

**Progress Report 2009 and
Annual Output Statement for 2010**
in respect of

Department of Finance (Vote 6)
and
Superannuation and Retired Allowances (Vote 7)

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INTRODUCTION

PROGRESS REPORT 2009 and ANNUAL OUTPUT STATEMENT 2010

The Annual Output Statement (AOS) 2010 is a key element of the Budget and Estimate Reform measures announced by the Minister for Finance in Budget 2006.

The AOS 2010 provides information on the high level goal, impact indicator, key strategies, inputs (financial and staffing) and key targets and outputs for each of the Department's four divisional programmes for the financial year. The AOS reports on progress achieved in respect of each of the output targets specified in the AOS 2009. It also specifies output targets being pursued in 2010, which will be addressed, in turn, in the AOS 2011.

It is proposed to integrate Annual Reports and Output Statements so that the relevant Oireachtas Committees can scrutinise Departments in a more effective manner, broadening the focus beyond the resources consumed. As a first step in this process, the Department of Finance AOS 2010 for votes 6 (Department of Finance) and Vote 7 (Superannuation and Retired Allowances) has been prepared to meet both the 2009 reporting requirements on our Statement of Strategy 2008-2010 to the Minister for Finance (under the Public Service Management Act 1997) and the 2010 AOS reporting requirements on Votes 6 and 7 to the Select Committee on Finance and the Public Service.

OVERVIEW and CONTEXT

The Department faced a number of serious challenges posed by the continuation of the severe economic downturn during 2009.

The Department focussed its energies on stabilising the public finances and on implementing the Government's medium-term strategy designed to allow Ireland to resume economic growth as soon as possible and to restore our ability to meet our EU Treaty commitment to bring our public sector deficit back below 3% of GDP by the end of 2014.

A strong focus was also maintained on ensuring that our tax system was as fair as possible and focussed on supporting international competitiveness while also creating and maintaining employment. The report of the Commission on Taxation, released in September 2009, was considered in preparation for Budget 2010 and the Finance Bill 2010. At EU level, the Department continued to promote an understanding and appreciation of Ireland's economic and budgetary policies, as well as working to ensure that Ireland contributed to EU policy development.

The Department significantly concentrated its efforts upon value-for-money and overall cost-effectiveness of both current and capital expenditure during 2009, in keeping with the increasing emphasis upon sustainability of public finances and the primary role of expenditure control. In this context, in particular, the major expenditure-control exercises in 2009; the comprehensive analysis for the *Special Group on Public Service Numbers and Expenditure Programmes*; the policy development work on public service pensions reform and the comprehensive review of capital expenditure initiated by the Department in 2009, all support the Government's budgetary consolidation strategy and prepare the ground for future economic growth.

The Department continued in 2009 to promote policies which drive efficiency and effectiveness across the public service. The main focus was on the implementation of the Government's Transformation Agenda and the ongoing management of the industrial relations situation, in particular by the development of a range of initiatives in relation to redeployment, Decentralisation, eGovernment, shared services, State agencies, performance management, as well as maintaining control of Public service numbers and the pay and pensions bill.

Other overarching objectives in 2009 were to stabilise the financial system, to facilitate the availability of credit in the economy, and to protect the interests of taxpayers. Workstreams in this regard included:

- Nationalisation of Anglo Irish Bank;
- Recapitalisation of banks;
- Development of the NAMA proposition and the establishment of a sophisticated legislative basis for it;
- Revising bank guarantee arrangements; and
- Proposals for reform of financial regulatory structures.

Section 1: Summary Statement for the Department of Finance

The Department of Finance has a central role in implementing Government policy and in advising and supporting the Minister for Finance and the Government on the economic and financial management of the State and the overall management and development of the public sector. In this context, the summary statement below outlines, by programme, the high level goals of the Department and associated impact indicators. These high level goals correspond to the strategic priorities outlined in the Department's *Statement of Strategy 2008-2010*.

High Level Goal	Impact Indicator	Programme
<p>To formulate appropriate and sustainable economic, taxation and budgetary policies which support Government objectives.</p>	<p>Budgetary sustainability, in line with meeting the requirements of the Stability and Growth Pact; a price environment consistent with competitiveness; a climate conducive to employment growth, combined with a fair, efficient broadly-based taxation system yielding receipts that are sufficient to meet the Government's budgetary plans.</p>	<p>Budget, Taxation & Economic Policy</p>
<p>To manage public expenditure policies to support the Government's economic, social and environmental objectives.</p>	<p>Sustainable expenditure policies; value for money from public expenditure; a prioritised, strategic approach to improvements in public infrastructure.</p>	<p>Public Expenditure & Sectoral Policy</p>
<p>To formulate and promote policies which drive efficiency and effectiveness across the public service and which support national income and pensions development (with particular reference to the public service) which are consistent with budgetary sustainability, competitiveness and high standards of service delivery.</p>	<p>A more efficient and streamlined public service with improved levels of service to the public; Sustainable incomes and pensions development, consistent with competitiveness, price stability and budgetary policy; Implementation of government policy on staffing numbers to achieve savings on payroll costs.</p>	<p>Public Service Management Policy</p>
<p>To take such immediate action as is necessary to maintain the stability of the financial system in the interests of the economy as a whole. To advise on and implement policies that support the stability of the financial sector in the medium and long term, promote high standards, protect consumers and help develop financial services in the state.</p>	<p>Continued effective functioning of the banking system; supply of credit to business and personal customers; In the medium and long term, viable Irish financial services institutions and markets that facilitate domestic credit and payments systems and are globally competitive supported by financial regulation structured and operational to the highest international standards.</p>	<p>Financial Services Policy</p>

Section 2: Total Budget for the Department of Finance

The Tables below provide information on the funding allocated to the Department for 2009; the provisional outturn figures for 2009; and the revised estimate figures for 2010.

Vote 6 Office of the Minister for Finance	2009 Estimate €m	2009 Provisional Outturn €m	2010 Revised Estimate €m	% Change on Outturn
Gross Voted Expenditure	83.5	76.3	77.0	+1.0%
<i>Appropriations-in-Aid</i>	15.1	11.1	6.8	-38.8%
Net Voted Expenditure	68.4	65.2	70.2	+7.7%
<i>of which: Exchequer Pay</i>	40.4	39.4	35.3	-10.4%
Actual employees at	<u>end 2008</u>	<u>end 2009</u>	<u>31 March, 2010</u>	
Department of Finance	608	563	556	
Special EU Programmes Body	36	37	38	

Vote 7 Superannuation and Retired Allowances	2009 Estimate €m	2009 Provisional Outturn €m	2010 Revised Estimate €m	% Change on Outturn
Gross Voted Expenditure	412.0*	409.0	477.0	+16.7%
<i>Appropriations-in-Aid</i>	78.2	90.0	80.2	-10.8%
Net Voted Expenditure	268.8	319.0	396.8	+24.4%
<i>of which: Exchequer Pensions</i>	268.7	319.0	396.7	+24.4%
Number of public service pensioners (at end-year)	15,815	17,251	18,091	+4.9%

- Including a Supplementary estimate on Vote 7 of €65m approved in November 2009.

Section 3: Breakdown of Total Gross Expenditure by Programme

The Department's high level goals – which are based on the strategic priorities in its Statement of Strategy – are delivered through a number of programmes. Details of the total expenditure under each of these programmes are provided below. The Gross Expenditure outlined at 2 above is broken down across the programme areas listed.

Programme	Estimate 2009 €m	Prov. Outturn 2009 €m	Revised Estimate 2010 €m	% Change on Outturn
1. Budget, Taxation & Economic Policy	11.0	11.0	9.6	-12.7%
2. Public Expenditure & Sectoral Policy	28.1	24.1	26.4	+9.5%
3. Public Service Management Policy	35.2	30.9	29.8	-3.6%
4. Financial Services Policy	9.2	10.3	11.2	+8.7%
Total Gross Programme Expenditure*	83.5	76.3	77.0	+1.0%

* excludes appropriations in aid

Section 4: Individual Programme Detail

This Section provides information on the high level goal, impact indicator, overview of progress in 2009, key strategies, inputs (including staffing), and key targets and outputs for each of the Department's four programmes.

Programme 1: Budget, Taxation & Economic Policy

High Level Goal	Impact Indicator
To formulate appropriate and sustainable economic, taxation and budgetary policies which support Government objectives.	Budgetary sustainability, in line with meeting the requirements of the Stability and Growth Pact, a price environment consistent with competitiveness, and a climate conducive to employment growth, combined with a fair, efficient broadly-based taxation system yielding receipts that are sufficient to meet the Government's budgetary plans.

Overview of Progress in 2009

Throughout 2009 the Department faced a number of ongoing challenges posed by the serious economic downturn and unfavourable exchange rate movements which began in the autumn of 2008. Against this background, the Department continued to produce a wide range of outputs in 2009. The Budget, Taxation and Economic Division developed and continued the process of implementing the Government's medium-term strategy designed to allow Ireland to achieve its EU Stability and Growth Pact target of a General Government deficit of below 3% by end-2014 as evidenced by the two budgets produced in 2009 (April & December) and the reduction in the spreads for Irish bonds, it also managed Ireland's involvement with international organisations, its engagement with the NTMA and its associated agencies, and it supported the day-to-day budgetary work of the Department.

The taxation side maintained a strong focus on ensuring that our tax system, while aiming to be as fair as possible, raised sufficient revenue to meet Government targets while supporting international competitiveness and creating the conditions to maintain employment. Priority was also given to continuing to work on closing-off tax avoidance loopholes. The report of the Commission on Taxation was released in September 2009 and was an important input for the preparation for Budget 2010 and Finance Bill 2010. The Finance Directorate continued to oversee the accounting, pension payment, banking and practical finance aspects of the Department's activities. All parts of the Division were active in ensuring that Ireland's voice was heard at a wide range of EU and other global fora such as the OECD and the IMF.

The key strategies for underpinning the high level goal for Budget, Taxation & Economic policy are outlined below, together with financial information for 2009 and 2010 and information on progress on the 2009 targets, along with the targets for 2010 for this programme.

Key Strategies

In line with Government policy the key strategies underpinning this goal include:

- Promoting policies to restore balance and sustainability to the public finances over the medium term.
- Continuing the programme of fiscal adjustment as set out in *Budget 2010*, including the objective to stabilise the General Government deficit in 2010 and then to reduce it to below 3.0 per cent of GDP by the end of 2014.
- Pursuing policies to raise the revenue needed to meet the Government's budgetary needs consistent with a fair distribution of the burden of taxation, whilst ensuring an appropriate level of Exchequer borrowing.
- Broadening the tax base and countering inappropriate tax avoidance.
- Ensuring that taxation incentives are properly focused and cost effective.

- Promoting policies for supporting competitiveness and maintaining price stability thereby enhancing the potential for encouraging economic growth and employment opportunities.
- Ensuring, as far as possible, an effective contribution at EU level and that decisions taken at EU level which impinge on national economic and social development take due account of Ireland's needs and aspirations, including budgetary policy.
- Endeavouring, as far as possible, to see that reports and assessments by international agencies of Ireland's economic and fiscal performance and underlying strategic direction are both accurate and balanced.

Inputs

Programme 1: Budget, Taxation & Economic Policy	Estimate 2009	Provisional Outturn 2009	Revised Estimate 2010
	€m	€m	€m
Voted Administrative Expenditure: - pay	6.3*	6.5	5.8
- non-pay	0.4*	0.2	0.3
Voted Non-administrative Expenditure: - current	4.3*	4.3	3.5
- capital	0.0	0.0	0.0
Total Gross Voted Expenditure	11.0	11.0	9.6

	Provisional Outturn 2009	As at end- March 2010
Programme 1: Number of staff employed:	79 ¹	80
Budget & Economic Area	47	48
Taxation Area	32	32

** Amended to reflect the reanalysis of Charitable Lotteries as Programme 2 and the redistribution of staff related to the PMG Banking, Salaries and Pensions sections as Programmes 2 and 3.*

¹ Staff Numbers are as at 31.12.09

Programme 1 – Key Targets and Outputs

2009 Output Targets	2009 Outputs	2010 Output Targets
<p>Budgetary & Economic Policy</p> <p>Provide advice on sustainable budgetary and economic policy and produce the Budgets, and all associated material, within the appropriate timeframe.</p> <p>All budget and economic policy work to be carried out in accordance with the parameters agreed by Government, so as to:</p> <ul style="list-style-type: none"> • restore order to the public finances over the medium term in line with the requirements of the Stability and Growth Pact; and, • promote policies to bring the General Government deficit below 3 per cent of GDP over a five-year time frame, as agreed at the Ecofin Council, April 2009. 	<p>Budgetary & Economic Policy</p> <ul style="list-style-type: none"> • Two Budgets were produced in 2009; a supplementary Budget on 7 April and Budget 2010 on 9 December, both on time and with all the necessary associated material. • Ongoing timely and appropriate budgetary and economic advice was provided to the Minister, Taoiseach, and Government, as well as to both domestic and international bodies. • This helped in the process of stabilising the public finances and improving confidence in Ireland, as reflected in the positive comments both domestically and internationally on the Budget Strategy, and also reflected in a significant reduction in the spreads for Irish bonds over this period. 	<p>Budgetary & Economic Policy</p> <p>Provide advice on sustainable budgetary and economic policy and produce Budget 2011, and all associated material, within the appropriate timeframe.</p> <p>All budget and economic policy work to be carried out in accordance with the parameters agreed by Government, so as to:</p> <ul style="list-style-type: none"> • continue the restoration of order to the public finances over the medium term in line with the requirements of the Stability and Growth Pact; and, • promote policies to bring the General Government deficit below 3 per cent of GDP by the end of 2014 as agreed at the Ecofin Council on 2nd December 2009.
<p>Taxation</p> <p>Deliver a taxation policy which:</p> <p>provides the budgeted tax yield (€34 billion in 2009);</p> <p>assists enterprise through a continued low tax rate on a wide tax base;</p> <p>promotes greater equity in the taxation system;</p> <p>improves international economic competitiveness in line with the Framework for Sustainable Economic Renewal; Also the provision of all necessary input to the budgetary and economic decision making process.</p>	<p>Taxation</p> <ul style="list-style-type: none"> • To meet the Budget targets measures were adopted in Supplementary Budget 2009 and Budget 2010 that involved revenue-raising, the restriction of tax expenditures, the termination of property-related incentives and special tax treatment of Development Land. The tax system generated a total of €33 billion in 2009. • To support enterprise and employment, enhancements were made to the R&D tax credit scheme while a tax relief for start-up companies and a scheme for capital expenditure on intangible assets were introduced. • To improve equity in the 	<p>Taxation</p> <p>Deliver a taxation policy which;</p> <p>supplies the required tax yield of the order of €31 billion in 2010;</p> <p>while further supporting an enterprise culture;</p> <p>improving international competitiveness;</p> <p>maximising equity and simplicity of the tax system.</p> <p>This will include the provision of all necessary input to the budgetary and economic decision making process.</p>

	<p>system, “the restriction of reliefs measure” for high earners was reviewed and significantly tightened in Budget 2010. A new Domicile Levy of €200,000 was introduced. People on the minimum wage remained outside the Income Tax net.</p> <ul style="list-style-type: none"> • In terms of protecting the environment and sustainable development, a comprehensive Carbon Tax was introduced in Budget 2010. 	
<p>International Institutions</p> <p>Inform the Minister for Finance, Department of Finance officials, other Ministers and Departments, and more widely as appropriate, about matters falling within the remit of the Department.</p> <p>Represent Ireland and present Ireland’s viewpoint at a wide range EU forums including the EU’s Eurogroup, the Economic and Financial Affairs Council (ECOFIN) and its associated sub-groups such as the Economic and Financial Committee (EFC), the Economic Policy Committee (EPC) at their full and euro group levels and at a considerable number of other working groups and committees, as well as global fora such as the OECD, the IMF, the European Investment Bank, the World Bank and with credit ratings agencies.</p>	<p>International Institutions</p> <ul style="list-style-type: none"> • Ireland’s input was provided at the relevant bodies, groups and committees. • Ireland’s position with regard to budgetary & economic policy was effectively represented and supported at all forums both domestic and international. • Appropriate briefing was provided to Ministers and officials. 	<p>International Institutions</p> <p>Inform the Minister for Finance, Department of Finance officials, other Ministers and Departments, and more widely as appropriate, about matters falling within the remit of the Department.</p> <p>Represent Ireland and present Ireland’s viewpoint at a wide range of global and EU forums, including the EU’s Eurogroup, the Economic and Financial Affairs Council (ECOFIN) and its associated sub-groups such as the Economic and Financial Committee (EFC), the Economic Policy Committee (EPC) at their full and euro group levels, and at a considerable number of other working groups and committees, as well as global fora such as the OECD, the IMF, the European Investment Bank, the World Bank and with credit ratings agencies.</p>

Programme 2: Public Expenditure & Sectoral Policy

High Level Goal	Impact Indicator
To manage public expenditure policies to support the Government's economic, social and environmental objectives.	Sustainable expenditure policies, value for money from public expenditure and a prioritised, strategic approach to improvements in public infrastructure.

Overview of Progress in 2009

During 2009, the Department focused on the overall sustainability of public finances and the primary role of expenditure control. In this context, in particular, the major expenditure-control exercises in 2009; the background analysis for the Special Group on Public Service Numbers and Expenditure Programmes; the policy development work on public expenditure issues; and the comprehensive review of capital expenditure initiated by the Department in 2009, have all been supportive of the Government's budgetary consolidation strategy.

The key strategies for underpinning the high level goal for Public Expenditure and Sectoral Policy are outlined below, together with financial information for 2009 and 2010 and information on progress on 2009 targets, along with 2010 targets for this programme.

Key Strategies

In accordance with Government policy, the key strategies underpinning this goal include:

- managing public expenditure within the budgetary parameters set by the Government.
- developing appropriate sectoral policies and identifying significant cross-sectoral issues.
- furthering the reform of public procurement procedures.
- promoting value for money in both current and capital expenditure.
- managing staffing levels in the public service in accordance with Government policy.
- re-prioritising capital investment given the new economic and budgetary challenges.

Inputs

Programme 2: Public Expenditure & Sectoral Policy	Estimate 2009	Provisional Outturn 2009	Revised Estimate 2010
	€m	€m	€m
Voted Administrative Expenditure: - pay	11.3*	10.1	9.2
- non-pay	0.6*	0.2	0.3
Voted Non-administrative Expenditure: - current	15.6*	13.5	16.6
- capital	0.6	0.3	0.3
Total Gross Voted Expenditure	28.1	24.1	26.4

	Provisional Outturn 2009	As at 31 March 2010
Programme 2: Number of staff employed:	174**	172***

* Amended to reflect the reanalysis of Charitable Lotteries as Programme 2 and the redistribution of staff related to the PMG Banking, Salaries and Pensions sections as Programmes 2 and 3.

**Includes 37 permanent staff employed by the Special EU Programmes Body.

*** Includes 38 permanent staff employed by the Special EU Programmes Body.

The increase in expenditure between 2009 and 2010 reflects the return to normal funding levels on the Peace/Interreg programmes as new programmes gain momentum.

Programme 2 – Key Targets and Outputs

2009 Output Targets	2009 Outputs	2010 Output Targets
<p>Expenditure Policy</p> <p>Gross expenditure to be maintained within the 2009 Estimate allocations: Gross total €63.9bn, of which current €56.6bn and capital €7.3bn.</p> <p>Finalise the review by the Special Group on Public Service Numbers and Expenditure Programmes.</p> <p>Renewed focus on more labour intensive and economic development capital investment.</p> <p>Prepare policy options for Budget 2010 to achieve the multi-annual expenditure targets set out in the April 2009 Supplementary Budget.</p>	<p>Expenditure Policy</p> <ul style="list-style-type: none"> • Gross expenditure outturn €63.1bn, of which current €55.7bn and capital on target at €7.3bn. • The Department facilitated the successful completion of the Special Group exercise, and drew upon the results in preparing practicable policy options for Budget 2010. Expenditure savings of €4 billion (€3 billion Current and €1 billion Capital) were announced in 2010 Budget. 	<p>Expenditure Policy</p> <p>Gross expenditure to be maintained within the 2010 Estimate allocations: Gross total €61.2bn, of which current €54.7bn and capital €6.4bn.</p> <p>Continuing analysis within SPD of programme expenditure across all Departments, to facilitate the Government in identifying further expenditure reductions of up to €3bn for Budget 2011, including €1bn capital savings.</p>
<p>Sectoral Policy</p> <p>Ensure that value-for-money is central in discussions with Departments and in advice given to the Minister and the Government on expenditure issues, including expenditure reviews; numbers control; and development of staff redeployment mechanisms.</p> <p>Ongoing development of the Annual Output Statement approach in light of feedback received from Dáil Committees and the interdepartmental working group.</p>	<p>Sectoral Policy</p> <ul style="list-style-type: none"> • Implementation of staffing moratorium. • Introduction of new Public Service Numbers Policy. • Implementation of recommendations from Special Group Report. • Continued implementation of VFM and policy reviews. • Some progress on staff redeployment in certain areas. • Further refinements to Annual Output Statement template introduced in 2009 to reflect focus on ‘headline’ outputs. 	<p>Sectoral Policy</p> <p>Introduction of Employment Control Frameworks to limit public service staffing numbers in all sectors, with associated medium-term payroll savings.</p> <p>Streamlining of output / performance documentation and closer alignment and integration with VFM and Estimates processes, in line with <i>Transforming Public Services</i> agenda.</p>

<p>EU Funding</p> <p>Progress arrangements for the efficient closure of the 2000-2006 round of Structural Funding.</p> <p>Monitor and report on the implementation of the 2007-2013 round of Structural Funding and maximise drawdown.</p>	<p>EU Funding</p> <p>Continued progress achieved – on track for closure in 2010.</p> <p>Continued management of 2007-2013 round including renegotiation of BMW and Human Capital Investment OPs in response to economic downturn and submission of National Strategic Report to EU Commission.</p>	<p>EU Funding</p> <p>Complete arrangements for the efficient closure of the 2000-2006 round of Structural Funding by September 2010.</p> <p>Monitor and report on the implementation of the 2007-2013 round of Structural Funding and maximise drawdown as appropriate in line with budgetary and VFM requirements. Contribute to the debate at EU level on future of EU Cohesion Policy.</p>
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Programme 3: Public Service Management Policy

High Level Goal	Impact Indicator
To formulate and promote policies which drive efficiency and effectiveness across the public service and which support national income and pensions development (with particular reference to the public service) which are consistent with budgetary sustainability, competitiveness and high standards of service delivery.	A more efficient and streamlined public service with improved levels of service to the public; Sustainable incomes and pensions development, consistent with competitiveness, price stability and budgetary policy; Implementation of government policy on staffing numbers to achieve savings on payroll costs.

Overview of Progress in 2009

The main focus in 2009 was on the implementation of the Government's Transformation Agenda while achieving a reduction in public service numbers and the size of the pay bill and the ongoing management of the industrial relations situation. This included the development of a range of initiatives aimed at reducing payroll costs, the development of redeployment mechanisms, initiatives in relation to eGovernment, shared service, State agencies, performance management, as well as achieving a reduction in civil service numbers and maintaining control of the pay and pensions bill. Services continued to be delivered by the Accounts and Paymaster General's Office, the Office of the Chief Medical Officer, Corporate Services Division, ICT, the Civil Service Training and Development Centre and the Minister's Office.

The key strategies for underpinning the high level goal for Public Service Management Policy are outlined below, together with financial information for 2009 and 2010 and information on progress on 2009 targets, along with 2010 targets for this programme.

Key Strategies

In accordance with Government policy, and subject to the overall aim of maintaining macroeconomic and financial stability and promoting competitiveness, the key strategies for achieving this goal include:

- Ensuring that Government policy regarding pay and pensions is implemented and developments in public service pay policy and a national pensions policy are fiscally sustainable.
- Ensuring the ongoing implementation of the Government transformation agenda, numbers policy and management of the industrial relations situation.
- Ensuring the development and implementation of the eGovernment and ICT agenda.

Inputs

Programme 3: Public Service Management Policy	Estimate 2009	Provisional Outturn 2009	Revised Estimate 2010
	€m	€m	€m
Voted Administrative Expenditure: - pay	19.7*	19.8	17.5
- non-pay	5.8*	4.2	4.5
Voted Non-administrative Expenditure: - current	8.9*	6.3	7.2
- capital	0.8	0.6	0.6
Total Gross Voted Expenditure	35.2	30.9	29.8

	Provisional Outturn 2009	As at 31 March 2010
Programme 3: Number of staff employed:	290	285

**Amended to reflect the redistribution of staff related to the Salaries and Pensions sections as Programme 3.*

Programme 3 – Key Targets and Outputs

2009 Output Targets	2009 Outputs	2010 Output Targets
<p>Pay and Pensions</p> <p>Advice on incomes policy issues designed to maintain competitiveness, keep public service pay costs at sustainable levels and achieve industrial relations stability in the public service.</p> <p>Development of public service pay in line with Government Policy.</p> <p>Development of a coherent national pensions policy.</p>	<p>Pay and Pensions</p> <ul style="list-style-type: none"> • Government policy on public service pay and numbers developed significantly during the course of 2009. • The cost of the public service paybill was reduced significantly in 2009 in line with Government policy on achieving fiscal stability, through the suspension of payment of general round increases proposed under the Towards 2016 Review and Transitional Agreement, the application of a moratorium and incentivised exit mechanisms to reduce numbers, and the passage of two Financial Emergency Measures in the Public Interest Acts 2009. The first applied a pension related deduction in March 2009 to all public servants; the second reduced all payrates of serving public servants with effect from the beginning of 2010. As a consequence, the industrial relations climate became more challenging. • Progress made toward a coherent national pension policy: <ul style="list-style-type: none"> i. Input provided to DSFA in preparing a national framework; ii. Preparations made for the introduction of a single public service pension scheme; iii. Measures introduced to develop a more cost-efficient system of public service pensions. 	<p>Pay and Pensions</p> <p>Advice on incomes policy issues designed to maintain competitiveness, keep public service pay costs at sustainable levels and achieve industrial relations stability in the public service.</p> <p>Ensuring the cost of the public service paybill is sustainable in line with Government Policy on achieving fiscal stability</p> <p>With the publication of the National Pensions Framework, continue development of a coherent and sustainable national pensions regime: <ol style="list-style-type: none"> i. Implement a single public service pensions scheme for new entrants, including introduction of necessary legislation; ii. Provide for adoption of a range of measures to develop a sustainable public service pensions regime. </p>
<p>Transforming Public Services</p> <p>Implementation of the recommendations of the Task Force on the Public Service in conjunction with the Department of the Taoiseach.</p> <p>Management of staffing levels in the civil service in accordance with Government Policy.</p> <p>Development of a range</p>	<p>Transforming Public Services</p> <ul style="list-style-type: none"> • Work has commenced on many recommendations including Shared Services, eGovernment, People and Leadership, and State Agencies. • Administrative Budget Agreement rolled forward while moratorium in place. Civil service numbers reduced by approximately 1500 as a result of moratorium and uptake of ISER. 	<p>Transforming Public Services</p> <p>Implementation of the recommendations of the Task Force on the Public Service in conjunction with the Department of the Taoiseach.</p> <p>Management of staffing levels in the civil service in accordance with Government Policy, through administrative budgets and employment control frameworks.</p>

<p>of HR incentives including mobility policies, targeted recruitment strategies and removal of barriers to a unified labour market.</p> <p>The effective ongoing implementation of decentralisation in line with Government policy and available resources.</p>	<ul style="list-style-type: none"> • The Department continued to work with Departments, Offices, the NCSSB Sector and the Unions to fill priority posts, while ensuring full use was made of re-organisation and staff redeployment options where relevant (e.g. up to 500 staff to be redeployed to Social and Family Affairs from other Departments to meet staffing pressures there). • The implementation of the decentralisation programme was progressed with 3013 posts in total relocated by end-year. 	<p>Development of a range of HR initiatives including redeployment, mobility policies, targeted recruitment strategies and reducing barriers to a unified labour market</p> <p>In light of the decision to defer proceeding with accommodation in a number of decentralisation locations pending the review of the Decentralisation Programme in 2011, the focus in 2010 will be on the priority elements which have been approved to proceed, taking account of Government policy and available resources.</p>
<p>eGovernment and ICT Manage the public service-wide eGovernment programme.</p> <p>Implement new ICT control arrangements and extend them to the wider public service, including non-commercial semi-state bodies.</p> <p>Implement and manage a range of value for money ICT and telecommunications procurement frameworks for the public service and manage the rollout of digital radio services for the emergency and security services.</p>	<p>eGovernment and ICT</p> <ul style="list-style-type: none"> • Completed and ongoing: <ul style="list-style-type: none"> ➤ Department of Finance Circular 6/09 on Arrangements for eGovernment issued. ➤ Two comprehensive progress reports compiled for Government. ➤ eGovernment Plans developed by a wide range of public bodies. ➤ Significant improvements achieved in the EU Commission's eGovernment Benchmarks. ➤ A new eGovernment Strategy 2010 produced and approved. ➤ A common personal ID matching platform was developed and is being piloted. • Completed. Department of Finance Circular 2/09 Arrangements for ICT Expenditure in the Civil and Public Service issued. New procedures implemented. All sectors notified of new requirements and engaged with. • Completed. New frameworks in place and advertised across the public service. Digital radio service rollout on schedule. 	<p>eGovernment and ICT Continued management of the public service-wide eGovernment programme.</p> <p>Continued implementation of approval processes for ICT project and staffing proposals.</p> <p>Continued implementation and management of central value-for-money ICT and telecommunications procurements for the public service.</p>

Annexe to Programme 3

Vote 7 – Superannuation and Retired Allowances

Inputs [Vote 7]

Programme 3: Annexe	Revised* Estimate 2009 €m	Provisional Outturn 2009 €m	Revised Estimate 2010 €m
Vote 7: Superannuation and Retired Allowances			
Non-administrative Expenditure	412.0	409.0	477.0
Appropriations-in-Aid	78.2	90.0	80.2
Total Net Expenditure	268.8	319.0	396.8

*A supplementary estimate of €65m was approved in November 2009.

Note: The pay costs and staffing numbers for the administration of Vote 7 are included under Programme 3 of Vote 6.

Key Targets and Outputs

2009 Output Targets	2009 Outputs	2010 Output Targets
<p>Maintain a cost-efficient administration of civil service pensions, minimising time for processing of pensions for payment;</p> <p>Continue to improve expenditure estimation and reporting processes.</p>	<ul style="list-style-type: none"> Progress made with improving the cost-efficiency of pensions administration in the Civil Service (retirements more than doubled in 2009 compared to 2008); Outturn expenditure was broadly in line with the Estimates provision, as supplemented by the Supplementary Estimate to meet costs of Incentivised Scheme of Early Retirement and higher numbers of retiring civil servants. 	<p>Against a background of rising numbers of pensioners, continue to enhance efficiency of civil service pensions administration, through shorter processing time and restrictions on staffing resources.</p> <p>Ensure that expenditure estimation is accurate in context of annual Public Expenditure Estimates voted by Dáil Eireann</p>

Programme 4: Financial Services Policy

High Level Goals	Impact indicators
<p>To take such immediate action as is necessary to maintain the stability of the financial system in the interests of the economy as a whole. To advise on and implement policies that support the stability of the financial sector in the medium and long term, promote high standards, protect consumers and help develop financial services in the state.</p>	<p>Continued effective functioning of the banking system and supply of credit to business and personal customers.</p> <p>In the medium and long term, viable Irish financial services institutions and markets that facilitate domestic credit and payments systems and are globally competitive supported by financial regulation structured and operational to the highest international standards.</p>

Overview of Progress in 2009

The overarching objectives in 2009 were to stabilise the financial system, to facilitate the availability of credit in the economy, and to protect the interests of taxpayers as well as to progress the restructuring of the Banking sector.

Throughout 2009, the Department advised the Government on policies and measures to safeguard the economy and systemically important financial institutions. These included the nationalisation of Anglo Irish Bank, recapitalisation of AIB, Bank of Ireland and Anglo Irish Bank; developing and securing EU approval for the Eligible Liabilities Guarantee Scheme; and the introduction of statutory Codes of Conduct for SME lending and Mortgage Arrears.

During the year the Department supported the development of proposals leading to legislation which established the National Asset Management Agency (NAMA) in order to address the serious threat to the economy and the stability of credit institutions in the State generally arising from the extent of high risk land and development loans in certain of the covered institutions.

The Department developed proposals to reform the structures of financial regulation through the creation of a single fully-integrated Central Bank amalgamating the powers and functions of the Financial Regulator. The objective of the Government was that the new structures would be responsible for the prudential regulation of individual financial services institutions, the conduct of business (including protection of the interests of consumers of financial products) and the stability of the financial services sector overall. Revised Guarantee arrangements were also put in place in the course of the year.

Key Strategies

The key strategies underpinning the immediate goal of stabilising the financial system include:

- operation of the Credit Institutions (Financial Support) Scheme 2008 (Guarantee) and the Eligible Liabilities Guarantee Scheme.
- oversight and encouragement of the continued supply of appropriate credit to business and personal sectors.
- further action as required to protect and restore the health of the banking sector, in the interests of the economy as a whole, including overseeing the operation of NAMA; further recapitalisation of systemically important institutions, with accompanying measures to facilitate the flow of credit; and restructuring of the banking sector;

- ensuring that state interventions in the banking system to maintain financial stability, are consistent with the long-term sustainability of the banking system in Ireland, minimise risks to the Exchequer, and conform with State aid requirements.

The key strategies to achieve the medium and longer term goals include:

- Establishing financial regulatory structures that meet Government objectives for safeguarding financial stability overall and secure the soundness of individual financial firms.
- Ensuring that national objectives and priorities are aligned with the development of EU financial services policy, in particular through consultation with major domestic stakeholders.
- Promoting a competitive and efficient market in financial services, that support and safeguard the interests of consumers of financial services.
- Supporting the strategic development of international financial services in Ireland, consistent with appropriate regulation and its contribution to national economic recovery.

Inputs

Programme 4: Financial Services Policy	Estimate 2009	Provisional Outturn 2009	Revised Estimate 2010
	€m	€m	€m
Voted Administrative Expenditure: - pay	3.7	4.1	4.4
- non-pay	0.2	0.2	0.2
Voted Non-administrative Expenditure: - current	5.3	6.0	6.6
- capital	0.0	0.0	0.0
Total Gross Voted Expenditure	9.2	10.3	11.2*

	Provisional Outturn 2009	As at 31 March 2010
Programme 4: Number of staff employed:	57	57

* The increase in costs in 2010 reflects the redistribution of staff into the Financial Services Division and the additional costs associated with the Banking Inquiry.

Programme 4 – Key Targets and Outputs

2009 Output Targets	2009 Outputs	2010 Output Targets
<p>Stabilisation of the Banking Sector Stabilise and support the banking system, as required and agreed by Government to strengthen bank balance sheets in order to facilitate appropriate lending to the Irish economy.</p> <p>Prepare legislation to establish the National Asset Management Agency.</p> <p>Arrange injections of capital to systemically important financial institutions.</p> <p>Monitor the customer package and ensure benefits flow to bank customers.</p> <p>Improve the governance and monitoring of banks.</p> <p>Enact legislation for Deposit Guarantee and put appropriate regulations in place.</p>	<p>Stabilisation of the Banking Sector</p> <ul style="list-style-type: none"> • Anglo Irish Bank nationalised. • Recapitalisation of AIB, BOI & Anglo Irish Bank. • Eligible Liabilities Guarantee Scheme approved. • National Asset Management Agency Act enacted by the Oireachtas. NAMA established. • EU State aid approval for the bank recapitalisations and revised bank guarantee arrangements secured. • NAMA scheme notified to European Commission for EU State aid approval. 	<p>Stabilisation of the Banking Sector</p> <p>Delegation of certain banking functions of the Minister to NTMA and NAMA completed.</p> <p>Reform of capital structures of main banks with a view to ensuring long term stability and proper funding.</p> <p>The Credit Review process is operational.</p> <p>AIB and BOI have presented and are implementing credible plans for SME lending.</p> <p>The mortgage review group has reported and its recommendations have been considered by Government.</p> <p>The various responsibilities assigned to the Minister under the NAMA Act 2009 are implemented.</p> <p>The effective development and operation of NAMA is achieved and there has been appropriate accountability.</p> <p>Anglo Irish bank's future to be determined in the context of the Restructuring Plan to be submitted to the EU Commission.</p> <p>EU State aid approval secured for bank restructuring plan submitted in 2010 and implementation underway.</p> <p>Revised Bank Guarantee arrangements in place consistent with EU requirements</p> <p>Restructuring plans for building societies completed,</p>

		and approved and implementation underway.
<p>Reform structures of financial services regulation</p> <p>Cooperate with the Central Bank and Financial Regulatory Authority in developing legislation to reform the structures of financial regulation.</p> <p>Progress policy on credit unions by finalising legislation to extend Government Deposit Guarantee Scheme to credit unions savers; developing legislative reforms to stabilisation arrangements; establishing a central liquidity management mechanism; examining options to facilitate loan re-scheduling for credit union borrowers in arrears by amending S35 of 1997 Credit Union Act.</p> <p>Support D/Justice in progressing Anti-Money Laundering Legislation.</p> <p>Prepare for transposition of EU Consumer Credit Directive.</p>	<p>Reform structures of financial services regulation</p> <ul style="list-style-type: none"> • Implementation Group and Legal Issues Group progressed development of legislation on reform of the structures of financial regulation in line with Government timelines. • Draft legislative to reform credit union stabilisation arrangements developed. • Proposals to establish central liquidity management mechanism for credit unions progressed. Proposal submitted to Government to amend S35 of 1997 Credit Union Act. • Anti-Money Laundering Legislation cleared 2nd Stage in Dáil. • Policy on National Discretions on Consumer Credit Directive negotiated with Financial Regulator. 	<p>Reform structures of financial services regulation</p> <p>Central Bank Reform Bills to be enacted by end-2010 and consolidation Bill to be published.</p> <p>New fully-integrated Central Bank established.</p> <p>Credit Union strategic Review to be completed by early 2011.</p> <p>Central Liquidity Mechanism and stabilisation arrangements to be progressed.</p> <p>Anti-Money Laundering guidelines completed and circulated to financial institutions.</p> <p>Consumer Credit Directive transposed by June 2010.</p>
<p>EU financial services legislation /policy</p> <p>Progress Level II implementing measures for Solvency II which take account of Ireland's priorities.</p> <p>Represent national priorities and requirements, having consulted with stakeholders, in policy discussions in Retail Financial Services and Mortgage Credit Markets Integration.</p> <p>Represent national priorities and requirements in:</p> <ul style="list-style-type: none"> • Cross-Border Payments Regulation; • E-Money Institutions Directive; • Credit Rating Agencies Regulation; • Financial Conglomerates Directive; <p>Development of EU Financial Services Policy, including proposals emerging from the G20 Action Plan; EU Commission contribution to second Unidroit Convention; and review implementation of de Larosiere Group Report.</p> <p>Direct Debit Mandates (and Miscellaneous Provisions) Bill to be enacted.</p>	<p>EU financial services legislation /policy</p> <ul style="list-style-type: none"> • Solvency II Directive approved. • Policy discussions on Retail Financial Services and Mortgage Credit Markets Integration progressed. • Cross-Border Payments Regulation; E-Money Institutions Directive; and Credit Rating Agencies Regulation have been adopted. The Financial Conglomerates Directive remains under review by the European Commission. • EU Financial Services Policy, including proposals for financial supervision and those emerging from the G20 Action Plan developed. • Financial Measures (Miscellaneous Provisions) Act 2009 passed. 	<p>Represent national priorities and requirements, having consulted with stakeholders, in</p> <ul style="list-style-type: none"> • implementing measures for Solvency II Directive • Financial Conglomerates Directive; • AIFM Directive • CCP Derivatives Directive • Securities Law Directive • CRD III Directive • Supervisory reform (ESRB & ESAs) <p>Facilitate the inquiry into the banking crisis; including the preliminary inquiry by Messrs Regling and Watson and the Commission of Investigation</p> <p>Transpose the CRD II Directive by 30 Oct 2010; and the Settlement Finality & Financial Collateral Directives by 31 December</p>

		<p>2010.</p> <p>Establish a High Level Group on the National Payments Implementation Plan.</p> <p>Bring forward legislation to transfer certain Ministerial responsibilities for building societies from the Minister for the Environment, Heritage and Local Government to the Minister for Finance</p>
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