

Press Release:

OECD report: Fiscal Council has strengthened awareness of budgetary issues in Ireland

The OECD has completed a comprehensive review of the Irish Fiscal Advisory Council drawing on international and local experts, including peers from Denmark and Sweden. The review team held a series of virtual interviews with stakeholders over the summer of 2020.

The OECD team finds that the Council performs well relative to international standards, meeting or exceeding the principles and standards it sets for fiscal councils in most all areas.

The OECD assesses that the Council has strengthened fiscal management in Ireland by developing new tools for assessing the budgetary position and measuring the economic cycle — tools adopted by other key stakeholders. It also commends the Council’s reports and activities, which it says have improved the awareness of fiscal issues among the wider public. It finds that the Council demonstrates high levels of transparency and is perceived as independent and non-partisan.

The OECD recommends that the Council’s budget be safeguarded in real terms, which may require legislative changes. Currently, the budget is linked to general price changes in the economy, but wages and other costs have typically risen faster. The report also recommends leadership arrangements be strengthened. The OECD recommends the Government give the Council legal rights to access information on budgetary matters, bringing it in line with international best practice.

The OECD recommends the Council further develop work highlighting medium- to longer-term fiscal issues as in its *2020 Long-Term Sustainability Report*.

Welcoming the Review, the Council’s Chairperson, Sebastian Barnes, noted that: “This Review comes at a key time for the Council, ten years after it was first established. With many challenges facing the Irish economy and a need for continued clear and independent analysis of the public finances, the Council welcomes the Review’s findings and looks forward to working to implement its recommendations”.

Notes

1. The Irish Fiscal Advisory Council is an independent statutory body. Its purpose is to provide an independent assessment of official budgetary forecasts and proposed fiscal policy. More information about the Council can be found at:
<https://www.fiscalcouncil.ie/about-the-council/>
2. Mr Sebastian Barnes (OECD) is the Chairperson of the Fiscal Council. The other Council members are Prof Michael McMahon (University of Oxford and St Hugh's College), Ms Dawn Holland (NIESR), Mr Alessandro Giustiniani, and Dr Adele Bergin (ESRI).
3. The OECD review was led by Scherie Nicol of the OECD, together with Scott Cameron. The experts were Christina Håkanson, a Senior Economist at the Swedish Fiscal Policy Council; Stephen Kinsella, Associate Professor of Economics at the University of Limerick; and John Smidt, Director at the secretariat of the Danish Economic Council.
4. The review was funded by the European Commission under its Structural Reform Support Programme.