



**Irish Fiscal
Advisory Council**

Fiscal Council Engagement with the Committee for Finance, Northern Ireland Assembly

19 May 2021



The Irish Fiscal Advisory Council was invited to give its views at a meeting of the Committee for Finance in the Northern Ireland Assembly in relation to options in establishing a Fiscal Council in Northern Ireland including its role and remit.

This Opening Statement was provided to the Committee together with a short background note on the functioning of the Council.

Opening Statement

Sebastian Barnes (Chairperson)

Thank you for the opportunity to share with you the experience of the Irish Fiscal Advisory Council. I am the Chairperson of the Council and I am joined this afternoon by Dr Eddie Casey, the Council's Chief Economist.

The Council was set up almost exactly 10 years ago. Our mandate has 4 parts: to assess and endorse the government's macroeconomic forecasts; to assess the budgetary projections; to assess compliance with the fiscal rules and to assess the overall fiscal stance.

We publish two main reports covering these issues each year, together with a range of other contributions to the public debate and a report on long-term sustainability.

The fiscal policy landscape we face is very different from that of the powers devolved to the Assembly and Executive Committee. Nevertheless, some of the experience is relevant.

A recent in-depth review of the Council by the OECD found that "the Council has helped strengthen fiscal management in Ireland". They focused on two main achievements.

First, the Council has helped to push the frontier of fiscal analysis, developing new analysis, methods and models that help to provide better information to make decisions.

Second, the Council's reports and outreach activities have improved the awareness of fiscal issues among the wider public.

These achievements rest on a clear mandate, the availability of adequate resources and staff, and the independence of the Council.

The OECD Principles here provide useful guidance and it is encouraging that these are contributing to your thinking.

Let me finish my opening statement by sharing two lessons I would draw from our experience.

First, it is important to have a clear sense of what problems a Council is meant to help resolve.

In our case, the risk of accentuating a boom-bust and volatile economy means that improving macroeconomic analysis is a key task. At the same time, improving medium-term planning and encouraging more public saving in the good times is a central objective to improve economic management. By providing strong analysis and a voice for these concerns, the Council helps to achieve these goals.

Second, the effectiveness of the Council depends critically on other people. On a day-to-day level, information from the Government is essential to our work.

Ultimately, the Council's advice is only effective if it is listened to. The media and politicians have generally been receptive to the Council's input, but the record on following the Council's advice is mixed.

I hope our experience is helpful to you. We stand ready to answer your questions.