Dail Committee on Budgetary Oversight Report on Budget 2017 – 3 October 2016	
Views of the Committee on DPER issues	*Summary Response*
Risks and Opportunities	
In the context of Brexit, the Committee is aware of difficulties faced by Irish firms exporting to the UK and this is an issue that should be addressed in Budget 2017.	Additional resources have been allocated in Estimates 2017 for certain key areas to enable Departments to deliver Ireland's Brexit ready strategy.
Demographic Pressures	
The Committee is cognisant of future demographic pressures and recognises the need to account for these in medium-term budgetary planning.	Identifying demographic drivers is key to planning for future spending needs. Departmental expenditure ceilings for 2017 – 2019 detailed in Part II of the Expenditure Report contain provisions for Departments impacted by changing demographics. The Irish Government Economic and Evaluation Service (IGEES) paper *Budgetary Impact of Changing Demographics 2017 – 2027* investigates the possible impacts of population growth and changing population composition over the next decade.
The Committee will, over the course of 2017, work closely with relevant stakeholders to better understand the drivers of the costs associated with demographic pressures.	
The Committee encourages the Government to ensure that, at a minimum, demographic changes do not impact on the standards of public services	
Indexation and Inflation	
The Committee recognises the debate surrounding indexation as part of the	Work is currently underway in the Department of Public Expenditure and

budgetary process and acknowledges both sides of that discussion	Reform to develop a common framework for modelling Government spending that extends beyond an analysis of demographic drivers. This framework will allow for scenario analysis of risks, based on consistent and up to date demographics and macroeconomic assumptions and shocks. It will also establish, in broad terms, how demographic, macroeconomic and sectoral drivers interact with policy to change expenditure patterns.
The Committee broadly accepts that the indexation of taxation and expenditure is a matter for Government.	
While acknowledging the Departments' perspective on this issue, the Committee encourages the Departments to present a set of numbers with indexation as an auxiliary to their main set of budgetary expenditure numbers, so that the effect of indexation, if implemented, can be seen.	
Capital Expenditure	
The Committee encourages the Government to invest in infrastructure as a means of reducing structural deficits and supporting economic growth.	The Government is committed to increasing investment spending in a managed and sustainable manner that ensures value-for-money from increased public investment. The Programme for a Partnership Government makes clear that the existing Capital Plan is the starting point for increased investment in priority areas over the coming period. The Mid-Year Expenditure Report set out the cumulative total additional capital of €5.14 billion over and above that allocated in the Capital Plan for the period to 2021. The review of the Capital Plan will assess how additional funding is to be allocated across Departments to meet investment priorities.
The Committee notes that the Capital Plan will be reviewed in mid-2017, and plans to conduct a number of hearings in 2017 examining capital expenditure levels and needs. In particular it will seek to explore how projects scheduled for later periods can be brought forward, and where the preparatory work of planning and procurement can begin early on major capital projects.	
Flexibility to Invest	
The Committee is of the view that all options for borrowing for productive	The Government remains open in the context of the review of the Capital Plan to

purposes should be explored at both the domestic and European levels with the specific aim of increasing capital expenditure. The Committee recognises the need for caution when examining funding options that are potentially off the Government's balance sheet, but encourages the Government to explore all available options in conjunction with relevant bodies so as to deliver increased public investment in infrastructure.	continuing to consider the potential and to explore options for further alternative financing mechanisms, including off-balance sheet PPPs. Such financing measures must meet detailed and specific requirements to qualify for statistical treatment as off-balance sheet and also give rise to additional costs that need to be factored into the analysis of options.
Housing	
The Committee strongly encourage the Government to do all in its power to address the difficulties in the housing market, focussing on measures to increase supply. Local authorities need to recommence supplying social housing.	Tackling the housing supply and homelessness crisis is a key priority for Government. An allocation of €1.3 billion (Exchequer capital €702 million and €463 million current plus €92 million self-funding by local authorities) will, among other things, enable (i) the construction, acquisition or leasing of over 5,000 social housing units in 2017 towards the Government's target of 47,000 social housing units by 2021, (ii) some additional 16,000 households to have their social housing needs met next year through the Housing Assistance Payment and the Rental Accommodation Schemes, and (iii) will help remove critical public infrastructural blockages to key private sites to facilitate the delivery of up to 20,000 private houses by 2019.

Childcare	
The Committee notes that Budget 2017 will address issues around the cost of childcare where the costs in Ireland are extremely high, especially for those who are in the labour force and who have to purchase childcare.	The additional resources provided to the Department of Children and Youth Affairs in Budget 2017 will facilitate the introduction of a new national scheme of financial support towards the cost of childcare, including both targeted (means tested) and universal subsidies. • Targeted subsidies will be available for children aged between 6 months and 15 years, with eligibility based on net parental income; • The universal subsidy is focused on children, aged 6 months to 36 months. In both categories, the childcare provider must register with Tusla.
The Committee encourages the Government to take a multi-faceted and long-term approach to reforming childcare, including via the budgetary process. In that regard, the different models of childcare should be reviewed with a view to the provision of supports.	The Government is undertaking a multi-faceted and long term approach to the development of childcare. In 2015, an Inter-Departmental Group (IDG) on *Future Investment in Early Years and School-Age Care and Education* reported on the identification and assessment of policies and future options for increasing the affordability, quality and supply of early years and school-age care and education services in Ireland. The work of the IDG was grounded in *Better Outcomes, Brighter Futures* (2014-2020), the whole-of-Government policy framework, which sets out how optimum outcomes and bright futures for all children and their families can

	be achieved. This policy framework and the recommendations of the IDG, which take account of affordability, quality, choice, flexibility, accessibility and inclusivity, have informed current childcare policy and funding options and provide direction for future development. Additionally, in line with the commitment in the Programme for Partnership Government, the Department of Children and Youth Affairs plan to commission an independent review of the cost of providing childcare, that will also inform future policy decisions with regard to funding.