

# **Lessons from the Irish Fiscal Advisory Council**

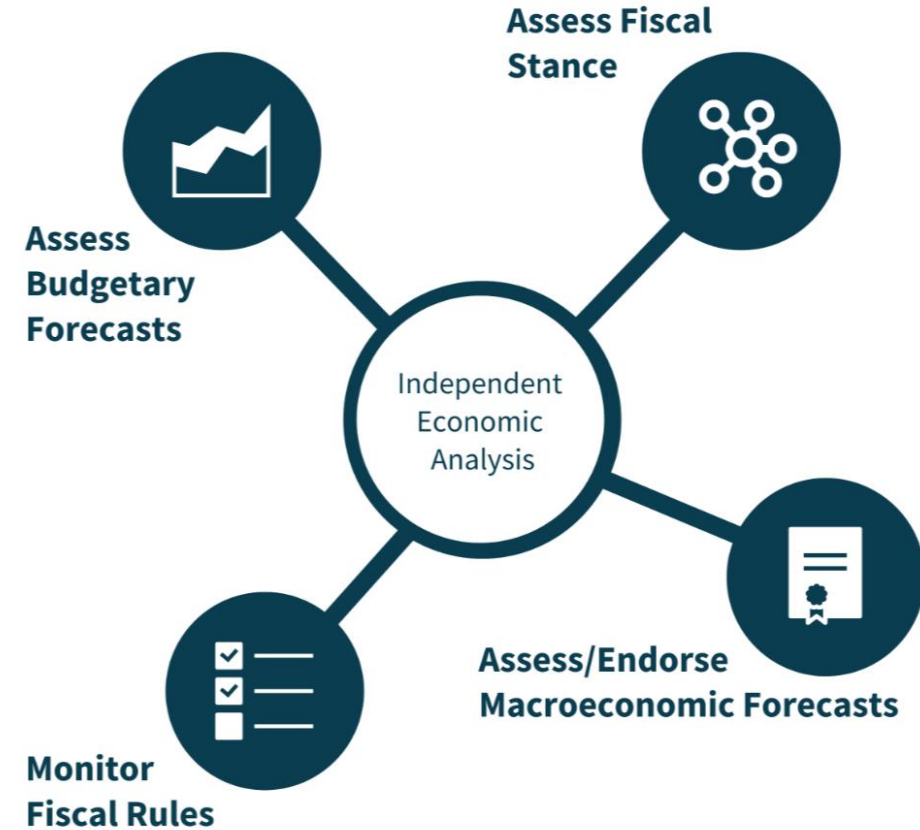
**December 2023**

# Background

The Irish Fiscal Advisory Council is an official independent body with a mandate to assess the public finances

Our outputs:

- Fiscal Assessment Report (2 p.a.)
- Long-term Sustainability (1 so far)
- Pre-Budget Statements (1 p.a.)
- Official Economic forecast Endorsement (2 p.a.)
- Flash Release on Budget Day (1 p.a.)
- Analytical Notes (numerous)
- Discussion papers (numerous)
- Annual Conference (1 p.a.)



# Summary

## 1. Practical set up problems

- Mandate
- Independence
- Budgeting
- Information

## 2. Practical Challenges in Maintaining Fiscal Councils

- Work quality
- Relationship management
- Talent Pool

Key message: Credibility is central!

# Set Up Problems (1): Mandate

*(4) The Fiscal Council shall—*

*(a) provide an assessment of the official forecasts, and*

*(b) in relation to each Budget and stability programme, provide an assessment of whether the fiscal stance for the year or years concerned is, in the opinion of the Fiscal Council, conducive to prudent economic and budgetary management, including by reference to the provisions of the Stability and Growth Pact.*

*(7) The Fiscal Council has all such powers as are necessary for, or incidental to, the performance of its functions.*

1. Should feel it has the freedom to consider more than just “tick-the-box exercises” such as monitoring EU fiscal rules.
2. Our stance mandate allows us to interpret our mandate to include:
  1. “Principles-Based approach” to monitoring the fiscal rules
  2. LTSR

# Set Up Problems (2): Independence

1. Need a clear, distinct identity or brand
2. Outside of big bodies such as auditors
  - traditionally quite conservative in their communications

# Set Up Problems (3): Budgeting

1. Ensure it is ringfenced
2. Ensure it is sufficient
3. Build in a review mechanism
  - Prevent it getting bogged down with the Fiscal Council having its own cap in hand in discussions about a more appropriate budget
  - Independent process that doesn't risk making the Council look bad is better

# Set Up Problems (4): Information Access

OBR model:

## 9 Right to information

- (1) The Office has a right of access (at any reasonable time) to all Government information which it may reasonably require for the purpose of the performance of its duty under section 4.
- (2) The Office is entitled to require from any person holding or accountable for any Government information any assistance or explanation which the Office reasonably thinks necessary for that purpose.
- (3) "Government information" means information held by any Minister of the Crown or Government department.
- (4) This section is subject to any enactment or rule of law which operates to prohibit or restrict the disclosure of information or the giving of any assistance or explanation.

# Practical Challenges in Maintaining Fiscal Councils

1. Work needs to be consistently good to build credibility and be heeded
  1. Are the results easily dismissed (assumptions!)?
  2. Does it inevitably become a Cassandra-like exercise?
2. Communication and influence with media and stakeholders
  1. Necessary precondition to influence policymakers
  2. Preventing messages becoming stale — depth and nuance, versus bitesize headline...  
we look like Cassandras!
3. Talent pool problem: The work is demanding and there is a limited pool of experts to draw on. Many will do one term and not come back.



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