

“There is a better way –Todhchaí níos fearr”

**Sinn Féin Proposals for the Economy**  
**Moltaí Shinn Féin don Geilleagar**







# Sinn Féin Proposals for the Economy

## Introduction

*Ireland faces many challenges presented by the current global economic recession, in addition to the historic legacy of partition where we have two failing economies competing back-to-back on an island with a population of 6.2m people. In the North the Assembly and Executive has limited fiscal powers which is both unacceptable and unsustainable. The Dublin Government's record of squandering unprecedented wealth has left the need for a complete rethink of how Ireland governs its economic destiny. Partition has failed and continued partitionist economics will fail another generation. An All-Ireland economic recovery plan is required to deliver sustainable long lasting economic growth with greater economic equality.*

Sinn Féin, believes economic recovery requires a radical reshaping of how Government, the private and the public sectors have traditionally operated, in order to best serve the needs of citizens. The financial institutions have social responsibilities also.

We face important challenges as a society emerging from conflict. The local and all-Ireland political institutions need to deliver the necessary social and economic change that is required for our society.

It is critical that we continue to deliver frontline public services in health, education and transport; invest in capital infrastructure projects; ensure adequate housing for all and end poverty and disadvantage across urban areas and rural communities. We need strategies to end inequality and deliver a more equal and prosperous society.

We are presenting economic proposals, which we believe will decisively tackle the current public expenditure deficit, avoid unnecessary cuts in frontline public services, save jobs across the public, private and voluntary sectors and stimulate the local economy towards immediate recovery now and future sustainability.

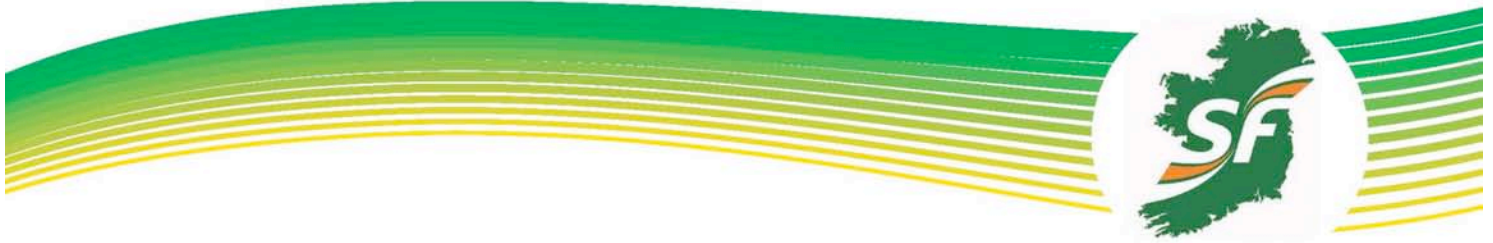
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This is a clear choice between trying to cut your way out of a recession versus investing your way out of a recession. Many governments, including the US, have chosen the latter. Sinn Féin believes that we need to tackle the recession by a strategic approach which invests to save jobs, tackles waste and inefficiencies, and promotes investment in infrastructure.







# Sinn Féin Proposals for the Economy

The danger of a slash and burn approach to reducing budget deficits is that it will have relatively little effect on the actual budget deficit but will increase unemployment. As employment and income then decline, budget deficits will actually get worse because of reduced tax revenue: the worst of both worlds.

The economic crisis has led to greater inequality within our society. Inequality not only creates serious social problems and instability. Inequality is an economic threat to our society. It must be addressed.

There is an opportunity presented in the Assembly and across civic society including the public, private, voluntary/community sectors and trade union movement, to unite to resist the Tory imposed cuts.

Sinn Féin is presenting our economic proposals to help protect the most vulnerable and disadvantaged in our society from Tory cuts. If the Executive acts together, we can ensure that we protect the public sector and maintain front line services and grow our economy sustainably. We present these proposals as a positive and achievable alternative to the Tory slash and burn approach.

*It is essential that the British Government follow through on its commitment, agreed at St Andrews for an Investment Strategy for the North (ISNI) worth £18 billion over 10 years, to help address the infrastructural underinvestment by successive British governments.*



## Sinn Féin Proposals

- 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 other EU funds, such as 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 euro.

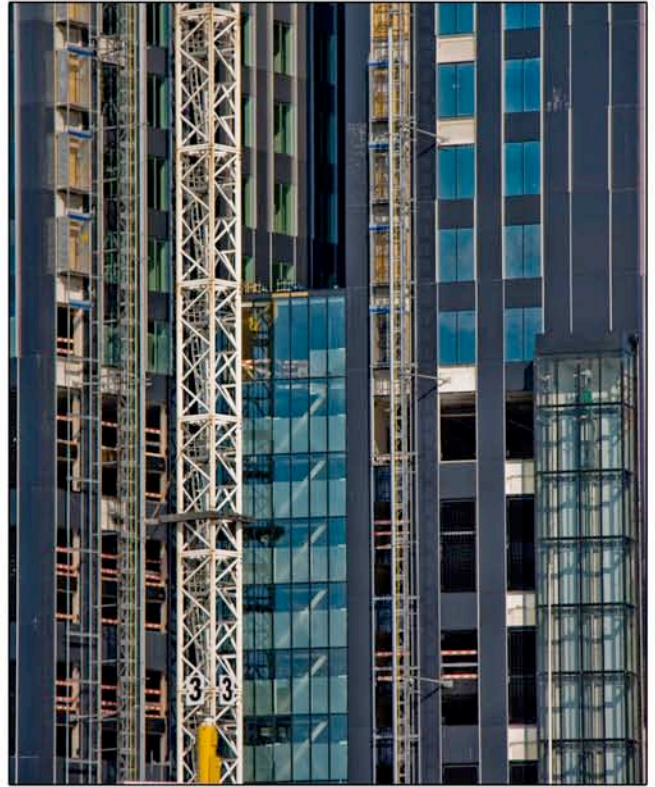






# Sinn Féin Proposals for the Economy

- 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 with social outcomes based on objective need.
- 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.
- Service provision should be provided on an all-island basis, reducing administrative duplication and costs.
- The Executive to 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
- Environmental levy on plastic bags, to promote the "reduce, reuse, recycle" policy. (101 million euro has been raised in the 26 counties in the last five years.)
- 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
- To safeguard public sector jobs and grow the economy, co-operation and a joint approach with the unions is essential.
- A pay freeze for public sector workers in the higher rate income tax bracket.
- Review of excessively high earnings in the public sector.



## **Sinn Féin also believes we should:**

- *Make greater use of procurement to tackle disadvantage, long term unemployment and promote sustainable development.*
- *Launch a new job creation strategy refocusing the activities of Invest NI and its work towards innovation and R&D.*
- *Bring to an end the current practice of Invest NI and the IDA competing against each other.*
- *Establish an all-Ireland export strategy and an all-Ireland innovation strategy.*
- *Establish a ministerial group to develop an all-Ireland job creation plan under the auspices of the North South Ministerial Council, chaired by both Enterprise Ministers. The focus should be on creating jobs in areas of high unemployment across the island.*





# Sinn Féin Proposals for the Economy

## Fiscal Powers

The Executive and Assembly's lack of fiscal powers severely restricts our ability to adequately tackle the economic crisis. Without the necessary tools we are simply reduced to redistributing a smaller pot of money.

We fundamentally disagree with the Tory government's slash and burn approach to the economic crisis, but we are nevertheless forced to deal with the consequences of its approach. The restrictions that we are facing impede our ability to tackle the economic crisis.

- ***To promote recovery and build sustainability, we require tax-varying and borrowing powers. These fiscal powers will allow us to set our own priorities.***

We are conscious that the problems facing us need immediate resolution. To that end Sinn Féin, in our ministerial capacity in the Executive and in the Assembly, has been engaged in a review of the public expenditure environment with a view to presenting solutions that can be implemented.

### ***As we face into the incoming period there should be a focus on:***

- *Resistance to cuts*
- *Promotion of the north as an area which requires greater assistance*
- *Rebalancing the economy and growing the private sector*
- *The need for greater fiscal powers*
- *The protection of the most disadvantaged and a commitment to the promotion of equality outcomes on the basis of objective need*
- *Public consultation and an open and inclusive approach to addressing economic matters*

## Growing the Economy Sustainably

Growing the economy is an agreed policy position amongst all parties in the Executive. Given the small size of the private sector in the North any proposed cuts will hamper the ability to grow the economy.

Therefore Sinn Féin is proposing that the Executive agree a position to argue for the north to be made a special case for an investment fund to revive and grow the economy sustainably, with a major focus on investing in SMEs, new technologies, manufacturing designed for export, and the tourism industry.



In addition the Tory party has articulated a public position around designating the north as an enterprise zone with the ability to vary corporation tax rates. Sinn Féin believes that the British government should implement these proposals as part of a budget settlement.

Implementing the Green New Deal agenda can have environmental benefits and help grow the economy while promoting energy efficiencies and driving down energy costs. It is estimated that shifting to green energy will create thousands of jobs. The main focus of "the new green deal" proposals is a commitment to substantial investment in renewable energy and a wider environmental transformation.





# Sinn Féin Proposals for the Economy

## Growing Indigenous Business, R&D Investment and Promoting Innovation

The long-term strategy for recovery must build indigenous business, focus on exporting and support constant innovation to maintain competitiveness.

A low-wage, low-tech, low-value economy competing for Foreign Direct Investment (FDI) is not sustainable. Both INI and IDA compete for aspects of FDI and support competing clients. Such competition drives down the value of jobs and given the size of the island, such duplication looks bizarre to foreign investors.

There is a need to promote Research and Development (R&D) in business, develop all-Ireland networks to promote best practice and share research.

We should adopt the EU target of 3% of GDP invested in R&D by 2020. There are major opportunities within the EU's 7th Framework Programme worth 50 billion euro over the period 2007-2013 to develop R&D projects.

There should also be immediate application to EU programmes JEREMIE & JESSICA to help the North with its investment needs.

- **JESSICA (Joint European Support for Sustainable Investment in City Areas)** is a joint initiative of the Commission, the European Investment Bank and the Council of Europe Development Bank. It provides enhanced support to Member States and regions to invest in sustainable urban development and regeneration projects.

- **JEREMIE (Joint European Resources for Micro to Medium Enterprises)** is a joint initiative of the Commission and the European Investment Fund with the European Investment Bank. It aims to improve access to finance for medium, small and micro enterprises, in particular through the supply of venture capital, loans, guarantees, micro-credit and other forms of innovative financing.

The European Commission describes these programmes as innovative financial instruments to help European regions and cities to overcome their investment needs.

These initiatives are designed to increase the use of financial engineering instruments in the framework of cohesion policy to help regions and cities meet their investment needs. They aim to offer support to small and medium enterprises and to help implement urban projects as a stimulus to local economies.

### ***In order to promote innovation and R&D, we propose:***

- *Adoption of the EU target of 3% of GDP investment in R & D by 2020.*
- *Tax incentives for R&D*
- *Developing all-Ireland networks to promote best practise and share research.*
- *Promoting all-Ireland networks of universities and centres of R&D expertise in specific sectors.*
- *Increasing access to the 7th Framework with measurable targets for support for R&D.*
- *Replacement of INI and IDA with an all-Ireland jobs promotion body.*
- *Development of a single body to promote innovation and high-tech industry across Ireland and to promote access to the global market place and capital.*







# Sinn Féin Proposals for the Economy

## Revenue Raising

The Assembly has some limited powers for the levying of tax in previously undesignated areas. Raising revenues in this way would be additional to the money in the block grant. One example of this is the taxing of mobile phone masts. A tax of £2,000 per month on the phone companies for each mast would raise around £40m per annum. (1700 masts in the North) This would provide an incentive to phone companies to share masts, which would potentially benefit environmental and public health.



While the Executive has restricted borrowing powers which are limited to £200m under RRI, there is an ability for a body outside government to borrow. The Housing Executive should be given the ability to borrow on the strength of rents from housing stock. This would take a large proportion of the DSD social housing budget, which is just over £460m, out of the block grant and allow it to be largely self-financing.

Reliefs, such as those in water, rates, free travel for older people and free prescriptions, are an important part of helping people and businesses in difficult times. Sinn Féin supports the continuation of these reliefs.

A sustainable economic development bond should be syndicated by the four main banks in the north as their contribution to moving out of the recession.

## Utilising All Ireland Services

Duplication and overlapping expenditure on the island of Ireland is wasteful and expensive within both jurisdictions. Actions should be taken immediately in conjunction with the Irish government to develop a joint approach to addressing the economic downturn and examine areas where savings can be made.

### *These should include:*

- *Procurement – joint procurement and tendering for the supply of work, services, and goods for government departments and agencies should be introduced immediately. A common approach to procurement criteria should be adopted to ensure that all public procurement contracts include clauses for the promotion of equality and sustainable social outcomes.*
- *Joint economic development and job creation programme.*
- *Joint approach to Research and Development*
- *Joint public information campaigns across government departments.*
- *Education – There is potential in the higher education sector particularly at post-graduate level for sharing services and joint approach across the island.*
- *Health – Implementation of actions to ensure the best provision of hospital services in border regions. Primary and community care in border areas should be operated on a joint basis. There should be multi-agency planning across the island. There should be increased sharing of specialist and regional facilities; equipment and clinical staff. There should be increased cooperation in health research and development.*
- *Planning and Infrastructure – Implement a coordinated approach to spatial planning including long term infrastructure planning on an all Ireland basis.*





# Sinn Féin Proposals for the Economy

## Utilising All Ireland Services cont...

- *Planning and Infrastructure – Implement a coordinated approach to spatial planning including long term infrastructure planning on an all Ireland basis.*
- *Energy – Build on the all Ireland potential of the energy market. Develop greater cooperation in the renewable energy sector and associated infrastructure.*
- *Rural development – Expand and build on rural development initiatives and improve shared services.*
- *Waste –All-Ireland approach to waste management would generate savings.*
- *Tourism – There are currently three bodies promoting tourism for the island. One amalgamated body should be established and sufficiently supported to deliver greater and more effective promotion of tourism*



## Efficiencies in Government

Sinn Féin believe that significant savings can be delivered within government. This can be done without undermining frontline public services. Savings should be directed to enhancing public services and regenerating the economy. Leadership must be shown within government,

### Sinn Féin proposes that:

- *All remuneration for MLAs who are chairs or vice-chairs of committees should cease (this should also apply to members of the Assembly Commission).*
- *Complete the RPA. This which would offer savings of £400m over 20 years.*
- *Complete the ESA. This would offer savings of £80 Million over the next four years.*
- *There should be greater sharing of services across departments and the public sector, such as legal, administrative, financial accounting, HR.*
- *Abolish unnecessary Quangos. Share services and reduce remuneration levels to realistically reflect the current economic climate.*
- *End Department of Health bonuses to consultants. Last year, the NHS paid out more than £200million in bonuses to consultants. This should be ended in the north of Ireland.*
- *Reduce the use of consultants in the public sector to those which are absolutely necessary where the expertise is not available within Government. Within Sinn Féin departments the routine practice of officials using consultants for a range of services, especially businesses cases, has been stopped. This should be extended across all departments and any proposal by officials to use consultancy services should require ministerial clearance. Remuneration levels for consultancy services should be reviewed and reduced.*





# Sinn Féin Proposals for the Economy

## Public sector pay rates, pensions, bonuses and expenses

The excessive high earnings within the upper echelons of the public sector cannot continue unchecked. The high level perks must also be discontinued. Most of the public sector do not benefit from these high earnings and related pensions. Leadership must be shown by elected representatives, and Ministers. Sinn Féin strongly supports the protection of public sector jobs.

### *Sinn Féin also believes that :*

- *Sinn Féin supports the protection of public sector jobs.*
- *Ministerial and MLA salaries and expenses should be reduced by 15%.*
- *A pay freeze for public servants in the highest income tax bracket.*
- *A pay review in the senior civil service is required.*

• *Bonuses should be scrapped, and senior civil service pensions should be reviewed.*

• *Expenses should be reduced across the public sector.*

## Responsible Asset Realisation

Many public assets are not being properly utilised for the benefit of the community and options have to be considered to maximise such benefit, which may include careful and socially responsible asset realisation.

However, we are opposed to a carte blanche sell off of public assets. Given the current depressed market in capital assets and roll out of NAMA, capital assets will continue to be undervalued in the short to medium term.

We would consider an approach to borrow against the current value of assets to fund development. This would generate income and retain the assets in public ownership until such times as the value of the asset is maximized.

Any sale of public assets must be conditional on the application of strict criteria to ensure that benefits are maximized in the interests of the public.

