

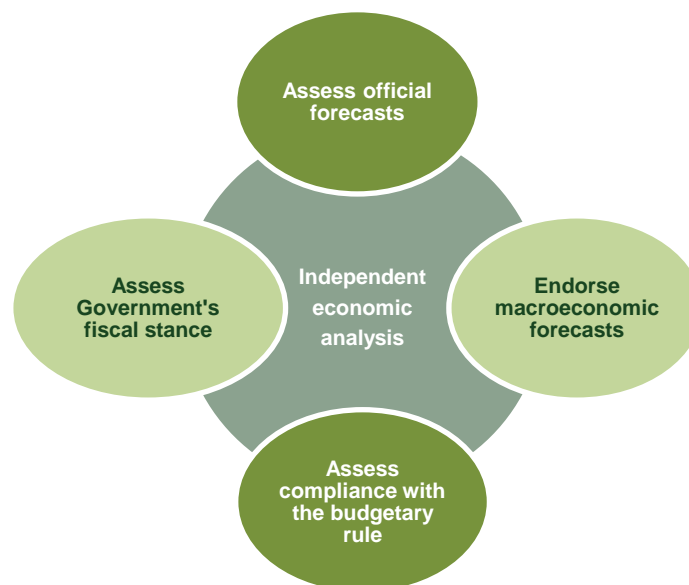
21 Irish Fiscal Advisory Council

21.1 The Irish Fiscal Advisory Council (the Council) is required under the Fiscal Responsibility Act 2012 (the Act) to provide independent assessments of the Government's budgetary plans and projections and to inform public discussion of economic and fiscal matters.

21.2 The Council's statutory responsibilities are to

- assess the official forecasts produced by the Department of Finance (the Department) in spring and autumn each year¹
- assess whether the fiscal stance of the Government is conducive to prudent economic and budgetary management including by reference to the EU Stability and Growth Pact²
- monitor and assess whether the general government budgetary position is either in balance or in surplus, or is moving at a satisfactory pace towards that condition (the 'budgetary rule' as set out in the Act), and assess whether any non-compliance is as a result of exceptional circumstances³
- endorse, as it considers appropriate, the macroeconomic forecasts prepared by the Department, on which the budget and stability programme updates are based.⁴

Figure 21.1 Functions of the Irish Fiscal Advisory Council



1 In accordance with the Act, 'official forecasts' are the macroeconomic and budgetary forecasts published by the Department of Finance for the purposes of fiscal planning.

2 The Stability and Growth Pact is a rule-based framework for the coordination of national fiscal policies in the EU.

3 Under the Act, 'exceptional circumstances' include a period of severe economic downturn or an unusual event (outside the control of the Government) which has a major impact on the budgetary position of the Government.

4 A joint memorandum of understanding between the Council and the Department underpins the endorsement process.

Accounts of the Irish Fiscal Advisory Council

- 21.3** The Chairperson of the Council is the officer accountable for the preparation and presentation of its financial statements for audit. Under the Act, the Council is required to keep accounts of receipts and expenditure in the form approved by the Minister for Finance (the Minister),¹ and to submit them for audit by the Comptroller and Auditor General within three months after the end of the accounting period to which they relate. On completion of the audit, a copy of the accounts and of the audit report must be given to the Minister, who in turn must lay them before the Houses of the Oireachtas.
- 21.4** Separately, the Act requires the Comptroller and Auditor General to report to Dáil Éireann with respect to the correctness of the sums brought to account by the Council each year. This is the report for 2018.
- 21.5** The accounts of the Council for 2018 have been audited, and the report on the audit was issued on 7 August 2019.
- 21.6** I am satisfied that the accounts give a true and fair view of the assets, liabilities and financial position of the Council at end 2018 and of its income and expenditure for the year.

Membership and staffing

- 21.7** The Council consists of five members, including the Chairperson. Appointments are made by the Minister, with the term of office generally being four years. Council members may not serve for more than two consecutive terms.
- 21.8** No vacancies arose on the Council in 2018.
- 21.9** At the end of 2018, the Council was supported by seven staff, comprising six economists and an administrator. One member on secondment from another organisation left the Council's staff in August 2018.

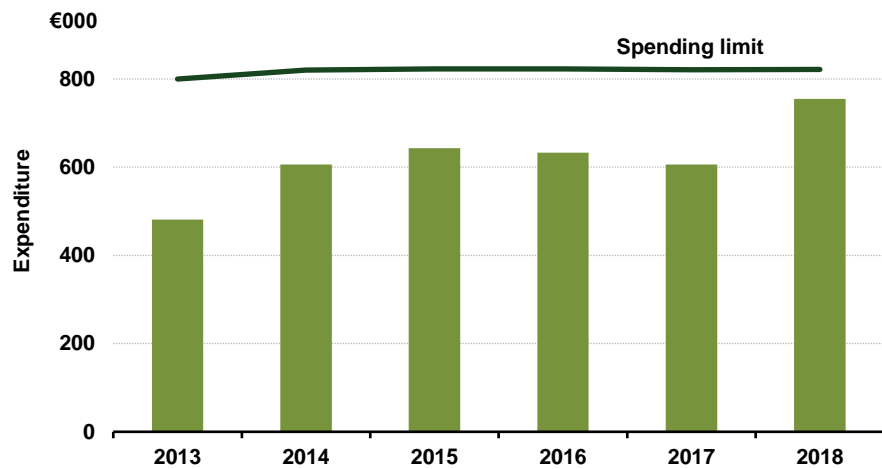
¹ The Council's financial statements have been prepared in accordance with Financial Reporting Standard (FRS)102.

² Paragraph 9 of the schedule to the Act provides for the funding source and sets the baseline level of spending for the Council on commencement (31 December 2012) at €800,000.

³ The Department of Finance applied the Central Statistics Office Harmonised Index of Consumer Prices when determining the ceiling for any year.

Funding

- 21.10** The Council is funded from the Central Fund of the Exchequer, subject to an inflation-indexed annual 'ceiling' amount.² The funding ceiling for 2018 was €822,500 (2017: €820,900).³
- 21.11** Expenditure of the Council totalled around €755,000 in 2018 (2017: €607,000), of which 53% (2017: 55%) related to salary costs. The largest element of the Council's non-pay administration expenditure related to an administration fee payable to the Economic and Social Research Institute (ESRI) in respect of accommodation costs and support services in 2018 which totalled around €113,000 (2017: €106,000).
- 21.12** A summary of the Council's budget and related expenditure for the period 2013 to end 2018 is shown in Figure 21.2.

Figure 21.2 Financial summary of the Irish Fiscal Advisory Council, 2013 to 2018

Source: The Irish Fiscal Advisory Council's annual financial statements. Analysis by the Office of the Comptroller and Auditor General.

21.13 Fees and expenses incurred in relation to Council members for 2018 totalled just under €87,000 (2017: €85,500). Fees in respect of three members were paid to their (public sector or international) employer organisations, rather than to the individuals concerned.¹ Expenses paid to (or in respect of) Council members mainly reflect travel and subsistence costs incurred by international and non-Dublin based members attending Council meetings (which are held in Dublin) and events abroad.

21.14 Retirement benefit costs of just over €77,000 were recognised by the Council in 2018. The Council operates two superannuation schemes for its staff.

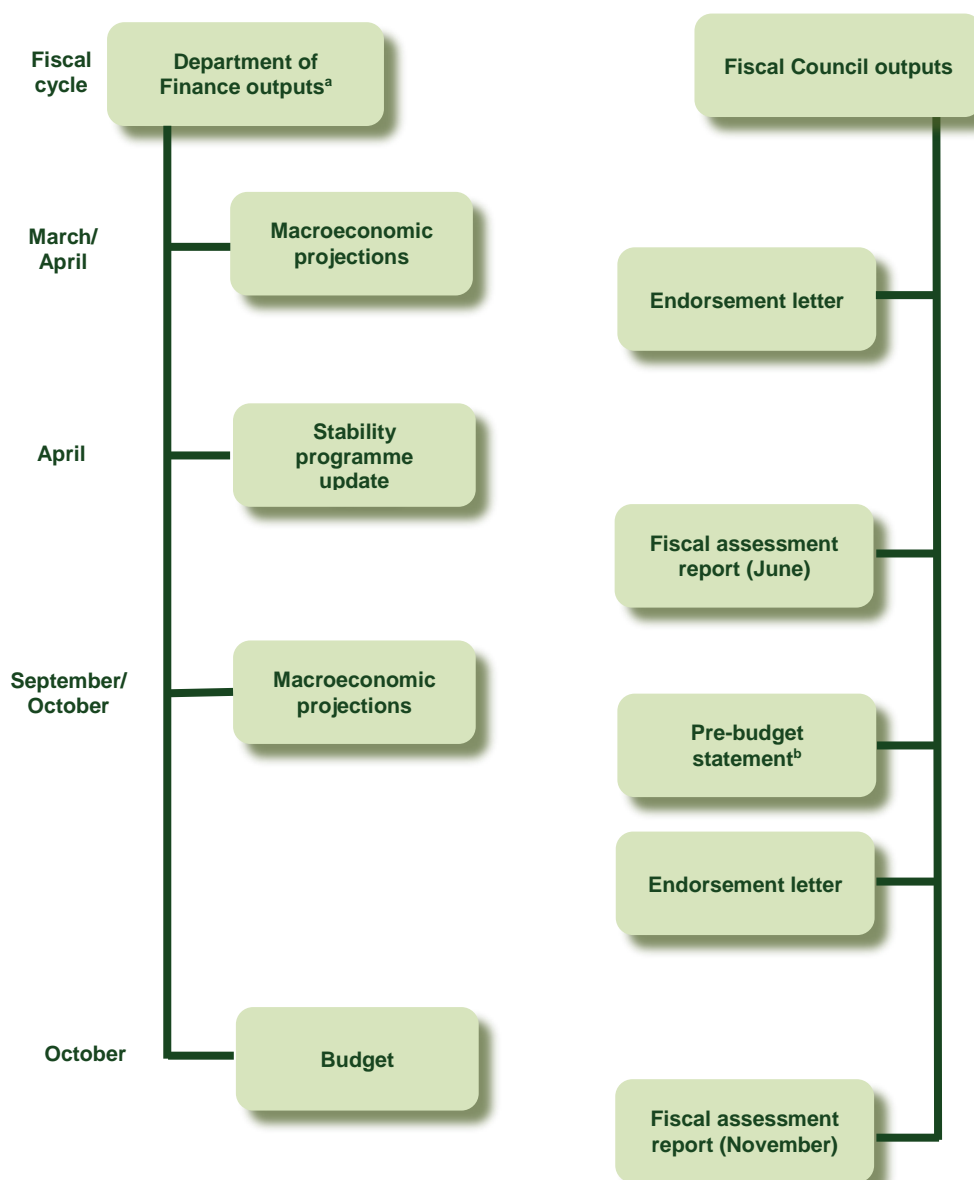
- The Single Public Service Pension Scheme (the Single Scheme) is the defined benefit scheme for pensionable public servants appointed on or after 1 January 2013. Six staff are eligible for retirement benefits under the Single Scheme.
- The Council has received sanction from the Department of Public Expenditure and Reform to operate a 'model' pension scheme on an administrative basis for the purpose of providing superannuation benefits for staff recruited to the public service prior to the introduction of the Single Scheme. One staff member is participating in the model scheme.

¹ Under the one-person-one salary principle, Council members who are employees of other public bodies do not receive fees in respect of their service on the Council.

Activity of the Council

- 21.15** The Council produces a number of annual outputs in response to outputs from the Department. Figure 21.3 outlines these outputs. In addition, the Council has produced a number of non-statutory reports and papers (see Annex 21A).
- 21.16** Under paragraph 11 of the schedule to the Act, the Chairperson of the Council may be called before a Committee of either House of the Oireachtas to account for the performance of the Council's functions. The Council appeared before the Committee on Budgetary Oversight on three occasions during 2018.

Figure 21.3 Irish Fiscal Advisory Council outputs



Source: Office of the Comptroller and Auditor General

Notes: a The Department also publishes a summer economic statement around June/July. This statement was introduced as part of the budgetary reform process.

b This statement is published annually in September and takes into account, inter alia, the summer economic statement.

Annex 21A Irish Fiscal Advisory Council's non-statutory reports

Figure 21A.1 Irish Fiscal Advisory Council's non-statutory reports, 2016 to July 2019

2016 Analytical notes

Public Capital: Investments, Stocks and Depreciation

Challenges Forecasting Irish Corporation Tax

2017 Working papers

Producing Short-Term Forecasts of the Irish Economy

2018 Working papers

Estimating Ireland's Output Gap

Designing a Rainy Day Fund to work within the Fiscal Rules

Nowcasting to Predict Data Revisions

Analytical notes

A 'Heat Map' for Monitoring Imbalances in the Irish Economy

Other reports

Stand-Still Scenario for Government Spending in the Medium Term 2019 – 2023

2019^a Working papers

Ireland's Spending Multipliers

The Current Account: a Real-Time Signal of Economic Imbalances or 20/20 Hindsight?

Estimating Ireland's Tax Elasticities: A Policy-Adjusted Approach

Analytical notes

Estimating Ireland's Budgetary Semi-Elasticities

Other reports

Stand-Still Scenario for Government Spending 2020 – 2023

Source: Irish Fiscal Advisory Council

Note: a to July 2019.

