

Opening Statement to the Joint Committee on Rural and Community Development on 6th March 2019

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Introduction

Chairman, thank you for the opportunity to present this opening statement on behalf of the Department of Rural and Community Development. I am joined by my colleague Mr Stephen Brady, who also works with the Finance and Evaluation Unit in the Department.

The Department has been invited here today on the topic of “*abandoned safety deposit boxes, and the law*”, and we are here in the context of the Departments role in the administration of the Dormant Accounts Fund.

Background to the Dormant Accounts Fund

The Dormant Account Acts cover accounts with banks, building societies and An Post, along with certain life assurance policies. Under the Acts an account is defined as dormant when there has been no customer-initiated transactions for 15 years. If this has occurred the institution must write to the customer giving them until the 31st of March of the following year to reactivate the account. If the account is not re-activated the funds are transferred from the bank or other institution to the Dormant Accounts Fund, which is managed by the NTMA. However, the legislation guarantees the right of the account holders, or their next of kin, to reclaim the funds at any time in the future.

Whilst the funds can be reclaimed at any time, the legislation also provides for the disbursement of funds that are not likely to be reclaimed. The funds can be utilised for measures aimed at addressing social, economic and educational disadvantage or supporting people with a disability.

To achieve this the legislation provides for the production of three year disbursement schemes and subsequent annual action plans. The annual action plans identify the measures

across Government Departments which are to be funded from the dormant accounts fund. The responsibility for producing these disbursement schemes and annual actions plans currently rests with the Minister for Rural and Community Development.

Use and financial position of the Dormant Accounts Fund.

With regard to the use of money in the dormant accounts fund, last year €28 million was disbursed from the fund to support a range of measures. As previously noted the measures are delivered across Government Departments and include, for example, investment in sports facilities and sport programmes, support for carers, and investment in social enterprise and social innovation.

It is also worth noting that the Acts require a review to be carried out on the 3 yearly basis. The Department completed and published such a review in July 2018. The focus of that review was very much on ensuring the efficient and effective use of moneys in the fund for the purposes provided for in the legislation. However, the review also commits to carrying out research on the potential to supplement the fund from additional sources, and we will be commissioning that research as part of the implementation of the review.

In terms of the total value of the Dormant Accounts Fund, at the end of 2018 there was a total of €290 million in the Fund. Of this the NTMA have set aside a reserve of €88 million to ensure the availability of funds for those seeking to reclaim money from the fund. There are also outstanding commitments to support measures amounting to €56 million. There is, therefore, around €146 million remaining for use in terms of future action plans.

However, as the money in the fund remains the property of account holders or their next of kin, the use of money from the Dormant Accounts Funds adds to Government debt and is treated in the same way as any other Government expenditure. Therefore, increasing the overall value of the fund does not necessarily mean that there can be additional expenditure in any given year.

Previous communications on the matter of safety deposit boxes

Finally, to close on the matter of direct concern to the committee today, regarding *“abandoned safety deposit boxes, and the law”* – we have been previously forwarded

two papers on the issue by this committee. The first was authored by Mr Jim Connolly and the second was a legal opinion on the matter.

The matters raised in these documents relate mainly to issues such as ensuring the registration of safety deposit boxes, ensuring records are sufficient to be able to contact beneficial owners, and ensuring some dating of access to these boxes. These matters relate mainly to the issue of how safety deposit boxes are regulated and how banks and other institutions should apply any such regulation.

We do plan to include this as an area for specific consideration in the forthcoming research into potential additional sources of funding – and today's discussions will inform how that work progresses. However, as noted previously, there are significant resources within the Fund at the moment and the Departments immediate priority is to ensure the effective use of those existing resources. In this regard the Department is continuing to address the recommendations made in the review of July 2018.

I would be happy to assist the committee in any questions that they may have.