

**Introductory Statement by Mr. Michael McGrath TD, Minister
for Finance**

**Meeting of the Select Committee on Finance, Public Expenditure
and Reform, and Taoiseach**

Finance Group of Revised Estimates 2023

February 2023

Chairperson, I am pleased to have the opportunity to appear before the Committee today to discuss the 2023 Revised Estimates.

As Minister for Finance, I will be discussing the four votes within the Finance Group of Votes: Vote 7 the Department of Finance; Vote 8 the Office of the Comptroller and Auditor General; Vote 9 the Office of the Revenue Commissioners; and Vote 10 the Tax Appeals Commission. I look forward to a fruitful and positive exchange.

Presentation of the 2023 Estimates

The net funding allocation sought for the Finance Group of Votes for 2023 totals €535 million, which compares to a 2022 Vote Group total of €497 million, an increase of €38 million, or just under 8 per cent.

The primary driver of the increase is an increased allocation for the Office of the Revenue Commissioners.

Vote 7 - Department of Finance

I propose to focus on the Department of Finance first and give a brief overview of its structure.

The Department is structured around two Directorates, the Economic & Fiscal Directorate (Programme A) and the Finance & Banking Directorate (Programme B). This structure remains unchanged from 2022.

There are also a number of support divisions which ensure the smooth operation of the Department. The costs of these support divisions are generally allocated on a 50:50 basis to each Programme.

The net allocation sought for the Department of Finance Vote in 2023 is €46.4 million, of which some €11 million is provided for a fuel grant scheme for disabled drivers.

The Department's allocation provides for both administrative and non-administrative costs.

The single biggest cost remains salaries and allowances, which account for €26.8 million, or 58 per cent of the total estimate. A further €6.6 million, or 14 per cent, is provided to cover facilities and non-pay

administrative costs. There is also an allocation of €370,000 to cover the Disabled Drivers Medical Board of Appeal, €537,000 for the Financial Services Ombudsman and €42,000 for the Credit Union Advisory Committee.

The remaining €2 million, or 4 per cent, is provided to cover the legal, advisory and committee costs necessary to support the Department in the proactive delivery of its remit.

The most significant change from the 2022 Estimate is a re-categorisation of some of support services from a 50:50 split between Programme A and B, to being solely charged to Programme B. Committee members will note a reduction in the 2023 Estimate for Economic and Fiscal policy in this regard.

Vote 8 – Office of C&AG

The allocation for Vote 8, the Office of the Comptroller and Auditor General (C&AG), is applied towards a single Audit and Reporting Programme.

The Comptroller and Auditor General 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 are properly accounted for.

The C&AG is required by law to, amongst other things:

- issue opinions on the accounts of Government departments and public bodies that are audited by him;
- publish reports on important matters at his discretion relating to value for money and the administration of public funds, and;

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 had financial transactions with a value of over €200 billion last year. The net allocation for this Vote in 2023 is €10.5 million, which is an increase of approximately 12.5 per cent on 2022.

The 12 per cent increase in the Estimate for the C&AG is to fund increased staffing costs, primarily due to the extension of the Building Momentum pay agreement.

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 and also implementing customs controls.

In 2022, Revenue collected a record €82.2 billion in tax receipts for the Exchequer with a further €22.3 billion collected by Revenue on behalf of other Departments and agencies.

The total relative cost of administration remains low at, 0.46 per cent of net collections and Revenue continues to maintain high levels of compliance for the taxes and duties under its care and management.

Revenue has continued to manage EU external borders in the wake of the UK withdrawal from the EU, through its frontier management and customs functions, ensuring overall supply chain safety and security while facilitating trade.

During 2022, there was a further large increase in the number of customs declarations. A total of 40.2 million declarations were processed in 2022 compared to 25.4 million in 2021, an increase of 63 per cent.

Revenue maintains its risk-based approach to managing instances of non-compliance. In circumstances where timely compliance or meaningful engagement was not forthcoming, Revenue continued to pursue those who did not meet their tax and duty obligations. In 2022, there were over 427,000 risk management interventions carried out, with a yield of €813 million.

For 2023, Revenue has requested a net budget allocation of €473.9 million, an increase of €32.8 million on the 2022 Estimate. This is primarily due to increased pay costs as a consequence of the renewed public sector pay agreement. Over three quarters of the total budget allocation is related to payroll for an employment ceiling of 7,024 staff.

Vote 10 – Tax Appeals Commission

Finally, Vote 10 – Tax Appeals Commission (the TAC), has a net budget allocation of €3.6 million, an increase of 5 per cent on the 2022 Estimate.

The 2023 Estimate is to provide for the TAC to advance its programme of modernisation and reform and to address its caseload, while also meeting its obligations as an independent civil service entity.

Conclusion

I wish to conclude by thanking members for their attention and I commend the 2023 Revised Estimates for the Finance Group of Votes to the Committee.

I am happy to address any questions that members may have.

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