

Minutes of the IFS2020 Joint Committee Meeting

09.00am, 12 December 2016

Room 308, Government Buildings, Department of the Taoiseach

Attendance

Public Sector High Level Implementation Committee (HLIC): Minister of State Eoghan Murphy (Chair); Ann Nolan (D/Fin); Dr Orlaigh Quinn (D/JEI); Seán O’Foghlú (D/ES); Eamonn McKee (D/FAT, for Niall Burgess); Eamonn Molloy (D/Taoiseach, for Martin Fraser); Judith Brady (D/PER, for Robert Watt); Martin Shanahan (IDA); Leo McAdams (Enterprise Ireland for Julie Sinnamon).

IFS Industry Advisory Committee (IAC): Carin Bryans (J.P. Morgan); Brian Daly (KPMG); Susan Dargan (State Street); John Higgins (Avolon); Peter Keegan (BAML); Barry O’Dwyer (Blackrock); Ruth McCarthy (Fexco); Michael Mainelli (International Member).

HLIC Secretariat: Karen Cullen (D/FIN). **IAC Secretariat:** Pat Lardner (Irish Funds).

In attendance: Gerry Cross, Daniel Lawlor (Central Bank); Susan O’Reilly, John Golden, Patrick Rooney (D/Finance); Mary Clare O’Sullivan, Andrea Pappin (D/Taoiseach); Maria Ginnity, Críona Brassill (D/JEI); John McCullagh (D/FAT); Kathleen Gavin, Joanne Tobin (D/ES); Giles O’Neill, Brendan McCormack (Enterprise Ireland); Kieran Donoghue, Denis Curran, Justin Sullivan (IDA); Richard Troy (D/PER).

Apologies: Martin Fraser (D/Taoiseach); Robert Watt (D/PER); Niall Burgess (D/FAT); Julie Sinnamon (Enterprise Ireland); Geraldine Gibson (AQ Metrics); David Dalton (Deloitte); Patrick Manley (Zurich); Paul Kerley (Fenergo).

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Opening Remarks

Minister Murphy opened the meeting by thanking everyone and welcoming those attending for the first time, including Dr Orlaigh Quinn (new Secretary General, D/JEI), Seán O’Foghlú (Secretary General, D/ES), Gerry Cross (Central Bank) and Ruth McCarthy (Fexco). The Minister also noted that new member Paul Kerley (Fenergo) was unable to attend and sent his apologies.

Item 1: Update on employment outlook, incl. provisional 2016 figures

Minister Murphy invited the enterprise agencies to update the Committee on job creation during 2016. Provisional figures from both enterprise agencies indicate that the job target remains firmly on track. Employment figures are calculated on the basis of the Annual Employment Survey. Final figures will be available for publication in Q1 2017 following the completion of the data verification process.

Enterprise Ireland noted that the provisional figures indicate a steady increase across all regions and all sectors, in particular in sub-sectors such as FinTech, regulation and compliance, with a strong pipeline for continued growth in 2017.

Item 2: FinTech and Payments Strategy Papers

Minister Murphy thanked all stakeholders, public sector and industry, for their input and commitment to the development of both the FinTech and Payments strategy papers. The strategies are an excellent

example of public and private sector working together to achieve a common goal. Given the competitive nature of the FinTech and Payments sector, stakeholders have agreed to publish an executive summary only. Enterprise Ireland will continue to engage with stakeholders to ensure that all relevant recommendations and actions from both strategies will be incorporated into the IFS2020 Action Plan 2017, as appropriate.

Item 3: Consideration of draft Q4 2016 Progress Report and issues arising, including:

The draft Q4 / end of year Progress Report was circulated in advance of the meeting. Minister Murphy requested any feedback to be provided to the IFS2020 Secretariat by Monday 19 December, in advance of bringing to Government and subsequent publication.

Ann Nolan updated the Committee on a number of D/FIN-related Q4 measures as follows:

Double Taxation Agreements

Ireland continues to expand its tax treaty network, including the conclusion of negotiations with a number of countries in 2016. Negotiations are ongoing with additional countries, but as always progress is contingent on reciprocal interest. The multilateral instrument (an OECD project to update all existing tax treaties for OECD BEPS recommendations) was agreed in 2016. It is anticipated that Ireland will have concluded the process of choosing its options by end-Q2 2017. In relation to the re-negotiation of the US double taxation agreement, A Nolan thanked all stakeholders for their feedback to the public consultation. While it will be a challenging negotiation, D/FIN will continue to engage with all stakeholders.

Investment Limited Partnership Bill

A Nolan noted that the Investment Limited Partnership Bill is at an advanced stage following consultation with a number of public and private stakeholders. Draft legislation will be published shortly, at which time D/FIN welcomes further stakeholder feedback.

Capital Markets Union (CMU)

In relation to CMU, A Nolan noted that Ireland is an enthusiastic supporter of the CMU initiative and continues to advocate for progress at EU level.

FinTech

L. McAdams (EI) updated the Committee on the Tech/Life Ireland website – a Government initiative launched during 2016 to attract skilled technology workers to Ireland. EI is now working towards increasing the focus of FinTech and financial services companies on the website, a measure welcomed by industry members so as to ensure a forum highlighting opportunities in financial services and attracting skilled financial services talent from overseas.

Additional updates

Written updates on a number of additional Q4 2016 measures were circulated in advance to Committee members.

Item 4: Draft Action Plan 2017

Minister Murphy thanked all those who contributed or submitted proposals to the 2017 Action Plan. The Action Plan is designed to be flexible, adaptable and to “Brexit-proof” the IFS2020 Strategy. It contains a number of Brexit-specific measures as well as Brexit being a running theme throughout the Action Plan. Minister Murphy requested any feedback to be provided to the IFS2020 Secretariat by Monday 19 December, in advance of bringing to Government and subsequent publication.

Item 5: Communications, Promotion and Marketing

Minister Murphy acknowledged the significant help he has received to date from Enterprise Ireland, IDA, the embassy and consulate network, industry stakeholders, and others, in relation to his successful overseas engagements.

Eamonn McKee (D/FAT) noted the importance of the ministerial platform to promote Ireland overseas, including during Minister Murphy’s forthcoming IFS engagements in Hong Kong and Beijing, and the St. Patrick’s Day ministerial travel programme where IFS will feature. Mr McKee also noted that IFS will be integrated into the three trade-related strategies currently being developed by the Department of Foreign Affairs and Trade, namely the Trade, Tourism & Investment Strategy, the Asia-Pacific Strategy and the Americas Strategy.

In addition to the Ministerial engagements, IDA noted that there has been over 30 additional overseas IFS-related marketing events and 50 pro-active media engagements in the last three months. IDA has also launched its new marketing campaign under the theme of “Right Place Right Time”. The campaign will run on a number of platforms and focuses on broad issues such as Ireland’s commitment to the EU, access to EU markets, and the availability of a highly educated and skilled workforce, as well as dispelling some misconceptions of Ireland as an ideal location for foreign direct investment. The IDA will continue its overseas IFS engagements, including running another IFS event in London in March 2017. All Joint Committee members supported a joined up public sector / industry approach to IFS promotional engagements. In that regard, the IDA will share promotional briefing with industry. It was agreed to follow up further at the next Joint Committee meeting in Q1 2017.

Item 6: European Financial Forum (EFF) 2017 Planning

Martin Shanahan (IDA) updated the Committee on EFF2017 planning progress. Preparation has gone very well to date, with a focus now on marketing the event. Mr Shanahan noted in particular the assistance from all stakeholders in helping to secure high calibre speakers and delegates. Using the EFF as a platform to promote Ireland as an IFS location to senior executives and to maximise opportunities, additional public sector and industry events will take place around the EFF.

Item 7: UK referendum on EU membership

Minister Murphy updated the Joint Committee on his presentation to the Cabinet Committee on Brexit in November on the risks and opportunities from a financial services perspective. Minister for Finance, Michael Noonan TD, is also a member of this Cabinet Committee.

The Department of the Taoiseach is the lead Department across Government for Brexit. In that regard, Eamonn Molloy updated the Joint Committee on latest developments including priority areas, risks and opportunities, and upcoming domestic and international meetings. A significant amount of sectoral research has been undertaken to date. In terms of the IFS sector, Minister Murphy noted his intention to continue to engage closely with industry to ensure a co-ordinated, unified and joined-up approach.

Gerry Cross (CBI) updated the Joint Committee on Central Bank engagement with industry since the UK referendum. Mr Cross noted a material increase in the number of exploratory enquiries in recent months, with some crystallisations to date. The Central Bank's stance is one of open engagement, taking a pragmatic approach to helping firms appropriately. Noting certain misrepresentations by the media of its position, the Central Bank continues to communicate its message publically, in particular recent speeches from senior officials within the Central Bank, and through direct engagement with individual firms. Mr Cross noted the positive feedback from individual firms regarding the Central Bank's reasonable approach.

A number of representatives from industry emphasised the importance of external communications, noting that reports in the Irish media are picked up by senior executives abroad. As the international member of the Joint Committee, Michael Mainelli gave an overseas perspective on Ireland's approach following the UK referendum. Re-iterating earlier comments, he re-enforced the importance of effective communications. Despite some criticism domestically, Ireland's soft, discreet and honest approach to IFS promotion has been well-received internationally.

All Committee members acknowledged the importance of joined-up collaborative IFS communications between Government and industry. This is built into the IFS2020 Action Plan 2017, using existing IFS2020 mechanisms to ensure effective and co-ordinated communications across the sector.

Item 8: AOB

Ann Nolan updated the Joint Committee on opportunities in China, and progress with Brazil on tax-related matters.

Next meeting: The next meeting of the Joint Committee is scheduled for Monday 27 March 2017. Further quarterly meetings are provisionally scheduled for Monday 26 June 2017, Monday 25 September 2017 and Monday 18 December 2017. Officials will engage with the IAC secretariat to finalise dates for 2017 meetings.