

DÁIL ÉIREANN

ROGHCHOISTE UM SHOCRUITHE LE HAGHAIDH GRINNSCRÚDÚ BUISÉADACH

SELECT COMMITTEE ON ARRANGEMENTS FOR BUDGETARY SCRUTINY

Dé Céadaoin, 1 Meitheamh 2016

Wednesday, 1 June 2016

The Select Committee met at 11 a.m.

MEMBERS PRESENT:

Deputy Seán Barrett,	Deputy Pearse Doherty,
Deputy Richard Boyd Barrett,	Deputy Stephen S. Donnelly,
Deputy Thomas P. Broughan,	Deputy Marc MacSharry,
Deputy Joan Burton,	Deputy Michael McGrath,
Deputy Dara Calleary,	Deputy Tony McLoughlin,*
Deputy Lisa Chambers,	Deputy Hildegard Naughton.
Deputy David Cullinane,	

* In the absence of Deputy Noel Rock.

DEPUTY JOHN PAUL PHELAN IN THE CHAIR.

ELECTION OF CHAIRMAN

The select committee met in private session until 11.05 a.m.

Election of Chairman

Clerk to the Committee: The first item is the election of a Chairman. I ask for nominations for the position of chairperson.

Deputy Seán Barrett: I do not know how this fits into all the arrangements that are going to take place but we need a Chairman for the time being and I nominate Deputy John Paul Phelan, who is highly qualified. He has been in the Seanad for two terms and this is his second term in the Dáil. He has a degree in economics and finance, so he is fully qualified and his knowledge in this area is excellent. It gives me great pleasure to propose Deputy John Paul Phelan. I am not sure whether this is a permanent chairmanship because I do not think there has been agreement but somebody has to chair the committee for the time being.

Deputy Hildegarde Naughton: I second that nomination.

Clerk to the Committee: Are there any other nominations?

Deputy Michael McGrath: May I make a comment?

Clerk to the Committee: Yes.

Deputy Michael McGrath: I will not make a nomination. As I understand it, we are looking for a Chairman of the temporary committee and within five weeks or so there will be a permanent committee and the Chairman of that will be decided by the d'Hondt mechanism.

Clerk to the Committee: That is correct.

Deputy Michael McGrath: It is my view and that of Fianna Fáil that this committee, as in the permanent committee, should be chaired by the Opposition but it appears as if it will be decided by the d'Hondt mechanism and may or may not be an Opposition Member. That is not what we are deciding today.

Clerk to the Committee: No.

Deputy Michael McGrath: Our party will not contest the position, but I make the point that our view is that, in principle, the budget committee should be chaired by a non-Government representative.

Deputy Pearse Doherty: I agree with that. The clarification is that it is for a period that could extend beyond five weeks and the committee does not cease after five weeks. Is that correct? Will the budgetary committee, as established by this committee, fall under the d'Hondt system? I agree with Deputy Michael McGrath, with the caveat that the budgetary committee should be chaired by a member of the Opposition who has not entered into an arrangement with the Government to facilitate budgetary matters.

Deputy Michael McGrath: The Deputy should not worry. I was not looking for a job.

Clerk to the Committee: I wish to clarify for Deputy Pearse Doherty that this is temporary. The Dáil, in its order of 5 May, gave us 35 days to report back on the blueprint that will form the budget committee. This is, therefore, a temporary committee, which does not fall under the D'Hondt system. We must elect a Chairman and report to the Dáil sub-committee within 35 days. The current deadline is 29 June. As with many things, if it is not possible to meet that deadline, we will have to go back to the Dáil and report that. However, the plan should be that we will work towards 29 June. That said, the committee is purely a temporary measure.

Deputy Pearse Doherty: Is it 35 days from today?

Clerk to the Committee: No, 35 days from last Thursday when the Ceann Comhairle announced the names of the members of the committee. As there no other nominations, I call on Deputy Phelan to take the Chair.

Deputy John Paul Phelan took the Chair.

Business of Select Committee

Chairman: I thank members for electing me. Would that every election was uncontested; it would make all our lives a little easier. I have just realised the Chairman's chair is higher than everyone else's.

Clerk to the Committee: That is most important.

Chairman: I did not realise that previously.

We are marking a new departure. Many people have referred to it as the first step in what is termed "new politics". We have a task for the next 30 days to chart what role the budgetary committee will play ultimately. I thank members for putting me in this position. The clerk to the committee has given me documents which I am supposed to go through. The agenda is: draft work programme of the committee to cover the review of arrangements to enhance engagement in respect of the following issues: scrutiny of revenue raising proposals; scrutiny of expenditure proposals and associated performance; review of the general fiscal position; establishment of the proposed parliamentary budget office; and review of Standing Orders and statutory provisions arising from the proposals made in the OECD report, Budgetary Oversight by Parliament: Ireland; and any other business.

Since we do not have a full draft work programme yet, we should not have a particularly long discussion. The Dáil, by order on 5 May, mandated the committee to draw up a blueprint of how budget scrutiny will work in the Houses of the Oireachtas into the future. The order was specific in asking the committee to look at "ex ante and ongoing engagement in a manner intended to increase the capacity of the Houses to exercise influence and achieve accountability throughout the budgetary cycle". We have, as the clerk to the committee outlined, until 29 June to report back to the Standing Sub-committee on Dáil Reform. Members will be aware that the issue of budget scrutiny by the Houses of the Oireachtas has been dealt with in a number of reports, including those by the OECD and banking inquiry. The issue is also dealt with in publications such as the report and evidence given to the Oireachtas banking inquiry, the programme for Government and the report of the Standing Sub-committee on Dáil Reform. We are required to hear from public bodies that are significantly affected by the proposals the committee will consider.

BUSINESS OF SELECT COMMITTEE

The Minister for Public Expenditure and Reform has already written to the Ceann Comhairle outlining changes made by Government to bring key budgetary information to the Houses earlier and has indicated he is available to attend the committee. It is also likely the Minister for Finance and his officials will attend the committee to deal with the scrutiny of revenue raising proposals. We also need to look at the procedural, administrative and statutory changes so the provisions of Standing Orders will need to be examined. We also need to look at how costings of budgetary proposals are done including costings from parties and groups in the Dáil. Another element to be considered is how the work of the budgetary oversight committee that will be established after we have reported will engage with other sectoral committees, that is the other committees for each of the Government Departments, especially the sectoral committees dealing with finance, the Department of Public Expenditure and Reform and the Taoiseach's Department. These will form part of our work programme which we will discuss today. We will be joined by Oireachtas officials shortly but perhaps members will comment first on this arrangement.

Deputy Eamon Ryan: I was just looking around and thinking that I am probably the only member of the Sub-committee on Dáil Reform who is also on this committee. It is interesting that the Chairman says that one of our tasks is to report back to that committee. That committee has worked very well and we should try to adopt the same sort of collaborative arrangements that have taken place in that committee.

The second point relates to the Taoiseach. I asked him on the Order of Business yesterday how he saw this committee working. I made the point, with which I think he agreed, that we could learn by doing. If our task set by the Sub-committee on Dáil Reform is to work out how this budget scrutiny process works, I do not think it is an academic exercise where we step out of the 2017 budget process. We need to step right in and really step up a gear because June is a critical month. Rather than us just having some academic discussion on how we might do it in the 2018 budget, we need to get involved in what needs to be done in June anyway and learn by doing. That experience will help us issue some sort of report in terms of future lessons or the approach we have taken before.

The Taoiseach was very clear yesterday in saying that he also thought we should be engaging with the sectoral committees and that they too should be engaged this June in the 2017 budget process in a real way, not just in an academic way and that they should liaise with us in doing our work. We are a short-term interim committee before the Seanad and other committees are put in place. It is an opportunity for us to get involved in the nitty-gritty of looking at what is happening in June and where the Estimates process is now. Through that process of work and through working with the sectoral committees we will have a better idea of how budget scrutiny could work. We should now immediately get into the work rather than just with a view to what we might do next year.

Deputy Joan Burton: To help the process, can we get an indication from the clerk the information that will be made available to us? If we are going to make a scrutiny of both the tax and expenditure sides, there is a list of things we will absolutely need in terms of total profiles for expenditure and total profiles of likely tax receipts. We will need those broken down on a departmental basis. That is the kind of basic starter pack we will need in order to interrogate anything. Perhaps arrangements have been made that we will get that and a decision on when we will get it.

One reads in the papers about different Departments making bids, particularly since the formation of the Government. The Department of Education and Skills had quite a few bids in

the media on what it is looking for. Can we get the information on what the bids are from the different Departments? That should be under way at this point in time.

End of Take This may already be arranged. The clerk might be able to advise us on the information profiles, expenditure profiles and tax profiles to start with.

Chairman: Mr. Tom Malone and Mr. Barry Comerford will speak after the members have had an opportunity. They will answer some of the general information questions the Deputy mentioned.

Deputy Pearse Doherty: The Chairman talked about the timeframe and we have quite a bit of work to do in that timeframe. When we are hearing from those who will help guide and shape our opinions on how we bring forward the frameworks, as a default we should seek written submissions as opposed to hearings before the committee. Where the written submissions require more interrogation or examination of witnesses, we should bring them in. However, if we try to host a number of hearings in that period we will just clog ourselves up in a major way.

We are not reinventing the wheel; this has been done in many other jurisdictions. We have seen the table laid out in terms of how many of them tick different boxes. Sweden and Austria have ticked all five boxes. We need to engage with those institutions and that can be done through teleconferencing, as we have done in the finance committee, or by written submission. If we need to do this, it is not a case of flying over there or flying them over here, we can link up by video at a later stage when we start to form our opinions.

Following up on what Deputy Burton said, I do not think it is the role of this committee to examine the expenditure or revenue proposals. The role of the committee is to agree a framework for a new committee to do exactly that work. We need to stay away from that at this point. We need to figure out-----

Deputy Joan Burton: I might not have been clear enough. I am not asking for that information now. I am asking that the framework would have a commitment to getting that information.

Deputy Pearse Doherty: That is fine. We need to figure out what type of framework we will have; what type of budgetary committee we will have; how it will interact with all the other committees; and the powers that committee will have. Because this has been established in other areas, we should look at what the best practice is. We should look for written submissions and look to have an engagement. At a later point we will want to discuss with the Chairpersons of those committees to see how it works in practice, what the pitfalls are, what we need to avoid and so on.

Equality budgeting needs to be stitched into the framework we are to agree. I want to put down a marker at the first meeting that any new budgetary proposal committee, which would have a role as laid out here in terms of scrutinising revenue-raising and expenditure proposals, needs to encompass equality budgeting. I hope the committee will propose that when we eventually report to the Dáil at the end of June.

Chairman: On that particular point, on the note here those matters regarding equality budgeting are listed to be considered by the committee in our deliberations in the next 30 days or however long we have. I will follow up with the clerk on the point the Deputy made. He is right. We do not need to reinvent the wheel and get bogged down completely in oral hearings. I believe we should have written submissions first followed by bringing in people when neces-

sary. Others may have their views.

Deputy Hildegarde Naughton: I wish to speak about the timeframe for the oversight budgetary committee. The sectoral committees still need to be set up. I would like to get confirmation on the timeframe for that happening and liaising with the oversight budget committee with a view to being ready for this year's budget. What can the committee do between now and October? It looks like it would not be ready until the 2017 budget by the time the independent budgetary office is set up. I seek clarification on the timeframe. It is important to have those deadlines and targets set. It is important there is clarity around what the committee will be able to do by September or October and at what stage the independent budgetary office will be set up.

Chairman: As mentioned earlier by Deputy Pearse Doherty, this committee is charged with scoping out how ultimately the budgetary and supervision committee will work. That is the process to which we must devote ourselves this month. At that end of that process the committee will examine the timeline regarding work on this year's budget. We must focus at this stage on the job required of us over the next 30 days, which is to set out the parameters of this committee. That is the first fence we must jump.

Deputy Richard Boyd Barrett: In addition to the points already made, not only should the committee have an input in terms of equality budgeting, anti-poverty budgeting should form part of its remit because one can have equality in poverty and that is not much good. The statistics on poverty and deprivation are pretty severe. One of the objectives of any committee like this must be to ensure nobody in this country is living in poverty.

Deputy David Cullinane: I agree with the points made by Deputy Eamon Ryan regarding the immediacy of the committee's work in the context of budget 2017. While we need to inject ourselves as quickly as possible, in some respects that is a separate issue at this point. We have five weeks within which to agree a framework, which will require an awful lot of work. I welcome the establishment of this committee, which presents us with powerful and radical opportunities to change how budgets are framed and how collectively the Dáil can have an input into all of those decisions. However, there are issues that need to be teased out. For example, the agenda for today reflects the committee's terms of reference. In regard to subparagraphs (a) to (e), is it intended that the committee will deal with each of them separately? Is it also intended that the committee will discuss who it should invite to appear before it or from whom it needs to obtain written submissions? I agree with Deputy Pearse Doherty that we should first request written submissions which we can parse and then decide which we want to tease out further.

We also need to tease out the limitations of the committee. The briefing documents we received reference a need to operate within current constitutional legal and statutory provisions but if the committee's work is to have real value, the ban on Opposition parties putting forward money Bills needs to be reviewed and its work on equality and poverty proofing of budgets, which work I support, must be put on a statutory basis. For that to be a reality and if the committee is to have any real power, a change in legislation is required.

On economic models, the assumptions in the briefing documents we received are very good but these models need to be challenged and tested, particularly in the context of the fiscal rules. We are seeing some of that played out already in the context of flexibilities around capital investment and so on. This is the work on which we need to be focused. While we can have a general chat today around all of the issues, in my view we need to get down to the work of fleshing out the terms of reference as quickly as possible.

Chairman: We have to go through the agenda as set out. I am informed that a legal representative will attend next week's meeting to discuss the committee's legal limitations.

Deputy Thomas P. Broughan: I thank the committee secretariat for the discussion papers which have been very helpful in terms of the background information provided therein on the performance of other countries' legislatures. Reference was made earlier to Austria and Sweden and how they reached many of the ideals we would have liked to have had in the past in terms of the examination of expenditure in preparation for budgets. The parliamentary budget office is kind of critical to how the committee would work. I know there is a Deputy here from the reform committee. I was clear about that so far. It seems we are looking at a totally independent office. Our library staff prepared a paper for me on an Estimates committee last year. I felt the parliamentary budget office would report to this committee and have a very special relationship. As the paper indicates, this is an *ex ante* study of budgets. I was a member of the Committee of Public Accounts in a couple of Dáileanna and the Comptroller and Auditor General, for example, did *post hoc* studies of budgets. Is this the role envisaged? The way the Taoiseach was explaining this in the past, it seemed it would be an office that would not have much of a relationship with this committee and would be totally independent.

I support the comments of Deputies Boyd Barrett and Doherty on poverty and equality proofing of budgets. I hope we will have a real opportunity to examine tax expenditures as well. We always felt it very frustrating when new expenditures are announced in a budget and the Dáil had no input into it.

Chairman: That is mentioned in the programme for Government anyway.

Deputy Thomas P. Broughan: In particular, I want to look at how the parliamentary budget office would perform. I note the UK is quoted with regard to costings. It seems to have a role that is different from what I envisaged.

Deputy Dara Calleary: I join Deputy Broughan in thanking the staff for preparing all the various documents and I wish them well. With regard to the parliamentary budget office, there is an item in the briefing document indicating that a discussion paper will be prepared once preliminary decisions have been taken on many issues and the position of the Department of Finance and the Department of Public Expenditure and Reform have become clear. That is probably the most important line in it. They are not known to be sharing and caring types. This "new politics" is the biggest challenge to permanent Government, as well as elected representatives, so what will be their attitude to a parliamentary budget office and the subsequent work of this committee and its successor committee? That should be pursued with the Secretaries General of both Departments very early on. There is no point in us setting up a structure and having a collective ambition for the work of the successor to this committee if the permanent Government behind it and which is supposed to serve this committee has a problem with it. We need to find that out at a very early stage in our work.

Deputies Doherty and Boyd Barrett made suggestions that I support. I also wish to follow up the commitment in the programme for Government that policies would be "region proofed". Every expenditure and revenue raising issue should be considered with this in mind as well. We need to fit in a structure from this committee on how that could be done. As the other sectoral committees will be established during the lifetime of the work of this committee, we must send correspondence to every sectoral committee to get, at an early stage, their input as to what they see our work as and how they will see the work of the successor committee. That should mean that from the start, we will understand their role and they will understand our role. It will make

all our lives much easier down the road.

Chairman: With respect to Deputy Broughan's question, the two gentlemen will reference the parliamentary budget office in their comments in a few minutes. Deputy Calleary is right, I suppose, and he arguably struck the nail on the head. Traditionally, the budget process has been shrouded. We are lucky in that we have three people who have been at the head of Departments, so they have some insight into the dark arts of how budgets have been drafted heretofore. I will speak to the clerk afterwards about early engagement with Secretaries General and getting information from them.

Deputy Stephen S. Donnelly: I have three quick points on the terms of reference or the scope. I note on the agenda that whereas point b) is "Scrutiny of expenditure proposals and associated performance", a) is just "Scrutiny of revenue raising proposals". It may just be a question of semantics or maybe there is an assumption that all revenue gets raised and does not require associated performance, although recent water-related revenue raising might bring that into question. It is probably just semantics, but it is important that the performance of revenue-raising proposals is included.

I also have a question for the Chairman or for the clerk. In the last Dáil term we struggled with the fact that there was no single place where total spending was debated. If the entire envelope was €60 billion, there was no discussion anywhere within the Oireachtas - there was in the Executive, obviously, with the Minister - of whether health should take up €13 billion of the €60 billion, etc. I am not certain whether that falls within the scope-----

Chairman: My understanding is that it firmly does.

Deputy Stephen S. Donnelly: Therefore, we can have a discussion as to the total allocations. Obviously at a sectoral level the performance of that €13 billion is a matter for the health committee or whatever.

My last question relates to the word "scrutiny" in respect of revenue raising and expenditure. Every one of us knows that it is repugnant to the Constitution for any non-Minister to make any amendment to legislation that costs any money or raises any money, which is a bit of a hindrance on Parliament. "Scrutiny" would allow that to continue. It is probably a question of semantics, again, but I think it is important. I cannot remember what exactly the line in the Constitution is or how it is being interpreted, but it means none of us can engage in a meaningful way. We can scrutinise, but we cannot really propose any taxation measures or any expenditure measures, which essentially shuts Parliament out. Is that consideration included in the terms of reference of this work?

Chairman: That question is probably more suited to when the legal adviser comes in next week. As I understand it, "scrutiny" would allow us to examine, but maybe not to alter. That is just my layman's interpretation of what "scrutiny" is, so we should probably wait until next week when we get legal advice.

Deputy Stephen S. Donnelly: I am very happy to get the legal opinion, but there is a question for us as to whether we should have consideration of the issue within our terms of reference. My understanding is that it actually would require a change to the Constitution, but regardless of that, it is one of the single biggest impediments to the Oireachtas engaging with money Bills, rather than just scrutinising them.

Chairman: According to the clerk, who has just informed me, it does come under our terms

of reference.

Deputy Seán Barrett: I was just trying to get my head around what exactly is expected of us over the next 35 days, or whatever it is now. Is this a permanent committee, or is it-----

Chairman: No.

Deputy Seán Barrett: It is not. In other words, we are talking only about structures for a future committee, so it is arrangements that we are talking about. Our discussions should be solely about the arrangements for a future committee. Is that correct?

Chairman: Yes.

Deputy Seán Barrett: Deputy Donnelly has asked many of the questions I was thinking about. There is no point in us talking about how we are going to scrutinise something, because it is not our function. Our function, as I see it, is to put in place structures for a permanent committee in the future. I was a bit confused when I heard Deputy Eamon Ryan talking about the 2017 budget. Now it is quite clear to me that there is not a chance in hell of having structures in place for the 2016 budget, so we are really talking about 2017.

If we are talking about a parliamentary budgetary office and the establishment of that office, it is very interesting to look at the Austrian parliamentary budget office, which was only set up in 2012. Much could be learned from how things have been working there, where problems arose, the different structures used and so forth. One of the roles this committee should have is to contact the likes of the Austrian parliamentary budget office to get an idea of how it has been working for the past four years. This committee is here purely to put arrangements in place for something that will be set up for future years. To be honest, when I came in here this morning, I was not quite clear that this was our role but it is becoming clearer to me now.

Chairman: Good.

Deputy Eamon Ryan: That it is a very good point and a good question. I refer back to the comments of the Taoiseach yesterday on the Order of Business where he clearly indicated that it is not just a situation where we all step back, wait and think about what we will do in February 2017 in terms of the 2018 process. The point made by Deputies Burton and Doherty is right. We could, as part of our consideration of the structures, make sure that the sectoral committees engage with their line Departments on the budget process for 2017. How will the public view us if we are all talking about new politics but the budget for 2017 is passed in the old way? That is not acceptable.

Deputy Seán Barrett: What I was trying to clarify-----

Chairman: Through the Chair, please, Deputy.

Deputy Seán Barrett: Sorry.

Chairman: You spent five years chairing yourself-----

Deputy Seán Barrett: I was trying to clarify for myself what exactly was expected of this committee in the next 20 days or so.

Chairman: Yes, and you have put it succinctly. Deputy MacSharry was offering earlier.

Deputy Marc MacSharry: I think we could go around in circles here for a good few

weeks. I speak as one of the four people here who spent a good few weeks going around in circles at the Joint Committee of Inquiry into the Banking Crisis before we decided on a way forward. We could get to 29 June quite quickly and have nothing done at all.

Chairman: Excuse me for one second. Someone's phone or iPad is causing sound problems.

Deputy Marc MacSharry: I am still a bit confused about what structures - assuming we are going to come up with structures - can facilitate a budget oversight committee that can in any way participate in the process of the preparation of budgets, given the legislative constraints and the secrecy which Deputy Calleary described as being endemic among Secretaries General and the Government. I am not sure, as much as we all want it not to be, that this is going to be anything other than superficial even when it is set up. Perhaps that is just me being a pessimist. For now, I would suggest that we hear whatever information the guys are prepared to give us today and take some time to digest further the papers that have been prepared for us. Then, between now and next week, either individually, collectively or on a party basis and based on what we hear today and on the briefing material, we should make a stab at what we feel the framework might look like. We will then have 14 or 15 versions to discuss. Otherwise we are wasting our time. While I would love to participate and would love this committee to get involved in what should or should not be involved in the forthcoming budget and how it is prepared, it is not in our terms of reference and, therefore, we cannot do that.

Chairman: We will consider that suggestion after the gentlemen have spoken. It is a fair suggestion.

Deputy Michael McGrath: On a logistical point, many of us will be on other sectoral committees, so in terms of meetings of this committee and the permanent committee that will replace it, there will need to be co-ordination with the Committee on Finance, Public Expenditure and Reform in particular.

To pick up on Deputy MacSharry's point, the key question for the permanent oversight committee that will be in place in a month or so is how it will interface with the actual budget that will be announced in mid-October. The whole idea, as I understood it, was that the Parliament would have a much more mature way of examining the options, debating the challenges, looking at revenue and expenditure and that would feed into the budget process. If, however, the outcome is that we are not really, in any meaningful way, getting away from the big bang announcement on budget day, then one would have to question what it is all about. We will go into the process in good faith and, hopefully, our work can be meaningful and can feed into that process. That is the ultimate question for me. If we are all sitting in the Chamber in the middle of October and the Minister comes in to announce a budget that we do not have a clue about, one would have to question what this is all about. We should wait and see.

On the independent parliamentary budget office, the suggestion is that it is with a view to setting it up in spring of next year. That is the guts of a year away; it is not ambitious enough. We must examine that to see how we can get that done much more quickly.

Chairman: I understand that will be referenced in a few minutes.

Deputy Michael McGrath: Yes.

Deputy Richard Boyd Barrett: Deputy Barrett is right that this is about setting up the structures for a new budgetary process. The consensus view is that it should be chimed with the

new politics, whatever that might be, but that there would be a new way of doing budgeting that is more open, transparent and participative, both with groups inside and outside the Parliament. However, it is legitimate, in the context of discussing the establishment of those structures, to talk about issues such as anti-poverty and anti-inequality budgeting because the proposals are about the structure of budgeting, not the detail of what that might mean. It should be part of the structural framework of budgeting, as is the case in other parliaments.

Following on from what Deputy Donnelly spoke about, part of our remit is to ensure that alternative proposals for budgets are examined in a serious way, notwithstanding the constitutional restrictions that exist and which we must navigate our way around. There must be a serious attempt to examine and debate alternatives as part of the process of a budget being put together and how those alternatives can be presented here, both from other non-governmental political groups and civil society groups.

Chairman: Deputy McGrath proposed getting away from the big bang announcement. That is the macro end while Deputy Barrett went into more micro detail, but the success or failure of the subsequent committee will rest on how we can tackle those aspects. Deputy Burton wished to raise an issue.

Deputy Joan Burton: We have actually got through a good deal, and there is much common agreement. For example, we agree that there should be a social impact poverty assessment in the budget. We also agree that there should be gender-based budgeting, which would consider the impact on men and women, but we must also consider the impact on people of different ages, particularly older people. All of these are standard in other parliaments' budgetary processes and perhaps the budgetary oversight office has all of this laid down already. There is a good deal of common agreement here but to answer Deputy McGrath's question, if this works there will not be a big bang announcement on budget day because we will know broadly the parameters of the budget. It is a separate issue as to whether the individuals and the parties agree with the proposals. That is the politics of it, but we have heard many good proposals.

On the tax side and the point made by Deputy Donnelly, in terms of information, we will need to raise some issues regarding the tax raising side and, separately, the expenditure side such as the cost of tax breaks regarding ones that exist already or that may be proposed, and, as Deputy Donnelly said, the efficiency and effectiveness of various tax-raising measures. That is a good list. As we get down to work we can go into it in more detail. Perhaps we could hear from the people in the proposed parliamentary budget office with regard to what they see as their role. What services will be available to the people who will be on the new committee? In other countries the people on the budget committees have direct information resources available because they are representatives of their parties or Independent Members. If we heard from the proposed budgetary office it might lead us in the right direction. There is considerable agreement innately between people in light of what we have said so far.

Chairman: Deputy Cullinane wants to raise an issue. Then we will hear from Deputy Doherty. Please be brief, Deputy Cullinane.

Deputy David Cullinane: I will be brief because I want to hear from the officials as well. We have terms of reference. They have been set out for us. It is clearly set out in the clár. There are five elements to it. We need to focus on those five elements. Issues around future opportunities, past failures and the mechanics of what this future committee can or cannot do will be fleshed out and teased out when we examine the five elements of our draft work programme. We need to get on with that.

BUSINESS OF SELECT COMMITTEE

I would rather that we focused on the nuts and bolts of what we need to do in the coming five weeks to get to a point where we have this committee in place. That is going to be important. Can we move on to that element of the meeting?

Chairman: Your party colleague wants to raise some points.

Deputy David Cullinane: After my colleague, of course.

Deputy Pearse Doherty: I agree with Deputy Cullinane on that point. Deputy Ryan has made some comments. We are going to have a report by the end of the month. The sectoral committees will only be starting to get up and working at that stage. They can follow on from what we are suggesting. Those two issues can work hand-in-hand.

I have an issue with the work assumptions provided, in case there is a view that we all accept the working assumptions. I do not accept the working assumptions. My party colleague, Deputy Cullinane, remarked on how we continue to work within the statutory framework that exists at the moment. The committee will have to identify a fudge position. This will involve looking at Standing Orders in a way to either circumvent or stay within Article 17 of the Constitution. That Article only allows for the Taoiseach to make a recommendation of expenditure or tax-raising powers. It is not even open to a Minister - it has to be signed by the Taoiseach. We will have to identify a fudge position to allow for the committee to get up and working.

We need to give this committee the teeth it requires. I have no interest in sitting on a Mickey Mouse committee. If I am appointed to the later committee, it needs to be a committee of substance, one with strength and teeth. The only way to do that is to change the Constitution in the medium to longer term. I do not agree that we will always stay within the working assumptions. We should recommend a constitutional amendment, but we will have to continue to work until the people decide either to amend the Constitution or otherwise.

Reference has been made to the role of the committee. I agree with the point made by Deputy McGrath. It is really down to us and the work we do in the coming four weeks to ensure the committee has teeth and does not have a big bang. We need to get away from the idea that the budget is in the middle of October. The budget is taking place as we speak. The Government is going to miss its fiscal targets this year with regard to the structural improvement, yet there is no talk about it. The Irish Fiscal Advisory Council will come out with a report next week and it will probably hit the media, but there is no scrutiny of the fact that the targets are going to be missed this year. This committee will have to look at the question in detail. Otherwise, there is no point because the Commission could reject our budget and so on.

Several models have been laid down. I have before me model 2, model 3 and model 4. These are the models the committee is examining. Under model 2, a single budget committee co-ordinates a process in which the sectoral committees make recommendations to the budget committee. Then, the budget committee reviews and accepts or rejects each such recommendation and formally considers all budgetary matters. My interpretation of this is that the budgetary committee would hear from all the different sectoral committees. They would make their pitches to the budgetary committee which would say what it likes and present recommendations to the Government on the shape budget 2017 should take. It is then up to Government to accept or reject that but the Parliament's input is significant, if we give it the teeth. All the issues Deputy Burton raised about access to information and so on are key to informing the committee. We also need to ensure the committee has adequate resources to carry out that type of work. If it is to have those powers and if that is what we expect of it, that is much more than we have

done at sectoral committee level until now.

Deputy Eamon Ryan: If we are to avoid an October moment, or a big bang, we have to engage in June because, as I understand it, the expenditure proposals and the European process involve the State presenting to Brussels our broad initial expenditure outlines and so on. We have to think about how we would get involved. At the very least we could and should ensure that the written element of the Estimates bids and ideas on spending from the various Departments are presented to the sectoral committees at their first meetings when they are set up. We should first review the performance for last year which, as Deputy Howlin said yesterday in the Dáil, has not been done yet. There is no reason Departments cannot present that to sectoral committees in June and that would at least inform us about some of the issues and how this might work. It does not necessarily involve us going through every budget item. If we do not start in June with each sectoral committee at one of their first meetings engaging in the ongoing real budgetary process, we will end up with an October the same as the ones before.

I suggest that a message go from this committee to every Department, and not just the Secretaries General of the Departments of Finance and of Public Expenditure and Reform, that as they prepare for their first meetings with the sectoral committees, one of the first items on the agenda will be their spending proposals and their performance reviews for last year. That will mean all of us in this Parliament start on the right foot and not with a do nothing at all talk shop, which is not real. Let us make it real. We can do that by getting the written proposals. We do not have to hear everyone. That is easy to do.

Chairman: Our task is to scope out in 28 days how the committee will work, but we can write to the Ceann Comhairle, because in our first 30 days we are answerable to him, and ask him to direct Secretaries General to ensure that is item No. 1, or at least that it is discussed, on the first day the sectoral committees meet. Does anyone object to that proposal or want to second it?

Deputy Joan Burton: The corollary is that what Deputy Howlin referred to yesterday was obviously because of the election and the hiatus after it. We are now in our sixth month of the financial year for this year and nothing has happened in the Dáil in respect of the Estimates. That was Deputy Howlin's point. It was not really about last year's Estimates. We are very far into this year. The clerk may well know the story on the revised Estimates and so on. Are they all dandy? We know broadly from reading the newspapers that the Department of Health has a problem. Maybe other Departments are flying. I would love to hear from the people from the budget office and maybe the Clerk.

Chairman: Deputy MacSharry made a point before he left. He said that before the end of business on Monday, if members have suggestions, as he and several people have, as to how this committee might reach its target, they could e-mail them to the clerk before the end of business on Monday after they have had a chance to digest fully the papers presented to us today. That might aid the process.

Deputy Seán Barrett: There is something worthwhile in what the clerk to the committee has laid out in his memorandum. The first positive thing we could do is make a formal recommendation that we establish a parliamentary budget office. Nothing will happen until things like that are done. No matter what we do after our first meeting, it will be necessary. We can begin by making a strong recommendation, following this meeting, that a parliamentary budget office be established.

BUSINESS OF SELECT COMMITTEE

Another recommendation relates to opportunities for engagement. A decision taken on 24 May shows that the Government want to engage with the committee through publication of the summer economic statement in mid-June and the pre-budget expenditure report in July. Something has to be done about that. We should recommend that formal structures are set up to begin that process.

Today's meeting could result in two formal proposals from a committee that was constituted to discuss structures. I would like to put that to the committee. I do not want to be arrogant about making formal proposals. Rather, I would like to get agreement. We could establish some basic things today.

Chairman: Others wish to speak about the establishment of the office. Do members agree with the two suggestions that have been made, namely, that we write to the Ceann Comhairle to expedite the establishment of the office and ensuring that the first meetings of the sectoral committees would discuss the bids for expenditure? Is that agreed?

Deputy Joan Burton: I refer to my first point. We need agreement on what the data flow to this committee will be because we will not be able to do anything without it. Deputy Doherty made the same point.

Deputy Hildegarde Naughton: I refer to the proposal on the budgetary office. My concern is that it would be independent, which may impinge on the committee. I would not want us to propose something if the office would not be an independent body. Concerns have been raised about figures coming from Departments. Discussion paper 3 states that it is likely to remain the case that core elements of the work involved will unavoidably continue to be undertaken by the Departments or agencies responsible. A budgetary office has to have real independence and have the right resources and qualified people who can question the figures coming from Departments.

I do not want to jump the gun here today. I am in complete agreement with what other members have said, but the point and purpose of the committee, to which everyone has alluded, is that when the permanent committee is established the independent budgetary office is independent. It could be set up on a statutory basis. We do not want to put forward something here today that might affect the independence and real power of an office that would work very closely with a committee. That is the key consideration if a permanent committee is to work as it should and develop alternative proposals, examine figures and receive alternative information from bodies other than Government Departments.

Chairman: I thank Deputy Naughton. Appendix 1 of the recommendations of the committee of which Deputy Ryan is a member, the sub-committee on Dáil reform, outlines the establishment of an independent parliamentary budget office. I understand that is the proposal Deputy Barrett has submitted to the committee, that is, rather than waiting, as others have pointed out, until the spring of 2017 for such an office to be formally established that we try to get the process under way.

I understand the concerns members have outlined, but we have to get the process under way today because we are far behind where the budgetary process would normally be, in terms of Oireachtas committees. We have heard suggestions from Deputies Ryan, Burton and Barrett regarding initiatives we can undertake today, such as writing to the Ceann Comhairle. Is that agreed?

SELECT COMMITTEE ON ARRANGEMENTS FOR BUDGETARY SCRUTINY

Deputy Pearse Doherty: I think we are all over the shop. Perhaps I am wrong in my interpretation of what Deputy Barrett said, but it is for the committee to say it will set up a parliamentary budget office. It is irrelevant to write to the Ceann Comhairle. He has no power to bring forward the measure or to do so at an earlier date. The task has been given to us to bring forward the framework in which the budgetary office will work. What we have been asked to do is have it up and running by February of next year at the latest. If we work together and figure out a way to get it up and running before that, we should include that in the report. It is a case of getting agreement-----

Deputy Seán Barrett: That is not the role of this committee. Our role is to make recommendations. We will not get the committee up and running.

Deputy Pearse Doherty: No.

Deputy Seán Barrett: That is the point.

Deputy Pearse Doherty: I am sorry, but the idea is that we would work out the framework of how the parliamentary budget office will work.

Deputy Seán Barrett: No.

Chairman: The Deputy should speak through the Chair.

Deputy Pearse Doherty: With respect, it is about how the committee will operate and whether it will rely on departmental issues, if it will provide for costings for Independent Deputies in terms of policy issues, PMB costings, scrutiny of Government costings, and if it will consider economic models. That is all of the work this committee has to do in terms of the framework under which the budgetary office will work. It is those arrangements that we are being tasked to produce in a report by the end of the month. The idea of saying to the Ceann Comhairle that we agree with what has already been decided, namely, that we want a parliamentary office, and that we should go and do it will not work because he will come back to us to say this committee was asked to work out the framework under which the system will operate.

Chairman: Okay.

Deputy Pearse Doherty: That is the job of work we have to do. Such committees are operational in various jurisdictions and we must pick from the best parts that will suit our needs. We must engage with the likes of the Irish Fiscal Advisory Council in terms of how that will work. It is not as simple as saying we agree with it and that it will happen. It will not happen; it is up to us to figure out how such a committee will work and how it knits in with the 14-month budgetary cycle. We must also consider how that office will support the work of the budgetary committee during that period. All of the issues are joined up together.

Chairman: Could I suggest then that we let Mr. Tom Malone and Mr. Barry Comerford address the issue, as they will be dealing with it? I ask our esteemed friends in the Gallery to vacate the premises because this is a private session.

Deputy Eamon Ryan: To be honest, I do not see any reason why the meeting should be in private.

Deputy Pearse Doherty: Neither do I.

Deputy Eamon Ryan: I cannot imagine there will be anything-----

BUSINESS OF SELECT COMMITTEE

Chairman: It is in relation to a Committee on Procedure and Privileges, CPP, ruling which relates to the protection of officials. Perhaps it is something that should be reviewed and changed by the CPP but it is not something that we have invented.

Deputy Eamon Ryan: Could we not add, notwithstanding anything agreed by the CPP, that on this occasion we-----

Chairman: We cannot, sadly. Perhaps that is something stage 2 of the Dáil reform committee could address.

Deputy Eamon Ryan: As has been said, we must work out our own arrangements in that regard. It is a pity, because I cannot imagine anything earth shattering will arise.

Chairman: We must stick to the Standing Orders of the House. Senator Alice-Mary Higgins has inquired if the ruling applies to her. I am sorry to say it does, as it applies to all people in the Gallery who are not members of the committee.

The select committee went into private session at 12.10 p.m. and adjourned at 12.50 p.m. until 11 a.m. on Wednesday, 8 June 2016.