



07 April 2014

Dear Secretary General Moran,

The Ministers and Secretaries (Amendment) Act 2013 amended the Fiscal Responsibility Act 2012 to include a macroeconomic forecast endorsement function for the Irish Fiscal Advisory Council as follows:

“(4) The Fiscal Council shall— (a) endorse, as it considers appropriate, the macroeconomic forecasts prepared by the Department of Finance on which the Budget and stability programme will be based, . . .” [Ministers and Secretaries (Amendment) Act 2013, p. 5.]

The [Memorandum of Understanding](#) (MOU) between the Department of Finance and the Council as amended in 2014 sets out the agreed modalities of the endorsement function in relation to the Budget and the Stability Programme Update (SPU):

“An endorsement would be provided via a formal letter from the Chair of the Council to the Secretary General of the Department of Finance. . . This letter would be made public.”

The key set of variables taken into account in the endorsement are those listed in Section 2 of the MOU. Medium-term forecasts are subject to a greater degree of uncertainty than forecasts for the current and following year. The medium-term forecasts are informed by a set of supply-side estimates in the SPU based on the methodology commonly agreed between EU member states and the European Commission.

The Irish Fiscal Advisory Council endorses as within the range of appropriate projections the set of macroeconomic forecasts prepared by the Department of Finance for SPU 2014 for the years 2014 to 2018. These forecasts were provided to the Council on 4 April 2014.

A detailed discussion of the endorsement process and an assessment of the macroeconomic forecasts will be provided in the Council's forthcoming *Fiscal Assessment Report*, which is scheduled for publication in June.

Yours Sincerely

John McHale
Chair, Irish Fiscal Advisory Council