



# **Route to Recovery**

## **A just society, not just an economy**

Sinn Féin pre-budget submission 2012

November 2011



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# 1. Executive summary

## Time to make different political choices

The Irish economy is still in deep crisis, the recession is far from over and Irish society is suffering. Last February, Fine Gael and Labour promised 'new government, new policies'. Instead they are delivering Fianna Fáil policies with the same devastating consequences. Since 2009, €20.6 billion has been taken out of the economy in an attempt to close the deficit. It has not worked. Government policies are depressing the domestic economy, reflected in lower tax receipts and higher social welfare costs.

Nearly half a million people are unemployed. 210,000 ESB and Bord Gais customers are in arrears. Young people are leaving our shores. Tens of thousands of construction workers are without work when we could be using their skills. One hundred thousand households are in mortgage distress. Families are in despair. Economic sovereignty is being given away. The Fine Gael/ Labour Government is living in a bubble – cut off from the social consequences of the decisions it takes.

We are a divided society – a society of haves and have-nots, of those who have wealth and those on the breadline. Of those who created the economic crisis and those who are being forced to pay the price for it. The decision makers have still not got the message. There may have been a change of government but the new Government is prepared to unleash on the Irish people a Budget that will have negative and far reaching consequences for ordinary working families and for the poor. Further devastating cuts to vital services and social supports are about to be visited upon this society, causing more inequality and social problems, and further depressing the economy.

There are powerful groups and individuals in this state whose sole interest is to protect the status quo. We just have to look at the priorities of the Fine Gael/Labour Government and the previous Fianna Fáil-led government and see who they are asking to bear the brunt of this recession.

### THEY HAVE IMPLEMENTED:

- Cutbacks in special needs education
- Cuts to Carer's Allowance and Carer's Benefit and to the home help services.
- Cuts to those reliant on social welfare - cuts to the Household Benefits Package which provides a range of assistance for pensioners, carers and people with disabilities.
- Cuts to homelessness services of 10%.
- Attacks on low and middle income earners – family stealth taxes, household charges, water charges, the USC and cost of living increases
- Exorbitant salaries for Government appointees – some paid five times the average industrial wage (€168,000 awarded to senior Government advisors breaking the Government's own salary cap)
- Massive salaries and pensions – The new ESB Chief awarded a salary over 30% in excess of the Government's own pay ceiling for commercial semi states. 14 senior executives in the NTMA paid more than a quarter of a million euro per annum

They have also failed to re-negotiate the EU/IMF deal and are complicit in handing away economic as well as political sovereignty. Meanwhile, they continue to use taxpayers' money to pay private bank bondholders. On 2 November €715 million was paid to an unguaranteed, unsecured bondholder in Anglo. A further €1.25 billion will be paid to another unguaranteed, unsecured Anglo bondholder in January.

Fine Gael and Labour pursuing the policies of

Fianna Fáil will not fix the economy. It will further depress the economy – taking more money out of circulation, closing viable businesses, increasing unemployment and putting families and whole communities below the breadline. This comes down to political choices. You can choose to pay €715 million to an unguaranteed bondholder in Anglo or you can choose to protect families, low earners, public services and Irish businesses.

## SINN FÉIN'S ECONOMIC ALTERNATIVE

In this pre-budget submission the political choices Sinn Féin makes are about achieving a far fairer yet still successful route to recovery. Sinn Féin's plan is about growing the economy to a sustainable recovery, making sure the most vulnerable are protected, that those who can afford to contribute more are asked to do so, and bringing a level of equality not seen in this state.

- Invest €7 billion in job creation and economic growth over the next three years including using semi-states as a driver for recovery. This proposal would benefit almost 200,000 people.
- Close the deficit between 2012 and 2016 beginning with €3.5 billion this year. The Government is making an adjustment of €3.8 billion, but claims €600 million of this will be carried over from last year, so €3.2 billion of this is new measures. We are targeting €3.5 billion to allow for the impact that some measures will have against others. This, combined with our stimulus would bring the deficit down to approximately 8.3% of GDP. We achieve €3.5 billion by reducing the tax burden on low to middle income families, increasing taxes and removing loopholes for higher earners, as well as spending savings.
- End wasteful spending beginning with €1 billion in savings this year through a range of measures including capping all public sector wages at €100,000, reducing professional fees by 25% and ending the practice of providing medical care for private patients in public beds.
- Our tax to savings ratio is 3-1.
- Support working families and the most vulnerable – abolish the USC and invest in a household

stimulus package to help those struggling to survive. Abolishing the USC will benefit half a million people by taking them back out of the tax net.

- Maintain social welfare levels and oppose the introduction of student fees, household and water charges.
- Ease the recruitment embargo in the public sector to hire nurses, teachers, SNAs and Gardaí.
- Tackle the debt crisis - Irish debt levels are unsustainable. A Europe-wide solution is needed to deal with the debt problem. As a first step, private bank debt and sovereign debt must be separated and the Anglo promissory notes, which will cost €74 billion over the next 20 years, should not be paid.
- Stand up for Ireland and negotiate a new EU/IMF deal.

## FINANCIAL MEASURES

**Adjustment of approximately €3.5 billion to the deficit after tax and spending adjustments are made. Job creation package of €7 billion. Household stimulus package of €596.7 million. Net total €3.263 billion.**

INCOME TAXES	COSTING
Introduce a new third rate of tax of 48% on income earned by individuals in excess of €100,000.	Raises €410 million
Adjust PRSI exemption for share options, shared based remuneration and capital gains.	Raises €97 million
Abolish the USC	Cost €4.1 billion
Reintroduce the income levy (reducing the 2% to 1% on income up to €75K) and the health levy	Raises €3.118 billion
WEALTH TAXES	COSTING
Introduce a wealth tax of 1% on all assets in excess of €1 million, excluding working farmland, business assets and the first 20% of value of primary residences worth in excess of €1 million.	Raises €800 million
Increase Capital Gains Tax from 25% to 40%	Raises €195 million
Increase Capitals Acquisitions Tax from 25% to 35% and reduce the thresholds by 25%.	Raises €165 million
TAX RELIEFS AND LOOPHOLES	COSTING
Place an earnings cap of €80,000 on pension contributions and grant relief at 20%.	Raises €550 million
Abolish the ability of incorporated bodies to claim trading losses against profits made in previous years for tax return purposes.	Raises €108 million
Halve mortgage interest relief for landlords.	Raises €400 million
Standardise discretionary tax reliefs, excluding donations to charity.	Raises €628.3 million
Abolish 'Group relief' availed of by companies to transfer losses to profitable companies and write down tax receipts.	Raises €450.3 million
Abolish legacy property reliefs.	Raises €341.8 million
Introduce 5% tax on online gambling.	Raises €100 million
<b>NET TOTAL RAISED</b>	<b>€3.263 billion</b>

## SAVINGS

**Net total €837.25 million**

ACTION	COSTING
Apply charges based on the full economic cost for the use of beds in public and voluntary hospitals in the state for the purposes of private medical practice.	<b>Saves: €372.744 million</b>
Implement full generic substitution of medicines under the GMS scheme and clamp down on over prescriptions.	<b>Saves: €200 million</b>
Cap all public servants wages at €100,000 per annum.	<b>Saves: €265 million</b>
Cap Commercial State Sponsored Bodies CEO pay at €100,000.	<b>Saves: €3 million</b>
Cut all State Agency Board Fees by 25%.	<b>Saves: €6.7 million</b>
Target a reduction of 25% in professional fees across departments excluding health.	<b>Saves: €38.5 million</b>
Cap government salaries at €100,000, TDs at €75,000 and Senators at €60,000.	<b>Saves: €4.3 million</b>
Phase out state subsidy of private schools, while continuing to make provision for minority schools.	<b>Saves: €20 million</b>
Reduce spending on rent supplement by providing social housing.	<b>Saves: €20 million</b>
Recoup social transfers from employers paid to wrongfully dismissed employees.	<b>Saves: €12 million</b>
Reform social welfare system to make it easier for job seekers to avail of casual work.	<b>Saves: €40 million</b>
Remove the recruitment ban in order to hire frontline staff for Sinn Fein's jobs investment projects such as schools and primary care centres. This would allow for the employment of approximately 3,500 extra frontline staff.	<b>Cost: €145 million</b>
<b>NET TOTAL SAVED</b>	<b>€837.25 million</b>

## JOB STIMULUS - COST €7 BILLION

ACTION	COSTING
€7 billion to be provided from €5.3 billion in NPRF and €1.7 billion from European Investment Bank for three year investment package. 60,000 jobs created directly, thousands more indirectly and up to 96,000 saved. Full details inside.	<b>Cost: €7 billion</b>

## HOUSEHOLD STIMULUS - COST €596.7 MILLION

**€596.7 million paid for from excess in taxation and savings measures**

ACTION	COSTING
Fund a central schoolbook provision scheme for all school children, which would see books provided free of cost to schools for children's use.	<b>Cost: €60 million</b>
Provide every primary school child in the state with a free lunch meal.	<b>Cost: €250 million</b>
Reverse changes to the non-adjacent grant for third level students.	<b>Cost: €43 million</b>
Return the 200 SNAs cut in the last budget.	<b>Cost: €6 million</b>
Remove the levy on medical card prescriptions.	<b>Cost: €24 million</b>
Make tax credits refundable.	<b>Cost: €140 million</b>
Reverse the cuts to the Household Benefits Package.	<b>Cost: €25 million</b>
Restore the cut of €3.90 made this year to fuel allowance recipients in smokeless zones and extend that increase to all recipients.	<b>Cost: €48.7 million</b>

# 1. Achoimre an Fheidhmeannais

## Is tráthúil roghanna difriúla polaitiúla a dhéanamh

Tá géarchéim mhór i ngeilleagar na hÉireann fós, is fada go mbeidh an cúlú thart agus tá sochaí na hÉireann ag fulaingt. I mí Feabhra anuraidh, gheall Fine Gael agus Páirtí an Lucht Oibre rialtas nua, beartais nua, ach, ina n-áit seo, is iad beartais Fhianna Fáil na beartais atá siad ag soláthar i rialtas, agus na drochthorthaí céanna orthu. Ó 2009, glacadh €20.6 billiún amach as an ngeilleagar chun iarracht a dhéanamh ar an easnamh a laghdú. Níor éirigh leis seo. Tá polasaithe rialtais ag cur an gheilleagar intíre síos, mar atá le feiceáil i bhfáltais níos lú cánach agus i gcostais níos airde leasa shóisialaigh.

Tá beagnach leathmhilliún duine dífhostaithe. Tá 210,000 custaiméirí BSL agus Bhord Gáis i riaráiste. Tá daoine óga ag fágáil ár dtíre. Tá na deiceanna míle oibríthe tógála gan obair i dtréimhse ina bhféadfaimis feidhm a bhaint as a gcuid scileanna. Tá céad míle teaghlach i gcrúachás maidir le morgaistí. Tá teaghlaigh in éadóchas. Táthar ag tabhairt ar shiúl ceannas eacnamaíoch. Tá Rialtas Fhine Gael/Pháirtí an Lucht Oibre ina gcónaí ina ndomhan féin – scartha ó thorthaí sóisialta a gcinntí.

Is sochaí roinnte sinne – sochaí ina bhfuil daoine a bhfuil mórán acu agus daoine a bhfuil beagán acu, daoine a bhfuil saibhreas acu agus daoine atá ag streachailt. Sochaí ina bhfuil na daoine a chruthaigh an ghéarchéim eacnamaíoch agus na daoine a gcuirtear iallach orthu íoc aisti. Níl an teagasc faighte go fóill ag an rialtas. B'fhéidir go bhfuil athrú rialtais ann, ach tá an an Rialtas nua seo ullamh chun Cáinainéis a scaoileadh amach ar mhuintir na hÉireann a imreoidh drochthionchar leitheadach ar ghnáth-theaghlaigh lucht oibre agus ar na bochtáin. Tabharfar isteach sa tsochaí seo roimh i bhfad ciorruithe millteanacha ar sheirbhísí ríthábhachtacha agus ar thacaíochtaí sóisialta, rud

a mbeidh tuilleadh neamhionannais agus tuilleadh fadhbanna sóisialta agus íslíú breise an gheilleagair mar thoradh air.

Tá grúpaí agus daoine cumhachtacha ann a bhfuil sé mar aidhm acu an stádas reatha a chosaint. Níl le déanamh againn ach féachaint ar thosaíochtaí Rialtais Fhine Gael/Pháirtí an Lucht Oibre agus an rialtais roimhe sin a bhí á threorú ag Fianna Fáil chun feiceáil cé na daoine a bhfuil siad ag iarraidh orthu an ceann trom den chúlú seo a iompar.

### TÁ NA NITHE SEO A LEANAS CURTHA I BHFEIDHM ACU:

- Ciorruithe ar oideachas riachtanas speisialta
- Ciorruithe ar Liúntas do Chúramóirí agus ar Shochar Cúramóra agus ar sheirbhísí cúnaimh baile
- Ciorruithe ar dhaoine atá ag brath ar leas sóisialach – ciorruithe ar an bPacáiste Sochair Teaghlaigh a sholáthraíonn réimse cúnaimh do phinsinéirí, do chúramóirí agus do dhaoine faoi mhíchumas
- Ciorruithe 10% ar sheirbhísí easpa dídine
- Ionsaí a dhéanamh orthu siúd ar ísealioncáim agus ar mheánioncáim – méadú ar chánacha teaghlaigh faoi choim, ar mhuirir theaghlaigh, ar mhuirir uisce, ar an Muirear Sóisialta Uilíoch (MSU) agus ar an gcostas maireachtála
- Tuarastail iomarcacha do cheapaithe an rialtais – íoctar cúig huaire níos mó ná an meántuarastal tionscail le cuid acu (bronnar €168,000 do chomhairleoirí sinsir an Rialtais, rud a sháraíonn uasteorainn tuarastail an Rialtais féin)
- Tuarastail agus pinsin ollmhóra – Bronnadh tuarastal do Phríomhoifigeach Feidhmiúcháin nua BSL atá 30% níos mó ná uasteorainn tuarastail an Rialtais féin maidir le comhlacht stát-tionscanta tráchtála. Íoctar breis agus ceathrú mhilliún euro in aghaidh na bliana le 14 feidhmeannach sinsearach i nGníomhaireacht Bainistíochta an Chisteáin Náisiúnta

Tá teipithe orthu fosta an socrú leis an AE/CAI a athchaibidliú agus tá siad comhpháirteach i gcailleadh an cheannais eacnamaíoch, chomh maith le cailleadh an cheannais pholaitiúil. San am chéanna leanann siad orthu ag úsáid airgead na gcáiníocóirí chun sealbhóirí bannaí bainc phríobháidigh a íoc – ar an 2 Samhain, íocadh €715 milliún le sealbhóirí bannaí neamhráthaithe sa Bhanc-Chorparáid Angla-Éireannach. Íocfar €1.25 billiún eile le sealbhóirí bannaí neamhráthaithe eile sa Bhanc-Chorparáid Angla-Éireannach i mí Éanair.

Ní dheiseoidh coinneáil Fhine Gael agus Pháirtí an Lucht Oibre le beartais Fhianna Fáil an geilleagar. Cuirfidh seo an gheilleagar síos a thuilleadh – ag glacadh níos mó airgid as cúrsaíocht, ag dúnadh gnóthas inmharthana, ag méadú difhostaíochta agus ag fágáil teaghlaigh agus pobail ar fad ar an ghannchuid. Is mar gheall ar roghanna polaitiúla a tharlaíonn sé seo. Is féidir roghnú €715 milliún a íoc le sealbhóirí bannaí neamhráthaithe sa Bhanc-Chorparáid Angla-Éireannach nó is féidir roghnú Cúntóirí Riachtanas Speisialta, altraí, múinteoirí agus Gardaí a íoc agus seirbhísí poiblí a sholáthar.

## COMHROGHA EACNAMAÍOCH SHINN FÉIN

San aighneacht réamh-cháinainnéise seo, is faoi bhealach níos cothroime agus rathúil i dtreo téarnaimh atá na roghanna polaitiúla a dhéanann Sinn Féin. Is faoin ngeilleagar a fhorbairt i dtreo téarnaimh ar mhodh inbhuanaithe, faoin áirithiú go gcosnaítear na daoine is leochailí agus go n-iarrtar ar na daoine a bhfuil an cumas acu níos mó airgid a thabhairt é seo a dhéanamh, agus faoi leibhéal comhionannais nach bhfacthas sa stát seo riamh a sholáthar atá plean Shinn Féin.

- €7 billiún a infheistiú isteach i gcruithú post agus i bhfás geilleagrach thar na trí bliana atá le teacht, lena n-áirítear comhlachtaí stát-tionscanta a úsáid mar spreagadh le haghaidh téarnaimh. Rachadh seo chun sochair do bheagnach 200,000 duine.
- An t-easnamh a laghdú idir 2012 agus 2016, ag tosú le €3.5 billiún i mbliana.

- Tá an rialtas ag déanamh coigeartú de €3.8 billiún ach maíonn siad go bhfuil €600 milliún de seo iompraithe trasna ó anuraidh, da bhrí sin is céimeanna nua atá i €3.2 billiún de seo. Tá muidinne ag díriú ar €3.5 billiún chun tionchar cuid dena céimeanna seo in éadán a chéile iompar. Mar aon lenár spreagadh, laghdóidh sé seo an t-easnamh go timpeall ar 8.3% d’OTI. Féadfar é seo a bhaint amach tríd an muirear cánach ar theaghlaigh ísealioncaim agus mheánioncaim a laghdú, trí chánacha a mhéadú agus trí bhealaí éalaithe a bhaint i leith lucht ardioncaim agus coigilteas earnála príobháidí. Is ionann ár gcóimheas cáin le coigilteas agus 3-1.
- Deireadh a chur le caiteachas diomailteach, ag tosú le €1 billiún i gcoigilteas i mbliana trí bhíthin réimse beart, lena n-áirítear trí bhíthin gach pá san earnáil phoiblí a chaidhpeáil ag €100,000, laghdú 25% a dhéanamh ar tháillí gairmiúla agus deireadh a chur le cúram leighis a chur ar fáil d’othair phríobháideacha i leapacha poiblí
- Is 3:1 ár gcoibhneas cáin le coigealtas.
- Tacú le teaghlaigh oibre agus leis na daoine is leochailí – deireadh a chur leis an MSU agus infheistiú i bpacáiste spreagtha teaghlaigh chun cuidiú leo siúd atá ag streachailt le maireachtáil. Rachaidh deireadh a chur le MSU chun tairbhe do leath mhilliún duine trí iad a thabhairt amach as an líonra cánach.
- Leibhéal leasa shóisialaigh a choinneáil agus cur in aghaidh thabhairt isteach na dtáillí mac léinn, na dtáillí teaghlaigh agus na dtáillí uisce.
- Éascú a dhéanamh ar an lánchosc earcaíochta san earnáil phoiblí chun altraí, múinteoirí, Cúntóirí Riachtanas Speisialta, Gardaí a fhostú
- Dul i ngleic leis an ngéarchéim fiachais - tá leibhéal fiachais na hÉireann neamh-inbhuanaithe. Tá gá le réiteach ar fud na hEorpa chun déileáil leis an bhfadhb fiachais. Mar chéad chéim, ní mór fiachas bainc phríobháidigh agus fiachas ceannasach a scaradh óna chéile agus níor cheart nótaí gealltanais an Bhainc Angla-Éireannaigh de €74 billiún thar na 20 bliain atá romhainn a íoc.
- Seasamh suas d’Éirinn agus déileáil nua AE/CAI a idirbheartú.

## BEARTA AIRGEADAIS

**Oiriúnú de thart ar €3.5 billiún ar an easnamh taréis oiriúnú cánach agus caiteachais a dhéanamh. Pacáiste cruthaithe post de €7 billiún. Pacáiste spreagtha teaghlaigh de €596.7 milliún.**

CÁNACHA IONCAIM	COSTÁIL
Tríú ráta nua cánach de 48% a thabhairt isteach ar ioncam sa bhreis ar €100,000 atá tuillte ag daoine aonair.	Rud a bhaileodh €410 milliún
Oiriúnú ar an díolúine ÁSPC le haghaidh scair-roghanna, luach saothair comhroinnte & ar Cháin Ghnóthachan Caipitiúil.	Rud a bhaileodh €97 milliún
Deireadh a chur leis an MSU	Costas €4.1 billiún
Tobhach ioncaim a thabhairt isteach ar ais (trí bhíthin é a laghdú ó 2% go 1% ar ioncam suas le €75K) agus an tobhach sláinte a thabhairt isteach.	Bhaileodh seo €3.118 billiún
CÁNACHA RACHMAIS	COSTÁIL
Cáin rachmais de 1% a thabhairt isteach ar gach sócmhainn sa bhreis ar €1 milliún, seachas talamh feirme oibre, sócmhainní gnó agus an chéad 20% de luach ar an bpríomhtheach cónaithe.	Rud a bhaileodh €800 milliún
Cáin Ghnóthachain Caipitiúil a mhéadú ó 25% go 40%.	Rud a bhaileodh €195 milliún
Cáin Fáltas Caipitiúil a mhéadú ó 25% go 35% agus na tairseacha a laghdú faoi 25%.	Rud a bhaileodh €165 milliún
FAOISIMH CHÁNACH AGUS BEALÁÍ ÉALAITHE	COSTÁIL
Caidhp tuillimh de €80,000 a chur ar ranníocaíochtaí pinsin agus faoiseamh deontais a chaidhpeáil ag 20%.	Rud a bhaileodh €550 milliún
Deireadh a chur le cumas na gcomhlachtaí corpraithe cailteanas trádála a éileamh i gcoinne brabúis a gnóthaíodh sna blianta roimhe sin ar mhaithe le tuairisceán cánach.	Rud a bhaileodh €108 milliún
Deireadh a chur de réir a chéile le faoiseamh úis mhorgáiste do thiarnaí talún.	Rud a bhaileodh €400 milliún
Faoisimh chánach lánroghnacha a chaighdeánú, seachas tabhartais do charthanacht.	Rud a bhaileodh €628.3 milliún
Deireadh a chur le 'Faoiseamh grúpa' a mbaineann cuideachtaí leas astu chun cailteanas a aistriú chuig comhlachtaí brabúsaigh agus fáltais chánach a laghdú.	Rud a bhaileodh €450.3 milliún
Deireadh a chur le faoisimh mhaoine oidhreachta.	Rud a bhaileodh €341.8 milliún
Cáin 5% a thabhairt isteach ar chearrbhachas ar líne.	Rud a bhaileodh €100 milliún

**IOMLÁN GLAN DE**

**€3.263 billiún**

## COIGILTEAS

### ***lomlán Glan €837.25 milliún***

ACTION	COSTÁIL
Deireadh a chur leis an gcleachtas ina gcuirtear cúram leighis ar fáil d'othair phríobháideacha i leapacha poiblí in ospidéal poiblí.	Rud a choigleodh: €372.744 milliún
Ionadú cineálach lán leigheasanna a chur i bhfeidhm faoi scéim na Seirbhísí Míochaine Ginearálta agus foroidis a shrianadh.	Rud a choigleodh: €200 milliún
Pá gach seirbhísigh poiblí a chaidhpeáil ag €100,000 in aghaidh na bliana.	Rud a choigleodh: €265 milliún
Pá Phríomhoifigigh Feidhmiúcháin na gComhlachtaí Tráchtála Státurraithe a chaidhpeáil ag €100,000.	Rud a choigleodh: €3 milliún
Ciorrú de 25% ar tháillí gach Boird Ghníomhaireachta Stáit.	Rud a choigleodh: €6.7 milliún
Díriú ar laghdú de 25% ar tháillí gairmiúla ar fud ranna, seachas an Roinn Sláinte.	Rud a choigleodh: €38.5 milliún
Tuarastail rialtais a chaidhpeáil ag €100,000, tuarastail Teachtaí Dála a chaidhpeáil ag €75,000 agus tuarastail Seanadóirí a chaidhpeáil ag €60,000.	Rud a choigleodh: €4.3 milliún
Deireadh a chur de réir a chéile le fóirdheontas stáit scoileanna príobháideacha, agus leanúint ar aghaidh de bheith ag déanamh soláthair do scoileanna mionlaigh.	Rud a choigleodh: €20 milliún
Caiteachas a laghdú ar ffordheontas cíosa trí bhíthin tithíocht shóisialta a chur ar fáil.	Rud a choigleodh: €20 milliún
Aistrithe sóisialta a íocadh le fostaithe a briseadh go héagórach a fhorchúiteamh ó fhostóirí.	Rud a choigleodh: €12 milliún
An córas leasa shóisialaigh a athchóiriú chun é a dhéanamh níos éasca do chuardaitheoirí poist leas a bhaint as obair ócaídeach.	Rud a choigleodh: €40 milliún
An cosc earcaíochta a bhaint d'fhonn foirne túslíne a fhostú ar mhaithe le tionscadail infheistíochta poist Shinn Féin, amhail scoileanna agus ionaid chúraim phríomhúil. Chuirfeadh seo fostaíocht ar fáil do thart air 3,500 d'fhoireann túslíne breise.	Costas: €145 milliún
<b><i>lomlán Glan</i></b>	<b><i>€837.25 milliún</i></b>

## SPREAGADH POST COSTAS €7 BILLIÚN

ACTION	COSTÁIL
Cuirfear €7 billiún ar fáil trí €5.3 billiún sa Chúlchiste Náisiúnta Pinsean agus €1.7 billiún ón mBanc Eorpach Infheistíochta ar mhaithe le pacáiste infheistíochta trí bliana. Cruthófar 60,000 post go díreach, cruthófar na mílte eile go hindíreach agus sábhálfar suas le 96,000 post. Tá sonraí iomlána taobh istigh.	<b>Costas: €7 billiún</b>

## SPREAGADH TEAGHLAIGH COSTAS €596.7 MILLIÚN

**Íoctar as €596.7 milliún ó bharrachas i mbearta cánachais agus coigiltis**

ACTION	COSTÁIL
Scéim lárnach um sholáthar leabhar scoile a mhaoiniú go gach leanbh scoile, rud a chuirfeadh leabhair saor in aisce ar fáil le haghaidh úsáid leanaí.	<b>Costas: €60 milliún</b>
Béile lóin saor in aisce a chur ar fáil do gach leanbh bunscoile sa stát.	<b>Costas: €250 milliún</b>
Athruithe ar an deontas do mhic léinn 3ú leibhéal neamhfhogasach a aisiompú.	<b>Costas: €43 milliún</b>
Na 200 cúntóir riachtanas speisialta a gearradh sa bhuiséad seo caite a aiscur.	<b>Costas: €6 milliún</b>
An tobhach ar oidis chárta leighis a bhaint.	<b>Costas: €24 milliún</b>
Creidmheasanna cánach a dhéanamh inaisíochta.	<b>Costas: €140 milliún</b>
Na ciorruithe ar an bPacáiste Sochar Teaghlaigh a aisiompú.	<b>Costas: €25 milliún</b>
Athchóiriú a dhéanamh ar an gciorrú €3.90 a rinneadh ar fhaighteoirí liúntais bhreosla i gceantair saor ó thoit agus leathnú a dhéanamh ar an méadú sin chuig gach faighteoir.	<b>Costas: €48.7 milliún</b>

## 2. Key Economic Statistics

**1** Ireland's General Government Gross debt was stated as €148.1 billion at the end of 2010 and is estimated to be in the region of €170 billion by the end of 2011 (borrowing for NAMA of €30 billion is off the General Government Balance Sheet). Debt is forecast to reach €200 billion by 2015.

**2** Investment has fallen by 66% since the beginning of the recession. €29.4 billion comes from a decline in private sector investment. In 2007 the private sector was willing to invest over 60% of its net income whereas in 2010 it invested less than 20% of its net income. All private investment is made for a profitable return. The investment strike has arisen because the private sector does not expect profitable returns on investment.

**3** Unemployment has increased from 4.7% (1.3% long term unemployed) in 2007 when the crisis began to 14.4% (7.8% long term) in 2011. There are 447,100 people on the live register. Emigration is averaging at 40,000 per annum.

**4** Even during the boom, Irish government public spending was in the lowest category of the OECD charts. Public spending to GDP between 2004-2007, the boom years, was 34.2% in Ireland. We sat in the lowest category with South Korea, America and Japan. The higher spenders such as Belgium (49.6%), Sweden (54%), and France (52.9%), well outstripped

us. Our frontline services cannot afford cuts but reform is required to address issues such as the fact that there are many senior civil and public servants, as well as state agency managers who are underperforming and over paid.

**5** The Government is failing to meet commitments that it made at EU level. It is failing to reduce poverty, to curtail climate change and even in its commitment to overseas aid. In this budget the Government needs to set out how it plans to meet the Millennium Development Goal of spending 0.7% of our income on overseas aid by 2015.

**6** This state has the fourth lowest tax take as a percentage of GDP in the European Union at 31%, yet we lag behind others with higher tax takes in the world competitiveness rankings (Ireland is 25<sup>th</sup>).

# 3. Taxation measures which are fair and sustainable

Sinn Féin is not a high tax party; we are a fair tax party. Taxing the very wealthy during the boom would have left the state with the resources it needed to cope during the bust. Instead, Fianna Fail broke the tax system. The opportunities to correct Fianna Fáil policy have been ignored by Fine Gael and Labour. The current Government is choosing to levy flat taxes at the most economically vulnerable, taxes like household charges and water rates. Sinn Féin's proposals would see a reduced tax burden for those on low and middle incomes, increased taxes for those who can afford it and the closing of loopholes, which are still used to avoid paying tax.

The point at which you can close a deficit through taxation and not deflate the economy is sensitive and the only way to reach it correctly is by targeting tax from those who can afford to pay it. Taxing those already struggling just redirects their diminishing disposable income away from essential services in their community and contributes to the economic contraction, job losses and human suffering.

## ABOLITION OF THE UNIVERSAL SOCIAL CHARGE

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In Budget 2011 the Government replaced the Income and Health Contribution levies with a new Universal Social Charge. The Income and Health levies weren't perfect, but the USC was introduced with highly regressive features - a greater burden has been imposed on low-income earners, while higher earners have seen their burden post the income levy lessened. Sinn Féin is not opposed to a system that integrates all social contributions (PRSI, health levy etc.) However, such a move must be progressive in nature. We would abolish the USC and in the interim replace it with the health levy

and the income levy. We would reduce the income levy on income up to €75,000 from 2% to 1%. This would have a net cost of €1.019 billion which we cater for with our total tax proposals package.

Our proposals would take approximately 500,000 people out of the tax net. Effective tax rates after our proposals are implemented will be 45.4% on income between €100k to €175 k, and 51% on income in excess of €175k.

## INDIRECT TAXATION

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In the longer-term, Sinn Féin wants to see a move away from indirect and consumption taxation which disproportionately hits low-earners. An ICTU study last year showed that for every €100 paid in income tax, a further €147 is paid by everyone, including children, on spending taxes. These spending taxes are not progressive - but income tax and wealth taxes are.

Sinn Féin also supports the introduction of a Europe-wide Tobin Tax (Financial Transactions Tax) to compensate for the level of assistance given to the EU's financial institutions in the recent crisis.

## SINN FÉIN PROPOSALS - NET TOTAL €3.263 BILLION:

### INCOME TAXES

- Introduce a new third rate of tax of 48% on income earned by individuals in excess of €100,000. **Raises: €410 million**
- Adjust PRSI exemption for share options, shared based remuneration and capital gains. **Raises: €97 million**
- Abolish the USC. **Costs: €4.1 billion**
- Pending reform of the social security system reintroduce the health levy (raises €2.018 billion in full year) and reintroduce the income levy but adjust it on income up to €75,000 to 1% (raises €1.1 billion). **Raises: €3.118 billion**

### WEALTH TAXES

- Introduce a wealth tax of 1% on all assets in excess of €1 million, excluding working farmland, business assets, and the first 20% of value of primary residences worth in excess of €1 million. The Department of Finance to examine an inability to pay clause for asset rich, cash poor individuals. **Raises: €800 million (see appendix 2)**
- Increase Capital Gains Tax from 25% to 40%. 40% was the rate applied to CGT up to 1998. **Raises: €195 million**
- Increase Capitals Acquisitions Tax from 25% to 35% and reduce the thresholds by 25%. **Raises €165 million**

### TAX RELIEFS AND LOOPHOLES

- Place an earnings cap of €80,000 on pension contributions and grant relief at 20%. **Raises: €550 million**
- Abolish the ability of incorporated bodies to claim trading losses against profits made in previous years for tax return purposes. This is a once off measure which should save over €100 million in the year it is introduced, but once abolished as a measure it would obviously not return money the following year. We would not change the ability to carry losses forward. **Raises: €108 million (based on 2009 figures)**

- Halve mortgage interest relief for landlords. We would simultaneously look at proposals to cap rents so that landlords cannot pass rent increases onto their tenants. Where there is genuine hardship for landlords this should be dealt with through measures other than interest relief. In 2013 this measure in its complete abolition would save the state another €385 million. **Raises: €400 million**
- Standardise discretionary tax reliefs, excluding donations to charity. **Raises: €628.3 million**
- Abolish 'Group relief' availed of by companies to transfer losses to profitable companies and write down tax receipts. **Raises: €450.3 million**
- Abolish legacy property reliefs. **Raises: €341.8 million**
- Introduce 5% tax on online gambling. **Raises: €100 million**
- Target the retail goods and services black market. Business groups estimate that up to €5 billion is lost per annum through black market activity in VAT and excise returns. We propose hiring 200 new revenue and custom officials to target a reduction in that €5 billion figure of a very conservative 5%. The cost of hiring 200 new revenue and customs officials would be in the region of €15 million per annum. A 5% reduction in black market activity could raise €250 million for the state. This measure has the potential to raise €235 million by 2013. We do not include this figure in our calculations above as it may not be achieved in 2012.

# 4. Eliminating waste and protecting frontline services - Net €837.25 million

Sinn Fein's total package of savings proposals amount to €982.244 million, however we allow €145 million for an easing of the recruitment ban.

This is by no means a comprehensive set of savings and we will review the Government's comprehensive expenditure review. However, we are clear in our commitment to properly funded public services. Health and education need investment – a true reform of the sector would most likely entail a transfer of money around the departments with efficiencies in how it is spent.

Ireland is in receipt of loans from the EU and IMF to allow the state to stay out of the international lending markets and fund its deficit each year. The Government has claimed the EU/IMF money is necessary to pay 'teachers, nurses and gardaí wages'. The deficit was €22.1 billion at the start of November and almost half (€10.6 billion) of this was incurred because of transfers to Anglo Irish Bank, AIB and Bol. The other half has arisen because of unemployment (causing a collapse in tax revenue), a higher social welfare bill and higher debt servicing.

This Government wants to target yet again frontline services and the most vulnerable. Social welfare spend is growing because more people are becoming unemployed. Slashing rates is not the answer to this problem. Families and children have in particular carried the brunt of cuts over the last number of years and cannot sustain any further cuts to child benefit, carer's rates, Family Income Support etc.

- Apply charges based on the full economic cost for the use of beds in public and voluntary hospitals in the state for the purposes of private medical practice. Figure sourced from the National Casemix Programme. **Saves: €372.744 million**

- Implement full generic substitution of medicines under the GMS scheme and clamp down on over prescriptions; estimated savings from Association of Pharmaceutical Manufacturers in Ireland and OECD health data. **Saves: €200 million**
- Cap all public servants wages at €100,000 per annum. **Saves: €265 million**
- Cap Commercial State Sponsored Bodies CEO pay at €100,000. **Saves: €3 million**
- Cut all State Agency Board Fees by 25%. **Saves: €6.7 million**
- Target a reduction of 25% in professional fees across departments excluding health. **Saves: €38.5 million**
- Cap government salaries at €100,000, TDs at €75,000 and Senators at €60,000. **Saves: €4.3 million**
- Phase out state subsidy of private schools, while continuing to make provision for minority schools. Private schools received more than €530 million in support from the taxpayer over the past five years. Most of this went to pay teachers' salaries. The total number of students in fee-paying, second-level schools this year (26,277) has dipped only marginally – despite fees of more than €5,000 per pupil per year. We would implement this proposal as a phased reduction starting with 20% in 2012. **Saves €20 million**
- Reduce spending on rent supplement by providing social housing for people to move into. In 2010 a total of €516.8 million was spent on rent supplement for 97,260 households and this figure is growing. Rent supplement was intended to be a short-term emergency payment but in practice it is a significant ongoing transfer of public funds into the pockets of private landlords. Housing people in social units would save money spent on rent supplement in the long term. We propose that the Government releases a number of NAMA holdings to the state, where suitable. In our stimulus package we also propose a social housing build and renovating NAMA properties for rent. If the state targeted 10,000 homes, €51.6 million would be saved on rent supplement spending and differential rents would raise €15 million per

annum. This policy has the potential to raise and save €66.6 million for the Exchequer in a full year and we would target a saving of €20 million in 2012. **Saves: €20 million**

- Recoup from employers social transfers paid to wrongfully dismissed employees. If an employer is found to have wrongfully dismissed a former member of staff by the Employment Appeals Tribunal (EAT) the state should be able to recoup all social welfare payment paid out to the employee from the time of dismissal to the date upon which the order was made. **Potential to save €12 million**
- Reform social welfare system to make it easier for job seekers to avail of casual work without going on the black market. **Potential to save up to €40 million per annum**
- Remove the recruitment ban in order to hire frontline staff for Sinn Féin's jobs investment projects such as schools and primary health care centres. This would allow for the employment of 3,500 extra frontline staff. **Cost: €145 million**

# 5. Job Creation and Economic Growth

There will be no recovery without jobs being created. There are approximately 440,000 people on the live register. Of these 20% are under the age of 25 and a growing proportion are long term unemployed. It is expected that 40,000 people will emigrate within the next year.

Sinn Féin proposes a €7 billion investment package in job creation and economic growth over 3 years. We fund this from the remaining €5.3 billion in the National Pension Reserve Fund and €1.7 billion in funding from the European Investment Bank. The EIB will loan governments or the private sector up to 50% of a project's funding if it meets their criteria of being a sound and sustainable project such as employment growth, climate change, environmental sustainability, energy, the knowledge economy and infrastructure. Our proposals include such projects.

The average interest repayment to the EIB is less than the LIBOR rate which averages at 1.2% for five year borrowing and 2% for ten year borrowing, and they are willing to be flexible on repayment terms. They have received a directive from the EIB to actively seek out investments with states, where there is collateral, to meet the badly needed European investment drive. In 2011 the EIB had an investment fund of €75 billion, which is allocated to countries in accordance with their GDP share. Our total requirement from the EIB would be €1.7 billion over three years, which should be within our allocation.

The financial outworking of our €7 billion stimulus package is set out in the appendices of this document. The immediate focus of our strategy would be to expedite 'shovel ready' projects. Jobs estimates are based on the Construction Industry Federation and Department of Finance estimates

of employment return of the order of 8,000 to 12,000 direct jobs per €1 billion invested. We would ringfence the return from our investment programme for the capital spending budget. Our total investment should see an average of 60,000 jobs created directly, with thousands more indirectly; and anything up to 96,000 jobs saved.

*Furthermore, Sinn Fein would not cut capital spending. Fine Gael and Labour plan to cut capital spending by €750 million this year and make further cuts in future years. We would take this money and the €500 million the Government plans to spend on water metering and use it to begin fixing the state's water system, including drainage to alleviate flood danger.*

Our proposals would contribute to making Ireland more competitive as well as developing a sustainable, performing economy. Investment in infrastructure not only benefits job creation in the immediate term – it has supply side benefits for businesses and the state. A childcare system which caters for parents seeking to return to the workplace; an education system that allows for smaller class number and fosters young potential; a green energy system that provides for energy needs cheaply and efficiently; and a broadband service that meets the needs of modern Irish business. This is what our proposals will provide as well as creating jobs.

## INVESTMENT IN TRAINING AND EDUCATION

### CRÈCHES

- Build 150 additional state run crèches. **Cost: €335 million**

### PRIMARY AND POST PRIMARY

- Build an additional 100 schools at a cost of €300 million and refurbish 75 more at a cost of €50 million over the next 3 years. **Cost: €350 million**

## A CAPITAL STIMULUS INVESTMENT PROGRAMME

- Complete the regeneration projects in Limerick and Dublin. This will be a ten year project. Over the next three years the work will cost €960 million. We believe we can source approx. 21% of this funding, or €200 million from the EIB. **Cost: €960 million**
- Undertake an audit in the first 6 months of next year to ascertain the level of vacant housing stock and suitable NAMA properties available for social housing needs. Allocate €100 million for renovation of houses identified. Also initiate a social housing build of at least 5,000 houses in 2012, with a further 4,000 houses in the first half of 2013 at a total cost of €900 million. **Cost: €1 billion**

### BROADBAND

- Invest the €2.5 billion of capital investment necessary for the roll out of next-generation broadband access throughout the state. This will take Ireland to the top of the broadband league and will increase our attractiveness for high tech jobs. This is another project that we believe we can seek investment for from the EIB and we will aim for an investment of €1.1 billion, or 44%. **Cost: €2.5 billion**

## HEALTH INFRASTRUCTURE

- 50 new Primary Health Care Centres. **Cost: €250 million**

## ENERGY INFRASTRUCTURE

- Kick start the wind-power industry with a €600 million government investment in infrastructure plus a €400 million investment from the EIB. We will reform and reduce the lead in time necessary for projects and will mandate the ESB to develop an extra 300 MW of off shore wind generation in 5 years. It is estimated that this industry has the capacity to create 50,000 jobs over 15 years. **Cost: €1 billion**

## JOB RETENTION

- Sinn Féin will introduce a job retention scheme at a cost of €600 million to save up to 96,000 jobs in one year. **Cost: €600 million**

## JOB ACTIVATION

- Sinn Féin will develop a comprehensive and accessible internet data base based on the LinkedIn model but run by the government to allow business and job seekers connect to fill positions in real time. An e-training system will be integrated with this system to analyse employer needs, jobseeker needs and a system to deliver accredited courses over the internet. **Cost: €5 million**

## PENSION INDUSTRY PROPOSAL

The Trade Union movement has put forward a policy with regard to the pensions industry and investment. This entails incentivising a percentage of the €78 billion industry to invest in Ireland. In exchange for such an investment, Sinn Féin would abolish the 0.6% levy on pension funds being applied by the current government (the .6% raises €470 million per annum). We are currently working on a proposal, which would entail a housing retrofit plan as outlined below. We do not include this proposal in our stimulus multiplier effect at the back of this document because it is a proposal

in progress and the participation of the pension industry would have to be secured. From our initial contacts with the pension industry we believe the proposal is workable.

We would convene an expert group compiled of representatives of the pensions industry, relevant government departments, St Vincent de Paul, the construction industry, energy providers and Sustainable Energy Ireland to discuss the proposal below.

### €5 BILLION INVESTMENT PROJECT IN RETROFITTING:

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- There are 1.4 million houses in Ireland still in need of insulation retrofit. According to the Institute of International European Affairs approximately €14 billion of investment would be required to bring the residential housing stock up to an average Building Energy Rating (BER) of C1. This would save the average household €1,496 a year. It would also help Ireland reach its 20% energy efficiency target by 2020.
- Sinn Féin would facilitate the Private Pension Industry to invest €5 billion into a guaranteed and interest bearing Green Fund to operate initially over a 3 year period. This will retrofit over 500,000 houses, a third of the housing stock (cavity-wall insulation, attic insulation, high-efficiency boiler & heating controls, solar panel, windows and doors). It will create 50,000 jobs. Householders would continue to pay their electricity bills as normal for ten years, though within that period their bills would reduce as their houses were retrofitted. A portion of their bill would be paid to the Green Fund, repaying the cost of the retrofit. At the end of ten years, householders' bills would reduce dramatically and their houses would be retrofitted.

# 6. Household stimulus – protecting families and low earners

The €3.8 billion taken out of the economy in this budget will come in bulk from those least able to afford it and will further deflate the economy. Sinn Féin is setting out a household stimulus package with the aim of helping those struggling in the current economic climate. It is not as large or wide-ranging as we would like, as the bulk of our stimulus measures apply to direct job creation. But throughout we hold the following principles:

- No child will be left behind – recession is tough, but in a first world country, it shouldn't be tough for children
- The lowest paid always reinvest their money in the economy – if you protect their disposable income it improves their quality of life and they reinvest it in the economy
- The choices you make at budget time should not just be about helping the economy in the long-run, but a reflection what type of society we live in and what we value.

## SINN FÉIN PROPOSALS (TOTAL €596.7 MILLION):

- Fund a central schoolbook provision scheme for all school children, which would see books provided free of cost to schools for children's use. **Cost: €60 million**
- Provide every primary school child in the state with a free lunch meal. **Cost: €250 million**
- Reverse changes to the non-adjacent grant - As part of Budget 2011, only students living a minimum of 45 kilometres from their college will be eligible for the 'non-adjacent' grant, affecting almost 25,000 students and their families. **Cost: €43 million**
- Return the 200 SNAs cut in the last budget. **Cost: €6 million**
- Remove the levy on medical card prescriptions. **Cost: €24 million**
- Make tax credits refundable. According to Social Justice Ireland, this would benefit 113,000 low-income individuals in an efficient and cost-effective manner (Social Justice Ireland study July 5, 2010). When children and other adults in the household are taken into account the total number of beneficiaries would be 240,000. **Cost: €140 million**
- Reverse the cuts to the Household Benefits Package (to be funded in part from negotiating a bulk discount from the energy providers). The Household Benefits Package provides a range of allowance options for state pensioners, some carers and people with disabilities. The cuts were announced by Fine Gael and Labour the same week Bord Gáis announced price hikes of up to 30% for electricity and gas. We would seek a bulk buying discount of 14.3% (fuel allowance dealt with separately). **Cost: €25 million**
- Restore the cut of €3.90 made this year to Fuel Allowance recipients in smokeless zones and extend that increase to all recipients. In September 2011 the means-tested Fuel Allowance which is paid weekly for 32 weeks was cut from €23.90 to €20 (16%) in smokeless fuel zones. The cost of restoring this supplement is €18.7 million. However the rationale for the higher payment in some geographic areas as against others is less relevant today so it would be fairer to harmonise this payment for all recipients. **Cost: €48.7 million.**

# 7. Illustrating the effect of spending cuts

**Case 1.** Mícheál and Bríd are a couple in their fifties. Mícheál suffers from multiple sclerosis and Bríd cares for him full-time. Their adult son Uisneach moved back in with them when he lost his job in the construction sector at the start of the recession.

Accumulating the effects of the 2009 Supplementary Budget, Budget 2010 and Budget 2011, this household's annual income has fallen by €3,372 or 9.8%.

Like so many others with a disability Mícheál's disability incurs costs for the household in terms of heating, clothing and day to day living expenses that are over and above those experienced by people without a disability. As a consequence the cuts have hit this household particularly hard. Mícheál's independence, and his and Bríd's quality of life is highly dependent on wider public services. Cuts to both mainstream and disability services are compounding the impact of this family's falling income.

SOCIAL WELFARE PAYMENTS	START 2009	BUDGET 2011	€'s DIFFERENCE	% DIFFERENCE
Carer's Allowance	224.74	204.00	- 20.74	- 9.2%
Disability Allowance	208.23	188.00	- 20.23	- 9.7%
Jobseekers Allowance	208.23	188.00	- 20.23	- 9.7%
Fuel Allowance	14.67	12.30*	- 2.37	- 16%
Prescription charge	0.00	- 1.27**		
<b>Net Weekly Income</b>	<b>655.87</b>	<b>591.03</b>	<b>- 64.84</b>	<b>- 9.8%</b>

\* Fuel allowance cut by Labour/Fine Gael government in September 2011

\*\* Prescription charges were introduced in 2010

\*\*\* The supplement was phased out during 2009

Note: some of the above cases build on the work of The Poor Can't Pay campaign published in early 2010

**Case 2.** Mary is a lone parent living with her three year old son in an urban centre. She lost her job in a hotel at the start of the recession and now depends on the One Parent Family Payment.

Accumulating the effects of the 2009 Supplementary Budget, Budget 2010 and Budget 2011, Mary's income has been cut by €2,381 or 14.8%. Her income is now €33 below the weekly poverty line for her household type.

SOCIAL WELFARE PAYMENTS	START 2009	BUDGET 2011	€'s DIFFERENCE	% DIFFERENCE
Personal rate	208.23	188.00	- 20.23	- 9.7%
Child dependent allowance	26.50	29.80	+ 3.30	+ 12.4%
One Parent Family Payment (inc. Xmas Bonus)	234.09	217.80	-16.29	- 6.9%
Child Benefit	38.20	32.30	- 5.90	- 15.4%
Early Childcare Supplement***	21.23	0.00	- 21.23	- 100%
Fuel Allowance	14.67	12.30*	- 2.37	- 16%
<b>Net Weekly Income</b>	<b>308.19</b>	<b>262.40</b>	<b>- 45.79</b>	<b>-14.8%</b>

**Case 3.** Peadar is 68. He lives alone in a rural setting and is dependent on the state pension (non-contributory) and an annuity of €10,000. There is a perception that older people have been relatively insulated from cuts over the past 3 years but this is not the case. Peadar has been plunged into relative poverty by the combined introduction of the carbon tax, the loss of the Christmas bonus (€230), cuts to dental and optical benefits, the loss of the free passport (€80), the increase of the drug payment scheme personal spending cap (€80 -

€120 per month), the disappearance of his waste charges waiver (average of €100 per annum), the introduction of the Universal Social Charge (€200 per annum) and the new pension levy (potentially €900 per annum). As a result of the increased pressure on his income Peadar goes out less and has become isolated. In addition from September 2011 his bottled gas allowance has been cut by 20% from €40.70 to €32.70 and so he is increasingly fearful of the onset of winter in his poorly insulated home.

\* Fuel allowance cut by Labour/Fine Gael government in September 2011

\*\* Prescription charges were introduced in 2010

\*\*\* The supplement was phased out during 2009

Note: some of the above cases build on the work of The Poor Can't Pay campaign published in early 2010

# 8. Using semi-states as a driver for economic recovery

The Government has committed itself to raising at least €2 billion from the sale of state assets. While they have tried to convince the public that the EU and IMF have demanded this measure, the Memorandum of Understanding does not explicitly call for privatization of assets or mention any amount to be raised. The privatisation agenda is a Fine Gael and Labour agenda.

The Government has learned nothing from the past. Eircom tells an important story. The state communications company was worth €8.4 billion at the time of its privatisation but by 2011 had a net value of just €39 million.

Ireland is a small open economy. State control of strategic assets such as public transport, aviation, ports, forestry, water supply, broadcasting, postal services, energy supply, and telecommunications is central to the future security and prosperity of the economy and society, as well as environmental protection of the island.

Since its foundation in 1927 the ESB has played a strategic role in the economic development of the state and has delivered a first world electricity network. The company has paid €4.3 billion euro to the state in taxes and dividends over the last ten years and created tens of thousands of skilled full time jobs for generations of workers. Private interests will change this.

Again, we just have to look at the Eircom experience. Download speeds available in Ireland remain below the fastest speeds available to customers in other OECD countries. In Ireland 0.6 percent of total broadband connections are fibre connections. This compares to 11.3 percent of subscribers on average in OECD-28 countries. While progress is being made in improving the cost and

availability of basic broadband, Ireland is lagging at least 3 to 5 years behind competitor countries in terms of rolling out infrastructure capable of high speed next generation broadband.

## JOB CREATION, TRAINING, TACKLING UNEMPLOYMENT

Commercial semi-state companies can play a vital role in delivering employment activation measures and training. Following the collapse of the housing market ESB Networks agreed a programme of on-the-job training with FÁS to take on 400 redundant electrical apprentices who have been left unable to complete their craft qualifications. It is exactly this kind of intervention that can assist the state in rebuilding the economy, creating employment and a skills base fit for the 21<sup>st</sup> century. The energy sector also has the potential and capacity to use its expertise and reputation to fund smart metering technology resulting in more jobs, reduced emissions and lower utility bills.

## FINANCIAL RETURN TO THE STATE – TOP 4 – OVER THE LAST TEN YEARS

COMPANY	DIVIDEND	TAXES
ESB	€1.2b	€3.1b
Coillte	€2.6m	€236m
Bord Gáis	€797m	€396m
Bord na Móna	€37.8m	€368m

## PROPOSALS

- Sinn Féin wants to see the replacement of NewEra with a **Semi-State Strategy Group**. This group would include CEOs from the semi states working directly with the Ministers for Jobs, Enterprise and Innovation, Social Protection and Education and Skills. The group would report directly to An Taoiseach and would be responsible for delivering a strategic job creation and training project.
- All annual dividends paid to the state by commercial semi-state companies must be reinvested into employment activation and training measures as identified by the Semi-State Strategy Group and signed off on by An Taoiseach.
- Cap all CEO pay at €100,000, saving €3 million (figures included in spending savings).
- Reduce the cost of energy bills by running a cost efficiency drive in the energy providers and redirecting the savings.

# 9. Decoupling bank debt and sovereign debt

The Irish Banking crisis 2008-2011 has been catastrophic for the economy and wider society. The state has recapitalised the banks to the tune of €63 billion. The banking guarantee is still in place and the state intends to use taxpayers' money to pay all bank bondholders to the value of €62 billion over the next number of years, including unguaranteed and unsecured bondholders.

The €30 billion promissory note to Anglo and Irish Nationwide is to be repaid at a total cost of €74 billion by 2031, including the capital repayments, the interest on the capital and the interest for the Government to borrow the money. Economists argue this figure could reach €85 billion. In the same bank, 22 of the top senior Anglo figures during the lead in to the crisis still hold their jobs, with 19 of them earning salaries in excess of €175,000 per annum.

So long as banking and sovereign debt are tied together, the Irish banking sector and by consequence, this state's finances and the economy, cannot and will not function effectively. The Irish people and not private shareholders own the majority of the Irish banking system. Those banks need to operate on the basis of serving our economy and maximising the potential of the state.

## PROPOSALS:

The fundamentals that need to be addressed for our banking sector are as follows:

- The overwhelming focus must be on restoring economic growth rather than an over focus on banks in isolation to the wider economy.
- The de-coupling of bank debt and sovereign debt can and must happen. The Government must immediately negotiate the non-repayment of the €30 billion promissory note to Anglo and Irish Nationwide, which would effectively mean the ECB and the ICB taking the hit.
- Funding for our banks needs to be put on a stable long term footing with the co-operation of the ECB. The ECB must retrospectively recapitalise our banks so Irish taxpayers can reclaim some of the €63 billion already put in.
- Repayment of the €62 billion in bond over the next number of years must be written down. The need for debt restructuring has been recognised across Europe. Ireland cannot continue to be the poster country for repaying debt when others are negotiating haircuts.
- AIB must be fully nationalised and converted into a state bank with separate sectoral functions – retail being the primary one, then strategic investment sections such as SMEs, agri-food, IT etc. If Bol cannot repay the state its recapitalisation investment, or is in need of more recapitalising, the state must move to nationalise the bank in the public interest.

# 10. All Ireland Economy

The route we take to recovery must look beyond the old economic system and to the ability of the 32 Counties to contribute to a sustainable and competitive economy. The increase in cross border trade, banking and insurance regulation and the potential of an all-Ireland energy market have demonstrated the interlinked and inter-dependent nature of economies, north and south. The private sector has moved ahead of the Dáil and the Assembly, reflecting the reality that the all Island economy makes good business sense.

There are just over 6.4 million people on our island. Existing economic strategies north and south are targeted at high value, high cost jobs and innovation, research and development, yet we have two separate education systems and disjointed and uncoordinated third level sectors and isolated industries. We continue to have skills shortages in the very sectors that are being promoted.

Government policies place exports as a key to delivering growth. For many the first steps into a new market is across the border, but both Enterprise Ireland and INI compete with limited resources to promote companies from their respective jurisdictions in the global market place. For an island the size of Ireland there must also be a cohesive approach to attracting Foreign Direct Investment. At present the limited resources of INI and IDA are spread too thin in the global market place and compete for investment in similar sectors.

Finally, duplication costs of public services must be eradicated. Sinn Féin supports the development of efficient and effective public service that fully realise value for money. Where there has been co-operation on public services, it has been successful

## SINN FÉIN CALLS FOR

- All-Ireland economic planning including the establishment of an all-Ireland job creation plan under the auspices of the North South Ministerial Council and the bringing together of an all-Ireland export strategy
- The development of a single body under the NSMC to promote and secure FDI. We also need to end the duplication by state agencies and bodies with responsibility to promote Irish business and produce.
- Maximise the potential of Intertrade Ireland for economic cooperation across the island
- Greater co-ordination of third level provision to ensure value for money and the creation of national centres of research, development and innovation.
- Increased access to EU cross border and economic development programmes
- The removal of barriers to labour market mobility through the harmonisation of employment terms and conditions and recognition of qualifications.
- Joint training courses for the unemployed in border areas and joint promotion of labour 'activation' measures which are tailored to specific sectoral needs and potential growth areas.
- Harmonisation of all-Ireland taxation and regulation policies and an end to the additional cross border costs associated with telecommunications, banking etc.
- Improved all-Ireland tourism through enhanced powers for Tourism Ireland
- Continued work with the Irish Diaspora to promote trade and investment.
- Realising economy of scale saving by the joint procurement and tendering for the supply of government goods and services.
- A review of the provision of hospital services in border regions and of tertiary services on an all-Ireland basis; review provision of primary and community care in border areas; multi-agency emergency planning looking at sharing specialist or regional facilities, equipment, clinical and support staff; increased cooperation in health

research and development; and cooperation on expansion plans already underway in radiotherapy treatments.

- Development of joint transport provision, including school transport in border areas, including the sharing of vehicles etc
- All Ireland water and wastewater management systems where river catchments, lakes and other bodies of water straddle the border; cooperation in river basin districts; provision of flood defences in border areas.
- Economy of scale saving and promote best practice in waste management.
- An all-Ireland energy plan

A slash and burn approach to reducing budget deficits is no more acceptable in the north than it is in the south. The Tory-led coalition government in Britain is adopting the wrong approach in trying to cut its way out of recession. The rollout of the £4 billion reduction in the Block grant in the north over the next 4 years will have a significant adverse impact on the economy of the north. It will increase unemployment, and target particularly the most vulnerable and the most disadvantaged. It will cause greater inequalities and it will run down rather than rebuild the economy.

It is vital that all political parties in the Assembly, and representatives in public, private, community/voluntary sectors and the trade union movement unite in opposition to the Tory imposed cuts.

The Executive and the Assembly's lack of fiscal powers restrict its ability to tackle the economic crisis. All parties should unite to press the British Government to transfer tax-varying and borrowing powers to the Assembly.

In the interim, it is critical that the Assembly and the Executive, in the administration of its budget, pays particular attention to the need to continue to deliver frontline public services in health, education and transport; invest in capital infrastructure projects; ensure adequate housing for all and tackle poverty, disadvantage and inequality across urban areas and rural communities.

## KEY POLICIES DELIVERED BY SINN FEIN IN THE ASSEMBLY:

- Fuel Poverty /Hardship fund of £22.5 million
- Social Protection Fund (SPF) to deliver £20 million in 2011/12 to the most vulnerable individuals and to those most detrimentally affected by changes in benefits and welfare being imposed by the British government. Funding of at least £20 million per year will continue in the following years
- Supporting Households - Rates per household in the north are on average 47% less than in England, Scotland and Wales.
- Social Investment fund of £80 million
- Supported manufacturing and small businesses by holding the level of rates for manufacturing at 30%, which has saved industry around £70 million over 3 years, and benefited 4,000 manufacturing businesses. A Small Business Rate Relief provides help of around £8m to 16,000 small businesses.
- Since 2007 the Executive has secured almost £2.6 billion investment commitments and half a billion pounds in annual salaries; created more jobs and better jobs than at any time since records began and done this in the context of a global recession
- Invested more in infrastructure than at any time before. The Investment Strategy has seen record levels of capital infrastructure investment of £5bn over the period 2008 to 2011, an increase of 22% over the previous 3 years.
- Free travel for men and women aged 60-64 (over 65s already in receipt of free travel). There are now 61,000 smart passes in circulation and some 5.5 million journeys have been made since the scheme started.
- No additional charges on water
- Free prescriptions
- An additional £12 million sourced to roll out a childcare strategy
- Produced a set of revenue raising proposals that would help raise an additional £1.6 billion of additional money for use in frontline services and investment.

## SINN FÉIN IS WORKING IN THE EXECUTIVE TO:

- Introduce tax varying and borrowing powers to enable the Executive to generate income and stimulate development.
  - Implement the Review of Public Administration (RPA) delivering savings of £400 million.
  - Establish the Education and Skills Authority (ESA) saving £80 million over the next four years.
  - Introduce a phone mast tax to generate £160 million over the next four years.
  - Enable the Housing Executive to borrow £250 million per year from, amongst others, the European Investment Bank to fund social housing needs.
  - Draw down an additional €100 million euro from the EU 7th Framework programme over the next two years to fund Research and Development and promote innovation.
  - Maximise access to the Joint European Support for Micro to Medium Enterprises (JEREMIE) and Joint European Support for Sustainable Investment in City Areas (JESSICA) and the PROGRESS Microfinance fund of €500 million.
  - Seek agreement from the four main banks to establish a Sustainable Economic Development Bond of £400 million over the next 4 years, (25 million per bank per year) as their contribution to the recovery from the economic crisis.
  - Seek agreement with the Credit Union Movement to create a £100 million Social Fund targeted at growing indigenous business
  - Reduce Ministerial and MLA salaries and expenses by 15%, saving £7.5 million over the next four years.
  - Abolish additional remuneration for Chairs /Vice-Chairs of Assembly committees.
  - Establish an investment fund to revive and grow the economy, with a major focus on investing in SMEs, social enterprises, new technologies, the tourism industry and manufacturing designed for export.
  - Implement “the Green New Deal” proposals, with the potential to create thousands of green collar jobs
  - Introduce an Environmental levy on plastic bags, to promote the “reduce, reuse, recycle” policy. The levy is expected to generate £5 million per year when the legislation is introduced early next year.
  - Abolish unnecessary quangos and government arms-length bodies and reduce remuneration levels.
- End the use of external consultants for work which can be carried out by the civil service
  - Introduce a pay freeze for public sector workers in the higher rate income tax bracket.

# 11. Eurozone Crisis

For more than a year political leaders across the EU have been grappling with the Euro crisis. To date we have seen EU/IMF support programmes for Greece, Ireland and Portugal; ECB bond buying programmes for Italy and Spain; and significant liquidity extended to central and commercial banks.

The emergency response mechanism, the European Financial Stability Facility was introduced last year, with a fund raising capacity of €440 billion. The aim was to preserve stability in Europe by providing financial assistance to Eurozone states in economic difficulty, however in July 2011 its terms of reference were expanded to allow it to purchase government bonds in struggling Eurozone economies and to recapitalize banks. The EFSF will be replaced in 2013 by a permanent stabilisation fund called the European Stability Mechanism. As we go to print with this pre-budget submission it is expected that this fund will be greatly expanded, perhaps to the sum of €1 trillion.

The mainstream narrative being used by political leaders across the EU to explain this crisis is to blame errant peripheral economies. Greece and Portugal over borrowed, over spent and in turn ran excessive deficits. Ireland overexposed itself to large amounts of private banking debt via the blanket banking guarantee. In response the markets took flight, undermining not only the stability of the peripheral economies themselves but in turn the European banking system and the Euro economy as a whole. The response of the EU institutions, supported by the IMF has been to impose heavy austerity on the populations of peripheral economies while forcing their governments to take on massive loans to bail out toxic banks. EU leaders have also used the

crisis to force through agreement on increased centralisation of economic decision-making in the form of changes to the 'surveillance' and 'discipline' elements of the Growth and Stability Pact.

## MISUNDERSTANDING THE CRISIS

Despite the endless round of crisis summits and the massive transfer of monies from taxpayers to banks, the response to the Eurozone crisis is not working. It is not working because EU leaders do not understand the problem. The Eurozone is not in the midst of a sovereign debt crisis. Sovereign debt is a symptom of a much deeper problem. The root cause of the crisis is to be found in the European banking system and the structure of the Euro as a currency. Combining strong and weak economies into a single currency union without any formal mechanism for redistributing surpluses from the core to the periphery created two specific problems for the Eurozone.

Firstly, it generated substantial imbalances in trade between strong exporting economies such as Germany and weak importing economies such as Greece. In turn this dynamic generated a surplus of savings in the Eurozone core and a demand for credit in the periphery. Low interest rates enabled peripheral economies to borrow within the Eurozone to fuel consumption.

Secondly, it fuelled the bubble economy through light touch regulation and cheap money. Cheap borrowing coupled with the failure of member state governments and EU institutions to properly regulate aggressive lending by major European banks lay at the heart of the property booms across the EU.

## SINN FEIN ALTERNATIVE

For Sinn Fein there are a number of key steps that must be taken at both a European and domestic level if we are to have any hope of delivering a fair and sustainable social and economic recovery. Sinn Fein believes that the first step in addressing the crisis in the Eurozone is to deal with the banks. The European Banking Authority's stress tests of July this year identified 24 banks in need of recapitalisation. At the time some commentators said that this was only the tip of the iceberg. Others criticised the stress tests for failing to uncover the full extent of the banks' liabilities, including those hidden away in special purpose vehicles. The collapse of Dexia bank has shown these criticisms to be well founded.

The solution is not, as some European leaders are suggesting, to pour taxpayers' money into these toxic banks. Nor is it to increase the fund of the EFSF to cope with the funding needs of the banks. What is needed first and foremost is a new round of stress tests that uncover fully, and without any ambiguity, the full extent of the problems in the European banks. Once we know the full extent of the problem, the banks must be forced to write down the cost of their bad debts as a prerequisite to any recapitalisation. We also strenuously caution against recapitalisation without examining the alternative of shrinking the size of a bank. The lesson in Ireland has shown that recapitalisation has served little purpose except to correct banks' balance sheets – it has not delivered for the real economy in terms of lending or the write down of residential retail debt.

It is also Sinn Fein's view that where it occurs, the cost of bank recapitalisation should not be borne by ordinary taxpayers. The Greek government has managed to secure significant private sector participation in their debt restructuring so it is not credible for the Irish Government to claim that a similar deal cannot be secured for Ireland. Nor do we believe that an enlarged EFSF is the right vehicle for meeting the funding requirements

of cleansed banks. Rather the European Central Bank must become the lender of last resort for the European banking system. The ECB is already performing this function in a number of countries including Ireland. Rather than printing Euros to buy the bonds of indebted European economies in a vain attempt to reassure market anxieties, the ECB would be better placed to redirect these facilities in order to stabilise the European banking system.

Finally the EU must abandon its fixation with austerity. The crisis facing the domestic economies across the EU is a crisis of underinvestment. The banking crisis had led to a withdrawal of private sector investment from the domestic economy on an unprecedented scale. The result is loss of jobs for many and of spending power for all. In the absence of private sector investment we need the state to fill the investment vacuum. We need a European wide stimulus programme to complement stimulus programmes in individual member states. The European Investment Bank, a body with twice the lending capacity of the World Bank, must be empowered to work in conjunction with national governments to increase the level of investment in labour intensive projects that in addition to creating jobs also have a clear social, economic and environmental dividend.

## SINN FEIN PROPOSES

- That the Irish government abandon its support for the EU wide policies of bank bailouts, austerity and centralisation of economic decision making
- That the Irish government outlines an alternative strategy for cleansing the banks, including a write-down of toxic debt; investing in growth; and reclaiming member state control of economic decision making
- The Irish Government must seek a re-negotiation of the EU/IMF deal for Ireland. Fine Gael and Labour have refused to seek a proper negotiation even though it is clear the Troika would rather negotiate than see a disorderly default, as has been proven by the Greek debt write down.
- Europe takes a more central approach to the regulation of the banking sector. We want the EU to implement counter cyclical banking policies

which sees banks used to dampen bubbles (e.g. restrict loan to value ratio when property prices are rising, but increase it in a recession when business capital is needed); to tackle the shadow banking industry by forcing the banks to disclose what is on their balance sheets and begin to deal with Credit Default Swaps and also by forcing actual shadow banks onto exchanges; to make the ECB a proper lender of last resort; and to look at regulating ratings agencies perhaps by centrally responding with data to the allocation of grading whether that is positive or negative

# Appendices

## APPENDIX 1- THE IMPACT OF €7BN FISCAL STIMULUS

Below we set out the economic and fiscal impact of our €7 billion government investment stimulus programme. Again, we have used the multiplier effects for the economy as estimated by Professor of International Macroeconomics Philip Lane of Trinity College. We use these multiplier effects because they are the most conservative currently in circulation. Even the IMF's multipliers are more optimistic. We have also used the Department of Finance's HERMES model estimate of the sensitivity of government finances to changes in GDP, which it puts at 0.6.

### THE KEY POINTS ARE THESE:

- A €7bn government investment programme
- Between 2012 to 2015 this lifts GDP by a cumulative €28.9bn
- This growth boosts government finances by a cumulative €17.3bn

### NET IMPACT OF GOVERNMENT INVESTMENT

The Lane multipliers show these effects per annum:

Year 1 = 1.24

Year 2 = 1.61

Year 3 = 1.13

Year 4 = 0.46

**Total = 4.44**

The Lane model includes negative effects in further years, on the grounds that increases in government

investment 'crowd out' investment by the private sector. This view is highly questionable and is not supported by evidence from the high-growth, high-investment patterns of the Asian economies. In any event, the economy and government finances are in crisis and these issues have to be addressed immediately.

On the fiscal side, the DoF has stated that the sensitivity of government finances to changes in GDP is 0.6%. This is higher than the tax take as a proportion of GDP for two reasons. First, most taxes are levied on marginal changes in activity (incomes, capital gains, profits, etc.), most of which have thresholds before taxes are paid. Secondly, the sensitivity also includes the benefit of increased activity in lowering government outlays, especially on welfare.

The relationship between €1 billion increased government investment over 4 years and the impact of that growth on government finances can be shown as follows:

$$€1bn \times 4.44 \times 0.6 = €2.664bn$$

### INVESTMENT IMPACT ON GDP AND GOVERNMENT FINANCES

Our investment programme of €7bn is made over 3 years, €2bn in 2012 and €2.5bn in both 2013 and 2014. The effects are shown in the table below. (Year 1 is 2012, the year in which investment is made. Year 4 is 2015. €7 billion is expended as shown.)

In 2015 there will have been continuous expansion for 3 years so by that time the recovery would have become self-sustaining (Our GDP increase is only based on stimulus effects, not wider private sector

activity, so it is likely to be an underestimate). If the recovery becomes self-sustaining and we believe it will - the private sector will start to invest because increased growth leads to increased prospect of profits - the economy will start to generate jobs independently of the stimulus.

Our budgetary adjustments also remove the need to cut capital spending over the next three years. This permanent investment can be added to the temporary investment above.

YEAR	INVESTMENT	MULTIPLIER	YR1	YR2	YR3	YR4	YR5	TOTAL IMPACT ON GDP €bn	GOV FINANCES x 0.6 €bns
2012	€2	1.24	2.48					2.48	1.49
2013	€2.5	1.61		6.32				6.32	3.79
2014	€2.5	1.13			9.39			9.39	5.63
2015		0.46				7.77		7.77	4.66
2016		-0.54					2.9	2.9	1.74
<b>Total</b>								<b>28.86</b>	<b>17.31</b>

## APPENDIX 2 – WEALTH TAX

In SF's 2011 pre-budget submission we proposed to introduce a wealth tax. We estimated that this tax would generate €1 billion in a tax year based on an estimate of the levels of wealth currently held in the state using existing data sources including among others the CSO's institutional sector accounts. We also stressed that the tax returned 0.6% of GDP, which fit with the average returns of wealth taxes as they are applied globally. This year we have adjusted our wealth tax to qualify the first 20% of principal residence's worth over €1 million being excluded and also a potential situation where people are asset rich but cash poor (living in a house worth money but no income return). This would bring in a lesser amount to the exchequer – in the region of .5% of GDP, or €800 million.

There is no doubt that there is still wealth in this state. The Capgemini Merrill Lynch World Wealth Report annually tracks the liquid assets (which excludes property, collectibles and consumable) of the world's High Net Worth Individuals (HNWI - liquid assets of \$1 million or more) and Ultra High Net Worth Individuals (Ultra-HNWI - liquid assets of \$30 million or more). The Report estimated that

the total number of HNWI individuals in the 26 Counties increased by 1,800 to a total of 18,100. The report also estimated an increase of 18 Ultra-HNWI bringing the total to 181. The authors of the report estimated that wealth held by these individuals had recovered to 2005 levels as a result of the transfer of assets from property based investments to currency and commodities.

In 2006 Bank of Ireland produced a Wealth of the Nation report which found that wealth held by a similar category of persons to that used in the World Wealth Report amounted to €156bn representing a 19% rise from 2005. Working back from the 2006 report we can estimate that wealth held by HNWI and Ultra-HNWI's in the 26 Counties in 2005 was in the region of €140 billion. This is similar to findings of the CSO's institutional sector accounts. On the basis of the above information it is reasonable to assume that a minimum of €100 billion is held in liquid assets by HNWI and Ultra-HNWI in the state as of the end of 2010. Adding property wealth to this, even with the collapse, shows that there is money in this state that can be taxed via a wealth tax. ICTU has proposed a 1% wealth tax on income in excess of €2 million, which they estimate would bring in €500 million.

## ADMINISTERING THE WEALTH TAX

### We propose the following:

- A 1% tax on total assets excluding working farmland, business assets, and the first 20% of primary residences worth in excess of €1 million, at a single point in time in a financial year
- Tax to apply to all Irish Citizens born in the state and all others legally resident in the state
- Tax may also apply to trusts or families if revenue believes that these are being used for the purpose of avoiding the wealth tax
- Tax to apply to all assets irrespective of location of asset
- CSO to conduct an annual assessment of the wealth held by such individuals
- Tax returns for wealth tax to be via self assessment with random inspections by revenue and significant penalties, including back-dated fines, for non-compliance
- Estimated return of wealth tax to be €800 million annually (.5% GDP) to be adjusted according to findings of CSO report
- The Department of Finance to examine an inability to pay clause for people who are asset rich and cash poor.

## APPENDIX 3. STATE AGENCIES

Despite promises of reform, it is still the case that the Minister for Public Expenditure and Reform is unable to provide a comprehensive list of all state agencies under the aegis of Government departments nor does his department collate a list of all state agency board appointees or their remuneration.

Over 60% of state agencies were established from the 1990s onwards and a number of reports have called for a more effective system of management and oversight to ensure effective delivery of services to the public. Non-commercial state agencies are required to present draft un-audited annual accounts to their parent department and the Department of Finance not later than two months after the end of the relevant financial year. The Comptroller & Auditor General recently found that just 31% of non-commercial state agencies complied with the requirement in 2010, down from 40% in 2009.

Broad reform of the public sector must include state agencies, however a simple cull is not the answer. The Government must commit to a considered programme of reform, overseen by the Department of Public Expenditure and Reform, and delivered within a 12 month period, that incorporates proposals for enhanced governance,

output measurement, reporting, shared services, a reduction in pay targeted at senior management and possibly a reduction in staff numbers.

### Immediate reforms should include:

1. Departmental staff should not serve on the board of state agencies.
2. Board numbers that currently average at 12 should be reduced to 7 with a review in three years to consider a maximum increase to nine.
3. All remuneration awarded to commercial and non-commercial state body board members should be cut by 25%. **Saving €6.7million**
4. The Department of Public Expenditure to compile a 'State Agency Database' of all commercial and non-commercial state agencies/bodies, board member names and competencies and remuneration. The 'State Agency Database' must be uploaded on the department website.
5. The Department of Public Expenditure and Reform to compile an additional database of potential board appointees selected on the basis of their capabilities and this database must also be made available on the department website.

## APPENDIX 4 - NON TAX SOURCES OF REVENUE – OFFSHORE RESOURCES

In this climate, the state should be trying to generate non-tax revenue, as this creates an opportunity to responsibly lessen the overall tax burden. One area to target is the state's offshore resources. This Government has been entirely unhelpful in answering parliamentary questions put by Sinn Féin concerning the changing of licensing terms and taxes on offshore resources related activity. As a result we cannot include any potential revenue raising figures in this PBS, though we believe there is substantial amounts to be made by changing the licensing laws. In the interim we believe the Government should do the following:

- Establish a state oil, gas and mineral exploration company that would actively participate and invest in exploration and which, alongside a proper revenue and royalties structure, would ensure that resultant finds benefit the Irish people by providing additional revenue for the Exchequer.
- The huge giveaway of Ireland's offshore resources must be revisited. We have called for the state to take a 50% shareholding in these resources. In the interim, we believe taxes on profits from the companies currently sourcing these resources should be levied at 48% and a royalty of 7.5% should be applied.

## APPENDIX 5 - PUBLIC SECTOR PENSIONS

Public sector pensions are expected to cost €2.9 billion for 2011, yet public sector numbers are down. New public service entrants are subject to a 10% reduction in pay rates and public sector pensioners have been subject to the Public Service Pension Reduction. Low and middle-income public servants are bearing the brunt of these cuts. Yet judges, hospital consultants, county council managers, the President and ministers and members of the Oireachtas continue to enjoy pay and pension packages that would make their European counterparts' eyes water.

Over 100 retired civil servants are in receipt of an annual pension payment in excess of €100,000. The average pension for the majority of public sector workers is between €20,000 and €30,000 per year.

The Department of Public Expenditure and Reform has admitted that it only collates pension information relating to civil servants, who make up just one tenth of the overall public sector. The department cannot provide any details on the pay and pensions for all those who work for Local Authorities. In fact no department within the Government is able to provide a full breakdown of pension scales for all retirees from the public sector.

This Government, like the last, is failing to tackle excessive high pay and pensions amongst the highest ranks of the civil and public service. It is failing to bring in the kind of reforms necessary to end the bad practice, bad culture and excessive pay that runs across the senior management ranks of the civil and public sector.

The Public Services Pensions (Single Scheme) and Remuneration Bill 2011 looks to be a step in the right direction but does not go far enough to end the culture of big bucks for the boys at the top. Crucially it does not tackle the pension pay bill retrospectively; new rules will only apply to new entrants. Sinn Féin intends to critically engage with the Government proposed Public Sector Pensions legislation and will bring forward a comprehensive set of pension reform proposals.





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