

**Public Governance and Territorial Development Directorate
Budgeting and Public Expenditures**

Review of budget oversight by parliament: Ireland



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by

Ronnie Downes and Scherie Nicol*

Budget oversight by the Irish parliamentary chambers, the Houses of the Oireachtas, is under-developed by international standards. Many stakeholders and participants question whether the existing process is meaningful or impactful. Nevertheless, there is a strong momentum for reform with Ireland's public administration. Against this background, the OECD presents in this report an analysis of the strengths and weaknesses of Ireland's system of parliamentary engagement in budgeting, and outlines a number of proposals for continued reform by reference to international experience, for consideration by the Houses of the Oireachtas and by other institutional actors and by the political system more generally.

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Note on terminology

Ireland's two legislative chambers, "*Dáil Éireann*" (the lower chamber) and "*Seanad Éireann*" (the upper chamber or senate) are collectively referred to as the "**Houses of the Oireachtas**". The Houses and the President of Ireland comprise the national legislative branch, which is officially referred to as "**the Oireachtas**" (described also as the "National Parliament" in the constitution). The administration / secretariat of the Houses of the Oireachtas is provided by the Houses of the Oireachtas Service, which in turn is accountable to the Houses of the Oireachtas Commission, a senior body chaired by the *Ceann Comhairle* (the chairperson / speaker of the *Dáil*). In this report, the term "Houses of the Oireachtas" is used to refer to the parliamentary chambers (i.e. the proper sense), and also to refer to the institution more generally, encompassing the secretariat and the Commission, as the context requires.

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Foreword

This report provides an overview of Ireland's current system of parliamentary engagement in the national budget process, and brings forward, for consideration by the Houses of the Oireachtas and by Ireland's public administration more broadly, some suggestions for ways in which this engagement might be made more effective. The objective of such an approach is to improve the quality of policy-making, resource allocation and accountability, and ultimately to promote better outcomes for citizens.

The methodology used has been to undertake a detailed analysis of the existing legal and procedural framework, and to conduct in-depth interviews with a wide range of stakeholders in Ireland who are in a position to put forward considered views on the subject. The OECD accordingly met with a range of parliamentarians from across the political spectrum, including chairpersons and members of committees; as well as with staff from various government departments, oversight institutions, representatives from across civil society, academia and the media. The staff of the Houses of the Oireachtas Service also provided invaluable information and insights. The OECD gratefully acknowledges the expert contributions from all of these stakeholders. However, the suggestions and proposals put forward in this report are the responsibility of the OECD alone, as are any remaining errors or omissions.

The report was written by Ronnie Downes (Deputy Head of Division) and Scherie Nicol (Analyst, Parliament and Independent Fiscal Institutions Unit), under the supervision of Jon Blondal (Head of Division), all of the Budgeting & Public Expenditures Division, Directorate for Public Governance & Territorial Development, OECD.

Preface

The relationship between a legislature and an executive goes to the heart of national democratic life. Across the OECD, each country has developed its own traditions, customs and legal frameworks to give expression to this relationship. Similar issues arise from one country to another: How can the parliament best exercise its accountability functions? How should the country balance effective, decisive government action with the deliberative, oversight and control functions of the parliament? How can parliamentary scrutiny enhance trust in the fairness and effectiveness of public policy-making?

Ireland provides an instructive example of how these questions have been answered in one of the OECD's most dynamic member countries. Over the past decade, Ireland's system of public administration has come to terms with acute challenges arising from the global economic and financial crisis, and the country is now set for a return to vibrant growth. Apart from the fiscal policy response to the crisis (as documented, for example, in *The State of Public Finances 2015* (OECD 2015b), Ireland has been distinguished by a commitment to broad-based public-sector reform, including a suite of budgetary governance reforms. The thorough-going nature of the reform effort is undoubtedly a recognition that, while global factors played a role in catalysing the economic crisis within the country, domestic factors

– institutional, procedural and indeed attitudinal – also need to be addressed to improve Ireland’s resilience to future shocks.

As outlined in this report, an important strand of the national reform effort has been the activation of the national parliament, the Houses of the Oireachtas, as a positive agent for oversight, accountability and policy input – in particular in the budget process, which is of fundamental importance in deciding how scarce national resources are prioritised. It is against this background that the Houses of the Oireachtas Secretariat requested the OECD to examine the direction of the reform effort to date, and to highlight practical ways in which the parliament could further enhance its engagement in the budget process.

The OECD has maintained a close engagement with Ireland’s public governance system and its agenda of reform throughout the course of the past decade (notably including the OECD Public Management Review of Ireland, *Towards an Integrated Public Service* (2008)). Nonetheless, in undertaking this task, the OECD is very conscious that parliamentary reform is a highly sensitive national concern, which will depend for its success on a shared vision and a shared commitment across all of government, understood in the broadest sense. Accordingly the analysis that the OECD has put forward, and the suggestions made about fruitful avenues for future reform, presuppose such a government-wide commitment which can facilitate the national parliament in realising its full potential as a modern forum of debate, scrutiny and accountability.

The experience of recent years and the ambitions from across the political landscape for continued reform, give good grounds for optimism that a supportive, enabling environment can indeed be attained. Our hope is that this OECD analysis, targeted on a specific but vitally important dimension of public governance within Ireland, can inform an open, productive national conversation as this modern republic takes its next steps forward.

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Abbreviations and acronyms

C&AG	Comptroller & Auditor General
D/PER	Department of Public Expenditure & Reform
DOF	Department of Finance
ESRI	Economic and Social Research Institute
EC	European Commission
EU	European Union
HotO	Houses of the Oireachtas
IFAC	Irish Fiscal Advisory Council
IGEES	Irish Government Economic & Evaluation Service
IPBO	Irish Parliamentary Budget Office*
LRS	Library and Research Service
MTEF	Medium-Term Expenditure Framework
NED	National Economic Dialogue
NESC	National Economic and Social Council
NPF	National Performance Framework*
NPQP	National Performance Quality Panel*
PAC	Public Accounts Committee
PFM	Public Financial Management
SES	Spring Economic Statement
SPU	Stability Programme Update

* denotes an entity proposed for the future, not currently-existing.

Executive summary

Ireland's two parliamentary chambers – the Houses of the Oireachtas – comprise the national forum for legislative deliberation and accountability in this mature parliamentary democracy. As in most “Westminster-style” parliaments, the lower chamber of directly elected deputies (Dáil Éireann) is primarily responsible for scrutinising and authorising budget allocations, while the upper chamber (Seanad Éireann) has a more limited role in budgetary matters.

Over many decades, Ireland has developed a distinctive annual process for raising, allocating and authorising resources. In general, the government (i.e. the executive) has primacy, to the point of dominance, in budgetary matters. While Dáil deputies may table amendments (within tightly-restricted bounds) to tax legislation, expenditure proposals may not *de facto* be adjusted at all in parliament. In addition, the Dáil vote on expenditure does not take place until after the budget year has begun. In this context, many stakeholders and participants question whether the budget scrutiny processes of the Houses of the Oireachtas and its committees are meaningful or impactful. Some studies have placed Ireland lowest among OECD countries for effective parliamentary engagement in budgeting.

Nevertheless, there is a strong momentum of reform with Ireland's public administration, including recent innovations in performance budgeting, stakeholder engagement and an explicit call from government for the Houses of the Oireachtas to engage more effectively within a “whole-of-year” budgetary cycle. Against this background, taking account of insights from key stakeholders and relevant international experiences, and based upon certain principles for enhancing parliamentary engagement, the OECD outlines a number of proposals for continued reform. These proposals update the existing model of parliamentary interaction, which can be characterised as a disconnected series of annual set-piece events, with an **ongoing engagement by the Houses of the Oireachtas and its committees throughout the course of the budget cycle**. The focus of attention would accordingly be re-balanced from the formal authorisation of financial allocations, where the powers of committees remain tightly circumscribed, towards ongoing and *ex ante* interactions on policy priorities and performance, where there is real scope to exercise influence and accountability. The key proposals are summarised below.

A. Procedural changes to promote parliamentary engagement

1. **Conduct *ex ante* parliamentary hearings on fiscal planning** in February/March, under the Joint Committee on Finance, Public Expenditure & Reform, to inform the government's draft Stability Programme Update, setting out Ireland's medium-term fiscal plan. The draft medium-term fiscal plan should then be submitted to the Dáil for approval before its presentation to the European Commission. Such a process would signal that the input of the Houses of the Oireachtas is welcomed and expected from the very outset of the budget cycle.
2. **Conduct pre-budget parliamentary hearings on budget priorities** in July, under the sector-specific joint committees, involving ministers and societal stakeholders. The hearings should be aligned effectively with (and may subsume) the newly-instituted National Economic Dialogue; and should culminate in the submission of a summary report to government. These inputs would in turn form an effective point of reference for committees during the subsequent stages of the budget process.

3. The annual Estimates should be considered and **voted on by the Dáil before the start of the budget year**, broadly within the same timeframe that Supplementary Estimates for the current year are being considered.
4. The committee space freed up in the early part of the (following) year should be allocated to **performance hearings** with joint committees to discuss outturn performance information with “accounting officers”.
5. An **Estimates Committee** should be instituted, composed of the Committee on Finance, Public Expenditure & Reform augmented with the chairs of the various other select committees (a) to co-ordinate the summary pre-budget report to government in July (under 2 above) and (b) to consider the individual Estimates in advance of the Dáil vote (under 3 above).

B. Enhanced information to support parliamentary engagement

6. Enhance the **annual Stability Programme Update** with realistic “no-policy-change” budgetary projections as a basis for the pre-budget parliamentary hearings.
7. Re-introduce **Pre-Budget Estimates** with an accompanying White Paper in July, consistent with the “no-policy-change” projections, as core reference documents to inform *ex ante* budget scrutiny and hearings.
8. Produce full relevant budgetary information in the **October Budget Estimates** and discontinue the December Revised Estimates.
9. Conduct a **systematic review of existing performance metrics** drawing on international guidance and resulting in a streamlined set of approved output measures, suitable for purpose.
10. Introduce standardised **Estimates Performance Reports** prepared by departments/agencies, amplifying and updating the Estimates programme pages with material currently presented in separate briefing documents, to inform the performance hearings in the early part of the year (under (4) above).
11. Introduce a **National Performance Framework (NPF)**, under the authority of the centre of government, articulating the high-level outcomes that the government seeks and for which it will be accountable, along with associated output indicators. The NPF should in time become the authoritative frame of reference for all budgetary performance information.
12. Develop, re-purpose and re-brand the **IrelandStat website** to realise its potential as a national performance portal.

C. Institutional supports for effective parliamentary engagement

13. Introduce an **Irish Parliamentary Budget Office** to equip parliamentarians to engage more effectively on budgetary matters, including through analysis of information on taxation, expenditure and performance, as well as policy costings.
14. **Professional development for parliamentarians and officials** to provide a foundation for informed and rigorous budget scrutiny.
15. Convene a **National Performance Quality Panel**, drawing on experts from across the public service and beyond, as an authority for selecting outcome and output benchmark indicators, which in turn would be approved for inclusion in the NPF (under 11 above) and budget documentation.

16. The Office of the **Comptroller & Auditor General** is an expert, trusted resource which can critique issues of performance in line with international standards. The Appropriation Accounts should include selective audit of performance information to help the Dáil's Public Accounts Committee exercise its accountability role in a more comprehensive manner.

The Houses of the Oireachtas is well placed to lead on co-ordinating the refinement and delivery of the OECD proposals. To be effective, the measures proposed above will need to be underpinned by a **renewed commitment by government**, at political and administrative levels, to engage with the Houses of the Oireachtas as a partner throughout the budget process. Through the above measures, the annual and multi-annual budget cycle should be **structured around, and predicated upon, active and critical engagement** with the Houses of the Oireachtas and its committees, so that parliamentarians can influence and critique budget allocations and priorities, making budgetary debate and discussion in Ireland more realistic, informed and effective.

1. Role of the Houses of the Oireachtas in the budget process: background and context

1.1. Ireland's parliamentary framework

Ireland is a constitutional parliamentary democracy, with a bicameral parliament, a directly elected President (the non-executive head of state) and an executive government led by the Taoiseach (prime minister). Ireland's system of government is laid down in a written constitution (Bunreacht na hÉireann, Constitution of Ireland) dating from 1937, which may be modified only by referendum. All laws must comply with the constitution, a test which the judicial branch has ultimate authority to determine. Laws introduced prior to the 1937 constitution – a category which includes important budget-related laws – remain valid, unless repealed or determined to be incompatible with the constitution.

Dáil Éireann (the lower chamber of directly-elected deputies), Seanad Éireann (the upper chamber or senate) and the President comprise the national legislature or Oireachtas. Only the Oireachtas may pass laws, although government ministers may be granted (by law) some powers to introduce “secondary legislation” or regulations within prescribed boundaries. The executive branch – generally referred to simply as “the government” – has special prerogatives to bring forward draft legislation dealing with budgetary matters. In practice, much of the day-to-day deliberative work of the Houses of the Oireachtas is handled by committees, either select committees (Dáil members only) or joint committees (members of both Dáil and Seanad).

More generally, Ireland uses a highly proportional voting system (single transferable vote in multi-seat constituencies) for electing deputies to Dáil Éireann. This lower chamber is composed of 166 deputies (although this will be reduced to 158 members after the next general election). The Seanad is composed of 60 senators, who are selected from three streams: (a) 43 senators are elected by various sectoral or “vocational” panels; (b) 11 senators are appointed directly by the Taoiseach, and (c) 6 senators are elected by the graduates of certain Irish universities.

In keeping with most other “Westminster style” models of government, the executive is drawn from members of the Dáil (although in principle, up to two members of the government may be members of the Seanad) and must command the support or “confidence” of that

chamber in order to govern effectively. The passage of the government's budget proposals by the Dáil is regarded as a principal test of that support.

1.2. Constitutional aspects of budgeting

Unlike several other OECD countries, the constitution of Ireland does not contain a special chapter dealing with public financial management (PFM), nor is there an “organic budget law” setting out budgetary rules and procedures in a comprehensive manner. Instead, the constitution lays down or re-states some fundamental principles, and references some (pre-existing) financial management procedures (see Box 1.1). The essential constitutional elements of this PFM framework are as follows:-

- All State revenues accrue to a single fund (the “Central Fund”) and all allocations from this fund must be governed by law.
- Each year, the government brings forward estimates of expenditures and receipts, and presents these estimates to Dáil Éireann for consideration.
- The government alone has the authority to move forward legislative proposals which affect the public purse, such as budget-related proposals.
- The Oireachtas alone may implement these proposals in law; and in budget-related matters, the Dáil (as the chamber directly elected by the people) has pre-eminence over the Seanad.
- “Financial Resolutions” (whereby the Dáil adopts budgetary measures for the year on an interim, provisional basis in advance of legislation) must in general be effected in legislation within the same year.
- The Comptroller and Auditor General (supreme audit institution) audits public accounts and reports to the Dáil.

Box 1.1. Budgeting and Ireland's Constitution

Bunreacht na hÉireann (the Constitution of Ireland) includes a number of explicit references to matters of public financial management, distributed under various Articles. The key constitutional references are set out below. The title of the Article, or relevant set of Articles, is shown in parentheses for reference.

ARTICLE 11 (“THE STATE”)

All revenues of the State from whatever source arising shall, subject to such exception as may be provided by law, form one fund, and shall be appropriated for the purposes and in the manner and subject to the charges and liabilities determined and imposed by law.

ARTICLE 17 (“THE NATIONAL PARLIAMENT – DÁIL ÉIREANN”)

1. 1° As soon as possible after the presentation to Dáil Éireann under Article 28 of this Constitution of the Estimates of receipts and the Estimates of expenditure of the State for any financial year, Dáil Éireann shall consider such Estimates.

2° Save in so far as may be provided by specific enactment in each case, the legislation required to give effect to the Financial Resolutions of each year shall be enacted within that year.

2. Dáil Éireann shall not pass any vote or resolution, and no law shall be enacted, for the appropriation of revenue or other public moneys unless the purpose of the appropriation shall have been recommended to Dáil Éireann by a message from the Government signed by the *Taoiseach*.

Box 1.1. Budgeting and Ireland's Constitution (Cont.)

ARTICLE 21 (“THE NATIONAL PARLIAMENT – LEGISLATION”)

1. 1° Money Bills shall be initiated in Dáil Éireann only.
- 2° Every Money Bill passed by Dáil Éireann shall be sent to *Seanad Éireann* for its recommendations.
2. 1° Every Money Bill sent to *Seanad Éireann* for its recommendations shall, at the expiration of a period not longer than twenty-one days after it shall have been sent to *Seanad Éireann*, be returned to Dáil Éireann, which may accept or reject all or any of the recommendations of *Seanad Éireann*.

ARTICLE 22

1. 1° A Money Bill means a Bill which contains only provisions dealing with all or any of the following matters, namely, the imposition, repeal, remission, alteration or regulation of taxation; the imposition for the payment of debt or other financial purposes of charges on public moneys or the variation or repeal of any such charges; supply; the appropriation, receipt, custody, issue or audit of accounts of public money; the raising or guarantee of any loan or the repayment thereof; matters subordinate and incidental to these matters or any of them.

ARTICLE 28 (“THE GOVERNMENT”)

4. 1° The Government shall be responsible to Dáil Éireann.
- 4° The Government shall prepare Estimates of the Receipts and Estimates of the Expenditure of the State for each financial year, and shall present them to Dáil Éireann for consideration.
7. 1° The *Taoiseach* [prime minister], the *Tánaiste* [deputy prime minister] and the member of the Government who is in charge of the Department of Finance must be members of Dáil Éireann.

ARTICLE 33 (“THE COMPTROLLER AND AUDITOR GENERAL”)

1. There shall be a Comptroller and Auditor General to control on behalf of the State all disbursements and to audit all accounts of moneys administered by or under the authority of the Oireachtas.
4. The Comptroller and Auditor General shall report to Dáil Éireann at stated periods as determined by law.

Source: Office of the Attorney General, Ireland (2015).

1.3. Legal and Administrative aspects of budgeting

The reference to Financial Resolutions, which are not defined or described in the constitution itself, indicates a pre-existing corpus of established PFM rules and procedures. That PFM corpus is described authoritatively in the official guide *Public Financial Procedures* which is maintained by the Department of Public Expenditure & Reform¹. A detailed outline of Ireland's budgeting system is beyond the scope of this review. However, key elements of Ireland's system of budgeting, which are relevant to the theme of this review, may be summarised by tracing the typical budget cycle as set out below. The financial year is January to December, and the year to which the budget relates is referred to below as the “budget year”.

A. Before the budget year

- a) **April – the Stability Programme Update:** The government publishes a Stability Programme Update (SPU) and submits it to the European Commission in accordance with the provisions of the European Union (EU) Stability and Growth Pact (SGP). The SPU sets out the government’s medium-term forecasts and fiscal policy programme, at aggregate level, and the intention is that the subsequent annual budget (in October) will implement and detail the first year of that programme. There is no formal requirement for the SPU to be submitted to the Houses of the Oireachtas, but this has been the practice over recent years (see Section 1.4(b)).
- b) **Early October – the “White Paper”:** On the weekend before the budget, the Department of Finance publishes a “White Paper on Receipts and Expenditure” for the budget year. The White Paper is presented to the Dáil and is formally regarded as meeting the requirements of Article 28 of the Constitution (see Box 1.1). The White Paper is however purely a “pre-budget” reference document prepared on a technical “no-policy-change” basis, and its figures are soon displaced by the budget documents which contain new policy measures (see below).
- c) **The October budget:** By no later than 15 October, the government presents its budget to the Dáil. Since 2011, a separate budget statement is presented by the Minister for Finance, in respect of general economic management and taxation policy, and by the Minister for Public Expenditure & Reform, in respect of expenditure policy. The expenditure budget is presented in an “Expenditure Report” which includes **Budget Estimates** showing financial allocations per “programme” (a broad functional or strategic area) within each of approximately 40 individual Estimates (areas of public spending).
- d) **The budget debate:** The budget is the subject of political statements and responses within the Dáil but it is not itself put to a vote. However, any revenue-raising measures that are intended to have immediate effect, in advance of the passage of enabling legislation, may be effected on an interim basis by way of a Financial Resolution, i.e. a vote of the Dáil authorising the measure. Failure of the government to carry such a resolution in the Dáil is a confidence matter.
- e) **October - December – the Finance Bill:** Within ten days or seven working days after the budget, the Finance Bill is published by the Minister for Finance. The Bill, which is considered in the Dáil and Seanad and typically subjected to detailed scrutiny in the relevant select committee, is enacted before the end of the year. It implements in law the tax policy and related matters announced in the budget, including matters that were the subject of a budget-day Financial Resolution, but may (and generally does) include measures not announced in the budget also.
- f) **October - December – the Social Welfare Bill:** Likewise, policy changes in the area of social protection (e.g. weekly and monthly rates of payment, and changes in eligibility rules for various programmes) are brought forward by the Minister for Social Protection in a Social Welfare Bill, which is enacted before the end of the year, before the changes take effect in the new year.
- g) **Mid December – the Revised Estimates:-** The Department of Public Expenditure & Reform publishes a Revised Estimates Volume (REV), a more detailed book of estimates which includes line items of expenditure as well as performance data for each “programme” within the individual Estimates. The REV is presented to the Dáil which promptly refers the individual Estimates to various sector-specific “select committees” for consideration.

B. During the budget year

- a) **January – provisional authority for spending:** The Estimates will not be voted upon by the Dáil for several months; however, technical “reversionary measures” are in place to authorise continued spending within the new year, pending the approval of the Estimates. The Central Fund (Permanent Provisions) Act of 1965 provides authority for this interim spending, which is limited to four-fifths of the amount spent on existing services in the previous year, as set out in the annual Appropriation Act for that year.
- b) **Early spring – consideration of Estimates by select committees:** In early spring of the incoming year, the select committees meet to consider the relevant Estimates. Each meeting on an Estimate or Estimates group typically lasts 2-3 hours and the relevant Minister and senior officials are present. The committees, whose activities are prescribed in their specific “Orders of Reference” and in the official procedures or “Standing Orders” of the Houses of the Oireachtas, do not make recommendations or proposals regarding the Estimates.
- c) **Late spring – voting of the Estimates by the Dáil:** After the Estimates have been considered in committee, the Dáil decides on each of the individual Estimates on motion made. A decision in the affirmative results in a Financial Resolution within the meaning of Article 17.1.2 of the constitution.
- d) **November-December – Supplementary Estimates:** Towards the end of the financial year, the Dáil may be asked to decide on Supplementary Estimates, usually to cater for higher-than-anticipated spending in particular areas.
- e) **December – the Appropriation Act:** All of the Estimates that have been voted by the Dáil for this year (i.e. the budget year) must be implemented in legislation, and this happens via the annual Appropriation Act which is usually one of the last pieces of legislation to be enacted each year. Statutory confirmation of the appropriation of moneys, pursuant to Article 17.1.2 of the Constitution, therefore takes place after these moneys (or almost all of them) have been spent.

C. After the budget year

- a) **January to March – the Appropriation Accounts:** By virtue of the Exchequer and Audit Departments Act of 1866 and the Comptroller & Auditor General Act of 1993, each government department must prepare an Appropriation Account detailing how the appropriated funds have been spent, and these accounts must be certified by an “Accounting Officer” (typically the head of the relevant department).
- b) **September – Audit of the Appropriation Account:** The Comptroller & Auditor General (C&AG) publishes the “Report on the Accounts of the Public Services” giving the audits of the Appropriation Account for the preceding financial year and submits it to the Public Accounts Committee (PAC) of the Dáil, which will go on to conduct hearings on these accounts over the subsequent months.
- c) **Ad hoc – Value for Money Reports:** One of the functions of the C&AG, under the Comptroller & Auditor General Act of 1993, is to conduct reviews of whether public funds have been used economically and efficiently, and the results of these reviews are published in “Value for Money Reports”. These reviews are conducted at the discretion of the C&AG.

1.4. Recent and ongoing reforms to the budget process

When the current government assumed office in early 2011, it undertook a reorganisation of government functions which aimed at accentuating and advancing an agenda of public service reform. Of most relevance to the theme of this report, the functions of the former Department of Finance were split between two bodies: the Department of Finance which continues to deal with aggregate fiscal policy as well as tax policy and the financial services sector; and the Department of Public Expenditure & Reform (D/PER) which deals with public expenditure policy, the management of the civil and public service, and a broad range of related reform themes. Some issues of public service management reform, which had previously been handled by the Department of the Taoiseach (prime minister's department), were also centralised within D/PER.

In December 2011, D/PER published a *Comprehensive Expenditure Report (CER) 2012-2014* which mapped out a number of specific budgetary reforms. Since then, these themes have been developed and built upon in various ways, and the Department of Finance has also continued to reform legal and procedural aspects of the budgetary process. Taken together, the broad areas of budgetary reform can be summarised under the headings set out below.

- a) **The budget calendar:** In light of EU-wide reforms to economic and fiscal governance, the annual budget day was moved forward in 2013 from December to mid-October. Part of the rationale for this EU-wide change is to give the European Commission an opportunity to review and comment upon national budgetary plans in advance of their implementation before the year-end. There is also an opportunity for national parliaments to comment on the budgetary plans during this period.
- b) **The Stability Programme Update (SPU) and Spring Economic Statement (SES):** It has long been an EU requirement that members of the euro area produce an SPU, showing the aggregate fiscal plans and related macroeconomic projections for the forthcoming budget year and into the medium term. Prior to 2011 the SPU was published as part of the Budget day documentation (in December at that time), but since that year the SPU has been brought forward to April, again in keeping with EU-wide reforms. In principle, the earlier publication date allows for clearer visibility about the fiscal parameters for the subsequent budget, and hence a more informed debate about priorities. In recent years, the government has sought to facilitate such a debate by publishing the SPU in draft form prior to its finalisation and submission to the European Commission, allowing some time for discussion at the relevant joint committee.

In 2015 this process was taken a step further by publishing a new, more politically-elaborated SES alongside the draft SPU and allowing a week in the Dáil (the full chamber rather than committee) for policy statements on these documents. Importantly, the SES set out the level of “fiscal space” which the government committed to utilise in the subsequent October budget, as well as an indication of how this space would be split between tax and expenditure measures.

- c) **Multi-annual budgeting and medium-term expenditure framework (MTEF):** The CER 2012-14 introduced a “top-down” approach to medium-term fiscal planning, with three-year spending ceilings set out for each department (ministry), in a manner that would allow for “constructive, creative input from the public and the democratic system on how these resources should be prioritised in each area over the coming years.”

- d) **Performance budgeting:** Separate documents which set out output targets and results for public bodies were integrated within the Estimates book, so that financial allocations and performance information are now presented together before the select committees. The structure of the Estimates information was also streamlined into a “programme” format, aligned with the format of Statements of Strategy prepared by public bodies.
- e) **Accessibility of budget information – IrelandStat:** Much of the newly-streamlined financial and outcome-related performance information has been made available in a more user-friendly format via the IrelandStat website (www.irelandstat.gov.ie).
- f) **Enhanced accountability to the Oireachtas and to the public – “Whole-of-year budgeting”:** The CER 2012-14 committed the government to “opening up the budgetary process to the full glare of public and parliamentary scrutiny”, noting that “in a democracy, better decisions are made when policy-makers are held to account, and when the entire policy-making process is subject to parliamentary oversight, scrutiny and active participation. This involves every stage of the budgetary process and the policy-making cycle.” To give effect to this principle, the government introduced a “whole of year” approach to budget development, intended to allow for stronger *ex ante* input. Under this process, “Dáil committees will be able to engage in constructive dialogue and input their views on which areas of spending should be prioritised. These viewpoints can then inform the government in bringing forward its detailed Estimates for the year in question.”
- g) **National Economic Dialogue:** In the 2015 SES, the government instituted a new process of National Economic Dialogue (NED), a formalised process of consultation and debate with societal interests to enhance the whole-of-year budget development process. The NED was conducted on 16-17 July 2015²: the mid-year timing was chosen so that “the discussions during the Dialogue about where our resources should best be allocated, and how to accommodate the many demands and pressures for increased resources, can then inform the work of the government in deciding on Budget measures, and the work of the Oireachtas in considering the Budget later in the year.”
- h) **Evidence-based expenditure policy:** A new “Public Spending Code” has been put in place to update and streamline the processes for evaluation of expenditure programmes, both *ex ante* and *ex post*. A new professional staffing stream has been put in place, the Irish Government Economic and Evaluation Service (IGEES), to promote and develop capacity for evidence-based policy development within the civil and public service. In the 2016 Budget (October 2015), the government announced the intention to establish an “Irish Government Statistical Service” to develop corresponding professional capacity in the area of data analysis and use.
- i) **Irish Fiscal Advisory Council (IFAC):** IFAC, an independent fiscal institution, was established on a provisional basis in July 2011 in advance of its statutory establishment under the Fiscal Responsibility Act of 2012. IFAC’s role is to endorse (if appropriate) the government’s macroeconomic forecasts; to provide an independent assessment of the government’s fiscal objectives; and to assess compliance with the statutory fiscal rules (see below). It also contributes to the national debate by producing *ad hoc* analytical notes, such as its note on the EU Expenditure Benchmark (2015a). Since its establishment, IFAC has been called upon by the Joint Finance Committee to present and discuss its findings.
- j) **Fiscal Rules:** In keeping with the requirements of the EU Fiscal Compact, the Fiscal Responsibility Act of 2012 set out a “budgetary rule” requiring that the public finances be in balance or in surplus, unless exceptional circumstances apply. Other rules set out at EU level, notably the “expenditure benchmark” (broadly requiring that

public expenditure growth should not exceed medium-term economic growth, unless financed by additional tax-policy measures), have direct legal effect in Ireland. The expenditure benchmark should act to constrain unduly sharp increases in public spending (which can pose a risk to fiscal sustainability, especially during the upward phase of an economic cycle), and should therefore serve to promote greater stability and certainty regarding the budgetary aggregates over the course of the year (from the April SPU to the October budget).

- k) **More timely Finance Bill:** Since 2014, the annual Finance Bill is published and submitted to the Dáil within seven working days of the October budget, and it is debated and enacted before the end of December. Previously, the Finance Bill would not have been enacted until the following March or April, so the new schedule marks a significant expediting of the process which allows parliamentarians to engage promptly on these important budgetary matters, and to authorise them in law in advance of the financial year.
- l) **“Independent Budget Office”:** The government announced in the 2015 SES that it will examine the possibility of establishing an Independent Budget Office, which would prepare independent costings of policy proposals from political parties and groups in the Oireachtas, taking into account second-round economic effects as well as looking over a multi-year horizon. Given the need for consultation, the government acknowledged that this proposal would not be implemented in the short term.
- m) **Continuous improvement:** In the CER 2012-14, the government noted that, having set out its agenda of budgetary reform, “It is now up to all participants in the budgetary process – Departments, Ministers and most of all parliamentarians – to make the process work. [...] All players in the policy-making process must work this new system, and must invest effort and energy into realising its potential and making it better.”

For their part, Oireachtas committees and the staff supporting them have since then sought to modify and update their approach to budgetary scrutiny in order to realise the opportunities presented by the government’s CER 2012-2014 commitments in relation to transparency and accountability. The successes and challenges of these activities to date are set out in the remainder of this review, along with some suggestions and proposals for how the effectiveness of the Houses of the Oireachtas in this regard may be advanced.

2. Enhancing engagement of the Dáil in the budget process

2.1. General considerations on parliamentary engagement in budgeting

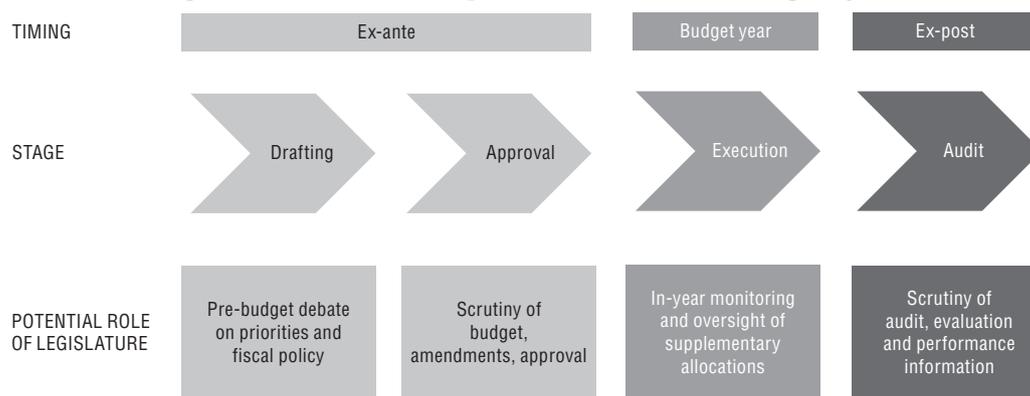
The OECD Recommendation on Budgetary Governance (2015a) is one of a number of instruments that have been adopted by OECD members to facilitate the rebuilding of trust in government, to promote open government, and to ensure transparency in policy making. The Recommendation recognises that:

“...the national parliament has a fundamental role in authorising budget decisions and in holding governments to account”

and that governments should:

“...provide for an inclusive, participative and realistic debate on budget choices, by offering opportunities for the parliament and its committees to engage with the budget process at all key stages of the budget cycle, both ex ante and ex post as appropriate”.

Figure 2.1 presents the different stages of the annual budget cycle, and may be useful in considering the potential “entry points” where the legislature could engage with this process.

Figure 2.1. **The basic sequence of an annual budget cycle**

The increasingly multi-annual nature of budgeting, whereby governments give greater detail and clearer commitments on medium term resource strategy, also provides opportunities for parliamentarians and other stakeholders to follow and influence the course of policy issues and impacts over a number of years.

2.2. Principles guiding parliamentary reform

The relationship between the legislature and the executive is a fundamentally important national concern, lying at the heart of issues such as transparency, inclusiveness and democratic accountability. Citizens themselves and the broad range of societal interests – political, social and institutional – have an interest in how effectively the Houses of the Oireachtas functions as an effective forum of democratic authority. Therefore, in putting forward suggestions regarding ways in which the Houses of the Oireachtas might adapt long-standing practices, it is appropriate to shape and weigh these suggestions by reference to clear principles. Such a principles-grounded approach will enable stakeholders to assess the factors informing the various OECD suggestions, and to come to their own view on how, and to what extent, to move forward with the proposals. The key principles as identified by the OECD can thus be identified in the following terms:

I. Respect for established national traditions: The OECD Recommendation on Budgetary Governance (2015a) explicitly recognises that:

“...national practices on budgeting vary widely across Members in light of distinct legal, constitutional, institutional and cultural practices, and [...] it is appropriate for countries to determine and manage their national frameworks in light of these country-specific circumstances, while taking due cognisance of the higher-level principles and guidelines regarding budgetary governance”.

The starting point for an analysis of Ireland’s parliamentary system must be recognition of the country’s tradition of free and vigorous parliamentary debate, regulated primarily by the Houses of the Oireachtas itself through its own rules of procedure. In the view of the OECD, there is no “one size fits all” model of parliamentary engagement, and the challenge for each country is to consider and adapt a package of reforms tailored to build upon its own circumstances and traditions. At the same time, the OECD is in a position to bring forward ideas and experiences from other peer countries, including those with similar “Westminster-style” parliamentary models, and to assess how these models might be of interest in an Irish context.

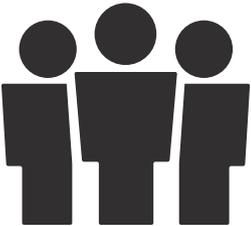
- II. Focus upon issues identified by stakeholders:** In the absence of any “normative” or ideological template for how a parliament should function, it is appropriate to take a pragmatic approach that is geared to (a) identifying the chief concerns raised by parliamentarians themselves and by other stakeholders, and (b) bringing forward practical suggestions to address these concerns. Accordingly, each of the OECD’s suggestions starts from a recognition of existing norms and procedures within the Houses of the Oireachtas, and proposes to modify these only to the extent necessary – no more, but also no less – to tackle the underlying issues that have been raised.
- III. Consistency with the ongoing trajectory of national reform:** As outlined in section 1.4, Ireland’s traditions of budgeting – in their procedural and institutional aspects – have been subject to a comprehensive, inter-connected series of reforms over recent years. Suggestions for further parliamentary reform should be designed to be consistent with the thrust and trajectory of these reform efforts. In practical terms, this includes adapting parliamentary procedures to respond to key reforms (such as performance budgeting and the new annual and multi-annual budgetary calendar) to best effect.
- IV. Promotion of an active, engaged, effective parliament:** In any democratic society, parliament has a unique authority and legitimacy in representing the interests, concerns and ideals of citizens. An active, responsive parliament, which is facilitated in engaging in the policy-making cycle in a responsible and critical manner, can directly promote the quality, transparency and inclusiveness of public policies, and thus underpin trust in the institutions of government and help improve government performance (see e.g. OECD 2015c). Conversely, the other end of this spectrum – the model of a facile or “rubber stamp” parliament – is inimical to these objectives.
- V. Respect for constitutional constraints and the prerogatives of the executive:** In Ireland’s constitutional and legal system of government, the executive has the duty of bringing forward budget proposals, which are in turn subject to parliamentary debate and authorisation. Reform should be aimed at facilitating a constructive, critical engagement with the proposals of the executive, within the limits and constraints of the budget; and should avoid the risk of introducing a new contentiousness or obstructionism in parliamentary debate. “Enhanced parliamentary engagement” does not entail simply displacing the views of the executive branch with the views of parliamentarians; but rather ensuring that the legitimate views and insights of parliamentarians are brought to bear upon budget deliberations.
- VI. Balanced, proportionate and focused approach:** The Houses of the Oireachtas is composed of 166 Dáil deputies and 60 senators, and its various committees have a full, intensive agenda of dealing with legislative business and related policy discussions. While budgeting is a very important policy process, it is not the only vehicle for policy scrutiny and debate, and there are natural limitations on the scope for further innovations and steps in the parliamentary calendar. By leveraging and streamlining existing interventions, a reformed process can avoid “crowding out” the valuable work done through the various other parliamentary processes. Likewise, budgeting itself is primarily concerned with managing within limited resources, and any reform proposals in this area should avoid or minimise any significant new expenses.

VII. Cognisance of the importance of changing behaviour as much as formal rules and structures: Where the parliamentary process is not working as effectively as it should, it is important to consider the incentives facing individuals and institutions involved in that process. Enhancing parliamentary engagement requires that stakeholders understand and see the direct benefits that this can bring, as only then will a reform agenda be capable of changing behaviour and attitudes.

2.3. Ireland's framework for parliamentary engagement: the committee system

Committees are the engine of a legislature. Indeed, the Dáil committee system is one of the main vehicles for budgetary oversight. According to Norton (1998), "Legislatures exhibiting the greatest capacity to determine policy outcomes have highly developed committee structures". A simplified overview Houses of the Oireachtas committees currently involved in budget oversight is outlined in Figure 2.2.

Figure 2.2. **Houses of the Oireachtas committees currently involved in budget oversight**

	STANDING COMMITTEES	Permanent committees under Standing Orders	E.g., Committee of Public Accounts
	JOINT COMMITTEES	Committees with members from both Houses that tend to shadow government departments	E.g., Joint Committee on Finance, Public Expenditure and Reform
	SELECT COMMITTEES	Committees that consider Bills, Estimates, etc. in relation to a government department	E.g., Select Sub-Committee on Finance

The Houses of the Oireachtas committees have been re-structured and streamlined over recent decades, and most observers and stakeholders regard the committee system as an effective means of focusing parliamentary attention on particular policy issues, and allowing parliamentarians to develop specific areas of expertise. Apart from scrutiny of departmental accounts and matters arising, financial scrutiny is undertaken by sectoral committees. As a general rule, Oireachtas committees are supported by staff in a secretariat, the majority of whom are assigned to a specific committee. In practice this means that, with a limited number of exceptions, the staff complement available to individual sectoral committees ranges from one clerk and one clerical staff member to a clerk, a policy analyst, an administrator and a clerical staff member. Very frequent meetings with a wide range of business are a feature of sectoral committee activity. As a result, the focus of individual teams necessarily tends to be short term and operational in nature.

The Library and Research Service (LRS) is generally well-regarded among stakeholders as an institutional support, which aims to promote well-informed parliamentary debate and scrutiny on the broad range of policy issues. The key to the service is its multi-disciplinary approach and impartiality. The staff of the LRS includes 26 researchers focusing on legislative analysis, members' research and committees' research.

There have also been a number of specific reforms in recent years aimed at increasing the quality of committee engagement on various policy areas. One example is the increased work that committees are undertaking in relation to **EU scrutiny**. Since 2011, consideration of EU matters in the Oireachtas has been mainstreamed across all joint committees. Committees may consider EU draft legislative acts, other proposals for EU legislation and related policy issues and consultation documents such as Green and White Papers. Each committee will decide which proposals to scrutinise in depth, e.g. by engaging with relevant stakeholders, considering the implications of the measures, and setting out their conclusions and any recommendations in committee reports. The Joint Committee on European Union Affairs now performs its oversight function in relation to EU Affairs more generally, as distinct from becoming engaged in sector-specific issues.

Another example is the **pre-legislative scrutiny** on specific policy topics undertaken by joint committees. A number of joint committees – notably those of Finance, Public Expenditure & Reform; Justice, Defence & Equality; and Health & Children by virtue of the volume of legislation being drafted by those departments – have been increasingly involved in carrying out detailed pre-legislative scrutiny. In carrying out pre-legislative scrutiny, the committee concerned may undertake public consultation, review submissions, hold public meetings with stakeholders and present a report to the Dáil and/or Minister with recommendations. Stakeholders report that the committees themselves have reaped benefits from their growing role in pre-legislative scrutiny. In particular, parliamentarians have developed an increased familiarity with the policy issues dealt with in the Bill and, as a result, tend to show more effective engagement as the Bill progresses through its various legislative stages and particularly the committee stage. The LRS has introduced specific research products and services to support committees with their pre-legislative scrutiny role.

There are instances of committees undertaking their oversight and engagement role particularly effectively. A recent example was provided by a number of joint committees which used hearings with government Ministers on departmental performance to pursue improved performance reporting. A team from across the Oireachtas, brought together to support the scrutiny function, helped committee staff prepare briefing papers and suggested lines of questioning and provided private briefings for individual members and pre-meeting briefings to committees on request. The meetings resulted in specific commitments by a number of Ministers to improve performance information provided with the annual Estimates. In general terms, these meetings demonstrated the potential for specialist support to improve the effectiveness of committees in undertaking their oversight function.

A further notable example is the series of hearings conducted in January 2013 by the Joint Committee on Health & Children on how Ireland should legislate for highly sensitive and contentious issues relating to health during pregnancy. The hearings took evidence from a wide range of medical professionals and other interested parties over three full days and attracted members from a number of other committees who wished to ask questions. The overall exercise and the manner in which committee members engaged in the process, was viewed as reflecting favourably on the ability of the Houses of the Oireachtas to lead public discourse and policy development (see e.g. *TheJournal.ie* (2013), *IrishTimes.com* (2013)).

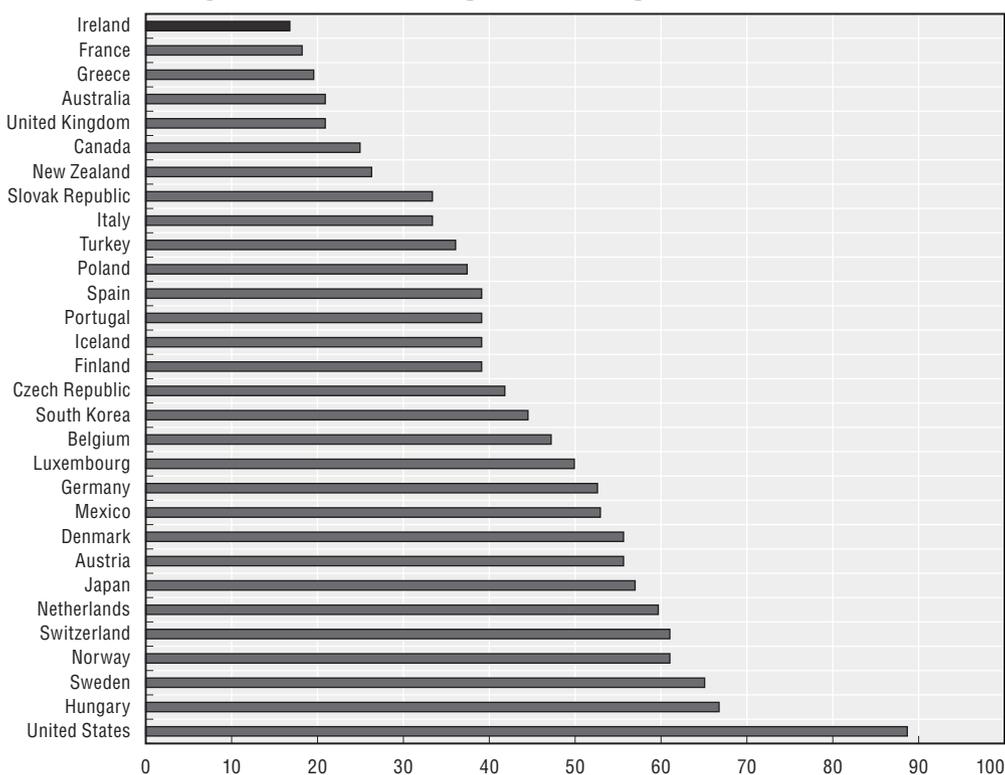
Turning to the question of how Oireachtas committees engage with the budget process, however, reveals a much less impactful level of engagement, and a distinct set of challenges, as outlined in the following sections.

2.4. Specific issues in parliamentary engagement in Ireland

Ireland’s budgetary process is long-established, has proven effective in facilitating marked fiscal correction and economic recovery (see e.g. OECD 2015b), and – as outlined in section 1.4 – is subject to a range of ongoing reform efforts. At the same time, the level and nature of engagement of the Houses of the Oireachtas with the budgeting process is very low by international standards.

The “Index of Legislative Budget Institutions” is a composite metric that compares legislative budget engagement across countries, based on a range of objective criteria. The results, shown in Figure 2.3 below, show that the level of budget engagement by the Houses of the Oireachtas is the lowest observed in any OECD country.

Figure 2.3. **Index of Legislative Budget Institutions**



Source: Wehner (2010).

This finding is supported by the views expressed to the OECD across the broad range of budget practitioners, observers and stakeholders within Ireland. Based upon their opinions and insights, the challenges and perceived shortcomings facing parliamentary engagement in budgeting can be summarised as follows.

- a) **Lack of engagement with parliament as a partner throughout the budget process:** While recognising the government’s openness, in principle, to increasing the role of parliament and parliamentarians in the budget process, many observers consider that existing procedures serve to keep the Dáil at a remove from the substance of the budget process, and there is not a sense that the input of parliamentarians is particularly expected or welcomed. Instead, the Houses and their committees are called upon for “set piece” events, such as the discussion of individual Estimates or *ad hoc* committee hearings on budget-related topics, rather than engaged as a valued partner – or even as a forum of challenge and accountability – throughout

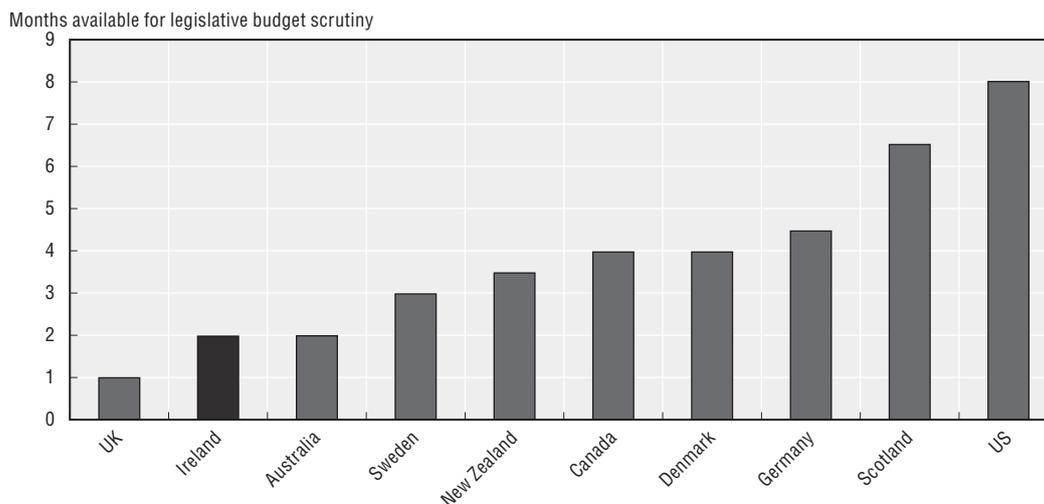
the course of the budgetary cycle. Some observers identify this fundamental issue as lying at the root of many of the other perceived shortcomings listed below.

- b) **Lack of parliamentary input to medium term fiscal planning:** The SPU and the SES set out government policy on resource generation and allocation over a 3-4 year period, and are thus critical in determining the shape of future budgets. In Ireland's system, decisions on these issues are properly the prerogative of the executive, but they do not benefit from advance consultation, discussion and debate within the Dáil. Reforms of recent years have opened a window for parliamentary engagement shortly before the SPU is finalised and submitted to the European Commission, but realistically this is too late for the government to take account of the inputs of parliamentarians on the shape of policy. In the opinion of some observers, it is more difficult for parliamentarians to engage and identify with a budgetary process from which their views are "by-passed" from the outset.
- c) **Lack of *ex ante* parliamentary debate on budget priorities:** *Ex ante* budget scrutiny by the Dáil and its committees is limited in both scope and effect. Historically, key decisions have been taken within the executive branch of government without input from the legislature, and presented as *faits accomplis* to the Dáil on Budget day.

By launching the National Economic Dialogue (NED), the government has indicated its willingness to strengthen transparent stakeholder participation in the *ex ante* budget phase, an objective which is very much in keeping with the international principles of "open government" advocated by the OECD and to which the Irish government has subscribed. However, some stakeholders consider that the format and nature of the NED risks marginalising the role of the Houses of the Oireachtas as the natural democratic forum for debate on such national policy issues. Some civil society stakeholders, while recognising the value of the NED as a transparent, round-table event discussing policy priorities, retained anxieties about the continuing parallel processes of access to government by influential lobby groups, and about the lack of transparency and potential for "policy capture" associated with that process³.

- d) **Lack of adequate "no policy change" pre-budget information:** The April SPU provides information on the fiscal space based on existing policy in line with EU requirements. However, the technical approach to constructing this baseline provides limited information about what would be required to maintain the existing level of public services in the medium-term and future spending commitments are not systematically reflected in the projections (IFAC 2015b). Past experience has shown that the level of fiscal space can still change significantly up until the publication of the White Paper the weekend before the Budget. This renders the pre-budget information provided in the SPU out of date and gives parliamentarians less than a week to consider how the actual fiscal space might be allocated and how alternative budgetary proposals might be formulated or adapted. There can also be short-term uncertainties and revisions between the SPU and the budget. Some observers noted that the former practice of publishing "pre-budget" or "abridged" Estimates of Expenditure several weeks before the budget has been discontinued since the onset of the financial crisis, and that this has left an information gap in the pre-budget phase.
- e) **Limitations in legislative scrutiny of Budget Bills:** The time available for legislative budget scrutiny subsequent to the publication of the budget proposal is low in Ireland relative to international norms, as illustrated in Figure 2.4. The time available for budgetary scrutiny is, however, a proxy for the quality, intensity and impact of parliamentary engagement, topics that are explored more directly in this report.

Figure 2.4. **Time available for legislative budget scrutiny across comparator countries**



Source: OECD (2012).

Figure 2.5 provides details of the documents usually made available by the government on Budget day. It can be seen that the key Budget Bills (the Finance Bill and the Social Welfare Bill) are not part of this package. The Finance Bill is published within ten days or seven working days of Budget day. The Social Welfare Bill is usually published later than this. These Bills have to be passed before the end of December and so this gives the Dáil a matter of weeks to scrutinise this legislation (containing complex sets of information). This compounds what would be an already challenging timescale for meaningful analysis and scrutiny of the Budget Bills, and puts a premium on the need for orderly, well-focused and well-sequenced Committee debates.

Figure 2.5. **Documents usually made available on Budget day**



f) **Lack of detailed Estimates and performance information at the time of the Budget:** Some discussants observed that the Estimates information published alongside the budget is too highly aggregated to allow for meaningful scrutiny by the Dáil and other stakeholders. Detailed Estimates and performance information are only provided when the REV is

published two months after Budget day. This limits the usefulness of the budget day documentation for parliamentarians and other policy stakeholders.

- g) **Lack of timeliness of Estimates discussion:** As outlined in Figure 2.6 and Section 1.3, consideration of the Estimates within select committees takes place in the early months of the budget year, after spending has already got underway. The Dáil vote on the Estimates does not take place until late spring or early summer. Indeed, the formal legislative appropriation of moneys for the budget year (via the Appropriation Act) does not take place until the very end of the budget year, after the money has been spent. This is different from practice throughout other OECD countries, where early or advance appropriation in law is the norm.

Figure 2.6. **Mis-match between the Budget cycle and the Estimates cycle at the Dáil**

		Ex-ante			Budget year			
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
BUDGET CYCLE		<p>Stability Programme Update published by 30 April. Presents medium-term fiscal plan.</p>		<p>White Paper published the week before Budget day. Sets out the fiscal space for the next budget year.</p>				
				<p>Budget published by 15 October.</p> <p>On Budget day, the Financial Resolutions are passed by the Dáil to give effect to some of the changes. These must be confirmed by the passing of the Finance Act by the ends of the year.</p> <p>The Finance Bill and Social Welfare Bill are published subsequent to the Budget and these must be passed by the end of the year.</p>				
ESTIMATES CYCLE				<p>Estimates published on Budget day. Presents high level spending plans.</p>	<p>Select Committees consider the Revised Estimates. These must then be passed by the Dáil.</p>			
				<p>Revised Estimates published in mid-December. Presents more detailed spending plans.</p>			<p>The Appropriation Bill is passed in December, giving statutory effect to expenditure that has taken place over the fiscal year.</p> <p>Select Committees consider any Supplementary Estimates.</p>	

- h) **Lack of meaningful debate and discussion on the Estimates:** The Standing Orders of the Dáil provide that the Estimates are referred to select committees for their “consideration” (see Box 2.1 for further details), but the committees have no power to accept or reject the Estimates, nor to make or recommend changes (as happens, for example, when draft laws or Bills are considered at committee stage of the parliamentary legislative process).

Box 2.1. Dáil Standing Orders in relation to amendments

The Dáil Standing Orders state that when a Bill is referred to committee “Any section of a Bill may be amended in committee, and new sections may be inserted” with the proviso that amendments which could have a charge upon the people “may not be moved by any member, save a member of the Government or Minister of State”. The position in relation to Estimates is more constrained: Estimates are to be “considered” by committee and are not amenable to amendment, whether to increase or decrease the sum proposed to be granted (Standing Orders of the Dáil 2011).

Many stakeholders characterise the process as tantamount to a “rubber-stamping” of the government’s budget proposals. In such circumstances, there are clear difficulties in motivating parliamentarians to engage in the Estimates oversight function.

As outlined above, both tax policy and aspects of social protection policy are effected through legislation enacted before the start of the budget year and parliamentarians thus have an opportunity to engage more actively with those areas of budget policy.

- i) **Lack of willingness and/or capacity of parliamentarians to engage in the budget process:** Committees can struggle to achieve a quorum for Estimates hearings. It can prove challenging for the chair to keep the committee discussion focused upon the scrutiny of the Estimates, and the discussion may sometimes turn to constituency matters and general critiques of government policy – a shift that is perhaps not surprising, given the presence of the relevant government Minister during the Estimates committee hearing. With the exception of those committees involved in the pilot scheme on performance budgeting, few questions tend to be asked in relation to the Estimates themselves, much less to the performance information also included. This can prove frustrating for witnesses and other officials who have prepared extensive briefing material for members.

In part this issue may relate to the limited powers of the legislature in the budget process (providing little incentive to engage). The formal amendment powers of the *Dáil* are at the low end of international practice, as highlighted in Table 2.1. Against this background, some stakeholders expressed doubt that a re-structuring of the committee scrutiny procedures would result in a tangible change in parliamentary engagement. Others, however, were hopeful that a move to focus and underscore the role of the legislature – in keeping with the thrust of government reform initiatives – would in turn lead to a more lively engagement on the part of committee members.

Table 2.1. **Formal budget amendment powers of the legislature across comparator countries**

Country	Formal amendment powers of the legislature:				
	Unrestricted powers to amend the budget	Amendment powers but cannot change totals proposed by government	May amend to decrease existing expenditure/revenues	May not make any changes; it can only approve or reject the budget as a whole	Other
Denmark	•				
Germany	•				
Sweden	•				
US	•				
New Zealand	•				
Scotland		•			
UK			•		
Ireland				•	
Australia					•*
Canada					•**

Notes: * By convention, the Australian Legislature approves the annual appropriation bills without amendment (these are for the ordinary operations of government). It has unrestricted powers to amend new policies proposed by government, which are outlined in separate appropriation legislation.

**The Canadian Legislature must approve a portion of the Expenditure estimates before the start of the budget year with the remainder approved within 3 months of the start of the budget year. If the legislature is not sitting because of an election, other interim measures are available to provide payment authority. Approval of the Budget does not provide line ministries with payment authority.

Source: OECD (2012).

j) Lack of specialist analytical support for parliamentarians to engage in budget scrutiny:

Compared to the situation in other legislatures, the parliamentarians at the Dáil have very limited access to specialised analytical support. Dáil committees can draw some support from clerking staff and also, to a very limited extent, from the Oireachtas LRS. However, clerking staff are not financial scrutiny experts. Likewise the LRS concentrates its expertise on broader policy matters, and recruits policy generalists rather than ‘financial specialists’ or ‘accountancy, tax and financial specialists’. The LRS proactively provides Bill Digests (research briefings) to inform parliamentary debate of all draft legislation – with the single and notable exception of the budget-related legislation and Estimates for public services.

k) Delay in the presentation and debate of audited Appropriation Accounts: The Oireachtas role in *ex post* scrutiny is based on the C&AG’s report on the audited Appropriation Accounts. After the PAC has considered the C&AG’s report on a Vote it is possible for sectoral committees to consider it if they choose. The long time-lapse can lead to a lack of “follow-through” across the budget cycle from *ex ante* through to implementation and accountability stages. As a result, the PAC discussion invariably focuses on specific issues of probity and inefficiency in the use of resources. These are indeed important areas which are proper to the role of the PAC and which command high levels of public interest. However, the issues of effectiveness in policy delivery, and value-for-money across the totality of public expenditure, do not necessarily get a uniform level of attention and scrutiny.

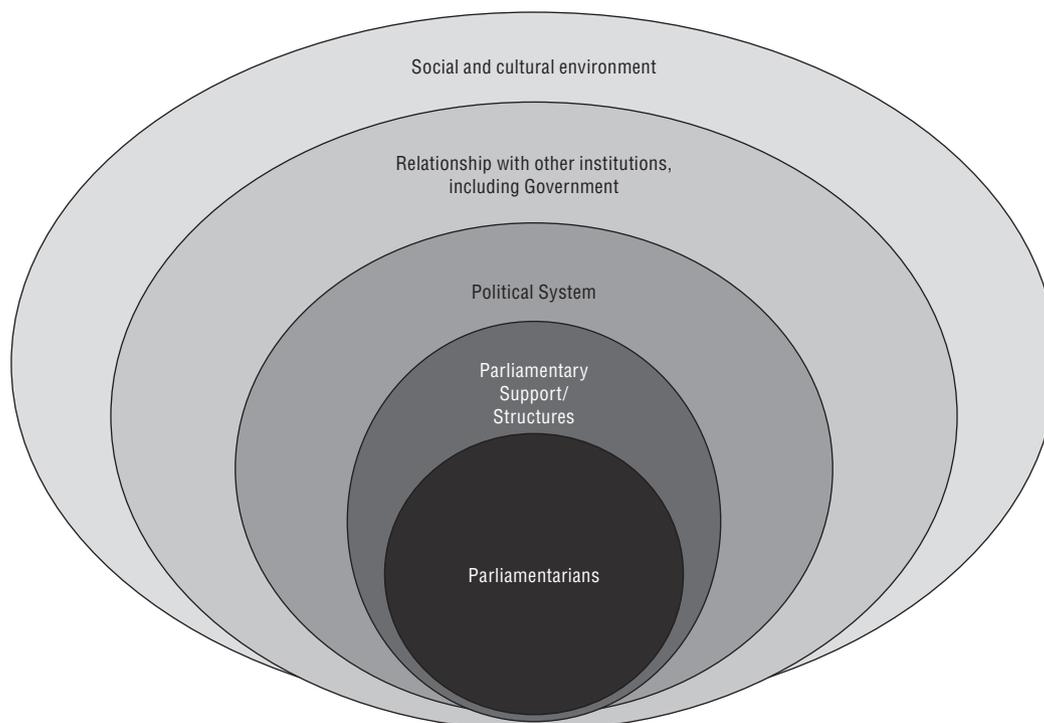
The remainder of this section will elaborate some proposals and suggestions for how the various issues set out above might be addressed, including by reference to practices in other OECD countries. Issues relating to the use of performance information in budgeting are set out separately in Section 3.

2.5. Approaches to improving Dáil engagement in the budget process

Each of the issues identified in the preceding section can be addressed through the steps set out below. It is important to underline that the measures below are not designed to be “piecemeal” but form part of an inter-connected, and mutually supporting, series of actions. These actions have – as their common and unifying principle – the potential to enhance the Parliament’s role in the budget process and, as a result, to improve the evidential basis and quality of budgetary policy development, decision making and accountability.

To be effective, the measures proposed below will need to be underpinned by a **renewed commitment by government, at political and administrative levels, to engage with the Oireachtas as a partner throughout the budget process.** The legislature’s relationship with the government is one of a range of factors which impact its effectiveness, as shown in Figure 2.7. The desire for a more meaningful engagement by the Houses of the Oireachtas with the budget process should be cemented through an improved partnership between government and parliament. The starting point should be a shared understanding of the gains that can be achieved from engagement of and by the legislature in the budget process, particularly in relation to the quality and responsiveness of policy development, and the rebuilding of public trust in the institutions of government as a whole. Putting such a shared understanding into effect will require practical manifestations across a broad range of areas as outlined in the following paragraphs.

Figure 2.7. **Factors influencing the effectiveness of the legislature**



Source: Author.

2.5.1. Procedural changes to promote parliamentary engagement

a) *Ex ante* parliamentary input to medium-term fiscal planning

The April SPU – in 2015 accompanied by the government’s SES – nowadays marks the commencement of the annual budgetary cycle, and the principle of *ex ante* engagement of parliament could usefully be brought to bear upon this process. This approach could be facilitated if the government brought forward the publication of its draft SPU to allow the Houses of the Oireachtas committee to express their views on medium-term fiscal strategy, drawing on the input of IFAC as appropriate. The draft SPU could also be enhanced with the inclusion of realistic “no policy change” budgetary projections incorporating up-to-date information about the future cost of providing the current level of public services. In the context of such an engagement, the Joint Committee for Finance, Public Expenditure & Reform would be in a position to consider evidence and formulate a series of recommendations on the medium-term fiscal strategy for the government, at least every 2-3 years when such a strategy is established and revised during the course of the political cycle. While the preparation of economic and budgetary strategy is ultimately the prerogative of government, there is nothing to prevent the government from considering such recommendations and from providing feedback in the final SPU on the extent to which these recommendations have been taken into account. A further step, which would build on the reform momentum of recent years, would be to submit the medium-term fiscal plan to the Dáil for its formal approval before it is submitted to the European Commission. Such a process would send a powerful signal to the Houses of the Oireachtas that their input to the budget process is welcomed and expected from the very outset, and would set the scene for continued engagement throughout the stages of the budget cycle.

b) *Ex ante* parliamentary input on budget priorities

As indicated above, the National Economic Dialogue (NED) is an initiative in civic participation that is in keeping with OECD principles of good budgetary governance and open government more generally. However, the risk of a perceived side-lining of parliament should be avoided through aligning the NED, to a greater extent, with the deliberations of parliament, and through anchoring the process of *ex ante* budgetary engagement within the Houses of the Oireachtas and its committees.

In the near term this should involve ensuring that the Houses of the Oireachtas are a key partner in the NED. Over the medium or longer term, it may be advisable for the NED process to be effectively subsumed within more open, participative hearings of the Houses of the Oireachtas. In this context, the Committees could set aside one week in early- to mid-July each year as “Pre-Budget Week” with a series of open hearings, drawing views from a wide range of experts and stakeholders. The evidence received should inform a series of recommendations for government in relation to budget priorities. In turn, the government should be invited to explain the extent to which it has been able to take these recommendations into consideration when presenting the Budget later that year (see (d) below).

To underpin this model, a new “Estimates Committee” should be constituted, essentially made up of the Joint Committee on Finance, Public Expenditure & Reform alongside the chairpersons of the other joint committees as well as the PAC. The role of this committee would be to act as a plenary forum for the pre-budget hearings, and to submit a single, co-ordinated report to government outlining the results of the hearings in the various joint committees.

Over time, the Oireachtas committees should be accepted as the primary forum through which societal stakeholders input into budgetary decision-making. There should be an understanding that these issues should not ordinarily be discussed in separate

private meetings between stakeholders and the government, although of course the government will maintain dialogue with representative bodies on matters of detail, technical streamlining etc. The proposed Irish Parliamentary Budget Office (see (g) below) would naturally be an invaluable resource for the committees in undertaking these tasks.

c) Early publication of full budgetary information and legislative proposals

Publishing the Finance Bill and the Social Welfare Bill on budget day (ideally) would maximise the time available for legislative scrutiny and debate. Likewise the full detailed Estimates of Expenditure (including financial allocations and performance information), not currently published until December, should in principle be published on budget day. This would allow the separate Revised Estimates Volume to be discontinued.

d) Timely consideration of the Estimates of Expenditure

Dáil select committees should bring forward consideration of the Estimates to the October-December period, and the Dáil vote on the Estimates should occur before the start of the budget year. The committee hearings could be scheduled to take place alongside any Supplementary Estimates for the year just ending, as the issues involved in both cases will likely be relevant to one another. This move would reinforce the immediacy and relevance of the Dáil's involvement at this important juncture in the budget process.

As an institutional innovation to support this accelerated procedure, it may be appropriate to augment the multiple hearings across various select committees with one single hearing, over one or two full days, of the "Estimates Committee" that is proposed under (b) above. The purpose of this hearing would be to obtain an explanation from the relevant ministers, and in particular from the two budget ministers (the Minister for Public Expenditure & Reform and the Minister for Finance), on the extent to which the recommendations from the *ex ante* stage have been carried through to the budget itself. This streamlined approach would reflect the constitutional limitations regarding the latitude of the Dáil in influencing budgetary reallocations, while maintaining continuity and engagement from the pre-budget through to the budget stages.

e) Performance Dialogue with joint committees in early year

Rather than spend time in the early months of the year in conducting Estimates hearings which are constrained from having any real impact, it would be more worthwhile for committees to complete scrutiny of the Estimates before the end of the previous year (as per (d) above), and to engage with the Departments and Agencies instead on a focused dialogue upon issues of performance and impact. The question of performance is explored in more depth in the following chapter. However, through such an overall approach, a systemic engagement could be created between Oireachtas committees and the key stages of the budget calendar.

2.5.2. Enhanced information to promote parliamentary engagement

f) Re-introduce "Pre-Budget Estimates" showing "no policy change" expenditure baselines

It would be helpful if the government published Pre-Budget Estimates and an accompanying White Paper in July as core reference documents to inform the NED and *ex ante* budget scrutiny. The documents should be based upon the updated "no-policy-change" position – at least to the same level of broad detail as currently appears in the Budget Estimates, but ideally showing updated baseline figures for key aspects of each programme, as reflected

also in the SPU (see under (a) above). Preparation of this document should be made easier by, and in turn will reinforce, the multi-annual character of the Estimates allocations and their continuity from year to year. Such an approach will also add to the credibility of the NED / parliamentary hearings as being based upon official figures, rather than being concerned purely with abstract policy arguments.

2.5.3. Institutional supports for effective parliamentary engagement

g) Establish an Irish Parliamentary Budget Office to support parliamentary engagement and budget scrutiny

The Houses of the Oireachtas should set up an Irish Parliamentary Budget Office (IPBO) to provide specialist analytical support to parliamentarians and to facilitate effective scrutiny throughout all stages of the budget cycle. The IPBO could take various different forms (see Box 2.3 for some comparative international examples), but should in any event reflect the OECD principles in this area (OECD, 2014). The proposed IPBO would address a notable lacuna in the support currently available to parliamentarians. A suggested structure is provided in Box 2.2 below.

Box 2.2. Suggested establishment of the IPBO

The IPBO should be responsible for providing parliament with:

- technical and non-partisan analysis and briefing to support committee scrutiny at all key stages of the budget process
- confidential budget analysis to support the work of individual parliamentarians
- training to develop the capacity of parliamentarians in relation to financial scrutiny, and
- independent pro-active research in relation to the budget and performance budgeting.

In the short-term the IPBO might first be built upon the Clerking Financial Scrutiny team and be resourced by a small number of persons with appropriate skills seconded from other areas of the Oireachtas, other oversight bodies or the government. However, in the longer-term, it is envisaged that resources would be released and the IPBO would be set up as a specialised stand-alone unit in the Oireachtas, staffed by at least five to seven persons. While retaining their independence of function, IPBO staff could also form part of, and/or have rolling secondees from, the IGEES (see section 1.4(h) above) for professional development purposes.

The IPBO could also incorporate the Independent Costings Office that has been proposed by the government (see section 1.4(k)), given the broad overlap of skills and functions in the area of budget scrutiny and policy costings.

The functions of the IPBO should complement and not overlap with those of IFAC, although the IPBO's role could help to enhance the ongoing liaison between the Houses of the Oireachtas and the work of IFAC. The IPBO should also act as a focal point for liaison with the executive in the interests of making available the most appropriate budgetary and fiscal information for members.

In addition to the specialist support from the IPBO, Committees may also benefit from the use of temporary advisers during the budget process whose particular skills or expertise are compatible with the key area of focus in that year. Advisers are used by many other Parliaments across the OECD and can be a useful way of bringing in technical expertise to aid the committee in their deliberations.

Box 2.3. Examples of Parliamentary Budget Offices (PBOs)

The Canadian Parliamentary Budget Officer

Canada's PBO position was established in 2008 in the context of a perceived need to enhance the parliament's capacity to scrutinise macro-fiscal and other projections from the executive. The PBO is responsible for providing parliament with independent analysis on the nation's finances, trends in the Canadian economy, as well as the government's estimates and to provide policy costings at the request of parliamentarians or parliamentary committees. The Canadian PBO's work focuses on *ex ante* budget analysis, complementing the Auditor General's *ex post* audits. PBO's work comes in three forms: committee requests, regular products and independent research. The office produces an economic and fiscal forecast twice per year, an annual long-term fiscal sustainability forecast and undertakes policy costings. Policy costings are commonly "reasonableness tests" of Ministry of Finance costings. The office does not make normative policy recommendations nor does it have a role in costing election platforms. The entirety of PBO work is made available to all parliamentarians and the general public. The Canadian PBO has 17 staff, with an annual budget of CAD 2.8 million.

The Austrian Parliamentary Budget Office

Austria has both a Fiscal Advisory Council and a Parliamentary Budget Office. The PBO was set up in 2012 and has a mandate to support the parliament in the budgetary process, in debating and approving the budget and exercising its oversight role. PBO staff attend Budget Committee meetings and the head of the PBO appears before the committee. The creation of a PBO has been an important step in providing additional independent know-how and expertise to the parliament – thus reducing information asymmetries and strengthening the position of the parliament to engage effectively with the government in budgetary matters. The PBO also provides the Parliament with a vital link to the Fiscal Advisory Council where previously only a very weak relationship existed. The Austrian PBO is expected to have a full staffing complement of six academic experts and two assistants. The academic experts have backgrounds as budget experts, economists and lawyers. The PBO is funded from the budget of the parliament administration.

The Australian Parliamentary Budget Office

Australia's PBO was established under a perceived need for greater fiscal transparency and accountability regarding the cost of election promises. The office was established in legislation in 2011, and is responsible for election-time policy costings, budget impact estimates for election commitments and research on budgetary and fiscal policy issues at the initiative of the PBO. The PBO's enabling statute provides the exclusive mandate to provide these services to all parliamentarians. Functionally, the PBO is designed to complement existing specialised financial and economic expertise available to parliamentarians. The PBO's *ex ante* analysis regarding the cost of contemplated and proposed expenditure and revenue measures is distinct from the *ex post* analysis of the National Audit Office. The Australian PBO has 38 staff, with a budget of AUD 29.7 million four years.

Source: OECD.

h) Continuing Professional Development of parliamentarians and officials

For effective budget scrutiny, parliamentarians need to be equipped with the skills and capacities to understand how the budget process works, including the budgetary timetable, the role and responsibilities of the Houses of the Oireachtas at the various stages, and the rules and procedures governing amendments during the budget process. In the short-term, professional development for effective budget scrutiny should be incorporated into the induction programme for new members at the start of the next parliamentary session. An interesting example that could be drawn from is the induction offered to newly elected members of the US Congress (see Box 2.4).

Box 2.4. Induction programme for newly elected members of the US Congress

Founded in 1972, and hosted every two years by the Harvard Institute of Politics at the John F. Kennedy School of Government, the Bipartisan Program for Newly-Elected Members of Congress is a comprehensive training programme for new legislators. It provides intensive seminars on major public policy issues. It also offers workshops to help new Representatives make the most of their first weeks and months on Capitol Hill. Programme topics generally include: The Economy, Globalization, White House/Congressional Relations, Inside Congress, The Federal Budget, Foreign Policy, Appropriations, Making an Impact. Workshops focus on the «how» of getting things done in Washington, and are led by current and former senior officials from Congress, the White House, cabinet departments, regulatory agencies, and the national media.

Source: Harvard Institute of Politics (2015).

In the longer-term, a more structured system of parliamentary engagement in budgeting, as proposed in this report, will need to be accompanied with strengthened processes of Continuing Professional Development. Technical aspects should be delivered by the combined efforts of a number of bodies including the proposed Irish Parliamentary Budget Office and IFAC as well as academic and professional institutions. However, this Continuing Professional Development should also cover non-technical aspects, such as a specific programme for committee chairs so as to provide a foundation for streamlined and rigorous budget scrutiny.

Further examples of professional development programmes provided in other parliaments are provided in Box 2.5.

Box 2.5. Further examples of professional development for members

Northern Ireland Assembly

The Northern Ireland Assembly established an Effective Finance Scrutiny Project Team “to increase the financial and economic scrutiny capacity available to the Assembly, i.e. the Assembly Members, the Assembly Commission and the committees, and thereby facilitate the Assembly in fulfilling its scrutiny role and responsibilities”. The Assembly’s Public Finance Scrutiny Unit developed and delivered a series of financial scrutiny workshops for Members, political parties, the Secretariat and committees. Assistance was also sought from the Scottish Parliament’s Financial Scrutiny Unit. Feedback received on the workshop series showed a marked improvement in understanding among attendees. Based on their experience, the Assembly would like to make these workshops part of formal committee meetings in the future.

New Zealand

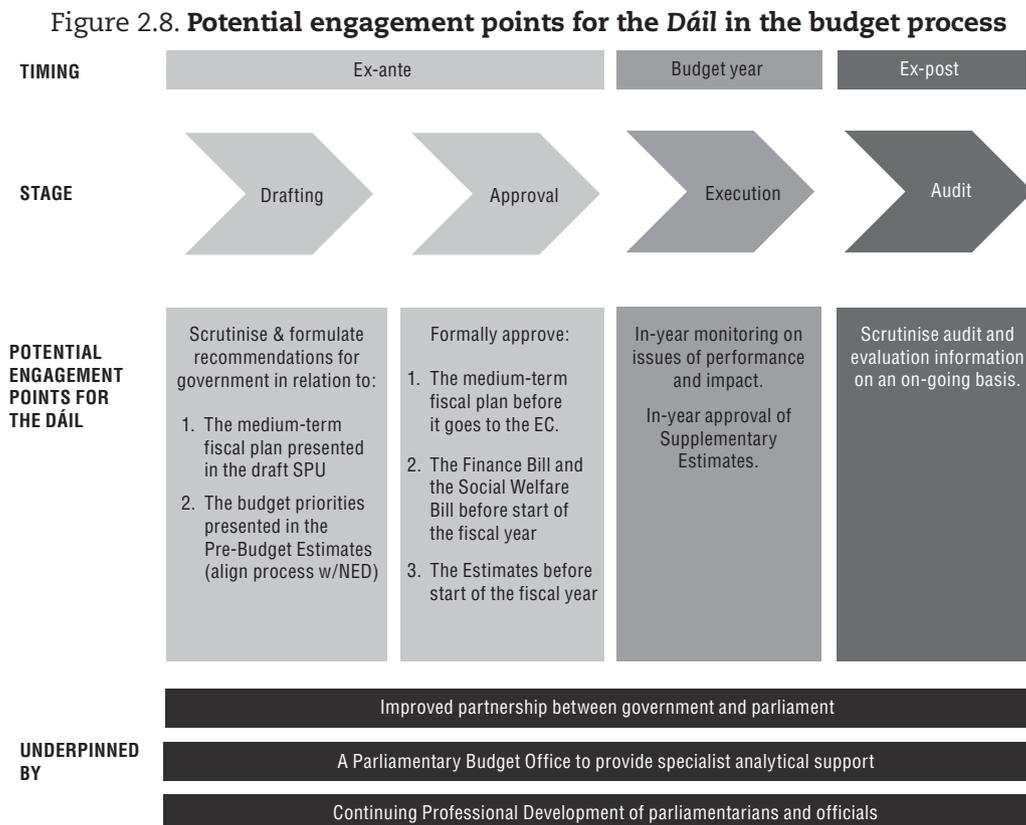
The New Zealand Parliament offer financial scrutiny workshops for new members as part of their induction, and for existing members in the weeks before the budget. Sessions are offered directly to the whips office, although open door sessions are also held if requested. In 2015, 15 MPs and some support staff attended this open door pre-budget workshop.

UK House of Commons

The House of Commons Scrutiny Unit co-ordinated a programme of training for new members after the UK election in 2010. This included specific training sessions on Finance for Members as well as sessions for committees if requested. In addition, the Scrutiny Unit published a new edition of the booklet called Financial Scrutiny Uncovered which is intended to give Members a sound and up-to-date knowledge of how the government manages its finances and the role of parliamentary scrutiny.

Source: OECD.

Taken together, these recommendations provide a number of new opportunities for the Dáil to engage in a more substantive manner with the budget process as a whole. These opportunities are summarised in Figure 2.8, alongside the key developments which will underpin their success.



3. Performance-based scrutiny of the Estimates

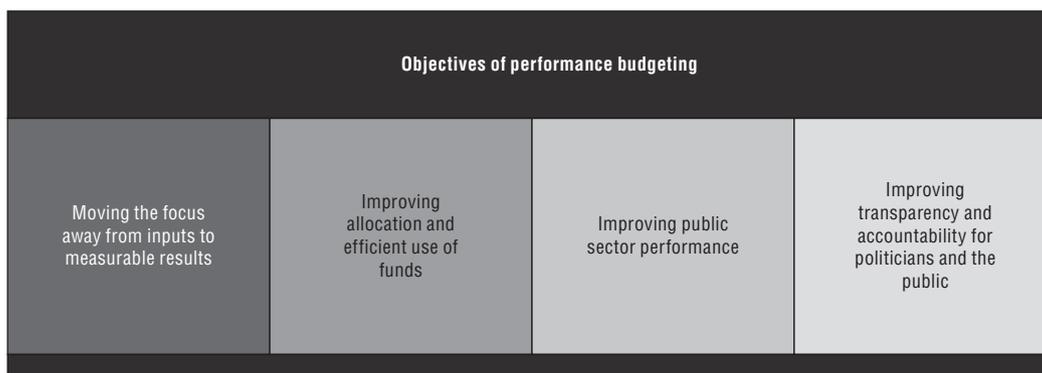
3.1. General considerations on performance budgeting

Over recent years, many OECD countries have taken a closer look at how performance information can be integrated into the budget process to improve decision making. This performance information has the potential to move the focus of budget scrutiny away from inputs (“how much money will this department get?”) towards measurable results (“what can this department achieve with this money?”). The attempt to strike the right balance between the consideration of inputs and results in this way is generally referred to as “performance budgeting”.

OECD countries have reported a number of benefits from performance budgeting. The practice provides a better understanding of government goals and priorities and how different programmes contribute to them. It also improves transparency, by providing more information to legislatures and the public.

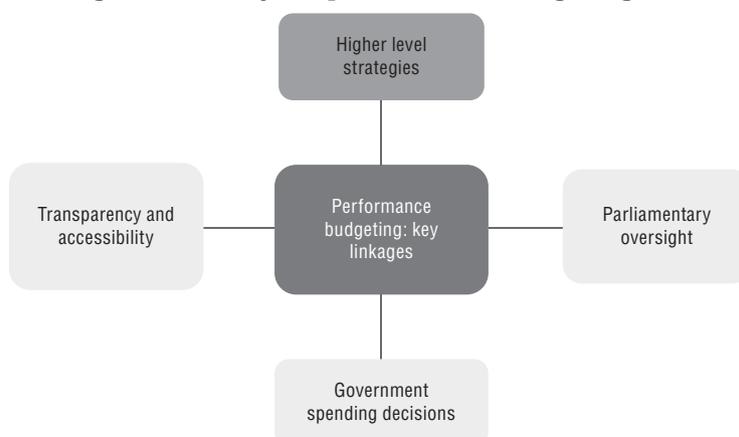
In addition, if the government and stakeholders exercise their roles in monitoring the performance information, then it can help improve accountability and ensure that there are appropriate checks and balances on government activity and improvements in the efficiency of allocations.

Figure 3.1. **Common objectives of performance budgeting**



Any framework of performance budgeting will only achieve these objectives if the appropriate linkages are in place between the performance information and higher level strategies (such as key national indicators or government programme commitments), parliamentary scrutiny of the budget and government spending decisions (see Figure 3.2). It also needs to be transparent and accessible to the public.

Figure 3.2. **Linkages necessary for performance budgeting to deliver benefits**



There is no single, standard international model of performance budgeting, and national systems need to be developed in light of country-specific traditions, legal frameworks and administrative / political cultures. The OECD *Recommendation on Budgetary Governance* (2015a) provides guidance on good practice. The Recommendation calls on governments to:-

Ensure that performance, evaluation and value for money are integral to the budget process, in particular through:

- a) helping parliaments and citizens understand not just what is being spent, but what is being bought on behalf of citizens – i.e. what public services are being delivered, to what standards of quality and with what levels of efficiency
- b) routinely presenting performance information in a way which informs, and provides useful context for, the financial allocations in the budget report; noting that such information should clarify, and not obscure or impede, accountability and oversight;
- c) using performance information, therefore, which is (i) limited to a small number of relevant indicators for each policy programme or area; (ii) clear and easily understood; (iii) allows for tracking of results against targets and for comparison with international and other benchmarks; (iv) makes clear the link with government-wide strategic objectives. [...]

This section will examine the current practice regarding parliamentary engagement in the performance aspects of budgeting in Ireland, and suggest some avenues for ongoing review and reform.

3.2. Ireland's framework for performance budgeting

Performance budgeting was introduced in Ireland as one element of the government's broader programme of public service reform (see Section 1.4). Following a pilot exercise in 2011, the annual Estimates of Expenditure were introduced in the new format for almost all of the individual "votes" (expenditure allocations for government departments and other key agencies) in 2012. The key features of the new structure can be summarised as follows:

- long lists of detailed "line items" of expenditure were removed, mainly to make room for new performance information;
- the subheads of expenditure were rationalised and re-grouped into "programme" areas, corresponding to those used in the Statements of Strategy;
- the block of administrative subheads, which were managed separately as part of a parallel "administrative budget" arrangement, were allocated to each programme;
- each programme was associated with output indicators (for the budget year and the previous year) as well as "context and impact indicators" showing the 3-year historical trend in the overall outcomes which the programme supports;
- each programme was restricted to a single page, to encourage conciseness.

As part of this reform, the parallel "Annual Output Statement" – a separate document showing a range of output indicators for each programme area – was discontinued.

In addition, the performance budgeting approach has also been extended beyond the Estimates procedures to include a new public web platform called IrelandStat (see www.irelandstat.gov.ie). The IrelandStat initiative, introduced as a pilot for selected programmes initially, aims to present a government-wide "dashboard" of indicators showing progress in delivering on public objectives, supplementing the financial and performance information from the Estimates with a wealth of data from various annual reports, statistical databases and international benchmarks.

The introduction of performance budgeting, together with the IrelandStat initiative, has laid the foundation for a more systematic engagement by parliamentarians and public on the impact of public policies and on resource allocation decisions. Most Votes now give details of expenditure programmes, objectives, outputs and financial and human resources; and the details are not restricted to the technical Estimates documentation, but are presented in a public-facing platform. On this basis, it should be easier than before to get an overview of what is being spent, what are the targets and what are the outputs and impact of spending.

3.2.1. Use of the new performance Estimates by the select committees

Committees should be using the new performance Estimates to hold the government to account on its performance to ensure that it is allocating resources efficiently and effectively. However, stakeholders report some deficiencies in the implementation and the practical impact of the new performance tools, in ways which impair effective parliamentary scrutiny. Given this situation, supplementary briefing material supplied by government departments is heavily relied upon by Dáil committees in exercising their oversight role. These additional briefing notes provide a means by which committee members can identify issues that they may wish to pursue, but can also vary in consistency. As a result, there remain deficiencies with regard to the quality and uniformity of the performance information presented and this undoubtedly hinders committee scrutiny.

Staff from the clerking secretariat and the Library & Research Service have been undertaking a programme of work to improve the quality of output targets presented in the Revised Estimates in order to facilitate better committee scrutiny. As part of this, the project team have assessed the existing quality of output targets presented in the Revised Estimates. Their work shows that approximately 50% of measures reviewed were not considered relevant in a performance budgeting context. Of the remaining targets, not all of them were specific. Select committees are currently using this information to push for improved performance information from government Departments.

Overall, as a relatively recent innovation in public policy, it is fair to say that the performance budgeting framework is still being “bedded in”. The next section identifies ongoing issues that prevent the framework from operating and being scrutinised effectively.

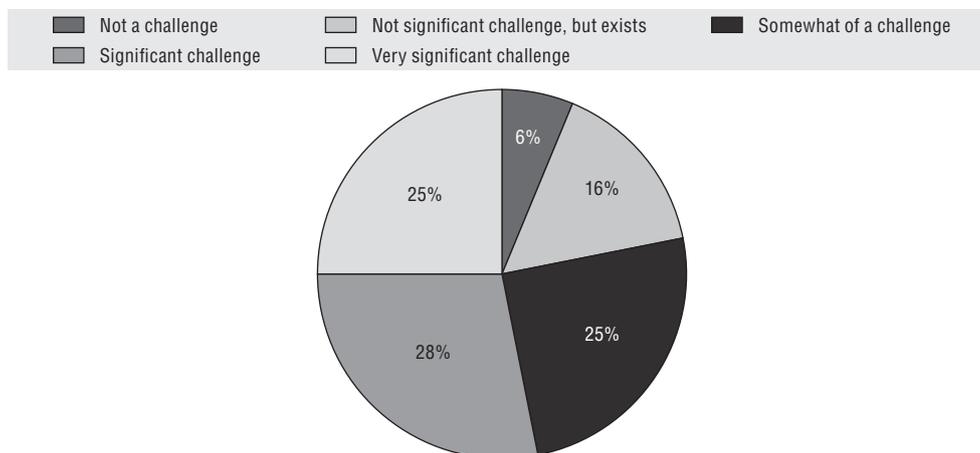
3.3. Specific issues with performance budgeting in practice

Based on the views expressed across the broad range of budget practitioners, observers and stakeholders within Ireland, the key challenges and perceived shortcomings in relation to performance budgeting can be summarised as follows.

- a) **Lack of systematic linkages between performance indicators and higher-level strategies:** Selection of indicators in the Estimates document is largely the responsibility of the Departments concerned, and some stakeholders note that the indicators – which are limited in number – can seem arbitrary, and not anchored in an overall vision of departmental (and government-wide) priorities and strategies. Some civil society stakeholders criticised the lack of transparency in selection of indicators, which in their view undermined their credibility and their effective role in accountability.

- b) **Lack of consistency in the quality of performance measures:** Analysis of the 2012 Revised Estimates Volume undertaken by the Institute for Public Administration (IPA) found that the number of output targets per vote ranged from 1 to 27 (this compares to an international norm of around five measures) (IPA 2013). Of these output targets, the IPA determined that only half could be described as “targets” in any meaningful sense (i.e. specific and potentially measurable or assessable objectives). The remainder were found to be general statements of intent. Furthermore, roughly one-third of the output targets related to one-off discrete events, which did not allow for monitoring of trends over time. These findings have been largely echoed in the views expressed to the OECD by various stakeholders, who report some dissatisfaction with the operational relevance of many of the performance indicators used.
- c) **Poor presentation of performance information:** The way in which performance information is presented significantly hinders its accessibility. In response to the “one-page rule” applied by the Department of Public Expenditure & Reform, intended to promote conciseness, some public bodies have responded by maintaining a lot of detail in a very small font size, rendering it all-but-illegible for many users (a criticism raised by a wide range of stakeholders). Moreover, the insistence of some bodies on using narrative explanations of their outputs, rather than simple facts and figures, aggravates the difficulty. Figure 3.4 provides a specimen page from the *Revised Estimates* to illustrate the point. For international context, it should be added that the issue of “information overload” is by no means specific to the Irish case. Figure 3.3 shows that over half of OECD countries find that information overload is a significant or very significant challenge for performance budgeting.

Figure 3.3. **Percentage of OECD countries that view “information overload” as a challenge in relation to performance budgeting**



Source: OECD International Database of Performance Budgeting 2011.

actually attained for that year. While it may be argued that considering the Estimates of Expenditure is a forward-looking exercise rather than an accountability exercise *per se*, these stakeholders pointed out that the missing information does not readily appear anywhere else, and questioned how credibility can be sustained in a process that so easily “forgets” commitments entered into from one year to the next. This differs from the situation in a number of other OECD countries where performance outputs and targets are published at the time of the Budget. For example, in New Zealand the Performance Information for Appropriations is published concurrently with budget financial information. The performance targets of the previous year are listed, alongside information on whether they were achieved/not achieved as well as new targets being set.

- e) **Lack of impact on budgetary decisions:** Notwithstanding some progress in re-structuring the Estimates scrutiny process to highlight the performance dimension, the new arrangements do not yet command the interest and attention of Oireachtas members or of the media; and there is little sense among stakeholders that the process engenders a meaningful dialogue around how resources are used, and around impacts for citizens. In the three years that the information has been presented as part of *Revised Estimates*, there has been little indication that the performance information is read systematically by members and there has been limited dialogue on whether targets have been hit and why. Indeed, the number of questions related to performance has been very few, with members preferring to focus on broader policy discussion.
- Some observers attribute this tendency to the presence of the relevant Minister, with the Estimates discussion gravitating towards a politically-charged debate, as distinct from a performance-focused discussion based on indicators and results.
 - Observers also point to the limited time available for performance scrutiny, noting that it may be unrealistic to expect deputies to consider all of the performance indicators – and to tease out the key policy messages underlying the data – in the space of a 2-3 hour discussion which must also consider the financial allocations.
 - Finally on this point, performance scrutiny in the Houses of the Oireachtas occurs after the budget year begins, and the committee members do not have the opportunity to demand alternative performance metrics or targets. More generally, there is no structured process for other performance information, such as that provided in Value-for-Money & Policy Reviews and in reports of the Comptroller & Auditor General, to feed into the budget process.
- f) **Lack of dedicated resources to support scrutiny of performance in the Houses of the Oireachtas:** At present, Houses of the Oireachtas staff support the scrutiny of performance information, in the context of their support for other committee activity. There are no dedicated resources available to support the scrutiny of performance budgeting (or of budgeting as a whole, as discussed in the previous section). This situation contrasts with international models, which involve a recognition that parliamentarians need support in dealing with, and making sense of, the often technical and complex aspects of budgetary information, including performance information (see Box 3.1).

Box 3.1. **Examples of dedicated resource to support scrutiny of performance within parliaments across the OECD**

The House of Commons Scrutiny Unit at the UK Parliament

The House of Commons' Scrutiny Unit supports Select committees in examining the expenditure and performance of government, and the relationships between spending and delivery of outcomes. It does this by promoting the value of linking examination of spending with examination of outcomes, by helping committees analyse spending patterns alongside performance and by pressing the government to improve the information available and promoting Parliament's interests of holding the executive to account. For instance, the Scrutiny Unit has:

- produced a guide to committees on Better Financial Scrutiny which encourages examination of spending and outcomes throughout a programme's lifespan, and sets out good practice
- contributed financial and performance material to committee inquiries, including briefings, questions, reports, and analysis of impact assessments
- analysed and briefed committees both on spending and trends in performance, using published indicators, when committees hold their hearings with Ministers on Government departments' annual reports and accounts
- followed up a committee recommendation for government departments to produce annual mid-year reports, and
- engaged with government in developing proposals to improve and simplify Government accounts for the benefit of Parliamentary users.

The Parliamentary Budget Office at the Austrian Parliament

The Austrian Parliamentary Budget Office has a mandate to support Parliament in the budgetary process, in consulting and enacting budget laws and exercising its oversight role. As part of this, it provides Parliament with information on the performance budgeting framework, maps all outcome objectives, advises how to read documents efficiently and provides analysis on each budget chapter, including performance goals/tasks/indicators. It also makes recommendations to the Government on how budget documents (including performance information) can be improved from a parliament user's perspective and pushes for better and earlier access to information.

3.4. Improving parliament's role in performance budgeting in Ireland

Each of the issues identified in the preceding section can be addressed through the steps set out below. As in the case of the more general budget-related issues set out in Section 2, several of these proposed approaches would require government-wide and public-administration-wide support, while others are more directly within the powers of the Houses of the Oireachtas itself.

A key focus of these proposals is on **making space in the budget cycle for a "performance dialogue" between committees and public bodies**. A fundamental difficulty faced by parliamentarians is the lack of dedicated time to have an in-depth discussion with departments and other public bodies about the performance information that has been selected, its relation to higher-level strategic outcomes, and the linkage between results and resources. Despite the goodwill of departments and the helpful re-structuring of committee briefing material, it is an onerous challenge for parliamentarians to maintain familiarity with disparate performance measures, and to track progress in achievement or

non-achievement, particularly when this information is brought to their attention once a year at the Estimates hearings, and when this discussion must compete for limited time with the formal consideration of financial allocations.

In keeping with the thrust of our findings in Section 2, the OECD considers there is merit in moving the thrust of parliamentary scrutiny from an annual set-piece event towards a more systematic, sustained parliamentary engagement throughout the course of the budget cycle. Realistically, this will involve some separate time for dedicated discussion on performance matters as proposed below. Handled properly, such a separation would not be a ‘retrograde’ step, stripping the performance dimension from the budget documents and debates; but would instead enrich and inform discussion from one phase of the budget cycle to the next, and indeed from one annual cycle into the next.

3.4.1. Procedural changes to promote parliamentary engagement

a) “Performance hearings” with joint committees in early part of the year (February-March)

Section 2 proposes that the annual Estimates be voted by the Dáil before the end of the year, i.e. within three months of the budget, broadly in the same time period currently allotted to Supplementary Estimates. The space in the early part of the following year, currently allotted to Estimates hearings before select committees, could instead be allotted to dedicated sessions before joint committees with the focus on scrutiny of performance information provided in the Estimates Performance Reports (see (d) below). The Minister in question need not be present for these sessions, the principal purpose of which would be to allow committees the opportunity to discuss with the relevant Accounting Officer how performance measures have fared over the past year, as well as putting the committees in a better position to “feed forward” recommendations on the selection of performance measures to the next stage of the policy cycle.

b) Power for joint committees to recommend changes to performance information

Under the existing arrangements, select committees are constrained from making any conclusion, recommendation or approval arising from their consideration of the Estimates. This constraint, which originates in the constitutional prerogative of the government to bring forward spending and tax proposals, removes any significant incentive for parliamentarians to seek to “make their mark” in contributing to overall policy around the budget. The constitutional constraint need not, however, preclude committees from making recommendations regarding the quality and clarity of the performance information that should be included in the Estimates document (see (g) below). Explicitly conferring such a function upon committees, by way of amendment to Standing Orders and Orders of Reference, would be likely to improve the quality and relevance of discussion in this forum. To the extent that such a recommendation might be construed as an implied criticism of the quality of information supplied by a department to the committee, this measure would also “raise the stakes” for department “Accounting Officers” in engaging with the committee.

3.4.2. Enhanced information in support of parliamentary engagement

c) Systematic review of existing performance metrics

Given the practical challenges committees have faced in working with the existing performance information and to facilitate continuous improvement, it would seem appropriate to conduct a full review of existing performance information provided in the annual Estimates, and to assess its suitability for purpose. Pending the establishment of a

National Performance Quality Panel (see (g) below), the Department of Public Expenditure & Reform, as the senior ministry responsible for the annual Estimates process, would be best-placed to co-ordinate the key stakeholders involved in conducting this review, notably including the Houses of the Oireachtas, the Comptroller & Auditor General (see Box 3.2 for analogous recent experience in Australia) and civil society stakeholders. On the basis of such a review, which should be presented and discussed at the relevant Houses of the Oireachtas committees, the Department and key stakeholders would be in a clearer position to insist upon certain standards in the selection of such information in

Box 3.2. Australian National Audit Office review of performance indicators

In 2011 the Australian National Audit Office (ANAO) undertook an independent performance audit across agencies. The objective of this audit was to assess how effectively entities had developed and implemented appropriate Key Performance Indicators (KPIs) to support stated programme objectives. To address the audit objective, the ANAO:

- undertook a desktop review of the published effectiveness KPIs for 89 programmes across 50 Financial Management and Accountability Act and Commonwealth Authorities and Companies Act entities within the General Government Sector;
- supplemented this desktop review with more detailed analysis of four entities — the Australian Customs and Border Protection Service; Fair Work Australia; the National Film and Sound Archive; and the Department of Resources, Energy and Tourism — including the reporting of performance in each entity's annual report; and
- assessed the role of Finance in administering the Outcomes and Programmes Framework, including the preparation of guidance material for entities.

The audit identified that many performance indicators did not enable an assessment to be made as to whether desired results were achieved, as the indicators did not incorporate targets, benchmarks or other details of the extent of achievement expected. These findings suggested that it would be timely for entities to refocus efforts to improve the quality and relevance of performance information and reporting for the benefit of the Government and the Parliament.

Source: Australian National Audit Office 2011.

future budget documents. The overall test of such a review is to ensure that performance information is set at a standard that meets the needs of its key stakeholders and facilitates effective committee scrutiny and accountability.

d) Estimates Performance Reports

The integration of key performance information within the annual Estimate is, in principle, a welcome development that cements the linkage between resources and results. In practice however, the Estimates programme pages do not currently serve as a basis for Oireachtas scrutiny, which instead relies on separate briefing documents.

In order to facilitate structured discussion in the performance hearings proposed at (a) above, it would be useful for each department/public body to prepare Estimates Performance Reports, which would take the Estimates programme pages as their starting point, supplemented to show (i) original performance targets for the previous year (ii) actual performance out-turns for that year (iii) corresponding performance targets for the year ahead (iv) supplementary/ancillary performance metrics omitted

from the “one-page” programme in the Estimate and (v) summary material explaining the selection of indicators and their connection with high-level goals.

This approach would have the advantage of preserving familiarity with the common Estimates format, while making good some information gaps in the existing documentation, and also doing away with the need for separate background briefing documents. The format of the Estimates Performance Reports should be standardised by the Department of Public Expenditure & Reform, in consultation with the Houses of the Oireachtas in order to build upon the useful experience of the pilot projects of recent years. In particular, there should be a strong focus on streamlining information, making it easier to read and making trends more easily identifiable (examples of similar exercises undertaken in other countries are provided in Box 3.3).

Finally, this proposed approach would be in keeping with a long-standing government programme objective regarding the desirability of annual performance reporting (see (f) below).

Box 3.3. International approaches to improving the presentation of performance information

The development of a better practice guide in Australia

There was wide variation in the quality of reports and the information contained in them. In an effort to encourage improvement, the Department of Finance and the Australian National Audit Office jointly published a better practice guide for performance information in annual reports (ANAO and Department of Finance and Administration, 2004). The guide contained practical advice on the main areas for improvement, including the performance reporting framework, data management and measurement, and explanation of results. The guide also contained a large number of good practice examples for agencies to consider and emulate where appropriate.

The creation of a working group in Sweden

Sweden developed an interesting approach to improve performance information given to the Parliament. An informal working group of approximately ten civil servants from the Ministry of Finance and the parliament’s Finance Committee was set up in 2000 and met over a period of several years. At times, when they were discussing specific budget areas relevant to them, representatives from various line ministries and parliamentary sectoral committees also participated in the group’s discussions, thus ensuring that the group’s advice and conclusions were available to a broader audience. The group served as a catalyst, spreading good ideas to governmental and parliamentary actors by identifying the types of performance information most useful to parliament in its deliberations on the budget, as well as how and when such information should be presented. In doing so, the group highlighted examples of best practice and brought them to the attention of the Ministry of Finance and line ministries where appropriate.

e) Promotion of IrelandStat as an authoritative portal for public performance

The IrelandStat website (www.irelandstat.gov.ie) provides a useful “dashboard” of performance indicators for the Irish public service. Since it draws primarily from the Estimates material, the dashboard has the advantage of showing resource information alongside performance information, thereby making technical budget data accessible to the wider public. Moreover, the site performs an additional useful function of collecting

performance metrics from a wide range of public sources (annual reports, strategy statements etc.) which might otherwise prove burdensome to find.

However, despite some improvements since its launch in 2012, the coverage of data in the website remains patchy, reflecting some remaining large gaps in the extension of performance budgeting to all government departments in the Estimates. It is notable, for example, that performance metrics in the important area of health policy are currently largely absent from the website, even though a large databank of health statistics has been available elsewhere for several years (Healthstat). In addition, although the site publishes output performance information, it does not include associated targets and output-related information. In general, the site has not established a clear role for itself as a national performance portal: few stakeholders reported any familiarity with it. While the website has potential, with information grouped under broad policy themes, the quality and significance of the indicators currently shown vary significantly.

In the medium term, as the performance budgeting framework develops in Ireland, it would help to improve the impact of IrelandStat as an authoritative portal for national public performance by drawing upon international experiences in countries such as the USA (www.performance.gov) and Canada (“How Canada Performs”, www.conferenceboard.ca/hcp). It seems likely that a re-branding of the website, to emphasise the “performance” rather than the narrower “statistical” dimension, could be helpful in this regard.

f) Linkages to higher level strategies and articulation of a “National Performance Framework”

At the root of many of the issues outlined in Section 3.3 is the lack of a coherent overall framework for setting out national objectives for the performance of government and of the country as a whole. This is not to say that Ireland lacks any such targets at present: on the contrary, Ireland’s public policies are often linked to and motivated by specific targets (see Box 3.4). However, these targets are not yet grounded within a single, politically-validated framework, to which citizens and policy-makers alike can refer as the authoritative frame of reference for policy planning, resource prioritisation and accountability.

A number of other OECD countries have national performance frameworks to serve such a purpose. From the point of view of performance budgeting in Ireland, such a step would make clear how departmental performance measures link to higher strategic goals; and would enhance the status of the performance indicators shown in the Estimates. Within Ireland’s context, it is notable that the government has already set out its vision of a performance-led public service, with a central role for the Houses of the Oireachtas in terms of accountability for results and of linkage to the budget:

“Performance indicators will be identified to monitor progress on high level priorities. Annual reports of departments and agencies will include output statements and audited financial accounts prepared on generally accepted accounting principles. [...] Performance and progress will be published in a new, audited annual Public Service Delivery Reports. Oireachtas committees will expose any failure to hit milestones and targets. Each sectoral Committee will take on new powers, similar to those wielded by Public Accounts Committee, to hold Ministers and public servants to account for value for money. This will feed into Oireachtas consideration of the next Budget.” (Government of Ireland 2011b)

Box 3.4. Examples of national targets in Ireland

Although there is no single document presenting key national indicators, Ireland has some national targets. Examples in relation to European Union objectives are provided below:

Research and Development: Ireland's R&D policy framework is governed by the overarching Europe 2020 target of achieving a level of expenditure on R&D of 3% of EU-wide GDP by 2020. Within this framework Ireland has a target of 2.5% of GDP.

National Poverty Reduction Target: Ireland's poverty reduction targets are governed by the overarching Europe 2020 targets for poverty reduction. Within this framework, Ireland has a target to lift a minimum of 200 000 people out of the risk of poverty or exclusion by 2020, from a 2010 baseline. The re-named 'national social target for poverty reduction' is to reduce consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from a 2010 baseline of 6.2%.

Renewable Energy: Ireland's renewable energy targets are governed by the overarching Europe 2020 targets outlined in the 2009 Renewable Energy Directive. As part of this, Ireland has legally binding targets for renewable energy which must be met by 2020. Ireland's target for energy from renewable sources in gross final energy consumption is 16% by 2020, and 10% for the transport sector. The National Renewable Energy Action Plan (NREAP) sets out the interim targets to be achieved by Ireland in order to meet its obligations under the Renewable Energy Directive.

The development by the Irish government of a National Performance Framework would be one means of putting such a vision fully into effect, in keeping with the thrust of budgetary reform over recent years. As regards the choice of indicators to be included within the National Performance Framework: the selection of "key national indicators" is ultimately for political determination, with the government of the day articulating its vision for economic performance, national development and wellbeing outcomes in line with its electoral mandate. It would, nevertheless, enhance the legitimacy and impact of such a framework to solicit the input of civil society and the approval of parliament before being formally laid down.

The OECD report on *Public Governance for Inclusive Growth* (OECD 2015c) points to the advantages of a national framework for wellbeing and performance, as a guiding force for orienting public policy. That report also notes that national frameworks in some OECD countries group key national indicators around three broad headings – economic progress, social progress / inclusiveness, and environmental progress / sustainability – to provide a holistic, balanced picture of national performance. For illustrative purposes, Table 3.1 gives some examples of national and international performance benchmarks that might usefully be considered within a National Performance Framework for Ireland.

Table 3.1. **Examples of national and international performance benchmarks that might be considered for Ireland**

Policy dimension	Performance benchmarks	Data source	Indicator currently on IrelandStat?
Economic progress	GDP/GNP per capita	Central Statistics Office	No
	Employment/unemployment	Central Statistics Office	No
	Ease of doing business	World Bank, Ease of Doing Business Index	Yes
Social progress/ inclusiveness	Life expectancy	WHO, Life expectancy at birth	No
	Income distribution	OECD, Income distribution and poverty statistics	No
	Educational attainment	OECD, PISA findings	Partly
	Government effectiveness	World Bank, government Effectiveness Indicator	No
Environmental progress/ sustainability	CO ² emissions	Dept. Environment, Community and Local government	Yes
	Renewable energy production	Sustainable Energy Authority	No

3.4.3. Institutional support for effective parliamentary engagement

g) Establishment of a “National Performance Quality Panel”

For a National Performance Framework to be effective, it should ideally be informed by expert, professional advice from the public service and beyond regarding the appropriate indicators to translate national performance goals into organisational performance targets. The establishment of a National Performance Quality Panel would bring together the key stakeholders and experts to make common cause in identifying realistic, challenging objectives which are aligned with the national outcome goals, and which can form the basis for reporting and accountability. In this way, the Panel could buttress the role of the Department of Public Expenditure & Reform in laying down uniform, public-service-wide standards and in setting performance metrics as suitable for inclusion in the annual Estimates. The proposed role of the National Performance Quality Panel in the administration of the performance framework is set out in Figure 3.5. It is important that the Panel is open to receiving the informed feedback of parliamentarians, who are primary “consumers” of public performance data in their accountability and oversight role.

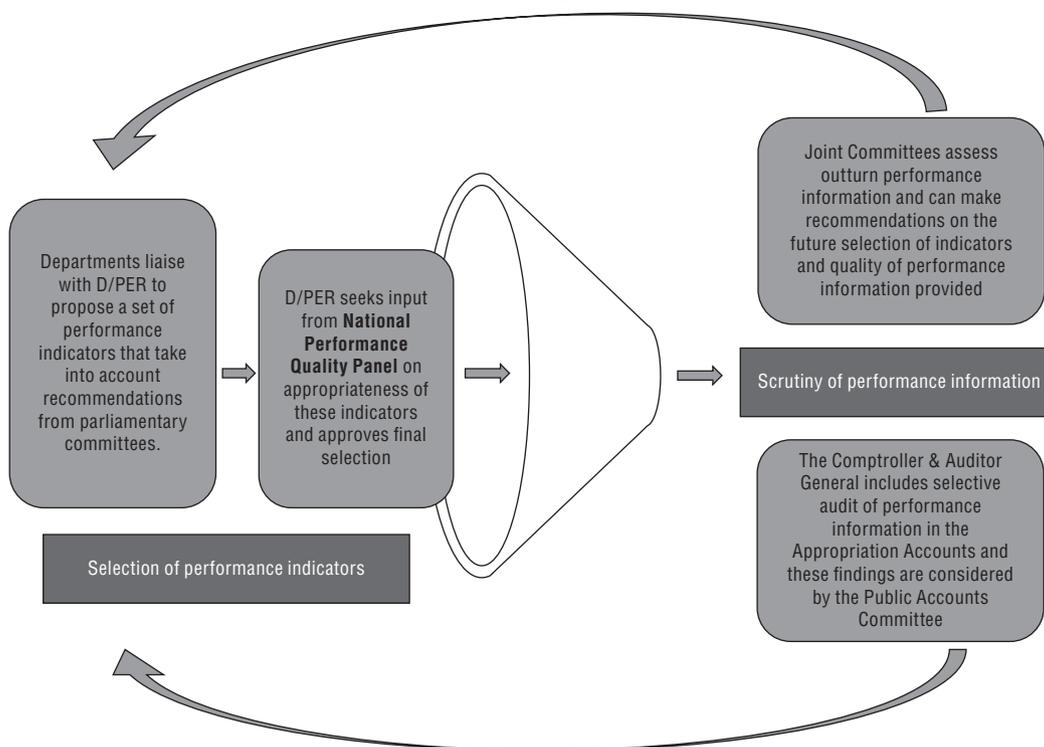
Ireland already has in place a well-developed institutional architecture that could be mobilised to house and/or support a National Performance Quality Panel. In particular:

- The **National Economic and Social Council (NESC)** is a long-established professional body that advises the Taoiseach (prime minister) on strategic policy issues relating to sustainable economic, social and environmental development in Ireland. Given its strategic focus, coupled with its locus close to the centre of government, NESC may be a natural point of authority for developing professional standards for politically-relevant output and outcome indicators.
- The **Comptroller & Auditor General (C&AG)**, as the constitutionally-mandated “supreme audit institution”, should be in a good position to provide a constructive critique of the quality of output and outcome indicators. The C&AG already services the Public Accounts Committee of the Dáil in its high-profile work of accountability for use of public funds. The OECD is currently leading international work on how the role of national audit institutions can be leveraged to promote quality in public governance, including as regards the quality of performance information (OECD 2015d). As a general rule, a useful

test of performance data is whether it is “auditable” – i.e. capable of being measured and verified (see also recommendation (f) above).

- The **Central Statistics Office (CSO)** already compiles useful factual data on Ireland’s comparative performance across a broad range of measures (“*Measuring Ireland’s Progress*”).
- The **Institute of Public Administration (IPA)** has previously undertaken a critical review of Ireland’s use of performance information (IPA 2013). It also produces a “State of the Public Service” research series, which provides performance metrics relating to the quality, efficiency and performance of the public sector.
- The **Irish Government Economic & Evaluation Service** co-ordinates the professional stream of evaluators and economists working in the Irish public service, with expertise in programme appraisal and evaluation, and is well-placed to provide input on the design of performance indicators.
- The **Irish Parliamentary Budget Office**, which is proposed in Section 2, would also be a key stakeholder in a National Performance Quality Panel, given the role of the Houses of the Oireachtas in authorising and scrutinising the performance-related Estimates.

Figure 3.5. **The role of the National Performance Quality Panel in the administration of the performance framework**



Box 3.5 provides some other examples from around the OECD of how national performance frameworks and expert performance panels can improve the effectiveness of performance budgeting.

Box 3.5. OECD experiences of National Performance Frameworks

Performance budgeting at federal level in the USA is governed by the Government Performance & Results Act (GPRA) Modernization Act of 2010, which requires all public agencies to identify formally a small number of “Agency Priority Goals” for which they are accountable. All of these agency goals comprise a standard, national framework for public performance and are publicly tracked on a website (www.performance.gov). In support of this work, the legislation also established a Performance Improvement Council (www.pic.gov) to share knowledge and establish best-practice standards for performance measurement in government.

Scotland’s National Performance Framework “Scotland Performs” measures and reports on progress of government in Scotland in creating a more successful country, with opportunities for all to flourish through increasing sustainable economic growth. On the question of development and improvement of performance indicators, Scotland also takes a collaborative approach and has established a “Performance Indicators Sub-group”. The sub-group works to ensure that the National Performance Framework is robust and that the composition of the indicator set is based upon a rigorous, impartial and balanced view of the available data. It works to an established set of principles and practices for changes to any performance indicator. The group is chaired by the Scottish Government Chief Statistician and a number of civic groups also sit on the group (e.g. Scottish Environmental Link, Oxfam Scotland) as well as some academics with an interest/expertise in societal wellbeing and measurement. In its annual Draft Budget, the Scottish Government outlines how spending plans contribute towards achieving the Government’s Purpose across the range of performance indicators.

New Zealand’s Living Standards Framework is designed to support the mission of the Treasury “to promote better living standards for New Zealanders” by identifying goals for progress around the themes of prosperity, inclusiveness and sustainability. The Framework also serves as an analytical tool for conducting broad-based, holistic assessment of policy proposals in various sectors, e.g. welfare reform.

France’s over-arching budget law (Loi organique relative aux lois des finances or LOLF) provides for the systematic use of performance objectives and indicators. France has also enacted a law in 2015 requiring the government to present wealth and well-being indicators other than GDP when tabling the annual budget to promote a debate on policy impacts. The French authorities are planning to implement a “strategic dashboard” of indicators drawn from international benchmarks.

h) Role for Irish Parliamentary Budget Office in supporting performance scrutiny

The proposed Irish Parliamentary Budget Office (see Section 2) would also serve as a resource to support the Houses of the Oireachtas in its scrutiny of performance information. In particular, the Office should:

- provide regular briefings to parliamentarians on performance information
- provide specialist support to committees in assessing the performance information submitted to them and in informing the process of parliamentary scrutiny
- provide training for members on performance budgeting and on the effective scrutiny of performance information
- provide research notes on alternative performance metrics, and inform a critique on how existing performance information might be improved
- act as a focal point for ongoing improvement in the agenda of enhanced oversight of performance information by parliament.

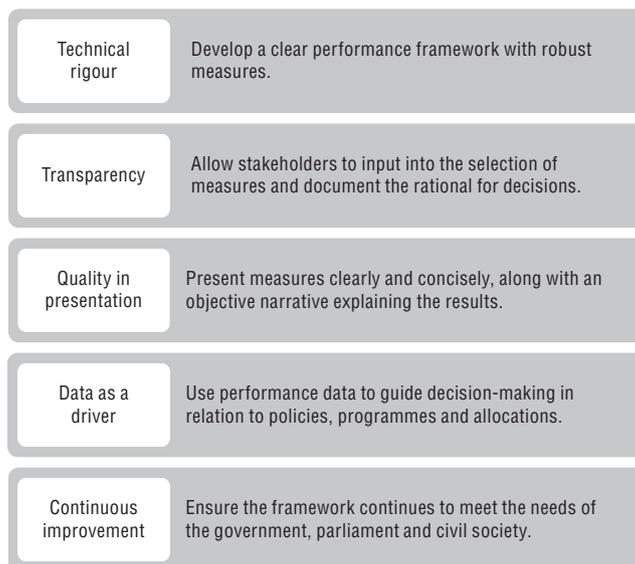
i) Selective Audit of Performance Information by the Office of the Comptroller & Auditor General in reports to the Public Accounts Committee and other committees

In the annual Appropriation Accounts, the Office of the Comptroller & Auditor General (C&AG) presents the audit of the financial accounts of public bodies, by reference to the Estimates subheads, in line with the reformed programmatic structure. The performance information provided by the departments, in the context of their annual Estimates, is not audited – either as to the quality and usefulness of the performance information selected, or as to the achievement of the performance targets set out. It would be supportive of the move towards meaningful, performance-informed Estimates if, where resources allowed, some such auditing took place as a routine part of the accountability framework within the Houses of the Oireachtas. While probity in the use of public funds and avoidance of waste are primary considerations for audit, the actual achievement of the purposes for which the funds are appropriated – i.e. performance – is the other side of the “value for money” equation, and should thus be of interest to the Public Accounts Committee (PAC) which is the principal accountability forum of the Dáil. Given the need for prioritisation of resources within the Office of the C&AG, a highly selective approach should be taken to the conduct of performance information audits, with selection informed by the views of committee members both in the PAC and in the joint committees responsible for conducting performance hearings.

Bringing the performance discussion more formally into the remit of the PAC would help to “close the loop” in the budget policy and performance cycle and enhance the standing and relevance of performance data within the Houses of the Oireachtas.

Taken as a whole, these proposals are intended to provide the means by which the overall quality and use of information presented to the Dáil in relation to performance budgeting can be improved. Figure 3.6 below outlines some guiding principles that can inform this process, drawn from OECD experience.

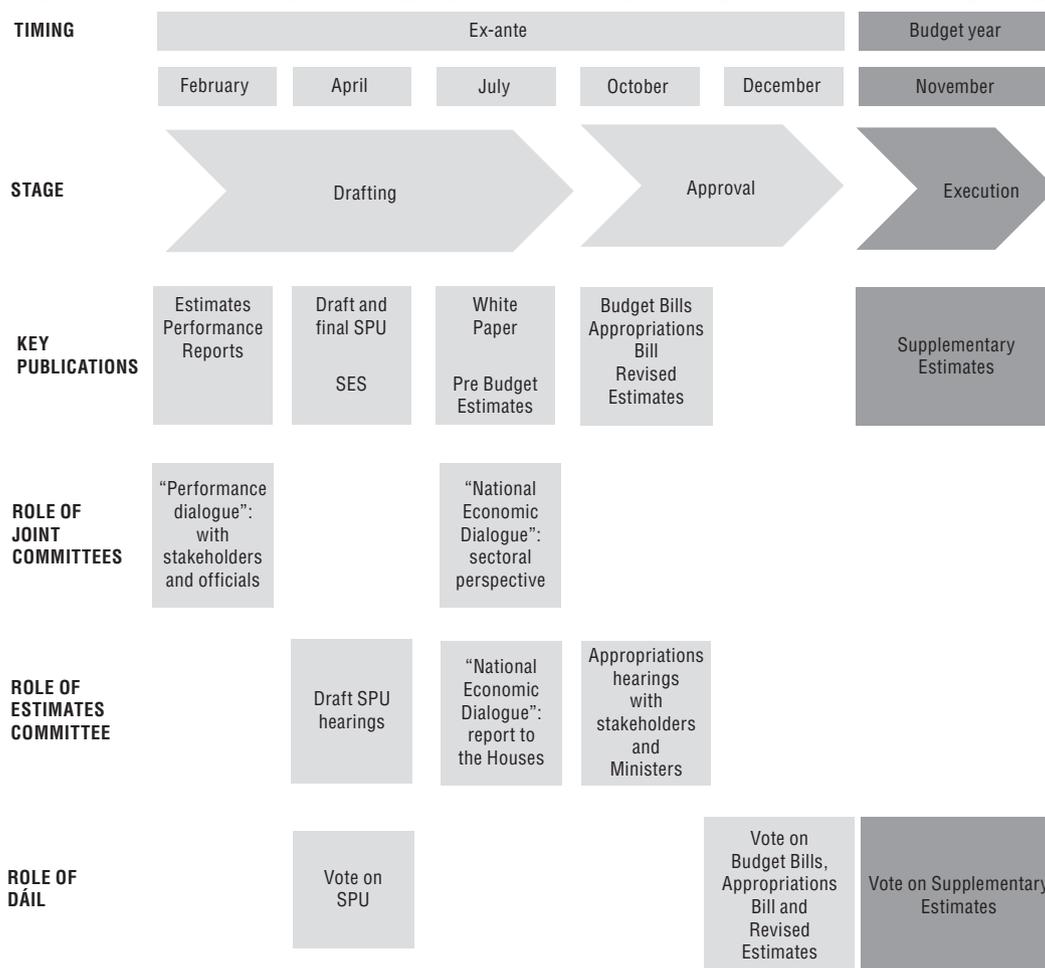
Figure 3.6. **Potential guiding principles for performance budgeting in Ireland**



The recommendations also present new opportunities for the Dáil to engage in a more substantive manner in scrutinising performance budgeting. These opportunities are summarised in Figure 3.7. As illustrated, performance scrutiny should be embedded into the whole-of-year budget process. A more continual approach to performance scrutiny not only allows expertise to be built up and develops a culture of using performance information, but it also adds value to the budget process.

More generally, effective performance information can also inform the non-budget work of committees. It can be used to help set the committee work programme, or it can be considered alongside other evidence in committee inquiries. This information can also help bring about a cultural shift, mainstreaming the use of budget and performance information in day to day work of committees.

Figure 3.7. **Whole-of-year budget process incorporating performance budgeting**



4. Implementation

This report has provided a package of inter-connected and mutually supporting actions which have, as their unifying principle, the potential to enhance the Dáil's engagement in the budget process leading to greater accountability and transparency.

The proposals reflect the scale of response that the OECD considers appropriate to support stronger, more effective engagement by the Houses of the Oireachtas in budgetary scrutiny. Putting such a package of measures into effect will require clear leadership from within the Houses of the Oireachtas, as well as a shared understanding and commitment on the part of the executive branch, at political and administrative levels, to engage with the Oireachtas as an implementation partner. The starting point should be a common appreciation of the gains that can be achieved from engagement of and by the legislature in the budget process, particularly in relation to the quality, transparency and responsiveness of policy development, and the underpinning of public trust in the institutions of government as a whole.

For its part, the Houses of the Oireachtas is well placed to lead on the co-ordination and delivery of its reform agenda, although a number of measures will require the government to take the lead role.

From a position of shared commitment, some of the actions can be put into effect relatively quickly. Others will require more detailed and deliberate planning. However, incremental steps can be taken in the short-term which will help the realisation of these reforms in the longer term. The subsequent Annex provides a summary of the recommendations, split into short and more medium- and long-term deliverables, as envisaged by the OECD. Finer details of the measures will inevitably be developed over the course of the implementation process.

ANNEX

Summary of recommendations

Budget oversight recommendations	Short term	Long term
Overarching: Renewed political commitment to engagement with parliament as a partner throughout the budget process		
<i>Theme 1: Procedural changes to promote parliamentary engagement</i>		
a) <i>Ex ante</i> parliamentary input to medium-term fiscal planning	The government presents an enhanced draft SPU to parliament in sufficient time so as to allow it to provide a view.	The medium-term fiscal plan is submitted to the Dáil for its formal approval before it is submitted to the European Commission.
b) <i>Ex ante</i> parliamentary input on budget priorities	The Houses of the Oireachtas and its committees are made a key partner in the National Economic Dialogue.	<ol style="list-style-type: none"> 1. The Houses of the Oireachtas lead pre-budget hearings, setting aside one week in early- to mid-July each year as “Pre-Budget Week” with joint committees holding a series of open hearings, drawing views from a wide range of experts and stakeholders. 2. The Houses of the Oireachtas constitute a new “Budget Committee” or “Estimates Committee”, made up of the Joint Committee on Finance, Public Expenditure & Reform alongside the chairpersons of the other joint committees as well as the PAC, to act as a forum for these Pre-Budget hearings.
c) Early publication of full budgetary information and legislative proposals	<ol style="list-style-type: none"> 1. The government bring forward the publication of the Finance Bill and the Social Welfare Bill to budget day. 2. The government brings forward publication of the full detailed Estimates of Expenditure to budget day. 	
d) Timely consideration of the Estimates of Expenditure	<ol style="list-style-type: none"> 1. Dáil select committees bring forward consideration of the Estimates to the October-December period, and the Dáil vote on the Estimates is brought forward to before the start of the budget year. 2. The multiple Estimates hearings across various select committees are augmented with one single hearing of the “Estimates Committee” recommended in (b). The purpose would be to obtain an explanation from ministers on the extent to which the recommendations from the <i>ex ante</i> stage (b) have been carried through to the budget itself. 	The publication and vote on the Appropriation Bill is brought forward from the end of the budget year (i.e. after the money has been spent) to the end of the current year (i.e. before the money is spent), for consideration within the same broad time frame as the Finance Bill and the Social Welfare Bill.
e) Performance Dialogue with joint committees in early year	Committees complete scrutiny of the Estimates before the end of the previous year (as per (d) above) and instead use the early part of the budget year to engage with the Departments and Agencies on a focused dialogue upon issues of performance and impact.	
<i>Theme 2: Enhanced information to support parliamentary engagement</i>		
f) Re-introduce “Pre-Budget Estimates” showing “no policy change” expenditure baselines	The government re-introduces Pre-Budget Estimates and publishes an accompanying White Paper in July as core reference documents to inform <i>ex ante</i> budget scrutiny.	
<i>Theme 3: Institutional supports for effective parliamentary engagement</i>		
g) Establish an Irish Parliamentary Budget Office to support parliamentary engagement and budget scrutiny	In the short-term the IPBO could first emerge from the Clerking Financial Scrutiny team and be resourced by a small number of persons with appropriate skills seconded from other areas of the Oireachtas, other oversight bodies and the government.	In the longer-term, it is envisaged that resources would be released and the IPBO would be set up as a specialised stand-alone unit in the Houses of the Oireachtas, staffed by at least five to seven budget specialists.
h) Continuing Professional Development of parliamentarians and officials	The Houses of the Oireachtas ensure that professional development for effective budget scrutiny is incorporated into the induction programme for new members at the start of the next parliamentary session.	The Houses of the Oireachtas implement a strengthened programme of Continuing Professional Development for members and committee chairs to enable more effective budget scrutiny.

Performance budgeting recommendations	Short term	Long term
Overarching: New opportunities are created within the budget cycle for a “performance dialogue” between committees and public bodies		
<i>Theme 1: Procedural changes to promote parliamentary engagement</i>		
a) “Performance hearings” with joint committees in early part of the year (February-March)	The space in the early part of the year, currently allotted to Estimates hearings before select committees, is instead allotted to dedicated joint committee session focussing on the scrutiny of Estimates Performance Reports (see recommendation (d)).	
b) Power for joint committees to recommend changes to performance information	Joint committees have powers to make recommendations to government and the National Performance Quality Panel (see recommendation (g)) regarding the quality and clarity of performance information included in or published with the Estimates document, arising from their consideration, by way of amendment to Standing Orders and Orders of Reference.	
<i>Theme 2: Enhanced information to support parliamentary engagement</i>		
c) Systematic review of existing performance metrics	Key stakeholders undertake a systematic review of existing performance metrics based on standards to be agreed between the Houses of the Oireachtas and the D/PER.	
d) Estimates Performance Reports	Each department / public body prepares Estimates Performance Reports to facilitate structured discussion in the performance hearings proposed above (a).	
e) Promotion of IrelandStat as an authoritative portal for public performance	Outturn performance data and government evaluations are routinely published on IrelandStat.	IrelandStat becomes the authoritative portal for national public performance.
f) Linkages to higher level strategies and articulation of a “National Performance Framework”	The government develops a National Performance Framework to make it clear how departmental performance measures link to higher strategic goals and enhance the status of the performance indicators shown in the Estimates.	
<i>Theme 3: Institutional supports for effective parliamentary engagement</i>		
g) Establishment of a “National Performance Quality Panel”		A National Performance Quality Panel is established to bring together the government, the Irish Parliamentary Budget Office (see Section 2 recommendations), civic society and recognised experts to make common cause in identifying realistic, challenging objectives which are aligned with the national outcome goals, and which can form the basis for reporting and accountability.
h) Role for Irish Parliamentary Budget Office in supporting performance scrutiny	The proposed Irish Parliamentary Budget Office (see Section 2 recommendations) serves as a resource to support the Houses of the Oireachtas in its scrutiny of performance information.	
i) Selective Audit of Performance Information by the Office of the Comptroller & Auditor General in reports to the Public Accounts Committee and other committees		The Public Audit Committee and joint committees recommend selected areas of performance information for the Comptroller & Auditor General to consider for inclusion as part of its ongoing audit programme, where resources allow.

Notes

1. Public Financial Procedures, available at: <http://govacc.per.gov.ie/accounting/>.
2. The proceedings and conclusions of the 2015 National Economic Dialogue can be consulted at <http://budget.gov.ie/Budgets/2015/NED.aspx>.
3. The OECD (2010) has laid down clear guidance on how to meet expectations of transparency and accountability in the context of lobbying, and on supporting a level playing field in public policy-making.

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