

Appendix F: Ex-Post Assessment for 2017

This appendix provides a review of the Council's May 2018 *Ex-post compliance with the Domestic Budgetary Rule for 2017* (IFAC, 2018a). Figures relating to the structural balance presented in *Budget 2019* reflect new estimates of the CAM-based output gap as compared to *SPU 2018*.¹ In particular, the output gap has been revised down from 0.3 per cent of GDP in *SPU 2018* to -1.0 per cent of GDP in *Budget 2019* (Figure 4.3). This revision resulted in an improvement of the estimated structural balance for 2017 — however, the legal assessment of adherence to the rule is frozen for 2017 and based on the European Commission's *Spring 2018* (European Commission, 2018b) estimates.²

F.1 MTO and Structural Balance Adjustment Requirements

The European Commission set the minimum MTO for Ireland as a structural balance of -0.5 per cent of GDP for the period 2017-2019. Using the Department's latest CAM output gap estimates to assess the structural balance shows that the MTO was achieved in 2017 with a structural balance of 0.4 per cent of GDP (Table 4.1). As the MTO was achieved in 2017, the adjustment requirement no longer applies.

F.2 Expenditure Benchmark

The Expenditure Benchmark acts as a guide for EU Member States to ensure that Member States remain at their MTO or on an appropriate path towards their MTO. As the MTO was achieved in 2017, the Expenditure Benchmark no longer applies.

¹ The European Commission deemed that an adjustment to estimates of potential output for 2017 would be appropriate in response to higher-than-expected growth outturns in 2017. However, the exact implementation differed from what the Department had anticipated. Consequently, the changes in estimates of the output gap between *SPU 2018* and *Budget 2019* are partially as a result of the Department subsequently adopting the European Commission's approach.

² See Box I of the November 2017 FAR (IFAC, 2017e) for a description of technical aspects of the Council's assessment of compliance with the fiscal rules.