

**Summary of  
2011 Budget Measures  
Policy Changes**



# Summary of 2011 Budget Measures Policy Changes

## Contents

	<b>Page</b>
<b>Section I – Taxation Measures</b>	<b>B.5</b>
<b>Income Tax</b>	<b>B.5</b>
<b>Universal Social Charge (USC)</b>	<b>B.6</b>
<b>Other Income Tax</b>	<b>B.6</b>
<b>Abolition of Reliefs</b>	<b>B.7</b>
<b>Phased Abolition of Property Based ‘Legacy’ Reliefs</b>	<b>B.7</b>
<b>Income Tax: Restriction of Reliefs</b>	<b>B.9</b>
<b>PRSI Changes</b>	<b>B.9</b>
<b>Farmer Taxation</b>	<b>B.9</b>
<b>Excises</b>	<b>B.10</b>
<b>Pensions</b>	<b>B.10</b>
<b>Corporation Tax</b>	<b>B.12</b>
<b>Capital Allowances</b>	<b>B.12</b>
<b>Tax on Savings</b>	<b>B.12</b>
<b>Stamp Duty</b>	<b>B.13</b>
<b>Capital Acquisition Tax</b>	<b>B.13</b>
<b>Section II – Expenditure Measures</b>	<b>B.14</b>
<b>Current Expenditure</b>	<b>B.14</b>
<b>Social Welfare</b>	<b>B.15</b>
<b>Agriculture, Fisheries &amp; Food</b>	<b>B.16</b>
<b>Communication, Energy &amp; Natural Resources</b>	<b>B.16</b>
<b>Community, Equality &amp; Gaeltacht Affairs</b>	<b>B.17</b>
<b>Defence</b>	<b>B.17</b>
<b>Education &amp; Skills</b>	<b>B.17</b>
<b>Enterprise, Trade &amp; Innovation</b>	<b>B.17</b>
<b>Environment, Heritage &amp; Local Government</b>	<b>B.18</b>
<b>Finance Group</b>	<b>B.18</b>
<b>Foreign Affairs</b>	<b>B.18</b>
<b>Health &amp; Children</b>	<b>B.18</b>
<b>Justice &amp; Law Reform</b>	<b>B.18</b>
<b>Taoiseach’s Group</b>	<b>B.18</b>
<b>Tourism, Culture &amp; Sport</b>	<b>B.19</b>
<b>Transport</b>	<b>B.19</b>
<b>Capital Expenditure</b>	<b>B.20</b>
<b>Sovereign Annuities</b>	<b>B.21</b>
<b>New Four-Year National Solidarity Bond</b>	<b>B.21</b>



Measure			Yield/Cost 2011 €m	Yield/Cost Full Year €m
<b>INCOME TAX</b>				
<b>Tax Credits from 1 January 2011</b>				
	<b>Existing</b>	<b>Proposed</b>		
	€	€		
Employee Tax Credit	1,830	1,650	+435	+585
Personal Tax Credits - single	1,830	1,650		
- married	3,660	3,300		
Widowed person bereaved in year of assessment	3,660	3,300		
One Parent Family Tax Credit	1,830	1,650		
Home Carer Tax Credit	900	810		
Dependent Relative Tax Credit	80	70		
Incapacitated Child Tax Credit	3,660	3,300		
Blind Persons Credit - single	1,830	1,650		
- married (both blind)	3,660	3,300		
Additional credit for certain widowed persons	600	540		
Widowed Parent Tax Credit:				
- year 1	4,000	3,600		
- year 2	3,500	3,150		
- year 3	3,000	2,700		
- year 4	2,500	2,250		
- year 5	2,000	1,800		
Age Credit <sup>1</sup> - single	325	245		
- married	650	490		
<b>Standard Rate Bands from 1 January 2011</b>				
	<b>Existing</b>	<b>Proposed</b>		
	€	€		
Single/Widowed	36,400	32,800	+395	+530
Married One Income	45,400	41,800		
Married Two Incomes*	72,800	65,600		
One Parent/Widowed Parent	40,400	36,800		
*With a maximum transferability between spouses of €45,400 in 2010 and €41,800 in 2011.				
<b>Age Exemption Limits from 1 January 2011<sup>1</sup></b>				
	<b>Existing</b>	<b>Proposed</b>		
	€	€		
Single	20,000	18,000	+27	+40
Married	40,000	36,000		

<sup>1</sup> Age credits and exemptions are being abolished over 4 years.



<b>ABOLITION OF RELIEFS (from 1 January 2011 unless otherwise stated)</b>		
Rent Relief to be phased out over 8 years; the same timeline as previously announced for Mortgage Interest Relief.	+19	+97
Patent Royalty Exemption, effective from the launch of the National Recovery Plan on 24 November 2010.	+20	+50
Tax relief on Loans to Acquire an Interest in Certain Companies.	+12	+49
Abolition of tax relief for Trade Union Subscriptions.	+19	+26
Termination of the scheme of accelerated capital allowances for farmers who incur capital expenditure on farm buildings and structures for use in the control of pollution.	-	+10
Tax exemption from BIK for Employer Provided Childcare.	+3	+6
Abolition of tax relief on subscriptions to professional bodies.	+3	+5
Capital expenditure on new machinery and plant for use in mining.	+0.5	+1
Approved Share Options Scheme, effective from the launch of the National Recovery Plan on 24 November 2010.	+0.5	+0.5
Tax relief for new shares purchased by employees.	+0.2	+0.3
Exemption from Tax in respect of grants or payments to the National Co-Operative Farm Relief Services Limited.	-	-
<b>PHASED ABOLITION OF PROPERTY-BASED 'LEGACY' RELIEFS</b>		
This measure will restrict the various property-based tax relief schemes in the following manner:		
<b>Section 23-type Relief</b>		
<ul style="list-style-type: none"> <li>• From 1 January 2011, this will be restricted to income from the Section 23 property itself (currently such income can be set against all rental income).</li> </ul>		
<ul style="list-style-type: none"> <li>• At end of 10 year holding period, any unused relief will be lost. If property is sold within this period, the new owner will not get Section 23 relief and the seller continues to be subject to a clawback of relief already given.</li> </ul>		
	+60	+100

- For Section 23 properties yet to be sold, for which the relief has yet to be claimed, the 10-year qualifying period will start on 30 June 2011 regardless of the date of the first qualifying lease. Therefore, in such cases no Section 23 relief will be available after 30 June 2021.
- Residential owner-occupier relief is unaffected by these changes.

**Capital Allowances**

(These restrictions apply solely to passive participants)

- With effect from Budget day, any unused capital allowances carried forward beyond the 7 year period within which the allowances are made will be lost as follows: 7-year period – 7-year schemes; 10-year period – 10 year schemes.
- From 2011 onwards, capital allowances will be restricted to offset against income from the property which gave rise to them, whether rental or trading income, with no setting sideways against any other form of income.
- Schemes with a period over 10 years which has not ended will be truncated to 7 years from when allowances are first made.
- Capital allowances limited by truncation will be reduced by 20% and may be made evenly in the year of assessment 2011 and all subsequent years of assessment up to and including the 7<sup>th</sup> year after the allowance was first made.

**Guillotine from 2014**

Termination of all unclaimed and unused capital allowances, arising after or carried forward from 2014 as well as unused Section 23 relief carried forward from 2014.

**Impact Assessment**

An impact assessment will be undertaken into the effects of the phased abolition of the property-base measures and the ‘guillotine’ provision.

<b>INCOME TAX: RESTRICTION OF RELIEFS (Income Tax/USC/PRSI) (from 1 January 2011 unless otherwise stated)</b>		
Charge to the Health and Income Levy (USC) on Approved Profit Sharing Schemes.	+3	+6
Charge to the Health and Income Levy (USC) on Approved Save-As-You-Earn Schemes.	+0.35	+0.75
Charge to the Health Levy (USC) on Unapproved Share Options.	+4	+7
Charge to the Health Levy (USC) on Share Awards.	+1	+1
Restriction of the tax-free element of <i>ex-gratia</i> termination payments to €200,000 so that payments above this amount will be subject to tax at the marginal rate. This change will apply with effect from 1 January 2011.	+0.5	+0.5
Ceiling of €40,000 on the tax exempt earnings of artists.	-	+14
Introduction of a charge to PRSI on Approved Profit Sharing Schemes.	+4	+8
Introduction of a charge to PRSI on Approved Save-As-You-Earn Schemes.	+0.1	+0.3
Introduction of a charge to PRSI on Unapproved Share Options.	+7	+13
Introduction of a charge to PRSI on Share Awards.	+2	+3
<b>PRSI CHANGES</b>		
Abolition of the PRSI ceiling of €75,036	+100	+145
Class S (Self-Employed) PRSI rate increased from 3% to 4%	+53	+80
Modified PRSI rates (certain public servants) increased to 4% on incomes in excess of €75,036	+12	+15
Introduction of a 4% PRSI charge for certain Office Holders.	+3	+3.3
<b>FARMER TAXATION</b>		
<b>Stock Relief</b> The existing general 25% stock relief for farmers and the special incentive stock relief of 100% for certain young trained farmers are being extended from 1 January 2011 for a further two years subject to clearance with the European Commission under State Aid rules.	-2	-2

<b>EXCISES</b>		
<p><b>Increase in Mineral Oil Tax on Petrol and Auto-diesel</b> The mineral oil tax will be increased by 4 cent per litre on petrol and 2 cent per litre on auto-diesel (both inclusive of VAT) with effect from midnight on 7 December 2010.</p>	+106	+106
<p><b>Amending the Air Travel Tax to a single rate of €3</b> A single revised rate of Air Travel Tax of €3 will come into effect on 1 March 2011, on a temporary basis.</p>	-56	-
<p><b>Vehicle Registration Tax (VRT)</b> The following package of measures will be introduced:</p> <ul style="list-style-type: none"> <li>• Extension of the Car Scrappage Scheme</li> <li>• Extension of VRT relief for Hybrid Vehicles and Flexible Fuel Vehicles</li> <li>• Increase in the VRT flat-rate for Commercial (Category C) vehicles</li> </ul>		
<p>Car scrappage scheme is being extended for the period 1 January to 30 June 2011. VRT relief of up to €1,250 will be provided where a car of 10 years or older is scrapped in accordance with certain criteria and a new car of emissions bands A or B (i.e. with CO<sub>2</sub> emissions of 140g/kg or less) is purchased.</p>	-	-
<p>The VRT relief for series production hybrid and flexible fuel vehicles, due to expire on 31 December 2010, is being extended for two years until 31 December 2012, with the rate of relief provided being up to €1,500.</p>	-6	-6
<p>The current VRT flat-rate of €50 for Commercial (Category C) vehicles is being increased to €200, to take effect from 1 May 2011.</p>	+3	+6
<b>PENSIONS</b>		
<p><b>Employee PRSI on pension contributions</b> From 1 January 2011, employee contributions to occupational pension schemes and other pension arrangements will be subject to employee PRSI and the Universal Social Charge. The PRSI change will be legislated for in the Social Welfare Bill.</p>	+40	+60
<p><b>Employer PRSI on pension contributions</b> The current employer PRSI exemption for employee contributions to occupational pension schemes and other pension arrangements will be reduced by 50% from 1 January 2011. The change will be legislated for in the Social Welfare Bill.</p>	+40	+90

<p><b>Contribution limit</b> The annual earnings limit which (along with age-related percentage limits) determines the maximum tax-relievable contributions for pension purposes is being reduced from €150,000 (2010) to €15,000 for 2011. The annual earnings limit for the year of assessment 2010 will also be deemed to be €15,000 for the purpose of determining how much of a pension contribution paid by an individual in the year of assessment 2011 will be treated as paid in 2010, where the individual elects under existing rules to have it so treated.</p>	+20	+55
<p><b>Maximum allowable pension funds</b> The maximum allowable pension fund on retirement for tax purposes (known as the Standard Fund Threshold (SFT)), is to be set at €2.3 million with effect from 7 December 2010.</p> <p>A higher threshold may apply if, on 7 December 2010, the capital value of an individual's pension rights drawn down on or after 7 December 2005 (i.e. crystallised pension rights) when added to any uncrystallised pension rights the individual may have, as valued on 7 December 2010, are greater than €2.3 million and lower than €5,418,085 which is the current value of the SFT.</p>	+10	+20
<p><b>Approved Retirement Funds</b> The annual imputed distribution which applies to the value of assets in an Approved Retirement Fund (ARF) at 31 December each year is being increased from 3% to 5% in respect of asset values at 31 December 2010 and future years.</p>	+2	+5
<p><b>Retirement lump sums</b> The overall life-time limit on the amount of <u>tax-free</u> retirement lump sums that an individual can draw down from pension arrangements is being reduced to €200,000. The excess of this amount will be taxed at the standard income tax rate (currently 20%) up to an amount equal to 25% of the new Standard Fund Threshold (up to €75,000). The excess of retirement lump sum payments over that amount will be taxed at the taxpayer's marginal rate of income tax.</p> <p>Tax-free retirement lump sums taken on or after 7 December 2005 will count towards "using up" the new tax free amount so that if an individual has already taken tax free retirement lump sums of €200,000 or more since 7 December 2005, any further retirement lump sums paid to the individual on or after 1 January 2011 will be taxable. These earlier lump sums will also count towards determining how much of a lump sum paid on or after Budget day is to be charged at the standard or marginal tax rate.</p> <p>These changes take effect from 1 January 2011.</p>	+5	+5

<p><b>Extension of flexible options on retirement</b> All members of Defined Contribution pension arrangements will have access to flexible options on retirement in respect of the main benefits arising from those schemes, subject to certain conditions. The flexible options will be provided for in the Finance Bill. Pending the passing of the Finance Bill, the option introduced in December 2008 to allow the deferral of annuity purchase on retirement for defined contribution scheme members is to be extended by the Revenue Commissioners.</p>	-1	-2
<p><b>CORPORATION TAX</b></p> <p><b>3 Year Tax Exemption for Start-up Companies</b> This scheme is being extended to include start-up companies which commence a new trade in 2011. The scheme is being modified so that the value of the relief will be linked to the amount of employers' PRSI paid by a company in an accounting period subject to a maximum of €5,000 per employee. If the amount of qualifying employers' PRSI is lower than the reduction in corporation tax liability otherwise applicable, relief will be based on the lower amount.</p> <p><b>Schedule 24 Taxes Consolidation Act 1997</b> This measure which sets out the mechanics for determining the amount of the credit for foreign tax paid that can be set against Irish liabilities, is being amended to confirm the current treatment of relevant trading charges on income for the purpose of computing relief for foreign tax. This confirmation applies to all tax returns and claims for repayment of, or reductions of, liability to corporation tax that are made on or after Budget Day.</p>	-	-6
<p><b>CAPITAL ALLOWANCES</b></p> <p><b>Energy-efficient equipment</b> The scheme of accelerated capital allowances for expenditure by companies on certain energy-efficient equipment is being extended for a further 3 years to end- 2014.</p>	-	-2
<p><b>TAX ON SAVINGS</b></p> <p><b>Deposit Interest Retention Tax and Exit Taxes on Life Assurance Policies and Investment Funds</b> The rate of retention tax that applies to deposit interest, together with the rates of exit tax that apply to life assurance policies and investment funds, are being increased by 2 percentage points in each case and will now be 27% for payments made annually or more frequently and 30% for payments made less frequently than annually. The increased rates will apply to payments, including deemed payments, made on or after 1 January 2011.</p>	+22.5	+30

<p><b>STAMP DUTY</b></p> <p><b>Transfers of residential property</b>  Reduction in rate for transfers of residential property to 1% on properties valued up to €1 million, with 2% applying to amounts over €1 million, in respect of instruments executed on or after 8 December 2010;</p> <p>Abolition of various reliefs and exemptions, in respect of instruments executed on or after 8 December 2010, as follows:</p> <ul style="list-style-type: none"> <li>• First time buyer relief</li> <li>• Exemption for new houses under 125 sq m in size</li> <li>• Relief on new houses over 125 sq m in size</li> <li>• Consanguinity relief for residential property transfers</li> <li>• Exemption for residential property transfers valued under €27,000</li> <li>• Site to child relief</li> </ul>	-36	-36
<p><b>CAPITAL ACQUISITIONS TAX</b></p> <p>The current group tax free thresholds are being reduced by 20%. This reduction applies in respect of gifts or inheritances taken from midnight on 7 December 2010.</p>	+27	+40

## Current Expenditure

Budget 2011 provides for Gross Current expenditure savings totalling €2.2 billion, as indicated in the table below. These savings will be offset by an amount in the region of €135 million due to an anticipated increase in pension costs and some other minor technical adjustments.

The specific expenditure savings for Social Protection along with all other Departments, as set out in the *National Recovery Plan 2011-2014*, are detailed in this section.

The “Full Year” savings figures presented for each Department reflect the 2014 yield of policies to be implemented from 2011. This is consistent with the approach taken in the *National Recovery Plan 2011-2014*.

Further summary information regarding public service pay and pensions is contained in Annex G.

<b>Gross Current savings to be achieved</b>	<b>2011</b>
<i>Vote</i>	<i>€m</i>
Agriculture, Fisheries & Food <sup>(a)</sup>	45
Communications, Energy & Natural Resources	8
Community, Equality & Gaeltacht Affairs	19
Defence	28
Education & Skills	170
Enterprise, Trade & Innovation	14
Environment, Heritage & Local Government	84
Finance Group of Votes	32
Foreign Affairs	42
Health & Children	746
Justice & Law Reform	74
Social Protection	873
Taoiseach’s Group of Votes	8
Tourism, Culture & Sport	17
Transport	32
<b>Total</b>	<b>2,192</b>

---

<sup>(a)</sup> 2011 Current savings of €75 million in the Agriculture area are offset by additional timing-related scheme payments of €30 million.

<b>Measure</b>	<b>Yield 2011 €m</b>	<b>Yield Full Year €m</b>
<b><u>Social Welfare</u></b>	<b>-873</b>	<b>-920</b>
<b>People of working-age</b>		
<ul style="list-style-type: none"> <li>▪ The maximum personal rate of payment for all weekly schemes (other than all personal rates for those aged 66 and over, Invalidity Pension and State Pension Transition recipients aged 65) will be reduced by €8 per week from the first week in January 2011 and proportionate decreases will apply in respect of people on reduced social insurance rates of payment.</li> <li>▪ Associated maximum Qualified Adult Allowance (QAAs) will generally decrease by €5.30 per week from the first week in January 2011 and proportionate decreases will apply in respect of people on reduced social insurance rates of payment.</li> <li>▪ There will be a decrease of €8 per week in the maximum and minimum rate of Maternity and Adoptive Benefits.</li> <li>▪ There will be a reduction of €6 per week in the rate of Jobseeker's Allowance and Supplementary Welfare Allowance for those aged 22-24.</li> <li>▪ The rate of payment of Jobseeker's Allowance and Supplementary Welfare Allowance for those aged 18-21 is unchanged.</li> <li>▪ There will be a reduction of €10 in the personal weekly rate of Supplementary Welfare Allowance.</li> </ul>	-397	-397
<b>Activation measures</b>		
<ul style="list-style-type: none"> <li>▪ A reduced live register from a more intensive labour activation strategy.</li> </ul>	-100	-100
<b>Children</b>		
<ul style="list-style-type: none"> <li>▪ Child Benefit will be reduced by €10 per month from January 2011 on both the lower and higher rate with an additional €10 per month decrease for the third child. The new rates will be €140 per month (first and second child), €167 (third child), €177 (fourth and subsequent children).</li> </ul>	-149	-149
<b>Rent Supplement</b>		
<ul style="list-style-type: none"> <li>▪ The Rent Supplement Scheme will be reformed in order to control expenditure. This will include an additional €2 per week contribution by certain welfare</li> </ul>	-60	-60

<p>recipients towards the cost of rent. This is consequential on the reduction in the rate of Supplementary Welfare Allowance.</p> <p><b>Energy and Communications</b></p> <ul style="list-style-type: none"> <li>There will be efficiency savings in the energy and communications elements of the Household Benefits package.</li> </ul> <p><b>Treatment Benefits</b></p> <ul style="list-style-type: none"> <li>The Treatment Benefit Scheme will continue to be limited in 2011 to the Medical and Surgical Appliances scheme and the free examination elements of the Dental and Optical Benefit schemes.</li> </ul> <p><b>Administrative Efficiencies</b></p> <ul style="list-style-type: none"> <li>There will be a reduction in expenditure on Departmental administration.</li> </ul> <p><b>Other measures</b></p> <ul style="list-style-type: none"> <li>A range of other measures relating to control, eligibility and structural reform will be announced at a later date.</li> </ul>	<p>-30</p> <p>-77</p> <p>-11</p> <p>-49</p>	<p>-30</p> <p>-77</p> <p>-39</p> <p>-68</p>
<p><b><u>Agriculture, Fisheries &amp; Food</u></b></p> <ul style="list-style-type: none"> <li>Reduced expenditure on REPS.</li> <li>Reductions in the Disease Eradication area due to reduced instances of disease in 2010.</li> <li>Reduced expenditure on ERS due to scheme closure.</li> <li>Reduction in Intervention costs.</li> <li>Administrative efficiencies.</li> </ul>	<p><b>-75<sup>(a)</sup></b></p> <p>-36</p> <p>-6</p> <p>-5</p> <p>-5</p> <p>-23</p>	<p><b>-101</b></p> <p>-36</p> <p>-6</p> <p>-5</p> <p>-5</p> <p>-49</p>
<p><b><u>Communications, Energy &amp; Natural Resources</u></b></p> <ul style="list-style-type: none"> <li>Exchequer funding for TG4 will be reduced with the shortfall made up from RTE licence fee income yielding a net programme saving of €6.2m on the Vote.</li> <li>Administrative efficiencies.</li> </ul>	<p><b>-8</b></p> <p>-6</p> <p>-2</p>	<p><b>-12</b></p> <p>-6</p> <p>-6</p>

<sup>(a)</sup> 2011 Current savings of €75 million in the Agriculture area are offset by additional timing-related scheme payments of €30 million.

<b><u>Community, Equality &amp; Gaeltacht Affairs</u></b>	<b>-19</b>	<b>-27</b>
<ul style="list-style-type: none"> <li>▪ Reduced allocations across community development programmes / projects.</li> <li>▪ Administrative efficiencies.</li> </ul>	-9 -10	-9 -18
<b><u>Defence</u></b>	<b>-28</b>	<b>-46</b>
<ul style="list-style-type: none"> <li>▪ Reduction in the provision for allowances for overseas deployment by the Defence Forces. Reduction in the number of civilian employees attached to military installations. Acquisition of replacement equipment, building and maintenance projects will be deferred or cancelled.</li> <li>▪ Administrative efficiencies.</li> </ul>	-25 -3	-25 -21
<b><u>Education &amp; Skills</u></b>	<b>-170</b>	<b>-307</b>
<ul style="list-style-type: none"> <li>▪ School transport - Increase post-primary charge to €350 and introduce €50 fee at primary level (exc. Medical card holders), subject to maximum family charge of €650. Also implement recommendations of VFM review (excl. recommendations on charges).</li> <li>▪ 5% Reduction in all capitation grants, including grants for Adult Literacy, Community Education, School Completion Programme, Youthreach.</li> <li>▪ Replace Student Services Charge with a flat higher education student contribution of €2,000, and introduce €200 charge for PLC students. The higher Student Service charge will only apply to one child in a family at any one time.</li> <li>▪ Student Support Scheme - 4% reduction in rates of grant, consistent with the % reduction in all DSP working-age payments; limit mature students benefits to those payable to ordinary students; and reduce proportion of students qualifying for the non-adjacent rate by changing qualifying criteria from 24km to 45km.</li> <li>▪ 5% cut in non-pay grant to Universities/IOTs etc.</li> <li>▪ NEPS Cap numbers at current level.</li> <li>▪ FÁS - € reduction in all weekly training allowances and similar support payments, consistent with the rate reduction in all DSP working-age payments, and reduce long-term unemployment bonus paid to VTOS students from €1.80 p.w. to €20.</li> <li>▪ Other pay savings and administrative efficiencies.</li> </ul>	-5 -22 -31 -22 -14 -3 -9 -64	-17 -22 -31 -51 -14 -3 -9 -160
<b><u>Enterprise, Trade &amp; Innovation</u></b>	<b>-14</b>	<b>-37</b>
<ul style="list-style-type: none"> <li>▪ Programme efficiency measures across the Department and its Agencies.</li> <li>▪ Administrative efficiencies.</li> </ul>	-6 -8	-6 -31

<b><u>Environment, Heritage &amp; Local Government</u></b>	<b>-84</b>	<b>-91</b>
<ul style="list-style-type: none"> <li>▪ Lower Exchequer contribution to the Local Government Fund. Off-setting measures in the local government sector will be introduced.</li> <li>▪ Savings will also arise from; <ul style="list-style-type: none"> <li>- Environmental Protection Measures</li> <li>- Built and Natural Heritage Programmes</li> </ul> </li> <li>▪ Administrative efficiencies.</li> </ul>	-62	-62
	-17	-17
	-5	-12
<b><u>Finance Vote Group</u></b>	<b>-32</b>	<b>-60</b>
<ul style="list-style-type: none"> <li>▪ A range of measures predominantly in the OPW, Revenue and Finance areas.</li> <li>▪ Administrative efficiencies.</li> </ul>	-26	-26
	-6	-34
<b><u>Foreign Affairs</u></b>	<b>-42</b>	<b>-37</b>
<ul style="list-style-type: none"> <li>▪ Curtailment of the allocation for Official Development Assistance (ODA).</li> <li>▪ Introduction of passport fees for over 65s.</li> <li>▪ Administrative efficiencies.</li> </ul>	-35	-35
	-2	-2
	-5	0
<b><u>Health &amp; Children</u></b>	<b>-746</b>	<b>-765</b>
<ul style="list-style-type: none"> <li>▪ Vote 39 and its agencies (including savings in Admin Budget, allocations to Health agencies and other payments) and Vote 41 childcare and youth scheme savings.</li> <li>▪ Demand Led Schemes savings (drug costs and professional fee payments).</li> <li>▪ Other procurement and non-core pay cost savings.</li> <li>▪ Estimated payroll saving from voluntary exit package in HSE.</li> </ul>	-43	-52
	-380	-390
	-200	-200
	-123	-123
<b><u>Justice &amp; Law reform</u></b>	<b>-74</b>	<b>-230</b>
<ul style="list-style-type: none"> <li>▪ Criminal Legal Aid – fees and structure changes.</li> <li>▪ Asylum savings on accommodation &amp; other costs.</li> <li>▪ Probation Service – better targeting of resources.</li> <li>▪ INIS – savings on foot of lower numbers of asylum seekers etc.</li> <li>▪ Garda Management Efficiencies.</li> <li>▪ Courts – efficiencies across network of Courts.</li> <li>▪ Procurement Savings.</li> <li>▪ Other administrative efficiencies.</li> </ul>	-5	-10
	-5	-10
	-5	-10
	-	-30
	-20	-25
	-5	-15
	-10	-20
	-24	-110
<b><u>Taoiseach’s Group of Votes</u></b>	<b>-8</b>	<b>-11</b>
<ul style="list-style-type: none"> <li>▪ Administrative efficiencies.</li> </ul>	-8	-11

<b><u>Tourism, Culture &amp; Sport</u></b>	<b>-17</b>	<b>-26</b>
<ul style="list-style-type: none"> <li>▪ Reduction in tourism expenditure through operational efficiencies, prioritisation of activities and more focused tourism marketing investment.</li> <li>▪ Reduced funding for sporting bodies and agencies including Irish Sports Council and National Sports Campus.</li> <li>▪ Reduced allocations to cultural institutions and cultural projects.</li> <li>▪ Administrative efficiencies.</li> </ul>	-5 -3 -5 -4	-5 -3 -5 -13
<b><u>Transport</u></b>	<b>-32</b>	<b>-39</b>
<ul style="list-style-type: none"> <li>▪ Across the board reduction in maintenance expenditure on national, regional and local roads.</li> <li>▪ Reduction of the Exchequer grant to the Road Safety Authority. Where operational efficiency savings fall short of meeting this reduction, the authority can seek to raise service fees up toward a level that represents full cost-recovery.</li> <li>▪ Operational efficiency savings arising from increased use of online motor tax service – reduced postal costs and bank clearing charges.</li> <li>▪ Reduction in subvention to public transport companies, agency rationalisation and administrative savings.</li> <li>▪ Regional Airports – Curtailment of support for regional air services from mid-2011.</li> <li>▪ Administrative efficiencies.</li> </ul>	-9 -5 -1 -10 -5 -2	-9 -5 -1 -10 -5 -9

## Capital Expenditure

The capital programme of €4,654m (3.6% of GNP) will be focused on those infrastructure projects that promise the best contribution to sustainable job creation and boosting the economy.

The capital allocations were documented in the *National Recovery Plan 2011 - 2014*. The detailed allocations are set out in the Estimates.

<b>Capital Allocations by Vote Group</b>	<b>2011</b> <i>€ million</i>
Agriculture, Fisheries & Food	269
Communications, Energy & Natural Resources	139
Community, Equality & Gaeltacht Affairs	86
Defence	12
Education & Skills	491
Enterprise, Trade & Innovation	508
Environment, Heritage & Local Government	1,002
Finance (other than OPW)	6
OPW	116
Foreign Affairs	4
Health & Children	399
Justice Group of Votes	80
Social Protection	8
Tourism, Culture & Sport	96
Transport	1,438
<b>TOTAL</b>	<b>4,654</b>

### **Sovereign annuities**

The Irish Association of Pension Funds and the Society of Actuaries put forward a proposal under which Irish pension funds would have the opportunity to invest in longer-term Irish bonds at higher yields than are available elsewhere, and to price their liabilities to pensioners on the basis of those higher yields.

Following extensive consultation with these bodies, the Government has decided to proceed with such a measure.

Accordingly, the National Treasury Management Agency (NTMA) will offer bonds which can be purchased by pension funds or other investors, or used to facilitate the issue of sovereign annuities by the insurance industry which can assist funds in meeting their obligations to pensioners. Changes to the regulations will allow funds to re-price their liabilities to pensioners to the extent that they purchase Irish bonds.

The Minister for Social Protection will be announcing details of the measure and the legislative and other regulatory changes it involves.

The Government is confident that this step will allow pension funds, if they choose, to reduce reliance on equity investment and to gain access to good and secure rates of return through purchase of the new bonds or annuities.

### **New Four-Year National Solidarity Bond**

It is proposed to introduce a new, four-year, National Solidarity Bond to complement the ten-year National Solidarity Bond which was launched last year and which has been very successful. The bond will pay a coupon each year and a bonus for those who hold the bond to maturity.

The bond will be sold by An Post on behalf of the NTMA. Further details will be announced by the NTMA in the New Year.