

**Vote 7 – Office of the Minister for Finance  
Appropriation Accounts 2016**

**Summary of recent financials (Current and Capital)**

<b>Vote 7 – Office of the Minister for Finance</b>	<b>2016 Estimate €'000</b>	<b>2016 Outturn €'000</b>
Current	38,605	29,123
Capital	2,274	2,115
Gross Total	40,879	31,239
Appropriations in Aid	1,400	2,271
<b>Net Vote</b>	<b>39,479</b>	<b>28,967</b>

The 2016 Gross Estimate was €40.879m (€39.5m net of AinA's).

The Department also carried over €0.115m from 2015's Capital Allocation meaning its profiled gross budgeted expenditure for the year was €40.994m (€39.594m net of AinA's)

Gross spend of €31.2m at year end was €9.8m (23.8%) under the budget profile of €40.994m. Appropriations in Aid collected surpassed budget by €0.9m, and a capital carry over of from 2016 to 2017 of €0.2m resulted in a surplus to surrender for 2016 of €10.4m

The Disabled Drivers Fuel Grant Scheme budget of €10m was included in the Vote for the first time in 2016. This accounts for underspend of €2.1m.

Surplus to be surrendered of €10.4m summarised as follows:

- Paybill €1.9m - recruitment was slower than had been anticipated, and a number of staff members were promoted to other posts in the Civil Service during the year.
- Administrative Budget non-pay costs €1.1m: There were savings across all our administrative subheads, but the main drivers of this saving were Office equipment and External IT services €0.5m, Office Premises expenses of €0.2m, and training, development and incidental expenses €0.1m,. A capital carryover of €0.227m was sanctioned for 2017.
- The new disabled drivers Fuel Grant scheme resulted in savings of €2.1m
- Consultancies accounted for €4.6m of the surplus being surrendered.
- Appropriations in Aid collected surpassed budget by €0.9m.

The extent of costs associated with some aspects of the ongoing shareholding work of the Department can be difficult to predict, since it is very much driven by the defence of legal cases and the timing of these in the courts. The Department must be adequately resourced to enable the efficient continuation of its policies without the requirement to return to the Oireachtas for supplementary estimates but, equally, the Department will seek to minimise costs where possible and subject to achieving the best outturn for the State.

# Synopsis of Departmental targets and outputs 2016

## Vote 7 – Department of Finance - Key Outputs (update)

Programme A – Economic and Fiscal Policy	
Public Service Activity	2016 Key Outputs achieved
<p>Develop and implement strategies at EU/Euro area level and internationally in relation to economic, fiscal and financial policy formulation. Manage the Department's external relationships by building a network of relevant contacts through Ireland's embassies and consulates, developing relationships with other Treasuries and Finance Ministries, coordinating EU policy, and developing our links with International Financial Institutions (IMF, World Bank, EIB and other multilateral development banks).</p> <p>Manage continuing post programme processes including programme funding conditions and manage membership of Euro area funding mechanisms (ESM, EFSF &amp; Euro Area (Greek) Loan Facility) and EFSM issues.</p> <p>Supporting the Minister for Finance in his international engagements Provision of advice on budgetary policy to restore and maintain the sustainability of the public finances in accordance with the parameters agreed by Government, and formulation and</p>	<ul style="list-style-type: none"> <li>• Successfully exited Excessive Deficit Procedure (EDP) by end 2015 and EDP officially closed by European Council (ECOFIN) in June 2016.</li> <li>• On track to meet Medium Term Budgetary Objective of a balanced budget (deficit of 0.5% in structural terms) by 2018.</li> <li>• The estimated deficit for 2016 is 0.9 per cent of GDP and taking account of the Budget package, the forecast for this year is 0.4 per cent of GDP.</li> <li>• 2016 tax revenues up 5% year-on-year, Exchequer borrowing requirement €1bn in 2016.</li> <li>• Total Gross expenditure up 2.4% y-o-y.</li> <li>• Stability Programme Update 2016, Summer Economic Statement 2016 and Budget 2017 published.</li> <li>• Successful delivery of joint ESRI/Department of Finance research programme and publication of 6 research papers.</li> <li>• A substantial evaluation of R&amp;D tax credit was published as part of this year's Report on Tax Expenditures.</li> <li>• The Department of Finance has been liaising with Department of Public Expenditure and Reform and is assisting in communicating the new fiscal rules to the line Departments.</li> <li>• Produced and co-ordinated Budget 2017.</li> <li>• Provided economic analysis of policy options including taxation strategies for Budget 2017.</li> <li>• Produce detailed analysis of economic implications of Brexit including publication of sectoral analysis of Ireland-UK trade links, publication of macroeconomic modelling paper (with ESRI) on medium to long term economic impacts and the 'Getting Ireland Brexit Ready' paper published with Budget 2017.</li> <li>• Provided economic support for the Department of Finance and other Government Departments for better-informed and more consistent decision-making e.g. housing policy</li> <li>• Publication in July 2016 of the Income Tax Reform Plan, to inform all members of the Oireachtas of the issues and options which will underpin future income tax reform, including USC reform.</li> <li>• Publication of reviews in the October 2016 Report on Tax Expenditures:             <ul style="list-style-type: none"> <li>○ Review of appropriate treatment for tax purposes of trade union subscriptions and professional body fees</li> <li>○ Review of income averaging for artists</li> <li>○ Review of the Living City Initiative</li> <li>○ Review of Share Based Remuneration</li> </ul> </li> <li>• Design and implementation of the Help to Buy incentive for first-time home buyers.</li> <li>• Government decision to appeal the European Commission's negative decision in the Apple State Aid case, through the European courts.</li> <li>• Transposition of the third amendment to the Directive on Administrative Cooperation (DAC 4)</li> <li>• Ongoing Irish representation at OECD/EU regarding international tax matters</li> <li>• Ensure that the Department continues to develop its assessment of economic and financial impacts of Brexit as part of the whole-of-Government endeavour, including the development of strategies to mitigate risk and maximise opportunity and the development of negotiating approaches to protect Ireland's economic interests.</li> <li>• Manage continuing EU/IMF post-programme processes and ensure effective participation in the ESM and EFSF.</li> <li>• Ensure effective international cooperation in order to advance Ireland's economic and financial interests, both internationally and in the EU.</li> </ul>

<p>production of the annual Budget and multi-annual budgetary forecasts, monitoring Exchequer returns and non-tax revenue, forecasting tax receipts and analysing the impact of policy options on Government finances and for interaction with the Fiscal Council.</p> <p>Provision of advice on equitable taxation policy, focused on generating resources to finance Government programmes, promoting competitiveness and assisting the achievement of Government objectives in various policy areas; Deliver annual Finance Bill; Production of annual Budget</p> <p>Provision of advice on economic policy to restore economic and employment growth, micro and macro-economic analysis and forecasting and developing a strategy for the Irish economy across all sectors and the economic analysis of Department policies. Provision of economic analysis and briefings to the public.</p>	<ul style="list-style-type: none"> <li>• Continue Ireland’s effective participation in EU fora - Eurogroup, ECOFIN and EU working groups</li> <li>• Transpositions completed in 2016 included: UCITS V (transposed on 18 March 2016 by S.I. 143 of 2016); the Central Securities Depositories Regulation (CSDR) - transposed on 16 September 2016 and the Market Abused Directive and Regulation (MAD/R) – which was transposed on 3 July 2016.</li> <li>• Irish interests continue to be represented on current EU Financial Services dossiers and European Commission projects (including Securitisation, Capital Barriers Group, CCP Recovery &amp; Resolution, a Regulation to establish a European Deposit Insurance Scheme, and the European Venture Capital Fund and European Social Entrepreneurship Fund Regulations).</li> <li>• The Department successfully co-ordinated the Financial Action Task Force (FATF) on-site visit in November. This is an important part of the overall assessment of Ireland’s compliance with anti-money laundering and counter terrorist financing standards which will be finalised in June 2017.</li> <li>• The Department of Finance’s Review of Policy in the Insurance Sector was initiated in 2016, in consultation with the Central Bank of Ireland, other Departments and Agencies and external stakeholders. <ul style="list-style-type: none"> <li>○ In July 2016, a joint report on the Review of the Framework for Motor Insurance Compensation in Ireland was published. Work on its implementation is underway.</li> <li>○ As an input to the Inter-Departmental Group’s work on flooding published in November 2016, the Department of Finance has carried out a review of flood insurance</li> <li>○ On 10 January 2017, the Report on the Cost of Motor Insurance was published and work on the implementation of this report has also already commenced</li> </ul> </li> <li>• Eighteen Statutory Instruments were signed in the area of Financial Sanctions in 2016.</li> </ul>
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<b>Programme B - Banking and Financial Services Policy</b>	
<b>Public Service Activity</b>	<b>2016 Key Outputs achieved</b>
<p>Manage legislation on financial services, and on the regulation of the financial services sector, manage the development of EU policy and legislation for the financial services sector, including the transposition of EU directives; manage international financial services and relations with the Central Bank.</p> <p>Enhanced communication with external stakeholders.</p> <p>Representing the Department of Finance's interest in matters concerning how the State can finance its priorities over the coming years. This includes working with the relevant departments and agencies to optimise financing structures for the State's investment and financing activities, and in particular, liaison with the NTMA, NPRF and EIB. Act as the Department point of contact and challenge for investments (other than banks) managed by NewEra or the NPRF.</p> <p>Develop and implement strategies for the banking sector in Ireland and stability in the financial sector, policies relating to the provision of credit in the economy, addressing distressed mortgages and difficulties with personal and small/medium business debt.</p> <p>Manage strategies to deliver a functioning banking system and for the on-going management of the State's investments in a number of bank institutions. Manage the</p>	<ul style="list-style-type: none"> <li>• In relation to the preparation of a sale of AIB three Global Co-ordinators were appointed in December 2016.</li> <li>• Continued monitoring of the PTSB Restructuring Plan. PTSB achieved a key milestone with the disposal of CHL, its remaining UK-based business, despite the uncertainty generated post Brexit. The sale of CHL completed the bank's deleveraging commitments under its Restructuring Plan.</li> <li>• Officials continued to review the State's options to execute bank investment disposals. However, given volatility in equities throughout the year, and in particular bank equities, no suitable opportunity arose to execute such a sale.</li> <li>• CUAC Report to Minister published in June 2016, monitored REBO and use of the Credit Union Fund</li> <li>• Organised commencement of final sections of 2012 Act which allowed for new Central Bank regulations introduced 1 January 2016</li> <li>• In December 2016 the Special Liquidators of IBRC announced the payment of a first interim dividend of 25% to all admitted unsecured creditors of IBRC, which included the State.</li> <li>• NAMA redeemed €5.5bn senior bonds in 2016, which brought cumulative redemptions from inception to €27.6bn, or 91% of the original €30.2bn senior debt issued. NAMA also expects to redeem all of its remaining senior debt by year end 2017.</li> <li>• Some preliminary scoping and initial outline of proposed Central Bank Consolidation Bill completed by external consultants engaged by the Department.</li> <li>• Published two SME credit demand surveys.</li> <li>• Contributed to the Central Bank of Ireland "first review" of the macro prudential rules for residential mortgage lending.</li> <li>• The SBCI continued to make low cost, flexible finance available to SMEs across all sectors and regions.</li> <li>• Monitored and analysed SME lending data provided by banks on a monthly basis and met with banks on a quarterly basis.</li> <li>• Engagement on review of investment strategy of Ireland Strategic Investment Fund.</li> <li>• Fulfilled all shareholder responsibilities at the International Monetary Fund (IMF), the World Bank Group (WBG), the Asian Development Bank (ADB), the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the Council of Europe Development Bank (CEB).</li> <li>• Administered contribution of €2m by Ireland to the Green Climate Fund (GCF) on behalf of Department of Communications, Climate Action and Environment.</li> <li>• Progressed membership application to the Asian Infrastructure Investment Bank (AIIB), expected to become members in 2017.</li> <li>• Negotiations began regarding membership of the African Development Bank (AfDB) during 2016, including a number of bilaterals with representatives of the Bank.</li> <li>• Agreed to contribute €90m to the International Development Association (IDA), which operates within the World Bank Group, of which Ireland is a member.</li> </ul>

<p>Minister's interests in relation to the oversight of NAMA. Manage the reform of the credit union sector.</p>	<ul style="list-style-type: none"><li>• The opening of the new European Investment Bank Office in Dublin and the appointment of Mr. Andrew McDowell as Vice-President at the EIB.</li></ul>
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<b>Programme C – Provision of Shared Services</b>	
<b>Public Service Activity</b>	<b>2016 Key Outputs achieved</b>
<p>Provision of a bank clearing/funding service to Departments.</p> <p>Provision of Accounting, Budgeting and Financial Reporting Services to the Department of Finance, the Department of Public Expenditure and Reform and certain clients.</p> <p>Implement a Human Resources strategy.</p> <p>Developing the Department’s Risk Management Framework and Policy, internal and external risk management and risk assessment of policy initiatives, overseeing the upkeep and improvement of the Department’s risk register and providing evaluation and advice on the most important risks faced by the Department.</p> <p>Ensure greater alignment of/improve current flows of information within, to and from the Department and add to efficiency Department wide. Liaise with the Attorney General’s Office and external legal advisers as required and implement a compliance function.</p>	<ul style="list-style-type: none"> <li>• A strategic, transparent and comprehensive risk and compliance framework put in place.</li> <li>• Published an overall Risk Management Framework which was set out in the governance document published in 2016 and consists of a risk team, risk committee and line divisions within the Department.</li> <li>• A more detailed Framework and Procedures Manual was brought to near completion and the system is operating in practice. An electronic risk register is being rolled out.</li> <li>• The final text of the Compliance Framework to fulfil the commitment of the Civil Service Reform agenda and this is near completion and already operates in practice.</li> <li>• The Department has contributed to the NRA steering group. The work of the steering group feeds into the drafting of the NRA (national risk assessment).</li> <li>• The Department is also represented in the Office of Emergency Planning (OEP) various processes.</li> <li>• This is an ongoing requirement which continues to be met by the Legal Unit. (See also the Compliance Framework referred to above.)</li> <li>• Published heads of Bill for the Financial Services and Pensions Ombudsman legislation in 2016</li> <li>• During 2016 the Department processed c. 2,500 Parliamentary Questions, c. 405 Freedom of Information requests, processed c. 222 Government memos, c. 4,500 Ministerial representations.</li> </ul>

## **Exchequer Financial Outturn - 2016**

<b>Lead topic: Chapter 1 – Financial Outturn</b>	<b>Sub-topic: N/a</b>	<b>Contact: Brendan O’Leary Ext: 5562</b>

## 1. Economic and Fiscal Directorate

### 1.1 Economic Division

#### 1. Tax Receipt Performance in 2016

##### 2016

- In 2016 **total taxes** of €47.8 billion were collected, up 1.4 per cent (€639 million) against the original profile. Taxes were up 5 per cent (€2.3 billion) year-on-year.
- In relation to **income tax**, which is the largest tax-head, the performance in 2016 was solid with receipts finishing the year 0.9 per cent or €174 million above profile, which represents an annual increase of 4.4 per cent or €810 million.
- **Corporation tax** receipts in 2016 of €7.4bn were €0.7bn above the Budget 2016 forecast.
- **VAT returns** saw a solid 4 per cent annual increase in 2016, but were 3.4 per cent (€440m) below profile. A number of important technical reasons, in addition to a ‘Brexit effect’ can be identified for this underperformance.
- By contrast, the other major consumption tax heading - **Excises** which are volume-driven – came in 1.2 per cent (€67m) above expectations for 2016 at €5.7 billion. This represented a 7.9 per cent (€420 million year-on-year increase).
- **Stamp Duties** of €1.2 billion were collected last year. This represents a decline of 6 per cent (€75 million) year on year and was 9.5 per cent (€126 million) below expectations. The annual decline can be partially attributed to base effects arising from the ending of the pension levy in 2016. The in-year performance was mainly impacted by weaker share transaction, which reflects weaker merger and acquisition activity.
- **CGT** recorded a strong performance up 23 per cent (€153 million) y-o-y and was 39 per cent (€232 million) ahead of profile. This tax heading reflects a gain in asset values or

disposal by directors. Limited information is available until the returns are filed later this year however preliminary examination indicates the top ten returns accounted for about 2/3rd of receipts with a similar share attributable to company directors or shareholders.

## 2. Concentration of Corporation Tax Receipts

- Following the 2015 'level shift' in Corporation Tax receipts, revenues for 2016 were €7.4bn. In terms of the sustainability of the corporation taxes this represents a more modest 7 per cent year-on-year increase.
- The Revenue's analysis of the 2015 receipts indicate that the main driver of the increased receipts was increased corporate profitability.
- While Corporation Taxes now account for just c. 15½ per cent of all Exchequer tax revenues, this is within the previous pre-crisis range from such receipts. It is important to point out that income tax and VAT still account for around two-thirds of the overall Exchequer tax yield.
- Corporation tax receipts are highly concentrated in Ireland, with approximately 80 per cent of receipts received from the multinational sector. However, the share provided by the "Top 10" tax paying companies has eased from 41% in 2015 to 37% in 2016, which is suggestive of widening profitability in other companies.
- As a country that has been consistently successful in attracting leading multi-nationals to locate here and given Ireland's level of integration with the global economy, it is not surprising that our corporation tax base has become concentrated.
- However, the Department of Finance is fully aware of the concentration issue and has highlighted this concern on many occasions as a risk recently in the Stability Programme Update 2017.

### International comparison

- Using comparative OECD data, Ireland's 2015 corporation tax receipts represented 11½ per cent of total taxes. Other countries with a similar share were Norway 11.9%; Luxembourg 11.9%; Switzerland 10.9% and the Czech Republic 10.6%.



- Given many OECD states generally collect more tax than Ireland (particularly social security contributions), corporation tax receipts as a share of GDP might be a more appropriate comparator. Accordingly, corporation tax receipts as a per cent of GDP was 2.7% which represents the same share as the OECD average.
- However using GNP as the denominator for Ireland, our corporation tax as a share of GNP was 3.4%, which compares with Norway 4.5%; Luxembourg 4.4%; Czech Republic 3.6%; Belgium 3.4% & Switzerland 3.0% (All GDP). These are all small, open economies with generally large FDI components and represent an appropriate comparator.
- Finally, it is important to point out that Ireland is now subject to the fiscal rules under the Preventive Arm of the SGP. This means that government expenditure policy is decoupled from reliance on cyclical or windfall tax revenues.

### 3. Tax Receipt Performance in 2017

- Tax revenues of €50,737 million were collected in 2017, an increase of 6.0% or €2,872 million on 2016. It is also worth pointing out that all tax-heads displayed annual growth. Furthermore, tax revenues closed the year 0.2% or €116 million ahead of target.
- **Income tax** receipts at end-December of €20,009 million were marginally down 1.2% or €236 million against profile, but up 4.4% or €840 million in year-on-year terms. Importantly, the key income tax component, i.e. PAYE income tax (which accounts for c. 65% or €13.1 billion of total income tax receipts) closed the year exactly on target, which equates to strong annual growth of 9.0% or €1,085 million and reflects a buoyant labour market. In addition, overall USC receipts closed the year on target, up €3 million or 0.1%.
- **Corporation tax** receipts of €8,201 million came in €486 million or 6.3% ahead of target for the year as a whole. In year-on-year terms, receipts grew by 11.6% or €850 million in 2017.
- **Excise duty** receipts finished the year €60 million or 1.0% below profile, and on a year-on-year basis, receipts grew by 3.7% or €214 million in 2017.

- **VAT** receipts of €13,303 million have been strong and grew by 7.1% in 2017, and closed the year broadly in line with target, down just €72 million or 0.5%.
- **Capital Gains Tax** recorded an overall surplus for the year of €116 million (16.4%) against profile.
- **Capital Acquisition Tax** receipts have been reasonably strong, up €19 million or 4.4% against target, which represents an annual increase of 10.7%.
- **Stamp duty** receipts of €1,204 million closed the year €131 million or 9.8% below the original profile, but in line with the revised Budget 2018 target of €1,200 million. In year-on-year terms receipts were flat, up €10 million or 0.8%.
- **Local Property tax** receipts for the year to date to €477 million, which represents a 3.6% (€17 million) surplus against profile.
- **Customs** receipts finished the year €24 million or 6.7% below target, but 4.2% in year-on-year terms.

#### 4. Tax Receipt Performance to end March 2018

- At end-March, €11,952 million in tax revenue was collected. This is marginally below profile, down just 1.2% or €141 million, but up 3.5% or €401 million on the same period last year. *(Local Property Tax is now paid into the Local Government Fund (LGF) and Motor Tax receipts are now paid directly into the Exchequer instead of the LGF. Therefore, all tax revenue year-on-year comparisons are provided on a like-for-like basis).*
- In cumulative terms, to end-March **income tax** receipts of €4,668 million were up €251 million or 5.7%, year-on-year. Income Tax PAYE was on target at end-quarter and showing very strong year on year growth of 10.0% (€300 million). Furthermore USC PAYE was slightly on-target at end-March. Receipts of €1,334 million were recorded in the month of March, which equates to a 6.2% (€88 million) deficit against the monthly target. However, this represents a 3.1% (€41 million) increase compared to March 2017. The shortfall is

primarily due to lower than expected receipts for the self-employed and unearned sources of income.

- **Corporation Tax** receipts of €319 million were collected in March, closing the month ahead of target, up €12 million or 4.0% on profile. Cumulative receipts at end-March are up 2.3% (€12 million) in year-on-year terms and on target.
- March was a **VAT** due month with receipts relating mainly to the January/February trading period. Receipts in the month amounted to €1,910 million, which is up 5.1 % (€93 million) on the monthly target. Turning to the cumulative performance, VAT receipts have performed well and are now up €108 million or 2.4% in annual terms, and on target (up 0.3 % or €15 million) against profile.
- **Excise duties** of €1,233 million at end-March, were down €62 million (4.8%) against profile.
- **Stamp Duty** receipts of €302 million at end-March, were down €40 million against profile, but up 35.4% or €79 million in year-on-year terms.
- **Capital Gains Tax** receipts of €139 million are now up 4.5% on profile and up €48 million in year-on year terms.
- Receipts from **Capital Acquisitions Tax** are now 2.5% ahead of target.
- €257 million was collected in **Motor Tax** receipts to end-March, down €11 million against profile.
- **Customs receipts** of €28 million were collected in March, coming in exactly on profile. Cumulative receipts of €80 million are up €7 million or 9.4% in year-on-year terms.

## 5. Voted Expenditure Performance for 2016

- **Total net voted expenditure** for 2016, at €43,986 million, was €1,123 million (2.6%) higher in year-on-year terms and €138 million (0.3%) below profile.

- **Net voted current expenditure** of €40,066 million for 2016, was 0.9% or €364 million below profile but €721 million (1.8%) higher in year-on-year terms.
- **Net voted capital expenditure** for 2016 of €3,919 million, was 6.1% (€226 million) above profile, which equates to a year-on-year increase of 11.4% or €402 million.
- **Gross voted expenditure** of €55,981 million for the year was 0.3% (€142 million) above profile, with gross voted current expenditure 0.2% (€85 million) below profile and gross voted capital expenditure 5.7% (€227 million) above profile.

## 6. Voted Expenditure Performance for 2017

- **Total gross voted expenditure** at €58,552 million, was 0.8% or €480 million above the overall allocation in the 2017 Revised Estimates Volume (REV). This increase was expected as it was accommodated within the Further Revised Estimates and Supplementary Estimates agreed by the Dáil in December.
- The gross voted expenditure outturn is broadly in line with the estimated amount for 2017 included in Expenditure Report 2018 published on Budget day. Gross current expenditure of €53,968 million is €13 million higher than the amount estimated at that time, with capital expenditure of €4,585 million higher by €44 million.
- **Total net voted expenditure** to end-December 2017, at €46,291 million finished the year €352 million or 0.8% above profile and up €2,305 million (5.2%) in year-on-year terms. After taking account of the Supplementary Estimates and Further Revised Estimates net voted expenditure, excluding Departmental balances, was €395 million below the aggregate amount of €46,754 million voted by the Dáil for 2017.
- **Net voted current expenditure** at €41,968 million to end-December, was 0.8% or €314 million above profile. This increase was accommodated within the Further Revised Estimates and the Supplementary Estimates agreed by the Dáil in December.
- The Department of Housing, Planning and Local Government was €292 million above the REV profile. This reflects the additional current expenditure allocation of €293 million included in a Further Revised Estimate, arising from the Oireachtas decision to discontinue

with water charges. €114 million of this amount, which does not give rise to additional general government expenditure in 2017, was required to meet Irish Water's funding requirement from the loss of revenue from water charges, with €179 million provided to meet the one-off cost of water charge refunds.

- The Department of Health was above profile by €195 million, or 1.4%, which is in line with the Supplementary Estimate amount and the Department of Education and Skills was €111 million, 1.4% above profile. The Department of Education received a Supplementary Estimate of €124 million primarily to cover additional pension costs and a shortfall in receipts. The Justice Vote Group was €15 million, 0.7%, above profile, with a Supplementary Estimate of €44 million for the Garda Vote, primarily in respect of Garda pay and overtime, being partially offset by underspends elsewhere in the Justice Vote Group.
- Net voted current expenditure in the Department of Employment Affairs and Social Protection was €23 million under profile. The element of the Social Welfare Christmas Bonus paid from voted expenditure was more than fully offset by underspends in the Social Protection Vote, with the part of the Christmas Bonus paid from the Social Insurance Fund (SIF) also fully offset by a higher than anticipated surplus arising from PRSI receipts and underspends on SIF schemes. The total cost of the Christmas Bonus was €219 million.
- Across other Vote Groups, net voted current expenditure is below profile by an aggregate amount of €238 million. In year-on-year terms, net voted current expenditure closed the year €1,902 million or 4.7% higher than 2016.
- **Net voted capital expenditure** at end-December amounted to €4,323 million, which was €38 million (0.9%) above profile. The Department of Housing, Planning and Local Government was €98 million above profile, reflecting the Supplementary Estimate of €100 million provided for the Housing Programme.
- The year-on-year increase in net voted capital expenditure is 10.3% or €403 million and is primarily driven by increased expenditure in the Department of Housing.

## 7. Voted Expenditure Performance to end-March 2018

- **Total gross voted expenditure** of €14,107 million to end-March was €328 million (2.3%) below profile. This is €508 million (3.7%) ahead on the same period in 2017.
- **Gross voted current expenditure** of €13,340 million is €212 million or (1.6%) below profile and up by €453 million (3.5%) in year-on-year terms, and **gross voted capital expenditure** of €767 million is €117 million (13.2%) below profile and up by €55 million (7.7%) year-on-year.
- **Total net voted expenditure** to end-March 2018, at €11,177 million, was €272 million of 2.4% below profile but up €416 million or 3.9% in year-on-year terms.
- **Net voted current expenditure** at €10,410 million to end-March, was €158 million or 1.5% below profile but €338 million or 3.4% higher in year-on-year terms.
- The Department of Health Vote Group is running €18 million or 0.5% behind profile.
- The Department of Housing, Planning and Local Government Vote Group is running €113 million or 43% behind profile. This is largely due to delays in drawing down payments by Irish Water. This is the first year in which the new funding arrangements for Irish Water are in place, with all Irish Water expenditure, both current and capital, in respect of domestic water services now being funded from voted expenditure. It is anticipated that these drawdowns will be completed in the coming months bringing expenditure back in line with profile.
- **Net voted capital expenditure** at end-March amounted to €766 million, which was €114 million (13.0%) below profile. This represents a year-on-year increase of €78 million or 11.3%.
- Capital expenditure in the Department of Housing, Planning and Local Government Vote Group is running €50m or 30% behind profile. As with current expenditure, a delay in drawing down payments by Irish Water has impacted on the capital expenditure position. It is anticipated that these drawdowns will be completed in the coming months bringing expenditure back in line with profile.

## Budgetary Reform Measures

- In recent years, considerable reforms have been implemented to Ireland's budgetary framework. The new approach is intended to permit a more open budgetary process, allow stronger dialogue with the Dáil on key elements and facilitate the continued central role of Government in the development of budgetary proposals, consistent with the maintenance of stable public finances.
- The annual budget process now involves a number of elements, starting with publication of the Spring/Summer Economic Statement. This Statement sets out the broad parameters for macroeconomic growth and the fiscal outlook and constraints over the medium term. The macro-fiscal outlook is based on SPU forecasts, published in April. *[Following the recent change to the composition of the Government, the SES will be published in mid-July as they have an opportunity to take stock of developments].*
- This is followed by a National Economic Dialogue in June/July. The dialogue is an important element of the budgetary framework and its objective is to facilitate an open and inclusive exchange on the competing economic and social priorities facing the Government.
- In July 2016, the Minister for Public Expenditure & Reform published a Mid-Year Expenditure Report on behalf of the Government for the first time. This Report presents the baseline for Departmental expenditure and provides the starting point for examination of budgetary priorities by the Oireachtas.
- A further development in the reformed Budget process is the circulation in July by the Department of Finance of Tax Strategy Papers to the relevant sectoral Oireachtas Committees. The Tax Strategy Group is made up of representatives from various Government Departments and political advisors. The Tax Strategy Papers set out existing measures across all tax heads, contain issues for discussion and costed options for tax changes, taking Programme for Government commitments into account.

- These reform measures go towards addressing some of the issues highlighted by the OECD in its report on Irish parliamentary budgetary oversight from November 2015. Arising from the process and the Programme for Partnership Government, the Oireachtas established the Budget Oversight Committee last year and we understand work is underway to establish a Parliamentary Budget Office this year. These reforms will further improve the formulation, oversight and discussion of fiscal policy in Ireland.



**End-December 2016 - Analysis of Taxation Receipts**

Exchequer Tax Receipts	Performance against Profile - Cumulative			
	End-December 2016 Outturn €m	End-December 2016 Target €m	Excess / Shortfall €m	Excess / Shortfall %
Income Tax (including USC)	19,169	18,995	174	0.9%
VAT	12,420	12,860	-439	-3.4%
Corporation Tax	7,351	6,615	737	11.1%
Excise	5,711	5,645	67	1.2%
Stamps	1,194	1,320	-126	-9.5%
Capital Gains Tax	822	590	232	39.4%
Capital Acquisitions Tax	415	375	41	10.9%
Customs	318	390	-72	-18.4%
Levies	0	0	0	-
Local Property Tax	463	440	24	5.4%
Unallocated Tax Deposits	0	0	0	-
<b>Total</b>	<b>47,864</b>	<b>47,225</b>	<b>639</b>	<b>1.4%</b>

Performance against Profile - Monthly			
December 2016 Outturn €m	December 2016 Target €m	Excess / Shortfall €m	Excess / Shortfall %
1,624	1,607	17	1.1%
109	134	-26	-19.2%
289	544	-254	-46.8%
431	465	-33	-7.1%
140	138	2	1.2%
567	350	217	62.0%
18	19	-1	-7.4%
22	33	-11	-32.2%
0	0	0	-
42	41	1	3.3%
-62	0	-62	-
<b>3,180</b>	<b>3,331</b>	<b>-151</b>	<b>-4.5%</b>

Exchequer Tax Receipts	Year-on-Year Performance - Cumulative			
	End-December 2016 Outturn €m	End-December 2015 Outturn €m	Y-on-Y Change €m	Y-on-Y Change %
Income Tax (including USC)	19,169	18,359	810	4.4%
VAT	12,420	11,944	476	4.0%
Corporation Tax	7,351	6,872	480	7.0%
Excise	5,711	5,292	420	7.9%
Stamps	1,194	1,268	-75	-5.9%
Capital Gains Tax	822	669	153	22.9%
Capital Acquisitions Tax	415	400	15	3.8%
Customs	318	327	-10	-2.9%
Levies	0	1	-1	-
Local Property Tax	463	469	-6	-1.2%
Unallocated Tax Deposits	0	0	0	-
	<b>47,864</b>	<b>45,601</b>	<b>2,263</b>	<b>5.0%</b>

Year-on-Year Performance - Monthly			
December 2016 Outturn €m	December 2015 Outturn €m	Y-on-Y Change €m	Y-on-Y Change %
1,624	1,793	-168	-9.4%
109	188	-79	-42.2%
289	510	-220	-43.2%
431	567	-136	-23.9%
140	113	27	24.2%
567	409	157	38.4%
18	21	-3	-15.4%
22	28	-6	-20.1%
0	0	0	-
42	42	0	0.3%
-62	-41	-21	51.3%
<b>3,180</b>	<b>3,629</b>	<b>-449</b>	<b>-12.4%</b>

Note: Rounding may affect totals

**End-December 2017 - Analysis of Taxation Receipts**

Exchequer Tax Receipts	Performance against Profile - Cumulative			
	End-December 2017 Outturn €m	End-December 2017 Target €m	Excess / Shortfall €m	Excess / Shortfall %
Income Tax (including USC)	20,009	20,245	-236	-1.2%
VAT	13,303	13,375	-72	-0.5%
Corporation Tax	8,201	7,715	486	6.3%
Excise	5,925	5,985	-60	-1.0%
Stamps	1,204	1,335	-131	-9.8%
Capital Gains Tax	826	710	116	16.4%
Capital Acquisitions Tax	460	440	19	4.4%
Customs	331	355	-24	-6.7%
Levies	0	0	0	-
Local Property Tax	477	460	17	3.6%
Unallocated Tax Deposits	0	0	0	-
<b>Total</b>	<b>50,737</b>	<b>50,620</b>	<b>116</b>	<b>0.2%</b>

Performance against Profile - Monthly			
December 2017 Outturn €m	December 2017 Target €m	Excess / Shortfall €m	Excess / Shortfall %
1,726	1,711	15	0.9%
80	117	-37	-31.8%
548	458	90	19.7%
353	529	-175	-33.2%
137	156	-19	-12.3%
539	462	77	16.7%
15	21	-6	-29.8%
28	28	0	1.4%
0	0	0	-
43	43	0	0.4%
-21	0	-21	-
<b>3,449</b>	<b>3,525</b>	<b>-76</b>	<b>-2.2%</b>

Exchequer Tax Receipts	Year-on-Year Performance - Cumulative			
	End-December 2017 Outturn €m	End-December 2016 Outturn €m	Y-on-Y Change €m	Y-on-Y Change %
Income Tax (including USC)	20,009	19,169	840	4.4%
VAT	13,303	12,420	883	7.1%
Corporation Tax	8,201	7,351	850	11.6%
Excise	5,925	5,711	214	3.7%
Stamps	1,204	1,194	10	0.8%
Capital Gains Tax	826	822	4	0.5%
Capital Acquisitions Tax	460	415	44	10.7%
Customs	331	318	13	4.2%
Levies	0	0	0	-
Local Property Tax	477	463	13	2.8%
Unallocated Tax Deposits	0	0	0	-
<b>Total</b>	<b>50,737</b>	<b>47,864</b>	<b>2,872</b>	<b>6.0%</b>

Year-on-Year Performance - Monthly			
December 2017 Outturn €m	December 2016 Outturn €m	Y-on-Y Change €m	Y-on-Y Change %
1,726	1,624	102	6.3%
80	109	-29	-26.5%
548	289	259	89.5%
353	431	-78	-18.2%
137	140	-3	-1.9%
539	567	-27	-4.8%
15	18	-3	-17.1%
28	22	6	25.4%
0	0	0	-
43	42	1	2.0%
-21	-62	42	-66.7%
<b>3,449</b>	<b>3,180</b>	<b>269</b>	<b>8.5%</b>

Note: Rounding may affect totals

End-March 2018 - Analysis of Taxation Receipts

Exchequer Tax Receipts	Performance against Profile - Cumulative			
	End-March 2018 Outturn €m	End-March 2018 Target €m	Excess / Shortfall €m	Excess / Shortfall %
Income Tax (including USC)	4,668	4,748	-80	-1.7%
VAT	4,676	4,661	15	0.3%
Corporation Tax	532	536	-4	-0.7%
Excise	1,233	1,296	-62	-4.8%
Stamps	302	341	-40	-11.7%
Capital Gains Tax	139	133	6	4.5%
Capital Acquisitions Tax	41	40	1	2.5%
Customs	80	70	10	14.4%
Levies	0	0	0	-
Motor Tax	257	268	-11	-4.3%
Unallocated Tax Deposits	24	0	24	
<b>Total</b>	<b>11,952</b>	<b>12,093</b>	<b>-141</b>	<b>-1.2%</b>

Performance against Profile - Monthly			
March 2018 Outturn €m	March 2018 Target €m	Excess / Shortfall €m	Excess / Shortfall %
1,334	1,422	-88	-6.2%
1,910	1,817	93	5.1%
319	307	12	4.0%
376	445	-68	-15.4%
73	102	-29	-28.7%
10	9	1	13.6%
14	14	-1	-4.1%
28	28	0	-0.3%
0	0	0	-
87	93	-6	-6.8%
-12	0	-12	-
<b>4,139</b>	<b>4,237</b>	<b>-99</b>	<b>-2.3%</b>

Exchequer Tax Receipts	Year-on-Year Performance - Cumulative			
	End-March 2018 Outturn €m	End-March 2017 Outturn €m	Y-on-Y Change €m	Y-on-Y Change %
Income Tax (including USC)	4,668	4,417	251	5.7%
VAT	4,676	4,568	108	2.4%
Corporation Tax	532	520	12	2.3%
Excise	1,233	1,277	-44	-3.4%
Stamps	302	223	79	35.4%
Capital Gains Tax	139	92	48	51.8%
Capital Acquisitions Tax	41	43	-2	-5.3%
Customs	80	73	7	9.4%
Levies	0	0	0	-
Motor Tax	257	284	-27	-9.5%
Unallocated Tax Deposits	24	55	-30	-55.3%
<b>Total</b>	<b>11,952</b>	<b>11,551</b>	<b>401</b>	<b>3.5%</b>

Year-on-Year Performance - Monthly			
March 2018 Outturn €m	March 2017 Outturn €m	Y-on-Y Change €m	Y-on-Y Change %
1,334	1,294	41	3.1%
1,910	1,752	158	9.0%
319	248	71	28.5%
376	466	-89	-19.2%
73	63	10	16.5%
10	10	0	2.8%
14	16	-2	-14.2%
28	25	2	8.2%
0	0	0	-
87	96	-10	-10.2%
-12	-5	-8	154.4%
<b>4,139</b>	<b>3,965</b>	<b>173</b>	<b>4.4%</b>

Note: Rounding may affect totals

### GGD update

<b>Lead topic: Chapter 2 General Government Debt</b>	<b>Sub-topic: GGDebt Statistics</b>	<b>Contact: Robert McLoughlin Ext: 7748</b>
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The most recent estimates of General Government balance and General Government Debt (GGD) were published as part of the Budget 2018 (2016-2021).

**Table 1: 2016 to 2018 General Government Information**

	2016	2017	2018f
GGB (€Million)	-1,905	-995	-540
GGB (% GDP)	-0.7	-0.3	-0.2
GGDebt (€bn)	200.6	202.6	208.2
GGDebt (% GDP)	72.8	70.1	69.0
Net Debt (% GDP)	63.7	61.2	59.6

Next official estimates will be in April following the end March 2018 EDP return and the publication of *the Stability Programme Update 2018*.

#### KEY POINTS

- The official reporting of the 2016 General Government balance was -0.7 per cent of GDP.
- The deficit for 2017 is 0.3 per cent of GDP. This is an improvement of 0.1 percentage points on the 0.4 per cent forecast in Stability Programme Update 2017.
- After the peak of 119.6 per cent of GDP in 2012 Ireland's General Government Debt ratio fell to 72.8 per cent in 2016 and 70.1 per cent for 2017. It is expected to continue on this downward path reaching the 60 per cent target set by the Stability and Growth pact early in the next decade.
- The General Government Debt Ratio for 2018 is forecast to reach 69.0 per cent of GDP.
- This sharp fall in the debt ratio over the past two years is partially attributable to the unexpected upward revision of Ireland's GDP in 2015. The reduction in the absolute level of debt has been marginal.
- Ireland's net General Government Debt is reported by the CSO at 67.2 per cent of GDP in 2015 and 66.0 per cent in 2016.

Tables

**Table 14: General government debt developments 2016-2021**

	2016	2017	2018	2019	2020	2021
Gross debt (€billions)	200.6	202.6	208.2	211.5	208.2	209.0
<i>% of GDP</i>						
Gross debt	72.8	70.1	69.0	67.1	63.5	61.2
Change in gross debt (=1+2+3)	-4.1	-2.7	-1.1	-1.8	-3.6	-2.3
<i>Contributions to change in gross debt ratio:</i>						
1. General Government Deficit	0.7	0.3	0.2	0.1	-0.3	-0.8
2. Stock-flow adjustment	-0.9	0.4	1.7	0.9	-0.7	1.1
3. Nominal GDP cont. to Δ in debt ratio	-3.8	-3.4	-3.0	-2.9	-2.6	-2.5
<i>Composition of GGB</i>						
4. General Government Balance	-0.7	-0.3	-0.2	-0.1	0.3	0.8
5. Interest expenditure	-2.2	-2.0	-1.9	-1.8	-1.6	-1.5
6. Primary balance (= 4 - 5)	1.5	1.7	1.7	1.7	1.3	0.7
<i>Composition of stock-flow adjustment</i>						
7. Change in liquid assets	-1.8	0.3	1.1	0.1	-1.7	0.2
8. Interest adjustments	0.2	0.1	0.1	0.1	0.1	0.0
9. Equity transactions	-0.9	-1.6	-0.3	-0.4	-0.3	-0.3
10. Accrual adjustments	0.1	0.2	0.2	0.2	0.2	0.2
11. Impact of ISIF	0.1	0.1	0.1	0.1	0.1	0.1
12. Impact of IBRC	0.0	0.0	0.0	0.0	0.0	0.0
13. Collateral held	-0.1	-0.1	0.0	0.0	0.0	0.0
14. Other	1.5	1.3	0.5	0.8	1.0	0.9
<i>Memorandum item:</i>						
Average interest rate (per cent)	3.1	2.9	2.8	2.7	2.5	2.4

Source: 2016 CSO, 2017-2021 Department of Finance

**Table A4: Projected movement in general government debt 2016-2021**

€ billion	2016	2017	2018	2019	2020	2021
Opening general government debt	201.4	200.6	202.6	208.2	211.5	208.2
Exchequer borrowing requirement	1.0	-1.5	2.3	2.5	2.1	0.6
Change in Exchequer Deposits	-5.0	1.0	3.2	0.5	-5.7	0.7
Net lending of NCSSBs	1.0	0.1	-0.7	-0.1	-0.1	-1.0
Net lending of local government	0.1	0.0	0.0	0.0	0.0	0.0
Change in collateral held	-0.3	-0.3	-0.1	0.0	0.0	0.0
Other	2.4	2.7	0.8	0.5	0.5	0.5
Closing general government debt	200.6	202.6	208.2	211.5	208.2	209.0
General government debt to GDP ratio	72.8%	70.1%	69.0%	67.1%	63.5%	61.2%
Sources: Department of Finance and NTMA (National Debt data provider)						
Notes: Rounding may affect totals						

## ***Fiscal Transparency - 2016***

<b>Lead topic: Chapter 5 – Fiscal Transparency</b>	<b>Sub-topic: N/a</b>	<b>Contact: Fiachra Quinlan Ext: 5591</b>

### **Background**

In late 2012 the Departments of Finance and Public Expenditure and Reform invited the IMF to conduct a review of Ireland’s fiscal reporting, forecasting and budgeting, and fiscal risk analysis and management

This resulted in the publication of the IMF’s Fiscal Transparency Assessment of Ireland in July 2013

The report represents the views and non-binding advice of the IMF team that conducted the review, and sets out findings, recommendations, and a suggested action plan aimed at helping Ireland reach best international practice in this area

The Report found that while Ireland was approaching best practice that our reporting structures were quite fragmented and could benefit from a more comprehensive and unified presentation of fiscal reporting

The report concluded with ten recommendations for Ireland to implement to bring its Fiscal Reporting into line with best international practice. An action plan was also included in the report which broke the 10 recommendations.

### **Recommendations of the IMF FTA**

1. Expand the Institutional Coverage of Budgets, Statistics, and Accounts
2. Recognise a wider range of Assets and Liabilities in Balance Sheets
3. Incorporate the corresponding Accrued Flows into Fiscal Documentation
4. Modernize the Budget and Accounting Classification
5. Accelerate the Production, Presentation and Approval of the Annual Budget and Accounts
6. Prepare and Publish Long-term Fiscal Projections
7. Reconcile Fiscal Forecast Changes
8. Publish a Statement of Fiscal Risks
9. Publish an Asset and Liability Management Strategy
10. Harmonize Public Sector Financial Reporting Standards and Practices

## **Our Approach**

On 25 June, the report was considered by the Government, [Government decision [S180/20/10/1379E] it decided to publish the report and to refer the action plan set out by the IMF and contained in the report for implementation as appropriate by a Steering Group under the supervision of the Departments of Finance and Public Expenditure and Reform, and to require the co-operation of other Departments and Agencies as needed. A Steering Group was established, comprising officers from the Departments of Finance, Public Expenditure and Reform, the office of the C&AG and the CSO.

## **Update**

Significant progress was made with regard to the implementation of the recommendations relating to the Budget Process and in relation to statistical reporting.

In relation to financial reporting it was decided that it would be prudent to await the outcome of other projects before proceeding towards Accruals Accounting and consideration of the combining of the Finance and Appropriation Accounts. There were also a number of external and legislative factors.

Most public sector bodies with the exception of central Government Departments and Offices and the Educational Training Boards prepare their financial statements in accordance with Generally Accepted Accounting Practice (FRS 102). The appropriation accounts, showing the financial transactions of Government Departments and Vote Holding Offices are prepared in accordance with the Exchequer and Audit Departments Act 1866 (as amended by the Comptroller and Auditor General (Amendment) Act 1993) and with accounting rules and procedures laid down by the Minister for Public Expenditure and Reform. The accounts are a cash-based record of the receipts and payments in the year compared with the amounts provided under the Appropriation Act. The appropriation accounts also show prior year figures for comparison purposes. Information of an accruals nature is included in the notes to the appropriation accounts.

Government Accounting Unit in DPER advises on policy in relation to accounting and financial reporting and has responsibility for setting the accounting rules and procedures laid down by the Minister for Public Expenditure and Reform. These accounting rules and procedures are required to be applied consistently across all Government Departments and Vote Holding Offices. As set out above the accounting standards for semi State bodies are in accordance with Generally Accepted Accounting Practice (FRS 102). As already indicated the IMF recommendation regarding a Chief Financial Officer will be considered in the context of Action 14 of the Civil Service Renewal Plan which commits to strengthening professional expertise within corporate functions, including financial management.

It should be noted in the report that a transition from cash to accrual accounting for central Government Departments and Offices is a significant undertaking which will require legislative change and significant consultation with key stakeholders and

Government. Such changes are also dependent on the outcome of a number of projects including the Financial Management Shared Services (FMSS) Initiative, and the outcome of deliberations of the European Commission Eurostat Working Group on EPSAS.

The FMSS project team was briefed in relation to the recommendations of the IMF report for it to consider the implications during the design phase project. **It was also considered at the time that making significant changes to financial reporting processes before the FMSS was operational and available on a common IT platform would not be appropriate.**

It is also important to note that the recommendations represented the non-binding advice of the IMF mission team and do not necessarily reflect the views of or a commitment by the Government.

The IMF hosted a workshop in Dublin during July 2017 to take stock of the 2013 report and to review the progress that Ireland had made in improving standards of Fiscal Transparency. The IMF officials confirmed the recommendations were guidance and not intended to be viewed as prescriptive, they also advised having had the opportunity to carry out Fiscal Transparency Assessments in other countries that Ireland stands up as one of the stronger performers internationally.



## **IFAC - 2016**

<b>Lead topic: Chapter 24 – IFAC</b>	<b>Sub-topic: N/a</b>	<b>Contact: Brendan O’Leary Ext: 5562</b>

### **1. Establishment and Functions of the IFAC**

The Irish Fiscal Advisory Council (IFAC) is an independent statutory body which was established by the Government on an administrative basis in July 2011. This was done as part of a wider agenda of reform of Ireland’s budgetary architecture, under the Programme for Government 2011 and the EU/IMF Programme of Financial Support for Ireland. The Fiscal Responsibility Act 2012 established the Council on a statutory basis on the 31<sup>st</sup> of December 2012 whilst also legislating for the implementation of national and EU fiscal rules.

Further EU regulations (EU Regs. 472 & 473 of 2013, commonly called the ‘Two-Pack’ Regulation) required Ireland to have its national medium-term fiscal plans and proposed budgets assessed by an independent body prior to submission to the Dáil. It was decided that the IFAC would be an appropriate body to undertake the required assessments. The passing of the *Ministers and Secretaries (Amendment) Act, 2013* in July 2013 resulted in IFAC being assigned the role of the independent body that would endorse, as it considers appropriate, the macroeconomic forecasts produced by the Department of Finance, upon which Budgets and Stability Programme updates are based. The process of this additional function is outlined in the Memorandum of Understanding between the Council and the Department of Finance.

The full mandate of the IFAC is:

- To endorse, as it considers appropriate, the macroeconomic forecasts prepared by the Department of Finance upon which the Budget and Stability Programme Updates (SPU) are based;
- To assess the official forecasts produced by the Department of Finance;
- To assess Government compliance with the Budgetary Rule as set out in the Fiscal Responsibility Act, 2012;

- To assess whether the fiscal stance of the Government in each Budget and SPU is conducive to prudent economic and budgetary management, including with reference to the provisions of the Stability and Growth Pact (SGP).

IFAC's responsibilities have been assigned on a statutory basis under the relevant legislation, and as such, these functions cannot be revised or modified, unless by way of further legislative amendment (i.e: IFAC cannot be asked to do anything other than what is already legislated for in the relevant Acts).

## **2. Assessments by the Council of the Economic Forecasts**

The IFAC is required to produce a Fiscal Assessment Report (FAR) at least once a year but in practice has produced two reports per annum, one following the SPU and one following the Budget. The IFAC also produces other publications, including Pre-Budget Statements each year and an [Ex-Post Assessment of Compliance with the Domestic Budgetary Rule](#) as well as a number of [Analytical Notes](#) and [Working Papers](#).

During the passage of the Fiscal Responsibility Act 2012, the Minister for Finance agreed to reply substantively to these biannual Fiscal Assessment Reports published in June and November each year. Although the Minister is not required to respond formally to the other material produced by the Council, all publications are reviewed and given due consideration by the Department.

### **IFAC Fiscal Assessment Report – November 2017**

- The Department of Finance published its most recent macroeconomic forecasts as part of Budget 2018. These forecasts were endorsed by the Irish Fiscal Advisory Council in their Fiscal Assessment Report of November 2017. In this report, the Council endorsed the Department's short-term macroeconomic forecasts and the expectation of stronger growth in 2017 and 2018. Amongst the key points made were:

#### **Macroeconomic Forecasts**

- The Council endorsed the *Budget 2018* macroeconomic projections for 2017 and 2018 and was satisfied that these forecasts were "within an endorsable range", despite being lower than the IFAC's projections.
- The Council identified both upside and downside risks to the forecasts. The potential for a 'hard' Brexit, against which the Council have warned, is the scenario which has been built into the Department's central forecast.

## **Fiscal Assessments**

- IFAC assessed Budget 2018 to be compliant with the fiscal rules.
- On the expenditure benchmark pillar, a breach of 0.2 per cent of GDP in 2017 was estimated for the year, which implied 'broad compliance' with the fiscal rules.
- For 2018, IFAC noted that the "forecasts indicate near exact compliance for 2018", albeit a slight breach on the two year average measure.

### **3. Structure of the Council**

In terms of structure, the IFAC consists of five Members appointed for four-year terms. As the appointments were staggered, three of the five, including the Chairman, are due to complete their current terms at the end of next year (2019).

### **4. Annual Budget of the Council**

The Council is funded from the Central Fund (Exchequer). The Council's governing legislation, the Fiscal Responsibility Act, 2012 sets out the terms of its funding. Annual budgets are subject to a current ceiling of €800,000 adjusted by the annual percentage change in the Harmonised Index of Consumer Prices (HICP). The Council determines its budget within this ceiling. According to the CSO's HICP figure for 2017, the Council were advised in January this year that their maximum available funding for 2018 would be €822,534. This was based on the 2017 expenditure ceiling of €820,892.

### **5. The Accounts of the Council**

Section 10 of the Fiscal Responsibility Act, 2012 requires that the Council keep 'all proper and usual accounts of receipts and expenditure' and that these must be submitted by the Council to the Comptroller and Auditor General for audit. A copy of any accounts audited by the C&AG shall then be given to the Minister for review and laying before each House of the Oireachtas. This has been done each year since the establishment of the Council in 2012. Once the Council's Financial Statement for 2017, along with a copy of the C&AG's Report are reviewed to the satisfaction of the Minister – a copy can be laid before each House of the Oireachtas, in line with the requirements under the FRA 2012.

*Finance Accounts update*

Lead topic: Finance Accounts	Sub-topic:	Contact: Jimmy McMeel Ext: 3558

Item	2015	2016	Explanation/Any notable change from 2016
Current Receipts:	€000	€000	
Tax Revenue <b>p14</b>	45,601,494	47,864,486	<ul style="list-style-type: none"> <li>At end-December €47,864 million was collected in tax revenue, 1.4% (€639 million) ahead of profile and up 5.0% (€2,263 million) on last year. Tax receipts in December recorded a shortfall of €151 million (4.5%) against profile.</li> <li><b>Income tax</b> receipts in December closed the month 1.1% (€17 million) above profile. In cumulative terms, income tax revenues for 2016 were 0.9% above profile (€174 million) and 4.4% (€810 million) higher in year-on-year terms.</li> <li>Looking at the performance for the year, <b>VAT</b> receipts were up 4.0% (€476 million) year-on-year and down 3.4% (€439 million) on profile. December was a non-VAT due month, and receipts closed the month €26 million below profile. This can be attributed to higher than expected VAT repayments in the month.</li> <li>On an annual basis, <b>corporation tax</b> receipts were 11.1% (€737 million) higher than expected at €7,351 million and up 7.0% (€480 million) year-on-year.</li> <li><b>Excise duties</b> recorded a shortfall of €33 million (7.1%) against profile in the month. In cumulative terms, excise duties of €5,711 million at end-December, were up €67 million (1.2%) against profile and up €420 million (7.9%) in year-on-year terms.</li> <li><b>Stamp duties</b> receipts in December were up €2 million (1.2%) on profile. On a cumulative basis, stamp duties of €1,194 million were down €126 million or 9.5% against profile.</li> <li>Receipts from <b>CAT</b> in the month were €1 million (7.4%) below profile receipts. However, receipts for the year were €41 million (10.9%) above profile and up €15 million (3.8%) year-on-year.</li> <li><b>Local property tax</b> receipts were €1 million (3.3%) ahead of profile in December, bringing the total received in 2016 to €463 million, up €24 million (5.4%) on profile.</li> <li>December is the key month in term of <b>CGT</b> receipts and €567 million was collected against a monthly target of €350 million. As a result CGT recorded an overall surplus for the year of €232 million (39.4%) against target and was also up €153 million or 22.9% in year-on-year terms.</li> </ul> <p><b>Customs</b> receipts amounts to €318 million and finished the year €72 million or 18.4% below target</p>

<b>Non-Tax Revenue: p11</b>	<b>3,516,490</b>	<b>3,103,103</b>	
Central Bank <b>p15</b>	1,719,145	1,799,871	The Bank's surplus income is made up of its profit on the investment of its reserves, less depreciation and appropriation of profit to its General Reserve and its Superannuation Reserve.
National Lottery Surplus <b>p15</b>	193,369	218,957	These figures relate to transfers from the National Lottery Fund to the Central Fund. The surplus from the National Lottery paid to the Central Fund was €193 million in 2015 as against €219 million in 2016. This represented an increase of 13%. This increase is due to a number of factors including the transition to the new National Lottery operator.
Royalties <b>p15</b>	1,588	280	This is a royalty paid by PSE Kinsale Energy Ltd and is determined principally by the quantity of gas delivered to Gas Networks Ireland and the prices paid for it and these vary from year to year. The variance reflects the decommissioning process and winding down of production at the gas fields which is expected to cease in 2020.
Income from Credit Institutions <b>p15</b>	75,849	47,234	Following a Government decision on 26 February 2013, the Minister for Finance announced the ending of the ELG Scheme for new liabilities from midnight 28 March 2013. The liabilities continue to be automatically covered by the ELG Scheme in accordance with its terms and conditions until the date of maturity of the liability (subject to a maximum of 5 years from 28 March 2013). As the liabilities continue to mature, the resulting fees paid to the Central Fund will continue to reduce and this is built into budgetary forecasting.
Interest received on loans <b>p15</b>	4,843	2,627	Greek Loan - €955,206.65; FEOGA funding loan - €391,506.85; Local Loans – €51,662.99, Irish Water €1,228,274.67 The differences are due primarily to interest rate changes, the timing of borrowings requirements and the timing of repayments.

Share Dividends p15	551,450	268,802	<p>This item relates to the dividends paid to the Central Fund by the commercial state agencies.</p> <table border="1" data-bbox="716 228 1656 800"> <thead> <tr> <th>State Agency</th> <th>2015 €000</th> <th>2016 €000</th> </tr> </thead> <tbody> <tr> <td>Aer Lingus</td> <td>6,705</td> <td>-</td> </tr> <tr> <td>Bord Gáis Éireann/Ervia</td> <td>151,033</td> <td>-</td> </tr> <tr> <td>Irish Aviation Authority</td> <td>6,535</td> <td>7,430</td> </tr> <tr> <td>Electricity Supply Board</td> <td>258,717</td> <td>82,165</td> </tr> <tr> <td>Bord na Mona</td> <td>10,140</td> <td>3,763</td> </tr> <tr> <td>Dublin Port Company</td> <td>8,800</td> <td>10,912</td> </tr> <tr> <td>Coillte Teoranta</td> <td>4,000</td> <td>7,200</td> </tr> <tr> <td>Port Of Cork Company</td> <td>651</td> <td>673</td> </tr> <tr> <td>Dublin Airport Authority</td> <td>0.00</td> <td>18,300</td> </tr> <tr> <td>Eirgrid Dividend</td> <td>3,000</td> <td>3,500</td> </tr> <tr> <td>Shanon Foynes</td> <td>100</td> <td>200</td> </tr> <tr> <td>Converted AIB Pref Shares</td> <td>101,769</td> <td>-</td> </tr> <tr> <td>Ervia</td> <td>-</td> <td>134,659</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>551,540</b></td> <td><b>268,802</b></td> </tr> </tbody> </table> <p>(a) <u>Explanation of the variation between receipts in 2015 and 2016</u>  In the case of each of the three commercial state agencies under the aegis of DCENR (i.e. ESB, Bord Gáis Éireann and Bord na Móna), the dividend rate is paid as a proportion of the net profit at year end (30% in the case of ESB and BGÉ, 33.3% in the case of Bord na Móna). Net profits for each of the companies vary from year to year depending on financial performance. The variance in “normal” dividends is a result of the normal varying levels of activity in the Commercial State Agency. There were “special” dividends from Ervia in 2016 arising from the disposal of State Assets.</p>	State Agency	2015 €000	2016 €000	Aer Lingus	6,705	-	Bord Gáis Éireann/Ervia	151,033	-	Irish Aviation Authority	6,535	7,430	Electricity Supply Board	258,717	82,165	Bord na Mona	10,140	3,763	Dublin Port Company	8,800	10,912	Coillte Teoranta	4,000	7,200	Port Of Cork Company	651	673	Dublin Airport Authority	0.00	18,300	Eirgrid Dividend	3,000	3,500	Shanon Foynes	100	200	Converted AIB Pref Shares	101,769	-	Ervia	-	134,659	<b>TOTAL</b>	<b>551,540</b>	<b>268,802</b>
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<b>Receipts collected by Government Departments and Offices:</b>			<b>The vast majority of these items are one off on a yearly basis so there is no comparative reason available for variances which may occur on a year to year basis.</b>
Agriculture, Food and the Marine (DAFM) <b>p15</b>	68	205	In 2016 there was a large receipt of uncashed pre 2001 EAGF (European Agricultural Guarantee Fund) cheques to the value of €205,475.04.
Communications, Energy and Natural Resources <b>p15</b>	22,264	148,757	The increase in receipts between 2015 and 2016 is due to the issuing of licenses to Comreg and the inclusion of Carbon auction receipts due to the transfer of functions from the former DCELG in 2016.
Defence <b>p15</b>	-	1,894	This was a receipt of unspent grant aid by the Irish Red Cross.
Education and Skills <b>p15</b>	1,761	965	The receipts in 2016 related to a refund of grants issued to Irish Research Council.
Housing, Planning and Local Government <b>p15</b>	49,541	11,804	The reason for the variance between 2015 and 2016 receipts is due to the Emissions Trading Scheme. These receipts are determined by auction on the open market and so are liable to market fluctuations
Jobs, Enterprise and Innovation <b>p16</b>	4,236	530	The variances between 2015 and 2016 receipt level arose on foot of differing receipts from sales and investments year on year. Amounts of excess grants and own resource income differs each year. Most of the 2016 receipts related to a refund of money unused by Enterprise Ireland.
Office of the Director of Public Prosecutions <b>p16</b>	246	23	The amount of receipts each year varies on the number of cases before the courts in a given year.
Finance <b>p16</b>	55	55	There is no variance between 2015 and 2016 receipts.
Justice and Equality <b>p16</b>	13,925	12,801	The bulk of the figures here relate to Exchequer Fines, Courts Motor Fines and Garda on the Spot Fines.
National Gallery of Ireland <b>p16</b>	-	5	This was money owed back to the Exchequer after the NGI vote ceased at the end of 2015.
Health <b>p16</b>	-	8,389	This receipt relates to unspent money by Pobal in relation to childcare.



Property Registration Authority <b>p16</b>	58,108	57,917	The decrease between 2015 and 2016 in fees of 0.003% is reflective of a stable property market where the level of transactions lodged to the Property Registration Authority more or less was identical.
Office of the Revenue Commissioners <b>p16</b>	1,731	1,667	Receipts here relate to the Forfeiture of Cash (Criminal Justice Act 94 S39) and OLAF (European Anti-Fraud Office) JTI Agreement receipts. This relate to monies forfeited under Section 38 of the Criminal Justice Act and the outcome from court proceedings can vary from year to year.
Office of Public Works <b>p16</b>	-	1,715	This receipt relates to closing balances on dormant suspense accounts.
Social Protection <b>p16</b>	22	25	It is impossible to predict the amount of money that will be received each year in respect of Anonymous Receipts, Witness and Expenses and Pension Board Fines.
Transport <b>p16</b>	738	642	The Road Safety Authority pension contribution is the consistent source of receipts in the Department of Transport and can vary from year to year.
Public Expenditure and Reform <b>p16</b>	30	37	These receipts are not comparable on a yearly basis.

<b>Other Receipts</b>			
Monies received under various Acts <b>p16</b>	2,719	1,460	
Voluntary salary and pension surrenders <b>p16</b>	455	243	President and some recipients of Ministerial pensions
Pension Levy <b>p17</b>	14,894	13,472	This is primarily comprised of Pension Related Deduction in respect of the CBoI, NTMA, NAMA and Houses of the Oireachtas.
NTMA Public Service Pension <b>p17</b>	223	219	This is Public Service Pension Reductions in respect of NTMA pensioners.
Receipts from European Investment Bank <b>p17</b>	489	401	These amounts represent the repayment of special loans made by Ireland (and other EU Member States) to African, Caribbean and Pacific (ACP) States during the early years of the Convention of Lomé. These loans are managed by the European Investment Bank (EIB). Loans to ACP countries during the later years of the Convention of Lomé were made by the EIB and guaranteed by the Member States.
Nursing Home Support Scheme <b>p17</b>	12,058	14,136	Section 26 of the Nursing Home Support Scheme Act 2009 provides that the Revenue Commissioners will collect any monies advanced to long term care recipients for their care cost and that all monies collected are to be paid into the Central Fund. This collection of funds commenced in 2011. This can vary year on year.
Receipts from Local Government Fund <b>p17</b>	481,000	317,900	This figure represents the receipts in 2015 from the Local Government Fund. The Local Government Act, 1998, as amended by the Local Government Reform Act, 2014 provides for a transfer of up to €600m from the Local Government Fund to the Central Fund upon a request from the Minister for Finance made before the end of each relevant year.
Interest on Contingent Capital Notes in Banks <b>p17</b>	191,123	160,438	This payment represented the interest received on the Ministers Contingent Capital Notes in AIB, and PTSB. These carry a fixed mandatory interest rate of 10% of the issue price per annum, payable annually. They were repaid in 2016.

Miscellaneous <b>p18</b>	1,094	9,632	This figure records, amongst other items, amounts of money gifted or forfeited to the State.  Conscience Money – €53k Other Miscellaneous €93k State witness expenses €2k HSE Surrender of Vote €9,484
<b>Current Payments:</b>			
Voted Issues <b>p21</b>	39,345,278	40,066,460	Represents the issues for annual spend under voted Estimates. The Accounting Officer of each Vote is answerable
Other Service of National Debt <b>p11</b>	7,107,328	6,844,914	<u>The Accounting Officer of the NTMA is accountable for this.</u>
Capital Services Redemption Account <b>p11</b>	38	10	The Capital Services Redemption Account (CSRA) is used to record the payment of an annual annuity designed to amortise borrowing for voted capital under Section 22 of the Finance Act, 1950 as well as certain payments and receipts connected with debt serving transactions authorised by statute. It was effectively abolished by the Finance Act, 2014. <u>The NTMA is accountable for the CSRA.</u>
Payments to political and constitutional office holders <b>p11, p22</b>	39,752	38,633	Payments charged to the Central Fund in respect of Annuities and Pensions of former Constitutional, Ministerial and Judicial Office Holders (€13.118m), Salaries and Allowances payable to C&AG and President (€0.819m) and Judicial Salaries (€24,696). <b>DPER instructs in relation to these payments.</b>  The decrease between 2015 and 2016 relates specifically to judicial retirements and associated payments made in 2016.

Payments to EU Budget <b>p23</b>	1,952,080	2,022,828		<b>2015</b>	<b>2016</b>
				<b>€000</b>	<b>€000</b>
			VAT	222,516	252,109
			GNI	1,448,614	1,320,647
			Customs Duties	280,950	279,507
			Own Resources Payment for 2014 & 2015	-	170,565
			<b>Total</b>	<b>1,952,080</b>	<b>2,022,828</b>
<p>The VAT and GNI related payments are made on the basis of forecast estimates. Adjustments are made in subsequent years, as the estimates are revised, leading to a mixture of additional payments and/or refunds relating to several years. In addition to adjustments made in respect of previous years' contributions, a number of adjustments may be made to Member States' payments in the course of the budget year following the adoption of any Supplementary Amending Budgets. Contained within the GNI related figure are payments towards rebates for certain Member States.</p>					

<b>Other Non-voted expenditure: p11</b>	<b>680,647</b>	<b>675,033</b>	
Houses of the Oireachtas Commission Act 2003 <b>p24</b>	105,820	113,553	Costs of running the Oireachtas. <b>DPER has policy responsibility in this area.</b>
Annual allowances to parliamentary leaders of qualifying parties <b>p24</b>	6,831	7,215	The allowance is paid to the parliamentary leader of a qualifying party in relation to expenses arising from the parliamentary activities, including research, of the party. The allowance may not be used in respect of election expenses. <b>DPER has responsibility for the calculation of the figures and these are paid on instruction from the said Department.</b>
Payments to qualifying parties under the Electoral Acts <b>p24</b>	5,456	5,755	<b>DPER has responsibility for the calculation of the figures and these are paid on instruction from the said Department.</b>

Payments to Independents under Section 1 of Oireachtas (Ministerial and Parliamentary Offices) (Amendment) Act 2001 <b>p24</b>	814	869	The allowance is paid to Independent TD and Senators in relation to expenses arising from the parliamentary activities, including research. The allowance may not be used in respect of election expenses. <b>DPER has responsibility for the calculation of the figures and these are paid on instruction from the said Department.</b>
Returning Officers expenses under the Electoral acts <b>p24</b>	12,564	14,962	Expenditure increased due to a number of by-elections held in 2014 (Dublin West, Longford Westmeath, Carlow/Kilkenny and Dublin South) and European and Local Elections. <b>DPER instructs in relation to these payments.</b>
Election expenses of Candidates under the Electoral Acts <b>p24</b>	166	2,667	The Electoral (Amendment) Act, 1998 provides for the reimbursement of election expenses for candidates in a Dáil general election or a by-election. Again, these expenses are related to the number of election events that took place in 2016. <b>DPER instructs in relation to these payments.</b>
Election Postal Charges <b>p24</b>	2,274	14,145	The Electoral Act 1992 provides that each candidate at Dáil Elections may send, free of charge for postage, communications relevant to the elections. <b>DPER instructs in relation to these payments.</b>

Payments to International Development Association <b>p24</b>	20,610	23,490	<p><b>Brief Explanation:</b>          This relates to Ireland’s contribution to the various replenishments of the International Development Association (IDA), the concessional lending arm of the World Bank Group.</p> <ul style="list-style-type: none"> <li>• Ireland’s commitment to the IDA 16 replenishment of €90m is being paid on a phased basis over 9 years from 2012, of which the fourth instalment amounting to €12,960,000 was paid in 2016.</li> <li>• Ireland commitment to the IDA 17 replenishment of €90m is to be paid on a phased basis over 9 years from 2015. The second instalment of €10,530,000 was paid in 2016.</li> <li>• Ireland’s contributions to IDA are accountable as part of our Overseas Development Aid (ODA) programme and count towards the attainment of the UN target for ODA of 0.7% of GNP.</li> </ul> <p><b>Variances year on year</b>          The payments to IDA vary from year to year depending on the commitments and the scheduling of amounts to be paid.</p> <p>The following sets out the payments under each replenishment in recent and future years;</p> <table border="1" data-bbox="842 740 1787 1003"> <thead> <tr> <th></th> <th>2013</th> <th>2014</th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> <tr> <th></th> <th>€ ‘000</th> <th>€ ‘000</th> <th>€ ‘000</th> <th>€ ‘000</th> <th>€ ‘000</th> <th>€ ‘000</th> <th>€ ‘000</th> </tr> </thead> <tbody> <tr> <td><b>IDA 15</b></td> <td></td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td><b>IDA 16</b></td> <td>11,070</td> <td>16,020</td> <td>14,580</td> <td>12,960</td> <td>10,530</td> <td>8,100</td> <td>6,485</td> </tr> <tr> <td><b>IDA 17</b></td> <td></td> <td></td> <td>6,030</td> <td>10,530</td> <td>14,040</td> <td>11,070</td> <td>10,710</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>11,070</b></td> <td><b>16,020</b></td> <td><b>20,610</b></td> <td><b>23,490</b></td> <td><b>24,570</b></td> <td><b>19,170</b></td> <td><b>17,195</b></td> </tr> </tbody> </table>		2013	2014	2015	2016	2017	2018	2019		€ ‘000	€ ‘000	€ ‘000	€ ‘000	€ ‘000	€ ‘000	€ ‘000	<b>IDA 15</b>		0	0	0	0	0	0	<b>IDA 16</b>	11,070	16,020	14,580	12,960	10,530	8,100	6,485	<b>IDA 17</b>			6,030	10,530	14,040	11,070	10,710	<b>TOTAL</b>	<b>11,070</b>	<b>16,020</b>	<b>20,610</b>	<b>23,490</b>	<b>24,570</b>	<b>19,170</b>	<b>17,195</b>
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Payments to PSE Kinsale Energy Ltd. <b>p24</b>	-	2,275	<p>Under a 1959 agreement, Marathon (renamed PSE Kinsale in 2009, following acquisition by Petronas) is entitled to a remittance when its tax, rent and royalty payments are greater than 40% of its net income but subject to a maximum of the tax it paid. The remittance for 2014 was only paid in 2016.</p>																																																
Development Banks Act, 2005 Asian Development Fund <b>p24</b>	2,520	3,320	<p><b>Variances year on year</b>          Ireland is contributing to the ADF-XI. The total contribution will amount to €20m of which the first instalment which amounted to €1,020,000 was paid in 2013. The second instalment amounted to €1,800,000, made up two payments of €900,000 in 2014. The third instalment paid in 2015 and amounted to €2,520,000, made up of two payments of €1,260,000.</p>																																																

Council of Europe Development Bank <b>p24</b>	11	11	Ireland joined the CEDB on 30 November 2004 under the Council of Europe Development Bank Act 2004. As part of the obligations of membership, Ireland contributes to the Budget of the Partial Agreement of the Bank. Article 10 of the Financial Regulations of the Council of Europe state that each State's contribution will be calculated by the method decided upon by the Committee of Ministers.
Pre Vesting day pensions for Eircom plc <b>p24</b>	78	34	Since 2005 additional liabilities have come to light in respect of a certain limited group of pre-vesting day pensioners. These are former employees of the old Department of Posts and Telegraphs <i>in departmental grades</i> who had retired on pension before the establishment of An Post and Telecom Éireann in 1984. The liabilities arise because a rule regarding the calculation of their pension increases was overturned based on advice received from the Office of the Attorney General. An Post and Eircom have been involved in an exercise to review and revise the pension increases that should have applied. It was agreed that both companies would be reimbursed for any additional costs to them arising from this exercise. <b>DPER instructs in relation to these payments.</b>
Pension Insolvency Payments Scheme (PIPS) <b>p25</b>	5,880	5,663	These are the ongoing payments to pensioners accepted into the Pension Insolvency Payments Scheme (PIPS) under Section 22 of the Social Welfare and Pensions Act, 2009 in respect of Waterford Glass. Associated capital receipts are recorded in Statement 1.2
Payments Under Credit Institutions (Financial Support) Act 2008 <b>p25</b>	4,546	4,179	In December 2009 the Government introduced a new guarantee scheme to follow the Credit Institutions (Financial Support) Scheme 2008 to provide for the guarantee of bank liabilities beyond 29 September 2010 – the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009. The Minister for Finance appointed the NTMA as the ELG Scheme Operator. As a result of the appointment of a Special Liquidator to IBRC on 7 February 2013, derivative counterparties terminated their outstanding derivative transactions with Irish Bank Resolution Corporation. In cases where any negative derivative valuations were not already covered by collateral at the date of termination, counterparties are entitled to submit a claim for any shortfall under the Deed of Guarantee. In March 2013 the Government delegated to the NTMA the functions of verifying claims for payment in respect of the Deed of Guarantee made by the Minister for Finance on 29 November 2010 and for paying out amounts due and payable under the deed of Guarantee.
Transfer of monies equivalent to LPT collected to Local Government Fund <b>p25</b>	461,092	463,175	In 2014 and subsequent years, Local Property Tax receipts are collected by the Revenue Commissioners and deposited into the Central Fund. The Minister for Finance will then pay into the Local Government Fund an amount equivalent to the local property tax paid into the Central Fund during that year, in accordance with section 157 of the Finance (Local Property Tax) Act, 2012. From January 2018 LPT is paid to the Local Government Fund.

Irish Fiscal Advisory Council <b>p25</b>	648	613	The Fiscal Responsibility Act, 2012 provided for a ceiling of €800,000 for the Fiscal Council in 2012. This sum is to be adjusted by the annual percentage change in the Harmonised Index of Consumer Prices published by the Central Statistics Office for each subsequent year.
Payments to DSP under Sec. 48(b) of the pensions Act, 1990 <b>p25</b>	42,667	13,107	The Government accepted a mediation settlement in relation to Waterford Crystal pensions (scheme and company are insolvent) and introduced amending legislation. Compensation payments were made to the deferred pensioners and there are/will be ongoing pension payments - both charged to the Central Fund. <b>Dept. of Social Protection has policy responsibility in relation to this.</b>



<b>Balance on Current Account p11</b>	<b>7,139</b>	<b>1,319,711</b>			
<b>Capital Receipts:</b>					
Other Loans Repaid <b>p26</b>	5,401,539	2,143,790			
			<b>Department</b>	<b>Loan To / Details</b>	<b>Loans Repaid 2016</b>
			<b>Agriculture, Food and the Marine</b>	FEOGA Guarantee - this is the repayment of funds advanced for the CAP payments to farmers pending reimbursement by the EU Commission.	<b>599,000</b>
			<b>Finance</b>	Insurance Compensation Fund - loans provided to the Insurance Compensation Fund to deal with situations of financial obligations where insurance company is liquidated/enters into administration. While ultimately the costs are borne by the industry the upfront cash requirement is met via an advance from the Central Fund.	<b>106,606</b>
			<b>Finance</b>	Advances to PMG Supply Account under section 3 of Appropriation Act, 2014 to fund bank accounts for salaries and pensions payable from Votes, which were due on between the 3 <sup>rd</sup> and the 6 <sup>th</sup> January 2016 .	<b>67,675</b>
			<b>Office of Public Works</b>	Local Loans Fund - repayment of loans given in the past to local authorities e.g. for housing related purposes.	<b>509</b>
			<b>Social Protection</b>	Social Insurance Fund – Loans were provided from the Central Fund to the Social Insurance Fund for cash flow purposes i.e. the SIF has outgo throughout the month but most of its income (social insurance collected by Revenue) is received over one or two days toward the end of the month. The improved liquidity position of the SIF during 2016 obviated the need for further loans from the Exchequer.	<b>1,370,000</b>
					<b>2,143,790</b>

<p>EU Receipts <b>p11</b> (See underlying amounts on <b>P.31</b> of the accounts)</p>	<p>66,219</p>	<p>68,661</p>	<p>Mainly from the ERDF (€68,548 in 2016). The European Regional Development Fund aims to strengthen economic and social cohesion in the European Union by correcting the imbalances in the regions. The ERDF finances</p> <ul style="list-style-type: none"> <li>• Productive investment to create and safeguard sustainable jobs;</li> <li>• Investment in infrastructure which contributes to increasing economic potential and local development; and employment initiatives and the activities of small and medium-sized enterprises;</li> </ul> <p>In the case of Exchequer funded Programmes aided by ERDF, the related gross expenditure is generally provided in the Departmental Votes and the corresponding EU receipts are paid into the Central Fund as a capital receipt.</p>
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<b>Other Capital Receipts: p11</b>	<b>4,055,983</b>	<b>1,877,092</b>	<b>The vast majority of these items are once off on a yearly basis so there is no comparative reason available for variances which may occur on a year to year basis – some detail is below</b>
NTMA Carbon Fund Act 2007.	-	423	In 2016 the Carbon Fund received a reimbursement of €422,750 from the Dept of Environment, Community and Local Government and this was repaid to the Exchequer.
Education and Skills <b>p15</b>	1	-	No receipt in 2016.
Health <b>p16</b>	-	2,663	This relates to the refund of money from Phobal on childcare projects.
Job, Enterprise and Innovation <b>p16</b>	2,591	2	Receipts from Enterprise Ireland of unused Subhead AO8 Funds
Environment and Local Government <b>p15</b>	1,313	-	No receipt in 2016.
Office of Public Works <b>p16</b>	858	2,626	Closure of OPW dormant suspense accounts
Transport <b>p16</b>	3586	618	2016 Receipts : €9,526 Dissolution of Cork Airport, €330,182 unspent money in relation to the building and fit out projects, €247,404 in respect of cascaded school vehicles.
Pension Insolvency Scheme receipts <b>p17</b>	19,550	-	Payments made by trustees of pension schemes on joining the Pensions Insolvency Payments Scheme. . No receipts in 2016.
Sale of Contingent Capital Notes PTSB <b>p17</b>	410,544	-	Proceeds of the PTSB redemption of the Contingent Convertible Capital Notes(“CoCo”) No receipts in 2016.
Sale of PTSB Shares <b>p17</b>	97,246	-	As a result of the SSM Comprehensive Assessment in late 2014, PTSB were required to raise new capital. During the 2014 EBA stress tests, the state was required to sell €97,246,199.16 to enable PTSB to meet its freefloat requirement of 25%. . No receipts in 2016.
Sale of NPRFC Shareholding in the Bank of Ireland <b>p17</b>	1,634,210	-	This represents the return in receipts from the ISIF “directed” portfolio to the Exchequer on foot of a direction from the Minister for Finance in March 2015. This is some of the proceeds received from the sale of the NPRFC’s Preference Shares in BOI in 2013. The cash had been held in the ISIF portfolio. No receipts in 2016.
AIB Preference Share Redemption Proceeds <b>p17</b>	1,539,549	-	This is the State’s receipts in relation to capital reorganisation of the AIB in December 2015. No receipts in 2016.
Sale of Aer Lingus <b>p17</b>	335,273	-	Aer Lingus was floated during 2006. The Government disposed of its 25.11% shareholding in Aer Lingus during 2015. No receipts in 2016.
Sale of Contingent Capital Notes in AIB	-	1,600,000	The Contingent Capital Note was issued by AIB in July 2011 with a five year maturity date and 10% annual interest coupon in return for a cash payment from the Exchequer of €1.6 billion. This was repaid in full in 2016

IBRC Unsecured Creditors Payment	-	270,559	In December 2016, the Joint Special Liquidators of the IBRC announced a first dividend of 25% to all admitted unsecured creditors of the IBRC. This payment represents the State's proceeds from the first interim dividend in relation to the Dept of Finance.
Miscellaneous	11,262	201	In 2016 these receipts were in relation to PIPS pensioners.

<b>Capital Payments:</b>																																								
Voted Issues <b>p20, p21</b>	3,517,711	3,919,450	Issues for Voted capital spend –The Accounting Officer of each vote is accountable for the expenditure on his/her Vote.																																					
Loans Issued <b>p12, p26</b>	5,206,675	2,320,500	<table border="1"> <thead> <tr> <th></th> <th><b>2015 €000</b></th> <th><b>2015 €000</b></th> </tr> </thead> <tbody> <tr> <td>FEOGA</td> <td>599,000</td> <td>770,000</td> </tr> <tr> <td colspan="3">These are the funds advanced to DAFM to meet the CAP payments to farmers, etc. pending reimbursement by the EU Commission.</td> </tr> <tr> <td>Insurance Compensation Fund</td> <td>79,000</td> <td>Nil</td> </tr> <tr> <td colspan="3">These are loans provided to the Insurance Compensation Fund to deal with situations of financial obligations where an insurance company is liquidated or enters into administration. While ultimately the costs are borne by the industry the upfront cash requirement is met via an advance from the Central Fund.</td> </tr> <tr> <td>Loans for Salary Advances</td> <td>67,675</td> <td>180,500</td> </tr> <tr> <td colspan="3">Due to the unavailability of banking systems on 1 Jan. 2016 and 1 Jan 2017 advances were required from the Central Fund in December 2013 and December 2015, 2016 to enable the PMG Supply A/C fund commercial banks in respect of salaries due on 1 and 2 January of each year. The advances were repaid in January 2016 and January 2017 respectively.</td> </tr> <tr> <td>Loan to Social Insurance Fund</td> <td>4,365,000</td> <td>1,370,000</td> </tr> <tr> <td colspan="3">Loans are provided from the Central Fund to the Social Insurance Fund for cash flow purposes i.e. the SIF has outgo throughout the month, but most of its income (social insurance collected by Revenue) is received over one or two days toward the end of the month. The variance is due to the improved liquidity of the SIF in 2016 the resulted in the ending of the loan facility.</td> </tr> <tr> <td>Advances to Irish Water</td> <td>96,000</td> <td>Nil</td> </tr> <tr> <td colspan="3">Under Section 37 of the Water Services (No. 2) Act, 2013 Irish Water issued a 2.5% redeemable Unsecured Convertible Debt instrument which was subscribed to by the Minister for Finance in November 2014.</td> </tr> <tr> <td><b>Total</b></td> <td><b>5,206,675</b></td> <td><b>2,320,500</b></td> <td></td> </tr> </tbody> </table>		<b>2015 €000</b>	<b>2015 €000</b>	FEOGA	599,000	770,000	These are the funds advanced to DAFM to meet the CAP payments to farmers, etc. pending reimbursement by the EU Commission.			Insurance Compensation Fund	79,000	Nil	These are loans provided to the Insurance Compensation Fund to deal with situations of financial obligations where an insurance company is liquidated or enters into administration. While ultimately the costs are borne by the industry the upfront cash requirement is met via an advance from the Central Fund.			Loans for Salary Advances	67,675	180,500	Due to the unavailability of banking systems on 1 Jan. 2016 and 1 Jan 2017 advances were required from the Central Fund in December 2013 and December 2015, 2016 to enable the PMG Supply A/C fund commercial banks in respect of salaries due on 1 and 2 January of each year. The advances were repaid in January 2016 and January 2017 respectively.			Loan to Social Insurance Fund	4,365,000	1,370,000	Loans are provided from the Central Fund to the Social Insurance Fund for cash flow purposes i.e. the SIF has outgo throughout the month, but most of its income (social insurance collected by Revenue) is received over one or two days toward the end of the month. The variance is due to the improved liquidity of the SIF in 2016 the resulted in the ending of the loan facility.			Advances to Irish Water	96,000	Nil	Under Section 37 of the Water Services (No. 2) Act, 2013 Irish Water issued a 2.5% redeemable Unsecured Convertible Debt instrument which was subscribed to by the Minister for Finance in November 2014.			<b>Total</b>	<b>5,206,675</b>	<b>2,320,500</b>	
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Investment in Int'l Bodies <b>p12, p30</b>	18,736	3,612	2016: Development Banks Act, 2005 – Asian Development Bank €969,712.36  Payments under Bretton Woods Agreement Acts 1957-1999 €2,641,674.75– World Bank drawdown for Bio Carbon Fund.
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<b>Other Payments: p12</b>	<b>783,265</b>	<b>184,033</b>	
Insurance Acts <b>p32</b>	5	1	These payments arise due to expenditure incurred by the Department of Jobs, Enterprise and Innovation. They comprise legal costs incurred in the recovery of old Export Credit debt.
Carbon Fund Act.,2007	422	-	NTMA activity in purchasing carbon credits under the Kyoto protocol and domestic legislation.
Payment to Local Authorities <b>p32</b>	422,265	-	This was for the repayment of HFA loans associated with historic water activities.
Capital Contribution to Irish Water under the Water Services (No.2) Act 2013 <b>p32</b>	-	184,000	Pursuant to Section 37 of the Water Services (No. 2) Act, 2013 and relevant Government Decisions, a direct contribution totaling €407 million was made from the Central Fund to Irish Water in July (€185m) and December 2014 (€222m).
Irish Strategic Investment Fund <b>p32</b>	335,273	-	This was the payment of proceeds from the sale of Aer Lingus to establish the Connectivity Fund which is a sub-portfolio of the ISIF
Convention of Lome Act, 1976	-	32	
Promissory Notes:			
AIB/EBS <b>p32</b>	25,000	-	The promissory notes were issued by the Minister as consideration for capital contributions provided to the EBS (now part of AIB) during 2010. The promissory notes effectively represent an IOU from the State to the institutions that is to be repaid over time. The first payments in respect of these notes were made in 2011 and these continue to be made each year. The payments made were 10% of the outstanding notes.
<b>Deficit on Capital Account p12</b>	<b>(56,646)</b>	<b>(2,338,043)</b>	
<b>Exchequer Deficit p12</b>	<b>(63,785)</b>	<b>(1,018,332)</b>	

<b>Total Exchequer Deficit p12</b>	<b>(63,785)</b>	<b>(1,018,332)</b>	
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