

**MAC Minutes Meeting 05<sup>th</sup> January 2015**

**Attendance:** Derek Moran (Chair), Ann Nolan, John Hogan, John McCarthy, Gary Tobin, Paul Ryan, Neil Ryan, Aidan Carrigan, Des Carville, Greg Dempsey, Niall O’Ceallaigh, Brendan Loughnane, Derek Tierney (Secretary).

**Apologies:** Nicholas O’Brien, Paul Bolger.

**1. Minutes of previous meeting and matters arising**

The Cabinet will resume this Thursday with Secretary General debriefing on Friday.

The December Exchequer Returns will be published later in the day. A press briefing will be arranged in the usual manner.

The minutes of the previous MAC, 15<sup>th</sup> December, were agreed.

**2. Dashboard Summary including discussion on:**

**1. Research Partnership with ESRI**

It was noted that the Department is collaborating with the ESRI on a new two-year joint research programme covering taxation and the macro-economy. Work is underway to finalise the work programme, identify Steering Committee Chairs and sign a memorandum of understanding in the coming weeks. Consideration will be given as to whether a formal launch should take place.

**2. Euro Area Developments**

MAC noted and discussed the political situation in Greece. The situation will be monitored closely.

**3. Macro-Prudential Review**

The Secretary General noted that at the next Commission meeting of the Central Bank will discuss the responses received in response to the consultation paper published on proposed macro prudential measures for residential mortgage lending.

**4. Low Pay Commission**

MAC noted that the Departments of Jobs, Enterprise and Innovation (D/JEI) previously submitted a Government memorandum to establish a Low Pay Commission. Mr McCarthy will update MAC on the timeline.

## 5. FDI Issues.

MAC briefly discussed the potential impact on FDI of changes to tax structures introduced in Budget 2014 and taking effect on 1<sup>st</sup> January 2015. The on-shoring of Intellectual property in a BEPS environment will be kept under review.

The Central Bank is currently considering an application for authorisation from a branch of a credit institution located outside the EU. The Central Bank has highlighted a concern it has that legislative change would be required in order to approve the application before it, to ensure that certain provisions of the MiFiD apply to this third country branch on an equivalent basis to branches operating from within the EU. This matter will be discussed at the next Principals Group meeting.

## 6. Budget Outturn 2014

The December Exchequer Returns will be published later in the day with the press briefed in the usual manner. The Exchequer deficit is €1,407 million better than expected at Budget 2014 time. However, the Exchequer deficit is €253 million higher than projected in Budget 2015. This is a combination of increased voted expenditure and increased capital contributions to Irish Water which are partially offset by better than expected tax revenue receipts.

## 7. Budget 2015

It was agreed that the Department would discuss the need for continued fiscal discipline in 2015 and approaches to Budget 2016 with the Minister at an early date.

## 8. Fiscal Rules

The economic division will prepare a technical paper for the German Finance Ministry, which Mr McCarthy will discuss bilaterally with the German EFC alternate member.

## 9. Financial Service Strategy

MAC was briefed on the ongoing work, in conjunction with D/Taoiseach, CBI and the Clearing House Group, relating to the development of an IFS strategy. A conference will be hosted by D/Taois in January. It is expected that the strategy will be launched sometime around Mid-March.

## 10. State Shareholding - Appointment of Financial Advisors

Following on from EMC approval in November the Department of Finance has completed a mini-competition to appoint financial advisors to assist in further exploring the mechanics behind the potential return of capital from AIB to the State in 2015 subject to relevant approvals. The appointment will be for an initial period of circa 6 months to assist the State in relation to key decisions surrounding its AIB investments. The tender process has now been completed and the evaluation panel has recommended an advisor. The legal unit within SMU is in the process of finalising the engagement letter and it is hoped to have this signed later this week. Unsuccessful parties and AIB will be informed once that process is completed. It is envisaged that a press statement from the Minister will then be released.

#### 11. Pensions

The Tánaiste and Minister for Social Protection has circulated a draft Memorandum to proceed with a roadmap and timeline for the introduction of a new universal, supplementary, workplace retirement savings scheme (USRG). A high level interdepartmental "universal retirement savings group" chaired by the Department of Social Protection, will be established to prepare this roadmap for consideration by the Government. It was agreed that a member of the Economics' Division will represent the Department on the Inter-Departmental Working group with support from the Tax Division.

#### 12. Oireachtas Banking Inquiry

Correspondence was received from the Chair of the Joint Committee of Inquiry on the 18th December requesting categories of documents to be provided further to the Joint Committee of Inquiry into the Banking Crisis. In addition to previous clarifications sought the Department will revert within the deadlines of 8th January and 28th January as requested.

##### Action Point

- Present Research programme to next Policy Committee – Mr McCarthy.
- Present on Department position and approach in interacting with Low Pay Commission – Mr McCarthy.
- Circulate draft IFS Strategy to MAC – Mr N Ryan.

#### 3. AOB

Work is underway to finalise the draft Statement of Strategy for submission to Government by the end of January and finalisation of draft Business plans for 2015, following review in mid-December.



Derek Moran  
Secretary General