

# DÁIL ÉIREANN

## AN ROGHCHOISTE UM AIRGEADAS, CAITEACHAS POIBLÍ AGUS ATHCHÓIRIÚ, AGUS AN TAOISEACH

### SELECT COMMITTEE ON FINANCE, PUBLIC EXPENDITURE AND RE- FORM, AND TAOISEACH

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*Dé Céadaoin, 25 Samhain 2020*

*Wednesday, 25 November 2020*

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Tháinig an Roghchoiste le chéile ag 2 p.m.

The Select Committee met at 2 p.m.

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Comhaltaí a bhí i láthair / Members present:

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| Teachtaí Dála / Deputies                                       |
| Bernard J. Durkan,   |
| Mairéad Farrell,   |
| Sean Fleming (Minister of State at the Department of Finance), |
| Jim O'Callaghan,   |
| Peadar Tóibín.   |

\* In éagmais / In the absence of Deputies Mick Barry and Pearse Doherty.

Teachta / Deputy John McGuinness sa Chathaoir / in the Chair.

**Estimates for Public Services 2020****Vote 9 - Office of the Revenue Commissioners (Supplementary)**

**Chairman:** We are in public session. Members may participate remotely in proceedings held in public only from the locations listed. I welcome the Minister of State, Deputy Fleming, and his officials. We will now deal with Supplementary Estimates for Public Services 2020, Vote 9 - Office of the Revenue Commissioners.

**Minister of State at the Department of Finance (Deputy Sean Fleming):** I thank the committee for making time available today to consider my request for a Supplementary Estimate for the Office of the Revenue Commissioners. As Deputies know, it has been an exceptional year, and there have been some significant and unforeseen factors that have impacted on the Revenue's funding. The Supplementary Estimate for Vote 9 is to meet the 2020 shortfall associated with appropriations-in-aid, which is expenditure that the Department would normally receive, and Brexit-related expenditure required as part of our no-deal preparations. The total shortfall to be met is €7.819 million, which is less than 0.5% of the Estimate approved for the year. While €7 million is a significant figure, it is less than 0.5% of the Revenue's normal operational budget.

To further explain the background, the Covid-19 pandemic has had a significant impact on trade, resulting in a projected shortfall in appropriations-in-aid income of €7.1 million in 2020. This shortfall is primarily a consequence of Covid-19 restrictions and their impact on customs collection costs associated with appropriations-in-aid. During the course of the year, the Irish customs collected a substantial amount in fees processing customs documents for imports into both Ireland and the UK, where the company doing the importing was located in Ireland. As a result of the shortfall of trade in the retail sector, there has been a significant reduction in the lack of actual imports, with the knock-on effect of a reduction in fees that the Revenue Commissioners would have expected to collect but did not arise because of a reduction in trade. Although Revenue has seen significant underspend in its current funding, these savings are now required to meet overspends in office premises expenses due to Brexit infrastructure requirements.

Revenue's 2020 budget has also been impacted by minor overspend in the category of motor vehicles and revenue instruments. This increased expenditure has arisen due to required maintenance work for multiple years in respect of Revenue's three mobile scanners and the acquisition of personal protective equipment, PPE, for customs staff. The total amount required under that heading is €719,000.

I am satisfied that approval of the Supplementary Estimate of the Revenue will allow the Revenue Commissioners to deal with such requirements between now and the end of the year.

**Chairman:** Are there any questions in relation to the Estimate?

**Deputy Bernard J. Durkan:** I thank the Minister of State for bringing the Estimate before the committee. I will make one inquiry; is he satisfied that matters are in accord with expectations and that it is likely to continue in that direction for the remainder of the year?

**Deputy Sean Fleming:** I will give one additional item of information that members might

be interested in. Essentially, the Revenue expected some years ago that the required additional staff to deal with Brexit would have been in the order of 600. The estimate during the course of the year was that that figure will eventually be 900. Over 700 of those are currently in place and working. The recruitment campaign has been ongoing for the other 200 in recent months and is expected to be completed as soon as possible in the new year to bring the full complement up to 900, which is the expected figure. We are already well in excess of 700 as we speak, who will deal specifically with Brexit. Most of those staff will be at clerical officer grade. Some will be at higher executive officer or administrative officer level but most will be at normal customs processing grades.

**Deputy Mairéad Farrell:** Tá brón orm go raibh mé déanach. I have a query on table 1. Can the Minister of State clarify the shortfall in terms of SASP, single authorisation for simplified procedures? Can he clarify what occurred and give a bit more detail?

On the retail export scheme, I am sure many of us have been contacted by huge numbers of constituents on this. The fact of the matter is that the hospitality sector, especially in the likes of Galway, has been massively affected by Covid-19 and the resulting restrictions. This is another hit for the tourism industry. I know an amendment has been submitted to change it to €75 but we know that 50% of all transactions are for less than €75 so it is another hit. Since this scheme is operated by Revenue, will the Minister of State explain the rationale behind it? I am concerned, as are many people in the Galway area, in particular.

We saw that the Central Statistics Office, CSO, published yesterday that there has been a 38% decrease in traffic volumes. This is up to November so it does not include the level 5 restrictions currently in place. The Minister of State knows well that there are insurance companies out there who have given just €15 back in SuperValu vouchers for people who have not been able to use their car, such as people who are working from home and that kind of thing. That is a huge cost and the insurance companies are ripping off ordinary customers at the best of times. Now in the middle of a pandemic, when people have lost their income and are not using their cars and the CSO tells us there is nearly 40% less traffic on the roads, they are being hit again.

We need to see at least 20% of insurance premiums paid back. Does the Minister of State agree? What has he done about this? We in Sinn Féin have written to the insurance federation on this but it is important that action is immediately taken. People cannot afford this and 20% of premiums must immediately come back to the customers.

**Deputy Sean Fleming:** On VAT and the amount tourists can claim on spending in the country, that matter is coming up in the Brexit Bill in the convention centre later this afternoon. There is a specific amendment on that issue. That is not in place as we speak. It is a proposal in the Brexit legislation that will be dealt with on Committee Stage in the convention centre this afternoon. There are amendments down and that matter will be discussed at that meeting because it cannot be dealt with here in respect of the context of the Estimates for 2020. That is a 2021 matter, covered by the upcoming legislation.

On insurance, while it is not a matter for this debate, the committee has extended an invitation to me, as the Minister of State with responsibility for insurance, to come before the committee as soon as the date can be arranged and I am happy to do that. We can have a full discussion on the insurance issue. The Deputy's point is well noted. As she said, there were some reductions but that matter will be discussed at a joint meeting of this committee as soon as we agree a date, which will happen very soon.

Finally, the Deputy asked a question about why there were some reductions. There were some reductions in the appropriations-in-aid related to payroll because, as a result of Covid, there was a significant reduction in overtime for a number of staff in the Department. This resulted in a reduction in superannuation contributions that normally accrued during the year. That is why there is a slight reduction in that heading in relation to Covid.

**Deputy Mairéad Farrell:** That is an interesting clarification in terms of SASP so I thank the Minister of State for that.

On the insurance situation, the reality is that this is a crisis for people. People cannot afford to pay this now and we need urgent action. I am glad the Minister of State has heard what I had to say and I hope he takes it on board and takes immediate action with regard to insurance companies. People cannot afford this and €15 in SuperValu vouchers will not get a turkey for Christmas, let alone anything else. Therefore, the reality is that urgent action is needed in that regard.

**Chairman:** I support the remarks made by Deputy Mairéad Farrell. We will have a special meeting on insurance. The amount of money being refunded by insurance companies to those with policies is miserly, particularly given that they are not on the road and so on. Perhaps the Department will ask the companies to reconsider, particularly in the run-up to Christmas. Issuing €20, which some of us got, or €15, which others got, is miserly. It goes to show what the insurance companies think of their customers. The Minister of State might be able to reflect on that and pass the message on to the insurance companies as he meets their representatives.

Regarding the Estimate, there is €1.27 million in respect of maintenance of the fleet of mobile X-ray container scanners. That seems to be a huge figure. Is there a breakdown? Is the money for general maintenance or is it specifically for the container scanners?

**Deputy Sean Fleming:** It concerns the container scanners, which had not been subject to that level of maintenance for a number of years. A couple of years' maintenance was actually carried out in the one year. Perhaps it should be done annually but it was not. That is why there is an exceptionally high figure for the fleet of mobile X-ray container scanners at Dublin Port, Cork Harbour and Rosslare.

**Chairman:** I suggest that there should be a rolling maintenance programme to ensure the scanners do not break down. Obviously, the authorities will be under pressure for time owing to Brexit.

From the beginning of the Covid pandemic, many of the staff who normally travelled from the country to Dublin found themselves working from home. I understand that, for the Revenue Commissioners, this has been particularly successful. Will they now review the work that has been undertaken by the employees at home and determine how successful it was, perhaps with a view to continuing a programme to support those working from home? Perhaps it could be ensured that those who travel from the country are given the option to work from home. I understand the change of practice was quite successful.

**Deputy Sean Fleming:** Again, I take the point. It is probably a matter that will be dealt with in pay talks concerning not just the Revenue Commissioners but also the public sector in general. It has been a big issue right across the public sector. Ministers have made comments on reducing the time people have to spend in offices. I assume that, for the coming year, the Revenue Commissioners will operate according to whatever is agreed across the public service.

**Chairman:** It would be interesting to get a note on the number employed, particularly to deal with Brexit, and, of those, the number who were working from home. How many of those who worked from home during the Covid pandemic will be allowed to continue to do so where there is a proven success rate?

**Deputy Sean Fleming:** I do not have that information today but I will ask the Revenue Commissioners to provide an information note to the committee on it. As I may have mentioned previously, approximately 600 staff were employed originally to work on customs as a result of Brexit. One hundred and seventeen of these people, who had come from other sections in Revenue, went back to their posts in the past year but were brought back again to work on Brexit. As we speak, over 700 people are working on customs operations in respect of the ports. That number will increase. I do not know how many staff were working from home. We will get a note not only on the Brexit aspect but on how many of the Revenue Commissioners' staff as a whole have been working from home and how this has been working out.

**Chairman:** One of the biggest delivery companies in the country that will find it is a customs clearance expert after all this is DPD. I declare an interest in that I have an involvement with it. The fact is that it will be the biggest customs clearance company in the country. Last night, for example, 210,000 parcels passed through its system. I am not taking into account DHL, An Post and all the other relevant companies. I am told many of the smaller customers have not geared themselves up at all to be ready for customs associated with Brexit. They are not ready for the responsibility they will have in the chain of the customs clearance process. I encourage the Minister of State and his colleagues to press this sector of business people a little harder because the storage of parcels that cannot be cleared will cause immense problems, including in respect of the delivery of consignments, etc. An examination is required at the coalface to make sure arrangements are in place. The bigger companies, such as the one I mentioned, should be encouraged to feed back to the Minister of State some of the data they have and their concerns regarding the Brexit-readiness, or otherwise, of their customers. Action has to be taken to make sure this particular pathway is cleared.

**Deputy Sean Fleming:** I agree completely with the Chairman, who has mentioned the principal concern. The big companies are geared up but the small companies are the ones that are going to have a difficulty. Some will get quite a shock in the first two or three weeks of January if they do not get ready between now and the new year. An example might be a garage that imports equipment to repair cars. It might phone for a part when the importation truck is still in England but because no customs clearance docket will have been prepared in advance, it will find the part cannot be brought on that truck and that it will have to be brought on another two days later. Delays will be caused, especially for small businesses, some of which have not fully grasped what is happening. Serious delays will be caused to their business in January and February if they do not get Brexit-ready. The Chairman's point is well made. Through the Revenue Commissioners, we will get on to the small companies. The Revenue Commissioners have a record of everybody who goes through customs every year. They know those who are well prepared and those they have not been hearing from. I will ask Revenue to redouble its efforts in respect of the smaller companies.

**Chairman:** I stated that one of the bigger companies dealt with 210,000 consignments last night. If one extrapolates from that, taking into account all the other companies involved in express delivery, one will find massive numbers of transactions going online. It is only when the amount of sorting is seen that one realises the volumes involved. If there is a problem at small business level in this regard, it really has to be thrashed out now in co-operation with the

delivery companies.

**Deputy Jim O’Callaghan:** When does the Minister of State believe these problems will manifest themselves, if they arise? Will it be early in January, or will it be mid-January? It is a holiday time, in general. Will we have the resources from early January onwards to deal with issues that arise?

**Deputy Sean Fleming:** The Government and the Revenue Commissioners have the resources but the small businesses will not. Bearing in mind the example I gave, the problem will arise the first time a company that is not ready customs-wise to deal with Brexit tries to import something. For some companies, it could be the end of January or 1 February. For others, it could be 3 or 4 January. The problem will arise the first time they try to import something, and then they will know straight away.

**Chairman:** It will start from 1 January. A massive number of smaller companies will be confronted by this issue.

**Deputy Bernard J. Durkan:** Is the Minister of State satisfied that the system is sufficiently robust to withstand the double whammy of Covid and Brexit because both will impact in a similar fashion?

**Deputy Sean Fleming:** We are satisfied that the Revenue Commissioners are fully ready for Brexit in every respect. Our only concern is for those small businesses that are not ready. Revenue, customs and the ports, in terms of premises, additional parking and other facilities, are ready. For example, the animal border control post at Rosslare Port was completed last week. Dublin Port completed terminal 10 and the R2 last week. The R3 is an ex-boatyard and it will be completed Christmas week. Dublin Port terminal 11 west truck park will be completed Christmas week and terminal 11 east, including a 10 on-site truck parking area, is scheduled for completion in mid-March. A yard port is yet to be completed in September 2021. At Rosslare Port, a permanent port infrastructure will not be completed until well into 2022. In terms of the checklist, most of the works are already completed. Some work has yet to be done but Revenue is satisfied it has sufficient arrangements in place at those ports. As time goes on, these will need to be expanded.

**Chairman:** I thank the Minister of State.

**Deputy Sean Fleming:** May I make a final comment?

**Chairman:** Yes.

**Deputy Sean Fleming:** The committee will have received a letter from me yesterday providing additional information requested at the previous Estimates meeting. One of the requests was for a detailed note on the disabled drivers and passengers scheme, the Department’s intention and policy direction and a breakdown of expenditure. The committee should have received the letter in the last day or two, which was prepared a short time ago. There has been an update which the committee may be aware of that is not addressed in the letter. I would like to put that update on record today.

To allow primary medical certificate assessments to recommence, a Committee Stage amendment has been inserted into the Finance Bill to provide for the existing medical criteria in primary legislation. The committee will be aware of that as the amendment was made on Committee Stage of its consideration of the Finance Bill. When the Bill has passed Report and Final

25 NOVEMBER 2020

Stages and it is signed into law by the President and enacted, this will allow for assessments to recommence in circumstances where the legal basis for such assessments is clarified. The issue that went to the Supreme Court was dealt with by way of an amendment on Committee Stage of the Finance Bill. When the Bill is cleared by the Houses, the primary medical assessments will be able to recommence. That information was not included in the letter received this week by the committee. I wanted to take this opportunity to update the committee on that matter.

**Chairman:** Members should note that the clerk will circulate information received in response to any other queries raised. The select committee will adjourn now until 2 p.m. on Wednesday, 2 December 2020 to consider the Committee Stage of the Investment Limited Partnership (Amendment) Bill 2020.

### **Message to Dáil**

**Chairman:** In accordance with Standing Order 101, the following message will be sent to the Dáil:

The Select Committee on Finance, Public Expenditure and Reform, and the Taoiseach has completed its consideration of the following Supplementary Estimate for public services for the year ending 31 December 2020: Vote 9 - Office of the Revenue Commissioners.

The select committee adjourned at 2.45 p.m. until 2 p.m. on Wednesday, 2 December 2020.