

CHECK AGAINST DELIVERY

Introductory Statement by Mr Sean Fleming TD, Minister of State
Meeting of the Joint Committee on Finance, Public Expenditure and Reform,
and Taoiseach
6th October, 2020

Finance Group of Estimates 2020

I am pleased to have the opportunity to appear before the Finance Committee today in connection with the 2020 Estimates for the Department of Finance (Vote 7) and for the other Votes within the Finance Group: the Office of the Comptroller and Auditor General (Vote 8), the Office of the Revenue Commissioners (Vote 9), and the Tax Appeals Commission (Vote 10).

I would like to thank the Committee and its officials for arranging this meeting at short notice last week, and I would also like to thank the Committee for its understanding with respect to the delay in sharing the briefing material.

I will focus on the Department of Finance first.

The Department is structured around two Directorates **the Economic & Fiscal Directorate (Programme A)** and **the Finance & Banking Directorate (Programme B)**.

There are also a number of support Divisions which ensure the smooth operation of the Department. In order to provide an accurate cost of the two Programmes A and B from a management reporting and oversight basis, the

costs of these support Divisions are allocated on a 50:50 basis to each Programme.

Presentation of the 2020 Estimates

The net funding allocation sought for the Finance Group of Votes for 2020 totals €460.9m which compares to a 2019 Vote Group total of €440.2m.

This represents an increase of €20.6m or 4.7%. The primary driver of this increase is the provision of a €21.3m increase for the Office of the Revenue Commissioners relating to increasing staff numbers and other staff costs, which I will address later in my speech.

Vote 7 Finance

The gross allocation sought for the Department of Finance Vote in 2020 is €39.8m, of which some €10.5m is provided for a fuel grant scheme for disabled drivers and a further €0.768m to fund the office of the Financial Services and Pensions Ombudsman. Leaving these aside the Department's allocation provides for the administrative and non-administrative costs of the Department. The vast majority of this, €20.6m (72.1%), is provided to cover salaries and allowances, with a further €4.9m (17.4%) to cover facilities and non-pay administrative costs. The remaining €3m (10.2%) is provided to cover the legal, advisory and committee costs necessary to support the Department in the proactive delivery of its remit.

Vote 8 – Office of C&AG

Moving on to Vote 8 and the allocation for **the Office of the Comptroller and Auditor General**, which is applied towards a single Audit and Reporting Programme. The Comptroller and Auditor General (C&AG) is an independent, constitutional officer. The C&AG's mission is to provide independent assurance that public funds and resources are used in accordance with the law, managed to good effect and properly accounted for and to contribute to improvement in public administration.

The C&AG is required by law to:

- issue opinions on the accounts of government departments and public bodies which are audited by him
- publish reports on important matters at his discretion relating to value for money and the administration of public funds
- authorise, under the comptroller function, the release of public money from the Exchequer for purposes specified by law.

The Office assists the C&AG in his statutory functions and is staffed by civil servants.

The C&AG's financial audit role covers around 290 sets of accounts produced by public bodies. Together, those bodies have financial transactions that total over €200 billion of public money each year. The allocation for this vote in 2020 is €9.116 million (€8.657 in 2019), which is an increase of approximately 5.3% from 2019.

Vote 9, Office of the Revenue Commissioners

Turning to vote 9, the **Office of the Revenue Commissioners**, as the Irish tax and customs administration, plays a vital role in our economy by collecting taxes and duties due to the State.

For 2020 Revenue requested a net budget allocation of €403.975 million, an increase of €21.29 million or 6% on the 2019 Net Estimate. Nearly three quarters of the budget is related to payroll for an increased employment ceiling of 6,714 staff.

In this regard, an additional €18m was allocated to Revenue in the 2020 Estimates to cover Brexit funding requirements. This allocation related to the full year cost for an additional 330 staff required to manage the implications arising from Brexit, and for additional Brexit related infrastructural and operational requirements, such as vehicles and detection equipment. This outlay is required to facilitate import and export traders, and to implement the necessary customs controls and checks that will be required following the UK's withdrawal from the EU.

The 2020 allocation also provided for some €2m in order to move Dividend Withholding Tax to a real-time platform as part of Revenue's ongoing programme of developing on-line business solutions for taxpayers. However, in the event, this funding has instead been used to provide for the very speedy development of the Wage Subsidy Schemes that have been rolled out by Revenue as part of the Government's economic supports to Irish businesses and their employees during the Covid-19 emergency restrictions.

Taking account of a reduction in Capital and Appropriation in Aid, the balance of €5.9m provided to Revenue in 2020 is in respect of the restoration of pay under the Public Service Stability Agreement.

It is worth noting that, along with most sectors of the economy, Covid19 has significantly impacted on Revenue's operations during 2020 and Revenue has responded by very quickly putting in place a range of measures in addition to the Wage Subsidy Schemes that I have just mentioned.

For example, Revenue has also implemented special measures to support businesses by deferring or 'warehousing' VAT or PAYE debts resulting from the impact of Covid-19 on businesses. Revenue is also continuing to support the delivery of other essential public services to combat the pandemic, including contact tracing for the Department of Health and the HSE and processing applications for income support payments for people affected by COVID-19 for the Department of Employment Affairs and Social Protection. These economic support measures have been implemented by Revenue without incurring additional costs to the Exchequer.

As we approach 2021, Revenue will continue to prepare for, and manage, the impact of the United Kingdom's withdrawal from the European Union. Revenue will implement customs controls in a manner that encourages legitimate trade,

enhances competitiveness and supports business while managing compliance risks.

Vote 10 – Tax Appeals Commission

The 2020 budget allocation for **Vote 10, the Tax Appeals Commission** (the TAC) is €3.233 million, a slight increase of €25,000, or 1% on the 2019 estimate.

The 2020 Estimate is to provide for the TAC to further advance its programme of modernisation and reform and to address its caseload in an efficient and effective manner, whilst also meeting its obligations and accountability as an independent body, under the aegis of the Department of Finance.

The 2020 Estimate provided for the establishment of a new role of Chairperson of the TAC in 2020 and I am pleased to say that Ms Marie-Claire Maney has been appointed as the Chairperson of the TAC with effect from 1st July 2020. The 2020 Estimate also provided for further appointments at various administrative grades, bringing the staff complement to 33 as per the recommendations of the independent review of the operation and workload of the TAC.

I am confident that the estimate provides for the increased staffing and supports that the TAC needs to make progress on clearing the backlog of appeals, and I note that this year has already seen a significant increase in the number of determinations issued by the TAC.

Conclusion

I will conclude now by thanking members for their attention and I commend the 2020 Estimates for the Finance Group of Votes to the Committee.