

Opening Statement to the Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach

David Moloney, Secretary General of the Department of Public Expenditure and Reform

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Introduction

Thank you Chairman and members of the Committee for affording me the opportunity to make an opening statement to you today.

The Department of Public Expenditure, NDP Delivery, and Reform plays a key role in developing and monitoring overall expenditure in line with Government objectives and agreed fiscal policy. The Government Expenditure Ceiling—which includes all gross expenditure funding allocated to all Ministerial Vote Groups and any funding to be allocated for in year developments—is decided on by Government by request of the Minister for Finance. These ceilings are set and monitored as part of the Whole of Year Budgetary Process.

The Whole of Year Budgetary Process

In Spring each year, as part of the EU Regulations ‘Six Pack’ the Minister for Finance, with consultation with the Minister for Public Expenditure, NDP Delivery and Reform, submits the annual update on the Stability Programme to the European Commission. The Stability Programme Update, on the basis of existing policy, sets out fiscal projections and the policy position in advance of the annual Budget.

Following the SPU, The National Economic Dialogue is held in June. It provides a valuable forum for an open and inclusive exchange of views on the competing economic and social priorities facing the government today and in the future.

In the Summer, the Summer Economic Statement (SES) and the Mid-Year Expenditure Report (MYER) are published. The SES is a key milestone in our budgetary timetable. It sets out Government's fiscal and expenditure strategy for the year ahead and provides an outline of the resources that will be available in the context of the Budget. The MYER, is published by my Department following the SES and provides more detail on the expenditure strategy and sets out the baseline position for Ministerial Expenditure Ceilings ahead of the Budgetary Process.

Throughout the period till October this Department engages with all Departments across Government to deliver the Budget in line with the parameters set out in the Summer Economic Statement. This is achieved through engagement with the individual Departments on their requirements and plans for the year and results in the Ministerial Expenditure Ceilings. These are then agreed by Government and the Dáil in due course as part of the Budget and Estimates process that members are, of course, well aware of.

Budget 2024

A number of events over the past few years continue to have a real impact on our public service and those living in Ireland. In setting out this year's budgetary package as part of the Summer Economic Statement Government took a balanced and responsive approach, including

- Increasing the level of core expenditure growth from 5% to 6.1%; and
- Providing an additional package of €4 billion of non-core expenditure to address external challenges including those impacted by the War in Ukraine and the legacy impacts of the pandemic.

This planned and careful management of our public expenditure allows Government to;

- Smooth out the impacts of elevated inflation and protect core public services;
- Deliver significant and essential infrastructure projects through the National Development Plan; and
- Respond to short term external challenges while limiting the potential to add to inflationary pressures.

Following the Estimates process, Budget 2024 set out €91.2 billion in core expenditure to deliver the everyday public services that citizens rely on. In addition to this figure, an increased allocation of €4.5 billion was made for non-core expenditure to address the externally driven challenges. This allowed for the allocation of €1 billion of non-core expenditure to the Department of Health.

Managing Public Expenditure

This Department engages on an ongoing basis with all Departments and will continue to monitor and develop our budgetary process with a view to ensuring that value for money is delivered across Government projects and programmes.

Managing the delivery of public services within budgetary allocations is, of course, a key responsibility of each Minister and their Department. This Department is in regular communication with all Departments to ensure expenditure is managed within the overall fiscal parameters. There are a number of supporting processes and procedures in place including:

1. Drawdowns from the Exchequer are monitored against published profiles.
2. Key data and information in relation to voted expenditure is published monthly with the Exchequer Returns as part of the Fiscal Monitor.

3. Quarterly reporting to Government by the main spending Departments on their respective sectors also takes place alongside the overall expenditure management updates provided by DPENDR.

Additionally, a core priority of the Department is the driving and supporting of reform and innovation across the civil and public service so as to improve service delivery to the public, and enable strategic policymaking.

Health Expenditure

For health expenditure, this Department works closely with the Department of Health, through a series of interlinked oversight arrangements, which include:

- Monthly Financial Performance Reports (MDRs),
- Quarterly Expenditure Memos to Government;
- Health Budget Oversight Group (HBOG); and
- Regular engagements on specific health service areas.

This oversight takes full account of the Health Acts, which set out the legal framework for health expenditure. Under these the Minister for Health sets the expenditure levels for the HSE (i.e. the Net Determination), and the HSE is required to manage services in line with the Net Determination.

In recent years, there has been a prioritisation of health with overall health spending doubling since 2016, whereas the UK increase has been 70% in the same period. Ireland ranks 1st in the EU for expenditure on health care as a proportion of our national income and as a proportion of total government spending, despite our relatively young population (OECD, 2020 data).

The total Health allocation in Budget 2024, as agreed by Government, is €22.5 billion, which is an increase of €1.142 billion (5.4%) on 2023.

The non-core allocation provides both time and funding for the Department of Health and the HSE to address specific acute sector funding pressures, improve the resilience of hospitals, and improve financial governance in the acute sector. Department officials are working closely with colleagues in the Department of Health and HSE to agree the approach for the use of these funds for Ministerial approval.

I can assure you that the Department of Public Expenditure, NDP Delivery, and Reform is fully focussed on working with all Departments to manage public expenditure within the overall envelopes set by Government.

I thank the Committee for its attention and I am happy to take questions.

[ENDS]