

## THE BUDGET PROCESS

Budget Day announcements are the culmination of a year-long cycle of activity. Commitments in the Programme for Government, framed by OECD recommendations, aim to reform the process; the commitment to gender and equality proof the budget is clearly significant. Key points in the budget cycle are outlined below.

### April: Stability Programme Update (SPU)

- National Update under EU Stability & Growth Pact: sets fiscal rules & budget timetable
- Estimates 'fiscal space' – additional resources available to government – based on cost of maintaining existing measures, economic growth, population change estimates etc.
- Provided to Committee on Budget Oversight for comment

### June: Spring/Summer Economic Statement (SES)

- Updated fiscal space estimate: anticipated gross fiscal space of about €1.7bn in 2017
- However net fiscal space was around €1bn, when the additional costs of existing commitments arising from demographic changes, Landsdowne Road pay increases etc. are taken into account
- This fiscal space will be allocated to new expenditure (two-thirds) and tax cuts (one-third)
- Committee on Budgetary Oversight to review and comment

### June: National Economic Dialogue (NED)

- To facilitate "open and inclusive exchange on competing economic and social priorities"
- Attended by a selection of NGOs & environmental groups, representatives from business, trade unions, academic & research institutes, and the diaspora; Select Committee on Arrangements for Budget Scrutiny also attended this year

### July: Mid Year Expenditure Report (MYER)

- Reports on expenditure trends; sets expenditure ceilings and basis for changes since budget day; updates projected expenditure
- Enables 'no policy change' analysis in Budget and sectoral Committees, which can review priorities and challenges, and make recommendations on expenditure priorities for 2017

### July: Tax Strategy Group Papers (TSG) published

- Includes costed options on (primarily) tax and welfare measures
- Circulated to relevant sectoral Oireachtas Committees

### June-September: Estimates Process

- Bilateral negotiations between Dept. of Public Expenditure & Reform and Departments
- Based on spending limits in MYER, cost of providing existing level of service (ELS), along with any new/additional initiatives

### October: White Paper on Receipts and Expenditure

- Published Friday before the budget

### October: Budget Day

- Continue established practice of incrementally improving Budget Book information, including distributional impact where possible
- Departments of Finance, Social Protection produce distributional analysis using SWITCH - the ESRI's tax-benefit simulation model - possibly before passage of Finance & Social Welfare Bills