

DÁIL ÉIREANN

ROGHCHOISTE UM SHOCRUITHE LE HAGHAIDH GRINNSCRÚDÚ BUISÉADACH

SELECT COMMITTEE ON ARRANGEMENTS FOR BUDGETARY SCRUTINY

Dé Céadaoin, 8 Meitheamh 2016

Wednesday, 8 June 2016

The Select Committee met at 11 a.m.

MEMBERS PRESENT:

Deputy Seán Barrett,	Deputy Pearse Doherty,
Deputy Thomas P. Broughan,	Deputy Stephen S. Donnelly,
Deputy Dara Calleary,	Deputy Hildegarde Naughton,
Deputy Lisa Chambers,	Deputy Noel Rock,
Deputy David Cullinane,	Deputy Eamon Ryan.

DEPUTY JOHN PAUL PHELAN IN THE CHAIR.

Business of Select Committee

Chairman: Apologies have been received from Deputies Michael McGrath, Marc MacSharry and Joan Burton. The first item is the minutes of the last meeting. Are they agreed? Agreed. There are a couple of items of correspondence not included on the agenda as they were received late. There is a submission from the Minister for Finance and the Minister for Public Expenditure and Reform, which we will discuss. We will also discuss Deputy Broughan's letter, if he arrives. There is a letter from Professor Alan Barrett from the Economic and Social Research Institute who has volunteered the services of the ESRI in terms of the work of the committee, which is welcome. There is another letter from the Irish Tax Institute. I also circulated a brief document.

Will we move on to a discussion on what the Departments submitted in terms of their own document?

Deputy Dara Calleary: That is on the agenda for later.

Chairman: Okay. We will begin by recapping what happened last week when we had six or seven items to deal with. The issues raised by members are at various stages of being addressed. We had hoped to have the legal adviser to the Oireachtas present today, but she is required at an ongoing case in the High Court. She intends to be here next week. We also contacted the Departments of Public Expenditure and Reform and Finance. While the Ministers were anxious to attend today, the Cabinet is meeting this morning and they will now attend next week's meeting. Because of the bank holiday weekend, they cannot attend this morning. We intend to have a couple of meetings next week and perhaps we might discuss that issue at the end of the meeting.

I want to summarise the key issues raised by members last week and if they want to add to or amend anything, they should feel free to do so. The issues raised were as follows. No. 1 is how can the committee engage in the budgetary process and what information will be made available to it and what window of opportunity will be available to consider the issues involved. No. 2 is how can the committee influence budgetary decision-making and how will the sectoral committees work with the budgetary oversight committee. No. 3 is what can we learn from other jurisdictions to assist the framework being put in place by this committee. No. 4 is that we need to address, if possible, the issue of proposals from Opposition parties and groups that involve a charge on the Exchequer and consider how they can be costed. No. 5 is that we need to consider how we can bring transparency to policy proofing, whether it be equality, poverty or the impact on regions and regional development. No. 6 is that we need to consider what resources will be available to assist the Oireachtas and, in particular, how the new parliamentary budget office will assist this committee in its deliberations.

We will examine items Nos. 1 to 3, inclusive, in more detail today. Since our last meeting the Government has submitted its reform package which has been designed to empower the Dáil to influence and critique budget allocations and priorities. Before we discuss these two issues with the two Ministers and their officials, it is important that we consider and view them against the submission documentation prepared by the secretariat, in particular paper No. 2, which was submitted prior to the first meeting of the committee last week. The points I made in my short submission to the committee relate to obtaining key information for the committee in a timely manner, including the advice notes given to Ministers by Secretaries General and the Government by the Departments of Finance and Public Expenditure and Reform. This is also

an attempt to address the concerns expressed by Deputy Eamon Ryan last week that we have a meaningful input into the preparation of the upcoming budget.

Two issues arise today where I see the committee having a larger role. The first is the assessment of the Irish Fiscal Advisory Council of the Government's spring economic statement which deals with the potential fiscal space. Second, it has been reported that in the Revised Estimates being considered by the Cabinet today a number of Votes will provide for revised expenditure ceilings. They are to do with Garda overtime, Department of Health overruns and hospital overcrowding. The new budgetary oversight committee needs to be central to dealing with, and on top of, these issues. I appreciate that the delays in the formation of the Government and the absence of sectoral committees make this year an outlier. However, the issues highlighted need better oversight.

We have written to the Ceann Comhairle following last week's long discussion about the setting up of the parliamentary budget office and also, following Deputy Eamon Ryan's suggestion, on the issue of the sectoral committees which, once established, should immediately commence discussion of matters to do with budget preparation in their sectors.

Today we will work on two key elements - engagement points and the role of the committee. The clerk's note provides an outline of proposals to be dealt with in our next two meetings. Before we deal with specific issues today, have members any comments to make arising from last week's meeting or in respect of our draft work programme? Are there other groups and organisations that we need to hear from or to whom we should write to seek submissions in the short term?

Deputy David Cullinane: I welcome the secretariat paper which is very helpful and gives some shape to our work. This follows some confusion during the last meeting in which we were all involved. The paper has provided some welcome clarity. The Chairman's paper was also very helpful and I agree with much of what is in it.

There are a number of key issues which we need to discuss and consider in depth. First, we have a responsibility to establish a framework for what this new budgetary committee is to do. Part of that is on the agenda today. Second, there is the need for what is being called in the secretariat paper "a parliamentary budget office". This is referred to in the programme for Government as an "independent budget office". That is interesting because there are different opinions as to what independence means. It is something we need to also consider. Third, there are the interim measures we must take between now and the budget for 2017. We are not going to have all of this infrastructure in place for this year's budget.

To stay with the secretariat paper which I think is helpful, the Chairman mentioned that points 1, 2 and 3 are potentially what we should focus on today. In this regard points 5, 6 and 7 are very relevant to these first three points. If one looks at the Government's paper, which we will get to later, it is very good on issues such as greater engagement, more set-piece events and more information flow. All of that is great and we welcome it. Where it is weak is on suggestions as to what powers this committee will have. My reading of the terms of reference we were given is very clear that there will be no changes in terms of the Constitution or the law. Point 5 says that we need to look at the administrative, legal and constitutional issues. To ensure we do not waste time we need to be clear very early on about what we can and cannot do and what the terms of reference allow us to do.

We need to push the boat out. The issues we raise around money Bills, equality proofing,

independence with regard to costings, economic projections and so on will be critically important. That will determine the success or otherwise of this committee. Unfortunately, points 5, 6 and 7 are inextricably linked to points 1, 2 and 3. Unless we receive clarity on these points, we are somewhat limited in terms of how we can shape the framework for the committee because we do not know what powers we have. We need to hear from the Government and the relevant Ministers. What do the Ministers think this committee is going to do? What powers do they think we should or should not have? What is their view of the independent costings unit? We are going to hear from the Secretaries General of the Departments. They might have a completely different view because there are many potential changes that could have an impact. We need to be clear in terms of a pathway. In the first instance we need information first from all of these stakeholders as that will help us to shape our decisions.

Chairman: I fully agree with the Deputy, which is alarming from my perspective given our politics over the years. The Deputy's points about pushing the boat out are correct. If this committee is to have any real purpose, we need to push out the boundaries in terms of information flow as much as anything else.

I also agree with the Deputy on his prioritisation of the points. With regard to point 5 on legal advice, we must wait until our legal adviser, Ms Melissa English, is in a position to be here. She will be here next week. It was unforeseen that she would not be able to be here this week. Another point has slipped my mind. Deputy Calleary may contribute in the meantime if he wishes.

Deputy Dara Calleary: In the Government submission from the Minister for Finance, Deputy Noonan, and the Minister for Public Expenditure and Reform, Deputy Donohoe, there is no reference to the constitutional issues raised by Article 17 of the Constitution. The submission contains many pats on the head and the Ministers say that they wish to talk to us and really listen, and it is all covered in inclusive language. However these constitutional issues go to the nub of the question, not just for this committee but for the whole of the Dáil and Seanad, in terms of the abilities of Members of the Oireachtas to make proposals that have budget implications. A lot of the Chairman's suggestions are excellent and meaty but until we resolve that issue, or get some sort of guidance on it, we are in a vacuum. We should be as disciplined with the vacuum as we can be today.

Chairman: We need to set forward our own outline today as to where we see the committee going. The Government has made an opening statement in, as Deputy Calleary said, not perhaps the most exact language and we hope to have the two Ministers before the committee next week between 11 a.m. and 12.30 p.m. We can question them more at that time and we will also have the legal advice. Today we need to put some flesh on the bones.

Deputy Dara Calleary: Perhaps we could have a meeting with the legal adviser before we have a meeting with the Ministers. The sequencing will be important.

Chairman: Yes. It would make more sense to do that.

Deputy Dara Calleary: Committee members can then be fully briefed as to what are the barriers.

Deputy Seán Barrett: Following on from last week, I am still not very clear. As I understand it, the purpose of this committee is to talk for 30 days about arrangements, not the actual detail. We should focus on the arrangements only.

Chairman: That is what we want to do today.

Deputy Seán Barrett: We need to get at the things that are needed to enable the committee to proceed with the necessary scrutiny. For example, we will be recommending the establishment of the parliamentary budget office and other essential elements of doing the job which the committee will need to have when it is set up. Maybe I am wrong but it is important to focus on what we are supposed to do in this 30-day committee, rather than broadening it out.

Chairman: The Deputy is right. Last week's meeting was preliminary and we were feeling our way a bit.

Deputy Seán Barrett: I fully accept that.

Chairman: However, we have to stick to what our job is for the next fortnight. Deputy Broughan made a submission. Does he want to say anything on the principal points?

Deputy Thomas P. Broughan: Not really. I wrote down what I thought with regard to the general view of the committee a few hours after the meeting. We need to hear from the people who have experience of this and their ideas of how a budget committee could operate. This might include people in universities and other academics as well as people from other jurisdictions. I agree with Deputy Barrett that we should then agree the arrangements for the actual budget scrutiny committee.

Deputy Eamon Ryan: In answer to Deputy Barrett, our job is to put in place the processes and in this respect the Government submission to the select committee on arrangements for budgetary scrutiny helps us to outline the milestones and the timelines. As the secretariat said last week, the best thing we could do is to slightly test the timeline and the process and the best way of doing so is to apply what we do to the 2017 budget. That would allow us to recommend structures and processes.

I have a couple of concerns. I understand that at the conclusion of our meeting last week, we were to try to get the Secretaries General from the Department of Public Expenditure and Reform and the Department of Finance to come before us today. The explanation that there was a Cabinet meeting or that we had a bank holiday weekend is not good enough as Secretaries General do not sit on tenterhooks at the side of, or next door to, a Cabinet meeting. At the update of the stability programme Deputy Stephen S. Donnelly fulminated against the late arrival of the report to the Parliament and I was also very angry at that. Subsequently, I heard a friend in the Department of Finance say that they only heard it at the last minute as well and that it was the politicians who forced them to do it at the last minute. We have to be careful.

I am surprised we do not have the Secretaries General of the Departments of Finance and Public Expenditure and Reform here today because given our timeline, that would have been appropriate. To a certain extent, it is important we meet them before we meet the Ministers. Having half an hour with the Ministers, Deputies Noonan and Donohoe, would be welcome but, to be honest, for our work, it would be better to have Secretaries General or their relevant staff here to tease out some of the details of this.

When it comes to what they set out in terms of their submission, I have a slight concern, and this is an example of how we can tease it out. What they are effectively saying in the consideration of the spring-summer economic statement and the stability programme update is that it would be presented to the Dáil and then we would review it afterwards. It is a continuation of after-the-fact assessment rather than considering the options and what one thinks before it is

written. As a rule, we should try to do this before rather than after it is presented in the Dáil.

When it comes to the mid-year expenditure report, they suggest in their note that as part of that expenditure report, which would be available at the end of June, they would set out aggregate level ceilings for 2017-2019 at the Vote level. I have a concern that aggregate levels do not really tell one much. The submission goes on to state: "Following the publication of the report, it would be open to the Oireachtas sectoral committees to review the priorities and challenges for each Vote Group." Maybe that allows for us to do this. The real purpose here, and the reason I was pushing it last week, is that in June and July, before we break for the summer, the sectoral committees need to get into the finer detail of that expenditure, line-by-line and proposal-by-proposal, and not into aggregate Vote assessments. Then the Oireachtas sectoral committee would be properly prepared to assist the Minister in looking at the options. This is good in that it brings us to a next stage but it is bad in the sense that the Secretaries General are not here to answer any questions we might have about it. Given the timeline we face, that is a real disappointment.

Chairman: As I said at that start, a number of factors emerged, not least the Government meeting today but also the case in which the legal adviser is potentially involved in the courts. On Deputy Calleary's point, there is no disagreement. We should try to hear from her first to understand the legal space in which we can operate. I do not have a particular problem if Deputy Eamon Ryan is proposing that we should have the Secretaries General in before the Ministers. Is that the view of the committee?

Deputy David Cullinane: Yes. However, there is still confusion in some respects. Unless we get clarity from the start, we will end up going around in circles. We have terms of reference which were set down by the Government. The problem in the process so far - I am being helpful and constructive in saying this - is that we have not had any outline of what those terms of reference are. The Government has set out a terms of reference. That, whether we like it or not, will place some limitations on us which we may not agree with and we can go back and, as I said, push the boat out.

Deputy Eamon Ryan: On a point of order-----

Chairman: Hold on a second.

Deputy David Cullinane: We have not had that. If we got that, at least we would know. Obviously, the Government has a view on what it wants the committee to do and on what it wants this costings unit to be. We have terms of reference which are to enable the set up in terms of process, structure, etc. However, we are still operating under terms of reference that we have not gone through.

Chairman: Today, we want to flesh that out ourselves. I would point out that the Government did not draft the terms of reference. It was the Dáil reform group which did that.

Deputy David Cullinane: The Oireachtas has mandated us but we have a terms of reference. I am assuming the Government will have its view. The programme for Government deals with some of this.

Chairman: In his comments, Deputy Eamon Ryan probably struck the nail on the head in relation to the deficiency which I saw in the Department's submission as well. It was very much angled towards examining events after the fact rather than having a sufficient role, which I originally envisaged for this committee, in advance of the preparation of the different stages

in the budgetary process. We must have that discussion with the Secretaries General and the Ministers when they are here.

Today, I am anxious that we would, as Deputy Cullinane said, flesh out where we see our own role. We have been given riding orders by the parliamentary reform committee but today - before we even meet the Ministers and Secretaries General or obtain the legal advice - we will be receiving a presentation on the option papers that were circulated in advance of the first meeting. The presentation will deal with how we envisage our role before we have any discussions with outside bodies.

Deputy Hildegarde Naughton: The Chairman's proposals are a very good starting point in that they relate to this year and the time constraints that apply. Even as a first step, I would be very much in favour of acting on them because they relate to this year, 2016.

Chairman: It is an attempt to fill a vacuum that exists in the context of this year's budget.

Deputy Hildegarde Naughton: We should proceed with that. I am very much in favour of what the Chairman has proposed as a good starting point.

Deputy Seán Barrett: Deputy Eamon Ryan has made a number of points with which I completely agree. They should be included in our 30-day report. That is what we are here for. It is not about examining the Estimates for 2016 or 2017. We are here to make suggestions, and the ones Deputy Eamon Ryan offered make perfect sense. They would eventually inform the proceedings of the budgetary committee that would be set up after our temporary committee has concluded its proceedings. I formally propose that.

Deputy Pearse Doherty: I apologise for being delayed. I picked up on what Deputy Eamon Ryan said. His point is very similar to the one he made last week. I agree with Deputy Seán Barrett that our job is to facilitate the coming into being of a budgetary committee. If we focus on half a job, which is to try to get that up and running, with an intersection at some point with the budgetary cycle - which has already started for this year - we will be trying to create half a horse. We should examine the whole package. What we recommend will not only be for this year but also for the years to come and for scenarios in which there may not be a minority Government. Therefore, we must put forward proposals that will stand the test of time and allow the Parliament to have greater involvement in the delivery of a budget and the progress on formulating one. Once we have sorted out the type of framework in which we want to operate, we could make interim suggestions on how we should intersect with the budgetary cycle this year. I agree with the points made in this regard but our focus has to be on moving away from this year's budget to examining and agreeing on the framework in which we will need to operate every year from now on.

The second part of the work concerns the independent costings unit. We should then examine the interim measures we want to recommend to the Dáil, which concern how we would intersect with this year's budgetary cycle. The reality is that, whatever we propose - I am not predetermining it - we will not be able to fulfil it completely for budget 2017. Recommendations will, therefore, have to be made on how best to achieve a result in the spirit of what the committee intends, whether it involves getting sectoral committees' recommendations to start working straightaway on a certain basis or otherwise.

Chairman: We are going to go into private session in order to allow Mr. Tom Malone to present some of the options.

BUSINESS OF SELECT COMMITTEE

On Deputy Eamon Ryan's suggestion about the Secretaries General, I acknowledge we have power to order our own business as a committee. Traditionally, Ministers have appeared before committees and outlined the position of the Government and the Secretaries General, officials or others might have dealt with the finer points of implementation or policy thereafter. There could be some resistance involving the Secretaries General before the Ministers' appearance next week. Does it matter?

Deputy Eamon Ryan: I am sure there will be resistance. That is all the more reason to push against it. This committee's remit was given by the Dáil reform committee, not by the Government. There were extensive discussions at meetings of the Dáil reform committee on the legal aspects. We do not need to get caught up in a legal quagmire.

We have already discussed a lot of the legal powers around money Bills and so on. While the committee should bring in legal advice, we should not tie ourselves up in legal knots. This is central to Dáil reform, part of which is reform of the public service. As much as I respect what Deputy Pearse Doherty had to say, the Dáil reform committee and the Taoiseach himself said in the Dáil that part of how this is done is actually in the doing. How do we know what to write, if we do not get the Secretaries General into the committee to tease out matters? I am not saying they are the devil incarnate. However, it would be good to hear from them because they might have reasons for this. The only way to find out what the real reasons, or the real arguments, are is through the actual sharing of information about this economic statement due to be published next week. We must intersect on that and actually test to see could we review it before it is printed. That is how one finds out where the power lines between the permanent Government and the Parliament lie. That is not a small task to work out and one cannot do it if the permanent Government is not here.

Chairman: I understand what the Deputy is saying.

Deputy Eamon Ryan: One cannot do it if it is not a real-world discussion. It must be done in real time and, as we are doing that, we must be set up the full committee. This session is only going to last for one month or two months but we should do the June and July stuff.

Chairman: We are an arrangements committee. I agree with the Deputy's point that there will be some element of overlap. However, we have a little bit more than two weeks to produce our set of guidelines, as mentioned by Deputies Barrett and Pearse Doherty, as to how the committee will operate. There will be a natural overlap with the process which is ongoing from a budgetary point of view. Our task is to set up the actual budgetary oversight committee.

Deputy Eamon Ryan: That is why I am disappointed that they are not here today. That is a delaying tactic.

Chairman: Perhaps but I could not physically drag them here. We will move on to the option papers circulated to members in advance of the first meeting. This discussion will be held in private session.

The select committee went into private session at 11.30 a.m. and adjourned at 1.35 p.m. until 10 a.m. on Wednesday, 15 June 2016.

