

Executive Board Minutes Meeting 05 December 2016

Attendance: Derek Moran (Chair), Ann Nolan, John Hogan, Des Carville, Paul Ryan, Gary Tobin, Niall O’Ceallaigh, Sean Kinsella, Derek Tierney (Secretary).

Apologies: Aidan Carrigan, John McCarthy, Nicholas O’Brien, David Byrne.

1. Statement of Interest

None declared.

2. Communications & Topical Matters Diary, Minutes of Previous Meeting & Matters Arising, Government Memos, Freedom of Information Report & Press Office Report

In addition to the Communications & Topical Issues diary, the following was discussed:

Minister Noonan and officials are travelling to Eurogroup and ECOFIN. The Minister is scheduled to attend at the opening of Ernst & Young’s new office based in Limerick and also at the opening of the European Investment Bank’s (EIB) Dublin based office later in the week.

The Minister of State will attend for the Finance Bill Seanad Committee Stage. The Minister of State will also attend a number of IFS related engagements and will also meet with the Secretary for Commerce & Economic Development of Hong Kong

Members noted that the ESRI will publish research entitled “Ireland’s Economic Outlook: Perspectives and Policy Challenges”. The research uses a new macroeconomic-model, COSMO, developed by the ESRI to determine the potential path of the Irish economy in the medium to long term future. The report presents a baseline projection for the economy, an examination of the potential impact of Brexit and the Common Consolidated Corporate Tax Base (CCCTB) on foreign direct investment in Ireland and an examination of future levels of housing demands and the associated challenges for the banking sector.

Minutes and matters arising of the previous Executive Board 28th November 2016 were approved. Government Memos, Freedom of Information Report and the Press Office Report were discussed.

3.1 Weekly Dashboards

Noted.

3.2 Weekly Schedule (Dáil, Seanad and Committees)

Members discussed the weekly schedule of business for the Oireachtas including Private Members Bills, Oireachtas Committees, Dáil and Seanad.

3.3 Finance Bill Update

Members discussed the Finance Bill that will be taken to Committee Stage in the Seanad this week.

3.4 End November Exchequer Turns

An Exchequer surplus of €1,521 million was recorded at end-November 2016. This compares to a surplus of €343 million in the same period last year. This €1,178 million year-on-year

improvement in the surplus is primarily due to increased tax revenue and reduced non-voted expenditure, albeit partially offset by increased voted expenditure and lower non-tax revenues. A further moderating factor is that one-off banking related receipts in the year-to-date were down €542 million relative to the same period last year.

Tax receipts in November, the single most important month for tax collection, recorded a surplus over profile of €177 million (2.3%). This was primarily due to very strong performances in income and corporation taxes, off-setting significant shortfalls in VAT, excise duties and minor under-performances in some of the capital taxes. It is also worth pointing out that the November tax receipts closed the month €1,061 million or 15.3% higher when compared to the corresponding period last year.

At end-November, cumulative tax receipts of €44,684 million have been collected. This represents an increase of €790 million (1.8%) on profile and €2,712 million (6.5%) in year-on-year terms. Total net voted expenditure to end-November 2016, at €38,735 million, was €789 million or 2.0% below profile, but €1,006 million (2.7%) higher in year-on-year terms.

3.5 NAMA

Members noted the latest public hearings in relation to the C&AG report on NAMA's Sale of Project Eagle. The Department is following up with a response to the Clerk of the Public Accounts Committee (PAC) who recently wrote requesting additional information in relation Committee's review of the oral and written evidence provided in relation the C&AG's Special Report 94 - National Asset Management Agency's Sale of Project Eagle.

3.5 Brexit Update

The Department continues to engage with the relevant Cabinet Committee and cross-Departmental structures in the development of policy responses to Brexit.

3.6 Principals Group Review

Members discussed the review underway of the overall objectives and role of the Principals' Group and proposals for changes to the Group that are being considered to support optimal financial stability arrangements. These considerations are further to the fact that the Irish economy and financial system is now moving from a crisis management and resolution phase into a growth phase and following a number of independent reviews. These are currently being discussed with the members of the Principals Group (from 01st January this will become the "Financial Stability Group) with a view to introducing in early 2017.

4. AOB

Senior Officials provided an update following last week's trip to London to attend an IDA planned event and a meeting with UK Treasury and Bank of England officials. Members noted that the Commissions intent to publish their recent State Aid ruling on Apple.

Members were provided with an update on the progress of the last stage of the Fire & Electrical Upgrade works. The main conference room in South Block was renamed after TK Whitaker who celebrates his 100th birthday this week and the Press Office intends to mark this occasion.

The HR Business Strategy, having being issued to all staff for consultation, will be provided to the Departmental Council for information. Members held a short discussion on staffing issues.

Following publication of the Departments Statement of Strategy 2016-2019, the business planning cycle for 2017 has commenced. Draft Plans will be reviewed in the usual way and these reviews will be scheduled with members in the coming weeks.

Action

- Return draft 2017 Business Plans by year end – All members

5. Corporate

5.1 Economic-Fiscal Publications

Discussion Deferred.

5.2 End of Year Performance Management Review

Members discussed the ePMDS also the SPS Leads Performance end-of-year review cycle, both of which have commenced.

Action

- Encourage all staff to complete ePMDS and SPS LEADS end year reviews– All members



Derek Moran
Secretary General

Executive Board Minutes Meeting 12 December 2016

Attendance: Derek Moran (Chair), Ann Nolan, John Hogan, Aidan Carrigan, John McCarthy, Nicholas O'Brien, Des Carville, Gary Tobin, Niall O'Ceallaigh, Sean Kinsella, David Byrne, Derek Tierney (Secretary).

Apologies: Paul Ryan.

1. Statement of Interest

None declared.

2. Communications & Topical Matters Diary, Minutes of Previous Meeting & Matters Arising, Government Memos, Freedom of Information Report & Press Office Report

In addition to the Communications & Topical Matters diary, the following was discussed:

Minister Noonan will attend a number of Cabinet Subcommittees today. The Minister and officials will meet with the IBRC Special Liquidators and attend an IDA meeting later in the week.

The Minister of State will chair the IFS High Level Implementation Committee (HLIC) meeting today, attend an Enterprise Ireland event on Tuesday and attend for the Finance Bill Seanad Report Stage later in the week.

Members noted that the ESRI will publish their Quarterly Economic Commentary, Winter 2016. The Central Bank also plan to release a number of publications including Residential Mortgage Arrears and Repossessions Statistics and Macro Financial Review II – 2016 Trends in Business Credit and Deposits.

Minutes and matters arising from the previous Executive Board 05th December 2016 were approved. Government Memos, Freedom of Information Report and the Press Office Report were discussed.

3.0 Strategic Matters

3.1 Weekly Dashboards

Noted.

3.2 Weekly Schedule (Dáil, Seanad and Committees)

Members discussed the weekly schedule of business for the Oireachtas including Private Members Bills, Oireachtas Committees, Dáil and Seanad.

3.3 Finance Bill Update

Members discussed the Finance Bill that will be taken to Report Stage in the Seanad this week.

3.4 Eurogroup, ECONFIN & Euro-Area Developments

Members were provided with an update on the December Eurogroup and ECOFIN meetings that took place on Monday 5 and Tuesday 6 December in Brussels. These were the final meetings of the Slovakian Presidency. Eurogroup discussed an assessment of the budgetary situation and prospects for the Euro area as a whole including an assessment of Euro area Member States' draft budget plans. Eurogroup also discussed a progress update on Greece that is undergoing the second review of its third bailout programme. ECOFIN met to discuss a full agenda including The Investment Plan for Europe, Anti-Tax-Avoidance Directive 2, Strengthening of the Banking Union, and the European Semester 2017.

Members noted that Italian Foreign Minister Paolo Gentiloni has been chosen to be the country's next prime minister following the recent referendum. Discussions centering on the Italian banking system noted that Monte dei Paschi had commenced a capital-raising exercise, against the backdrop of these political developments. The bank is seeking to confirm a €1 billion anchor investment from the Qatar Investment Authority. Notwithstanding an agreement on investment for Monte dei Paschi, other developments elsewhere in the Italian banking system were noted. Unicredit is planning to raise c. €13 billion as part of a restructuring plan, according to media reports. As Italy's largest lender, this bank has branches in 16 other countries, including member states. Members also noted media commentary in relation to bail-in and bail-out rules and it was agreed that this unfolding situation will be kept under review.

3.5 Financial Services Committee (FSC) feedback

Members were provided with an update from the recent meeting of the Financial Services Committee (FSC). The meeting included debate on the future challenges facing the European banking sector, based on a presentation from the IMF. The European Commission advised that it has set up an internal Task Force on Financial Technology, expected to produce a Fintech action plan by mid-2017. It also reported there had been no agreement at the November Basel Committee and that differences remained on the proposed output floors. There was also debate on the new banking legislative package with many member states concerned about potential impacts on capital requirements.

3.6 International Tax/State Aid

It is expected that the Final Decision in the Apple State Aid case will be published before Christmas, although the final date is still not confirmed with the Commission.

4. Matters for Decision

As a follow-up to the Executive Boards discussion in September (Meeting 32-16) on strengthening Cyber Security Controls and Protection Measures, Members discussed both a revised and new policy for implementation (A revised ICT Acceptable Usage Policy to replace and revoke Office Notice 01/2006, Information and Communications Technology Usage Policy; and a new Internet Access Content Access Policy). It was agreed to adopt the ICT Acceptable Usage Policy and bring the Internet Access Content Policy back to the next meeting in response to observations made.

Action

- Bring the Internet Access Content Policy back to Executive Board – Mr Tierney

5. Corporate



5.1 Economic-Fiscal Publications

Members discussed a proposed reformatting to the monthly Exchequer Returns publication, from January 2017, to further enhance user friendliness.

6.0 AOB

Members noted the Chairman and CEO are invited to appear before the C&AG report on NAMA's Sale of Project Eagle to discuss a specific issue relating to the contemporaneous notes taken during Board meetings in late 2013 and early 2014.

Members noted that the Departmental Council will meet later in the week.

Derek Moran
Secretary General

Executive Board Minutes Meeting 19 December 2016

Attendance: Derek Moran (Chair), Ann Nolan, Aidan Carrigan, John McCarthy, Nicholas O'Brien, Des Carville, Gary Tobin, Paul Ryan, Niall O'Ceallaigh, Sean Kinsella, David Byrne, Mary Carrick (Secretary).

Apologies: John Hogan, Derek Tierney.

1. Statement of Interest

None declared.

2. Communications & Topical Matters Diary, Minutes of Previous Meeting & Matters Arising, Government Memos, Freedom of Information Report & Press Office Report

In addition to the Communications & Topical Matters diary, the following was discussed:

Minister Noonan is appointing Seamus Coffey as Chair of the Irish Fiscal Advisory Council (IFAC) and Martina Lawless as a member of IFAC.

The Apple appeal papers were published by the Department and the European Commission is holding a press conference at noon Belgian time 19th Dec in conjunction with the publication of the Apple tax ruling.

Members noted that the Seanad will publish a public consultation on the National Anthem.

Minutes and matters arising from the previous Executive Board 12th December 2016 were approved. Government Memos, Freedom of Information Report and the Press Office Report were discussed.

3.0 Strategic Matters

3.1 Weekly Dashboards

Noted.

3.2 Weekly Schedule (Dáil, Seanad and Committees)

Members discussed the weekly schedule of business for the Oireachtas including, Oireachtas Committees, and Seanad.

3.3 European Banking

Members discussed the paper on the Italian Banks which was presented by the Head of SMU. The paper highlighted the sluggish growth in the Italian economy and the levels of non-performing loans (NPLs). Italian banks did not perform well under the 2014 or 2016 ECB/ EBA stress tests and Monte dei Paschi di Siena and Unicredit are seeking to address capital shortfalls. It remains to be seen how BMPS navigates State aid rules and the Bank Recovery and Resolution Directive in terms of bail-in/bail-out. The concern for Ireland is the risk of contagion to Irish banks. It was noted that Ireland has made significant progress reducing its NPL position but that the ratios, in absolute terms, still remain elevated. The EB agreed further work in this area is required to monitor the situation on an ongoing basis.

3.3 Eurogroup, ECONFIN & Euro-Area Developments

Members were provided with an update on the European Council meetings which took place on the 15th Dec in Brussels.

3.5 Property & Construction Subcommittee Q4 Update

Members were provided with an update on the developments in the construction and property sector. House completions to October increased by 17% compared to same period last year. Completions look set to fall short of estimated demand in 2016 with forecasts indicating 14,500 – 15,000 units will be completed. The ESRI is predicting a strong pickup in housing activity over the next number of years and – given that the loan-to-deposit ratio has fallen – has raised the question as to whether adequate funding will be available to achieve this level of activity over the medium term. In terms of its work programme, the Construction Sub-Committee is to examine this issue. Other areas of work for 2017 were also highlighted. It was agreed that the sub-committee will meet quarterly rather than monthly from next year.

Action Points:

- Establish a Financial Stability Working Group to monitor the Euroarea Banking situation chaired by the Second Secretary – Ms Nolan
- Examine, with input from the relevant divisions, the financing of the construction sector over the medium term in light of (i) the decline in the loan-to-deposit ratio and (ii) the need to produce c.30,000 housing units – Mr McCarthy

4. Matters for Decision

4.1 Internet Access Content Policy

Following discussions at the previous Executive Board meeting, the Internet Access Content Policy was presented in response to observations made and subsequently adopted. Members also discussed how best to compile all HR/Operational policies and Office Notices in one central location for ease of access by staff, noting that the Compliance Officer is progressing work in this area. ICT support will also be required.

4.2 Introducing Predictive Index to the Department

The Protocols for Predictive Index (PI) introduction to the Department was agreed by the Executive Board. It will be offered initially to other members of the Senior Management Group (PO'S). PI is referenced in the Department's new Human Resource Business Strategy.

4.3 Resource Review

Members discussed and agreed the initial outcome of a recent resource review. The HR Unit continue to coordinate the process.

Action Points:

- Roll out the Internet Access Policy – Mr O'Ceallaigh/Mr Tierney

- Develop a central location for Department HR/Operational Policies/Office Notices - Mr C O'Neill/Mr Tierney
- HR to coordinate resource review- Mr O'Ceallaigh

5. Corporate

5.1 Freedom of Information

A discussion on FoI took place and members noted the benefit of the training course which commenced the previous week. It was noted that the SMU is examining the merits, in conjunction with Corporate Affairs and the Press Office, of publishing FoI requests and associated records.

6.0 AOB

Members noted an impending staff change in SMU.



Derek Moran
Secretary General