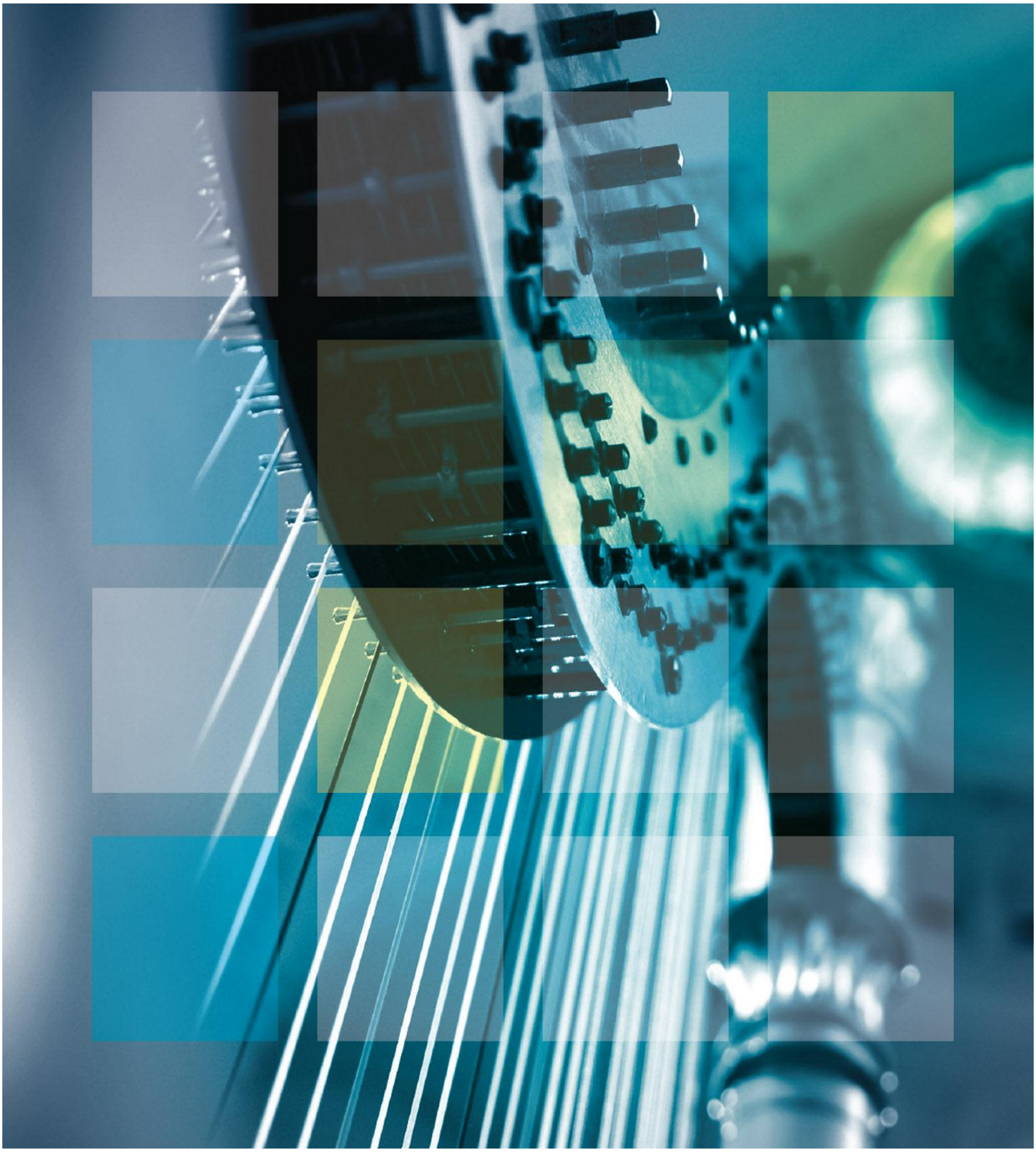

REVIEW OF 2012

An Roinn Airgeadais
Department of Finance

‘The Department’s mission is to manage Government finances and play a central role in the achievement of the Government’s economic and social goals having regard to the Programme for Government. In this way we will play a leadership role in the improvement of the standards of living for our citizens’.

Statement of Strategy May 2012

Contents

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1. Foreword

Welcome to our review of 2012. The year gone by has been another demanding year for the Department and our economy. Very significant progress has nonetheless been achieved on the road to recovery.

Upon my appointment last March, one of our early initiatives was to revise our strategic objectives for the period 2011-2014. The revised Statement of Strategy was issued in May 2012 and outlined our guiding principles:

- Equity
- Partnership
- Leadership
- Challenge
- Integrity

The revised Statement of Strategy also placed a much greater focus to the objectives of economic stability, growth and job creation. Reflecting this, the revised five goals that underpin our work are:

1. A resilient **Irish economy** founded on sustainable and balanced growth and leading to significant increases in employment numbers
2. A sustainable macroeconomic environment and **sound public finances**
3. An improvement in the **living standards** of our citizens
4. A return by Ireland to international **debt markets** so as to achieve an exit from the EU/IMF funding programme at the earliest possible date
5. The completion of the restructuring of the **banking system** and a vibrant, secure and well-regulated financial sector

In order to better deliver these outcomes we restructured the Department into four key policy divisions - EU & International, Financial Services, Fiscal and Economic. The restructure also included the creation of two support divisions, the Finance Office and the Corporate Office.

One of the hallmarks of our new approach in 2012 was greater interaction with the wider public and private sectors as well as the secondment of a number of private and public sector specialists into the Department to assist with various tasks. We have particularly deepened our links with other Government Departments and State Agencies and benefitted from the skills of staff seconded from a number of these organisations.

While we are very proud of our achievements, we know there is still a lot to do. We continue to work hard to achieve even more to support our return to economic growth and assist with job creation. Our people are central to everything we do and I want to record my appreciation for all their work and support during 2012. We continue to invest in our teams and supplement their skills and qualifications through a combination of internal and external recruitment, redeployment and training and development initiatives. In the following pages we have set out our progress and we welcome your comments or feedback.

John A. Moran

2. Overview of 2012 Key Milestones

JANUARY

-Successful completion of Quarter 4 2011 Review of the EU/IMF Programme with all targets met and fiscal consolidation targets achieved by a considerable margin.

FEBRUARY

-Publication of the Finance Bill - main provisions designed to support business, job creation and economic recovery.

-D/Finance job creation initiatives reflected in publication of Action Plan for Jobs

-Euro Area Loan Facility (Amendment) Bill 2012

MARCH

-Appointment of John Moran as new Secretary General.

-End-Q1 Exchequer Returns-continued strong fiscal performance.

APRIL

-Successful completion of Quarter 1 2012 Review of the EU/IMF Programme-"Over 100 actions have been completed under the programme and over 70% of the funds have been drawn down".

-Maastricht Returns-Ireland's underlying deficit outturn of 9.4% of GDP in 2011 against programme target of 10.6%.

-Publication of Ireland's Stability Programme Update.

MAY

-The publication of a revised Statement of Strategy.

-Publication of the European Stability Mechanism Bill, 2012 enacted in July 2012

-NAMA announced a €2bn capital investment plan along with a €2bn vendor finance inititive.

-Passing of referendum of Treaty on Stability, Coordination and Governance in the Economic and Monetary Union

JUNE

-State acquisition of Irish Life completing the recapitalisation of PTSB.

-Submission of PTSB revised restructuring plan.

-Draft General Scheme of Credit Unions Bill published.

-End-Q2 Exchequer Returns:fiscal targets remain on track, VAT, Corporation Tax and income tax all ahead of profile.

-European Council commits to breaking the link between banking sector and sovereign and refers specifically to Ireland.

JULY

-Ireland's returns to the market for the first time since September 2010 achieving yields of below 2% for 3-month paper.

-Publication of Fiscal Responsibility Bill 2012.

-Independent report on demand for credit for SME's published along with report of Regional Meetings on Credit Supply.

-Successful completion of Quarter 2 2012 Review of the EU/IMF Programme.

AUGUST

-A second successful return to the bond markets with debt ranging in maturity from 15-35 years.

-Continuing European meetings for Pro Note negotiations

SEPTEMBER

-Ireland sells 3-month paper for yield of 0.7% compared to a yield of 1.8% in July.

-Publication of Credit Union Bill 2012.

- Exchequer Returns-September 2012 is the third month of 2012 in which Exchequer revenues exceeded expenditure. This last happened in 2007.

-Eurosystem funding to Covered Banks peaked at c.€93bn in January 2011 and reduces by 34% or €32bn to €61bn.

-Submission of revised restructuring plan for AIB.

OCTOBER

-Successful completion of Quarter 3 2012 Review of the EU/IMF Programme - Over 160 commitments have been fulfilled on time.

NOVEMBER

-Bank of Ireland (3yr bond for €1bn at 270bps) and AIB (3yr bond for €500m at 270bps) successfully issue unguaranteed secured funding.

-Publication of Medium-Term Fiscal Statement.

-Enhanced engagement with Member States, European Institutions and other parties in lead up to EU Presidency

DECEMBER

-Budget 2012 delivered.

-Local Property Bill 2012 published.

-Fiscal Responsibility Act

3. Executive Summary

In May 2012 the Department of Finance in its revised Statement of Strategy set out its mission as follows:

> ***"The Department's mission is to manage Government finances and play a central role in the achievement of the Government's economic and social goals having regard to the Programme for Government. In this way we will play a leadership role in the improvement of the standards of living for our citizens."***

During 2012 steady progress was made in achieving these goals and while much has been achieved a sizeable amount remains to be done. Our efforts have been focused on achieving our strategic goals guided by our overarching principles. We have set out below examples of the progress made in each goal.

GOAL 1	
A resilient Irish economy founded on sustainable and balanced growth leading to significant increases in employment numbers	
Our Objectives	**Our Achievements**
• **Sustainable economic growth across domestic and international activities.** • **Increase in competitiveness, employment and productivity growth.** • **Appropriate credit available for viable households and businesses, etc.**	• Increased interaction with stakeholders (4.1) • Jobs and growth focus (4.2) • SME Taxation Measures (4.3) • SME Credit Initiatives (4.4) • Alternative non-bank funding (4.4.4 & 4.5)

GOAL 2	
A sustainable macroeconomic environment and sound public finances	
Our Objectives	**Our Achievements**
• **Decline in General Government Deficit.** • **Decline of Government debt ratio in line with European requirements.** • **Return to sovereign debt markets by 2014.** • **Sustainable, robust and efficient tax system that meets budgetary requirements.**	• Provision of multi annual macroeconomic and fiscal forecasts for Stability Programme Update, Medium-Term Fiscal Statement and Budget. (5.1) • Deepened engagement with Irish Fiscal Advisory Council and publication of the Fiscal Responsibility Bill (5.2) • Finance Act 2012 & Budget 2013 (5.3) • Work on Promissory Note Restructuring (5.4)

GOAL 3	
An improvement in the living standards of our citizens	
Our Objectives	**Our Achievements**
• **Conditions to support growth in household income and wealth.** • **Equitable, efficient and broadly-based tax system which meets Ireland's policy needs.** • **Equitable access to governmental services that underpin long term sustainable growth.**	• Influencing European Policy to encompass Growth and Jobs Imperatives (6.1) • Personal Insolvency Bill (6.2) • Financial Inclusion (6.3) • Mortgage Arrears Steering Group (6.4) • Broadening of the tax base (6.5)

GOAL 4	
Return by Ireland to international debt markets so as to achieve an exit from the EU/IMF funding programme at the earliest possible date	
Our Objectives	**Our Achievements**
• **A Programme of Support that meets Ireland's requirements.** • **Return to sovereign debt markets by 2014.**	• Ongoing successful management of EU/IMF Programme with over 190 programme targets met (7.1) • Programme Financing (7.2) • Improved relations with EU and International Partners (7.3) • Maintained and developed close relationships with potential investors along with NTMA colleagues (7.4)

GOAL 5	
Completion of the restructuring of the banking system and a vibrant, secure and well regulated financial sector	
Our Objectives	**Our Achievements**
• **A well-regulated, effectively supervised, competitive and more stable financial services sector.** • **A banking sector servicing the economy and the wider population and built for the future.** • **Continuing development of Ireland as a centre for international financial services and as a location of choice for investment for international foreign financial services firms.** • **Appropriate credit available for viable households and businesses.**	• Completion of the PCAR 2011 recapitalisations and submission of revised restructuring plans for AIB and PTSB (8.1) • Continued successful deleveraging and delivery of significant cost reduction plans across the system (8.1) • Implemented policies to support effective regulatory supervision of the financial sector (8.2) • Development of IFSC & International Banking (8.3) • Reduction in ELG & ELA (8.4) • Credit Union Reform and Development of ReBo (8.6)

STATEMENT OF STRATEGY SECTION 7	
Achieving a Higher Performing Department	
Our Objectives	**Our Achievements**
• **We must strengthen the leadership role we play in the rebuilding of our economy.** • **We must improve our performance by being more flexible and adaptable in the use of our resources.** • **We must re-optimise our resources by identifying our most significant initiatives and realign our resources in line with our revised and more forward looking strategic plan.**	• Staff development (9.1) • New Department Structure (9.2) • Improved Financial Management and Reporting (9.2.5) • Better Reporting and a revised MAC Structure (9.3) • Management Challenge sessions (9.3) • Internal Whistle-blower Policy (9.4) • Greater Visibility for the Department – speeches, stakeholder meetings & publications (9.5)

The following sections set out our achievements in greater detail under each Goal. When we published our revised Statement of Strategy, we noted performance measures (or KPIs). These allow us to measure our progress for each Goal. Achievement of many measures also requires the good work of many other departments and agencies. Because we measure our own success against these KPIs, however, we believe it appropriate to set out below progress against these measures.

4. Goal 1 A resilient Irish economy founded on sustainable and balanced growth and leading to significant increases in employment numbers

Goal 1 is of fundamental importance to the country and therefore for the Department of Finance. Ireland must rebuild its economy and continue its efforts in reducing the unemployment rate from its current unacceptably high level. The Department is actively involved in cross-Government initiatives aimed at driving growth and seeks to use its policy levers to put in place the conditions conducive to foster sustainable growth.

4.1 Increased Interaction with Stakeholders

Leadership and partnership are two of the fundamental principles that guide the work of the Department. Along with established stakeholder engagement such as the Tax Strategy Group, an enhanced stakeholder engagement on Mortgage Arrears and SME funding took place. In addition, officials from across the Department actively liaised with public and private stakeholders both domestically and internationally on a wide range of other issues.

For example, the Tax Unit has sought in recent years to increase its interaction with external stakeholders. A dedicated 'micro' website www.taxpolicy.gov.ie has been established to increase the availability of information on tax policy issues to the public. The website is the main portal for an increasing number of public consultations on tax policy issues. Since its launch in September 2011, it has already received over half a million visits.

Extensive communication serves the purpose of better informed policy-making. A significant number of meetings with ratings agencies and potential investors gave us the opportunity to provide an overview of the progress Ireland is making in returning to sustainable and balanced growth. Officials from the Department also became more active in public speaking and media engagements not just in Dundalk, Sligo, Cork, Galway, Waterford, Limerick and Dublin but also New York, Washington DC, San Francisco, Paris, Berlin, Port of Spain, London, Rome, Madrid, Japan, Brussels and Frankfurt.

Department of Finance Policy Process

The Oxford University Centre for Business Taxation, in "Structures, processes and governance in tax policy-making: an initial report" examined the Department's tax policy processes. The report noted that relationships between the business tax community and the Department of Finance were described as very good (p. 126). The authors observe also that they were impressed by the structured approach to internal coordination of tax policy development within the Irish government (p. 177).

http://www.sbs.ox.ac.uk/centres/tax/Documents/reports/Structures%20and%20processes%20in%20tax%20policy%20making.pdf

4.2 Jobs and Growth Focus

The Department is firmly committed to the Jobs and Growth agenda. Unemployment remains at an unacceptably high level. Substantial elements of the Government's Action Plan for Jobs are being led by the Department encompassing actions related to access to finance and sectoral initiatives related to financial services, tourism, aviation and construction. The revamped Economics Division assists in maintaining focus on jobs and growth. By splitting the Division into teams that concentrate on macro and micro issues, we have been better able to assess policy options from a sectoral perspective. The Department's team has also been actively contributing to forums such as NESC and the Commission for the Economic Development of Rural Areas.

Our jobs and growth focus is also cognisant of the importance of international perceptions. To positively influence international opinion, senior officials have played a greater part in initiatives such as the Global Irish Network (GIN) and important trade missions such as China in March 2012. Developing greater trade links through channels such as these is invaluable to further boost Ireland's export led growth strategy.

Sectoral policy

Construction Sector Initiatives

- €2.25 billion infrastructure stimulus package
- Extension of Mortgage Interest Relief to First Time Buyers to the end of 2012
- NAMA 80:20 Deferred Payment Initiative
- Introduction of tax framework for Real Estate Investment Trust (REITs) companies in Budget 2013
- Introduction of Property Price Register to enhance housing

4.3 SME Taxation Measures

The Department is conscious of the need for tax-raising measures, consistent with meeting our overall fiscal obligations, to be fair and minimize the impact on people's incentive to work and indeed encourage job creation as far as possible.

In 2012 we maintained strong levels of public consultation on tax policy.

The 10 Point Tax Reform Plan announced in Budget 2013 contains measures to assist small businesses in a number of ways by:

- Helping their cash flow position,
- Helping them access funding,
- Reducing the costs associated with the administrative burden of tax compliance,
- Boosting demand for their products in new markets, and
- Incentivising them to create jobs.

4.4 SME Credit Initiatives

We recognise that SMEs are the lifeblood of the economy and we understand the need to develop a broad range of policies to support this sector. As well as delivering a tax package to assist the SME sector, the focus of the Department, working in partnership with other Government agencies, has been to promote and facilitate an adequate flow of credit and funding to the SME sector. We are also aware however, that the sector continues to deleverage following the difficult economic conditions experienced in the recent past and so the supply of bank credit is not the only issue.

Many viable SMEs are under stress, so providing renewal of credit or even relief on existing terms is as important to job preservation as new lending to growing companies is to job creation.

4.4.1 Information, Demand Survey and Regional Meetings

Last year the Department commenced a series of bi-annual surveys of credit demand and supplemented this with a thorough consultation process with the SME sector.

The Minister for Small Business, Mr John Perry T.D., accompanied by senior officials from the Department, held a series of seven regional meetings around the country to discuss access to bank credit with key local stakeholders. The Minister for Finance also attended the meeting with stakeholders in Limerick. Following the regional meetings, the Department compiled a report setting out over 50 action points. Examples of the actions implemented include:

- The establishment of a SME Funding Consultation Committee chaired by the Department,
- Placing final year business students in SMEs to provide additional expertise,
- Reducing administrative burden by simplifying loan application processes, and
- Ensuring appropriate information is more readily accessible for SMEs through the creation of a one-stop-shop website.

4.4.2 SME credit and the Pillar Banks

Restoring stability to the banks' balance sheets has been the first step in delivering a functioning banking system. With this achieved, we are now seeing a greater focus by the banks on lending. Although progress has been made, we continue to see issues to be progressed in 2013.

Since 2011, the Government has imposed bank lending targets for SMEs. Both pillar banks, with strong oversight from the Credit Review Office and the Department, met the 2012 lending targets set by Government.

In addition to lending targets, the Minister has asked one of the public interest directors in each bank to have specific reporting responsibility to the Minister for actions by that bank to improve SME lending.

The Department has also continued to work with the pillar banks on other fronts in 2012. Some of the bank specific results are listed in the following table.

AIB	BOI
•Surpassed €3.5billion lending target •Agri Investment Fund of €250million •Committed €20 million to EI Development Capital Fund •Committed to support implementation of the Microfinance Fund and Loan Guarantee Scheme •From overall AIB commitment of €50 million to EI Seed Capital fund, in 2012, €6.2 million was invested supporting 500 new jobs •Work with EI to develop sectoral expertise to meet the credit needs of internationally traded SMEs	•Surpassed €3.5billion lending target •Agri Investment Fund of €500million •Committed €20 million to EI Development Capital Fund •Committed to support implementation of the Microfinance Fund and Loan Guarantee Scheme •Two Active Seed Capital Funds in co-operation with EI totalling €49million with some 160 new jobs created already •Two BOI Enterprise Week events held during 2012. For each week, c15 Flagship events, c60 nationwide events and 1,500 SMEs showcased their businesses in BOI Branches.

4.4.3 Credit Review Office

As the availability of credit is an essential driver of the economy, the Department has taken steps to increase the effectiveness of the Credit Review Office (CRO).

- The Department undertook a review of the CRO in line with the commitment in the Action Plan for Jobs and to investigate concerns related to a background of very low numbers of cases being taken to the CRO,
- Following the review, the Department sanctioned an increase in the numbers on the Credit Review Panel in order to facilitate faster processing of decisions, and
- A public consultation process is now underway to identify other improvements.

4.4.4 Non-Bank Funding

While the availability of credit from banks is essential, it is not the total solution. The Department has co-operated with the Department of Jobs, Enterprise and Innovation in relation to the introduction of the micro financing and guarantee scheme. The focus continues now on how to provide other forms of funding to start-up companies or established companies who need assistance in repairing their balance sheets which would then make them suitable for bank credit.

This is progressing on a number of fronts; including:

- NPRF – Three new funds – total fund size c. €850m - total NPRF commitment of c. €625 million,
- Silicon Valley Bank - $100 million commitment, and
- International funds – China Ireland Technology Fund.

We also met regularly with the Irish Stock Exchange, Enterprise Ireland and the Irish Venture Capital Association in 2012 to see how venture capital and other capital markets funding can better be provided to mid-size Irish companies.

The Department of Finance also hosted, on the 8th of December, a pre-EU Presidency Workshop on the topic of 'Non-Bank Funding for Growth and Jobs in Europe'. This participative workshop was designed to facilitate an open and interactive discussion between senior policy makers, regulators and leaders of the financial industry on the key issues relating to non-bank funding for growth and employment in the EU.

In light of the prevailing economic climate, securing the necessary funding for the Stimulus Package was a major challenge. While a number of funding sources have already been identified, including NPRF and EIB, difficulties existed in accessing these funds. The Department set up a new 'Financing the State' unit to bring its banking expertise to aid the resolution of these difficulties.

To this end, in 2012 the Department:

- Established an infrastructure financing steering group, with representatives from NDFA, D/PER, NPRF and NewERA, to progress financing initiatives that support the infrastructure stimulus.
- Initiated work with the NDFA on the possible means of securing potential financing from institutional investors (including pension funds).
- Deepened and widened our engagement with the EIB which was demonstrated by a visit by Bank President Hoyer to the Taoiseach, Minister Noonan and Minister Howlin in July. In 2012, the Bank provided 26% more funding than in 2011 across a range of sectors and the year marked the first PPPs (in schools) since 2008.
- Helped resolve financing matters particular to EIB in respect of co-funding projects and established a special High Level Working Group with EIB and Irish officials to assist in this task.

4.4.5 NAMA FUNDING

We have also worked with NAMA to provide support for employment growth and stimulus using NAMA funding sources.

In May 2012, NAMA announced a €2 billion capital investment plan for Ireland, in addition to the €500 million in advances for Irish assets approved prior to that date. At year end, NAMA had approved €1.7 billion in advances to debtors, of which over €1 billion has been drawn down.

At the same time, NAMA also announced a €2 billion vendor finance initiative representing a significant injection of liquidity into the Irish property market. The first vendor finance transaction was completed during 2012 and a number of others are currently in the pipeline and nearing completion.

In October, NAMA launched a new 80:20 deferred mortgage initiative and this will be extended on a phased basis during 2013.

4.5 ALTERNATIVE FUNDING

The Department has met with various groups to investigate using Islamic Finance as a means of alternative funding linked with the IFSC strategy. As there are deep capital pools in Islamic banking countries and the Islamic banking market is valued at over USD1.1 trillion, combined with the estimated growth rate of up to 20% year on year, it is hoped that developing a partnership in this area will be beneficial to the stability of the economy by creating an alternative source of funding.

KPI GOAL 1 PROGRESS

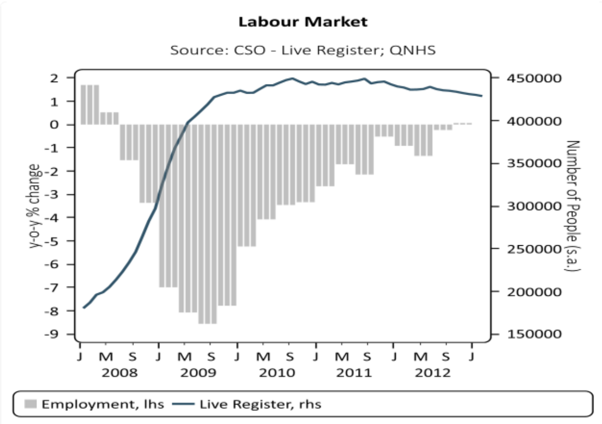
LEVEL OF GDP & GNP GROWTH

		2012		
(year-on-year changes)	**2011**	**Q1**	**Q2**	**Q3**
Personal Consumption	-2.4	-2.0	-2.2	**0.2**
Government Consumption	-4.3	-3.0	-5.5	**-3.9**
Gross Investment	-12.6	7.0	-13.3	**8.8**
Exports	5.1	5.7	2.1	**2.0**
Imports	-0.3	0.8	-2.0	**0.8**
GDP	1.4	2.3	-0.5	**0.8**
GNP	**-2.5**	**1.6**	**3.6**	**3.7**

- GDP increased by 1.4% in 2011 - the first year of growth since 2007
- GDP is estimated to have grown by 0.9% in 2012, having recorded year-on-year growth of 0.8% of the first three quarters of the year
- Exports continue to lead the recovery – growing by 3.2% over the first three quarters of 2012 – final domestic demand increased in Q3 for the first time since early 2008
- For more info – CSO data on GDP and GNP growth levels

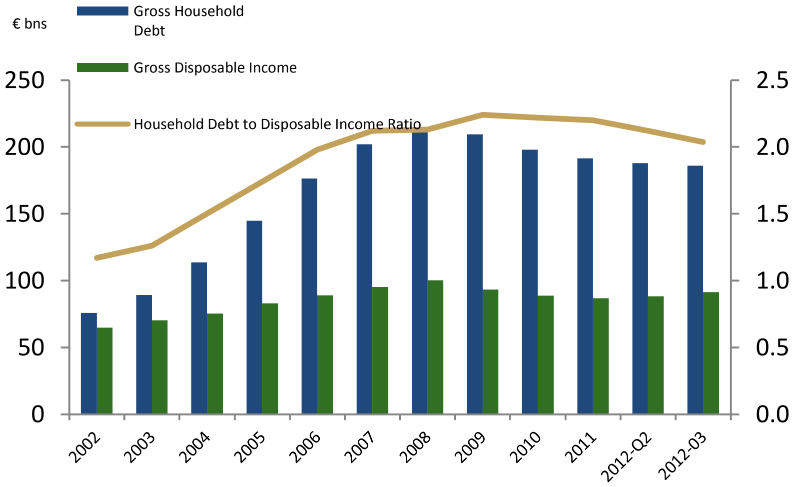
LEVELS OF EMPLOYMENT

- Employment increased by 0.1 per cent in annual terms relative to Q4 2011 (following a 0.2 per cent decrease in Q3) - the first annual increase in employment recorded since Q2 2008
- Unemployment decreased by 19,200 (6.1 per cent) on an annual basis. The seasonally adjusted unemployment rate decreased from 14.6 per cent to 14.2 per cent over the quarter
- For more info - CSO data on unemployment levels



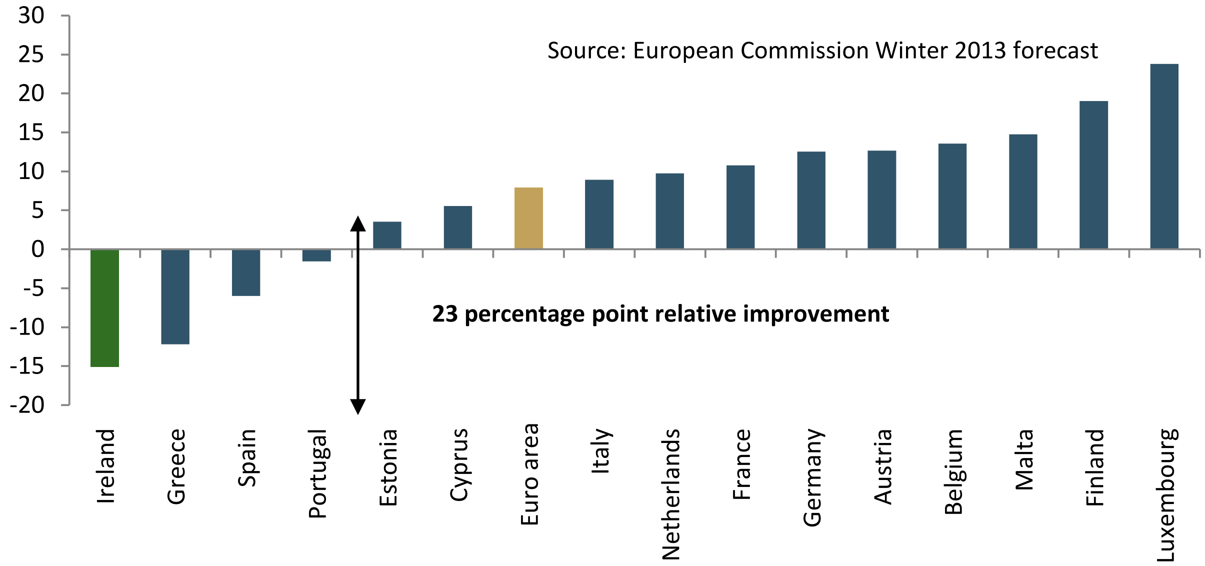
SUSTAINABLE LEVELS OF HOUSEHOLD DEBT

- Analysis of Irish household debt-to-disposable income levels indicate that since its peak in Q4 2009 at 224.6%, household debt has been decreasing at a steady pace, to its current level of 203.8% of debt-to-GDI in Q3 2012. For more info see - CSO data on household debt



COMPETITIVENESS INDICATORS

The OECD's latest Early Estimates of Quarterly Unit Labour Costs (ULC) Indicators for the Total economy puts Ireland at 2005 levels in terms of costs. The OECD and Euro Area indices for Q3-2012 stand at 110.3 and 112.1 respectively compared to their 2005 levels.



- The ECB's latest Harmonised competitiveness indicators based on GDP deflators: (for Q3 2012) shows that Ireland had one of the largest improvements in competitiveness (-4.7%) in terms of percentage change versus the previous year.
  For more info - http://www.ecb.int/stats/exchange/hci/html/hci_gdp_2012-07.en.html
- More generally Ireland has regained competiveness in terms of Consumer Prices. The Harmonised Index of Consumer Prices shows that prices in Ireland are slightly up on 2008 levels whereas in all other EU member states they have shown a greater increase compared to their 2008 levels.

  For more info - http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/data/database

5. Goal 2 A sustainable macroeconomic environment and sound public finances

The core functions of the Department include providing budgetary and policy advice and the macroeconomic and fiscal forecasts that underpin this. This work is not just confined to domestic policy but includes European and international policy advice through contributions made in numerous forums such as the EU Commission, IMF and OECD.

The Department provides regular information on the content and rationale of fiscal policy through publications such as the Stability Programme Update, the Medium-Term Fiscal Statement and the Budget. These publications have led to increased stakeholder awareness of the government's economic and budgetary strategy by identification of key risks – upside and downside – to the economy.

5.1 Provision of Economic and Fiscal Forecasts and Commentary

In recent years the Department has considerably increased its level of interaction with economists from elsewhere in the public and private sectors. For example, the Economics Division held a number of seminars in the context of the Stability Programme Update in both 2011 and 2012 to discuss the macroeconomic and fiscal forecasts as well as the risks associated with those forecasts. A similar exercise was carried out in relation to last year's MTFS. An additional seminar of a more technical nature was held on the estimation of the output gap and the structural balance in January of 2012. It is planned to hold a further seminar after the publication of SPU 2013.

The Economics Division recognises that a key element in delivering macroeconomic policy is the communication of that policy and therefore regularly meets with domestic and international agents, both from the private sector (such as investors and ratings agencies) and the official side, most notably through quarterly Troika reviews. A range of publications are now issued that enhance our interaction with stakeholders including:

- Stability Programme Update,
- Medium-Term Fiscal Statement,
- Budget (and supporting documentation),
- Monthly Economic Bulletin,
- Budget and Economic Statistics,
- Maastricht Returns, and
- Monthly Exchequer Statements.

The enhanced openness of the Economics Division is also illustrated by the publication of a number of academic articles alongside official Department publications such as the MTFS. It is envisaged that more articles will be published in the near future. The articles that have been published to date include:

- Measuring the impact of the Jobs Initiative - Was the VAT reduction passed on and were jobs created?
- Economic Assessment of SME Sector in Ireland,
- Common Consolidated Corporate Tax Base (CCCTB): An Update, and
- Economic Impact Assessment of Section 481 Film Relief.

The Economic Management Council, which consists of the Taoiseach, Tánaiste and Ministers for Finance and Public Expenditure and Reform are provided with a weekly update of the latest economic developments.

The Division also continues to provide economic analysis and advice to other divisions and arms of Government, for example, analytical and modelling support to the Expert Group on Property Tax.

5.2 Engagement with Irish Fiscal Advisory Council

The Irish people voted to ratify the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union in a referendum held on 31 May 2012. The aim of this Treaty is to foster budgetary discipline, improve the stability of the euro area and provide for better coordination between the participating countries. Following this, the Fiscal Responsibility Act 2012, which implements key provisions of the Treaty, completed all stages and was signed by the President on 27 November 2012.

The Irish Fiscal Advisory Council became a statutory body when the Fiscal Responsibility Act 2012 came into force on 31 December 2012. The Act, which implements Articles 3 and 4 of the Fiscal Compact Treaty, assigned to the Fiscal Council the function of monitoring compliance by the Government with the balanced budget rule provided for in the Fiscal Compact. It has published three fiscal assessment reports along with a further report on fiscal frameworks[1].

The Department carefully considers the views and recommendations of the Fiscal Council and sets out its response in its major fiscal policy publications. The most recent of these was the Medium-Term Fiscal Statement published in November 2012. The Fiscal Council is a key element of the transformed fiscal policy framework that is increasing confidence, both domestically and internationally, in the credibility of our fiscal policy formation and delivery.

5.3 Finance Act 2012 & Budget 2013

Finance Bill 2012 was published on 9 February 2012 and, following its passage through the Oireachtas, was signed by President Higgins on 31 March. It is one of the largest Finance Acts in recent years, comprising 141 Sections and six Schedules.

Some of the key measures it contained included:

- The Special Assignee Relief Programme,
- The Foreign Earnings Deduction,
- Significant enhancements to the R&D tax credit scheme,
- Measures to support financial services industry,
- Limits on the use of legacy property reliefs, and
- Mortgage Interest Relief changes.

[1] http://www.fiscalcouncil.ie/publications/

Budget 2013 marked the culmination of many months assessing various policy options. It maintained the focus on bringing sustainability to the public finances while also introducing initiatives targeted to assist the SME sector in particular.

The Local Property Tax was also announced in Budget 2013 and will commence with effect from the 1st of July 2013 for the second half of the year. In order to design a tax that is equitable, the Government accepted most of the recommendations made in the Report of the Expert Group chaired by Dr. Don Thornhill on which the Department was represented.

5.4 INTERNATIONAL ECONOMIC RELATIONS

A key element in advancing Ireland's economic fortunes and delivering more sustainable public finances is maintaining dialogue with European and international counterparts. This allows for a greater appreciation of Ireland's situation.

An International Economic Relations Unit was established to enhance the Department's international engagement. Staff from the Department of Foreign Affairs were seconded to the unit to facilitate seamless cooperation with our global diplomatic team. The Unit has put in place a structured programme of inward and outward visits with the objective of deepening alliances in order to advance our national interests.

During 2012, high level visits were undertaken to London, Paris, Luxembourg, San Francisco, Washington DC, Tokyo, Berlin, Rome, Madrid, Kuala Lumpur, the Hague, Helsinki, Shanghai and Beijing.

Close links are maintained with our key Embassies to ensure EU economic developments are closely monitored, Irish developments promulgated and that our Embassy network is utilised fully to help in Ireland's economic recovery.

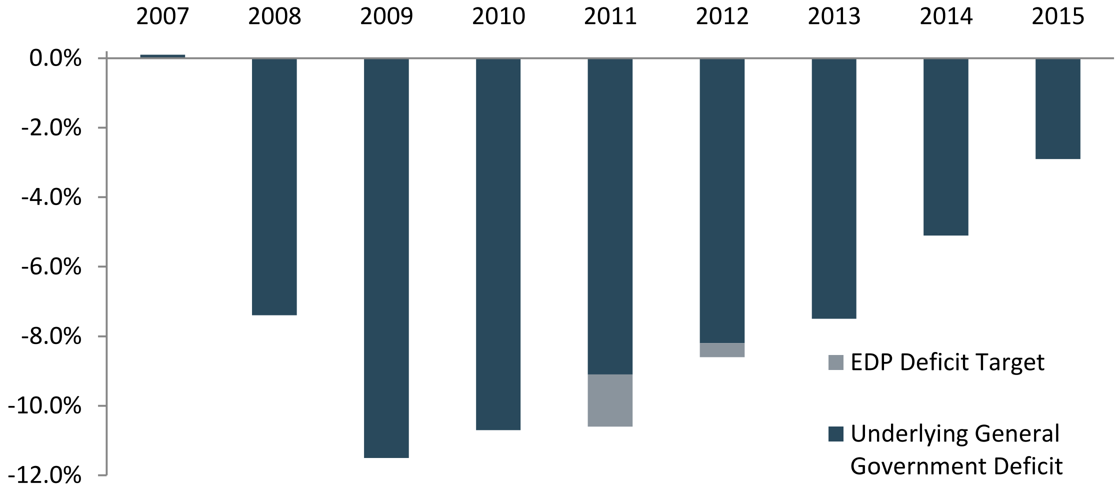
The Unit was to the fore in the promissory note negotiations and led a diplomatic offensive in order to garner support for Ireland's proposals. This engagement involved strategic Ministerial and senior official visits to key EU capitals, regular meetings with EU Ambassadors in Dublin and briefings for our key Embassies in the EU.

The Unit also oversees strategic EU policy and led on the Stability Treaty and the Future of Economic and Monetary Union debate, in close cooperation with the Department of the Taoiseach and our Permanent Representation in Brussels.

KPI GOAL 2 PROGRESS

DEFICIT RATIOS

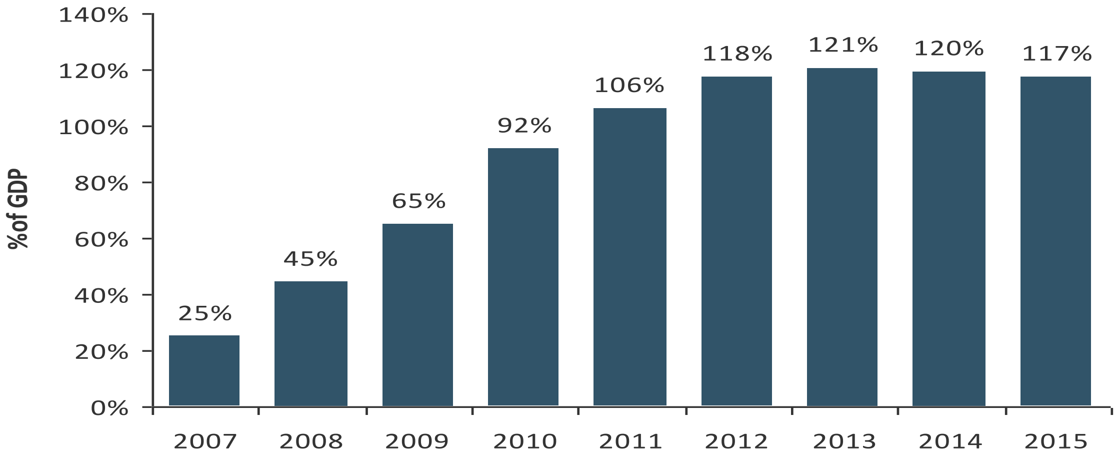
- The General Government deficit target under the EU/IMF Programme for 2012 was 8.6% of GDP and is 7.5% for 2013. Provisional estimates suggest that the fiscal target, along with all other fiscal targets under the Programme, was met by a margin.



Source: All figures are from Budget 2013

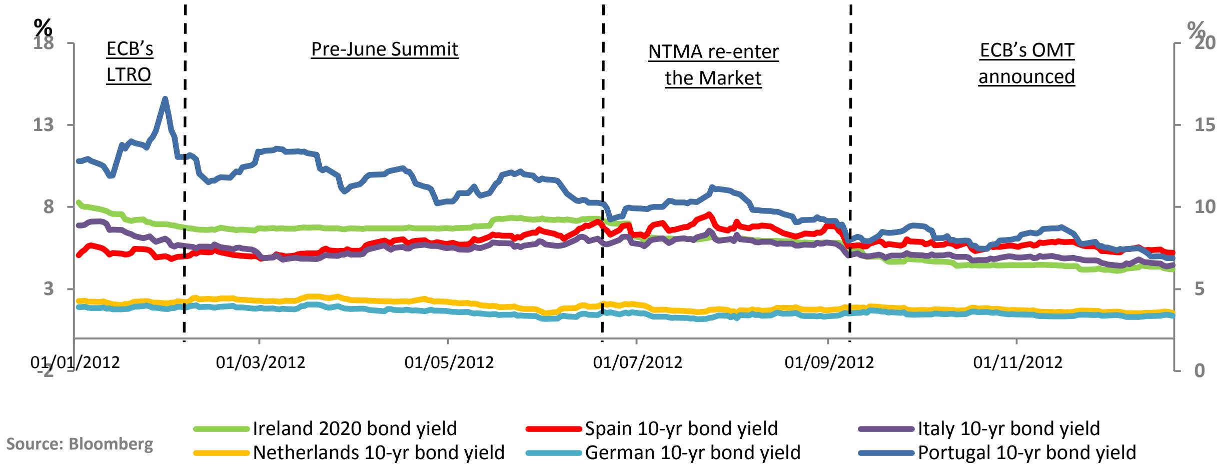
DEBT RATIO LEVELS

- The General Government Debt is expected to peak in 2013 before falling gradually thereafter.



Source: All figures are from Budget 2013

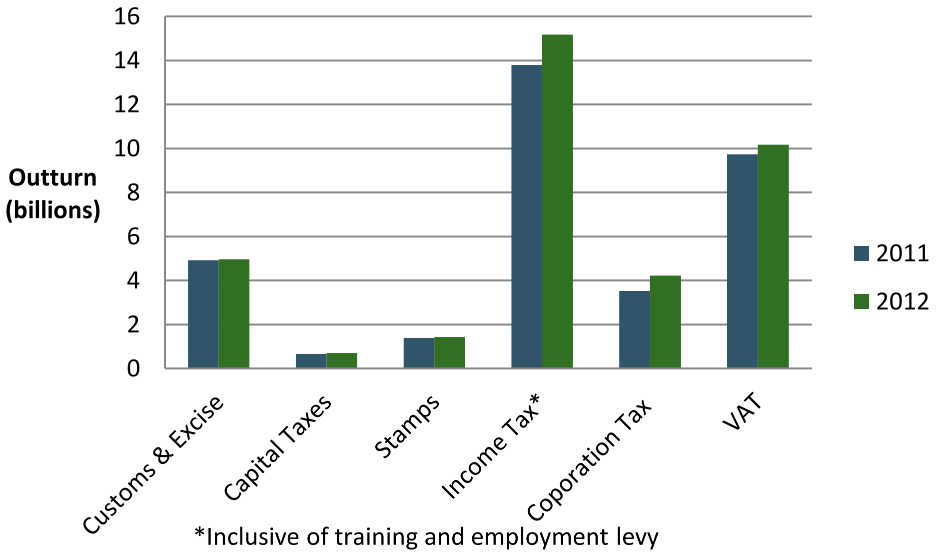
SOVEREIGN YIELDS



- NTMA completed several 3-month T-Bill auctions in 2012, the first of which was in July when €500m was raised at a rate of 1.8% (0.55% in November). Rates in 2013 are now down to as low as 20 basis points.
- In July, Ireland tapped the market for €5.2bn in 5 year and 8 year bonds, €4.2bn of which was new money
- Market volatility eased following the ECB's OMT announcement and deposit rate cut in September.
- Fitch Ratings revised its outlook on Ireland to Stable from Negative on 15 December.

TAX YIELDS

Tax revenue in 2012 was €36.6 billion, an increase of over €2.6 billion (7.7%) on 2011. Adjusting for delayed corporation tax receipts from December 2011 and for the PRSI/income tax reclassification issue, the year on year growth rate was an estimated 5.3%. 2012 tax receipts finished the year €271 million (0.7%) ahead of target.



*Inclusive of training and employment levy

6. Goal 3 An improvement in the living standards of our citizens

While the Department has in recent years recommended a fiscal stance which has involved substantial consolidation, budgetary measures have been designed to be the least harmful to economic growth possible and also to support the living standards of our citizens. Research by the OECD, the ESRI and the European Commission has shown that the income tax system is one of the most progressive in the OECD and that the overall fiscal adjustment has been progressive in nature (See section 6.5).

The Department's implementation of legislation dealing with personal debt and its commitment in driving the Mortgage Arrears Steering Group is also testament to the ambition of resolving debt-related issues between borrowers and lenders in a mutually agreeable and fair way.

6.1 Influencing European Policy

The Department played a key role in the negotiations which led to the agreement of Heads of State or Government on 29 June 2012 to break the link between banks and sovereigns and "to examine the situation of the Irish financial sector with the view of further improving the sustainability of the well-performing adjustment programme"[2]. The Department also supported the Minister in efforts to re-establish growth as an imperative in the European agenda and the Troika Programme.

Throughout 2012, the Department was engaged in communicating to the Oireachtas, to other Government Departments and to the media, recent and proposed changes in the economic governance of the EU and the euro area and their implications for Ireland. These changes – the "six-pack" and the "two-pack" - are a response to weaknesses that became evident from the start of the economic and financial crisis. Enhanced economic governance will result in strengthened economic and budgetary coordination for the EU and for the euro area which will underpin sustainable economic growth and job creation for Ireland and for all other Member States.

In addition, the Department, leveraging the work of the International Economic Relations Unit, played a key role in shaping the Government's contribution to the debate on the future of Economic and Monetary Union.

The Department supported the Minister's successful campaign to increase the role of the EIB in investing in Ireland culminating in the decision by the EIB to inject new capital to Ireland to assist in financing additional projects. This approach has proven successful with funds committed to schools and water infrastructure projects.

[2] http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/131359.pdf

6.2 Resolution of unsustainable Personal Debt

The importance of resolution of unsustainable personal debt was highlighted by the Department during 2012, particularly in the speech by the Secretary General to the IBF Conference on 16 October 2012[3].

The new Personal Insolvency Act was signed into law at the end of 2012. The legislation developed through combined work of the Department and the Department of Justice and other colleagues, provides a legal framework for the resolution of unsustainable personal debt (including mortgage debt) and it will provide certainty for borrowers and lenders alike about the consequences of non-payment and failure to reach agreement.

Complementing this legislation is a comprehensive set of measures implemented by the banks following detailed consultation with our Department.

These include:

- An increase in staffing resources allocated to assisting in arrears management,
- The provision of alternative mortgage servicing arrangements, and
- A more focussed strategy encompassing engagement, stabilisation and resolution.

6.3 Financial Inclusion

The introduction of a Basic Payment Account is part of the Department of Finance's Strategy for Financial Inclusion in Ireland. According to the EU SILC survey of 2008, 17% of people in Ireland live in households that do not currently have access to a transaction-based bank account. The Basic Payment Account is being developed as a gateway product for wider financial inclusion, that is, access to insurance, savings and credit products.

Work on introducing a Basic Payment Account in Ireland by certain providers commenced in early 2012. The pilot phase for the Standard Bank Account is due to finish on 31 March 2013. Following an evaluation process, a full national rollout is planned in 2013.

The Standard Bank Account and the Financial Inclusion agenda represent a complimentary strategy to the aims of the National Payments Plan and both are also closely aligned with the Department of Social Protection's e-payment strategy. The cross-cutting nature of this initiative, which is led by the Department of Finance is reflected both in the composition of the Financial Inclusion Working Group and in its medium to long-term strategy.

6.4 Interdepartmental Mortgage Arrears Steering Group

An example of the Department's determination to drive reforming cross-government policy change is provided by the Mortgage Arrears Programme. A Steering Group, chaired by the Department of Finance was established to oversee implementation of the Interdepartmental Mortgage Arrears Working Group (Keane Report) Report's recommendations. In addition to the Department of Finance, the Steering Group also consists of senior officials from the

[3] http://www.finance.gov.ie/documents/speech2012/spjm122.pdf

Departments of the Environment, Community and Local Government, Justice and Equality, Social Protection, and Public Expenditure and Reform. The Central Bank is also represented on the Group.

In 2012 the Mortgage Arrears Programme delivered on the following key milestones:

- The Personal Insolvency Bill was published by the Department of Justice in June 2012,
- The Mortgage to Rent scheme was formally launched by the Department of Environment, Community and Local Government in June 2012,
- A three-phased approach to establishing a comprehensive Mortgage Arrears Information and Advice Service to provide the necessary supports to assist people in mortgage distress was launched by the Department of Social Protection in September 2012,
- The banks, with Central Bank oversight, completed pilots and commenced the roll-out of strategies and solutions to address loan arrears & unsustainable debt in October 2012, and
- A CEO was appointed by the Department of Justice to mobilise and operationalise the Insolvency Service of Ireland in October 2012.

6.5 BROADENING THE TAX BASE

The Irish tax system is one of the most progressive in the world[4]. Research by the OECD, the ESRI in Ireland, the European Commission and the Department has shown that:

- The income tax system is one of the most progressive in the OECD,
- The overall fiscal adjustment has been progressive in nature, and
- Those who earn the most have borne the greatest share of the fiscal adjustment.

Furthermore, it is estimated that in 2013, the top 5 per cent of income earners will pay 44 per cent of the total income tax, while it is estimated that those earning €50,000 or less, which represents 78 per cent of income earners, will pay 19 per cent of the total income tax. In 2013, it is estimated that 841,000 individuals, which represents approximately 40 per cent of the income tax base, will be exempt from income tax.

Broadening of the tax base will also be assisted through the introduction of a Local Property Tax in 2013 (see section 5.3).

[4] Distributional impact of recent budgets and progressivity issues
http://budget.gov.ie/Budgets/2013/Documents/Annex%20F%20-%20Progressivity.pdf

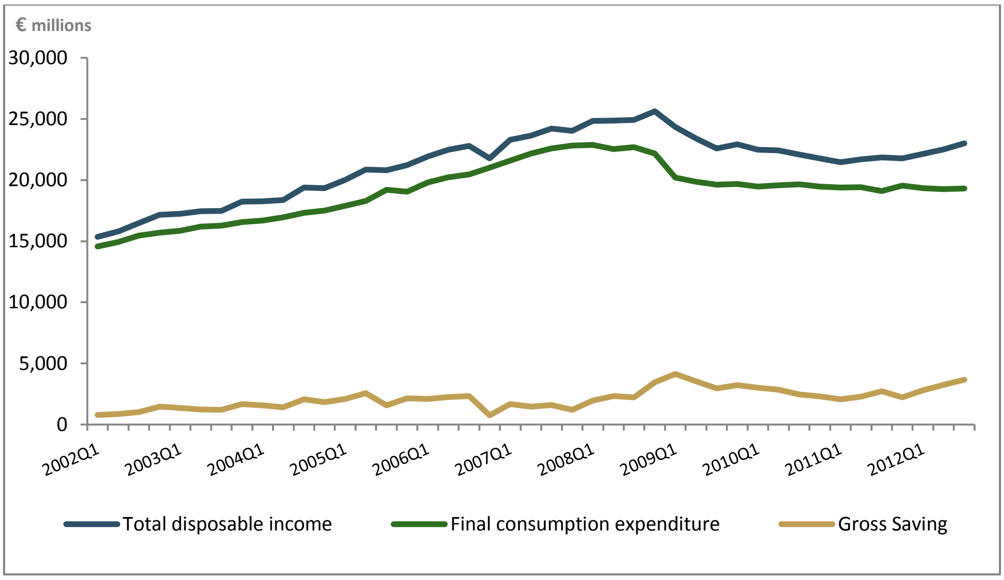
KPI GOAL 3 PROGRESS

PER CAPITA INCOME

- Average weekly earnings increased by 1.1% over the year to Q3 to €694.96
- Average hourly earnings meanwhile increased by 1.9% in annual terms at €22.00
- For more information CSO data on per capita income

HOUSEHOLD DISPOSABLE INCOME

- Gross household disposable income increased by 2.2% in the third quarter of 2012 (seasonally-adjusted) when compared with the previous quarter



- For more information CSO data on Household Disposable Income

LEVELS OF EMPLOYMENT

- Please refer to Goal 1 KPIs

7. Goal 4 A return by Ireland to international debt markets so as to achieve an exit from the EU/IMF funding programme at the earliest possible date

2013 is the year when Ireland will exit the EU/IMF Programme. By end Q4 2012, Ireland had met over 190 commitments under the programme on time. Latest estimates of the 2012 General Government Balance suggest that the end-year fiscal targets were also comfortably met. Already, during 2012, the NTMA have begun to successfully re-access markets closed to Ireland since 2010.

7.1 EU/IMF Programme

In 2012 the Department continued to lead the successful implementation of the EU-IMF Programme of Financial Assistance for Ireland, with all programme commitments delivered on time. Ireland's strong programme implementation has been recognised by our European Partners, the IMF and financial markets. The Programme remains well financed and we have already started to regain market access.

By the end of Quarter 4 2012, over 190 actions under the EU-IMF Programme had been fulfilled on time and approximately 83% of the funding available under the Programme had been drawn down.

2013 will bring the challenges and opportunities of the end of the Programme. To this end, the Department is developing a strategy to facilitate a successful exit from the programme taking domestic and external factors and risks into account.

7.2 Programme Financing

In 2012, the Department also successfully completed the ESM Treaty negotiations and prepared legislation which was passed successfully. The Department also participated in the successful defence of the ESM Legal Challenge in the High Court, the Supreme Court and the European Court of Justice (ECJ). The Department negotiated a reduction in the interest rates on the bilateral loans with the United Kingdom, Denmark and Sweden and the Master Financial Assistance Facility Agreement (FAFA) was agreed with the EFSF.

The Department published the Euro Area Loan Facility (Amendment) Bill 2012 which was enacted in March 2012. The purpose of this Bill was to enable Ireland to confirm acceptance of the 2nd Amendment to the Greek Loan Facility as part of the new programme of assistance for Greece.

Finally, we published the European Stability Mechanism Bill, 2012 which was enacted in July 2012. The Act allowed Ireland to ratify the European Stability Mechanism (ESM) Treaty establishing the ESM as a permanent stability mechanism to assume the tasks of the European Financial Stability Facility (EFSF) and the European Financial Stabilisation Mechanism (EFSM) in providing, where needed, financial assistance to Euro Area Member States. It also provided for matters associated with the ESM Treaty itself, including provisions on membership and purpose of the ESM, governance, authorised capital stock, operations and financial management, general provisions and transitional arrangements to apply on the move from the EFSF to the ESM.

7.3 Enhanced European & International Financial Institution (IFI) Engagement

Ireland's relationship with its EU and international partners is arguably more important than ever. We are committed to a greater level of international engagement. Ireland's stewardship of the EU Presidency provides an excellent opportunity to demonstrate that the European method of decision making can achieve results but also that it can help enhance our standing with other Member States and the European Institutions.

As Ireland's reputation is re-established, the Department has deepened its engagement with the International Financial Institutions (IFIs) such as the World Bank and the IMF. Reflecting the international perception that Ireland is successfully dealing with its current economic difficulties, the Secretary General was invited to speak at an international conference in September co-hosted by the IMF on "Frameworks for Sustainable Fiscal Policy and How to Lower Debt".

7.3.1 Ireland and the EU

The Department formally engages with the EU though its involvement in the monthly Eurogroup and ECOFIN meetings – which are attended by the Minister for Finance. The Minister, supported by Department officials attended 38 such meetings in 2012. Work on European policy issues was also carried out though the various Committees and Working Groups which operate at official level and which feed into these Ministerial formations. The Department's officials engage with policy issues in the European Union and usually attend, at least, on a monthly basis, the Euro Working Group (EWG), Economic Policy Committee (EPC), Economic and Financial Committee (EFC) and EFC (alternates). Officials have attended in excess of 80 meetings in 2012.

In addition, there are various technical committees and working groups that feed into the high level policy committees in which the Department is active. The views of the Department are also represented on various technical groups and through teleconferences and meetings with relevant individuals and organisations. Domestically the Department serves on the EU Senior Officials Interdepartmental Group which discusses policy developments in the European Union. The Department also services the Cabinet Committee on European Affairs (CCEUA).

The Department ensured that the Irish position was accurately represented at various EU and international forums including advising the Taoiseach, the Tánaiste, other Ministers and members of the Oireachtas Finance Committee. In addition, the Minister appeared before the Joint Oireachtas Committee on Finance and Public Expenditure and Reform to discuss developments at ECOFIN.

In 2012 the Department's already high level of involvement with the EU intensified as we drew closer to the start of Ireland's Presidency and became more involved in preparations for the EU work programme for the year ahead.

In relation to a number of economic, fiscal and financial legislative and related files the Department officials represent Irish national interests at EU level. Through a process of sustained engagement, the Department has been able to influence a number of discussions at EU level in order to ensure that Irish national interest was taken into account in a large number of dossiers including:

Key Dossiers	
• Alternative Investment Fund Managers Directive (AIFMD Level II)	• Fiscal Compact
• Bank Recovery and Resolution (BRR)	• Insurance Mediation Directive (IMD)
• Basic Payment Account Proposals	• Investor Compensation Scheme
• Capital Requirements Directive IV (CRD IV)	• Market Abuse Directive/Market Abuse Regulation (MAD/MAR)
• Central Securities Depositories (CSD)	• Markets in Financial Instruments Directive (MiFID)
• Common Consolidated Corporate Tax Base (CCCTB)	• Mortgage Credit Directive (MCD)
• Completing the Economic and Monetary Union	• Multi-Annual Financial Framework 2014-2020 (MFF)
• Credit Rating Agencies (CRAs III)	• Omnibus II/Solvency II
• Deposit Guarantee Scheme (DGS)	• Packaged Retail Investment Products (PRIPS)
• Economic Governance – Two-pack Budgetary and surveillance regulations	• Savings Tax Directive
• Energy Tax Directive	• Securities Law Directive
• ESM Treaty	• Shadow Banking
• European Semester Process	• Single Supervisory Mechanism (SSM)
• Financial Transactions Tax (FTT)	• Social Entrepreneurship
• Fiscal Compact	• Transparency Directive
• Financial Transactions Tax (FTT)	• Undertakings for Collective Investment in Transferable Securities (UCITS V)
• Fiscal Compact	• VAT
• Financial Transactions Tax (FTT)	• Venture Capital

7.3.2 Preparations for Irish Presidency

There was an increase in staffing resources in Dublin and Brussels in the lead up to the Presidency for the relevant policy areas of taxation, financial services and the EU Budget to ensure that the Department could effectively engage with the policy requirements of the Presidency. A Presidency Coordination Unit was established to coordinate the practical operation of the Presidency across the Department.

In order for Ireland to be ready to run an effective and efficient Presidency, during 2012, we:

- Worked closely with other Government Departments to formulate the priorities and strategy for the Presidency and specifically the work of the ECOFIN Council in 2013,

- Supported Ministers in a range of engagements with senior EU political figures and with the European Commission and European Parliament,
- Engaged with the principal EU departmental wide presidency policy planning forums in the Interdepartmental Committee to Coordinate the Presidency and the Senior Officials Group,
- Engaged with the practical planning of the Presidency events as part of the Interdepartmental Administrative Planning Group,
- Undertook a series of bi-lateral engagements with individuals from EU Member States in advance of the official start of the Presidency on 1 January 2013, and
- Centralised information on EU agenda items to provide a single point of information on EU issues.

In the context of its transformation agenda, the Department of Finance has, with external support, developed an EU Irish Presidency App to provide information to delegates visiting Dublin for EU Presidency events. At the end of the EU Presidency it is envisaged that many features of the App, such as the who's who and the calendar feature will be used as part of the day to day management of the Department reflecting the intention to make a greater use of technology to support the Department's business objectives.

7.3.3 Economic Governance and the EU Semester

The Department contributed to the compilation of a Presidency Roadmap to guide the effective implementation of the 2013 European Semester. We were closely involved in the ongoing negotiations with the Commission and Parliament on the two-pack of budgetary regulations.

We also disseminated information about ongoing EU economic governance developments to other departments and outside organisations, including making an appearance before the Joint Oireachtas Committee on Finance and Public Expenditure and Reform on 14 November.

7.3.4 The EU Budget and the Multiannual Financial Framework 2014-2020

The establishment of a new seven year financial framework is a key priority for the EU in 2013 and for the Irish Presidency. The Department of Finance has worked closely with Department of Taoiseach to jointly advance Ireland's national position in the negotiations since the publication of the Commission's proposal in June 2011. The technical analysis underpinning Ireland's approach was carried out within the Department of Finance in conjunction with a variety of domestic stakeholders but in particular the Departments of Agriculture and Food and Public Expenditure and Reform. Department of Finance staff based in the Permrep in Brussels played a central role in this work, which is ongoing in the context of securing an agreement with the European Parliament.

The Department of Finance has lead responsibility for representing Ireland in the Annual EU Budget negotiations. The Annual Budget for 2013 was agreed in December 2012 after very lengthy negotiations within Council and then with the European Parliament.

7.3.5 International Financial Institutions (IFIs)

Department staff deal with a range of International Financial Institutions including the OECD and the G20. The IFIs include: International Monetary Fund (IMF), World Bank Group (WBG), European Investment Bank (EIB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), and Council of Europe Development Bank (CEB).

In the course of the year, the Department increased its level of engagement with the IFIs. The regular meetings and in particular the high-level Annual Meetings and related events provided an invaluable opportunity for conveying high-level policy messages to key international decision makers. Seconded staff based in the IMF, WBG and the EBRD also serviced a large number of meetings on a day-to-day basis.

In July 2012, the Department and Enterprise Ireland co-hosted a World Bank/IFC/MIGA Business Opportunities Seminar in Dublin designed to promote awareness by Irish companies and consultancies of procurement opportunities with the World Bank bodies. The Minister for Finance gave the keynote address at this event.

Ireland successfully underwent its first Article IV process since the financial crisis/programme. This process which examines medium to long-term policy issues was published in September 2012[5].

7.4 Investor Relations

A return by Ireland to international debt markets over 2012 and into 2013 has been achieved by improved investor relations, particularly by the NTMA's engagement with market participants. This interaction is supported by a co-ordinated approach across the Irish Authorities with issues of primary importance handled by the Principals' Group, which comprises the Secretary General of the Department, the Chairman of the NTMA and the Governor of the Central Bank and/or their designates.

Moving into 2013 the next steps towards sustainable market re-entry will be based on:

- Continued regular schedule of Treasury Bill auctions – with rates having dropped substantially from 1.8% in July 2012 to as low as 20 basis points in early 2013,
- Continue to engage with investors on a regular basis (NTMA conducted two non-deal road shows in 2012), and
- Consider the launch of a benchmark 10-year bond during 2013.
- Also the Authorities are working on ensuring clarity on Ireland's ability to exit successfully from the Troika Programme to underpin sustainable market re-entry

The Minister and Department officials supported these efforts in 2012 by very active participation in public speaking engagements, media interviews, private investor and rating agency briefings and the issuance of public information such as the Quarterly Report Card[6].

[5] http://www.imf.org/external/pubs/ft/scr/2012/cr12264.pdf
[6] http://www.finance.gov.ie/

KPI GOAL 4 PROGESS

DEFICIT RATIOS

- Please see Goal 2 KPIs for information.

RETURN TO SOVEREIGN MARKETS AT SUSTAINABLE PRICES

- NTMA continues to raise money in debt markets at much reduced yields. The January 2013 €500m auction in 3-month Treasury-bills was at a yield of 0.2% was the lowest yield recorded since March 2009.
- The following table shows "new money" raised through Government bonds (including amortising bonds) and T-Bills in 2012.

"New Money" Raised in 2012		
	Amount (€bn)	**Yield**
July 2012		
"New Money" for new 2017 Bond	2.89	5.9%
"New Money" for existing 2020 bond	1.30	6.1%
Total	**4.19**	
3 month T-Bill Auction	0.5	1.8%*
August 2012		
Amortising Bonds		
35 Year Maturity	0.33	5.92%
30 Year Maturity	0.32	5.92%
25 Year Maturity	0.30	5.92%
20 Year Maturity	0.03	5.82%
15 Year Maturity	0.04	5.72%
Total	**1.02**	
September 2012		
3 month T-Bill Auction	0.5	0.7%*
October 2012		
3 month T-Bill Auction	0.5	0.7%*
November 2012		
3 month T-Bill Auction	*0.5*	*0.55%**

**Annual Equivalent Yield. The T-Bills issued in July 2012 matured in September 2012 while those issued in September 2012 matured in December 2012 meaning a net €1bn was issued in 2012.*

8. Goal 5 The completion of the restructuring of the banking system and a vibrant, secure and well-regulated financial sector

Undoubtedly, one of the most significant challenges facing our country in the aftermath of the financial crisis is repairing our banking system. Much work has taken place in 2012 to ensure we deliver a vibrant, secure and well regulated financial sector of which more detail is provided in the following sections.

8.1 Covered Bank Restructuring

In April 2012, a way forward for Permanent TSB was agreed with the Troika which envisaged it playing an important role in the future of Irish retail banking. PTSB's European Commission (EC) Restructuring Plan was submitted to DG Comp in June 2012 and involves the split of its operations into three strategic business units (1) Retail Bank (2) Asset Management Unit and (3) Capital Home Loans (CHL).

In June 2012, the acquisition of Irish Life for €1.3bn completed the PCAR 2011 recapitalisation requirements of PTSB. An agreement to sell Irish Life to Great-West Lifeco was subsequently agreed in February 2013. This marks the first time that a company acquired by the State during the financial crisis has been returned fully to private ownership.

AIB's EC Restructuring Plan was submitted to DG Competition in September and the Department has been leading discussions between the bank and the Commission in the months since. Post this process AIB will be a smaller, profitable, Irish focused organisation capable of supporting the recovery in the Irish economy.

The Covered banks have commenced significant severance and branch closure programmes to reduce costs. During 2012, over 2,900 staff left AIB and BOI under the various redundancy programmes with further reductions in staff levels expected in 2013.

Total deleveraging achieved across the covered banks totalled €66.5bn as at 30 Oct 2012 (c. 78% of deleveraging targets are now completed). Deleveraging to date has been achieved within average planned assumed discounts. Both AIB and BOI remain on track to achieve their year-end 2013 deleveraging targets.

The on-going progress in deleveraging and deposit gathering activities has seen both AIB and BOI make further progress towards improving their Loan to Deposit ratio's (LDR), which had reduced below 125% at year-end 2012.

ECB funding to AIB, BOI and PTSB reduced from €67bn at December 2011 to €49bn at end 2012 arising from continued deleveraging, increased deposits and availability of market funding. Of note BOI and AIB issued un-guaranteed Covered Bond funding of €1bn and €500m respectively in late 2012. In addition BOI was able to raise €250m subordinated debt in December 2012 and AIB was able to raise another €500m of un-guaranteed Covered Bond funding in January 2013. PTSB then raised €400m of unguaranteed secured funding in February 2013.

In 2012, an additional €3.5bn of Government Guaranteed NAMA Senior Bonds were redeemed. To date there has been cumulative NAMA Senior Bond redemptions of €4.75bn representing 63% of the agencies year end 2013 target of €7.5bn. NAMA remains firmly on target to achieve its debt reduction milestones.

Relationship Frameworks were agreed and implemented in March 2012 to set out the framework for our engagement with each of the covered banks.

8.2 Regulation and Monitoring of Financial Sector

The Department continues to take steps in order to ensure that the financial sector will be well regulated in the future. These steps include:

- Preparation and consultation on EU and national legislation, for example Alternative Investment Fund Managers Directive (AIFMD),
- The transposition of Short selling Regulations and the Omnibus I Directive into national legislation and preparatory work for the transposition of other EU measures e.g. Financial Conglomerates Directive, and
- On-going monitoring of financial services trends and international developments and the development of appropriate policy responses.

8.2.1 Management Changes / Remuneration and Directors Policy

Part of the Department's strategy with regard to the Banking Sector in Ireland has been to lower the operating costs and improve the viability of the sector. In an effort to achieve this following steps have been taken:

- The refresh of management teams continued in 2012 with new CEOs appointed in AIB and PTSB in late 2011/early 2012 supplemented by new executive committee members later in 2012. A total of 9 new non-executive directors were appointed to the covered banks in 2012,
- Review/Negotiation and implementation of a new sector wide standard endorsed by the Department of Public Expenditure & Reform (DPER) for voluntary redundancy across the covered institutions as a new benchmark,
- In order to complete the Programme for Government commitment to undertake a Remuneration Review of the Covered Institutions Mercer were appointed and will complete their work in early 2013, and
- Only one Board member in situ at 30 September 2008 continues to serve on an Irish covered bank board. This individual has recently been cleared by the Central Bank of Ireland to remain, following fitness and probity reviews.

8.3 IFSC and International Banking

A further important focus during 2012 was the continued development of the international banking sector and IFSC. Development in this area is essential for sourcing funding for Irish companies.

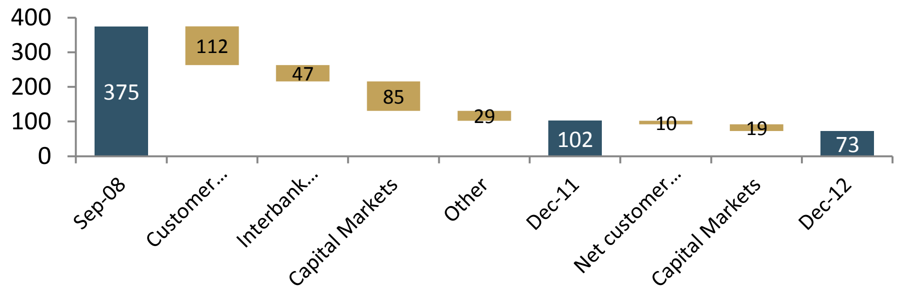
- **International Banking** - The Minister for Finance and senior officials from the Department met regularly with banking business figures at the highest levels to inform them of the latest developments in the Irish economy and to encourage greater participation in Irish lending. This is key to finding alternative capital markets funding solutions for larger Irish and IDA companies in the wake of a reduction in activity of the Government supported banks in these areas.

- **IFSC** - During 2012 the Department played an active role in the development of the IFSC through the Clearing House Group which supports the work of the IDA. Work focuses on key developing sectors such as aircraft financing and the rigorous defence of Irish interests in EU Financial Services legislative negotiations.
- **REITs** - In Budget 2013, the Minister announced that a Real Estate Investment Trust (REIT) regime will be introduced to provide alternative ways for investors to have direct investment in property. Building on the significant existing international funds industry developed in Ireland since the establishment of the IFSC, the introduction of REIT may be a first step towards developing Ireland as a hub for the management of international property investment.
- **IOSCO** – Legislation was passed to enable Ireland to sign IOSCO multilateral memorandum of understanding, thereby avoiding serious reputational and commercial damage to the Irish funds industry

8.4.1 REDUCTION IN STATE'S EXPOSURE RESULTING FROM ELG SCHEME

During 2012, the State actively sought to reduce its exposure under the Eligible Liabilities Guarantee scheme. This resulted in the reduction in covered liabilities by c.€29 billion (c.28%). The reduction in liabilities was primarily as a result of removing deposits in the UK and the redemption of guaranteed bonds. There was no adverse impact on the deposit volumes or funding profiles of any of the participating banks as a result of the changes in coverage.

Since the introduction of the Credit Institutions Financial Support (CIFS) guarantee in September 2008, the State has reduced its exposure from €375 billion to €73 billion at December 2012.



8.4.2 ESTABLISHMENT OF WORKING GROUP TO EXIT ELG SCHEME

An inter-Agency Working Group led by the Department of Finance was formed in June 2012, to consider the future of the ELG Scheme. It was made up of key representatives from the Department, the Central Bank of Ireland (CBI) and the NTMA. During December 2012, the Group recommended that the ELG Scheme be prolonged until June 2013, but with the intention of facilitating an early exit from the Scheme, conditions permitting.

8.4.3 FEES PAID TO THE STATE IN RESPECT OF ELG

Fees of €3.8 billion have been paid to the State to date by the banks in respect of the CIFS and ELG Scheme to end-December 2012. Of that amount, €1,024 million in ELG fees were received in 2012. Fees are calculated every quarter in arrears based on outstanding eligible liabilities at the end of the quarter with pricing decided at EU level. Fees are paid direct into the ELG Central Bank account by the participating Institutions on a quarterly basis which are then transferred into the Exchequer.

8.4.4 ELA MINISTERIAL GUARANTEES

Exceptional Liquidity Assistance (ELA) provided by the CBI allows credit institutions to access short-term funding from the Bank based on various assets or collateral pledged as security. The collateral provided by the banks availing of ELA includes Promissory Notes issued by the Minister, loans including residential mortgages and investments or development loans and guarantees of the Minister. In addition, the CBI has received letters of comfort from the Minister. These confirm any shortfall on the liquidation of collateral can be made good by the State.

The CBI reports ELA lending as part of 'Other Assets' in its balance sheet. In its Statement of Accounts, it reported that the amount of ELA advanced at end 2012 was c. €40 billion of which €15 billion was backed by Ministerial Guarantee. The ELA at end 2012 was solely related to IBRC.

Over the period of 2012 the amount of ministerial guarantees drawn down by the covered banks (excluding IBRC) was nil.

8.5 SINGLE EURO PAYMENTS AREA

The aim of the Single Euro Payments Area (SEPA) project is to create a single market for euro-denominated retail payments. SEPA will allow payment systems users to make euro-denominated retail electronic payments to payees located in any of the participating countries, using a single payment account and a single set of payment instruments.

In order to ensure Ireland complies with the SEPA standard, the Department has progressed the following actions:

- Amendments to Investor Compensation Act 1998 - Amendments giving powers to Minister to direct the Investor Compensation Company Limited (ICCL) to make regulations (SI's) to provide pre-determined rules to facilitate the smooth return of monies to clients of failed investment firms.
- Draft Regulations for the transposition of Articles 10-12 of the SEPA Regulations to designate the Central Bank as competent authority and give necessary powers to CBI.

8.6 Credit Union Reform & the Development of ReBo

The Government established the Commission on Credit Unions on 31 May 2011 to review the future of the Credit Union movement and make recommendations in relation to the most effective regulatory structure for Credit Unions, taking into account their not-for-profit mandate, their volunteer ethos and community focus, while paying due regard to the need to fully protect members' savings and financial stability.

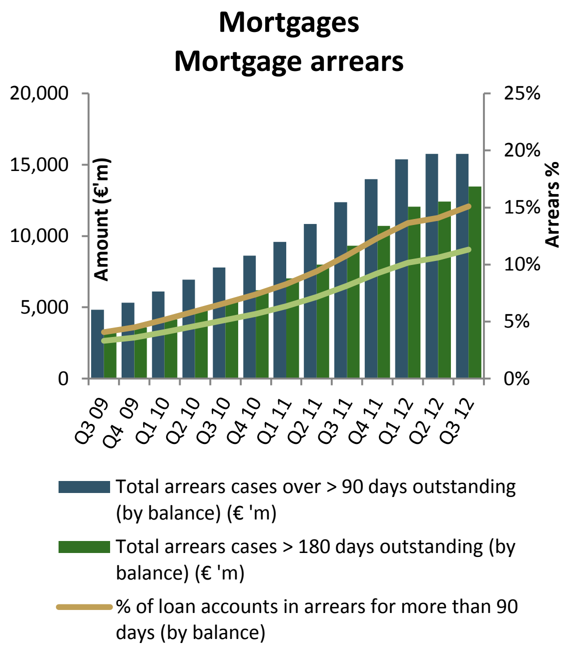
This was deemed necessary as the adverse economic conditions have resulted in a decline in Credit Union performance and have made it difficult to replenish reserves through retained earnings. The Commission recommended the establishment of a board (ReBo) to engage with the Credit Unions on the ground and facilitate the restructuring process. Examples of initiatives carried out to assist Credit Union reform include:

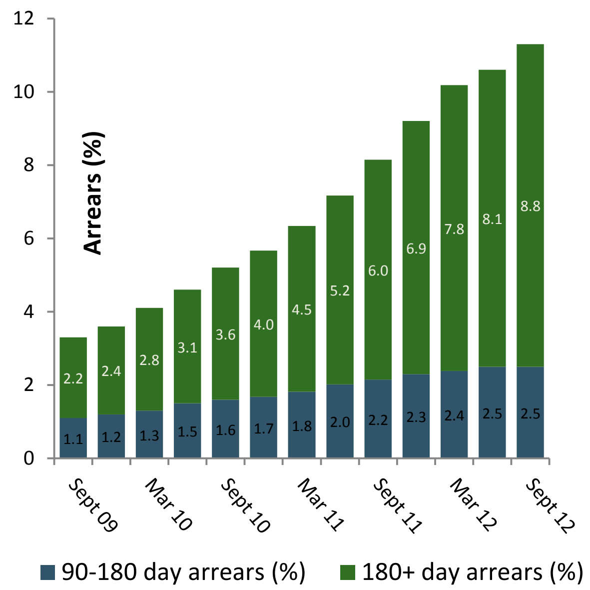
- Finalisation of the Commission on Credit Unions Report and with the agreement of all stakeholders,
- Publication of the Credit Union Bill 2012,
- Requirement for Credit Unions to contribute to the Deposit Guarantee Scheme DGS commenced,
- Fitness and probity commenced for Credit Unions,
- Enactment of all stages of the Credit Union and Co-Operation with Overseas Regulators Act 2012,
- Establishment of the Credit Union Restructuring Board (ReBo), including the appointment of a high-quality board and internationally-respected Chair, and
- Commencement of Credit Union statutory stabilisation and restructuring provisions.

KPI GOAL 5 PROGRESS

SUSTAINABLE LEVELS OF PERSONAL AND MORTGAGE DEBT

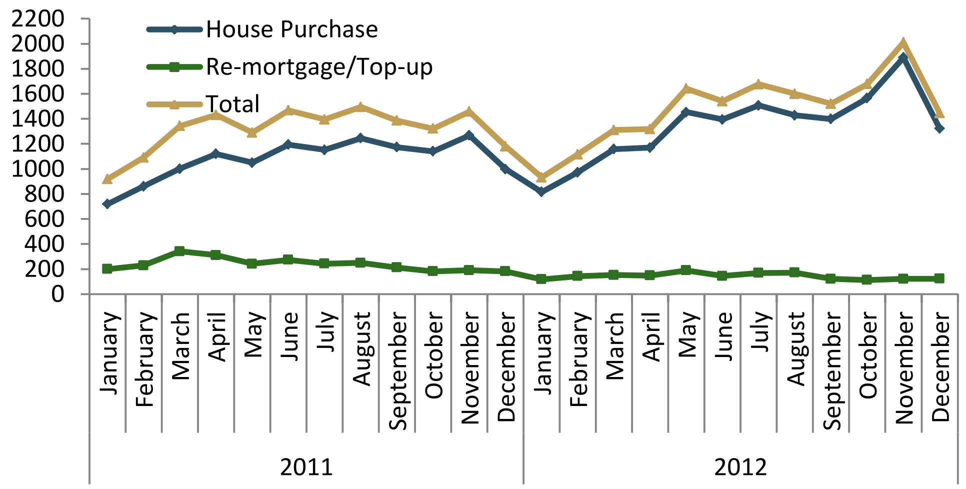
- See KPI Goal 1 – Sustainable Levels of Household Debt
- The pace of owner occupied mortgage arrears (by value) appears to be slowing





LEVELS OF CREDIT AVAILABLE TO HOUSEHOLDS

Number of IBF Mortgage Approvals



Levels of Credit Available to Business

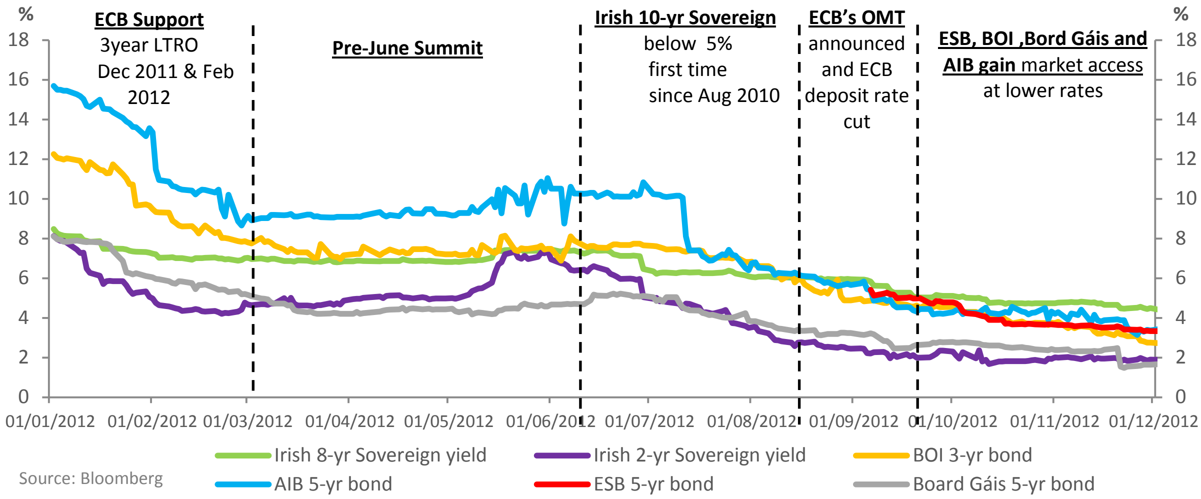
- The level of credit available to business in Ireland is in the process of normalising as the credit bubble that had materialised gradually dissipates. The Department is actively working with the CRO to ensure that credit applications are dealt with fairly. The December 2012 CRO report shows that 55% of appeals referred to it have been successful resulting in €13m credit being made available to SMEs, protecting 1,102 jobs.
- Separately, the Department is working closely with the Central Bank and ESRI on analytical modelling work which will assess the appropriate level of credit needed in the economy by business to support growth and jobs.

Return on Investment in the Banking Sector

The Shareholder Management Unit monitors and analyses the performance of the State's banking investments using a wide range of public and non-public information. The table below shows some of the KPIs the unit uses to track the performance of the banks on a monthly basis while other important metrics not shown would include the timing of projected breakeven point (year and quarter), through level of core tier 1 capital etc. Note that only Bank of Ireland has publicly reported on H2 2012 to date.

	BOI H2 2012	BOI H1 2012	AIB H2 2012	AIB H1 2012	PTSB H2 2012	PTSB H1 2012
Net interest margin	134bps	120bps	n/a	124bps	n/a	76bps
Operating costs €m	796	842	n/a	887	n/a	136
Pre provision profits €m	184	58	n/a	-116	n/a	-151
Impairment charge €m	792	978	n/a	973	n/a	437
Balance sheet						
Loan deposit ratio	123%	136%	n/a	125%	n/a	190%
Impaired loans as % of total	16.3%	14.7%	n/a	28%	n/a	15.1%
ECB borrowing (% of bal sheet)	8.3%	14.5%	n/a	19.3%	n/a	25.4%
Core tier 1 ratio	14.4%	14.0%	n/a	17.3%	n/a	18.1%
** ECB % adjusted for IBRC swap*						

COST OF FUNDING



- On 5 September ESB raised €600m in a 5-year bond at a rate of 6.25%. On 12 November they refinanced part of this by raising €500m in a 7 year bonds at a rate of 4.375%.
- On 13 November, BOI raised €1 billion of 3 year un-guaranteed secured funding (coupon 3.125%) in its first public benchmark transaction since October 2010.
- Also on 21 November, Bord Gáis raised €500m in a 5-year bond at 3.625% and on 28 November, AIB raised €500m in 3-year covered bonds priced at mid-swap +270bps also in November.
- On 12 December BOI issued a lower tier 2 €250 million.

9. Statement of Strategy Section 7 Achieving a Higher Performing Department

9.1 Staff Development

We are committed to the learning and development of our staff. In 2012, we supplemented skills with extra resources where necessary and provided an opportunity for skills transfer and knowledge sharing.

The Department augmented the existing skills and experience of serving staff through the development of targeted mechanisms including educational courses in areas identified for development, such as: economics, banking, financial services, policy analysis, HR, accounting, business process re-engineering and ICT.

We have reallocated resources and sought to increase our training budget for 2013. To ensure focused delivery, during 2012 we developed a Training Needs Analysis (TNA) survey and designed a training programme for 2013 building on the good work of the banking and tax units.

Tax Training and Analysis

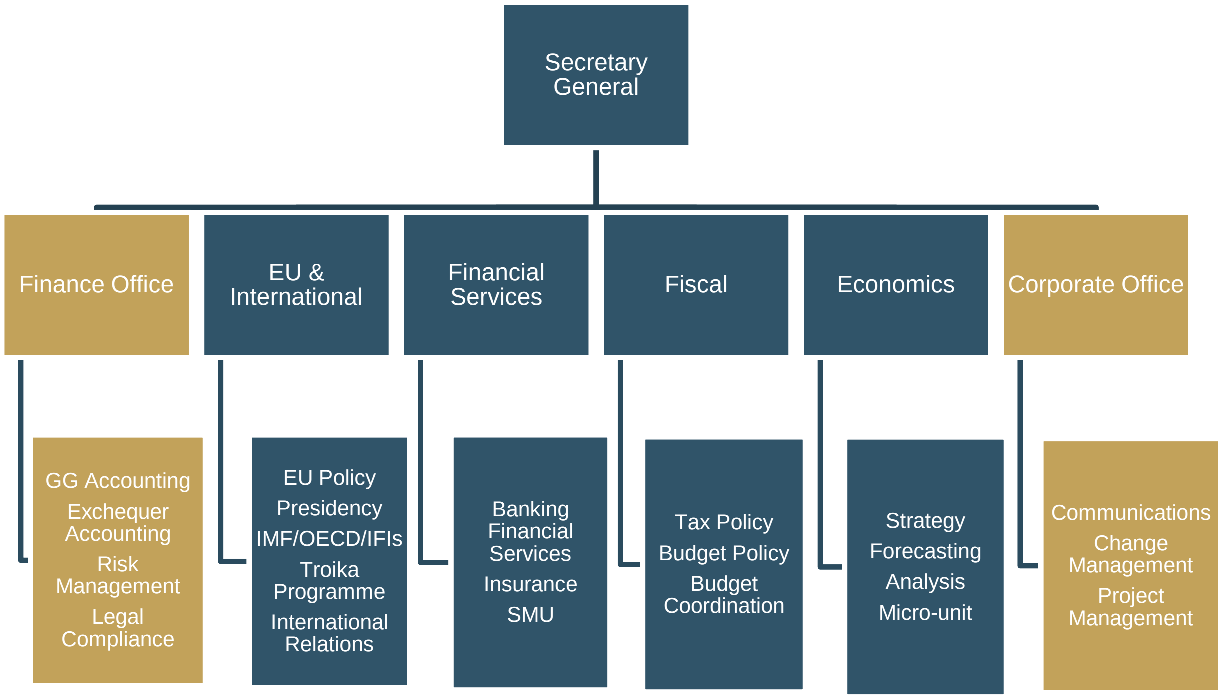
An example of the renewed focus on staff development is provided by developments in the Tax Policy Unit. A number of staff in the Tax Policy Unit have completed or are currently undertaking professional tax qualifications or the bespoke Diploma in Tax Policy in Practice developed in partnership with the AITI.

Staff have also undertaken a number of short term secondments to external agencies (such as the European Commission's Directorate for Taxation). These initiatives will lead to the maintenance and enhancement of the level of specialised knowledge within the Department.

The Unit has established a new Tax Training Network, membership of which is available to all staff in the Department of Finance and DPER. The aim is to put in place a contact group of people across the Department who are interested in tax policy and would like to be kept informed of upcoming tax research seminars, tax conferences and training opportunities being run by or involving the Department of Finance's Tax Policy Unit.

9.2 New Department Structure

On 10 May 2012, the Department published the 2012 revision of the Department's Statement of Strategy 2011 – 2014. The statement set out a revised organisational structure of the Department which has since been implemented (see below). This structure is based on four key policy divisions – EU and International, Financial Services Division, Fiscal Policy Division and Economic Division – and the establishment of a Corporate Office, and a Finance Office.



The Management Advisory Committee (MAC) examined in detail the goals and priorities of the Department and developed a resource plan from these considerations. In addition, the creation of a Finance and Corporate Office allowed particular focus on enhancing certain areas of how we operate.

9.2.1 Corporate Office

The Corporate Office was established with responsibility for key areas such as Project Management, Communications, Information Management and Facilities. In particular, the office is responsible for improving the level of management information and knowledge sharing both internally and externally, delivering on the Department's transformation programme, delivering on internal process improvement and identifying opportunities to utilise IT in order to deliver efficiencies.

In relation to change management and business process improvements, a number of initiatives have been implemented over the past 12 months. These include accommodation moves that reduced rental costs and IT improvements that will enhance productivity.

Examples of some of the developments in 2012 include:

- The rationalisation of office space to maximise utilisation and better configure office layout. This included the termination of a private lease bringing estimated savings of €450,000 per annum,

- Investment in the Department's print room facilities in order to increase efficiency and allow the Department to provide printing facilities to other Government Departments and Agencies,
- A review of facilities expenditure to identify opportunities for greater efficiency, and
- An analysis of IT needs for the Department which has been incorporated into the IT delivery plan for 2013 and 2014.

9.2.2 Project Management Office

The new Project Management Office (PMO) has also been integral in major projects being run by the Department such as the Mortgage Arrears Steering Group. A clear, detailed, milestone focussed programme has aided the delivery of key aspects of this initiative. Project management methods are being introduced across the Department.

During 2012, the Department enhanced its business planning according to the business planning framework. Following from the revised Statement of Strategy, each of our 12 business units developed their own individual business plans with quarterly actions and presented to the Transformation Subcommittee of MAC for review, challenge and approval.

The PMO monitors each business plan closely and draft quarterly reports to management on progress. The business planning process has resulted in 12 Business Plans linked to the Statement of Strategy underpinned by:

- 156 Strategic Objectives,
- 675 Strategic Actions, and
- 1298 Key Performance Indicators

2013 will see us continue to build and expand on recent changes in order to provide stronger governance, monitoring and measurement.

9.2.3 Improved Risk Function

During 2012, the Department created the post of Chief Risk Officer. In addition, a newly established Risk Committee now meets monthly.

In November 2012, a Risk Policy was agreed which is subject to regular review by the Risk Committee. This policy is the main plank in embedding risk management in the work of the Department. An initial revised and updated risk register was set up in December 2012 following a high level risk assessment exercise. During 2013, it is proposed to expand the risk register by developing a bottom-up approach policy which will then cover at least all grades from Principal Officer up. Specific risk mitigation plans will be developed for the major risks. This process will assist in the formal embedding of risk and risk minimisation into business plans from 2014.

9.2.4 Improved Legal Function

Given the large amount of formerly decentralised legal work done in the Department, a centralised Legal Unit was established last year. Its goals are to:

- Provide timely, accurate, impartial and informed legal advice on matters referred to the legal unit,
- Reduce the cost of legal advice,

- Assist and support the preparation of legislation within deadlines required,
- Establish a well-integrated and effective legal unit,
- Liaise with the Attorney General's Office (AGO) and external legal advisers as required and ensure the required communication flow occurs between the Department and the AGO, and
- Establish a more formal departmental compliance function.

9.2.5 Improved Financial Management And Reporting

The Department has a culture and history of central provision of services - we have always provided payroll and accounting services to other Departments and offices and a central pension payment service.

The Department has 70 staff, based in Tullamore, providing a range of accounting, banking and payroll services to Government Departments and Offices. On an agency basis, we make wage/salary payments to 3,000 employees of 15 clients in central government and State agencies, and pension payments to 28,000 ex civil/public servants and office holders. We provide the full suite of accounting and financial management and control services to five Votes, and certain accounting services to three other Votes. We process approximately €120 billion annually in transactions through the Exchequer (Central Fund) and other central accounts. We move approximately €70 billion annually through our bank clearing and funding operation on behalf of Government Departments/Offices. In addition, the Statistics Unit in Dublin provides periodic reporting on debt, deficit, receipts, and expenditures on a general government basis.

The Accounts/PMGs area has a record of innovation and leading change, with the aim of driving down unit costs and improving management information and services to clients. During 2012 the Finance office reviewed the Department's financial reporting, control and other procedures. Key control and efficiency improvements include:

- The elimination of routine issuance of payslips to pensioners,
- The reduction of payable orders, with a view to elimination in 2013,
- The provision of shared service payroll, pension, accounting and banking services to additional bodies in the civil service,
- Enhanced monthly reporting,
- A comprehensive response to recommendations regarding the General Government Debt discrepancy, and
- A range of other financial reporting, control and process improvements.

Furthermore, the Department is performing a lead role in relation to two Civil Service wide shared service projects: Payroll and Banking & Financial Management Services. In each case, it is a sponsoring Department and it has provided a Senior Responsible Officer (SRO) for the Payroll and Banking Shared Service Projects which includes membership of the overall Programme Boards for these areas of work. Staff for the Shared Service Project Teams are drawn from a number of Departments including the Department of Finance.

9.2.6 Improved Communications

The Corporate Communications Office was introduced to facilitate a number of improvements:

- **Internet** – An extensive audit of all content on the Department's website is being carried out. An improved interface will be developed in a complete overhaul that will enhance the accessibility of the site.
- **Intranet** – This has been developed to act as an information hub for staff. Greater use of the intranet is encouraging more information sharing and more efficient work practices. The use of intranet will be particularly useful for the duration of the EU Presidency. The roll-out of Microsoft Office 2013 will add further capabilities to electronic information sharing.
- **Publications** – The Department is committed to being more transparent and open to public engagement. More information is now made publicly available such as the articles published alongside the Medium Term Fiscal Statement (MTFS) and presentations given to the Troika during their quarterly missions (see Appendix B).

9.3 Better Governance & New MAC Structure

We recognise the need for a strong governance framework in order to support and monitor our performance objectives. During 2012, we implemented a number of changes to our governance structures introduced. We will continue to review and improve our structures in 2013.

The Department recognises that it must play a greater and more robust role in challenging the advice we receive and fully question the direction adopted by others. This requires a commitment on our part to thoroughly review suggestions made to us. We encourage an environment where we must be prepared to challenge ourselves constantly to ensure that our prior decisions and choices remain best suited for any change in circumstances.

Examples of some of the developments made to improve governance within the Department include:

9.3.1 MAC

- The Department of Finance has modernised the Management Advisory Committee (MAC) process with one in-depth deeper dive monthly management meeting and three shorter focussed meetings on the week's events.
- New weekly dashboards have been designed that link weekly tasks to quarterly objectives, annual business plans and ultimately the Statement of Strategy. This allows managers of each division and also the MAC to monitor activity throughout the Department, especially multi-disciplinary projects.
- MAC minutes, posted to the Intranet for all staff, now specify action points arising and these are reviewed at subsequent meetings and by staff in the relevant divisional meetings.

- The MAC now receives a comprehensive set of management information for the Department. Divisional colleagues routinely present on sub-topics to the MAC.
- The shorter formal weekly MAC's permit the Department to follow that discussion with a peer review and challenge session whereby the management team as a whole considers the direction and focus of one of the key policy initiatives. At present, the focus is on EU strategy, performance of the economy and public finances, measures for growth and risk and funding of the State.

9.3.2 MAC Subcommittees

- Four new subcommittees of the MAC, Risk, Policy, Transformation, and People and Culture allow for greater in-depth analysis than could occur during MAC meetings. These are chaired by senior MAC members and report periodically to the MAC.

9.3.3 Audit Committee and Internal Audit

- The support provided to the Department by the Audit Committee and Internal Audit has been enhanced. The programme of work is much more risk focussed and spans the full range of the Department's activities, and now also includes assessing control frameworks around the financial reporting of the Department.

9.3.4 Divisional Meetings

- In 2013, focus on greater "challenge" will be maintained at divisional level, whereby each division will hold their own challenge sessions in order to validate and assess their own policy initiatives.

9.3.5 Off-site Leadership Team Days

- Broader involvement in strategy implementation is achieved by management from Principal Officer and upwards attending quarterly staff management days. This new departure allows this leadership team to discuss important Department matters in an open forum free from distractions of the normal working day. The first off-site management day took place in Q4 2012 and focussed on "Achieving a Higher Performing Department".

9.3.6 Quarterly Town-Hall Meetings

- In addition, quarterly "Town Hall" meetings are held where the Secretary General updates staff on topical issues, including feedback from off-site leadership meetings.

9.3.7 Ad Hoc Groups

- The MAC subcommittees are supplemented by ad hoc groupings of staff both within and outside the MAC to look at and make recommendations of what we might improve. The topics are typically selected at each management off-site. The groups then focus on improvements to be made in the subject area for discussion and report back at the next management off-site.

9.4 Internal Governance

In 2012 we moved to formalise the Department's commitment to integrity with a number of new initiatives. In particular we developed and published an internal whistle-blower policy in order to provide an opportunity for staff to provide confidential feedback in relation to any area of concern. The policy sets out a formal process that provides certainty to staff and assurance that an appropriate process will be followed.

9.5 OPENNESS AND DELIVERY

The Department is striving to be more available and open to our stakeholders. Staff from all divisions are more actively engaged in public and private dialogue than ever before. Trade missions, speaking engagements, public consultations and publishing documentation are just a few of the ways the Department is enhancing its interaction with our stakeholders. In fact, the Department published well over 100 different documents on its website in 2012 (see Appendix B). In 2013, we will further develop our level of openness through greater use of ICT.

10. 2013 Look-ahead

In 2013, this Department will continue in its role of driving Government wide policies and programme initiatives.

All of our expected areas of focus and priorities for 2013 have been set out in business plans for the 12 business units. We set out briefly here some of the highlights:

Goal 1 A resilient Irish economy founded on sustainable and balanced growth and leading to significant increases in employment numbers

In 2012 the Department's focus in relation to Goal 1 concentrated on the availability of appropriate levels of SME credit both from the pillar banks and from alternative non-bank sources. Efforts will continue in 2013 to ensure funding for the wider economy is available to drive economic and employment growth. We will also build on the role of providing broader policy advice on drivers of economic growth.

Examples of work streams for 2013 that aim to deliver on this objective include:

State

- Engage with the EIB for the benefit of the Irish economy
- Draft legislation to put NewERA and the Strategic Investment Fund on a statutory footing and allow for an enhanced Ireland-focused mandate to support economic growth and employment
- Lead the PPP Funding Steering group comprising of representatives from NDFA, D/PER, NPRF and NewERA, to progress financing initiatives that support the PPP element of the infrastructure stimulus programme
- Provide evidence-based advice to Government on prudent macroeconomic and budgetary policy that will achieve sustainable public finances and balanced economic growth.
- Lead a successful Irish Presidency of the EU for the Department

Large Corporates

- Deepen relationships with international banking sector to encourage greater participation in Irish lending that is key to finding alternative capital markets funding solutions for larger Irish and IDA companies
- Continue to participate in steering or stakeholder groups on initiatives like the Irish Aviation Services Centre (IASC) and Activating Dublin.

SMEs

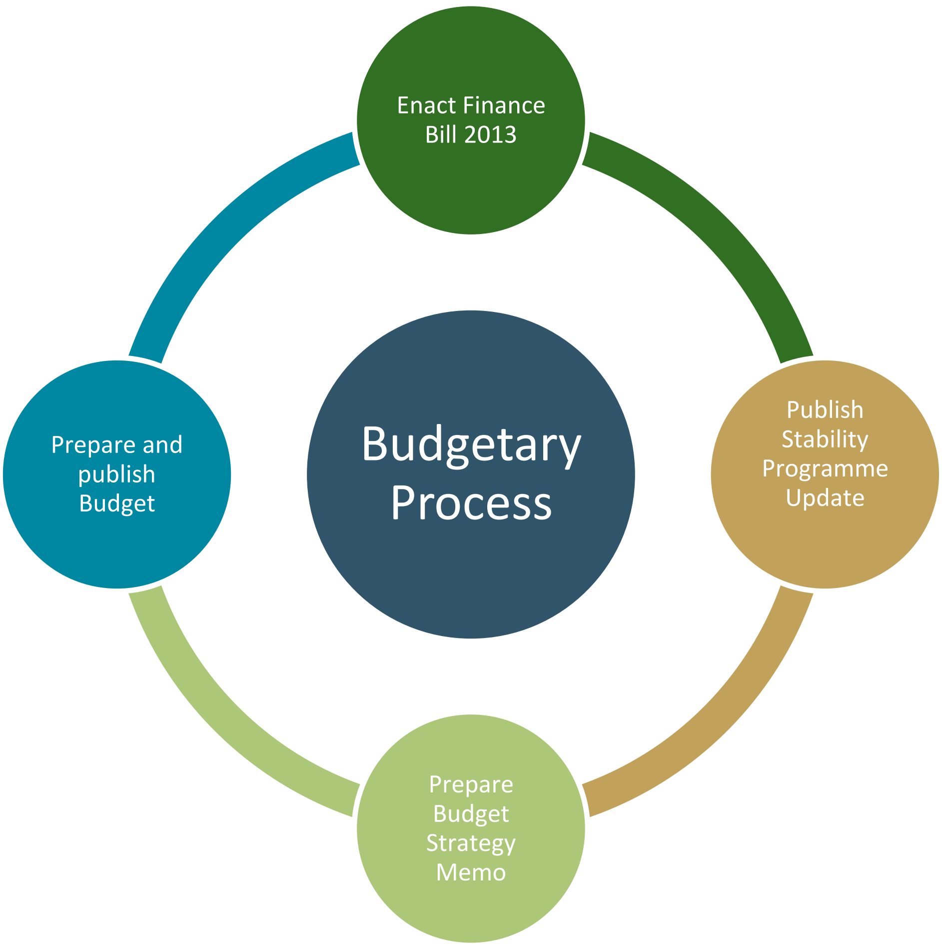
- Chair SME State Bodies Group and the State Funding Consultation Committee. This will ensure SME job creation policy and supports, renewal of credit, relief on existing terms, new credit and banking and non-banking funding availability for viable businesses
- Closely monitor pillar banks to ensure progress on delivery of improved credit application processes and that lending targets are achieved

The Department of Finance is responsible each year for setting out the State's macroeconomic and fiscal projections and its fiscal stance. Policy is designed to achieve a General Government Balance (GGB) deficit of no greater than 7.5% of GDP in 2013. Ireland is committed to achieving a GGB deficit of less than 3% of GDP by 2015.

Taxation policy is fundamental in successfully delivering on Goal 2. This includes strong analysis of potential tax policy initiatives and the maintenance of those elements of tax policy such as corporation tax that are integral to the successful recovery of the economy and creation of jobs.

The Department in conjunction with the Department of Public Expenditure and Reform has also commissioned an IMF technical review of all aspects of Government financial reporting. This review will benchmark Ireland's current Government financial reporting against best practice and provide a targeted programme of improvement as a consequence.

2013 will be a challenging year for the Department as arrangements will have to be introduced to align the timing of the domestic budgetary process with the requirements of the 'two pack' budgetary regulations for euro area member states. Agreement on the 'two pack' was reached in February and the two regulations are expected to be implemented this summer.



Goal 3 An improvement in the living standards of our citizens

Through targeting policies that enhance economic and employment growth prospects, the Department will contribute to improving the living standards of Irish citizens in the short to medium term. In 2012, much work was done in relation to mortgage arrears and personal indebtedness to assist those in difficulty.

In 2013, we will build on the progress made to date. Examples of key action points are:

- Continue to lead key stakeholders, through chairing the Mortgage Arrears Steering Group, to deliver the remaining elements of the Mortgage Arrears programme by:
    - the development of resolution targets by the banks, through Central Bank oversight, and
    - the operation of the Personal Insolvency Act through the Insolvency Service of Ireland.
- Closely monitor pillar banks to ensure progress on the delivery of improved mortgage lending targets,
- Clear communication of Budget decisions and their rationale so people and business can spend and invest with confidence,
- Enact the Credit Report Bill and continue to work closely with the Central Bank to implement a credit register,
- Continue to promote the key theme of the Irish Presidency of “Stability, Jobs and Growth” in the wider EU debate so as to underpin Ireland’s future growth prospects,
- Engage more fully in supporting the creation of jobs in the domestic economy by a fuller participation in policy generation for attracting FDI, economic developments either in sectors such as property or financial services or in specific regional or local area task forces, and
- National roll-out of the Basic Payment Account will take place before the end of 2013. It will be informed by the results of the current pilot phase to be published in Q2 2013.

Goal 4 A return by Ireland to international debt markets so as to achieve an exit from the EU/IMF funding programme at the earliest possible date

By end-2012, it was confirmed that over 190 actions under the EU-IMF Programme had been fulfilled on time and approximately 83% of the funding available under the Programme had been drawn down.

In order to transition successfully from the Programme a number of steps need to be taken. Steadfast commitment to delivering on quarterly objectives will be maintained in tandem with enhanced European and international relations. By communicating Ireland’s clear determination to correct its remaining public finance and competitiveness imbalances to international colleagues a return to international debt markets can be achieved.

Programme Implementation

- Continue to meet all Troika quarterly targets

International Engagement

- Further develop, manage and advance Ireland’s interests in the European and International context through its embassy network
- Enhance two-way communication with other policy makers, industry and academic commentators, domestically and internationally – International Financial Institutions - IFIs (IMF, WBG, EIB, EBRD, CEDB, ADB, OECD)

Exit Strategy

- Develop and implement policy changes around exit strategy from Troika Programme in order to ensure a sustainable and durable return to sovereign debt markets

Goal 5 ***The completion of the restructuring of the banking system and a vibrant, secure and well regulated financial sector***

Work continued apace in 2012 in restructuring the banking system. The relative success of this effort is reflected in the return Bank of Ireland and AIB to the debt markets where they both issued €1 billion and €500 million respectively of 3 year bonds at a yield of 270 basis points. A challenging set of objectives have been set for 2013 to further aid the process of returning the banking system to a healthy, sustainable position. In all of these issues communicating and explaining, both at home and abroad, the Irish position is also a key objective for the Department.

Restructuring

- Finalise sale of Irish Life
- Restructuring of IBRC promissory note and restructuring of covered banks
- Evaluation and preparation of State's shareholdings, in covered institutions, for sale
- Withdrawal of the Credit Institutions (Eligible Liabilities Guarantee) Scheme
- Reform and restructuring of the credit union sector to deliver a sustainable sector through supporting the full engagement between ReBo and credit unions
- Continue to monitor performance of the covered institutions

Regulation

- Deliver well-regulated, effectively supervised, competitive & more stable financial services sector through enactment of Central Bank (Supervision and Enforcement) Bill 2011
- Implement a legislative programme to ensure timely adoption of domestic national financial regulatory and supervisory policies and legal frameworks which are consistent with EU financial services initiatives
- Representation of Irish national interests at EU level in relation to financial services dossiers while respecting the goal of effective supervision consistent with EU financial services initiative

Job creation

- Continue work that focuses on key developing sectors such as aircraft financing
- Monitor the introduction of REITs as a potential first step towards developing Ireland as a hub for the management of international property investment
- Continue to play an active role in the development of the IFSC through the Clearing House Group which supports the work of the IDA

The reorganisation of the Department in 2012 was designed to help us better deliver on our goals. A close monitoring of Department business plans, overseen by the MAC Transformation Subcommittee, will better ensure objectives are achieved.

From a staffing perspective, the focus in 2012 centred on increasing the number of staff trained to Masters Level or higher in relevant disciplines (economics, tax, finance, accountancy, HR, Law) - the intake of 39 graduates (Administrative Officers) from the 2012 competition has assisted in this regard. We now need to fully embed those new resources into our workstreams.

In 2013, the Department of Finance will continue to build and expand on the changes introduced in 2012 in order to provide stronger governance, monitoring and measurement of the objectives set out in the revised Statement of Strategy.

Key Change initiatives of the 2013 transformation programme include:

Project Management	• Better reporting, monitoring and planning • Execution of our strategies
Enhance reporting	• Improve Management Information • Improve knowledge sharing internally/externally, including new internet site
ICT Investment	• Business Process Improvement • Improved internal/external communications e.g. social media, internet, intranet • Paperless Office Initiatives • Upgrade software packages
Workforce planning	• Meet Department's resource requirements • Implement training & skills enhancement programme supportive of the Department's objectives • Full mid-year and final PMDS Review
Internal Controls	• Establish compliance function • Enhance our risk assessment and contingency planning capacities • Expand Internal Audit focus • Embed MAC subcommittees fully

11. Post 2012 Developments

So far in 2013 the Department has continued in its role of driving Government wide policies and programme initiatives.

During the drafting period of this document there have been a number of developments which show the Department's continued commitment to meeting the goals which have been discussed in this document. Mention of these was felt necessary for the completeness of our story.

11.1 Sale of Bank of Ireland CO-CO

The State was successful in disposing of its entire €1 billion holding of Contingent Capital Notes (CCN's) in Bank of Ireland. The State was paid proceeds of just under €1.1 billion, comprising principal of €1 billion, interest accrued of over €46 million covering the period 29 July 2012 to date, and a profit of €10 million. The successful exit from these instruments represents another step along the road to normalizing the State's relationship with the banking sector.

11.2 Sale of Irish Life

On 19 February 2013 the Minister for Finance confirmed that agreement had been reached with Great-West Lifeco (Canada Life) for the sale of Irish Life for €1.3 billion with an additional dividend of €40 million being paid to the State prior to completion.

This is a historic transaction which provides the Irish taxpayer with a full return on its investment in Irish Life. This deal shows that the progress of the Irish economy has been noted by international observers as it was one of the reasons that led to Great-West Lifeco to renew their interest in Irish Life in late November 2012.

The agreement is conditional, most notably on receipt of regulatory approvals, which is customary in a deal of this nature.

11.3 Restructuring of the Promissory Notes and Liquidation of IBRC

The Department played a lead role in the negotiations which led to the restructuring of the Promissory Notes.

The Promissory Notes were exchanged for long term Government Bonds which will have a weighted average maturity of 34 to 35 years as opposed to the Promissory Notes which had a weighted average maturity of 7 to 8 years. This change will have a number of benefits for the State and its citizens including:

- The reduction in the State's General Government deficit of approximately €1 billion (0.6% of GDP) per annum over the coming years, which will bring us €1 billion closer to attaining our 3% deficit target by 2015,
- The reduction in the State's cash borrowing requirement over the next 10 years by €20 billion,

- The significant element of the interest payments on the Government bonds that is expected to ultimately be returned to the Exchequer in the form of Central Bank dividends, while these bonds are retained by the Central Bank,
- The substantial improvement in the State's debt position over time,
- The removal of the remnants of the former Anglo Irish Bank and Irish Nationwide from the Irish financial system, and
- The housing of all the 'wind down assets' in one entity, the National Asset Management Agency, which should lead to greater efficiency in their workout.

11.4 Agreement of Two Pack

There was political agreement on "Two Pack" of economic surveillance measures for the Eurozone between the Commission and the European Parliament, which the Presidency helped to broker and which will now have to be finally agreed by Member States and the European Parliament.

11.5 EU Budget and the Multiannual Financial Framework 2014-2020

The European Council agreement on 8 February 2013 includes continued funding for our national priorities of smart growth, employment, a strong CAP, a special allocation for the BMW region, an additional €100 million for rural development and continued support for the Peace Programme. This interdepartmental, bilateral and EU institutional multilateral collaboration has been highly positive and will continue during the management of the MFF agreement process during the Irish Presidency. The Department's staff in Dublin and Brussels will be fully engaged in the Presidency's work in achieving the assent of the EP.

11.6 CRD IV

The Irish Presidency reached agreement on the Capital Requirements Directive IV. This will ensure that European banks hold enough good quality capital to withstand future economic and financial shocks. This agreement included restrictions on bankers pay to make sure that pay practices do not lead to excessive short-term risk-taking. It also includes new provisions making European banks more transparent.

11.7 Increased International Engagement

In order to advance our international agenda the International Relations Unit oversaw a number of key events/visits including:

- Visits of the Finance Ministers of France and Norway,
- The Minister's programme at the World Economic Forum in Davos,
- The Minister's visit to London, as part of our strategic engagement with the UK, and
- High level visits from Trinidad and Tobago and Vietnam.

11.7.1 G20

As Presidency of the Council of the European Union, the Minister for Finance represented the EU, along with EU Commission and Council colleagues, and representatives of the ECB at the G20 Finance Ministers meeting in Moscow from 14-16 February.

11.7.2 OECD

Officials from the OECD came to Ireland from 11-15 February to carry out a structural review of Ireland as part of their 2013 Economic Survey of Ireland. During the mission, the OECD team met with officials from the Department of Finance, Public Expenditure and Reform, other Government Departments and agencies along with specific organisations and industry stakeholders.

11.7.3 EIB

The recently elected Vice-President, Mr. Jonathan Taylor who represents the EIB Constituency in which Ireland is a part, visited Ireland on 26 February 2013. This was an opportunity for the Vice-President to meet with key stakeholders, and also provided an opportunity for the Ministers and officials to deepen their engagement with the EIB.

11.8 Exit of ELG Scheme

The Minister for Finance announced on 26 February 2013 that the appropriate conditions were in place, such that the ELG scheme would close for all new liabilities from 28 March 2013. Over time, this will reduce and eliminate the State's exposure. At 31 December 2012, there were c.€55 billion of deposits covered under the ELG scheme, with the remaining balance of €18 billion being comprised primarily of guaranteed bank bonds.

APPENDIX A: Legislation published by the Department of Finance in 2012

1st QUARTER	LEGISLATION
January	SI 11 OF 2012 EUROPEAN UNION (BURMA/MYANMAR) (FINANCIAL SANCTIONS) REGULATIONS 2012 SI 12 OF 2012 FINANCIAL TRANSFERS (BURMA/MYANMAR) (PROHIBITION) ORDER 2012 SI 16 OF 2012 EUROPEAN UNION (REPUBLIC OF GUINEA) (FINANCIAL SANCTIONS) REGULATIONS 2012 SI 9 OF 2012 EUROPEAN UNION (BELARUS) (FINANCIAL SANCTIONS) REGULATIONS 2012 SI 18 OF 2012 CRIMINAL JUSTICE (TERRORIST OFFENCES) ACT 2005 (SECTION 42(2)) (COUNTER TERRORISM) (FINANCIAL SANCTIONS) REGULATIONS 2012
February	FINANCE BILL 2012 SI 35 OF 2012 FINANCIAL TRANSFERS (IRAN) (PROHIBITION) ORDER 2012 SI 10 OF 2012 FINANCIAL TRANSFERS (BELARUS) (PROHIBITION) ORDER 2012 SI 14 OF 2012 FINANCIAL TRANSFERS (LIBYA) (PROHIBITION) ORDER 2012 EURO AREA LOAN FACILITY (AMENDMENT) BILL 2012
March	SI 88 OF 2012 FINANCIAL TRANSFERS (COˆ TE D'IVOIRE) (PROHIBITION) ORDER 2012 SI 87 OF 2012 EUROPEAN UNION (COTE D'IVOIRE) (FINANCIAL SANCTIONS) REGULATIONS 2012 SI 64 OF 2012 EUROPEAN UNION (IRAQ) (FINANCIAL SANCTIONS) REGULATIONS 2012 SI 65 OF 2012 FINANCIAL TRANSFERS (IRAQ) (PROHIBITION) ORDER 2012 SI66 OF 2012 EUROPEAN UNION (DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA) (FINANCIAL SANCTIONS) REGULATIONS 2012 SI 67 OF 2012 FINANCIAL TRANSFERS (DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA) (PROHIBITION) ORDER 2012 SI 90 OF 2012 FINANCIAL TRANSFERS (LIBERIA) (PROHIBITION) ORDER 2012 SI 91 OF 2012 EUROPEAN UNION (ZIMBABWE) (FINANCIAL SANCTIONS) REGULATIONS 2012 BRETTON WOODS AGREEMENTS (AMENDMENT) ACT 2012

2nd QUARTER	LEGISLATION
April	N/A
May	EUROPEAN STABILITY MECHANISM BILL 2012
June	SI 201 OF 2012 VALUE-ADDED TAX (REFUND OF TAX) (FLAT-RATE FARMERS) ORDER 2012 SI 228 OF 2012 FINANCE ACT 2012 (SECTION 107) (SPECIFIED DATE) ORDER 2012 SI 224 OF 2012 CREDIT INSTITUTIONS (FINANCIAL SUPPORT) (FINANCIAL SUPPORT PERIOD) ORDER 2012 SI 225 OF 2012 CREDIT INSTITUTIONS (FINANCIAL SUPPORT) (FINANCIAL SUPPORT DATE) ORDER 2012
3rd QUARTER	**LEGISLATION**
July	BETTING (AMENDMENT) BILL 2012 FISCAL RESPONSIBILITY BILL 2012 SI NO 266 OF 2012 VALUE-ADDED TAX (REFUND OF TAX) (TOURING COACHES) ORDER 2012 SI NO 267 OF 2012 EUROPEAN COMMUNITIES (EXEMPTION FROM VALUE-ADDED TAX ON THE PERMANENT IMPORTATION OF CERTAIN GOODS) REGULATIONS 2012 SI 299 OF 2012 EUROPEAN UNION (MARKETS IN FINANCIAL INSTRUMENTS) (AMENDMENT) REGULATIONS 2012
August	SI 300 OF 2012 EU (UNDERTAKINGS FOR COLLECTIVE INVESTMENT IN TRANSFERABLE SECURITIES) (AMENDMENT) REGULATIONS 2012
September	CREDIT REPORTING BILL 2012 SI 340 OF 2012 EUROPEAN UNION (SHORT SELLING) REGULATIONS 2012 SI 340 OF 2012 EUROPEAN UNION (SHORT SELLING) REGULATIONS 2012 SI378 OF 2012 CENTRAL BANK REFORM ACT 2010 (APPLICATION OF PART 3 TO CREDIT UNIONS) ORDER 2012 SI 354 OF 2012 EUROPEAN UNION (VALUE-ADDED TAX) REGULATIONS 2012

4th QUARTER	LEGISLATION
October	SI 392 OF 2012 VALUE-ADDED TAX CONSOLIDATION ACT 2010 (SECTION 14(2)) (COMMENCEMENT) ORDER 2012 EU (VAT) (NO. 2) REGULATIONS 2012 FINANCE ACT 2011 (COMMENCEMENT OF SECTION 32) ORDER 2012 FINANCE ACT 2011 (SECTION 25(1)(C)(COMMENCEMENT OF CERTAIN PROVISIONS) ORDER 2012 SI 392 OF 2012 VALUE-ADDED TAX CONSOLIDATION ACT 2010 (SECTION 14(2)) (COMMENCEMENT) ORDER 2012 SI 379 OF 2012 FINANCIAL SERVICES (DEPOSIT GUARANTEE SCHEME) ACT 2009 (COMMENCEMENT OF SECTION 4) (CREDIT UNIONS) ORDER 2012
November	CREDIT REPORTING BILL 2012 EU (VAT) (NO. 2) REGULATIONS 2012
December	SI 557 CREDIT UNION AND CO-OPERATION WITH OVERSEAS REGULATORS ACT 2012 (COMMENCEMENT) ORDER 2012 SI 558 THE CREDIT UNION RESTRUCTURING BOARD (ESTABLISHMENT DAY) ORDER 2012 SI 392 OF 2012 VALUE-ADDED TAX CONSOLIDATION ACT 2010 (SECTION 14(2)) (COMMENCEMENT) ORDER 2012 EU (VAT) (NO. 2) REGULATIONS 2012 SI NO 524 OF 2012 TOTALISATOR (HORSE RACING) (AMENDMENT) FINANCE (LOCAL PROPERTY TAX) ACT 2012 (SPECIFIED DATE) ORDER 2012 EUROPEAN UNION (ADMINISTRATIVE COOPERATION IN THE FIELD OF TAXATION) REGULATIONS 2012 S.I. NO 522/2012 — FISCAL RESPONSIBILITY ACT 2012 (Commencement) Order 2012

APPENDIX B: Department of Finance Publications in 2012

	Publication	Date of Publication
1.	Monthly Economic Bulletin	January 2012
2.	Review of Universal Social Charge	January 2012
3.	Exchequer Statement End December 2011	January 2012
4.	Analysis of Tax Receipts End December 2011	January 2012
5.	Prompt Payments Q4 2011	January 2012
6.	Monthly Economic Bulletin	February 2012
7.	Exchequer Statement End January 2012	February 2012
8.	Analysis of Tax Receipts End January 2012	February 2012
9.	End January Exchequer Statement Information Note	February 2012
10.	Combined Tax and Debt Profile 2012	February 2012
11.	Tax Revenue Profile 2012	February 2012
12.	Personal Insolvency Scheme - Worked Examples	February 2012
13.	Guidelines – Criminal Justice (Money Laundering and Terrorist Financing) Act 2010	February 2012
14.	Deposit trends at Irish Covered Banks January data set	February 2012
15.	Credit Review Office Seventh Quarterly Review	February 2012
16.	Consolidated Deposit Trends at Irish Covered Banks	February 2012
17.	Tax Relief for Donations to Approved Bodies under Section 848A of the Taxes Consolidation Act 1997	February 2012
18.	Ireland's Quarterly Report Card	February 2012
19.	Monthly Economic Bulletin	March 2012
20.	Páirteachas Na héireann sa Chiste Airgeadaíochta Idirnáisiúnta agus sa Bhanc Domhanda Tuarascáil Bhliantúil 2011	March 2012
21.	Exchequer Statement End February 2012	March 2012
22.	Analysis of Tax Receipts End February 2012	March 2012

	Publication	Date of Publication
23.	End February Exchequer Statement Information Note	March 2012
24.	Relationship Frameworks for the Irish Banks	March 2012
25.	Monthly Economic Bulletin	April 2012
26.	Update to Tax Clearance Procedures	April 2012
27.	Information Note on General Scheme of Fiscal Responsibility Bill 2012	April 2012
28.	Deposit trends at Irish Covered Banks March 2012 dataset	April 2012
29.	Central Bank (Supervision and Enforcement Bill) 2011 Committee Stage Amendments – Consultation Document	April 2012
30.	Analysis of Tax Receipts End March 2012	April 2012
31.	Exchequer Statement End March 2012	April 2012
32.	Prompt Payments Return Quarter 1 2012	April 2012
33.	Stability Programme Update	April 2012
34.	Monthly Economic Bulletin	May 2012
35.	Deposit trends at Irish Covered Banks End April 2012 Dataset	May 2012
36.	European Stability Mechanism Bill 2012	May 2012
37.	Explanatory Memo – European Stability Mechanism Bill 2012	May 2012
38.	Public Consultation on tax residence rules	May 2012
39.	Section 481 Film Tax Relief Public Consultation	May 2012
40.	Expression of Interest sought for appointments to the Policy Advisory Committee of the State Claims Agency	May 2012
41.	Analysis of Tax Receipts End April 2012	May 2012
42.	Exchequer Statement Information Note End April 2012	May 2012
43.	Exchequer Statement End April 2012	May 2012
44.	Revised Tax Revenue Profile	May 2012
45.	Ireland's Quarterly Report Card	May 2012
46.	Monthly Economic Bulletin	June 2012

	Publication	Date of Publication
47.	Exchequer Statement End May 2012	June 2012
48.	Exchequer Statement Information Note End May 2012	June 2012
49.	Analysis of Tax Receipts End May 2012	June 2012
50.	Deposit Trends at Irish Covered Banks at end May 2012	June 2012
51.	Public Service Agreement 2012 – 2014 Integrated Progress Report on Action Plan for the Department of Finance and its agencies	June 2012
52.	Internal Review of General Government Debt Statistical Discrepancy	June 2012
53.	External Review of General Government Debt Statistical Discrepancy	June 2012
54.	Draft EU IMF Programme of Support for Ireland May 2012	June 2012
55.	Credit History Reporting Draft Bill and Report of the Inter-Agency Working Group on Credit Histories	June 2012
56.	Public Consultation document relating to proposed Credit Reporting Bill	June 2012
57.	Report of the Inter – Agency working group on credit Histories	June 2012
58.	Monthly Economic Bulletin	July 2012
59.	Appendix Report of the Regional meetings on credit supply	July 2012
60.	Department of Finance SME Lending Demand Study	July 2012
61.	Consultation on Tax Treatment of Receiverships	July 2012
62.	Consultation on the General Scheme of the Credit Union Bill 2012	July 2012
63.	Consultation on Credit Institutions Resolution Fund Levy	July 2012
64.	Exchequer Statement End June 2012	July 2012
65.	Analysis of Tax Receipts End June 2012	July 2012
66.	Prompt Payments Quarterly Returns Q2	July 2012
67.	Monthly Economic Bulletin	August 2012
68.	Analysis of Tax Receipts End July 2012	August 2012
69.	Exchequer Statement End July 2012	August 2012
70.	Information Note Exchequer Statement End July 2012	August 2012

	Publication	Date of Publication
71.	Monthly Economic Bulletin	September 2012
72.	Analysis of Tax Receipts End August 2012	September 2012
73.	Information Note Exchequer Statement End August 2012	September 2012
74.	Exchequer Statement End August 2012	September 2012
75.	Finance Accounts 2011 Statement 1.4 Judicial Salaries	September 2012
76.	Finance Accounts 2011	September 2012
77.	Credit Reporting Bill 2012	September 2012
78.	Credit Union Bill 2012	September 2012
79.	Eligible Liabilities Guarantee (ELG) Note	September 2012
80.	Map of Recommendations of the Commission on Credit Unions to the Credit Union Bill 2012	September 2012
81.	2011 Finance Accounts Statement 1.6 Annual Allowances paid to parliamentary leaders of qualifying parties	September 2012
82.	Finance Accounts 2011 Statement 1.4 Breakdown of Central Fund Charges in respect of salaries and allowances	September 2012
83.	Finance Accounts 2011 statement 1.4 pensions and annuities for former Ministerial and Judicial Officeholders	September 2012
84.	Monthly Economic Bulletin	October 2012
85.	Exchequer Statement End September 2012	October 2012
86.	Analysis of Tax Receipts End September 2012	October 2012
87.	New Analytical Presentation re End September Exchequer Returns	October 2012
88.	Prompt Payments Quarterly Returns Q3 2012	October 2012
89.	Guidance on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing – Life Assurance Sector	October 2012
90.	Monthly Economic Bulletin	November 2012
91.	Presentation on SME Credit Demand Survey	November 2012
92.	Draft Credit Union Act 1997 (section 182(1)(j)) Regulations 2012	November 2012
93.	Consultation on Draft Credit Union Act 1997 (section 182(1)(j)) Regulations 2012	November 2012

	Publication	Date of Publication
94.	Independent report on the demand for credit by small and medium Enterprises (SMEs) published by the Department of Finance	November 2012
95.	Appendix I - Tax Receipts End October 2012	November 2012
96.	Analytical Exchequer Returns End October 2012	November 2012
97.	Information Note on end October 2012 Exchequer Returns	November 2012
98.	Final Exchequer Statement - October 2012	November 2012
99.	Revised NTMA 2012 Debt Services Profile	November 2012
100.	Medium Term Fiscal Statement	November 2012
101.	Ireland's Quarterly Report Card	November 2012
102.	Monthly Economic Bulletin	December 2012
103.	Budget 2013 and Supporting Documentation	December 2012
104.	Exchequer Statement End November 2012	December 2012
105.	Analysis of Tax Receipts End November 2012	December 2012
106.	Information Note on Exchequer Returns End November 2012	December 2012
107.	White Paper 2013 Estimates of Receipts and Expenditure for the Year Ending 31 December 2013	December 2012
108.	Meastacháin Faltas agus Caiteachais don Bhliain dar Críoch 31 Nollaig 2013	December 2012
109.	Public Consultation on Taxation of Micro Enterprises: Reduction in Compliance Costs	December 2012

APPENDIX C: Acronym Index

ADB-Asian Development Bank

AGO-Attorney General's Office

AIB-Allied Irish Bank

AIFMD-Alternative Investment Fund Managers Directive

BOI-Bank of Ireland

BRR-Bank Recovery and Resolution

BTL-Buy to Let

CBI-Central Bank of Ireland

CCCTB-Common Consolidated Corporate Tax

CCEUA-Cabinet Committee on European Affairs

CCN-Contingent Capital Notes

CEB-Council of European Development Bank

CEDB-Council of the Europe Development Bank

CEO-Chief Executive Officer

CHL-Capital Home Loans

CIFS-Common Internet File System

CO-CO-Contingent Capital Notes

CRA-Credit Rating Agencies

CRD-Capital Requirements Directive

CRO-Credit Review Office

CSD-Central Securities Depositories

CSO-Central Statistics Office

CT-Corporation Tax

D/PER-Department of Public Expenditure & Reform

DGS-Deposit Guarantee Scheme

EBR-Exchequer Borrowing Requirement

EBRD-European Bank for Reconstruction and Development

ECB-European Central Bank

ECJ-European Court of Justice

ECOFIN-Council of Economic and Financial Ministers

EDP-Excessive Deficit Procedure

EFC-Economic and Financial Committee

EI-Enterprise Ireland

EIB-European Investment Bank

EIF-European Investment Fund

ELA-Emergency Liquidity Assistance

ELG-Eligible Liabilities Guarantee

EP-European Parliament

EPC-Economic Policy Committee

EPCU-External Programme Compliance Unit

EFSF-European Financial Stability Facility

EFSM-European Financial Stabilisation Mechanism

ESM-European Stability Mechanism

ESRI-Economic and Social Research Institute

EU-European Union

EWG-Euro Working Group

FAFA-Financial Assistance Facility Agreement

FDI-Foreign Direct Investment

FTT-Financial Transactions Tax

GDI-Gross Domestic Income

GDP-Gross Domestic Product

GGB-General Government Balance

GIN-Global Irish Network

GNP-Gross National Product

HR-Human Resources

IBF-Irish Banking Federation

IBRC-Irish Bank Resolution Corporation

ICCL-Investor Compensation Company Limited

ICT-Information and Communications Technology

IDA-Industrial Development Authority
IDAPG-Inter Departmental Administrative and Planning Group
IDCCP-Inter Departmental Committees for Coordinating the Presidency
IFI-International Financial Institutions
IFSC-International Financial Services Centre
IMD-Insurance Mediation Directive
IMF-International Monetary Fund
IOSCO-International Organisation of Securities Commissions
ICT-Information and Communications Technology
KPI-Key Performance Indicator
LDR-Loan to Deposit Ratio
LTRO-Long Term Refinancing Operation
MAC-Management Advisory Committee
MAD-Market Abuse Directive
MAR-Market Abuse Regulation
MCD-Mortgage Credit Directive
MFF-Multiannual Financial Framework
MiFID-Markets in Financial Instruments Directive
MIGA-Multilateral Investment Guarantee Agency
MTFS-Medium Term Fiscal Statement
NAMA-National Assets Management Agency
NDFA-National Development Finance Agency
NESC-National Economic & Social Council
NPRF-National Pensions Reserve Fund

NTMA-National Treasury Management Agency
OECD-Organisation for Economic Co-operation and Development
OMT-Outright Monetary Transactions
PCAR-Prudent Capital Asset Review
PMDS-Performance Management and Development System
PMO-Enterprise Project Management Office
PPP-Public Private Partnership
PRIPS-Packaged Retail Investment Products
PRSI-Pay Related Social Insurance
PTSB-Permanent TSB
REBO-Credit Union Restructuring Board
REIT-Real Estate Investment Trust
SEPA-Single Euro Payments Area
SI-Statutory Instruments
SILC-Survey on Income and Living Conditions
SME-Small and Medium Enterprises
SMU-Shareholder Management Unit
SPU-Stability Programme Update
SRO-Senior Responsible Officer
SSM-Single Supervisory Mechanism
TNA-Training Needs Analysis
UCITS-Undertakings for Collective Investment in Transferable Securities
ULC-Unit Labour Costs
VAT-Value Added Tax
WBG-World Bank Group
YOY-Year on Year