

Less Waste Lower Taxes Stronger Growth

Fine Gael's Fiscal Plan
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FINE GAEL

Let's Get Ireland Working

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Introduction

Ireland now relies on other Governments to fund our State. That Ireland has been brought to this tragic juncture in our history reflects a massive loss of market and international political confidence in this Government's economic policies.

At the core of the loss of confidence in Ireland's economy has been the Government's reckless commitment of over €100 billion of taxpayers' money to bank bail-outs (€60 billion in recapitalisation; at least €40 billion in asset purchases by NAMA). This is three times the national debt before the crisis.

And an additional €25 billion in taxpayer borrowing has been earmarked by this Government to cover additional bank losses.

The Government's mantra that bailing out reckless banks and their investors was necessary to protect Ireland's credit rating has proved a catastrophic misjudgement. If it were not for the historical and potential future losses for Irish taxpayers from the Government's banking policy, Ireland's public finance problems would be judged by the financial markets as being difficult but entirely manageable. There would have been no need for an EU / IMF bail-out.

The IMF would not be here if Government had followed Fine Gael's approach. We would have used the period of stability provided by the Guarantee to restructure the banks and, where appropriate, impose losses on the banks' investors. This would have given Ireland the fiscal space needed to facilitate a softer adjustment in the economy.

Bringing order back to our public finances is now crucial to restoring our national sovereignty. This document sets out our plan to cut the deficit through tax reform and spending reductions. But we recognise that we cannot repair the public finances if we do not also succeed in getting people back to work and in capping the State's exposure to banks. Our jobs and banking plans are set out in detail in other documents.

Those who founded the State sought to create the economic foundations for our political independence. The purpose of the next Government, and the next generation, will be to turn again to that task.

1. The Scale of the Budgetary Adjustment

1.1 Reducing the Deficit to Below 3% of GDP by 2014

Fine Gael's Budget Plan sets out a 3-year budget programme delivering €8.9 billion in additional deficit reduction measures by 2014, including growth-enhancing measures and other policies needed to bring order back to our public finances in a fair and credible manner.

On the basis of the Department of Finance's forecast for the size of the economy by 2014, we expect this programme to reduce the annual deficit to 2.8% of GDP and our debt levels to 100% of GDP by 2014. Debt levels under Labour's fiscal programme will be at least €5 billion higher by 2014, if indeed there are any creditors willing to make such extra financing available to the next Irish Government.

We will review the pace and timeframe of the fiscal adjustment with the EU and IMF on an annual basis to take into account developments in the real economy. Should growth rates disappoint, we will continue with the same level of fiscal adjustment, but will avail of the extra year to reduce the deficit to under 3% of GDP offered by the EU-IMF Programme of Support.

1.2 Borrowing Only for Investment Purposes by 2016

On the basis that the economy grows to the levels projected under the ESRI's Recovery Scenarios ("low growth scenario" updated in July 2010), Fine Gael will achieve a surplus of revenues over the day-to-day cost of running the Government by 2016. By 2016, a Fine Gael Government will only borrow to finance the investments needed for a growing economy and population.

In setting this target, Fine Gael is committing to using any proceeds of growth over the final two years of the next Government to finance debt reduction and/or investment, rather than the types of pre-election tax and spending give-aways under Fianna Fáil that have so damaged our economy.

2. Renegotiating the IMF / EU Programme of Support

Fianna Fáil's Election Manifesto confirms that it has learnt little from the crisis of the last few years – that income tax increases to pay for further rounds of banking bail-outs will not restore confidence and growth to our economy. The lack of new ideas on jobs and growth – together with the inexplicable omission of new ideas to cap further costs of the Government's failed banking policy – is why the financial markets remain closed to Ireland.

While Fine Gael accepts the IMF-EU deficit reduction targets, we will seek to renegotiate with our EU partners to make the total cost of the bail-out package more sustainable and affordable. There are a number of options emerging at EU level to achieve this aim, including interest rate reductions, discounted debt buy-backs and a restructuring of unsecured bank debts. Making Irish taxpayers borrow up to €25 billion in additional funds from the EU / IMF at 5.8% to cover additional bank losses from fire-sales of loans and other bank assets, as Fianna Fáil propose, could push Irish Government debt to unsustainable levels. We will seek a mandate to renegotiate a more credible, fairer package that is better for both Ireland and Europe.

A credible programme to cap the taxpayer's exposure to the banking system and to stimulate economic growth, and to cut the deficit so that we only borrow for investment purposes by 2016, will together maximise Ireland's chances of accessing funds from the private bond markets at an early stage, and help to ensure lower interest rates for the State and our financial system.

In contrast, the proposals by the Labour Party to spread out the fiscal adjustment beyond the next term of Government, and to seek additional borrowing of at least €5 billion from the EU and IMF by 2014 will undermine Ireland's credibility in international markets, and make it more difficult to negotiate lower interest rates and a fairer deal on sharing the burden of the costs of fixing Ireland's banks.

3. **NewERA – Offsetting Fiscal Austerity with a Commercially-Financed Investment Programme**

As confidence in the Irish public finances is restored, Fine Gael will sell state assets, re-allocate the National Pension Reserve and restructure the commercial semi-state sector to bring forward €7 billion in extra investment in water services, telecommunications and energy, aimed at supporting demand and employment, and at providing the basis for sustainable, export-led growth.

These will be profitable, commercial investments. In this way, they will not count as Government expenditure, and their benefits to jobs, growth and taxation will underpin fiscal consolidation.

NewERA's priority areas for investment will be:

- 1. The creation of a 21st century “smart grid”.** The goal is to accelerate and, if necessary, modify the network development plans of the ESB and Eirgrid. The new smart grid will support the rollout of greater renewable energy generation and involve the installation of Smart Meters in every home. All options for electricity storage will be vigorously explored. We will also merge Coillte and Bord na Mona into Bio Energy and Forestry Ireland to stimulate the growth of our high-potential bio-energy sectors.
- 2. Rolling Out a Next Generation Telecoms Network:** NewERA will work closely with the private sector to provide Next Generation Access (high-speed broadband) to every home and business in the state. Fine Gael believes it is absolutely vital that any funding from NewERA results in additional, substantial investment from the private telecom operators.
- 3. Transforming our water network.** Fine Gael will create *Irish Water*, a new State company that will take over the water investment and maintenance programmes of the 34 existing local authorities. It will oversee a multi-billion programme to upgrade the State's inefficient and leaking water infrastructure.

In discussions with the IMF, Fine Gael has confirmed that some funds from the National Pension Reserve Fund and proceeds from the sale of state assets remain available, under conditions to be agreed, to finance the NewERA plan. A further update on our NewERA investment and reform plan was set out in our ***Working for Our Future*** policy document.

The investment programme – and the accompanying semi-state restructuring process – will be financed and pro-actively managed by a New Economy and Recovery Authority (NewERA), which will absorb the current National Pensions Reserve Commission. We will not borrow to make further payments into the National Pension Reserve. In the longer-term, sales of state assets will help reduce Ireland's debt levels to help prepare the public finances for increased pension spending on an ageing population.

4. Focusing on Spending Cuts over Tax Increases

Under a Fine Gael Government, tax increases will constitute 28% - or €2.5 billion – of the €9 billion in measures needed to hit our fiscal targets. The IMF's latest research says that "fiscal contraction that relies on spending cuts tends to have smaller contractionary effects than tax-based adjustments." ¹

They find that tax increases are twice as deflationary for domestic demand as spending cuts, and raise the unemployment rate by three times more than spending cuts. Previous academic studies find similar conclusions. ²

FG PLANS	2012	2013	2014
	€m	€m	€m
Tax Measures (Cumulative)	752	1,397	2,441
Spending Measures (Cumulative)	1,782	4,018	6,444
Total Adjustment Measures (Cumulative)	2,534	5,415	8,885
Cash-flow Effects from Carry Over of 2011 Budget Measures	1,200	1,200	1,200
Cash-flow Effects from One-Off Restructuring Charges (Voluntary Redundancies)	-300	-300	-300
Total Adjustment Cash-flow	3,434	6,315	9,785
	2012	2013	2014
Tax as a % of Total New Measures (Cumulative)			
Fine Gael	30%	26%	27%
Fianna Fáil Ratio	40%	37%	38%
Labour Ratio	59%	52%	50%

The balance of existing policy adjustments to date has delayed recovery. The total correction since July 2008 of over €21 billion has been approximately 44% on current spending and 56% between tax and capital spending. This excessive reliance on cuts in investment and tax increases, such as the Universal Social Charge, has killed jobs, delayed recovery and dramatically increased the tax burden on struggling families.

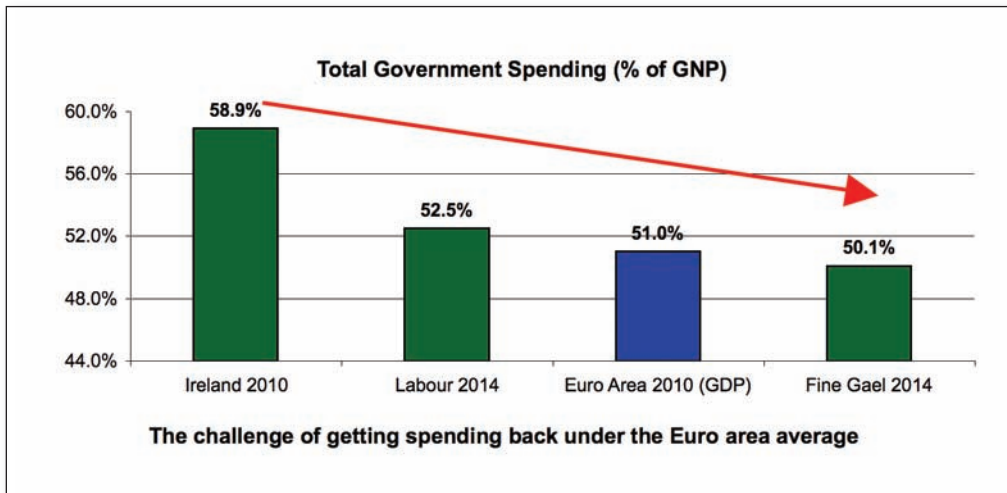
Fine Gael's approach will bring total Government spending back to 50% of GNP by 2014, from 59% in 2010. The 2010 share of spending in GNP compares with an average of 51% in the euro area and puts Ireland at joint 2nd highest out of 28 OECD countries. Labour's fiscal plans will leave total spending at 53% of GNP by 2014.

[1] International Monetary Fund, *World Economic Outlook October 2010, Chapter 3 'Will It Hurt? Macroeconomic Effects of Fiscal Consolidation*

[2] Alesina, A. and S. Ardagna, *Large changes in fiscal policy: taxes versus spending. Harvard University, October 2009. See also Alesina, A. and Perotti R., 1996, Reducing budget deficits, Swedish Economic Policy Review vol. 3, no. 1. Also Guichard, S., Kennedy, M., Wurzel, E. and André C., 2007, What affects fiscal consolidation? – Some evidence from OECD countries, OECD, from Banca d'Italia's 9th Workshop on Public Finances.*

Fine Gael's plan will set Ireland on a path towards the average 44% share of Government spending in GNP recorded in the late 1990s, when the Irish economy was returning to full employment through strong export-led growth. As a small open economy that competes for mobile capital and labour, Ireland needs a lower tax burden than some of the larger, less open EU countries, and we should aim to keep the tax share in GNP below the EU average.

Given our relatively young population (with lower demand on public pensions and health spending), our minimal defence requirements and the fact that our pension system is mostly funded out of private savings rather than social insurance and taxation (unlike many other EU countries), there is no reason why Ireland cannot enjoy European quality public services with a lower tax burden if we are willing to confront waste, inefficiency, duplication and redundancy in public spending.



5. Supporting Jobs, Growth and Competitiveness

With the right suite of budgetary and economic policies, Fine Gael believes it will be possible to attain the ESRI's benchmark projections for 2011-15, leading to a net increase in employment of 100,000.

Supply Side Structural Reforms

"Supply side" structural reforms to our economy – such as measures to improve competition and the incentives to work and invest – are inexpensive ways to restore confidence and to support growth and jobs in the medium-term.

As set out in *Working for Our Future*, Fine Gael will strengthen the reforms needed to cut business costs, to improve productivity, and to incentivise and facilitate people to acquire the skills needed to re-enter the workplace. The jobs measures with budgetary implications that Fine Gael will implement are listed below.

- To help employers hire people off the dole, we will halve Employers' PRSI on jobs paying up to €356 per week for two years.
- We double resources for certain home insulation and other residential and commercial energy saving schemes in 2012-13.

- We will put in place an extra 45,000 extra youth internship, training and employment places.
- To help companies to finance additional investment in technology, we will accelerate Capital Allowances (from 8 years to 3 years) on software purchases. This will not only support local, high-tech jobs in the software industry but will also facilitate productivity increase across the economy;
- We will amend the R&D tax regime to make it more attractive to smaller businesses. All R&D expenditures below €100,000 in any one year will become allowable, as opposed to just the increment over the 2003 base year. We will also give companies the option to offset the R&D credit against employers' PRSI as an alternative to corporation tax.
- We will offer tax credits to multinational companies that provide the funding and mentoring needed by emerging Irish-owned companies to enter international markets. The details of this will be prepared by Forfás, the IDA and the Department of Finance for the Finance Act in 2012.
- We will exempt from VAT service companies that export more than 90% of their output (as is currently the case with manufacturing companies), improving their cash-flows and cutting down on red tape.
- We will allow all companies to base their preliminary corporation tax returns on prior year tax liabilities, reducing their need to hire advisers to estimate their current year tax liabilities before the year is finished. We will also combine PRSI and tax data for employees, and simplify PRSI classes. To ensure that this is a revenue neutral proposal for the State, we will also consider bringing forward a proportion of the payment to earlier in the fiscal year.
- We will direct the Revenue Commissioners to examine the feasibility of introducing – on a revenue neutral basis – a Single Business Tax for micro enterprises (with a turnover of less than €75,000 per annum) to replace all the existing taxes on sole traders and small businesses (i.e. income tax, corporation tax, capital gains tax, VAT and PRSI). This could cut compliance costs and make starting a business much less daunting.

6. Taxation of Personal and Corporate Incomes

Fine Gael will protect the **12.5% rate of Corporation Profit Tax**. Our low corporation profit tax rate remains an anchor of Irish industrial policy that draws foreign direct investment and jobs into Ireland, fosters innovation and keeps companies from leaving for non-European lower cost locations.

Our effective corporate tax rates (total taxes collected as a share of corporate profits) is actually higher than that of most of EU countries, including France and Germany, given the high number of special reliefs and exemptions available to companies in many other EU countries.

Encouraging Work by Protecting Competitive Personal Income Taxes

Another major strength of the Irish tax system is the relatively low “tax wedge” on work – the difference between the wage bill for an employer and the take-home pay for an employee. The low tax wedge and competitive direct rates were a vital ingredient in Ireland’s return to full employment in the late 1990s. At a time of mass unemployment, now is not the time to ditch this tax model.

That is why Fine Gael will carry out a review the effect of the **Universal Social Contribution** on work incentives and employment participation in time for the 2012 Budget.

That is why we oppose proposals to raise either the **standard 20%** or the **top 41% rate of income tax**. Combining income tax, PRSI and the new Universal Social Contribution, the top rate is already 52% for income earned over €32,800 per annum (for a single PAYE worker).

An even higher marginal tax rate – 55% is being proposed by the Labour Party – on personal income would be counterproductive. They would discourage people from working harder, doing overtime and aiming for promotion. They inhibit companies from locating highly-paid high-tech jobs here. And they push self-employed people into the grey economy.

Fine Gael also opposes the scale of Fianna Fáil's plan for further big increases in income taxes on low- and middle-income earners by bringing more workers into the tax net and into the top rate of tax, and by massively cutting income tax relief on pension contributions for middle income earners.

Fianna Fáil's Planned Income Tax Increases

IMPACT OF FIANNA FÁIL'S INCOME TAX PLANS		
<i>One Earner Family (married, one income of €50,000)</i>		
Impact of a 6.5% cut in bands and credits proposed by Fianna Fáil		6.5% cut
personal credit (2010)	€3,300	€215
employee credit (2010)	€1,650	€107
homecarers credit (2010)	€810	€53
standard rate tax band (2010)	€41,800	
6.5% cut	€2,717	
extra 21% tax rate	€571	€571
Decrease in pension relief from 41 to 20% 5% contribution	€2,500	
21% less relief	€525	€525
		€1,470

By delivering extra cost reductions in the delivery of public services, and by broadening the tax base in other areas that do not undermine the incentive to work, Fine Gael in Government will support a recovery in employment levels by not increasing any more taxes on income and employment.

Closing Tax Loopholes for the Rich

Fine Gael will put a greater emphasis than Fianna Fáil in increasing tax yields by closing the big tax loopholes for the rich – by restricting or eliminating tax expenditures, tax shelters and tax exemptions use by Ireland's better off. In this regard, a Fine Gael Government will:

- Suspend (now closed) property-related tax reliefs for the duration of the crisis (thereby avoiding the inevitable legal challenges from the Government's policy). Before proceeding with further reforms of Section 23 tax incentives, we will await the outcome of the economic assessment by the Department of Finance;
- Cut pensions tax relief for top earners (see Section 10 below);
- Introduce new residency rules for tax exiles (as per Commission on Taxation's "Economic Test"); and
- Cut the threshold for application of minimum 30% effective tax rate to €250,000 from €400,000 at present (with marginal relief from €125,000)

7. Taxation of Consumption, Energy and Travel

Through changes in the size and structure of consumption and saving taxes, Fine Gael will support Irish jobs by encouraging consumer spending and re-directing it from imported goods and fuels to labour-intensive local services and energy sources.

Supporting Consumer Spending on Job-Intensive Irish Services

Deposit Interest Retention Tax (DIRT) will be increased from 25% to 30% to encourage higher levels of household consumption.

The rise in the standard 21% rate of VAT proposed by this Government will be accompanied by a temporary (2-year) cut of at least 1.5% in the reduced **13.5% rate of VAT** on labour-intensive services (construction, hotels, restaurants, hairdressing, newspapers etc.), bringing it down to 12%. This will boost the competitiveness of our tourism sector and help divert consumer spending from import-intensive goods into labour-intensive domestic services.

A Sensible and Fair Increase in Carbon Taxes

The €15 per tonne increase in the carbon tax proposed by Government for 2014 is excessive, and will be particularly hard felt by the elderly and in rural Ireland. With an increase of this scale, Ireland would likely have the highest carbon taxes in the world, making some energy-intensive industries uncompetitive here.

We will reduce the proposed increase in Fianna Fail's plan by €5 per tonne (to €25), with the effect that, compared with Fianna Fáil's proposals, a bag of coal will be 60c cheaper, a tank of petrol (60 ltr) will be 78c cheaper, and a 1,000 litres of fuel oil for home heating will be €17 cheaper. We will also put aside additional resources to accelerate home insulation programmes in 2012-13, focusing particularly on the elderly.

Fine Gael will provide an exemption from the additional carbon tax increases for farm diesel. Without such an exemption, the rise in the carbon tax will divert food production to less efficient producers in other countries.

Moreover, the application by a Fine Gael Government of a higher **carbon tax** to solid fuels will be phased in only when progress is made to control imports of dirtier, more carbon-intensive solid fuels from the UK.

Other Tax Measures to Protect the Environment

Environmental levies such as the plastic bag tax have been very successful in reducing the amount of plastic bags in circulation while raising millions for the Environment Fund to pay for public recycling. While industry has made progress in reducing waste from packaging, more can be done. It makes sense that new levies are introduced in ways that improve our environment, aid environmentally friendly businesses, help close the deficit and help us meet our EU waste obligations.

Following consultation with industry, Fine Gael will introduce a new levy on packaging to prevent excess waste from entering the waste cycle in the first instance. This is done on Denmark and taking their rates as a benchmark it is estimated a similar tax in Ireland could raise an additional €60 million for the Environment Fund by 2014.

Encouraging Trade, Travel and International Access

International access is vital to Irish economic recovery. That is why Fine Gael will abolish the **€3 travel tax** subject to a deal being agreed with Ryanair and Aer Lingus to re-open closed routes and bring more tourists into Ireland. If no deal can be done, there will be no reduction in the tax.

8. Taxation of Property and Wealth

Fianna Fail's proposal, now endorsed by the Labour Party, to introduce by 2014 an annual, recurring residential **property tax on the family home** is unfair for three reasons:

- The initial flat rate charge means that owners of houses in standard neighbourhoods will pay as much as the owners of mansions.
- It will be difficult to pay for asset-rich but income poor households, particularly the elderly and the unemployed; and
- It will be deeply unfair for a young generation that paid exorbitant amounts of stamp duty and VAT on the purchases on over-valued houses, many of whom now find themselves in negative equity.

But as we tackle the fiscal crisis, we will have to cut central exchequer funding for local authorities, and we recognise that local authorities will have to find more sustainable sources of revenue appropriate to local circumstances. What will be viewed as fair in South Dublin might be viewed as unworkable in rural Clare.

In this context, we will empower local authorities to put in place, following the 2014 local elections, fairer alternatives to Fianna Fáil's and Labour's recurring annual tax on the family home. The options would include:

- No extra local taxes, forcing local authorities to close non-priority services and / or to deliver increased efficiencies;
- Increased local user charges for waste etc.; or
- The option of a local "site sale profits tax". Such a tax would be levied on the profit made from the site value on the sale of a residence (sales proceeds, less cost indexed by inflation, less stamp duty paid and less home improvements).

The final measure might be considered as both fairer and more economically sensible than an annual recurring property tax for a number of reasons:

- It would be less expensive to administer;
- It would exclude families in negative equity, who by definition have not benefitted from a rise in property values. Families who sell their properties at a loss will also be able to carry forward such losses against future capital gains tax liabilities on their residences.
- The tax would only fall due which families have the cash to pay it.
- It would do more to halt the types of property boom and bust and credit cycles that have so damaged our economy and society.

Whichever option local electorates choose, for the first time since the 1970s local government will have real independence from central Government in deciding what services to provide at local level and how to fund them.

Other Measures to Raise Revenue from Property and Inherited Wealth

In the interim period, Fine Gael will also raise additional revenues from property and inherited wealth through the following measures:

- An increase in the second home tax to €300 per year;
- A cut in Capital Acquisitions Tax Thresholds (by at least 20%) and increase the rate (from 25% to at least 30%); and

Supporting Working Families in Mortgage Arrears and Distress

According to the Financial Regulator, over four in every 100 Irish mortgage holders – a total of over 40,000 mortgages – are in arrears for more than three months and 28,000 of these are in arrears for six months. With mortgage interest rates expected to rise again next year, it is imperative that the next Government helps families in distress.

Fine Gael will increase mortgage interest relief to 30% for First Time Buyers who took out mortgages in 2004-08 (from the current sliding scale of 20% to 25% depending on the year the mortgage was taken out), financing in part by bringing forward the abolition of relief for new buyers from June 2011.

For a married couple with a variable rate mortgage, the maximum effect of this change will be to reduce their mortgage servicing costs by €166 per month, or €2,000 per year, helping to keep families in their own homes and off the social housing lists.

9. Water Charges

Fine Gael will only introduce household water charges when responsibility for water delivery is transferred from 34 local authorities to a single national water company, which will be responsible for cutting operating costs and making the investments needed to fix water leaks, as set out in detail in our NewERA plan. Fine Gael believes that such a national water company would be up and running within 12 months.

At that point, the operating costs and future investment requirements for water services will be largely funded by household and business charges, with some continued taxpayer subsidies to pay for free allowances for family households.

10. Pensions Taxation

Fine Gael recognises the need to cut the cost to taxpayers of subsidising pension provision, but this must be done in a way that is demonstrably fairer than the measures set out in Fianna Fáil's manifesto.

Under the Government's plan, tax relief on contributions to pensions by middle and higher income employees will be more than halved from 41% to 20%. Given that many of the resulting pensions will then be taxed in retirement at almost 50%, this will destroy the incentive for tens of thousands of middle income Irish families to save for retirement.

These are the families that have already been hammered by the recession. Cutting their future pensions is adding insult to injury. These changes would mean that young middle income families can never aspire to the types of pensions enjoyed by those already close to or in retirement, and particularly those lucky enough to be in public sector pension schemes.

In contrast, there will – under Fianna Fáil's plans – be no further restrictions on the often huge employer pension contributions for top-tier staff in both the public and private sectors. This is a reform that has been designed by the top tiers of the public service for the top tier of the public service.

They also mean that high earners in the private sector, including banks, will likely sacrifice future pay increases and bonuses for tax-free employer contributions to their pension funds.

As a fairer and more effective alternative to Fianna Fáil's plans, we will make tax savings of a similar scale through a combination of the following measures:

- A temporary, annual 0.5% contribution for all private pension funds, so that older beneficiaries of past tax relief make some contribution to deficit reduction. An equivalent reduction could be applied to public and private sector defined benefit entitlements;
- Abolition of PRSI relief on employer pension contributions;
- Allowing defined contribution pension savers to access funds early, within reasonable limits, to meet their current business and personal responsibilities (and taxing the draw-downs);
- Cutting the limit on tax-free lump sums on retirement to €250,000;
- A cut in the standard fund threshold for pensions to €1.5 million for public and private sector workers, while also increasing the notional annuity cost of defined benefit, final salary schemes from the current 20:1;
- An increase in the "deemed distribution" rate on large (Annual Retirement Funds ARFs) to avoid their use for inheritance tax planning; and
- Applying from 2012 marginal rates of income tax, rather than Capital Acquisitions Tax, to ARFs on the death of the beneficiary to avoid their use for inheritance tax planning. This could be accompanied by a 1-year window in 2012 for beneficiaries to accelerate withdrawals from ARFs at a tax rate of 35%, leading to a windfall for the exchequer at a crucial time.

The net objective of our changes will be to cap taxpayer contributions to existing public and private sector schemes that deliver pensions of greater than €60,000 in retirement, while maintaining adequate incentives for younger, middle incomes families to continue to save for their retirement. There will, per usual, be transition arrangements for those approaching retirement.

11. Enhanced Measures to Cut the Public Service Pay Bill

As set out in our *Reinventing Government* plan, Fine Gael will strengthen the public service modernisation effort to make Government smaller and better, while doing more to protect key front-line services and the most vulnerable.

Public service pay-roll constitutes 35% of current spending, and yet contributes only 17% of the respective spending reduction plans of either Fianna Fáil or Labour. There is scope for additional savings from the public sector payroll over and above Fianna Fáil's targets of at least €900 million by 2014, through the following measures.

11.1 Additional Reduction in Public Sector Numbers

As set out in our Reinventing Government plan, published in November, Fine Gael will reduce the size of the public service by 10% – just over 30,000 – without undermining key front-line services in health, policing and education, through over 105 reforms to cut back-office bureaucracy and delivery improved value for money.

This means that Fine Gael will reduce back-office administrative positions in the public service by an additional 18,000 over and above the 12,000 reduction set out in Fianna Fail's 4-year plan and by an additional 12,000 over the 18,000 reduction set out in Labour's plan. All of these extra reductions will be targeted at back-office administrative functions. These extra reductions will be achieved through voluntary redundancies.

Our plan commits that by 2016:

- Citizens and the Oireachtas will have had the opportunity to approve, and hopefully will have approved, the legislative and constitutional changes needed to cut the number of national politicians by 35%, while also improving the ability of a new single chamber parliament to hold the Government to account.
- The numbers of staff working in central Government Departments will have been cut by one-third, in part through six new shared-service operations in Payments and Entitlements; Business Inspections; Pay and Pensions Administration; Procurement and Property Management; IT; and Finance and Accounting.
- At least half of the savings options from the Special Group on Public Expenditure and Numbers ("An Bord Snip") will have been delivered, including 100% of the savings recommended in the Oireachtas budget. At least 80% of saving options from the Local Government Efficiency Review will also have been delivered.
- The big top-down bureaucracies like the HSE and FÁS will have been replaced by new systems that encourage a greater diversity of service providers and that put choice and resources into the hands of citizens.
- The number of Government quangos, regulators and inspectorates will have been cut by 145, ending the wasteful fragmentation in service delivery.

11.2 *Additional Measures to Cut Public Sector Payroll Costs*

Fine Gael will set a salary cap of €200,000 across politics and the public sector. This will mean cuts in salaries for the Taoiseach, Ministers and the most senior civil servants. We will require all TDs' expenses to be fully vouched. We will abolish severance payments for Ministers, and will cap taxpayer subsidies for political and top public sector pensions.

The pay reductions for the 650 most senior public servants recommended by the Review Body on Higher Remuneration in 2009 will be implemented.

Excluding savings from headcount reductions, Fine Gael will seek additional payroll savings of 1% each year, to be negotiated and delivered locally, out of the costs of overtime, sick leave, special allowances and expenses.

12. Cutting Non-Priority Spending Programmes and Subsidies

We have adopted the target set out in the IMF-EU Programme of Support to reduce the cost of non-payroll and non-welfare programme spending by an additional €1.2 billion over the three years 2012-14 (not including the full-year carry-over effects of decisions taken in the 2011 Budget).

Within six months of entering Government, we will complete a **Comprehensive Spending Review** to identify non-priority and non-performing programmes, and services that could be delivered in new ways at less expense to the taxpayer. This review will be steered by a senior cabinet sub-committee and will critically examine every public spending programme against six key tests:

- Does the programme serve the national interest or vested interests?
- Should the service be funded by taxpayers or service users?
- Is the State the best provider?
- Is it effective in meeting its goals?
- Can its efficiency be improved?
- Is it affordable in the current context?

Without pre-empting the outcome of the full review, spending programmes that Fine Gael has already earmarked for significant cost reductions include:

- At least €300 million in **procurement and property savings** at local and central Government levels. As set out in our *Reinventing Government* plan, we will merge the National Development Finance Agency into the Office of Public Works to become an **Office of Government Procurement and Property** (OGPP), to achieve major cost reductions in procurement, property and infrastructure budgets. It will target procurement savings from the HSE's GMS drug costs (by moving to a new system of reference pricing), Legal Aid, Public Private Partnerships, publications (moving to online only), advertising and publicity, rental contracts for school pre-fabs and energy and telecoms costs.
- At least €250 million reduction in exchequer subsidies to cover local Government operating costs in **water and waste water management**, consistent with our plan to move responsibility for water management to a commercial financed, state-owned utility, Irish Water. There will still be some exchequer funding to cover the cost of the free water allowances to be made available to each family.
- At least €100 million reduction in **exchequer subsidies for transport operators**, in part by mandating the National Transport Regulator to open up bus routes in Dublin and elsewhere to competitive tendering from alternative providers, and by opening up the use of publicly owned bus stations to facilitate competition and user choice. We will integrate the highly inefficient school transport and HSE non-emergency transport programmes with the Rural Transport Programme (which altogether cost the Irish taxpayer €220 million in 2010) under the National Transport Agency. The NTA will be charged with tendering - on a county by county basis - for new, integrated, local transport services serving patients, school children and the public alike.
- At least €65 million **reduction in exchequer and local authority subsidies for waste management**, in part by requiring local authorities to seek cost efficiencies through competitive tendering for all waste collection and by achieving greater economies of scale in waste management on a regional basis.
- At least €55 million **reduction in state payment for professional services**, in part through extending the Injury Board's non adversarial model to other areas of personal injury claims like medical negligence and Garda Compensation, where high legal costs still dominate. We will also pilot a no fault compensation scheme for children who suffer catastrophic birth injuries, utilising scarce resources to support families and not pay massive legal bills.
- At least €50 million reduction in exchequer **subsidies for residential and business energy savings technologies** by 2014 (excluding the "Warmer Homes" scheme for social housing, which will be maintained). From 2014, higher carbon prices will provide sufficient investment incentives for households and businesses. We will also put aside extra resources to finance the resulting bringing forward of demand in the intervening two years.

13. Longer-Term Structural Reforms to Improve Public Service Effectiveness and Efficiency

We will deliver longer-term structural reforms that will reduce the cost of delivering public services beyond the 2012-14 adjustment period.

13.1 *More User “Choice and Voice” in Service Delivery*

Across the public service, we will seek opportunities to make limited resources go further by giving service users more choice and influence. Rather than giving fixed budgets to traditional public service providers like the HSE, VECs and FÁS, we will put resources into the hands of citizens to acquire services that are tailored to better suit their needs and less expensive for the taxpayer.

We will move from fixed budgets for HSE hospitals to a **“money follows the patient”** system common in other insurance-financed hospital systems, such as Canada and the Netherlands. We will also give – out of existing HSE resources – adults and children with disabilities and their families the option of Personal Care Budgets to choose the services they want and need.

To support training, we re-allocate money from FÁS and the National Training Fund into **Training Vouchers** that will empower the unemployed to define and acquire their own training and re-skilling needs from VECs, Institutes of Technology and other education and training providers.

We will abolish FÁS Services to Business and use the money saved to reverse Government cuts to **Skillnets** – a programme that allows networks of businesses to define and customise their own training requirements at considerably less cost. As these reforms progress, the current FÁS bureaucracy will be dismantled.

We will also re-allocate money from the National Science and Innovation Strategy to double the maximum value of Innovation Vouchers for small and medium-sized enterprises to €10,000. This will help small businesses to shape the research agenda of universities and other knowledge providers in a way that makes them more relevant to the commercial challenges facing Irish businesses.

13.2 *A Public Service Demand Reduction Strategy*

No matter how much more efficient we can make hospitals, training supports, welfare administration and prisons, it will be far more cost effective to address the underlying sources of ill-health, economic exclusion and crime. The savings from preventative services can dwarf those from more traditional efficiency drives. The Comprehensive Spending Review will also be tasked with publishing a **Long-term Public Service Demand Reduction Strategy**, with quantified cost-benefit analyses of possible initiatives in a range of areas, such as:

- Fall prevention strategies for older people in the home in order to reduce demand for acute hospital and long-stay care services;
- Reducing homelessness to cut downstream demand for policing and healthcare;
- Interventions with ex-prisoners to reduce recidivism and homelessness; and
- Greater interventions to combat obesity and alcohol and drug abuse and reduce the downstream demand for healthcare and other services

13.3 *Involving Non-Government Voluntary Bodies in Service Delivery*

Policy makers in countries at the cutting edge of public service modernisation are also broadening their thinking to assess the case for working with the independent sector and “social entrepreneurs” to address with earlier interventions some of the thorniest social problems linked to billions of euros in public spending.

We will introduce a new model of financing called '**Social Impact Bonds**' that share audited exchequer savings with community and voluntary organisations for social programmes delivered by them. We will pilot the use of Social Impact Bonds to help voluntary bodies to finance interventions that cut rates of homelessness and re-imprisonment by re-integrating ex prisoners into society and the workforce.

13.4 *Re-Directing Health Spending into Primary Care*

As part of our FairCare health strategy, we will allocate an additional €150 million by 2014 in public spending to support a re-direction of patients, particularly those with chronic illnesses, from our hospital system to treatment in local primary care centres. The savings – in terms of reduced demand for expensive acute hospital beds – will be longer-term. The details of this plan are set out in our health strategy.

14. **Cutting Welfare Costs While Protecting the Most Vulnerable**

14.1 *Protecting the Most Vulnerable*

Fine Gael will not cut the Old Age Contributory or Non-Contributory Pension. Fine Gael will increase the age at which people qualify for the State Pension to 66 years in 2014, in line with the existing EU/IMF agreement.

We will protect the human shield against poverty and isolation. We will not cut welfare entitlements for carers, the disabled or the blind.

14.2 *Making Sure that Work Pays*

As wage levels in the economy revert to more competitive levels in order to protect employment, it will be necessary and fair to also reduce social welfare payments for those with the capacity to work, beginning with €3 weekly cuts in 2012 and 2013 and a final €4 cut in 2014. Working-age payments to carers, the blind and the disabled should be maintained at current levels.

14.3 *Increased Conditionality for Job Seekers Benefits*

A Fine Gael Government will no longer subsidise a passive welfare system that does not help people get back to work. The new Payment and Entitlements Service (PES) will offer earlier interventions to support those losing jobs to remain engaged with the labour market. Among the measures that will be introduced will be:

- A requirement on under 25s to maintain a Jobs Diary recording search experience and skill enhancement activities, with sanctions for unreasonable rejections of training and job opportunities;
- Increased conditionality whereby benefits will be reduced if recipients refuse offers of training, education, work experience; and
- A reduction in the frequency of signing on in favour of a more meaningful schedule of engagement with Jobseekers.

14.4 *More Cost Effective Solutions for Families with Housing Needs*

Fine Gael will also seek to make significant savings in the cost of Rent Supplement, by cutting rates by at least 10% and by limiting its availability to six months. After six months, families with housing requirements will be transferred to local authority Rental Accommodation Schemes. The Tenant Code of Conduct, with which local authority tenants have to comply, will be a new condition of Rent Supplement.

This solution offers cost savings for the taxpayer, and also avoids the poverty traps and high effective marginal tax rates associated with Rent Supplement.

14.5 *Targeting Child Benefits at the Most Disadvantaged Families*

In Government, Fine Gael will implement a rebalanced and integrated “Child Income Support with universal and targeted components to make the overall system more coherent and effective, and to deliver target savings of €250 million by 2014 (about 7.5% of the current total budget for child supports).

The “Child Income Support” will replace Child Benefit, the Qualified Child Increase and the child related component of the Family Income Supplement.

A Universal payment to all families with children will be maintained, but will be supplemented by a new more targeted payment for lower-income families, with gradual withdrawal as family incomes rises. This has advantages over both the taxation of Child Benefit and the standard means-testing of child benefit. It is preferable to standard means testing (such as for medical cards) which would result in benefits being withdrawn suddenly for all families above a certain income limit. It would also mean that some families would get no support with the cost of raising their children, and would create disincentives to work.

It is also preferable to the taxation of child benefit as there are significant practical administrative difficulties related to defining “income” and how different household types are dealt with (joint/ individual tax assessment, cohabiting, separated and divorced couples).

Building on some existing pilot projects in Dublin (e.g. ‘Preparing for Life’), we will allocate a proportion of the reform savings to finance a gradual national roll-out of targeted pre-school programmes for disadvantaged children. Additional investment in this area will:

- Target disadvantaged families;
- Work with mothers also to improve parenting skills;
- Use professionally trained instructors;
- Develop a consistent and strong curriculum;
- Incorporate necessary child health services ; and
- Collect and analyse data relating to improve and build upon existing programmes.

Such early childhood education supports deliver huge economic and social returns, cutting the massive long-run costs to taxpayers of the crime, educational and health problems associated with social and economic exclusion.

14.6 *Longer-Term Welfare Reforms*

We will direct the Department of Social Protection to commission plans to eliminate poverty traps in the welfare system, including the conversion of rent supplement and other secondary benefits into means-related supports that are unaffected by working status (with tapered withdrawal).

15. Enhanced Measures to Cut Social Welfare Fraud

Future reductions in working age and other social welfare payments after 2011 can be minimised if the next Government is more successful than the present one at reducing the massive levels of fraud, mistakes and administrative cost associated with the current welfare system in Ireland.

There are currently over 20 different Government bodies – with 1,500 offices across the country – that process citizen entitlement claims and means-testing of various sorts. For public service users, the taxpayer and the public service, much of this is hugely wasteful, error-prone and complex.

A recent RTE PrimeTime Investigation estimated that between one in ten and one in seven social welfare payments could be fraudulent, costing the taxpayer between €2.2bn and €3 billion per year.

At a time when Ireland has to reduce the budget deficit and to continue funding welfare for those people who really need it, it is outrageous that recent Governments have done so little to control fraud and abuse within the system.

Fine Gael will create, out of a merger and rationalisation of existing structures, a new “one-stop shop” **Payments and Entitlements Service (PES)** to process citizen entitlements, beginning with:

- **Farm-related payments** (single farm payments, disadvantage area payments) managed by the Department of Agriculture and Food;
- **Supplementary welfare allowances** managed by the HSE Community Welfare Officers (mortgage interest supplement, rent supplement, back to school schemes);
- **Medical card applications** administered by the HSE;
- **Higher education grants** administered by local authorities and VECs;
- **Housing supports** administered by local authorities;
- **Legal aid** services administered by the Legal Aid Board;
- **Welfare allowances** administered by the Department of Social Protection;
- **Employment referral and training supports** provided by FÁS

The PES will be mandated to assess and apply global best practices to cut down on fraud and mistakes in the social welfare payments, including, for example:

- **A Rights and Obligations Campaign:** It will pilot public information campaigns emphasising claimant rights and obligations, as well as the consequences of defrauding the system, which in other countries have been shown to cut fraud among high risk groups.
- **A National Fraud Helpline:** It will establish a national fraud helpline and embarked on a long term publicity campaign to change people attitudes about the acceptability of fraud.
- **A “Smart Identity System”:** It will pilot new control systems that store a photograph of the owner of each PPS number on a secure central database accessible by social welfare staff. The photograph confirms the identity of the claimant before the payment is processed.
- **Risk Based Enforcement:** It will adopt sophisticated risk identification techniques, such as information from credit rating agencies, to detect fraud and errors.
- **Penalties and Prosecutions:** It will introduce new powers to withdraw or reduce benefit for people convicted twice of a benefit offence and the power to target employers who collude in welfare fraud.

16. Re-Prioritising Capital Spending

Under Fine Gael's NewERA plan, streamlined and restructured semi-State companies will invest an additional €7 billion, over and above current plans, over the next four years in "next generation" infrastructures in energy, broadband, forestry and water. Some of these investments – in water infrastructure for example – will offset cuts to exchequer spending planned by the present Government.

Exchequer capital funding will be re-prioritised for smaller projects that deal with specific immediate problems. Recent weather events have resulted in significant damage to existing infrastructures. Dealing with specific local bottlenecks carries the highest return. Not dealing with this damage is likely to result in a further deterioration of infrastructures and will have wider economic costs. Smaller projects are more labour intensive and more likely to be carried out by local contractors increasing short-run domestic economic impact.

In the absence of proper structures and procedures for the selection of projects, many projects that have been promoted by the current Government are highly questionable. Going ahead with these without a re-evaluation risks wasting scarce resources. We will review the structures and processes used to make decisions on major infrastructure projects/programmes. The current situation where agencies, whose *raison d'être* depends on finding new projects, control the decision making process is subject to significant moral hazard.

17. Other Measures to Restore Confidence and Fiscal Stability

17.1 *New Fiscal Institutions and Rules to Stop Reckless Budgeting*

It has become evident that the Oireachtas does not have the information or technical know-how to monitor whether Governments are managing the public finance in a responsible manner. An increasing number of other countries have adopted new rules to enforce transparent budgeting, and established independent offices to assess politicians' budget decisions, to open them up to public and parliamentary scrutiny and to increase the "political cost" of irresponsible, electorally-driven budgeting.

In the USA, for example, the Congressional Budget Office provides an independent assessment of the long-term cost of the Government's tax and spending policies, and the likely direction of Government borrowing and indebtedness. This Office has played a central role in recent political debate on healthcare reforms. Similarly, Sweden and the UK have also set up independent fiscal council.

Fine Gael will establish an **Independent Fiscal Council** to ensure that Governments respect prudent fiscal rules set by the Oireachtas. In particular, the Council will advise the Oireachtas on:

- The quality of the Government's economic forecasts, as well as the reliability of its underlying models;
- The level of Government saving / borrowing consistent with the current situation of the economy, and the need to promote jobs and price stability;
- The reduction in the national debt needed to close the current "default premium" that has raised Irish interest rates over those of other EU countries;

Σ The level of taxation needed to support current and future expenditure plans on a 50-year "no policy change" basis (including past pension commitments, "off balance sheet" liabilities and the impact of an ageing population), as well as the transition to the targeted level of national debt.

In presenting the annual Budget, the Minister for Finance will be subject to a "comply or explain" requirement in responding to observations and recommendations by the Independent Fiscal Council.

We will also ask the Oireachtas Finance Committee and the new Independent Fiscal Council to complete an assessment within 12 months of the merits of proposing a constitutional amendment – which would have to be approved by referendum – to set limits on the freedom of any future Government to spend more than it takes in revenue, adjusting for the cyclical state of the economy and for natural disasters.

17.2 *Opening up the Budget Process to More Scrutiny*

Fine Gael will open up the Budget process to the full glare of public scrutiny in a way that restores confidence and stability by exposing and cutting failing programmes and pork barrel politics. Public bodies will be required to openly compete for budget resources by publishing their pre-budget spending requests, and what they would deliver in return for such allocations to help deliver the Programme for Government. Fine Gael will publish cost-benefit analyses for major infrastructure proposals and "tax expenditures" in advance of Government approval.

17.3 *Political and Administrative Focus on Value for Money*

The Department of Finance has failed to deliver good value-for-money for taxpayers through public service modernisation, in part because of the excessive breadth of its responsibilities and its culture of centralised control and distrust of the front-line.

Responsibility for public service modernisation (including the preparation of the annual spending estimates) will be vested in a new **Office of Public Spending and Modernisation**, which will also be responsible for expenditure management within the overall envelopes determined by the Minister for Finance, and will be represented by a Minister at Cabinet.

The new Office will replace the existing Sectoral Policy Division and the Public Service Management Division of the Department of Finance and the Public Service Modernisation division of the Department of An Taoiseach, cutting the current staff numbers in these areas by at least one third.

The Minister for Finance will remain responsible for overall budget tax and spending parameters. Within the context of strict (and generally much reduced) spending envelopes, the Office will loosen central Government's traditional tight grip over other Departments and agencies, while becoming clearer about what outputs are expected in return for moneys allocated.

17.4 Reforming the Department of Finance to Improve Ireland's Credibility

For too long the Department of Finance has misdiagnosed the state of the Irish economy, damaging the country's credibility with international markets. A Fine Gael Government will make an external appointment through open competition of an economist of international repute to head up the Department's Budget and Economic Policy division.

17.5 More Spending Transparency

Every Purchase Order by a Government Department or agency for more than €20,000 will be published online. We will also give the Comptroller and Auditor General and Oireachtas Committees the extra powers needed to carry out value-for-money audits of State programmes.

Public bodies will be required to openly compete for budget resources by publishing their pre-budget spending requests, and what they would deliver in return for such allocations to help deliver the Programme for Government.

Appendix 1 Summary of Fiscal Consolidation Effort

Total Structural Fiscal Consolidation Measures	2,534	5,415	8,885
Tax Measures	752	1,397	2,441
Spending Measures	1,782	4,018	6,444
Cashflow Effects from Carry Over of 2011 Budget Measures	1200	1200	1,200
Cashflow Effects from One-Off Restructuring Charges (Voluntary Redundancies)	-300	-300	-300
Total Adjustment Cashflow Effects	3,434	6,315	9,785
Tax as a Proportion of New Measures	30%	26%	27%

Appendix 2 Tax Measures

Taxation Measures	752	1,397	2,441
Closing Tax Breaks for the Rich	289	289	539
Suspension of (now closed) property-related tax reliefs	260	260	260
New residency rules (as per Commission on Taxation's "Economic Test")	20	20	20
Reduce threshold for application of minimum 30% effective tax rate to €250,000 (with marginal relief from €125,000)	9	9	9
Bank Levy / Bank Dividends	0	0	250
A Fairer Approach to Cutting the Costs to Taxpayers of Pensions Provision	575	575	575
A temporary annual 0.5% contribution for all private pension funds	425	425	425
Abolition of PRSI relief on employer pension contributions	90	90	90
Allowing defined contribution pension savers to access funds early (2.5% per year for 4 years) (and taxing the drawdowns)	50	50	50
Other pension reforms	10	10	10
Other Income Tax Broadening Measures	45	45	45
Increase Deposit Interest Retention Tax from 27% to 30%	45	45	45
Progressive Measures to Increase Taxation on Import-Intensive Consumption	440	785	875
Increases in standard rate of VAT to 22% in 2012 and 23% in 2013	260	570	620
Increases in motor tax (€50 increase in bands A-D and 'under 2,000cc'; & €100 increase on E-G; and over 2,001cc)	100	100	100
25c increase in a pack of cigarettes in 2012, plus 50% cut in lost taxes from cigarette smuggling through industry-financed port scanners	55	70	90
€1 increase in excise duty on a bottle of wine by 2014	20	40	60
Extra VAT yield from banning below cost selling of alcohol	5	5	5
A Fairer Way to Tax Wealth and Property	91	156	156
Capital Acquisitions Tax - increase rate from 25% to 30%	25	50	50
Capital Gains Tax - increase rate from 25% to 30% (excluding SME equity investment)	35	75	75
Increase second home tax to €300 per annum	31	31	31
Environmental Taxes and Other Revenue Raising Measures	130	365	475
Auctioning of Carbon Allowances for Power Generation and other Industrial Uses from 2013 (assuming carbon price of €25 per tonne)	0	215	215
Increase in the carbon tax to €20 per tonne in 2012, and to €25 per tonne by 2014 (with an exemption for farm diesel)	100	100	200
An environmental tax on packaging (as per Comhar recommendation)	30	50	60
Supporting Working Families in Mortgage Distress	-120	-120	-120
Increase in mortgage interest relief to 30% for First Time Buyers in 2004-08, combined with abolition of relief for new buyers from June 2011	-120	-120	-120
"Going for Growth" – A Tax Stimulus to Support Employment, Enterprise, Innovation, Tourism, and Trade	-698	-698	-104
2-Year cut in reduced 13.5% Rate of VAT to 12% on labour-intensive services (construction, restaurants, cleaning, maintenance etc.)	-393	-393	0
2-Year halving of lower 8.5% rate of employers' PRSI on employees with earnings up to €356 per week (instead of minimum wage cut)	-201	-201	0
Abolition of €3 travel tax as part of new deal with airlines on routes / passenger numbers	-54	-54	-54
Other pro-enterprise tax measures	-50	-50	-50

Appendix 3 Spending Measures

Spending Reforms	1,782	4,018	6,444
Reduction in Departmental Programme Expenditures, Subsidies and Procurement, as per 4-Year Plan	400	800	1,200
Targeted procurement savings from establishment of Office of Property and Procurement (incl. GMS Generic Substitution)	100	200	300
Cut in subsidies for water and waste water provision after introduction of household water charges and setting up of Irish Water	100	200	250
Cut in subsidies for transport operators and opening up public transport to competition	25	50	100
Cut in subsidies for energy saving technologies in 2014 (non social housing stock)	0	0	53
Cut in subsidies for waste management as part of new regulatory regime	20	40	65
Increase cut in state payment to professional services to 12% (from 8%)	40	40	40
Transfer medical negligence claims to the Injuries board (resulting in reduced legal costs)	15	15	15
Other savings to be delivered by Comprehensive Spending Review	100	255	377
Measures to Cut Public Sector Payroll Costs	826	1,646	2,466
Public service pay-roll reduction measures announced in Government's 4-Year Plan (incl 12,000 decrease in numbers from 2010)	300	600	900
Additional 18,000 cut in public sector numbers over and above 4-year programme (6,000 per year in 2012, 2013 and 2014)	360	720	1,080
Additional locally-delivered 1% payroll savings each year by cutting over-time, special allowances, expenses, sick leave etc.	160	320	480
Temporary public sector salary cap of €200,000 until 2014	5	5	5
Implementation of the findings of the Review Body on Higher Remuneration	1	1	1
Using Scarce Welfare Resources to Target the Most Needy and to Promote Work and Training	558	1,191	1,960
An "all out war" on social welfare fraud – extra savings from new single "Payments and Entitlements Service"	300	600	1,000
Cuts in working age payments (excluding carers, the blind and the disabled) – a further €10 per week by 2014	108	216	360
Increased conditionality on working age payments	50	100	150
A Better Targeted Child Benefit Support System	0	125	250
Cut Rent Supplement and accelerate transfer to Rental Accommodation Scheme (RAS)	100	150	200
"Working for Our Future" – 45,000 New Opportunities for Youth Employment, Training and Job-Sharing	-177	-177	-177
National Graduate Internship Programme (23,000 places)	-50	-50	-50
"Second Chance" education opportunities (17,000 places targeted at under 25s without qualifications)	-90	-90	-90
Expansion of Community Employment Places (5,000 places)	-34	-34	-34
"Apprenticeship Guarantee"	-3	-3	-3
Additional Programme Expenditures	-225	-242	-205
Increased resource for home insulation and energy saving programmes in 2012-13	-53	-53	0
Primary Care Strategy	-150	-150	-150
First Steps – new targeted early childhood intervention	-20	-35	-50
Suicide Prevention Strategy	-2	-4	-5
"NewERA" – A Smarter Way to Fund Infrastructure	400	800	1,200
Transfer of water programme to commercial financing under NewERA (50% in year 1; 100% thereafter)	250	375	500
Other savings from lower construction prices / better contracting and prioritisation of existing NDP, including removal of Metro West	150	425	700