BUDGET 2013

MAKING THE RIGHT CHOICES

Sinn Féin Alternative Budget 2013

Buiséad Malartach Shinn Féin 2013
Ag déanamh na roghanna cearta

Sinn Féin

www.sinnfein.ie

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TÁ BUISÉAD 2013 FAOI ROGHANNA
THESE ARE OUR CHOICES
SEO ÁR ROGHANNA

- We would make saving and creating jobs, and growing the economy, a government priority
- We would make a €3.5 billion adjustment and reduce the deficit to 7.5%
- We would protect the tax rate and bands of all those earning below €100k
- We would increase tax on those earning over €100k
- We would not support the government's proposed property tax
- We would ask the very wealthy to contribute a special 1% tax
- We would protect Child Benefit
- We would end waste in public spending
- We would protect health, education, vital frontline services and welfare payments
- We would halt the flow of taxpayers' money into banks
- We would work for an all-island solution to the economic crisis
- In our alternative budget, we will show how the exchequer deficit can be tackled in 2013 without targeting families and public services or preventing the creation of jobs.

- Dhéanfaimis cinnte de go mbeadh sábháil agus cruthú poist agus fás an eacnamaíocht ina dhearbh-thosaíocht rialtais.
- Dhéanfaimis coigeartú de €3.5 billiún agus d'ísleofaí an t-easnamh go 7.5%
- Chosnóimis ráta agus banda cánach gach duine atá ag saothrú faoi €100k
- D'ardóimis cáin orthu siúd a shaothraíonn os cionn €100k
- Ní thacóimis leis an cháin réadmhaoine atá molta ag an rialtas
- D'iarrfaimis orthu siúd atá iontach rachmasach cáin speisialta de 1% a dheonú
- Chosnóimis Sochar Leanaí
- Chuirfimis deireadh le cur amú sa chaiteachas poiblí
- Chosnóimis sláinte, oideachas, seirbhísí ríthábhachtacha líne thosaigh agus íocaíochtaí leasa shóisialaigh
- Chuirfimis stop leis an sruth d'airgead cáiníocóirí isteach sna bainc
- D'oibreoimis chun réiteach uile-oileánda a fháil ar an ghéarchéim eacnamaíochta
- Léireoidh ár mbuiséad malartach conas dul i ngleic le easnamh an státchiste i 2013 gan a bheith ag díriú isteach ar theaghlaigh agus ar sheirbhísí poiblí agus gan stop a chuir le cruthú poist.

EXECUTIVE SUMMARY

MAKING THE RIGHT CHOICES

WHAT DOES THE BUDGET MEAN TO YOU?

Traditionally, people tuned in to the budget announcement to hear whether the price of petrol was going up, whether drink and cigarette prices were being hiked, or whether any changes were being made to increase tax or to cut the dole.

These years the budget looms over us like the end of the world and most households dread it. €25billion has been taken out in taxes and cuts since this crisis began and the government plans to take another €9billion, minimum, to reach the 3% Stability and Growth Pact target. This year's budget alone will hit us with another €3.5billion in taxes and cuts. This is against a backdrop of continued payments to bank bondholders and the promissory notes (€64billion into the banks so far) and the refusal of the government to stimulate the economy and create jobs.

The policy of this government, like the last, is to make 'adjustments' that impact the most on those who can take it the least.

Taxing the lowest paid, squeezing families crippled with mortgage debt and rising bills, attacking the disability sector, decimating hospitals and schools, and tearing at the fabric of rural communities has become the norm at budget time.

People don't tune in to the budget now to see what the price of drink or petrol is going to be. They tune in to see if, after this budget, they'll be able to feed and clothe their children, pay the ESB, keep their car on the road and keep a roof over their heads. Some will watch this budget wondering if their children will get home from England, Australia or Canada. They will wonder if this state will ever again offer a future to tempt them back for good. They will know that along with their children, 87,000 people emigrated last year and the same numbers are predicted to emigrate next year.

People have been sorely let down by this new government. The Labour Party promised they'd protect the vulnerable at budget time, yet they continue to target children, the disabled and the elderly. Fine Gael promised an end to crony politics and a new era of openness, yet their health minister, who will preside over more health cuts in this budget, has become yet another symbol of a failing political system.

Budgets are about choices. Do you introduce a property tax that will target already stressed families, or do you introduce a wealth tax that asks the richest to contribute more? Do you cut the state pension, or do you change the tax treatment of private pensions? Do you target child benefit, or do you reduce the salaries of politicians, CEOs and top civil servants? And fundamentally – do you concentrate on reducing a deficit with taxes and cuts, or do you look at the wider economy to see what the real problems are in employment numbers, in your banking sector, and in emigration figures?

These are the choices that the government has before it. So far, Labour, Fine Gael and Fianna Fáil have shown themselves capable only of making the wrong choices, the cowardly choices.

Sinn Féin believes the government's role in the economy has to be about more than deficit reduction at the end of the year. We have consistently set out the need for investment in job creation and we just recently launched a €13billion stimulus plan and a range of other measures to save and create jobs. We have consistently argued for an end to the bail-out of banks and bondholders. And we've consistently set out growth-friendly, fair measures to make a deficit adjustment that adds up, but has the least harmful impact on families and services.

We set out in our alternative budget how to meet the €3.5billion deficit adjustment that the government wants to make next year. We also set out new expenditure proposals that would improve people's lives.

This Sinn Féin alternative budget is about more than just reaching a €3.5billion target. Ours is a budget that makes a difference – to the state's finances and to people's lives.

Our budget is about making the right choices.

ALTERNATIVE BUDGET MEASURES

BUDGET ADJUSTMENT: €3.5billion
PROPOSED NEW EXPENDITURE: €338.68million
NEW TAXES AFTER TAX ADJUSTMENTS: €2.758billion
TAX CARRY-OVER: €220million
SAVINGS €1.044billion

(Tax and savings net of expenditure amount to €3.684billion, which allows €184million for partial year effect in 2013 and ensures a €3.5billion adjustment)

PROPOSED NEW EXPENDITURE (€338.68million)

PROTECTING CHILDREN'S RIGHTS (€163million)

- Free schoolbooks for every child in the state **€45million**
- Increase the earnings disregard by €16.50 to €146.50 per week for One Parent Payment **€32million**
- Double to €70million the budget for school meals and expand programme **€35million**
- Increase the fuel season allowance by six weeks **€51million.**

GIVE FAMILIES A BREAK (€30.68million)

- Reinstate 950,000 home help hours **€16.9million**
- Restore the training and materials allowance for CE participants **€12.5million**
- Reduce the fee for non-GP-referral attendances at hospital A&Es by €10, bringing it down to €90 **€1.28million**

STAFFING FRONTLINE SERVICES (€145million)

- Lift the recruitment embargo to hire 3,500 frontline staff **€145million**

NEW TAXES AFTER TAX ADJUSTMENTS(€2.758billion)

IMPROVE REVENUE AUDITS (€100million)

- Clamp down on black market and false declarations **€100million**

INCOME TAXES (€456.5million)

- Third rate of tax of 48% on portion of income over €100,000 **€365million**
- New Employer's PRSI rate of 15.75% on portion of income over €100k **€91.5million**

WEALTH TAXES (€1.110Billion)

- A 1% tax on net wealth over €1million with working farms, business assets, 20% of the family home and pension pots excluded **€800million**
- Increase Capital Gains Tax from 30% to 40% **€160million**
- Increase Capital Acquisitions Tax from 30% to 40% and reduce thresholds by 25% **€150million**

TAX RELIEFS (€969million)

- Standardise discretionary tax reliefs (except charitable donations) **€969million**

LANDLORDS (€177million)

- Reduce mortgage interest deduction allowable against rental income from 75% to 40% **€157million**
- Apply PRSI to rental income **€20million.**

PRIVATE PENSIONS (€126million)

- Increase taxable amounts from super pensions **€13million**
- Reduce the pensions-related salary earnings cap to €75k **€113million**

NEW TAXES (€243.5million)

- 5% tax on shop, course and online gambling, paid by consumers **€243.5million**

TAX ADJUSTMENTS (-€423.7million)

- Adjustment on tax side to allow for capping public salaries **(-€115)million**
- Reduce excise on petrol and diesel by 5 cent **(-€177.7)million**
- Take all those earning minimum wage (€17,542) out of USC, exempting an additional 296,000 earners **(-€131)million**

TAX CARRY-OVER (€220million)

- Full year carry-over from last year's budget tax-related measures **€220million**

SAVINGS (€1.044billion)

SOCIAL WELFARE (€67million)

- Social welfare amnesty **€55million**
- Recoup welfare paid from employers in wrongful dismissal cases **€12million**

HEALTH (€712.5million)

- Apply the full cost of private care in public hospitals **€432.5million**
- Deliver further savings on branded medicines and implement full generic substitution **€280million**

EDUCATION (€22million)

- Phase out the public subsidy of private schools over five years **€22million**

SALARIES (€204.5million)

- Introduce an emergency pay cap of €100,000 in civil and public service for 3 years **€102million**
- Cap VEC chiefs' salaries at €100,000 for 3 years **€413,201**
- Cap City and County managers' pay at €100,000 for 3 years **€1.46million**
- Cap non-commercial state agency CEO pay at €100,000 for 3 years **€2.5million**
- Withdraw current Secretary General TLAC (special severance pension payment) **€1.6million**
- Cap hospital consultants' pay at €150,000 for 3 years **€90million**
- Reduce all state agency board fees by 25% **€6.5million**

PAY AND OIREACHTAS ALLOWANCES (€5.58million)

- Cut government salaries to €100,000, TDs at €75,000 and senators at €60,000 **€4.3million**
- Abolish Dail and Seanad allowances (Ceann Chomhairle/whips/Seanad leaders) **€335,177**
- Abolish committee chairpersons' allowances **€230,702**
- Remove Houses of the Oireachtas Commission payments **€76,000**
- Remove Super Junior Minister allowance **€34,000**
- Cap Ministers' special advisors' pay at €80,051 (first point principal officer) **€494,481**
- Scrap Oireachtas members' mobile phone allowance **€113,000**

MISCELLANEOUS (€32.46million)

- Reduce government jet spend by 15% **€172,000**
- 15% reduction in professional fees **€20million**
- 10% targeted savings in telecommunications spend: Saves **€2.29million**
- Increase public sector pension reduction for high earners **€10million**

ACHOIMRE FEIDHMIUCHAIN

AG DÉANAMH NA ROGHANNA CEARTA

CAD A CHIALLAÍONN AN BUISÉAD DUITSE?

Ba ghnáth le daoine bheith ag éisteacht le fógairt an bhuiséid le fáil amach an raibh méadú ar luach peitreal, an raibh luach ólacháin agus toitíní ag dul suas, nó an raibh athruithe a ndéanamh chun cáin a ardú nó an dól a ghearradh.

Ar na blianta deireanacha seo tá an buiséad ag crochadh go bagrach os ár gcionn agus is ábhar eagla é do mhórchuid teaghlaigh. Tá €25billiún tógtha amach i gcánacha agus i gciorruithe ó thús na géarchéime seo agus tá sé beartaithe ag an rialtas ar a laghad €9billiún eile a thógáil chun sprioc an Chomhaontú Cobhsaíochta agus Fáis de 3% a bhaint amach. Buailfidh buiséad na bliana seo féin luach €3.5billiún i gcánacha agus i gciorruithe orainn. Le linn seo, sa chúlra, táthar ag leanúint ar aghaidh ag déanamh íocaíochtaí le banna-shealbhóirí bainc agus nótaí gealltanais (go dtí seo tá €64billiún tugtha do an bainc) agus diúltú leanúnach an rialtais an eacnamaíocht a spreagadh agus poist a chruthú.

Is é polasaí an rialtais seo, díreach mar a bhí ag an rialtas deireanach, ná 'coigeartú' a dhéanamh a thitfidh níos troime orthu siúd is lú acmhainn.

Is é an gnáth-chleachtas atá ann anois in am buiséid ná; cánacha orthu siúd is ísle pá, fáisceadh teaghlaigh atá craplaithe ag fiacha morgáistí agus billí ag éirí thuas orthu, ionsaí ar earnáil an mhíchumais, slad ar ospidéil agus ar scoileanna, agus stróiceadh ar ghréasáin phobail tuaithe.

Ní éisteann daoine anois leis an bhuiséid le fáil amach cén luach a bheidh ar ólachán nó ar pheitreal. Éisteann siad anois le fáil amach an mbeidh siad ábalta bia agus éadach a choinneáil le na bpáistí, an mbeidh siad in ann billí Leictreachais a íoc, peitreal a chur sa charr agus díon a choinneáil os a gcionn. Beidh cuid acu ag coimhéad an bhuiséid go bhfeice siad an féidir le na gclann theacht na bhaile as Sasana, An Astráil nó as Ceanada. Beidh siad ag smaoineamh an ndéanfaidh an stát seo todhchaí fhiúntach a thairiscint a choíche arís sa dóigh is gur bhféidir le na gclann atá ar imirce filleadh ar ais. Beidh a fhios acu gur imigh 87,000 duine anuraidh i gcuideachta a gclann féin agus go bhfuil sé measta go mbeidh an méid céanna ag imeacht ar an bhliain seo chugainn.

Tá daoine ligthe síos go holc ag an rialtas nua seo. Gheall an Lucht Oibre cosaint don leochaileach ag am buiséid agus anois tá siad ag díriú ar pháistí, ar lucht míchumais agus ar an aosach. Gheall Fine Gael deireadh a chur le fabhraíocht pholaitiúil agus go mbeadh ré nua oscailteachta ann ach anois tá an tAire Sláinte, (a chuirfidh tuilleadh ciorruithe sláinte i bhfeidhm sa bhuiséad seo) ina shiombail de chóras polaitíochta atá ag cliseadh.

Tá buiséid faoi roghanna. An dtugann tú isteach cáin mhaoine dírithe ar theaghlaigh atá faoi bhrú trom cheanna féin nó an dtugann tú isteach cáin rachmais agus iarraidh ar lucht an tsaibhris níos mó a thabhairt? An ngearrann tú an pinsean stáit nó an athraíonn tú cáin ar phinsean príobháideach? An ndíríonn tú ar liúntas leanaí nó an íslíonn tú pá polaiteoirí, príomhfheidhmeannaigh agus stáit sheirbhísigh sinsearacha? Go bunúsach – an gcloíonn tú le cánacha agus ciorruithe chun an easnamh a ísliú nó an amharcann tú ar an gheilleagar i gcoitinne agus na fíor fhadhbanna sna figiúirí fostaíochta, san earnáil baincéireachta agus sna figiúirí imirce a fheiceáil?

Sin na roghanna atá os comhair an rialtais. Go dtí seo tá sé léirithe ag Fine Gael, Lucht Oibre agus Fianna Fáil gur na roghanna míchearta amháin is féidir leo a dhéanamh – roghanna cladhartha.

Creideann Sinn Féin go bhfuil ról an rialtais sa gheilleagar i bhfad níos mó ná go díreach a bheith ag ísliú an easnaimh ag deireadh na bliana. Táimid i dtólamh ag léiriú an géarghá atá le infheistíocht i gcruthú poist agus táimid i ndiaidh plean spreagtha €13billiún a sheoladh ar na mallaibh agus réimse de chéimeanna eile chun poist a chaomhnú agus a chruthú. Táimid de shíor ag argóint gur cheart deireadh a chur le tarrtháil na mbainc agus na sealbhóirí bannaí. Agus táimid go buan ag leagan amach céimeanna féaráilte chun fás a spreagadh agus chun réiteach ciallmhar a fháil ar an easnamh, ach nach ndéanann dochar de theaghlaigh nó de sheirbhísí.

Tá sé leagtha amach againn in ár mbuiséad malartach an dóigh le coigeartú easnaimh de €3.5billiún atá an rialtas ag iarraidh don bhliain seo chugainn a dhéanamh. Tá moltaí caiteachais nua leagtha amach againn fosta chun feabhas a chur ar bheatha daoine.

Tá i bhfad níos mó i mbuiséad malartach Shinn Féin ná an sprioc de €3.5billiún a aimsiú. Seo buiséad a dhéanann difríocht – difríocht in airgeadas an stáit agus i saol na ndaoine.

Tá na roghanna cearta i mbuiséad Shinn Féin..

BEARTA MALARTACHA BUISÉID

COIGEARTÚ BUISÉID: €3.5billiún
CAITEACHAS NUA ATÁ MOLTA: €338.68milliún
CÁNACHA NUA TAR ÉIS COIGEARTÚ: €2.758billiún
CÁIN TUGTHA ANONN: €220milliún
COIGILTEAS: €1.044billiún

(Tagann glanchaiteachas cánach agus coigiltis go €3.684 billiún, rud a cheadaíonn éifeacht bearta páirtbliana i 2013 de €184 milliún agus a chinntíonn coigeartú de €3.5 billiún)

NUA CHAITEACHAS MOLTA (€338.68milliún)

COSAINT CEARTA PÁISTÍ (€163milliún)

- Leabhair scoile saor in aisce do gach páiste sa stát **€45milliún**
- Ardú de €16.50 ar an díolúin tuilleamh ar Iocaíocht aonthuismitheora go €146.50 sa tseachtain: **€32milliún**
- Buiséad béilí scoile a dhúbailt go €70 milliún agus soláthar a leathnú amach: **€35milliún**
- Síniú de 6 seachtainí a chur le tréimhse an Liúntais Breosla: **€51milliún.**

FAOISEAMH DO THEAGHLAIGH (€30.68milliún)

- Na 950,000 uair de chúnamh baile a thabhairt ar ais: **€16.9milliún**
- Aischur an liúntais ábhair agus traenála do rannpháirtithe Fostaíocht Pobail: **€12.5 milliún**
- Isliú de €10 ar an táille freastála ar ionad T&E ospidil gan atreorú ó dhochtúir teaghlaigh go €90: **€1.28 milliún.**

SOLÁTHAR FOIRNE DO SHEIRBHÍSÍ TÚSLINE (€145milliún)

- An bac ar earcaíocht a tharraingt siar chun 3,500 a fhostú ar fhoirne túslíne: **€145milliún**

CÁNACHA NUA TAR ÉIS COIGEARTÚ CÁNACH(€2.758billiún)

FEABHAS AR INIÚCHTAÍ IONCAIM (€100milliún)

- Theacht anuas go láidir ar an mhargadh dubh agus ar dhearbhuithe bréagacha: **€100milliún**

CÁNACHA IONCAIM (€456.5milliún)

- Triú banda cánach de 48% ar ioncaim os cionn €100,000: **€365milliún**
- Ráta nua ÁSPC Fostóirí de 15.75% ar an mhéid sin d'ioncaim atá thar €100,000: **€91.5milliún**

CÁNACHA RACHMAIS (€1.110billiún)

- Cáin de 1% ar ghlanrachmas os cionn €1 milliún i bhfeirmeacha rathúla, sócmhainní gnó, 20% de thithe teaghlaigh agus stór pinsin fágtha amach as: **€800 milliún**
- An Cháin Ghnócháin Caipitiúil a ardú ó 30% go 40%: **€160 milliún**
- Cáin ar Fháltais Chaipitiúla a ardú ó 30% go 40% agus na tairseacha a isliú 25%: **€150 milliún**

FAOISEAMH CÁNACHA (€969milliún)

- Caighdeánú ar faoiseamh cánach saorthoilteanach (ach amháin síntiúis charthanachta): **€969milliún**

TIARNAÍ TALÚN (€177milliún)

- Laghdú ar asbhaintí ús morgáiste atá ceadaithe in éadán ioncaim cíosa ó 75% go 40%: **€157 milliún**
- ÁSPC a chur ar ioncaim cíosa: **€20 milliún**

PINSIN PHRÍOBHÁIDEACHA (€126milliún)

- Ardú ar shuimeanna inchánacha ó shárphinsin: **€13milliún**
- Laghdú ar theorannú thuarastail pinsin choibhneasa go €75k: **€113milliún**

CÁNACHA NUA (€243.5milliún)

- Cáin de 5% ar chearrbhachas i siopa ar an gcúrsa agus ar idirlíon, íoctha ag na tomhaltóirí: **€243.5milliún**

COIGEARTÚ CÁNACH (-€423.7milliún)

- Coigeartú ar thaobh na cánach chun gur féidir tuarastáil phoiblí a theorannú **(-€115)milliún**
- Mál ar pheitreal agus díosal a laghdú 5% **(-€177.7) milliún**
- Iad siúd uile atá ar íosphá (€17,542) a thabhairt amach as an MSU ag díolmhú 296,000 saorthaithe breise **(-€131)milliún**

CÁIN TUGTHA-ANONN (€220milliún)

- Cáin bliana iomlán tugtha anonn ó bhearta cánacha bhuiséid na bliana anuraidh **€220milliún**

COIGILTIS (€1.044billiún)

LEAS SÓISIALACH (€67milliún)

- Maithiúnas leasa shóisialaigh **€55milliún**
- Forchúiteamh íocaíochtaí ó fhostóirí i gcásanna dífhostú éagóracha **€12milliún**

SLÁINTE (€712.5milliún)

- Costas iomlán cúram sláinte príobháideach taobh istigh d'ospidéil phoiblí a chur i bhfeidhm **€432.5milliún**
- Coigiltis breise a dhéanamh ar chógaisí brandáilte agus ionadú aicmeach iomlán a chur i bhfeidhm **€280milliún**

OIDEACHAS (€22milliún)

- An fóirdheontas poiblí do scoileanna príobháideacha a chéimniú amach thar cúig bliana **€22milliún**

TUARASTAIL (€204.5milliún)

- Teorainn, ar bhonn práinne, de €100,000 a chuir ar phá sa tseirbhís phoiblí agus sa státsheirbhís ar feadh 3 bliana **€102milliún**
- Teorainn de €100,000 ar thuarastail feidhmeannach na gCoistí Gairmoideachais ar feadh 3 bliana **€413,201**
- Teorainn de €100,000 ar phá bainisteoirí Contae agus Cathrach ar feadh 3 bliana **€1.46milliún**
- Teorainn de €100,000 ar phá Phríomhfheidhmeannaigh ghníomhaireacht stáit neamhthráchtála ar feadh 3 bliana **€2.5milliún**
- Aistharraingt íocaíocht speisialta pinsin scoir an Rúnaí Ginearálta An Choiste um Ceapacháin Ardleibhéil **€1.6milliún**
- Teorainn de €150,000 ar phá chomhairleoirí ospidéil ar feadh 3 bliana **€90milliún**
- Laghdú 25% ar tháillí boird ghníomhaireachtaí stáit **€6.5milliún**

PÁ AGUS LIÚNTAIS OIREACHTAIS (€5.58milliún)

- Tuarastáil rialtais a ghearradh anuas go €100,000, TD go €75,000 agus Seanadóirí go €60,000 **€4.3milliún**
- Deireadh a chur le liúntais Dála agus Seanaid (Ceann Comhairle / aoirí / ceannairí Seanaid) **€335,177**
- Deireadh le liúntais cathaoirligh coistí **€230,702**
- Deireadh le Íocaíochtaí Choimisiún Thithe an Oireachtais **€76,000**
- Deireadh le sár-liúntais do Airí Sóisearacha **€34,000**
- Teorainn de €80,051 ar phá 'comhairleoirí speisialta' do Airí (túsphointe pá príomh oifigeach) **€494,481**
- Deireadh le liúntas fón póca do bhaill an Oireachtais **€113,000**

ILGHNÉITHEACH (€32.46milliún)

- Laghdú de 15% ar chaiteachas an rialtais ar scairdeitleán **€172,000**
- Laghdú de 15% i dtáillí proifisiúnta **€20milliún**
- Sprioc shábháil de 10% i gcaiteachas theileachumarsáide: Sábháil de **€2.29milliún**
- Tuilleadh laghduithe ar phinsean an earnáil phoiblí do lucht ardioncaim **€10milliún**

INTRODUCTION

Ireland is now over four years in economic crisis. The government and the Troika believe that crisis consists of two elements – the state's budget deficit and the banking crisis. The lack of growth in the economy, mass unemployment and soaring emigration numbers factor very low on the government and Troika's priority list - as does the growing poverty, the decimated public services and the mushrooming mortgage crisis.

At the beginning of this crisis, Sinn Féin set out a 3-pronged approach to recovery:

1. **Tackle the jobs crisis – save existing jobs and create new ones**
2. **Close the deficit by creating growth, introducing fair tax measures and cutting waste from public spending**
3. **Overhaul the banks, making them transparent and ending the taxpayer subsidy.**

At the heart of our economic policy is the simple acknowledgement that the deficit is not the cause of the economic crisis – it is the result. Treating the result of the crisis won't bring about recovery. For that we have to look at the cause.

In October, we produced a jobs plan which contained a €13billion stimulus (and set out how that would be paid for) and a range of other measures to foster job retention and the creation of new jobs. This is a detailed plan which, implemented over 4 years, would have a hugely positive effect on job numbers, GDP growth and the deficit. It would also contribute to environmentally sustainable economic recovery.

This alternative budget, 'Making the right choices', is concentrated on the other elements of the crisis – the deficit, the European impact and the detrimental effect of partition on the island economy.

In this alternative budget, we set out the tax and savings measures we believe are the right choices to make a €3.5billion deficit adjustment in Budget 2013. We also set out the expenditure we would make to protect vulnerable groups from the harshness of deficit reduction. This is a priority for us. We believe that budgets should be about more than just deficit reduction. They should be about improving people's lives.

What Sinn Féin offers is a consistency of approach. We would protect the interests of vulnerable groups, families and workers in our budgets – unlike the Labour Party, who make promises, but turn those pledges on their head as soon as they're in government. Unlike Fine Gael, we won't be directed by vested interests and wealthy lobby groups. And unlike Fianna Fáil, we won't bring the state to economic ruination. These three parties have lost all credibility on the economic front and offer no hope or vision for the future.

The choices we make aren't easy. To bring in any amount of tax, somebody has to pay it. To make savings in public spending, something must be cut. Some sectors would be hit by our budget proposals. However, most families and public services would be protected because we make the right choices to secure economic recovery.

DEFICIT ADJUSTMENT IN 2013

In this alternative budget we set out a budget adjustment of €3.5billion. This comes from €2.758billion in new taxes after adjustments, a €220million tax carry-over and €1.044billion in savings. We also set out new expenditure of €338.68million on protecting children's rights and protecting families. Our total amount of tax and savings exceed our adjustment target by €184million, to allow for a partial year effect in 2013.

A €3.5billion adjustment, according to the Department of Finance, will have the effect of reducing the deficit in 2013 to 7.5% of GDP, but it must be understood that this proposal does not take into account the positive effect our jobs plan, published in October, would have on GDP and government finances, if it was to be implemented alongside this deficit adjustment in 2013.

We are committed to reducing the deficit to 3% by at least 2016. Under the government's plan, this €3.5billion adjustment will see the total amount of taxes and cuts in the state, since the crisis began, stand at €28.5billion. By the time they reach the 3% Stability and Growth target, it will have topped €34billion. It is our firm belief that the scale of this adjustment has been unnecessary and caused by an inability to see the cumulative negative impact of the type of measures introduced on employment and consumption. It has also increased because the new government, Fine Gael and Labour, decided to follow the old government, Fianna Fáil and the Greens', bank strategy of unconditional bail-outs.

This budget offers us an opportunity to change course. Growth-friendly measures, not cutting the capital budget, focusing on job creation, and putting private bank debt back in private hands, will bring us to the 3% target without causing the same degree of social and economic damage that the policies of Fianna Fáil, Fine Gael and Labour have.

PROPOSED NEW EXPENDITURE AND POLICY CHANGES(TOTAL COST €338.68million)

BUDGETING FOR CHILDREN'S RIGHTS

The children's referendum was about recognising the rights of children in the Constitution. Unfortunately, Labour, Fine Gael and Fianna Fáil don't recognise children's rights at budget time. Reports show that a growing percentage of children regularly go hungry, don't have the proper clothes to see them through cold seasons, haven't got school books, don't receive adequate health service provision and live in homes that aren't properly heated. They also show that the number of children who are homeless is growing.

The government targets these children directly by cutting welfare support, by reducing fuel allowance, by cutting health services, by increasing taxes on struggling families and by failing to deal with rising school costs. This year, it wants to cut child benefit again.

Talking about children's rights is not enough. The government must consciously provide for the rights of children and their families, over and above the rights of wealthy people, of banks and of vested interests. Our alternative budget shows how it is possible to target the exchequer deficit without attacking children's rights.

These proposals will benefit children, but will also benefit families as a whole by alleviating the financial burden on parents. A number of the proposals will also benefit elderly people and other vulnerable people.

SINN FÉIN WOULD:

PROVIDE FREE SCHOOLBOOKS TO EVERY CHILD: €45million

The cost of schooling is anything but free in this state. A Barnardo's survey in July (*Barnardo's school cost survey 2012*) found that the average cost of sending a 12-year-old child to secondary school was €770 and a 6-year-old to senior infants €355. These costs excluded items such as trainers, school bags and extra-curricular activities. The cost of books for the 12- and 6-year-olds are €275 and €85 respectively. While some schools are looking to move towards e-books, there will still be a cost that has to be alleviated for families. We are advocating a state provision of school books, which are provided to students and returned at year (exam) end, to be passed on to the next batch of students. This will save parents a good deal of money, in some cases alleviating poverty, in others, adding to their disposable income. The state already provides €15million in grants; this would bring the full amount to €60million, equal to the estimated annual average spend on books.

INCREASE THE EARNINGS DISREGARD BY €16.50 TO €146.50 PER WEEK FOR ONE PARENT PAYMENT: €32million

Last year the government introduced a cut of €32million to the earnings disregard for the One Parent Family payment, which saw it reduced to €130 per week for 2012 and a planned reduction to €60 per week from 2013. The cut makes going to work financially unviable for lone parents. We believe that where lone parents want to access the workplace, this must be encouraged and facilitated as much as possible. The government are actively reinstating poverty traps. Poverty traps occur where the rules of a social welfare scheme are such that a person would be better off not working. The constructive way to address a poverty trap is to allow a person to maintain some of their benefits while in work, because it actually costs to take up work (childcare, transport, lunches, appropriate attire, etc). The special earnings disregard for lone parents was designed to overcome a poverty trap.

DOUBLE THE BUDGET FOR SCHOOL MEALS PROGRAMME TO €70MILLION AND ENSURE GREATER ROLL-OUT TO DISADVANTAGED SCHOOLS: €35million

A report launched by the Minister for Health in April 2012 (*Health behaviour in school aged children*) showed that a growing number of Irish children are going to school hungry, with 21% going to school without breakfast or to bed without a proper meal. It is our ultimate vision to roll out school meals to every school. This would ensure no child goes to school hungry, and act as a boost to parents' income and local agri-food providers. This expenditure is an interim measure which would double the budget of the school meals programme from €35million to €70million and see meals rolled out to disadvantaged schools that were unsuccessful in their application to the current school meals programme.

INCREASE THE FUEL SEASON ALLOWANCE BY SIX WEEKS: €51million.

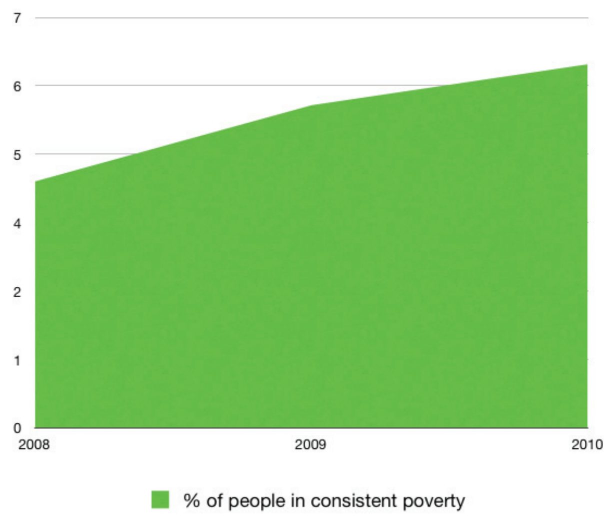
So far, Minister for Social Protection Joan Burton has cut fuel allowance for people in smokeless zones from €23.90 to €20 (16%). She has cut the fuel components of the Household Benefits Package: Electricity (-25%), Gas (-20%). These cuts were the brainchild of FF but Labour/FG chose to introduce them. The fuel allowance is a means-tested payment and is, by definition, only available to the poorest families. The Household Benefits package is for pensioners and people with disabilities. In the last Budget, Minister Burton cut the fuel allowance season by 6 weeks. That's a cut of €120 or 19%. This is at a time when fuel prices are rocketing. 120,000 Bord Gáis customers are now in arrears. This measure would immediately reverse the six-week cut to fuel allowance.

SINN FÉIN WOULD ALSO:

- Protect Child Benefit at current rates
- Oblige schools to move to generic uniforms and sew-on crests
- Protect the health budget, ensuring no impact on healthcare and specialist services such as mental health and social work
- Protect the education budget

GIVE FAMILIES A BREAK

Between negative equity, spiralling bills and diminishing income, the number of those who are suffering as a result of this recession has grown rapidly over the last number of years. Those on very little have been hit very hard. Now those who used to be relatively okay are being hit very hard. The 'squeezed middle' group - such as families who used to have two incomes and now only have one, or two-income parents who've seen their income drop dramatically - is a group that the government goes back to in each budget and expects more from each time. This group is suffering immensely.



The Irish League of Credit Unions, in a survey in October, found that the number of people who are left with €100 or less at the end of each month after essentials are paid has risen to over 1.8million. Half of all adults are struggling to pay their bills on time, with 42% having to borrow money to do so. Eight out of ten people are worried that they will not be able to cope with the increasing energy costs this winter. The study also found that 96% of people asked are worried about the impact Budget 2013 will have on their incomes.

The pressure of austerity, combined with the lack of security and the absence of a believable plan to take us out of recession, is paralysing the economy. The collapse in income, the rise in costs and the overhang of personal debt is causing a distress in families that must be alleviated in this budget. The number of households in mortgage distress has risen to 160,000 (*Central Bank August figures*). We set out proposals to assist those in mortgage distress in this alternative budget. The cuts to home helps, the property tax, reduction in child benefit and increase in fuel costs will push most of this group over the edge. In the proposals we set out below, we include reductions to excise duty and changes to the USC. These measures are explained and accounted for in our taxation section, as they will have an impact on tax receipts.

SINN FÉIN PROPOSES:

REINSTATE 950,000 HOME HELP HOURS: €16.9million

Since coming to office, this government has presided over cuts of almost one and a half million home help hours. Having a home help for a couple of hours daily to provide social interaction, practical help and real support is invaluable to older and infirm people. It helps them live an independent life, with dignity and, as is their wish, in their own home. Home helps are a fundamental cornerstone of the community-based primary care approach to healthcare and well-being. As well as cutting this valuable assistance, the government has cut the hours of those workers who provide the care – mostly women. We would immediately, and as a first step, reinstate the 950,000 hours cut in 2012.

RESTORE THE TRAINING AND MATERIALS ALLOWANCE FOR CE PARTICIPANTS: €12.5million

The cut to the training and materials allowance in the last budget left CE participants unable to access training because the €500 allowance was less than what most FETAC and other courses cost. The point of training on CE schemes is to ensure individuals are ready for and able to gain access to the labour market when the economy recovers. This cut took money from CE projects which limited the funds available to upskill CE workers and impacted on the projects' ability to deliver their community services. While it was rolled back on somewhat, it must be reversed in this year's budget to ensure we are training CE participants to their full ability.

REDUCE THE FEE FOR NON-GP REFERRAL ATTENDANCES AT HOSPITAL A&ES BY €10, BRINGING IT DOWN TO €90: €1.28million

With growing numbers of families leaving private health insurance, more people are beginning to see the cost of the health service for those who don't meet the very low threshold of medical cards. This government promised an end to the two-tier health service, free GP care and much more. Instead we still have GP costs ranging from €35 at the low end to €65 in most parts of Dublin. A&E admission has risen to €100. Prescription costs remain high because the government has not pursued an ambitious generic drugs policy. This is just one small measure to alleviate the medical cost burden on families.

SINN FÉIN WOULD ALSO:

- Maintain tax rates and bands for income under €100,000 in 2013
- Protect carers' rates and no more cuts to welfare payments
- Oppose the government's property tax
- Place a cap on interest that can be charged by money lenders, as provided for in Sinn Féin published legislation
- Ring-fence money from the Dormant Account Fund (fund has €100million+), the National Lottery and CAB to prevent further cuts in the community and voluntary sector
- Reduce excise on petrol and diesel by 5 cent (accounted for in tax section)
- Take all those earning minimum wage (€17,542) out of USC, exempting an additional 296,000 earners (accounted for in tax section)

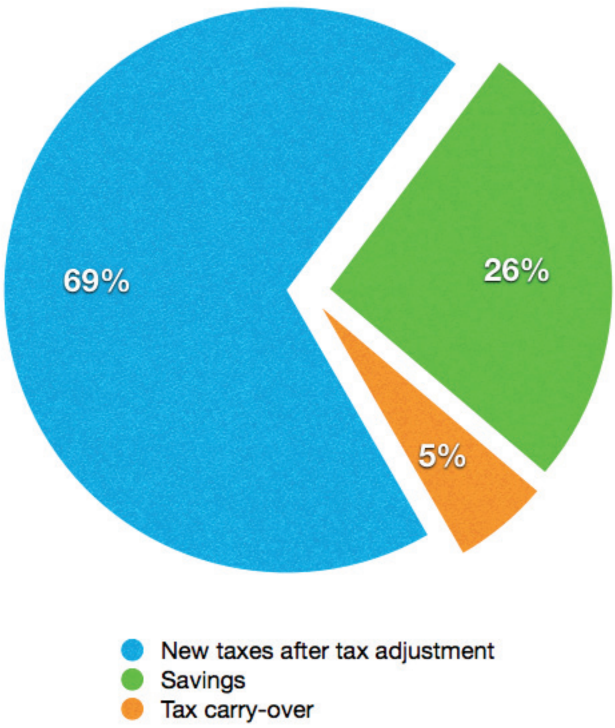
FURTHER EXPENDITURE

STAFFING FRONTLINE SERVICES

In Sinn Féin's jobs plan produced in October we set out the details of a stimulus plan which would see the building of additional schools, primary health care centres and other public service infrastructure. The government has claimed it will also build extra schools, etc, however it maintains a freeze on current public service employee numbers and an embargo on hiring new staff. To run more public buildings, they must be staffed, and this must be provided for in the annual budget. A parliamentary response last year stated that lifting the embargo on recruiting frontline staff would cost in the region of €145million per annum. This will allow the hiring of 3,500 frontline staff. We would target these staff numbers at the health and education departments in the first instance, to be followed by Gardaí and the Social Protection department.

SINN FÉIN PROPOSES:

LIFT THE RECRUITMENT EMBARGO ON FRONTLINE STAFF: €145million



TAX AND SAVINGS PROPOSALS

(NEW TAXES AFTER TAX ADJUSTMENTS: €2.758BILLION. TAX CARRY-OVER €220MILLION)

TAX MEASURES EXPLAINED

IMPROVED REVENUE ACTIVITY

CLAMP DOWN ON BLACK MARKET AND UNDER-DECLARATIONS: RAISES €100million.

Sinn Féin has consistently called for the Revenue to be properly staffed to target black market activity and increase auditing. The Minister for Finance Michael Noonan revealed in October that the Revenue, as part of its Comprehensive Review of Expenditure, has identified how revenue could be increased through hiring 125 qualified revenue staff to bring in an additional €100million per annum. In our expenditure section, we allow for the lifting of the government recruitment embargo on staff. 125 trained revenue officials would cost €6.5million.

HIRE 125 TRAINED TAX AUDIT STAFF TO INCREASE REVENUE BY €100MILLION THROUGH TARGETING BLACK MARKET ACTIVITY AND FALSE DECLARATIONS

INCOME TAXES

INTRODUCE THIRD RATE OF TAX OF 48% ON PORTION OF INDIVIDUAL INCOME IN EXCESS OF €100,000 PER ANNUM: RAISES €365million

Sinn Féin would increase the tax paid on income over €100,000 by 7 cent in each euro. The effective rate of tax in this state is quite low. Information from the Department of Finance reveals that an income earner of €100,000 pays an effective tax rate of 20.7%. Someone earning €150,000 pays 24.4%. An income earner of just over €1million pays an effective rate of 26.7%. This is because of the large number of tax reliefs applicable in this jurisdiction.

CASE STUDY

John earns €136,000 per annum and pays an average effective tax rate of 24.4% (€33,233 p/a). Under our proposal, he will pay an additional 7% on the €36,000 portion of his income in excess of €100,000. This will bring his effective tax rate to 26.3% and increase his tax bill by €2,520 to €35,753 p/a. This equates to €48 p/w in extra tax.

(Effective tax rates, Ireland 2011, excluding PRSI and USC, reproduced courtesy of Seamus Coffey Economics Incentive blogspot – *data drawn from Department of Finance figures PQ response 134 7 February 2012*)

NEW EMPLOYER'S PRSI CONTRIBUTION RATE OF 15.75% ON THE PORTION OF INCOME EXCEEDING €100,000: RAISES €91.5million

In an effort to save €89million the Minister for Social Protection has proposed transferring responsibility for the first four weeks of illness benefit directly onto employers in the form of statutory sick pay. This is a blunt proposal which has no regard to the ability of employers to absorb the cost without precipitating job losses and wage cuts for low and middle earners. Irish employers' PRSI rates are starkly low by international standards. In Ireland, most employers pay 10.75% PRSI.

EMPLOYERS PRSI ACROSS EUROPE (OECD)

Austria: 21.6%
Belgium 34.5%
Finland: 23%
France: 40% (on the first €100,000)
Italy: 32% (on the first €90,000)
Sweden: 31.4%

However, now is not the time to transfer additional costs onto employers in any blanket move. Instead of the statutory sick pay proposal, an enhanced PRSI contribution should be sought from those employers that can afford it. Taking the ongoing payment of high wages as an indication of an employer's ability to absorb a PRSI increase, we recommend that a third band of employer's PRSI contributions should be introduced on income exceeding €100,000 at a rate of 15.75%.

Employer PRSI Class A rates:
€0 - €365 p/w = 4.25%
€365 - €1923 p/w= €10.75%

New SF rate:
€1,923+ p/w= 15.75%

WEALTH TAXES

A 1% TAX ON NET WEALTH OVER €1MILLION, EXCLUDING WORKING FARMLAND, BUSINESS ASSETS, 20% OF THE FAMILY HOME AND PENSION POTS: RAISES €800million

Sinn Féin's proposal is to introduce a 1% tax on all assets over €1million net of all liabilities, including mortgage and other debts. The tax would not be levied on 20% of the family home, the capital sum in pension funds, business assets or agricultural land.

It would apply to the global assets of those domiciled or ordinarily resident in the state and domestic assets only for those who are resident in the state for tax purposes.

Our proposal is modelled on both the French and Norwegian wealth taxes and would seek to bring in up to 0.5% of GDP in a full tax year.

France, Norway, Sweden and Iceland are among the several OECD countries currently operating wealth taxes. The Spanish government has recently reintroduced a wealth tax, the Liberal Democrats in Britain advocate one, while countries such as France are strengthening theirs. The main opposition party in Germany is committed to introducing such a tax when in government.

The government does not collect detailed data on personal wealth, although the CSO plans to collate such data from 2014 onwards. However, in a Dáil debate in 2011, Minister for Finance Michael Noonan estimated that a French-type wealth tax implemented here would raise between €400million and €500million in a full tax year.

Based on a number of data sources, including the Central Bank, the CSO and Capgemini World Wealth Report, Sinn Féin has estimated that a wealth tax could bring in up to 0.5% of GDP or €800million in a full tax year.

The full detail of our Wealth Tax proposals, including a Comprehensive Asset (Wealth) Tax Bill, explanatory memorandum and memorandum estimating potential yields from a wealth tax, will be available soon at www.sinnfein.ie

EXAMPLE A

Maureen is a widow and has a house valued at €500,000. She has annual net income of €60,000. The business her husband left her is valued at €600,000, including turnover and property. Maureen on paper has a worth of €1.16million in any given year, but the wealth tax excludes her business and 20% of her family home. This means that Maureen's wealth for the purposes of this tax amounts to €460,000 and therefore she is not affected by the wealth tax.

EXAMPLE B

Ciaran's house is worth €1.3million. He inherited the house and has no mortgage. His take home pay is net€200,000 p/a. Ciaran has an investment portfolio of €400,000. He has a pension pot of €500,000 and cash savings of €75,000. The wealth tax excludes €260,000 (20%) of Ciaran's house and his pension pot. This leaves Ciaran with a net wealth of approx. €1.715million. The 1% tax is levied on the €715,000, which means Ciaran pays a wealth tax of €7,150 per annum.

PROPERTY TAX VERSUS A WEALTH TAX

Sinn Féin is opposed to a property tax. The government wants to raise €500 million from a property tax, which will mean a bill of on average €300 per home. We have issues with this tax for a number of reasons, among them:

- The charge, directed at everyone, takes no account of the ability of struggling families to pay more tax
- The government has not said it will take into account mortgages, negative equity or the amount of stamp duty already paid
- The self-declaration aspect of the tax will cause problems for over one million households, who will have to be brought into the self-declaring system, as well as causing administrative problems for Revenue
- The universal nature of the tax will have an impact on recovery of house prices at a time when citizens, the banks and entities like NAMA need to see some recovery
- The tax will not be used to pay for local services. The government will cut local government funding and expect the property tax to make up the difference

A wealth tax taxes all assets above a certain net wealth. Our proposal is to levy a 1% wealth tax on all net wealth over €1 million with certain exclusions. Because it is net wealth, it takes into account mortgages/loans. Because it has a high value, it protects struggling families. And because it is aimed at high net worth individuals, it is dealt with by people used to engaging with the revenue system, who very often have tax accountants dealing with the system on their behalf. We believe the tax could raise in the region of €800 million per annum or 0.5% of GDP.

We would not cut the Local Government fund. Local government must be funded in a way that enables it to adequately provide services for citizens and businesses which have already paid their taxes. Where there are savings to be made in local government – such as through capping high pay - we will implement those policies.

INCREASE CAPITAL GAINS TAX: RAISES €160million

An increase in Capital Gains Tax (CGT) from 30% to 40% would bring in €160million. 40% was the rate of CGT before it was cut by Charlie McCreevy in 1998. The tax applies to gains.

EXAMPLE

Sean buys shares for €10,000 and sells them for €20,000. Under the previous rate Sean paid a tax of €3,000 on his profit 'gain'. Under our proposal, Sean has to pay €4,000.

CAPITAL ACQUISITIONS TAX MEASURES: RAISES €150million

Capital Acquisitions Tax (CAT) is a tax on gifts and inheritance. We would raise the rate of CAT from 30% to 40% and reduce the family and 'other' thresholds by 25%, raising €150million. No threshold applies to married couples as CAT is not applied to spouses. There are a number of other exemptions, including exemptions for compensation, or for children inheriting houses if it is their main residence and they don't have an interest in another house. The new threshold for children is above the average house price in the 26 Counties, which was €185,000 in Q1 2012 at the highest estimate (myhome.ie).

The new thresholds would be:

Relationship	Current threshold	Under Sinn Féin
Child / parent	€250,000	€187,000
Lineal ancestor (relative other than child)	€33,500	€25,125
Any other person	€16,750	€12,562

EXAMPLE 1

Brother and sister Kevin and Sheila inherit a house from their parents, worth €300,000. Under this proposal, Kevin and Sheila remain exempt from CAT, because they have an allowance of €187,500 each.

EXAMPLE 2

Aine inherits €35,000 from her aunt. Under the current system, Aine gets €33,500 tax free and pays 30% on the remaining €1,500. Her tax bill is €450 and her net inheritance is €34,550. Under our proposal, Aine pays 40% tax on €9,875. Her tax bill is now €3,950. Her net inheritance is €31,050.

TAX RELIEFS

STANDARDISE DISCRETIONARY TAX RELIEFS (EXCLUDING CHARITABLE DONATIONS): RAISES €969million

Under this proposal, all discretionary tax reliefs would remain in place, but they would all be paid at 20%, regardless of income (excluding tax reliefs for charitable donations, which would continue to be paid at the marginal rate). It is our view that tax reliefs should have 'sunset' clauses built in, at which point they would be evaluated to see if they are still performing a service to the economy. Tax reliefs have been shown to be availed of predominantly by higher earners and in that regard are inherently unfair. A 2012 ESRI report into the use of pension tax reliefs revealed that the top 20% of earners were availing of 80% of all the reliefs (ESRI 2012: *Analysing pensions: Modelling and policy issues*). It is our view that while the state is at a stage where it is struggling to pay the state pension, tax reliefs cannot be used to the benefit of those who can afford to save for higher pensions.

	Margaret	Jim
Earns	€30,000	€75,000
Saves in pension	€4,000	€4,000
Current tax relief	€800	€1,640
Sinn Féin Tax Relief	€800	€800

LANDLORDS

REDUCE MORTGAGE INTEREST DEDUCTION ALLOWABLE AGAINST RENTAL INCOME FROM 75% TO 40%: RAISES €157million

This measure would reduce the level at which individuals can claim mortgage interest repayments against rental income for tax liability purposes, from 75% to 40%. The rate was reduced to 75% from 100% in the 2009 Finance Act. It effectively means asking those earning rent from rental properties and declaring that rent to pay more tax on that rental income – and not be able to write off 75% of their mortgage interest repayments against their tax bill. We ultimately see the phasing out of mortgage interest repayment claims for landlords.

EXAMPLE

Landlord Mr. Reilly has three houses rented out on which he pays a total of €10,000 in mortgage interest. He receives a total of €30,000 in rental income p/a. When he makes his annual tax declaration, he is allowed to write €7,500 of this interest off against the €30,000, reducing his taxable rents to €22,500. Under our proposal he can now only write €4,000 off, meaning he is taxed on €26,000 of rental income.

APPLY PRSI TO RENTAL INCOME: RAISES €20million

This treats rental income as income which shouldn't be exempt from taxation, where the rent is a second income. We proposed this measure last year and it was contained in the government's budget but has not been enacted.

EXAMPLE

Mary works and pays PRSI, but she also rents houses and receives €20,000 per year in rent from her tenants, PRSI free. She pays tax on this rent – but with our proposal, she is also now paying PRSI of 4% on that rent.

PRIVATE PENSIONS

INCREASE TAXABLE AMOUNTS FROM SUPER PENSIONS: RAISES €13million

Special pension vehicles called ARFs – Approved Retirement Funds, and PRSAs – Personal Retirement Savings Accounts, allow people to hold their excess pension lump sum wealth in managed vehicles, without drawing down the full pension and having it taxed at PAYE rates. Recent budgets have seen imputed distribution percentages of 5% on ARFs and PRSAs under €2million and 6% over €2million introduced. This means at least 5% or 6% of the value of the ARF/PRSA has to be drawn down per year by the individual and taxed at PAYE rates. We would increase the imputed distribution rate to 8% for both vehicles, under and over €2million. The government has only provided a figure for ARFs being increased (€13million).

EXAMPLE

Charlie has an ARF worth €5million. He doesn't need to touch the ARF because he has an annual income. However, the government's imputed distribution percentage means he is obliged to draw down an annual percentage of 6% and pay tax on it. Under our proposal, his annual draw down has gone from 6% to 8% (€300,000 p/a to €400,000 p/a) and he is paying tax on this amount.

REDUCE THE EARNINGS CAP TO €75,000: RAISES €113million

The current 'earnings cap' recognises €115,000 per annum (whatever the salary is) as the maximum salary against which percentages are calculated for investment in pensions. These investments are then given tax relief. The percentage of the €115,000 which can be invested depends on age: eg, aged 30-40 can invest 20%, aged 55-60 can invest 35%. People can invest more in their pensions but can't claim tax reliefs for anything invested over these percentages. We would reduce the maximum earnings cap to €75,000.

Example: Ruari, aged 35, earns €130,000, is allowed to invest 20% of ceiling for tax relief

	Current government allowance	Under this proposal
Ceiling	€115,000	€75,000
Allowed to invest	€23,000	€15,000
41% tax relief	€9,430	€6,150

NEW TAXES

5% TAX ON SHOP, COURSE AND ONLINE GAMBLING PAID BY CONSUMERS: RAISES €243.5million

Gambling is an activity that has remained relatively untouched by this crisis in tax terms. This is despite the fact that up to a short number of years ago, gambling taxes were the norm for consumers. The government is working on legislation for online tax of 1%. We believe that gambling taxes should be introduced for consumers. We would tax online gamblers at 5% (€100million), in-shop gamblers at 5% (€135million) and on-course gamblers at 5% (€8.5million). This is still a low level of tax compared to historical levels (10% and more in the '90s). Under Sinn Féin's proposals, we would be the first jurisdiction to apply the gambling tax online on consumers, but the application would ensure that shop and course betting agents don't lose out to online/remote agents. We envisage this policy being implemented online via Point of Consumption software and it will have to written into all online gambling licences issued by the state. We would want a portion of this tax ringfenced for the costs associated with treating gambling addicts.

EXAMPLE 1

Mick lays €10 on a horse at Leopardstown – his bet now costs €10.50.

EXAMPLE 2

John lays a €1 Lucky 15 (€15) – his bet now costs €15.75.

(TAX ADJUSTMENTS - €423.7MILLION)

ADJUSTMENT ON TAX SIDE TO ALLOW FOR CAPPING PUBLIC SALARIES: COSTS €115million

This adjustment is to allow for the net savings to the state from capping civil, public and hospital consultant salaries. The adjustment is based on a calculation provided by the Department of Finance which estimates that 60% of income over €100,000 is returned to the Exchequer.

REDUCE EXCISE ON UNLEADED PETROL AND DIESEL BY 5 CENT: COST €177.7million

The cost of fuel has become a major drain on many families in the last number of years, particularly in rural areas where cars are an essential because of the lack of public transport. In April 2012 the Automobile Association (AA) calculated that an average family's fuel bill had risen from €142 a month in January 2009 to €300 in January 2012 for the same amount of fuel. This proposal would reduce the excise by 5 cent on both petrol and diesel.

TAKE ALL THOSE EARNING MINIMUM WAGE OUT OF UNIVERSAL SOCIAL CHARGE (€17,542), EXEMPTING AN ADDITIONAL 296,000 EARNERS: COST €131million

The Universal Social Charge (USC) threshold was increased to €10,036 in Budget 2012, but it is still levied on all those earning the minimum wage. This means that people earning as low as between €193 and €337 per week, pay USC on their gross wage (2% on first €10,036, 4% on next €5,980 and 7% on the rest). This measure will have a positive impact on reducing poverty in families and increasing disposable income.

TAX CARRY-OVER

FULL YEAR EFFECT OF LAST YEAR'S BUDGET TAX MEASURES: RAISES €220million

This is the full-year effect of last year's tax measures carried through to Budget 2013. When a government makes tax changes in a budget, those tax measures only have a partial effect in the year they are introduced – ie. budget tax proposals introduced in 2011 only had a partial return in 2012, to allow for their introduction, establishment, etc. The 'full year' effect is the amount they bring in over 12 months, so there is usually a 'carry-over' into the next budget's accounting.

BUSINESS TAX AND INCREASING THE EFFECTIVE RATE

In 2011, in a parliamentary response to Sinn Féin, the Minister for Finance stated that the effective rate of tax paid by businesses in Ireland was 11.9% - a figure cited in a study by a World Bank and PriceWaterHouseCooper report. This response came after a study undertaken by Trinity academics, using sources presented to the United States Congress, concluded that the actual effective tax for some multinationals in Ireland was as low as 2.5%. Figures provided by the Oireachtas in October 2012 show that the effective tax that was paid in 2010 by businesses averaged at approximately 6.5% (€3.9billion paid on taxable profits of €61billion).

The headline tax rate of 12.5% on profits made by companies in Ireland is fiercely protected by the Department of Finance, where officials say the rate has become so entrenched it would be difficult to move it up or down. Sinn Féin believes that the 12.5% must be protected, but also that the issue of the effective tax rate has to be addressed. In an Autumn 2012 report, the economic and social think tank TASC outlined a series of reliefs and loopholes availed of by multinational companies based in Ireland, including well-reported schemes such as the 'Double Irish, Dutch sandwich', where profits are transferred to foreign subsidiaries as royalties to avoid paying the full corporation tax on them as profits. A CSO study revealed this year that from 2007 to 2010, reported profits in companies based here increased from €26.5billion to €27.8billion. In the same period, royalties transferred out of the state increased from €18.6billion to €28.5billion.

Companies have a myriad of ways to lessen their taxable profits in Ireland, including the ones available in most jurisdictions, such as counting back losses and carrying them forward, moving losses around group members in holding companies, as well as transferring losses/profits out of the jurisdiction. They can also avail of a series of generous reliefs under such headings as R&D, intellectual property and capital allowances. Reports in 2011 showed that Google, which bases its headquarters in Dublin, had a turnover in excess of €10billion, but only paid €5.6million in corporation tax that year in Ireland. One of the reasons cited for lower 'profits' from its high turnover was the higher than usual transfer of royalties out of the jurisdiction. Domestic companies, such as the huge number of SMEs responsible for the majority of jobs in the state, cannot avail of the same kind of tax treatments.

We have put a series of questions to the Minister for Finance asking for assistance in identifying effective tax rates per profit band and the amount of reliefs availed of by various sized companies. The lack of data on corporation tax is an obstacle to providing figures around increasing the effective tax rate of businesses. In addition, the Minister for Jobs, Enterprise and Innovation has already come out in defence of the current tax regime for business, claiming that any move would have an impact on jobs. Sinn Féin's priority is to protect and create jobs in this recession – and we produced a comprehensive jobs plan in October 2012 which outlined our proposals in this area. This looked at the range of costs and policies currently impeding companies and suggested a variety of proposals to make doing business in Ireland easier.

Sinn Féin supports the 12.5% corporation tax rate. We do not want to change it and we are not asking struggling companies to pay more tax. However, the effective rate of tax on profits must be addressed. In an economic crisis of this magnitude it is unconscionable that the area of business taxation would be ignored by any government.

SINN FÉIN PROPOSES:

- The collation of data on the actual effective tax rates paid by corporations in this state, in accordance with their size and profitability
- A move to legislate for a minimum effective rate of tax for business, in line with the policy of minimum effective tax rates for individuals
- A review of tax reliefs currently available to businesses and business individuals (eg. Special Assignee Relief Programme) to establish their validity, performance and cost

SAVINGS MEASURES EXPLAINED (TOTAL SAVINGS: €1.044billion)

SOCIAL WELFARE

SOCIAL WELFARE AMNESTY: SAVES €55million

This measure, proposed by Sinn Féin in 2012, has the potential to yield a one-off control saving of €55million. An amnesty should be offered so those who get overpayments can tell the Department of Social Protection and have their benefits corrected without penalties. We have published a bill which provides for the amnesty. While fraud and error accounted for 3.4% of the welfare budget, the majority of the overpayments involved were down to error. Less than one third of the 3.4% is as a result of fraud and this percentage is dropping every year. Our Social Welfare Amnesty Bill will give people the chance to put things right without fearing the consequences. It would be a one-off amnesty with a four-week application period, ideally in February 2013 for department budget purposes, preceded by a public information campaign in January.

RECLAIMING WELFARE PAID FROM EMPLOYERS IN WRONGFUL DISMISSAL CASES: SAVES €12million

If an employer is found by the Employment Appeals Tribunal (EAT) to have wrongfully dismissed a former member of staff, the state should be able to recoup the social welfare payment paid out to the employee from the time of dismissal to the date upon which the order was made. Recouping from employers' social transfers paid to wrongfully dismissed employees has the potential to save €12million.

HEALTH

APPLY THE FULL COST OF PRIVATE CARE IN PUBLIC HOSPITALS TO PRIVATE HEALTH INSURERS: SAVES €432.5million

This is a policy the government has said it will pursue. According to the Department of Health, in order to control the level of private activity in publicly funded hospitals and to help ensure equitable access for public patients to services in these facilities, a system of bed designation is operated in public hospitals. The regulations underpinning this system stipulate that hospitals can only apply charges to private patients when they are treated in designated private or semi-private beds. Approximately 20% of public hospital beds are designated as private. The Comptroller and Auditor General has previously found that charges are not raised in respect of about half of all private patients because they are not occupying private designated beds. While applying the full economic costs of private beds would have an impact on private health insurance, at a time when public services are being cut the subsidy of private health care through the public budget is not one that can continue.

DELIVER FURTHER SAVINGS ON BRANDED MEDICINES AND IMPLEMENT FULL GENERIC SUBSTITUTION: SAVES €280million

The cost of medicines in the health service is approximately €2.16billion – roughly 16% of the total budget of €13.1billion. The cost of branded medicines in this state remains exorbitant, despite the deal signed earlier this year with the Irish Pharmaceutical Healthcare Association (IPHA). We propose further savings on branded medicines, of approximately 20%, by benchmarking our ex-factory price on the lowest rather than the average of nine European countries. In addition, the Health (Pricing and Supply of Medical Goods) Bill 2012, which aims to introduce reference pricing and generic substitution, will deliver savings in the drugs bill. This is a longstanding policy for Sinn Féin. The policy will save money for the health budget but will also make over the counter prescriptions cheaper for the public. However, we want the government to go further than planned and maximise potential savings. The current cost of generic equivalents can be as high as 96%-98% of originator medicines, extremely high by international comparisons.

EDUCATION

PHASE OUT THE PUBLIC SUBSIDY OF PRIVATE SCHOOLS: SAVES €22million

In last year's budget, €316million was cut from education spending. This included cuts to primary school transport, to DEIS schools and capital grants and an increase in college fees. The education budget faces more cuts this year. Schools have taken successive hits to capitation grants, equipment provision, special needs assistants and language support and have seen refurbishment needs ignored. Parents are increasingly asked to foot the bill for school needs. Meanwhile, the state pays the teachers in private schools, where parents have chosen to pay huge fees to send their children. The public subsidy amounts to €109million per annum - €102million of this is salaries, the rest consists of capital expenditure and assistive technology. Sinn Féin does not believe in a two-tier education system any more than a two-tier health system. If people want to educate their children privately, that is their prerogative, but the state cannot and should not subsidise that decision. This policy would phase out the private subsidy over the course of five years. We would examine the issue of minority faith schools to see how they could be protected without retaining the fee-paying/public subsidy dynamic.

SALARIES

INTRODUCE AN EMERGENCY PAY CAP OF €100,000 ACROSS THE CIVIL AND PUBLIC SERVICE FOR 3 YEARS: €102million

CAP VEC CHIEFS' SALARIES AT €100,000 PER ANNUM FOR 3 YEARS: €413,201

CAP CITY AND COUNTY MANAGERS' PAY AT €100,000 PER ANNUM FOR 3 YEARS: €1.46million

CAP NON-COMMERCIAL STATE AGENCY CEO PAY AT €100,000 PER ANNUM FOR 3 YEARS: €2.5million

WITHDRAW CURRENT SECRETARY GENERAL TLAC (SPECIAL SEVERANCE PENSION PAYMENT): €1.6million

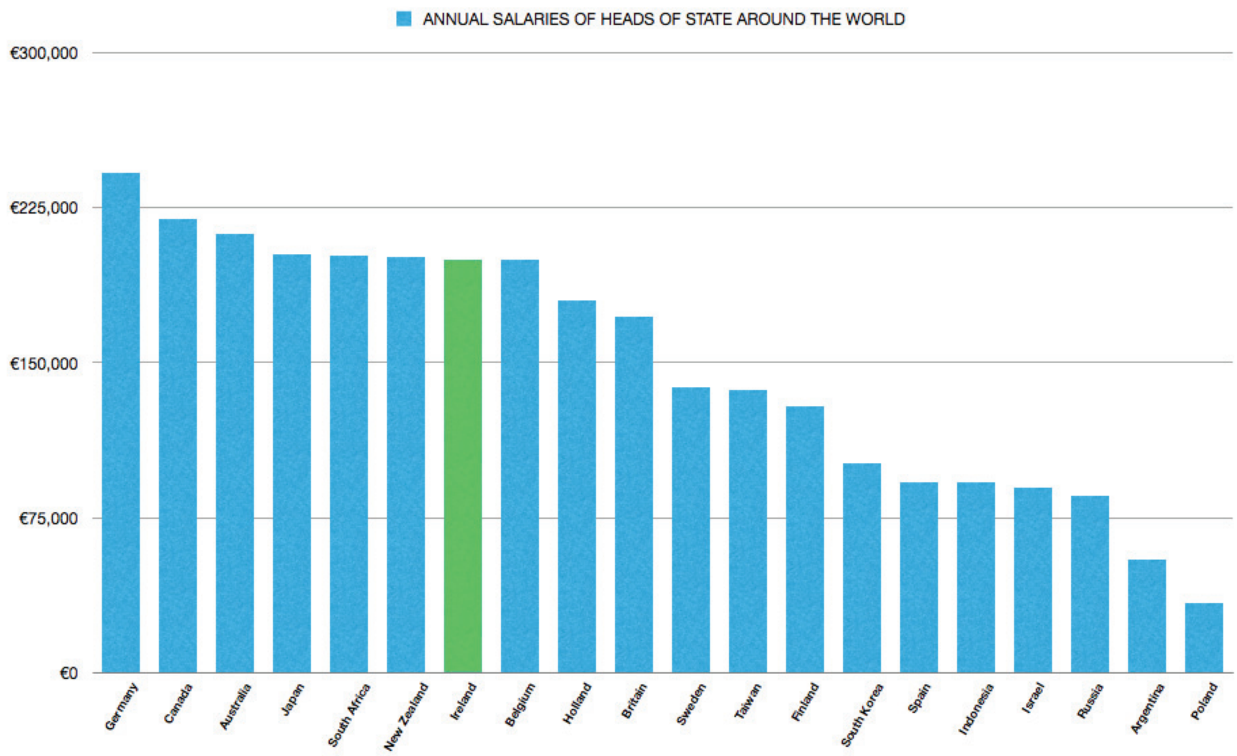
Despite being two years into a Troika programme, and having gone back several times to the pay of middle and lower income earners in the public sector, pay at the top of our civil and public service remains disproportionately high compared to European standards. Conditions too are considerably more generous – for example the TLAC terms for most current Secretary Generals, which allows for ten years to be added to service and half a yearly salary added to a severance package, makes top civil service jobs more appealing than some of the top private sector jobs. The Minister for Public Expenditure and Reform has withdrawn these terms for new entrants, but existing top civil servants will still avail of them on retirement. This proposal places an emergency levy on all those civil and public servants earning in excess of €100,000 p/a. We do not include semi-state bodies in our savings figures as these bodies have a commercial status and are dealt with differently in pay terms – but we would initiate cost savings in those bodies. Our emergency proposals would be implemented for a period of 3 years, in line with the period of time needed to reach the deficit target, at which point the cap would be reviewed as part of a wider review of remuneration for high paid civil and public servants.

CAP HOSPITAL CONSULTANTS' PAY AT €150,000 P/A FOR 3 YEARS: SAVES €90million

Despite the government's supposed pay 'cap' of €200,000 on public service employees, it was reported earlier in 2012 that in the region of 500 hospital consultants were earning in excess of €200,000 per annum from the HSE, with many earning much more from private health insurers. The government recently announced cuts to new entry consultants, bringing their public pay to €120,000. By any standard, and compared to similar economies, our consultants were overpaid even at the height of the boom. In the depths of a recession, there can be no moral justification for breaching a government-set pay cap. Consultants are recognised experts and invaluable to the health service but the state cannot be strong-armed by any group of professionals who refuse to recognise the economic reality of the day. This cap would also be reviewed after 3 years.

REDUCE ALL STATE AGENCY BOARD FEES BY 25%: SAVES €6.5million

Appointments to state boards remain as politically charged as ever and, while average stipends have been reduced in recent years, there are still savings to be made. Most board members receive a minimum basic payment of €5,000 per year for 12 meetings and expenses on top. Sinn Féin believes the number of boards, the numbers on boards and how posts are advertised and filled all need to be examined. We want to derail the boardroom gravy train.



PAY AND OIREACHTAS ALLOWANCES

CUT GOVERNMENT SALARIES TO €100,000, TDS TO €75,000 AND SENATORS TO €60,000: SAVES €4.3million

The government has made €16.9million worth of cuts to home-help hours, reducing in some instances, home help care to 15-minute slots. The government claims harsh cuts are necessary in a crisis such as this. Yet Enda Kenny continues to earn €200,000 per annum and Ministers earn €169,275 per annum. Enda Kenny earns more than the Dutch, British, Swedish, Finnish and Spanish prime ministers – and that's just within Europe. This is before expenses. (Salaries table of heads of state, 2011)

ABOLISH DAIL AND SEANAD ALLOWANCES: SAVES €335,177

This proposal abolishes the following allowances, which are paid to TDs and Senators on top of their basic salaries.

Position	€
Ceann Chomhairle	76,603
Leas Ceann Chomhairle	37,370
Cathaoirleach	44,336
Leas Cathaoirleach	24,429
Dail whips allowance	78,000
Leader of the Seanad	19,439
Deputy Leader of the Seanad	9,500
Whips	24,000
FF Leader	9,500
Independent Nominees' leader	6,000
Independent Universities leader	6,000

ABOLISH COMMITTEE CHAIRPERSONS' ALLOWANCES: SAVES €230,702

Chairpersons of Oireachtas Committees receive base payments of €9,500, mobile phone payments of €1,100 and 'hospitality' payments of €2,539. These are additional payments made on top of a TD's salary and allowances.

ABOLISH HOUSES OF THE OIREACHTAS COMMISSION PAYMENTS: SAVES €76,000

The Commission is made up of the Ceann Chomhairle, Leas Ceann Chomhairle, the clerk of the Dáil and eight members of the Oireachtas (TDs & senators from Fianna Fáil, Fine Gael and Labour). They are each paid a stipend to sit on the Commission, with the exception of the three ex-officio members. We would abolish the stipend.

REMOVE SUPER JUNIOR MINISTER ALLOWANCE: SAVES €34,000

This would remove the just over €17,000 paid to each of the two 'super' junior ministers created by this government. The payments currently go to Jan O'Sullivan and Paul Kehoe. The junior minister basic salary already stands at €130,042.

CAP MINISTERS' SPECIAL ADVISORS' PAY AT €80,051 (FIRST POINT PRINCIPAL OFFICER): SAVES €494,481

Controversy arose this year when it was revealed in a parliamentary response to Mary Lou McDonald that six ministers – Joan Burton, Brendan Howlin, Pat Rabbitte, Richard Bruton, Leo Varadkar and Simon Coveney – had breached the government-set limit of €92,000 for special advisors to ministers. Brendan Howlin, Minister for Public Expenditure and Reform, paid his advisor €114,000. Other ministers were found to also be breaching the pay cap – the Health Minister paid one of his advisors €160,000. This measure reduces the pay to a new cap, with no exceptions.

SCRAP OIREACHTAS MEMBERS' MOBILE PHONE ALLOWANCE: SAVES €113,000

The current system allows TDs to claim up to €750 every 18 months for new phones/car kits.

MISCELLANEOUS

REDUCE GOVERNMENT JET SPEND BY 15%: SAVES €172,000

Over nine months last year, the government jet was used over 60 times, amounting to a cost of just over €1.1million. A round trip from Baldonnel to Brussels costs the state over €11,000. A round trip to Brussels with Aer Lingus has a last-minute cost of €300. One trip, taken by An Taoiseach just before St Patrick's Day, involved several stops in the United States, at a cost of over €66,000.

15% REDUCTION IN PROFESSIONAL FEES: SAVES €20million

In 2011 at least €133million was spent on professional fees – this includes consultancy, advertising, legal and auditing fees. As an example of how these fees work, we just have to look at consultancy. In 2012, the net voted expenditure for consultancy costs amounted to almost €17million. So far this year, examples of consultancy spend include €130,536 by Minister for the Environment Phil Hogan on a PriceWaterhouseCoopers report recommending the establishment of a new and separate water authority. The government has now decided to contract Bord Gáis to run the Water Authority. Accenture won a contract from the Department of Public Expenditure and Reform to assist with the establishment of a human resources "shared service centre" for the Civil Service. The consultants received €353,960 for phase one. Deloitte & Touche provided services valued at almost €500,000 to four government departments. Minister for Health James Reilly spent €300,080 for a report from Goodbody Stockbrokers on the capitalisation, authorisation and sale of health insurer VHI, which the government subsequently decided not to sell. The value for money of these consultancy reports – when the government has an entire civil service at its disposal – is clearly lacking.

10% TARGETED SAVINGS IN TELECOMMUNICATIONS SPEND: SAVES €2.29million

Telecommunications across the departments amounted to over €22.9million in 2011. This includes landline use, paying for people's mobiles, broadband, maintenance and support. Given the size of the state's contract, we believe this area can produce targeted savings of 10% by negotiating with providers.

INCREASE PUBLIC SECTOR PENSION REDUCTION FOR HIGH EARNERS: SAVES €10million

Former government ministers and senior civil servants are still receiving shamefully high annual pension payments. Fianna Fáil's Pat 'the Cope' Gallagher is an elected MEP paid €95,000 p/a and yet is still in receipt of a ministerial pension of over €70,000. Alan Dukes, former leader of Fine Gael, receives a pension of €95,000 plus a salary of €150,000 from his role as chairman of IBRC. The Labour Party's Dick Spring receives an annual pension of €120,000 as well as his fee as a public interest director in AIB (€59,000 in 2011). Former Secretary General to the government and the Department of An Taoiseach Dermot McCarthy gets a whopping €142,000. Yet the majority of public and private service pensions are €30,000 a year or less. Despite the promise of a democratic revolution, this government, like the last, continues to protect a coterie of people at the top of the public sector when it comes to pay and pensions entitlements. Enda Kenny recently told the Dáil that there is a legal impediment to introducing a levy to recoup some of the super pension payments paid from the public purse. However, the government has already introduced levies on public and private sector pensions. Sinn Féin's Financial Emergency Measures in the Public Interest (Amendment) Bill 2012 proposed increases in the Public Service Pension Levy rates for retired public servants in receipt of excessive pensions. This is just one example of the options open to government to tackle pension inequality.

PROPOSAL

Sinn Féin would protect pensions under €60,000, however those in excess of €60,000 annual pensions would incur an additional levy. We would introduce a scaled increase in the Public Section Pension Reduction band rates on annual public sector pensions in excess of €60,000.

GOVERNMENT PUBLIC SERVICE PENSION REDUCTION BANDS: NEW RATE SAVES €10million

	Existing Rate	New Rate
First €12,000	0%	0%
Between €12,000 and €24,000	6%	6%
Between €24,000 and €60,000	9%	9%
Between €60,000 and €80,000	12%	20%
Between €80,000 and €100,000	12%	50%
Above €100,000	20%	99%

POTENTIAL FOR REVENUE FROM NATURAL RESOURCES

Ireland's offshore oil and gas reserves have the long-term potential to be a significant source of revenue for the economy. According to a 2006 report carried out by the Department of Communications, Energy and Natural Resources, there is approximately 10billion barrels of oil equivalent off our western coast, composed of 6.5billion barrels of oil and 20 trillion cu. ft. of gas. At current oil prices, this equates to a value of approximately €540billion. While it is true that the actual amount of oil and gas brought ashore has been small, reserves exist.

As new technologies emerge and develop, along with the rising price of oil and gas, reserves that were previously dismissed are now becoming commercially viable.

Under the 1992 and 2007 Licencing Terms, a 25% tax on the net profits of oil and gas is applicable. However, oil and gas companies can write off 100% of costs against tax, including costs incurred up to 25 years before field production begins and including the cost of any unsuccessful wells the company has drilled anywhere in Irish waters in that 25-year period. Under the 2007 Licencing Terms a Profit Resource Rent Tax (PRRT) was introduced. PRRT is payable on a profit ratio calculated by the cumulative after tax profits on the specific field divided by the cumulative level of capital investment on the specific field. Oil and gas companies may be subject to pay PRRT on after-tax profits of between 5% and 15%, theoretically.

Compared to international standards, Ireland's licencing terms are extremely generous to oil and gas companies. A report carried out in 2007 by the U.S. Government Accountability Office studied the licencing terms of 142 fiscal systems. The report found that Ireland has the second lowest government take of all the countries studied. In the United States there is a minimum government take of 42% and in Norway the government take amounts to 75%.

Ireland's licencing terms do not afford the state with fuel security. When the government awards an oil and gas company with a licence, ownership and control of Irish oil and gas is transferred to that company. Under the current licencing terms, the government cannot guarantee that the oil and gas will be sold to the Irish market, that the oil and gas will be landed in Ireland, or that the company uses Irish workers. Irish consumers must pay in full the international price for oil and gas found off Ireland's coast. We also have no control over how those resources are extracted and landed – as has been highlighted with the Corrib situation. In a period when the world is nearing peak oil production, it is imperative that Ireland secures its fuel supply. The government refused to cost the proposals outlined below on the basis that it has no plans to change policy in this area. We believe the potential non-tax revenue that could be raised from these policies cannot be ignored and that the continued refusal of Irish governments to deal with the giveaway of our natural resources is one of the greatest economic scandals of our time.

SINN FÉIN PROPOSES:

- A complete review of licencing and revenue terms and the immediate scrutiny of the consents given to the Corrib consortium and the licence for Lough Allen pending such a review
- Examine the potential to establish a state oil, gas and mineral exploration company that would hold a 51% share in all oil and gas finds and would have its own research facility in order to collect full and up-to-date information on reserves
- The imposition of a 50% tax on oil and gas profits
- A 7.5% royalty
- The ring-fencing of a proportion of profits from Irish oil and gas to develop renewable energy projects

DEALING WITH MORTGAGE DISTRESS

The mortgage crisis is getting worse. Since the Central Bank started to collect statistics on Mortgage Distress in 2009, the number of distressed mortgages has risen every single quarter. In August the Bank said that households in distress, counting those in arrears and those who've had restructures, amounted to 160,000. More troubling is that the rate of increase is also accelerating. Despite clear commitments to tackle this issue in the Programme for Government there is no evidence that the government is doing anything meaningful to address the growing number of unsustainable mortgages. It is now a year since the government published the Keane Report into the mortgage crisis. The report's recommendations were limited and very few of them have been implemented.

The impact of the mortgage crisis on families and on the domestic economy is substantial. Failure to tackle the crisis will make matters worse, not only for mortgage holders and the economy, but also for the banks.

The long-delayed Personal Insolvency legislation gives a veto to the banks and will do nothing for the vast majority of homeowners in mortgage distress. Left to their own devices banks will not do what is required to assist mortgage holders to make their mortgages sustainable and remain in the family home. Only an independent body with the power to enforce legally binding mortgage resolution agreements will be able to do this.

Banks cannot be allowed to hold a veto over the mortgage resolution process. The government and the Central Bank must take a more proactive role. Forbearance on the scale currently being practiced will only make matters worse and end up costing society more in the long run.

SINN FÉIN PROPOSALS:

- Introduce legislation that gives the Central Bank Governor the power to cap interest rates in state-owned banks and ensure they pass on interest rate reductions from the ECB
- Ensure all Budget-related decisions regarding mortgages are passed on immediately by banks
- Explore further options of assisting those in mortgage distress, including increased financial assistance through mortgage relief/supplement
- Establish an independent statutory distressed mortgage resolution process that can reach a legally binding resolution of mortgage distress on a case-by-case basis. This would protect the family home through a variety of measures including

write-downs, shared equity and transferring tenure type to social renting. It would also enable those unable to remain in the family home to downsize or transfer to more sustainable mortgage arrangements via short sales or property/mortgage swaps. The measure would protect the taxpayer by ensuring that mortgage lenders and inter-bank commercial lenders share a portion of the burden involved in the problem of mortgage distress

THE EUROPEAN IMPACT

Despite repeated assurances that Ireland is 'on track' and is a model pupil of the Troika, the fiscal tightening in the pipeline is proportionately actually harsher than anywhere else in the Euro Area.

Mainstream political leaders across Europe continue to misunderstand the causes of the Eurozone crisis. As a result, member state governments and EU institutions continue to implement the wrong solutions.

The cause of the Eurozone instability was not fiscal irresponsibility or profligate spending in peripheral economies such as Greece, Portugal and Ireland. Rather, the difficulties in the periphery were a consequence of structural weaknesses in the design and operation of the Euro currency itself.

There is an inherent instability built into the heart of the Euro currency project that advantages strong economies while disadvantaging weak economies. This can best be seen in the cases of Germany and Greece. The single currency made German exports more competitive, boosting their exports and growth levels.

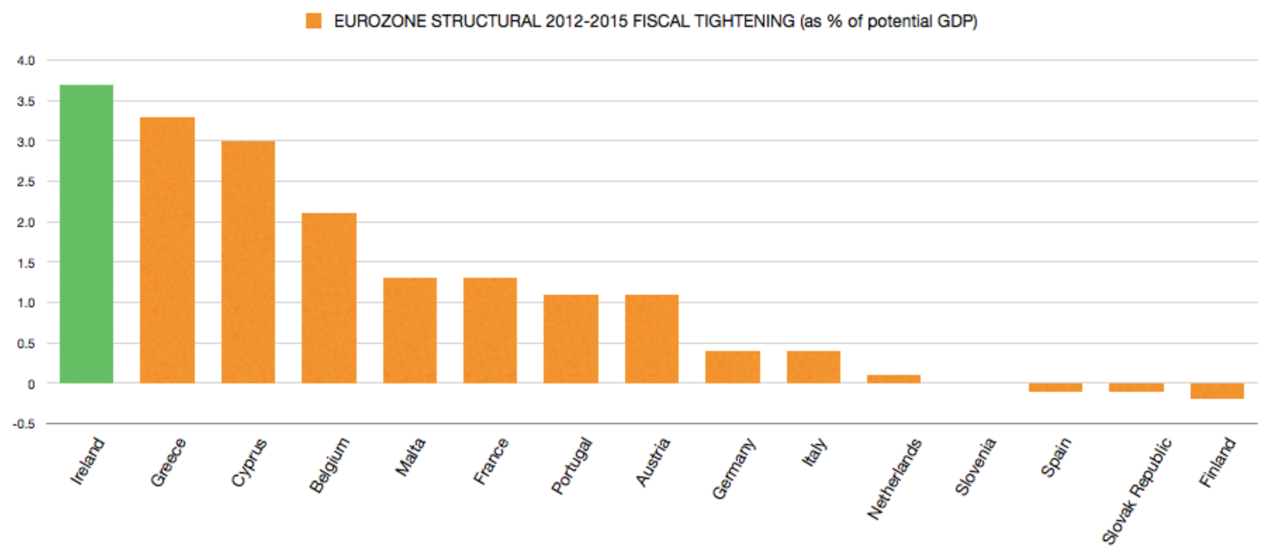
In turn, this led to trade surpluses while also encouraging savings surpluses. In addition to exporting manufacturing goods, Germany also became a major exporter of capital in the form of loans by German banks. Weaker Eurozone economies such as Greece were able to borrow money at cheaper levels with lower levels of risk. This led to an increase in government and private debt, as Greece built up trade deficits and rising levels of personal debt.

The design of the Euro provided an incentive to many strong economies to produce ever-bigger surpluses, and to weak economies to produce ever-bigger levels of private and public debt. Domestic policy choices in weaker and stronger economies also played a key role, and though measures could have been taken to counterbalance this tendency, in most cases they were not.

However, the architecture of the Euro and the policies of the ECB were decisive in deepening the existing imbalances between stronger and weaker economies. The central problem was that there was no mechanism for recycling the surpluses generated by the stronger economies in a way that would assist economic development in the weaker economies.

The 'one size fits all' monetary policy, set mainly according to the needs of the stronger national economies such as Germany and France, exacerbated this problem – by providing an incentive for aggressive lending by major European banks and their counterparts in the periphery, and for reckless borrowing by governments and in some cases, individuals.

Eventually, the levels of aggressive borrowing and lending became too great; banks became risk-averse and lending into the real economy stopped during the credit crunch in 2007 and 2008. While this was a global problem, it had a particular



impact on the stability of the Eurozone. The ensuing recession led to rising unemployment, falling tax revenues and spiralling deficits across the national economies of the Eurozone.

This was made much worse by the policy of the European Central Bank, supported by member state governments, to bail out banks irrespective of the cost. The markets now believed that as a result of bank debts being heaped upon taxpayers' shoulders, that countries debts were now unsustainable and would not be honoured. This drove up interest rates and led to peripheral economies being frozen out of the markets.

In response, EU leaders fanned the flames of the growing crisis by further contracting economies with austerity and increasing debt levels by insisting on bailing out banks.

The implementation of the Austerity Treaty will continue to contract the Eurozone economies. The failure of the European Council to develop any credible jobs stimulus programme will mean there is little to counter the negative effects of austerity. The EU/IMF austerity programmes are failing. Greece is expected to need a third bailout and Portugal a second bailout. In Ireland there has been tentative steps back into the bond markets but the yields are still on average 3% higher than Germany's. While the prospect of retrospective recapitalisations by the ESM has pushed bond yields downwards since 29 June 2012, the current uncertainty on the issue of legacy debt risks pushing yields upwards again. This makes any exit from the Troika programme and return to the markets by 2014 very uncertain.
The policies of austerity are strangling growth, not only in Ireland but across the Eurozone. EU unemployment is at an all-time high. The Troika programmes are not working because they are ignoring the real causes of the currency crisis. There is an urgent need for a change of direction away from austerity and towards policies focused on stimulating growth.

Any solution to the Eurozone crisis must follow a series of interrelated steps. There is a need to correct the design flaws inherent in the project itself. We need to invest in economic growth, primarily in the form of jobs. The European banking system must be cleansed of its toxic debts. There is also a need to reduce debt levels across the Eurozone through debt restructuring.

Thus, rather than continuing with the policies of fiscal integration, crippling austerity and bank bailouts favoured by Fine Gael, Labour, Fianna Fáil and their European counterparts, Sinn Féin is advocating a strategy of investment, debt write-downs, and market return.

SINN FÉIN PROPOSES:

- Investment in jobs and growth. Increase the lending capacity of the European Investment Bank so that, by working with member states on major investment projects, it can help stimulate activity in the real economy
- Cleansing the European banking system of toxic debts through a new round of rigorous stress tests, imposing losses on bond holders where appropriate and through recapitalisation of banks, where necessary, funded by the European Central Bank
- Debt restructuring agreements for over-indebted economies involving debt-write-downs to assist their return to debt sustainability. Ending the obligation on the state to pay the Anglo Irish Promissory Note and securing a deal on legacy debt
- Within existing EU Treaty provisions the European Council must ensure that the European Central Bank takes all necessary action to stabilise sovereign bond interest rates and ensure market access for all member states, acting as a lender of last resort

ALL-IRELAND ECONOMIC RECOVERY - MOVING TOWARDS AN ALL-IRELAND ECONOMY

The importance of developing All-Ireland solutions to enhance economic recovery is now widely accepted. The challenge at this point is to put the necessary structures in place to achieve this. There is a vast potential in harmonised revenue raising and economic development across the island. Experience has shown that Ireland cannot reach its full potential with two competing economic systems on such a small island.

Within the North there exists a longstanding challenge in accessing full and detailed information from British Treasury officials regarding revenue, public expenditure and indeed economic development. This lack of information creates challenges when moving towards an All-Ireland economic strategy. It is a challenge that Sinn Féin is ready to address.
The majority of revenue generated within the North exits the system to the British Consolidated Fund. British Treasury policy dictates that all taxes set by Westminster but collected within Scotland, Wales and the North are handed over to the British government. In return, these areas are allocated funding that reflects expenditure on public services delivered by Westminster. It is a formula based upon population, not on any consideration of needs or requirements within the North.

Sinn Féin has continually challenged the British government to devolve full fiscal powers to the Northern Assembly. Securing this will improve the situation for all the people of Ireland and will open up the possibility of a full and detailed all-Ireland Economic Strategy.

The border acts as a barrier to investment and growth. Sinn Féin is advocating an all-island strategy to stimulate economic growth and provision.

ENHANCING PUBLIC SERVICE PROVISION ACROSS IRELAND

The current austerity approaches being taken by both the British and Irish governments have created a situation in which cost-cutting programmes have resulted in a cumulative reduction in public expenditure. These cuts in public expenditure impact across all aspects of service provision and have the most serious impacts on not only the most vulnerable people, but on the most vulnerable regions, which in Ireland are predominantly along the border. There are opportunities to maximise resources with the aim of improving both the level and quality of services provided to all the people of Ireland. A proper strategy that outlines new ways of coordinating public services is required.

SINN FÉIN PROPOSES:

- The development of an all-Ireland health service provision plan with an emphasis on cross-border provision to accelerate the sharing of certain acute hospital, community health and general medical services
- Enhancing the Single Energy Market approach to take full advantage of renewable wind, wave and biomass CHP energy and retain the benefits of the Single Electricity Market
- Stronger North-South coordination on treated water in infrastructure upgrades that are being progressed North and South
- Greater coordination throughout the higher education sector, with an emphasis on shared resources and enhanced student experience. This would include a focus on developing student enterprise and the shared development of specialist courses and resources, as well as enhanced coordination of research and development
- Facilitating infrastructure upgrades across Ireland that are planned jointly