



An Roinn Airgeadais
Department of Finance

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Annual Report

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An Roinn Airgeadais
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Executive Summary

The *Public Service Management Act 1997* requires an annual progress report to be presented to the Minister on the implementation of the objectives set out in the Department's Statement of Strategy. This report relates to activity in 2020 whereby the Department's performance is benchmarked against the key outputs and performance indicators set out in its *Statement of Strategy 2017-2020*.

The information in this report pre-dates events that have occurred during 2021, including the publication of a new Statement of Strategy for the period 2021-2023. Having said that, in certain places account is taken of later events. For a more complete and up to date assessment of current events, Departmental publications such as the Stability Programme Update provide a more conjectural assessment.

Our Mission

The mission of the Department of Finance is to lead in the achievement of the Government's economic, fiscal and financial policy goals, having regard to the goals set out in the Programme for Government.

Strategic Goals

In pursuing our mission in 2020, the Department worked toward the achievement of the following Strategic Goals:

- A sustainable macroeconomic environment and sound public finances;
and
- A balanced and equitable economy enabled by a vibrant, secure and well-regulated financial sector.

Following the re-appointment of the Minister for Finance, Paschal Donohoe T.D. in June 2020, a new *Statement of Strategy 2021-2023* for the Department of Finance was prepared and subsequently published in January 2021. Seán Fleming T.D. is the Minister of State with responsibility for Financial Services, Insurance and Credit Unions.

In response to the emergence of Covid-19 in 2020, arrangements for business continuity and flexible working ensured that the Department continued to make progress on achieving its goals, while also ensuring that the general principles of safety, health and welfare were adhered to. By embracing flexibility, adaptability and innovative approaches, the Department has successfully met all of its business needs and the requirements laid down in the Government's Plan for Living with Covid-19.

The Department is managed by the Executive Board and at end 2020 was organised into a number of Divisions and Units as follows:

Derek Moran	Secretary General and Accounting Officer	
Des Carville	Lead Specialist	Shareholding and Financial Advisory Division
Emma Cunningham	Assistant Secretary General	Banking Division
John Hogan	Assistant Secretary General	Tax Division (incl. Accounts Branch)
John McCarthy	Assistant Secretary General	Economic Division
Michael J. McGrath	Assistant Secretary General	Financial Services Division (incl. Legal Unit)
Paul Ryan	Director	International Finance & Climate Division
Gary Tobin	Assistant Secretary General	EU & International Division

Corporate Affairs and Human Resources report directly to the Secretary General and the heads of both units are ex-officio members of the Executive Board:

Niall O'Ceallaigh	Principal Officer	Human Resources
Scline Scott	Principal Officer	Corporate Affairs (incl. Facilities Management Unit)

Human Resources

At end 2020, the Department had a total workforce of 357 staff (348.98 FTE), 304 based in Dublin and 17 in Tullamore. 15 members of staff were on Career Break, while 4 members of staff were seconded to other Government Departments.

A small number of staff members are based externally in a range of EU and International Institutions. In 2020, 5 staff members worked in Ireland's Permanent Representation to the EU in Brussels; 4 staff members worked as Seconded National Experts in the European Commission; 3 staff members worked in the Irish Embassies in Berlin (1) and London (2); 1 worked on secondment to the UK Treasury; 1 worked in the Irish Permanent Representation to the OECD in Paris and 3 worked in the Canada, Ireland and the Caribbean Constituency Offices to the World Bank (1) and IMF (2) in Washington.

The addition of staff in certain bilateral missions gives the Department a presence in the capitals of key economic partners. The Department has a well-developed, long standing staff exchange and dual arrangement with the Department of Foreign Affairs and Trade.

Key Administrative Statistics

In 2020, the Department supported the Minister for Finance in his Oireachtas and Ministerial obligations by processing 2,562 Parliamentary Questions, 6,696 Ministerial Representations and 500 Ministerial submissions. The Department also dealt with 283 Freedom of Information requests, prepared 62 Statutory Instruments and 6 pieces of Primary Legislation (published or enacted).

In fulfilling our mission, the Department carried out a broad range of activities in 2020 as well as participating in a large number of EU and international events both in person and remotely. Senior officials¹ regularly attend a large number of external events spanning a broad range of policy areas, and in 2020 attended approximately 550 such events. While not an exhaustive list, these included EU Committees and Working Parties, Expert & High Level Groups, EU and International Conferences/Seminars, International Board meetings and Bilateral meetings in the areas of financial services and banking (108), economic and taxation policy (29), economic, fiscal and financial strategy development at EU and International level (340) and management of Ireland's relationship with International Financial Institutions and the Department's role in climate action (75).

The majority of meetings at EU and international level attended by the Minister took place in virtual format in 2020. Supported by senior officials, such meetings attended by the Minister were monthly meetings of the EU Economic and Financial Affairs Council (ECOFIN), monthly meetings of the euro area member states' Finance Ministers (Eurogroup) and the annual meetings of the IMF/World Bank. In addition to chairing the monthly meetings of the Eurogroup since his appointment as President in July 2020, the Minister took part in over 100 phone meetings with his European counterparts. The Minister's diary for 2020 also included 63 Cabinet meetings, 249 Oireachtas Business items and 209 external events and meetings (speaking engagements/webinars/interest groups). Since March 2020, most external events and meetings were held virtually.

Since his appointment in July 2020, the Minister of State's diary included over 50 virtual meetings and webinars relating to insurance, credit unions and the Financial Services Sector. He hosted several internal meetings and events each week which included report launches and business breakfasts.

¹ Secretary General, Assistant Secretary, Director and Principal Officer

GOAL 1 | A Sustainable Macroeconomic Environment and Sound Public Finances

In terms of advancing the Department's Strategic Goal No. 1, the Statement of Strategy 2017-2020 set out eight objectives that we seek to make progress on. These objectives are as follows:

Strategic Objective	Key Aim
No. 1	Balanced and sustainable pace of economic growth that contributes to a social economy
No. 2	Sound public finances that comply with the fiscal rules
No. 3	Protecting and advancing Ireland's position in the EU and internationally
No. 4	Reduction in public and private indebtedness
No. 5	Market access on favourable terms
No. 6	Sustainable, growth-friendly, efficient and equitable tax system
No. 7	Enhanced international tax reputation including corporate taxation
No. 8	Increased number of linkages between domestic and foreign-owned sectors

Ireland entered the Covid-19 induced crisis from a position of strength, with robust growth, balanced public finances and a labour market close to full employment. The outbreak of the Covid-19 pandemic however turned the economy on its head in the space of a few weeks. Despite the contraction in activity following the introduction of Covid-19 related restrictions in the spring last year, the strong performance of our export sector in 2020 means that GDP growth of 3.4 per cent was recorded for 2020 as a whole.

GDP figures however mask the severe impact the Covid-19 crisis has had on the domestic economy. Modified domestic demand – a better indicator of domestic economic conditions – contracted by 5.4 per cent in 2020. The economic fallout from the pandemic is most evident in the labour market, with the CSO Covid-adjusted unemployment rate which peaked at over 30 per cent in April, remaining elevated at around 19 per cent in December.

On the external front, notwithstanding the synchronised downturn across all trading partners, exports held-up, growing by 6 per cent last year driven by high-technology, mainly foreign-owned sectors in particular pharmaceutical exports. However, as with the GDP figures, aggregate export figures mask declines in a number of sectors, with tourism and transport recording particularly sharp falls.

The unprecedented speed at which the public health and economic situation evolved in 2020 and the lag at which official data are published meant that policymakers faced important data

gaps. For this reason, the Department compiled, and regularly published, a set of alternative 'ultra-high' frequency indicators for different sectors of the economy to assess domestic economic activity in real-time.

The pandemic has also made the compilation and interpretation of economic statistics challenging. In response to these challenges, the Department published Economic Insights: Economic Statistics during Covid-19, which includes three notes on topical issues that arose during the pandemic. The first considers the record rise in household savings in 2020 and draws on Ireland's experience with Special Savings Incentive Accounts to shed light on how these savings might be used after the pandemic, with the extent of the 'unwind' likely to depend on consumer sentiment, labour market prospects, and the income distribution of savers. Next, the strong performance of Irish pharmaceutical exports in 2020 is explored. Lastly, in light of the uncertainty surrounding the level of unemployment since the outbreak of the pandemic, an alternative measure of the unemployment rate that sits roughly mid-way between those currently published by the CSO is presented.

The Department also published two sets of macro-economic forecasts during the year, to inform Government and relevant stakeholders regarding emerging developments. Both sets of projections were endorsed by the Irish Fiscal Advisory Council in line with legal obligations. The Department's Spring forecast was the first domestic forecast to incorporate the impact of the pandemic, while the Autumn forecast was the first to incorporate the fall-out from a potential no-deal Brexit on top of the pandemic. This 'dual-shock' forecast was underpinned by joint research by the Department and the ESRI on the combined impact of pandemic and a no-deal Brexit at a sectoral level.

More generally, in recent years, the limitations of aggregate economic statistics such as GDP to capture the true living standards of the population have become clear. In recognition of this, the Department of Finance published a paper on Well-being and the Measurement of Broader Living Standards in Ireland with Budget 2021. The paper examines the development of international approaches to well-being and investigates the options for a national well-being measurement in Ireland. The Programme for Government 2020 committed to developing new measures of well-being and the Department of Finance is a member of the working group newly established to develop a national well-being framework.

On the fiscal side, the unprecedented level of income and business supports introduced, as well as the high level of investment in the health service resulted in an estimated general government deficit of nearly 5 ½ per cent of GDP. On the revenue side, taxation receipts held up remarkably well. While taxes on consumption (VAT and Excise) fell by €3.2 billion, or 18 per cent and 9 per cent respectively, income tax and corporation tax performed strongly. Given that income taxes represent around forty per cent of tax revenue, the performance of that tax head prevented a further deterioration in the public finances.

While the public health situation necessitates social and economic restrictions, budgetary policy will remain geared towards continued counter-cyclical support. As restrictions are lifted and

normal economic activity resumes, fiscal support will be unwound in an appropriate and gradual manner.

The downward trajectory in the government debt as a share of national income, evident since 2013, has been halted on foot of the pandemic. Government debt increased to 59.5 per cent of GDP in 2020. This compares with a debt-GDP ratio of 57.4 per cent in 2019. Notwithstanding the rapid increase in public indebtedness, financing conditions remain favourable inter alia due to a supportive monetary policy backdrop in the euro area. While the level of debt has increased, its burden has fallen due to lower interest rates.

A key takeaway from the Department's *Annual Report on Public Debt*, published in January 2021, is that the public finances can absorb the increase in public debt. Low financing costs, relatively limited refinancing needs in the coming years and an elongated maturities structure all support this hypothesis. Ireland's underlying growth potential is also reasonably solid.

Nevertheless, the need to stabilise the debt-income ratio and, ultimately, to reduce it to lower and safer levels must be a key priority over the medium-term, in order to reduce the vulnerability of the economy and public finances.

Covid-19 related support schemes

In response to the unprecedented set of circumstances brought about by the Covid-19 pandemic and the resultant need to introduce restrictions on public health grounds across all sectors of the economy with the exception of those required to provide essential services, a number of schemes were legislated for in 2020 aimed at supporting business viability and at preserving the relationship between the employer and the employee. The Temporary Wage Subsidy Scheme (TWSS) was introduced in the Emergency Measures in the Public Interest (Covid-19) Act 2020 while its successor, the Employment Wage Subsidy Scheme (EWSS), was provided for in the Financial Provisions (Covid-19) (No. 2) Act 2020. Both schemes were economy-wide measures and represented a key part of the Government's response to the Covid-19 crisis. The TWSS operated from mid-March to end-August 2020 and was replaced by the EWSS with effect from 1 September 2020.

As part of the July Stimulus Package introduced by Government in July 2020, a number of other support measures were legislated for in the Financial Provisions (Covid-19) (No. 2) Act 2020. These included the Stay & Spend Tax Credit, a measure to enhance and accelerate income tax relief for trading losses incurred by self-employed persons and an enhancement of the level of financial support available to first-time buyers purchasing newly built homes under the Help-to-Buy Scheme.

The Finance Act 2020 made provision for the Covid Restrictions Support Scheme (CRSS). The CRSS is a targeted support for businesses significantly impacted by restrictions introduced by the Government under public health regulations to combat the effects of the Covid-19 pandemic. The support is available to companies, self-employed individuals and partnerships who carry on a trade or trading activities, the profits from which are chargeable to tax under Case I of Schedule D, from a business premises located in a region subject to restrictions

introduced in line with the Living with Covid-19 Plan. The CRSS is implemented by the Revenue Commissioners and provides qualifying businesses with a cash payment up to a maximum of €5,000 in the form of an advance credit for taxable expenses for each week that their business is affected by the Covid restrictions.

The Financial Provisions (Covid-19) (No. 2) Act 2020 contained a range of measures to support individuals and businesses affected by the Covid-19 pandemic and related public health measures. This included an acceleration of corporation tax loss relief to support business cash-flow.

The excise duty due on the renewal of certain intoxicating liquor licences was waived for the licensing year 2020/2021. This was part of the Government's support package for pubs, bars and nightclubs, having recognised the economic impact of Covid-19 on their business.

The standard rate of VAT was reduced on a temporary basis from 23% to 21% for the period September 2020 to February 2021 in the context of the Stimulus Package announced in July 2020. The measure was aimed at providing a temporary aid to domestic trade, and reduce the amount of tax paid across a broad base of goods and services.

The Debt Warehousing Scheme, which was provided for in the Financial Provisions (Covid-19) (No. 2) Act 2020, allows VAT and PAYE (Employer) debts incurred by businesses during the period of restricted trading caused by Covid-19 to be 'parked' on an interest free basis for 12 months following the resumption of trading. At the end of the 12-month interest free period, the warehoused debt may be paid in full without incurring an interest charge or paid through a phased payment arrangement at a significantly reduced interest rate of 3% per annum. This compares to the standard rate of 10% per annum that would otherwise apply to such debts.

Sustainable Development Goals (SDGs)

Ireland is committed to implementing the SDGs and published its first SDG National Implementation Plan 2018-2020 in July 2018. The Department of Finance has been assigned responsibility for a number of goals and sub-targets, from promoting inclusive economic growth to building partnerships for sustainable development. The Department will continue existing work in these areas, with a view to increasingly mainstreaming the SDGs into relevant policies. In accordance with the National Implementation Plan commitment to provide information on the implementation of relevant SDG targets, a detailed outline of the Departments SDG activities are outlined at <https://www.gov.ie/en/publication/032fa-sustainable-development-goals/>

Climate Action

The Department of Finance is committed to contributing to the Government's Climate agenda and, in 2020, it established a dedicated Climate Unit. The objective of the Unit is to manage the Department's overall engagement on climate at national and international level, including participation in the Senior Officials Group on Climate, the implementation of the 2019 Climate Action Plan and the development of the next iteration of the plan.

During 2020, the Department of Finance progressed a number of actions under the Climate Action Plan 2019, including in the areas of taxation policy and sustainable finance. At international level, the Department continued its engagement with the Coalition of Finance Ministers for Climate Action. The objective of the Coalition is to support the use of fiscal policy, public financial management and mobilisation of investment to promote domestic and global action on climate change by facilitating the exchange of best practice.

Brexit

The Department's focus on preparedness for a UK withdrawal in the latter half of the year was the Brexit Omnibus Legislation, which contained provisions in the areas of taxation, financial settlement, insurance and customs. The legislation put in place the necessary measures to mitigate against some of the worst disruptions that would have arisen in the case of a "no deal" Brexit. Ultimately, the Brexit negotiations culminated in the conclusion of the *Trade and Cooperation Agreement* at the end of 2020 which allowed for an orderly withdrawal of the UK from the EU and created a new framework for the EU-UK relationship into the future. This framework will include a proposed Memorandum of Understanding in the area of Financial Services.

EU

The Department is responsible for the development and implementation of strategies at EU/euro area level and internationally in the areas of economic, fiscal and financial policy formulation. Finance Ministers met in Eurogroup and ECOFIN [Economic and Finance Ministers of the European Union] formations regularly during 2020, predominantly virtually as a result of Covid-19 restrictions.

In December 2020, Minister Donohoe also attended the Euro Summit (a meeting of euro area Heads of State or Government) in his capacity as President of the EuroGroup, presenting key developments and agreements reached at Eurogroup. At this meeting, the Euro Summit also mandated the Eurogroup to continue its work on deepening Economic and Monetary Union and on Banking Union.

The EU Strategy Unit manages the Department's response to issues raised at EU level, particularly in relation to the EU Semester. In 2020, much of the work related to the EU's pandemic crisis response and recovery plan. The Department was centrally involved in negotiations on the temporary Support to mitigate Unemployment Risks in an Emergency (SURE) instrument and the Recovery and Resilience Facility Regulation. On 30th March 2021, Ireland received €2.492 billion in SURE loans to support expenditure on the Temporary Wage Subsidy Scheme. This amount is split between 5 years and 25 year maturities. Negotiations on the Recovery and Resilience Facility continued throughout the second half of 2020, with political agreement reached in December. The Department also contributed to the implementation of this Facility at national level, via the preparation of Ireland's Recovery and Resilience Plan, and this work will continue through H1 2021.

The Department took a leading role in the negotiations on the post-2020 *Multiannual Financial Framework* (MFF) – the seven-year framework from 2021-2027 on the EU Budget. This

culminated in the agreement on a €1.074 trillion MFF and €750 billion Next Generation EU Recovery Instrument aimed at Covid-19 response.

International Outreach

While the outbreak of Covid-19 greatly restricted travel and the traditional means of engagement in 2020, maintaining international outreach, as a key element of the Department's role in representing Ireland's economic and financial interests abroad as well as strengthening Ireland's alliance-building efforts, was to the fore during 2020.

The Department maintained crucial engagement with key international partners on both political and economic levels though implementing a programme of virtual engagements over the course of 2020, including arranging a virtual visit to the US by the Minister. In February 2020, before the pandemic, the Executive Board of the Department also met with counterparts from the UK Treasury for bilateral discussions. The Department continues to work closely with the Department of Foreign Affairs and across the Embassy network to maintain international outreach and channels of communication and information.

The Department's campaign in cooperation with Ireland's Embassies in EU capitals resulted in Minister Donohoe's election to President of the Eurogroup in July 2020. This significant achievement places the Minister for Finance at the heart of the EU's economic recovery as well as giving him a platform for regular bilateral engagement with EU counterparts and with the G7.

Finance Act 2020

The 2020 Finance Act gave legal effect to the taxation measures announced in Budget 2021.

It also put in place a number of legislative changes to the Employment Wage Subsidy Scheme including the broadening out of the scheme so that subsidy payments could be made to employers in respect of proprietary directors and provisions to enable enhanced rates of subsidy to be paid to employers with effect from 20 October 2020 in response to the introduction of Level 5 restrictions. In addition, the Finance Act designated the Pandemic Unemployment Payment as an emolument to which Chapter 4 of Part 42 applies so as to ensure that recipients would have entitlement to the Employee Tax Credit to offset against the payment.

Other

The Act extended the enhanced levels of financial support which were introduced as part of the July Stimulus Package to end December 2021. It also provided that the Home Sharing Host Allowance and the Mobility Allowance paid by or on behalf of the Health Service Executive are exempt from income tax.

The farm consolidation and consanguinity stamp duty reliefs were extended from 31 December 2020 by two and three years respectively, while the residential development (stamp duty) refund scheme was extended by one year to 31 December 2022, as well as being slightly amended.

Business

In terms of business supports, the Act provided for a two-year extension of the Knowledge Development Box relief, and for a one-year extension to the short term regional uplift to the film tax credit.

Anti-avoidance

The Act introduced a number of anti-avoidance measures, including a technical amendment to Section 541 of the Taxes Consolidation Act 1997 to provide that transfers between accounts of the same person in the same foreign currency do not give rise to a gain or a loss where there is no corresponding economic gain or loss.

Ireland's Engagement on EU and International Tax Reform

Following agreement by Finance Ministers at ECOFIN, Finance Act 2020 delivered Ireland's national legislative defensive measures against listed jurisdictions. This legislation ensures that Ireland's CFC (Controlled Foreign Company) rules apply more stringently to companies with subsidiaries operating in jurisdictions that remain on the EU list. This takes effect in respect of accounting periods of CFCs beginning on or after 1 January 2021.

Environment

The Finance Act 2020 included a number of 'green' items in recognition of the increased emphasis on climate initiatives in the Climate Action Plan and the new Programme for Government. The statutory trajectory for increasing the carbon tax to €100 per tonne by 2030 forms a central building block for the State's national decarbonisation strategy.

The Act also delivered significant reform for vehicle taxes. Both Vehicle Registration Tax (VRT) and Motor Tax tables were reformed in light of the new, more realistic, World harmonized Light-duty vehicles Test Procedure (WLTP) emissions test and in line with Government policy to reduce road transport emissions. The environmental rationale for both taxes is strengthened by lowering rates for low emission cars and increasing rates for high emission cars, offering strong incentives for low and zero emission cars. Further recognition of the dangers of other tailpipe emissions to air quality was underpinned by an increase in the VRT NO_x charge for cars registering for the first time in the State from 1 January 2021. Furthermore, the VRT relief for electric vehicles was retained to end 2021, with a car value cap and tapering mechanism such that the relief is no longer available to electric vehicles with an Open Market Selling Price of over €50,000. As the rate of VRT for electric cars was reduced by 7%, this measure was done from a value for money perspective to ensure it remains a targeted tax expenditure.

VAT measures

In recognition of the unprecedented challenges facing the Hospitality and Tourism sector, Finance Act 2020 provided for a reduction of the VAT rate from 13.5% to 9% to the supply of certain goods and services which primarily relate to the hospitality and tourism sector.

The 9% rate of VAT applies from 1 November 2020 to 31 December 2021 to supplies of restaurant and catering services, guest and holiday accommodation, and various entertainment services such as admissions to cinemas, theatres, museums, fairgrounds and amusement

parks. It will also apply to hairdressing services and to certain printed matter such as brochures, maps, and programmes.

Local Property Tax

Following an interdepartmental review of Local Property Tax (LPT), in 2019 the Government decided to defer the valuation date for LPT from 1 November 2019 to 1 November 2020 to allow time for further engagement with the Oireachtas Budgetary Oversight Committee. As a result of the time taken for Government formation following the election in early 2020, the Minister again deferred the valuation date from 1 November 2020 to 1 November 2021, as it was not possible, on a practical level in the time remaining, to deliver revaluation for 2021.

The 2020 Programme for Government 'Our Shared Future' includes a number of commitments in relation to LPT. Options for the implementation of these commitments are being examined with a view to introducing amending legislation before summer 2021.

ATAD Transposition

The EU Anti-Tax Avoidance Directives (ATAD) were agreed to ensure that EU Member States implement certain OECD BEPS rules, designed to counteract cross-border tax evasion, in a coordinated way. Progress on transposition of the Interest Limitation Ratio continued in 2020 with the publication of a Feedback Statement for public consultation in December 2020.

State Aid

On 15 July 2020, the General Court of the European Union (GCEU) issued its judgement which annulled the European Commission's State Aid Decision of August 2016. The Commission appealed this ruling to the Court of Justice of the European Union (CJEU) on 25 September 2020. Ireland lodged its response to the Commission's appeal on 15 December 2020.

2020 Tax Expenditures Report

The sixth annual Report on Tax Expenditures was published in October 2020. The report sets out in tabular form the tax expenditures that have been in effect since the previous such report, and provides some analysis of the data contained in those tables. It also contains 5 reports on tax and tax expenditure related matters completed in the previous twelve months (four by the Department and one by Revenue).

GOAL 2 | A Balanced and Equitable Economy Enabled by a Vibrant, Secure and Well-Regulated Financial Sector

The Statement of Strategy 2017-2020 sets out seven objectives that we seek to make progress on under Goal 2. The seven objectives are:

Strategic Objective	Key Aim
No. 1	A supportive environment for enterprise and employment
No. 2	Conditions to support Housing delivery and growth in Household income and wealth
No. 3	Equitable access to Governmental services that underpin long term sustainable growth
No. 4	A well-regulated, effectively supervised, competitive and more stable Financial Services Sector that protects Consumer interests
No. 5	Continuing development of Ireland as a location of choice for investment for International Foreign Financial Services Firms
No. 6	Ensure the Taxpayers' investment in the Domestic Banks is fully recouped
No. 7	Availability of sustainable Credit Union, Bank & non-Bank funding sources to extend recovery into the domestic economy and to respond to the needs of a changing economy

In terms of advancing Goal 2, it is important to note that a significant volume of the financial services legislative and regulatory framework is developed at an EU level. In order to assist work in this area, two Financial Services Attachés work in the Irish Permanent Representation in Brussels and work closely with colleagues in the Banking and Financial Services Divisions. As in previous years, there was extensive engagement at both Ministerial and at senior official level in a wide range of various Groups and Committees, including the EU Financial Services Committee, as well as at ECOFIN and Eurogroup. As part of the process of agreeing EU policy on relevant files, active engagement with DG FISMA (the EU Commission Directorate General for Financial Stability, Financial Services and Capital Markets Union), the European Supervisory Authorities, as well as with other Member State Finance Ministries and Central Banks/National Regulators took place. The Department also works with the European Parliament, as co-legislator, and in particular with the members of the European Parliament Committee on Economic and Monetary Affairs.

Domestically, officials work with the Central Bank of Ireland, other relevant Government Departments and Agencies as well as relevant stakeholders. The Department worked closely with the Central Bank in liaising with the Banking Payments Federation of Ireland on the introduction and operation of payment breaks for mortgage holders and SMEs and ensuring that borrowers in difficulties continue to benefit from the high levels of consumer protection

required under the Central Bank's relevant codes and regulations.

The Financial Stability Group (FSG), comprising the Department of Finance, the NTMA and the Central Bank, has had regular monthly meetings, exchanges of information and considered relevant analysis on the impact of the pandemic on financial stability issues. Brexit was a standing item on every meeting of the Financial Stability Group (FSG) in 2020. In order to further co-ordination and co-operation on Brexit issues, the FSG established a Brexit Contact Group (BCG), which met regularly in 2020. The BCG consists of officials from relevant areas of the FSG agencies, provides a vital forum for sharing information on Brexit-related financial services issues and for providing the Minister with detailed information on these matters.

EU Banking and Financial Services dossiers

During 2020, a number of policy files were advanced at EU level ranging from the ongoing deepening of the EU's Capital Markets Union, to making progress on specific sectoral banking and financial services files. In addition, further steps were taken on developing the EU's Anti-Money Laundering (AML) framework. While a flavour of some of the key issues that arose and were dealt with by the Department during 2020 are set out below, it must be recalled that in many cases the dossiers are ongoing both at EU and at a domestic level and also need to be considered in the context of the significant work that went on during 2020 in the context of end year Brexit deadline.

Banking Union is a key component of the EU's Economic and Monetary Union. It was created as a response to the 2008 financial crisis and the ensuing sovereign debt in the euro area. The banking union aims to ensure that the banking sector is safe and reliable.

In 2020, work to complete the Banking Union continued with negotiations continuing in a number of different EU fora. This culminated in the Eurogroup agreement in November 2020 on a package of reforms to the European Stability Mechanism (ESM) Treaty, including the introduction of the Common Backstop to the Single Resolution Fund (SRF) from the beginning of 2022, two years ahead of schedule. Following this, in December 2020, the Euro Summit mandated the Eurogroup to "prepare, on a consensual basis, a stepwise and time-bound work plan on all outstanding elements needed to complete the Banking Union".

The **Risk Reduction Measures Package** saw a variety of amendments agreed in 2019 to the Capital Requirements Regulation (CRR), the Capital Requirements Directive (CRDIV), and the Bank Recovery and Resolution Directive (BRRD II). CRDIV sets three prudential pillars to regulate banks and ensure sufficient capital buffers. BRRD II directed new rules for prevention, early intervention, and resolution for entities failing or likely to fail. The Department of Finance ensured Ireland transposed this package into Irish law in December 2020 in advance of the transposition deadline.

The Department was centrally involved in EU negotiations to make targeted amendments to the **Capital Requirements Regulation** in 2020. These amendments aim to mitigate the impact of the Covid-19 pandemic on financial institutions and provides incentives for banks to continue

lending to business and consumers.

Capital Markets Union (CMU) is a flagship project of the EU Commission which aims to create deeper and more integrated capital markets across the EU by reducing market fragmentation, diversifying sources of finance, improving cross border capital flows and facilitating easier access to finance for businesses. The CMU project was brought back to the fore in 2020 with a new Commission Action Plan to support its implementation. This Action Plan, building on the work of the High Level Forum established in 2019, focuses on supporting SMEs, Retail Investors and the Single Market. The Department also worked to shape the European Council Conclusions on CMU, which were issued in December. These Council Conclusions set out a clear mandate for CMU actions that support post-Covid economic recovery as well as those that look at the longer term structural issues, which will lead to deeper and more inter-connected EU capital markets.

Sustainable Finance generally refers to the process of taking due account of environmental, social and governance (“ESG”) considerations when making investment decisions, leading to increased investment in long term and sustainable activities. During 2020, work was undertaken on the EU regulatory package, which forms part of the EU Action Plan on Financing Sustainable Growth and the broader initiative to facilitate investment in sustainable projects and assets across the EU. The Taxonomy Regulation was agreed and entered into force in July 2020. The Sustainable Finance Disclosures Regulation (SFDR) was agreed in December 2019, and applies from March 2021. The Climate Benchmarks Regulation, entered into application on 30 April 2020. At the beginning of 2020, the European Commission announced a renewed sustainable finance strategy, which aims to provide the policy tools to ensure that the financial system genuinely supports the transition of businesses towards sustainability in a context of recovery from the impact of the Covid-19 outbreak. The Department also engaged constructively with the Commission’s consultation on the new strategy, including hosting a webinar in June and making a submission in July.

Solvency II Review – the European Commission continued its Review of the Solvency II Directive, which is the primary legislative framework for insurance regulation in the EU, in 2020. EIOPA delivered its final Opinion on the Review to the Commission in December 2020. The Commission is expected to adopt a legislative proposal in September 2021. It is anticipated that negotiations will commence in the European Council following adoption.

Anti-Money Laundering and Counter Terrorist Financing

The EU 5th Anti-Money Laundering Directive (5AMLD), which sets out a number of additional measures to further strengthen the EU Anti-Money Laundering/Countering the Financing of Terrorism framework and increase the transparency of financial and other transactions, entered into force in July 2018 and EU Member States have a period of time to implement it via their national laws. During 2020, the Department of Finance led on the transposition of Articles 30, 31 and 32(a) and continues to work with the Department of Justice and the Attorney General’s Office in relation to these transpositions. In June 2020, the central register of beneficial ownership for certain financial vehicles was established.

National Risk Assessment

The National Assessment of Ireland's Money Laundering and Terrorist Financing framework was published in 2016. It found three sectors were at high risk of exposure to Money Laundering/Terrorist Financing - Retail Banking, Money Remittance Firms and Bureau de Change. These sectors are under the supervision of the Central Bank of Ireland. Since 2016, the National Risk Assessment has been updated on a sectoral basis, including assessments on the Gambling sector and New Technologies. In 2020, a risk assessment on Legal Persons and Legal Arrangements was completed which considered the overall residual risks of the legal structures, capable of being established in Ireland, being misused for the purposes of money laundering and/or terrorist financing. The risk assessment results in separate ratings for money laundering and terrorist financing, for structures such as companies, funds and Special Purpose Entities (SPEs). Also in 2020, a risk assessment was commenced on trust and company services providers.

Pandemic Stabilisation and Recovery Fund

In response to the Covid-19 pandemic, the Irish Strategic Investment Fund (ISIF) established a €2 billion Pandemic Stabilisation and Recovery Fund (PSRF) to invest in impacted Irish businesses. The PSRF has invested in excess of €400 million nationwide across 20 investments spanning multiple sectors since inception.

European Investment Bank (EIB)

The EIB response to Covid-19 included the Pan-European Guarantee Fund, supported by the EU Commission, which commenced on 26 May 2020. When joining the Guarantee Fund, each Member State provided a guarantee to cover losses incurred in the operations supported by the Fund. Following the enactment of the Financial Provisions (Covid-19) Bill 2020, the Minister for Finance signed the Contribution Agreement with the EIB on behalf of Ireland. Ireland has, through the Strategic Banking Corporation of Ireland (SBCI), made an application for finance supported by the Guarantee Fund. When this application is processed, Government will decide on the establishment of a loan scheme to provide support to businesses impacted by the Covid-19 crisis.

EIB Group operations in Ireland in 2020 came to a total of €1bn. This includes support for Brexit and Covid-19 affected SMEs through SBCI, enhanced support for Universities (including UCD, UCC and a top-up of an existing approval to TCD) and a high level of support for Irish equity funds. There was a strong focus on innovation and climate action.

Strategic Banking Corporation of Ireland (SBCI)

To the end of December 2020, the total amount of SBCI supported lending activity was €2.3 billion to 37,335 Irish SMEs. The Future Growth Loan Scheme was expanded in the 2020 July Jobs Stimulus to €800 million and by the end of 2020, 2,742 loans were sanctioned to a value of €554.6 million. In March 2020, the SBCI Brexit Loan Scheme was expanded to facilitate the inclusion of a SBCI Covid-19 Working Capital Scheme. In 2020, 958 loans were sanctioned under the Covid-19 Working Capital Scheme to a value of €125.7 million. The €2 billion Covid-19 Credit Guarantee Scheme, launched in September 2020, is the biggest ever State-backed loan guarantee in Ireland. 1,890 loans were sanctioned in 2020 under the Covid-19 Credit

Guarantee Scheme to a value of €98.19 million. These Schemes are operated by the SBCI on behalf of the Department of Enterprise, Trade and Employment and Department of Agriculture, Food and the Marine.

Home Building Finance Ireland (HBFI)

HBFI was launched in 2019 to provide funding for viable residential development projects throughout Ireland. During 2020, HBFI launched a series of new measures to target pressures in the homebuilding finance market and respond to the impact of Covid-19 on construction activity. By end 2020, HBFI had approved 38 facilities totalling €395m in value. This approved funding can facilitate the delivery of 1,850 new homes across 17 counties.

In response to the market disruption observed arising from the Covid-19 pandemic, HBFI consulted with the Minister around the introduction of a targeted response. Following that engagement, HBFI launched the €200m Momentum Fund in May 2020. This “step-in” fund was targeted specifically to help house builders commence large housing developments in prime locations in cases where funding pressures had arisen for a temporary period. In the three months between launch in May and the end of July, 92% of the Momentum Fund (€184m) was committed. In October 2020, an additional €100m was added to the fund and extended its timeframe for first drawdown to end 2021. With the strategy re-fresh and the enhanced support due to Covid-19, HBFI now have a much wider product offering, including; developments under 10 units, apartments up to €75m in value, and the Momentum Fund. They are intending to shortly launch a Social Housing product and a Green Development product.

National Asset Management Agency (NAMA)

NAMA have completed the payment of €2.2bn to the Exchequer following the €200m transfer on 31 March 2021 which was the second payment to the Exchequer from NAMA’s lifetime surplus and follows a €2bn transfer in June 2020.

As part of NAMA’s 2020 Annual Report, it was announced that NAMA Board has revised upwards the projected lifetime surplus from €4bn to €4.25bn as a result of the Agency’s continued strong performance. Further transfers to the Exchequer totalling €800m will be made over the course of the remainder of 2021 with additional transfers expected in 2022. All surplus transfers are subject to market conditions.

NAMA remains profitable and has reported a profit after tax of €192m for 2020 and total cash generated from inception to year-end 2020 stands in excess of €46.2 billion.

NAMA has an objective of funding or facilitating the delivery of 20,000 residential units in the period to end-2021, subject to commercial viability, across NAMA-secured residential sites in Ireland. To end 2020, new residential units directly funded or facilitated by NAMA was 12,700; and new residential units delivered on land previously secured to NAMA for which NAMA funded planning permission, enabling works, legal or holding costs was 6,800.

Up to end 2020, NAMA had identified 7,094 residential units as potentially suitable for social housing. Demand was confirmed by local authorities for 2,770 units, of which 2,614 (94%) had

been delivered or contracted by NAMA for social housing purposes as at end-December 2020. This is in excess of NAMA's social housing delivery target of 2,000.

NAMA had deleveraged 97% of its loan portfolio by end 2020 and is in the process of preparing a detailed wind-down plan for submission to the Minister for Finance by end 2021.

Equity markets – Investment Limited Partnership Act 2020

The Investment Limited Partnership (Amendment) Act 2020 was signed into law by the President on 23rd December 2020. The modernisation of the Investment Limited Partnership Act 1994 is a longstanding priority of the Ireland for Finance Strategy and is well timed to take advantage of the Capital Markets Union agenda. It also fulfils a commitment made in the Programme for Government to progress the revision of the Investment Limited Partnership structure. The changes will help to further support Ireland's offering as a top-tier global location choice for financial services and will serve as a means to promote investment, secure Ireland's competitiveness and enhance our regulatory environment in international financial services.

Central Securities Depositories

Ireland is unique in the EU in not having a domestic based Central Securities Depository (CSD). The Irish market has relied upon a UK based CSD, Euroclear UK & Ireland (EUI) for the past 20 years. As the UK was to become a 'third country' as a result of Brexit, the knock-on effects for settlement became a market issue that required a market led solution. Following a decision in October 2018 to transfer the settlement of trades in Irish equities and other exchange traded instruments from the UK to Euroclear Bank Belgium, the Department, in conjunction with the Central Bank of Ireland, has been engaging on a regular basis with all market stakeholders, as well as with the European Commission and other relevant EU institutions on this issue. Following high level engagements by the Department over 2020, a temporary equivalence decision was issued by the Commission to allow the Irish settlement system to continue to operate until June 2021. Over 2019 and 2020, dedicated legislation to support the migration was pursued, such as commencing the Migration of Participating Securities Act 2019 as well as including provisions in the 2020 Brexit Omnibus Act and 2020 Finance Act. The migration was successfully completed in March 2021.

Pensions

The Department of Finance chairs the Interdepartmental Pensions Reform and Taxation Group (IDPRTG). The IDPRTG Report, published in November 2020, makes a number of practical, focussed recommendations on reform and simplification of the existing supplementary pension's landscape. These include the phasing-out of certain products and the enhancement of others. This work represents a significant building block for a piece of long-term structural reform in the area of supplementary pension provision. The IDPRTG group is currently working to develop an implementation plan in relation to the Report's recommendations.

Insurance

In 2020, the Department concluded the work of the Cost of Insurance Working Group (CIWG)², which published its final Progress Update in October. In December, a new Government Action Plan for Insurance Reform was published, with 66 actions to be implemented across Government by June 2022. This Action Plan also includes outstanding recommendations from the CIWG.

Achievements include:

- The Consumer Insurance Contracts Act 2019 provides for a number of reforms including placing an onus on insurers to handle claims promptly and fairly, which were key recommendations of the CIWG. As of 1 September 2021 the majority of the Act is now law. There is one remaining sub-section 18(4) which has not been commenced. This is currently under review.
- Expansion of the National Claims Information Database to include employer liability and public liability insurance, with the first report published in July 2021;
- Engaging with the insurance industry to provide comprehensive forbearance measures and reliefs to both consumers and businesses impacted by the Covid-19 pandemic; and,
- The establishment of the Personal Injuries Guidelines Committee within the Judicial Council to draft new personal injury guidelines to replace the Book of Quantum.

Credit Unions

The Credit Union Advisory Committee (CUAC) produced two reports in 2020 (1) A Report into Research on Credit Union Directors (February 2020) and a Review of the Credit Union Sector (July 2020). The Report into Research on Credit Union Directors involved a detailed survey of credit union directors along with a Board Facts Questionnaire. The Review of the Credit Union Sector was a report produced for the Minister for Finance which provides a detailed summary of the financial challenges the sector is facing and a number of recommendations.

The President signed the Finance (Miscellaneous Provisions) Act 2020 on 16 December 2020 following passage through the Houses of the Oireachtas. The Act amends the Credit Union Act 1997 to allow credit unions to hold wholly or partly virtual general meetings. The Act also allows credit unions, at their individual discretion, to avail of electronic voting, and allows wider flexibility for other forms of voting. It will be the choice of each individual credit union whether or not they wish to avail of this flexibility depending on their own circumstances.

The President also signed the Credit Union Restructuring Board (Dissolution) Act 2020 on 6 December 2020. The Act provides for the dissolution of the Credit Union Restructuring Board and transfers certain functions of the Credit Union Restructuring Board to the Minister for Finance.

During 2020, the Department carried out a review of the Stabilisation Levy. Following this review, it has been decided to set the charge for 2021 to €300,000, a reduction from €3 million

² The CIWG was established in 2016 and produced 2 reports – the Report of the Cost of Motor Insurance; and the Report of the Cost of Employer and Public Liability Insurance

in 2020. Given the uncertainty relating to the pandemic, no decision was taken in relation to the target size of the Stabilisation Fund. The levy rate will be reviewed as required by law during 2021.

The Department, in collaboration with the Central Bank of Ireland, carried out a review of the Credit Union Resolution Fund, which included a public consultation in 2019. Following this public consultation, it was decided that the target size of the fund should be set at €65 million to be met by 2025 and that the annual levy should be approximately €5 million per annum. During 2020, the Minister for Finance agreed that the Resolution Levy for 2021 be kept at circa €5 million per annum.

State's Shareholding in the Banking Sector

During 2020, the Department completed the process of replacing retired Ministerial nominees to the boards of the three banks based on the State's shareholdings rather than the previous public interest regime. The five directors across the three banks have now been appointed. These directors have the expertise to support the process of recouping the taxpayer's investment in the banks.

Ireland for Finance

Ireland for Finance is the whole-of-Government strategy for the further development of Ireland's international financial services (IFS) sector for the period to 2025. It was launched in April 2019. The strategy's vision is for Ireland to be a top-tier location of choice for specialist international financial services and to enhance and protect Ireland's future competitiveness.

The Ireland for Finance strategy is implemented by means of annual action plans prepared in close consultation with key public sector and industry stakeholders, and progress is reported to Government. Four 'pillars' frame the Ireland for Finance strategy: operating environment; technology and innovation; talent; communications and promotion, and are underpinned by three horizontal priorities: diversity, sustainable finance and regionalisation.

Despite the Covid-19 pandemic in 2020, work continued on the implementation of the strategy through the published Ireland for Finance Action Plan 2020.

SECTION 2 >

Governance and Operations

Human Resources

At the end of December 2020, there was a total work force of 357 staff based in Dublin, Tullamore, Europe and the USA. This workforce comprises permanent and seconded staff whose mix contribute to a valuable sharing of knowledge and skills transfer. 15 members of staff were on Career Break, while 4 members of staff were seconded to other Government Departments.

The Covid-19 pandemic has had a significant impact on the Department's Human Resources (HR) activities which has adapted its operations accordingly. Since March 2020, when the Department moved to a primarily remote working basis, 27 new members of staff joined the Department. This has required the entire processes of onboarding and induction of new staff to take place virtually. The processes for internal recruitment campaigns and mobility transfers have also been conducted virtually. The Turnover Rate refers to the percentage of employees who left the Department, including retirements and resignations, during a certain period of time. In 2020, the Department had a staff Turnover Rate of 13%, down from 19% in 2019.

The Department is an inclusive, high performing, knowledge based, professional and learning organisation. We understand the importance of learning and development, both for the organisation and our people. We promote and invest in lifelong learning for staff at all levels and provide a range of learning from leadership, coaching and mentoring, people management and training in both soft and technical skills as well supporting academic and professional courses.

The Department is cognisant of the need for targeted learning and has continued to provide four In-house programmes, a Diploma in Financial Services, a Diploma in Project Management, a Diploma in Tax Policy and Practice and a Certificate in Economics.

Entering its sixth year in 2020, the Joint Research Programme on Macro Economy, Taxation and Banking collaboration between the Department, the Economic & Social Research Institute and the Revenue Commissioners continues to make an important contribution to the evidence-base underpinning the Department's policy-making process. The Programme has undertaken and published research on a range of policy-relevant macroeconomic, banking and taxation topics including an assessment of the sectoral overlaps from the combined risks of Covid and Brexit, the impact of Covid on SME revenues in Ireland, an analysis of EU-US trade structure and risks, research on the determinants of labour's share of income, and a comparison of effective tax rates. In addition, the results of work conducted under the Programme estimating the corporate tax revenue elasticity have been integrated into the Department's tax forecasting methodology, fulfilling recommendations of the 2019 Tax Forecasting Methodology Review Group.

The Department took a leadership role domestically in analysing the impacts of Covid-19 on the Irish economy. In March 2020, it produced the first set of economic forecasts of any

institution that incorporated the pandemic and throughout the year published a number of scenario analyses to complement its central forecasts. It tapped into 'big-data' such as card payments, mobility and traffic data which provided real-time indicators on the impact of the pandemic and published these insights in monthly chart-packs, while also undertaking joint work with the ESRI on post-pandemic recovery scenarios. It also produced research on the joint impact of Covid-19 and Brexit, two of the greatest challenges the economy has had to face in recent time, as well as research on non-tariff barriers to trade (e.g. customs checks, red-tape, and delays). The Department's research and analysis have been presented at domestic and international conferences and seminars throughout the year.

Organisation Structure

The Department's structure is organised into a number of Divisions/Units supported by corporate functions. Throughout 2020, the Department continued to ensure it remained fit to deliver on its objectives in response to the challenges of Covid-19. Arrangements were put in place to facilitate working from home and relevant support was provided to staff in this regard. Two new units were established to deal with the cross department response to Climate issues and the creation of a support unit for the Minister in his new role as President of the Eurogroup. Continuous evolution of internal working arrangements, business continuity and working methods are reflected in the Department's Corporate Governance Framework which is reviewed on an annual basis.

Corporate Governance

In line with reporting requirements under Section 22 of the Protected Disclosures Act, 2014, there were no protected disclosures made to the Department in 2020.

Section 42 of the Irish Human Rights and Equality Commission Act 2014 places a positive duty on public sector bodies to have regard to the need to eliminate discrimination, promote equality, and protect human rights, in our daily work. Specifically, in this Department this is evident in our strategic planning processes, annual review of the Governance Framework, ongoing training offered by HR and in assessing impacts as part of our policy development. A training programme on Unconscious Bias, Inclusion and Diversity is being rolled out during 2021. This training is a continuation of the unconscious bias training completed in 2018 and will build on the foundations already put in place. The Department participates in the Equality Budgeting Advisory Group, led by the Department of Public Expenditure and Reform, which is currently focussed on progressing the recommendations of the 2019 OECD policy scan. The Department is also a joint sponsor of the ongoing work on well-being measurement, with the goal of creating a broader context for policy-making, inclusive of aspects such as equality and human rights.

There are seventeen bodies under the aegis of the Department (see Appendix D). Due to differing corporate governance structures, the oversight relationship between the Department and each body under its aegis varies widely. An Oversight Framework is in place in respect of each body and is managed centrally by Corporate Affairs Unit.

State Boards

A total of 8 State Boards operated under the aegis of the Department of Finance over the course of 2020. In this period, 9 appointments (including 2 reappointments) were made, of which 33 per cent were male and 67 per cent were female. A Chairperson (male) was appointed to one board. The average gender balance in the serving membership of these State Boards as at 31 December was 53 per cent male and 47 per cent female. Overall, 7 of the boards had met the Government target of 40 per cent representation of each gender in the serving membership of each State Board. Appointments to all of the Boards continue to be undertaken in cognisance of the 40 per cent gender balance target.

A timetable is being finalised for Periodic Critical Review of non-commercial State Bodies under the aegis of the Department.

Innovation

The unprecedented challenges presented by Covid-19 required flexibility, adaptability and the development of innovative approaches in order to deliver on our remit throughout 2020. Our approach evolved and has been flexible and responsive to the challenges presented. This was particularly the case in our approach to the delivery of Budget 2021 and our approaches to staff wellbeing. All priorities were met and at all times the Department's entire staff showed a willingness, commitment and drive to complete the essential work of the Department.

The Department maintained its commitment to Culture Night by welcoming visitors virtually to the Government Buildings South Block through its innovative live-streamed event, Culture Night 2020 Reimagined. Its success, and the efforts of the team involved, was recognised having received a Civil Service Excellence and Innovation Recognition Award in November 2020.

Department's Social Club

The Social Club of the Department of Finance and the Department of Public Expenditure & Reform has been in operation for a number of years and is managed by a committee on a voluntary basis. Its role is to provide an opportunity for colleagues to socialise, improve their health and wellbeing, and explore cultural and heritage activities. This promotes a positive work environment and contributes greatly to the welfare and morale of the staff of both Departments. Since the onset of the Covid-19 pandemic and social restrictions, the Social Club played a vital role in allowing staff to remain connected while working remotely.

Quality Customer Service

In 2020, the Department continued to monitor progress on the Customer Action Plan. The Customer Action Plan outlines the Department of Finance's commitment to the Principles of Quality Customer Service and our determination to continue to provide the highest quality of service to all our customers. Work was undertaken on redrafting the Customer Action Plan 2021-2023 and this was published in Q2 2021. The previous iteration was published in 2018 and covered the period 2018 – 2021.

Communications

The Department introduced a new role to the organisation in 2020, that of Communications

manager, with responsibility for internal communications strategies and organising and managing events and conferences. In addition, the impact of the pandemic and the move to remote working has presented challenges for internal messaging, requiring creative solutions and innovative thinking to connect with both staff internally and stakeholders externally.

Among the other areas where communications have played a role is the Department's Climate Finance agenda. In what is a policy area of growing importance, and one that is a major element of the Programme for Government, the Department hosted a virtual Climate Finance week in November 2020. The event attracted over 5,000 delegates from Ireland and around the world and provided a platform for a significant announcement on climate related disclosures. The success of these online productions has provided learning opportunities for future policy events, which are likely to feature a mix of in person and virtual elements.

Our website continues to provide information about the Department's work, policy initiatives, press releases, publications and public consultations. The website had over 567,000 visitors in 2020, peaking on March 18th with the announcement of Covid-19 supports with 30,700 hits to the related page. The Department has increased its social media presence with almost 20,000 followers on Twitter and over 19,200 on LinkedIn at the end of 2020.

Facilities and ICT

The Department is committed to providing environmentally safe, secure and productive accommodation in facilities shared with the Department of Public Expenditure and Reform. Facilities Management Unit (FMU) manages the conservation and curation of historic buildings it occupies through proactive cooperation with OPW to maintain the space and fulfil staff needs.

To support the Department's operations, a *Covid Response Management Group* - comprising Corporate Affairs Unit, Facilities Management Unit and Human Resources - was established to:

- Coordinate the response to maintaining staff health and safety, with limited on-site attendance being the key priority from early in 2020; and
- Ensure that appropriate arrangements for staff working from home were introduced.

The emergence of the Covid-19 pandemic in early 2020 led the Department to undertake a number of operational changes in the ICT sphere to enable it to respond effectively, and to continue to provide a comprehensive and professional service to the public. Such changes encompassed the provision of devices to staff to enable them to work off-site/from home, the associated provision of peripherals to assist staff in creating as productive and comfortable a work-space as possible in their homes, and the procurement and roll-out of a wider suite of software to facilitate ongoing engagement with agencies and bodies, both national and international.

Alongside these measures, work was also instigated to improve on-site video-conferencing facilities to enable appropriately physically-distanced meetings where required. This work both tied-into the ongoing provision of expanded IT services arising from the impact of Covid-19, and the election of Minister Donohoe as the President of the Eurogroup in July 2020.

The Office of the Government Chief Information Officer (OGCIO) continued to provide services to the Department in line with the Civil Service Renewal Plan, and in support of the strategic objectives of the Public Sector ICT Strategy, with a key focus on building and maintaining a robust ICT infrastructure, and continuing to facilitate efficient work practices and communications.

Green Public Procurement Monitoring

The Department is committed to promoting the use of environmental considerations in its procurement of goods and services, where appropriate, in accordance with Action No.148 of the Climate Action Plan 2019 and Circular 20/2019: Promoting the use of Environmental and Social Considerations in Public Procurement.

Commencing in 2020, the Department is now required to report annually to the Environmental Protection Agency in respect of procurements that incorporated 'green' provisions and considerations. A copy of the report submitted to the Environmental Protection Agency can be found at Appendix F.

The Department currently has one contract which has incorporated 'green' considerations. The Compliance Monitoring Section will further promote awareness of Green Public Procurement with the objective of increasing the number of contracts that incorporate environmental provisions. The Department's Corporate Procurement Plan will include a commitment to incorporating 'green' criteria, where appropriate, in future tendering competitions and for the provision of 'green' training programmes for staff.

History of the Department – The Next Chapter

An account of the Department's first 36 years of existence, *The Irish Department of Finance, 1922-58*, was published in 1978. This first volume was authored by the late Ronan Fanning, UCD Professor of Modern Irish History.

In October 2019, the Department - collaborating with the Irish Research Council - announced its intention to record the second volume of the history of the Department of Finance. Following a competitive application process, administered by the Irish Research Council, Dr Ciarán Casey of University College Dublin was selected to chart the work of the Department from 1958 to 1999.

Entering the second year of the "History Fellowship", Dr Casey's research is on course to ensure that the second volume's publication coincides with the commemoration of the Department's centenary, and indeed the State's foundation.

SECTION 3 >

Appendix A

Appendix B

Appendix C

Appendix D

Appendix E

Appendix F

Appendices

Appendix A

Department of Finance 2020 Publications

	Publication	Publication Date
	Fiscal Monitor - December 2019	January 2020
	Submissions to the Public Consultation on Climate Change and Insurance in the context of the 'Climate Action Plan 2019 to Tackle Climate Breakdown'	January 2020
	International Financial Services Strategy	January 2020
	Monthly revenues and expenditures of all subsectors of general government for December 2019	January 2020
	Fiscal Monitor - January 2020	February 2020
	Monthly revenues and expenditures of all subsectors of general government for January 2020	February 2020
	Housing and Property Sector Chartpack February 2020	February 2020
	A Report On Research into Credit Union Directors (February 2020) ³	February 2020
	Fiscal Monitor - February 2020	March 2020
	Cost of Insurance Working Group - Tenth Progress Update	March 2020
	Emerging economic developments- real-time economic and financial indicators 13th March 2020	March 2020
	SME Credit Demand Survey – April 2019 - September 2019	March 2020
	Annual Taxation Report 2020	March 2020
	Monthly Revenues and Expenditures of all Subsectors of General Government for February 2020	March 2020
	Fiscal Monitor - March 2020	April 2020
	End Q1-2020 Exchequer Returns Presentation	April 2020
	Emerging economic developments - real-time economic and financial indicators 2nd April 2020	April 2020
	Stability Programme Update 2020	April 2020
	Monthly Revenues and Expenditures of all Subsectors of General Government for March 2020	April 2020

³ This report was authored by the Credit Union Advisory Committee with the Department of Finance acting as Secretariat.

Anglo Irish Bank Assessor Report	April 2020
Fiscal Monitor - April 2020	May 2020
Covid-19 Policy Response: Overview of economic support measures	May 2020
Productivity dispersion and sectoral labour shares in Europe	May 2020
Monthly Revenues and Expenditures of all Subsectors of General Government for April 2020	May 2020
Fiscal Monitor - May 2020	June 2020
Emerging economic developments - real-time economic domestic indicators 8th June 2020	June 2020
2019 Annual Report on Ireland's Participation in the International Monetary Fund and the World Bank	June 2020
Housing and Property Sector Chartpack - June 2020	June 2020
IBRC Seventh Progress Update Report - June 2020	June 2020
Monthly revenues and expenditures of all subsectors of general government for May 2020	June 2020
Fiscal Monitor June 2020	July 2020
Emerging economic developments - real-time economic domestic indicators - 2 July 2020	July 2020
Political Party Costings Budget 2020	July 2020
Programme for Government 2020 Costings	July 2020
Pre-Election 2020 Political Party Costings	July 2020
Finance Accounts 2019	July 2020
Revised Exchequer Statement December 2019	July 2020
Fiscal Monitor - July 2020	August 2020
Monthly revenues and expenditures of all subsectors of general government for June 2020	August 2020
Monthly revenues and expenditures of all subsectors of general government for July 2020	August 2020
Fiscal Monitor - August 2020	September 2020
Emerging economic developments - real-time economic domestic indicators 7th September 2020	September 2020
Department of Finance Annual Report 2019	September 2020
Budget 2021 Tax Strategy Group papers	September 2020
Annual Report on Ireland's Transactions with the EU in 2018	September 2020

	Examination of the sectoral overlap of Covid-19 and Brexit shocks	September 2020
	Fiscal Monitor - September 2020	October 2020
	Finance Bill 2020	October 2020
	Wellbeing and the Measurement of Broader Living Standards in Ireland	October 2020
	Estimates of Receipts and Expenditure for the year ending 31 December 2021 (White Paper)	October 2020
	The Eleventh and Final Progress Report of the Cost of Insurance Working Group	October 2020
	Emerging economic developments - real-time economic domestic indicators 14th October 2020	October 2020
	Fiscal Monitor - October 2020	November 2020
	Contingent Liabilities Update October 2020	November 2020
	SME Credit Demand Survey – March to October 2020	November 2020
	Taking Stock - The Fiscal Response to Covid-19	November 2020
	Monthly revenues and expenditures of all subsectors of general government for October 2020	November 2020
	Fiscal Monitor - November 2020	December 2020
	Action Plan for Insurance Reform: December 2020	December 2020
	Budgetary Statistics 2019	December 2020
	Contingent Liabilities Update December 2020	December 2020
	Monthly revenues and expenditures of all subsectors of general government for November 2020	December 2020

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Appendix B

Legislation Published, and/or enacted, by the Department of Finance in 2020

No	Title	Published	Bill Number	Act Number	Date enacted
1	Financial Provisions (Covid-19) Act 2020	8 Jul 2020	8 of 2020	4 of 2020	17 Jul 2020
2	Financial Provisions (Covid-19) (No 2) Act 2020	23 Jul 2020	19 of 2020	8 of 2020	1 Aug 2020
3	Credit Union Restructuring Board (Dissolution) Act 2020	4 Feb 2019	10 of 2019	22 of 2020	6 Dec 2020
4	Finance (Miscellaneous Provisions) Act 2020	18 Nov 2020	61 of 2020	25 of 2020	16 Dec 2020
5	Finance Act 2020	22 Oct 2020	43 of 2020	26 of 2020	19 Dec 2020
6	Investment Limited Partnerships (Amendment) Act 2020	17 Sept 2020	29 of 2020	31 of 2020	23 Dec 2020

Appendix C

Statutory Instruments signed by the Minister for Finance in 2020

SI No. Title

- 21 European Union (Cooperation between National Authorities Responsible for the Enforcement of Consumer Protection Laws) (No. 2) Regulations 2020
- 26 Migration of Participating Securities Act 2019 (Commencement) Order 2020
- 27 Migration of Participating Securities Act 2019 (Prescribed Form) (Section 10) Regulations 2020
- 89 Financial Services and Pensions Ombudsman Act 2017 [Financial Services and Pensions Ombudsman Council] Financial Services Industry Levy Regulations 2020
- 103 European Union (Restrictive Measures Concerning Mali) Regulations 2020
- 104 European Union (Restrictive Measures Concerning Iraq) Regulations 2020
- 105 Criminal Justice (Terrorist Offences) Act 2005 (Section 42) (Restrictive Measures Concerning Certain Persons and Entities with a View to Combating Terrorism) Regulations 2020.
- 106 European Union (Restrictive Measures Concerning Ukraine) Regulations 2020
- 107 European Union (Restrictive Measures Concerning Somalia) Regulations 2020
- 108 Criminal Justice (Terrorist Offences) Act 2005 (Section 42) (Restrictive Measures Concerning Certain Persons and Entities Associated with the Isil (Da'esh) and Al-Qaida Organisations) Regulations 2020.
- 109 European Union (Restrictive Measures Concerning Turkey) Regulations 2020
- 110 European Union (Restrictive Measures Concerning Libya) Regulations 2020
- 111 European Union (Restrictive Measures Concerning Egypt) Regulations 2020
- 158 European Union (Insurance and Reinsurance) (Amendment) Regulations 2020
- 167 European Union (Restrictive Measures Concerning Yemen) Regulations 2020
- 168 Criminal Justice (Terrorist Offences) Act 2005 (Section 42) (Restrictive Measures Concerning Certain Persons and Entities Associated with the Isil (Da'esh) and Al-Qaida Organisations) (No. 2) Regulations 2020
- 169 European Union (Restrictive Measures in Respect of Myanmar/Burma) Regulations 2020
- 211 Criminal Justice (Terrorist Offences) Act 2005 (Section 42) (Restrictive Measures concerning Certain Persons and Entities Associated with the ISIL (Da'esh) and Al-Qaida Organisations) (No. 3) Regulations 2020
- 215 European Union (Insurance Distribution) (Amendment) Regulations 2020
- 233 European Union (Modifications of Statutory Instrument No. 110 of 2019) (Registration of Beneficial Ownership of Certain Financial Vehicles) Regulations 2020
- 238 Finance (Tax Appeals and Prospectus Regulation) Act 2019 (Commencement) Order 2020
- 240 European Union (Administrative Cooperation in the Field of Taxation) (Amendment) Regulations 2020
- 245 Financial Accounts Reporting (United States of America) (Amendment) Regulations 2020
- 255 Investor Compensation Act 1998 (Prescription of Bodies and Persons) (Amendment) Regulations 2020
- 286 Criminal Justice (Terrorist Offences) Act 2005 (Section 42) (Restrictive Measures concerning Certain Persons and Entities Associated with the ISIL (Da'esh) and Al-Qaida Organisations) (No.4) Regulations 2020
- 329 Consumer Insurance Contracts Act 2019 (Commencement) Order 2020
- 334 Finance Act 2019 (Section 63(1)(b)) (Commencement)
- 357 Taxes Consolidation Act 1997 (Section 519C(1)) (Prescribed Persons) Order 2020
- 360 European Union (Restrictive Measures concerning ISIL (Da'esh) and Al-Qaida and natural and legal persons, entities or bodies associated with them) Regulations 2020

- 361 European Union (Restrictive Measures against Cyber-attacks threatening the Union or its Member States) Regulations 2020
- 362 Criminal Justice (Terrorist Offences) Act 2005 (Section 42) (Restrictive Measures concerning Certain Persons and Entities with a view to Combating Terrorism) (No. 2) Regulations 2020
- 363 European Union (Restrictive Measures concerning Libya) (No.2) Regulations 2020
- 364 European Union (Restrictive Measures concerning Ukraine) (No.2) Regulations 2020
- 406 Credit Institutions Resolution Fund Levy (Amendment) Regulations 2020
- 420 Civil Law and Criminal Law (Miscellaneous Provisions) Act 2020 (Section 31) (Financial Services and Pensions Ombudsman) (Designation) Order 2020
- 421 Civil Law and Criminal Law (Miscellaneous Provisions) Act 2020 (Central Bank of Ireland) (Designation) Order 2020
- 422 Civil Law and Criminal Law (Miscellaneous Provisions) Act 2020 (Section 31) (Central Bank of Ireland) (Designation) Order 2020
- 423 Civil Law and Criminal Law (Miscellaneous Provisions) Act 2020 (Section 29) (Irish Financial Services Appeals Tribunal) (Designation) Order 2020
- 424 Civil Law and Criminal Law (Miscellaneous Provisions) Act 2020 (Section 31) Irish Financial Services Appeals Tribunal) (Designation) Order 2020
- 457 Credit Union Fund (Stabilisation) Levy Regulations 2020
- 458 Finance (Local Property Tax) Act 2012 (Section 13 (3)) Order 2020
- 490 European Union (Restrictive Measures concerning Ukraine) (No. 3) Regulations 2020
- 491 European Union (Restrictive Measures concerning Belarus) Regulations 2020
- 492 European Union (Restrictive Measures concerning Libya) (No. 3) Regulations 2020
- 493 Criminal Justice (Terrorist Offences) Act 2005 (Section 42) (Restrictive Measures concerning Certain Persons and Entities Associated with the ISIL (Da'esh) and Al-Qaida Organisations) (No. 5) Regulations 2020
- 494 European Union (Restrictive Measures against Cyber-attacks threatening the Union or its Member States) (No. 2) Regulations 2020
- 522 Appointment of Special Advisers (Minister for Finance) Order 2020
- 525 European Union (Interchange Fees for Card-based Payment Transactions) (Amendment) Regulations 2020
- 531 Appointment of Special Adviser (Minister of State at the Department of Finance) Order 2020
- 534 Data Protection Act 2018 (section 60(6)) (Central Bank of Ireland) Regulations 2020
- 606 European Union (Restrictive Measures concerning Turkey) (No. 2) Regulations 2020
- 607 European Union (Restrictive Measures against Cyber-attacks threatening the Union or its Member States) (No. 3) Regulations 2020
- 646 Finance (Delegation of Ministerial Functions) Order 2020
- 673 European Union (Tax Dispute Resolution Mechanisms) (Amendment) Regulations 2020
- 710 European Union (Capital Requirements) (Amendment) Regulations 2020
- 711 European Union (Capital Requirements) (No. 2) (Amendment) Regulations 2020
- 712 European Union (Restrictive Measures concerning Iraq) (No. 2) Regulations 2020
- 713 European Union (Bank Recovery and Resolution) (Amendment) Regulations 2020
- 748 Disabled Drivers and Disabled Passengers Fuel Grant (Amendment) Regulations 2020
- 749 Disabled Drivers and Disabled Passengers (Tax Concessions) (Amendment) Regulations 2020
- 750 General Government Secured Borrowings Order 2020
- 756 Financial Provisions (Covid19) Act 2020 (Commencement) Order 2020

Appendix D

Bodies under the aegis of the Department of Finance

There are 17 Bodies under the aegis of the Department of Finance. In delivering on its mission, the Department works closely with these Bodies regarding their specific mandates. Brief details on each of the 17 Bodies is set out below:

Body	Main Role
Central Bank of Ireland	The Central Bank of Ireland serves the public interest by safeguarding monetary and financial stability and by working to ensure that the financial system operates in the best interests of consumers and the wider economy.
Credit Review Office	The Credit Review Office provides a credit review and appeals process for business owners who have been refused credit from participating banks.
Credit Union Advisory Committee	The Credit Union Advisory Committee (CUAC) advises the Minister for Finance on the improvement in the management of credit unions and other matters relating to credit unions.
Credit Union Restructuring Board	The Credit Union Restructuring Board (ReBo) was established to oversee and facilitate a restructuring programme for the Credit Union sector. ReBo has completed its work and the President signed the Credit Union Restructuring Board (Dissolution) Act 2020 on 6 December 2020. The Act provides for the dissolution of ReBo and transfers certain functions to the Minister for Finance. Following completion of its accounts, the Minister for Finance will formally dissolve ReBo.
Disable Drivers Medical Board of Appeal	The Disabled Drivers Medical Board of Appeal is an independent body set up to review individuals whose application for a Primary Medical Certificate is unsuccessful at local HSE level.
Financial Services and Pensions Ombudsman	The Financial Services and Pensions Ombudsman (FSPO) is an independent service that helps resolve complaints with pensions providers and regulated financial services providers.
Home Building Finance Ireland	Home Building Finance Ireland (HBFi) was established in late 2018 to address the shortfall in the supply of housing in the State and commenced lending operations in early 2019.
Investor Compensation Company DAC	The Investor Compensation Company DAC is the compensation fund of last resort for customers of authorised financial services firms.
Irish Bank Resolution Corporation	Irish Bank Resolution Corporation (IBRC) is an amalgam of two former financial institutions – Anglo Irish Bank and Irish Nationwide Building Society. IBRC is in special liquidation.
Irish Financial Services Appeals Tribunal	Irish Financial Services Appeals Tribunal (IFSAT) is an independent tribunal which hears and determines appeals brought against certain decisions of the Central Bank of Ireland.

Irish Fiscal Advisory Council	The Irish Fiscal Advisory Council provides an independent assessment of official macroeconomic and budgetary forecasts as well as an assessment of the fiscal stance.
National Asset Management Agency	The National Asset Management Agency (NAMA) was established in 2009 as one of a number of initiatives taken by Government to address the serious crisis in the Irish domestic banking sector.
National Treasury Management Agency	The Funding and Debt Management unit of the National Treasury Management Agency (NTMA) borrows for the Exchequer and manages the national debt. Other business units within the NTMA are the State Claims Agency (SCA), the New Economy and Recovery Authority (NewERA), the Ireland Strategic Investment Fund (ISIF) and the National Development Finance Agency (NDFA).
Office of the Comptroller and Auditor General	The role of the Office of the Comptroller and Auditor General is to provide independent assurance that public funds and resources are used in accordance with the law, managed to good effect and properly accounted for and to contribute to improvement in public administration.
Office of the Revenue Commissioners	The Office of the Revenue Commissioners core business is the assessment and collection of taxes and duties.
Strategic Banking Corporation of Ireland	The Strategic Banking Corporation of Ireland (SBCI) provides and promotes the provision of credit in a prudent manner to enterprises and other persons in the State, particularly SMEs.
Tax Appeals Commission	The Tax Appeals Commission (TAC) hears and determines appeals against assessments and decisions of the Office of the Revenue Commissioners.

Appendix E

Progress on Third Irish Language Scheme 2018-2021

Sample Commitments under Scheme	End-2021	2020
Press releases to be made available in Irish	35 per cent	15 per cent
Create greater social media presence in Irish language	✓	Ongoing
Respond to Irish language press queries in Irish	✓	Ongoing
Increase the level of information and official documents published bilingually	✓	Ongoing
Maintain navigable function in both official languages on website and bilingual static content depending on language selection	✓	✓
Increased Irish language content on the Departmental website and on the intranet including dedicated Irish language section	✓	Ongoing
Undertake language reviews including assessment of competency in Irish language	✓	Ongoing
Identify staff who can deal with telephone queries in Irish and indicate those in staff directory	✓	✓
Provision of sample Irish language messages to all staff for out-of-office email and telephone messages	✓	✓
Promotion of Irish language Scheme and classes via induction seminars	✓	✓
Communication of Irish language information through internal communications including the Departmental newsletter	✓	Ongoing
Advise on Irish language translation service	✓	✓
Advise on Irish language classes and training including support via the post-entry education refund of fees scheme and the OneLearning Centre	✓	✓
Facilitate staff attending Irish classes in and outside office hours	✓	✓
Provision of Irish language resources to staff	✓	Ongoing
Maintenance of log of Irish language correspondence	✓	Ongoing
Promotion of Irish language cultural initiatives and events and organisation of Irish language based events within the Department	✓	✓
Designated Irish language Officer	✓	✓
Review and monitor progress of third Irish language Scheme	✓	Ongoing
Produce Irish language leaflet on services in Irish	✓	Ongoing

Appendix F

Green Public Procurement (GPP) Monitoring

January to December 2020	Total number of contracts issued over €25,000 by priority sector	Total value of contracts issued over €25,000 by priority sector	Total number of contracts issued over €25,000 by priority sector which have incorporated GPP	Total value of contracts issued over €25,000 by priority sector which have incorporated GPP
Priority Sector				
Transport	Nil	N/A	Nil	N/A
Construction	Nil	N/A	Nil	N/A
Energy	Nil	N/A	Nil	N/A
Food & Catering Services	Nil	N/A	Nil	N/A
Cleaning Products & Services	1 Contract is on a shared service basis between D/Finance and D/Public Expenditure & Reform	€ 31,902 (VAT exclusive) Contract was procured via an Office of Government Procurement (OGP) Framework.	There was one contract in this priority sector and it incorporated GPP. Contract was for the provision of 'Window Cleaning' services and it specified sustainability requirements for all its cleaning products, materials and detergents.	€0, there was nil expenditure on window cleaning services during 2020.
Textiles	Nil	N/A	Nil	N/A
IT Equipment	Nil	N/A	Nil	N/A
Paper	Nil	N/A	Nil	N/A
Other (please specify)	Nil	N/A	Nil	N/A
Totals	1	€31,902 (Vat exclusive)	1	€0



An Roinn Airgeadais
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