

Central Bank of Ireland - RESTRICTED

## **Financial Stability Group Meeting No. 3**

**6<sup>th</sup> March 2017**

**Department of Finance, Government Buildings, Upper Merrion St, Dublin  
2, D02 R583**

### **Attendance:**

#### **Department of Finance**

Derek Moran

Ann Nolan

Des Carville

Gary Tobin

Eoin Dorgan (Sec)

#### **Central Bank**

Philip Lane

Gerry Cross

Maurice McGuire

#### **NTMA**

Conor O’Kelly

Frank O’Connor

### **1. Accounts of previous Financial Stability Group meeting and matters arising**

A house style was agreed for the drafting of meeting accounts, which will be used for the February meeting account.

### **2. Tour de table of key current risks and specific policy issues**

The Group was updated on and discussed the following fiscal and economic issues:

- Exchequer returns to end-February are broadly in line with profile. The Department is undertaking detailed work to analyse the performance of income tax.
- The budgetary timetable for 2018 was set out with a broad outline of the Stability Programme Update, which will be published in mid-April.
- The Joint Committee on the Future Funding of Domestic Water Services has received an extension to the publication of its report and the Department is monitoring the potential fiscal impact of this policy area.
- Eurozone economic growth is broadly based, however there are significant risks from increased global protectionism and Brexit.

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- The new national economic output measure of GNI\* will be published after the summer and will be quite different to GDP.
- The NTMA will be attending the Oireachtas Budget Oversight Committee on 8<sup>th</sup> March in relation to the national debt.
- The NTMA's dual auction of 2026 and 2045 bonds will take place on 9<sup>th</sup> March.

The Group was updated on and discussed the following EU/International issues:

- The UK Government's recent statements on Brexit increase the likelihood of a hard Brexit. The Irish Government position was outlined by Taoiseach to the IIEA on 15<sup>th</sup> February.
- The discussions between the Department/Revenue/NTMA and Apple on the State Aid recovery are working towards the agreement of Heads of Terms. The agreement of these heads will still necessitate significant follow on work.
- The 60<sup>th</sup> anniversary of the signing of the Treaty of Rome will see the publication of a significant proposals for the Future of Europe, with some draft material having leaked in recent days.
- President Trump's State of the Union address contained relatively little information on corporation tax policy.

The Group was updated on and discussed the following financial sector issues:

- AIB issued FY2016 results on 2 March and is holding a capital markets day in London on 9 March which will be followed by a non-deal investor roadshow to international institutional investors.

### **3. General Legislative Update**

The Department gave an update on the Private Members' Bills that have passed second stage and which are of relevance to the Group.

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In addition, the Department also set out two priority pieces of legislation that it will be advancing during this Oireachtas session: the Amalgamation of the Offices of the Pensions and Financial Services Ombudsman Bill and the Asian Infrastructure Investment Bank Bill. There was a discussion of other potential legislative amendments.

### **4. Crisis Simulation Proposal**

The high level details of a crisis simulation exercise were discussed and agreed.

### **5. Any other business**

The next meeting of the Financial Stability Group will take place in the Central Bank's new offices on North Wall Quay.