently introduced tax expenditures, the Mortgage Interest Relief, and the Rented Residential Relief.

¹ [Rationale, Operation and Issues: Irish Spending Review Process, 2017-2019](#)

Tax gap

The overall tax gap for the economy; the difference between the level of taxation that is proposed to be collected and the amount that is actually collected is of interest to the Committee. Tax gaps emerge for a number of reasons, such as aggressive tax planning, tax arbitrage, tax fraud, and tax evasion, but the revenue loss can also be caused by negligent omissions and insolvencies. The Committee believes that it is important that the size of the tax gap can be estimated and that the reasons for this are understood.

Wealth Taxes/New Revenue Raising Measures

There have been many calls to generate additional revenue. The Committee will examine the potential for new revenue raising measures, such as wealth taxes/taxes on assets, as an alternative or increased source of revenue

Carbon Tax

With increases in carbon tax legislated for, it is important to ensure a just transition and that the revenue raised is delivering for people. The Committee plans to examine how the revenue raised compares to projections, its impact on households, businesses and the State and how the funds raised are being spent.

Corporation Tax

The changes to the international corporation tax framework could have a significant impact on Ireland's corporation tax revenues. The Committee plans to examine the changes to understand the potential impacts and what steps can be taken to minimise them.

Data and Reporting

Access to clear data in a timely manner is vital for both budgetary decisions and oversight. The information must also be presented in a clear and accessible manner. The Committee will examine the reporting of financial information by Government and State bodies.

The format of the revised estimates has also been an issue of concern for Committees. The Committee will examine the estimates format with a view to making recommendations on how it could evolve.

Welfare Spending over the Medium Term

How to ensure the social protection and taxation system keeps up with changes to the cost of living, income equality etc is an important part of budgetary management. This includes areas related to social welfare expenditure over the medium term, including how to index supports, poverty measures, and areas such as pensions and the cost of living with disabilities.

The Committee will examine indexation of the social protection and taxation system and if it would provide greater budgetary scrutiny, ensure reduction in poverty levels and maintain pace with the cost of living.

Community and Voluntary Sector

Organisations in the Community and Voluntary sector are not party to the Public Services agreement.

The Committee will examine the operation, size and costs of the sector with a view to assessing the budgetary implications of taking some/all of these organisations fully within the public sector.

Interparliamentary Activities

The Committee will engage and consider interparliamentary activities with the EU and other national parliaments that reside under the Committee's remit.

In particular, the Committee will engage with the European Parliamentary Week and other activities regarding budgetary scrutiny.

Committee Reports

The Committee will publish a number of reports throughout the budgetary cycle on the topics covered. The Committee also plans to publish a pre-Budget report and a post-Budget report.

Agreement of Work Programme

The Committee agreed to review its work programme on a regular basis. Inclusion in this Work Programme does not necessarily mean that a topic will be considered by the Committee within the timeline set out. Similarly, non-inclusion of a topic does not preclude the Committee from considering such areas.

The Work Programme for November 2023 – October 2024 of the Select Committee on Budgetary Oversight was agreed by the Committee at its meeting on 22 November 2023. In accordance with Standing Orders of Dáil Éireann, it was agreed that the Work Programme be laid before Houses of Oireachtas and published on the Oireachtas website.



Barry Cowen, T. D.

Cathaoirleach

23 November 2023

Orders Of Reference

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;
- (iv) general fiscal governance including the application of fiscal rules and risks to the fiscal position; and
- (v) matters arising from the introduction of a supplementary Estimate or Estimates that, in its opinion, have or may have significant budgetary implications: Provided that the Committee shall advise the appropriate Committee or Committees of any decision on its part to undertake such consideration and the reason or reasons therefore;

(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;
- (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; and

- (iii) the adequacy of planned and actual aggregate levels of capital expenditure and the policies and practices in relation to capital expenditure, including public procurement policy and public private partnership policy, intended to ensure the achievement of value for money.

- (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 Cathaoirleach 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 Committee on Standing Orders and 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 Committee on Standing Orders and 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) 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

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