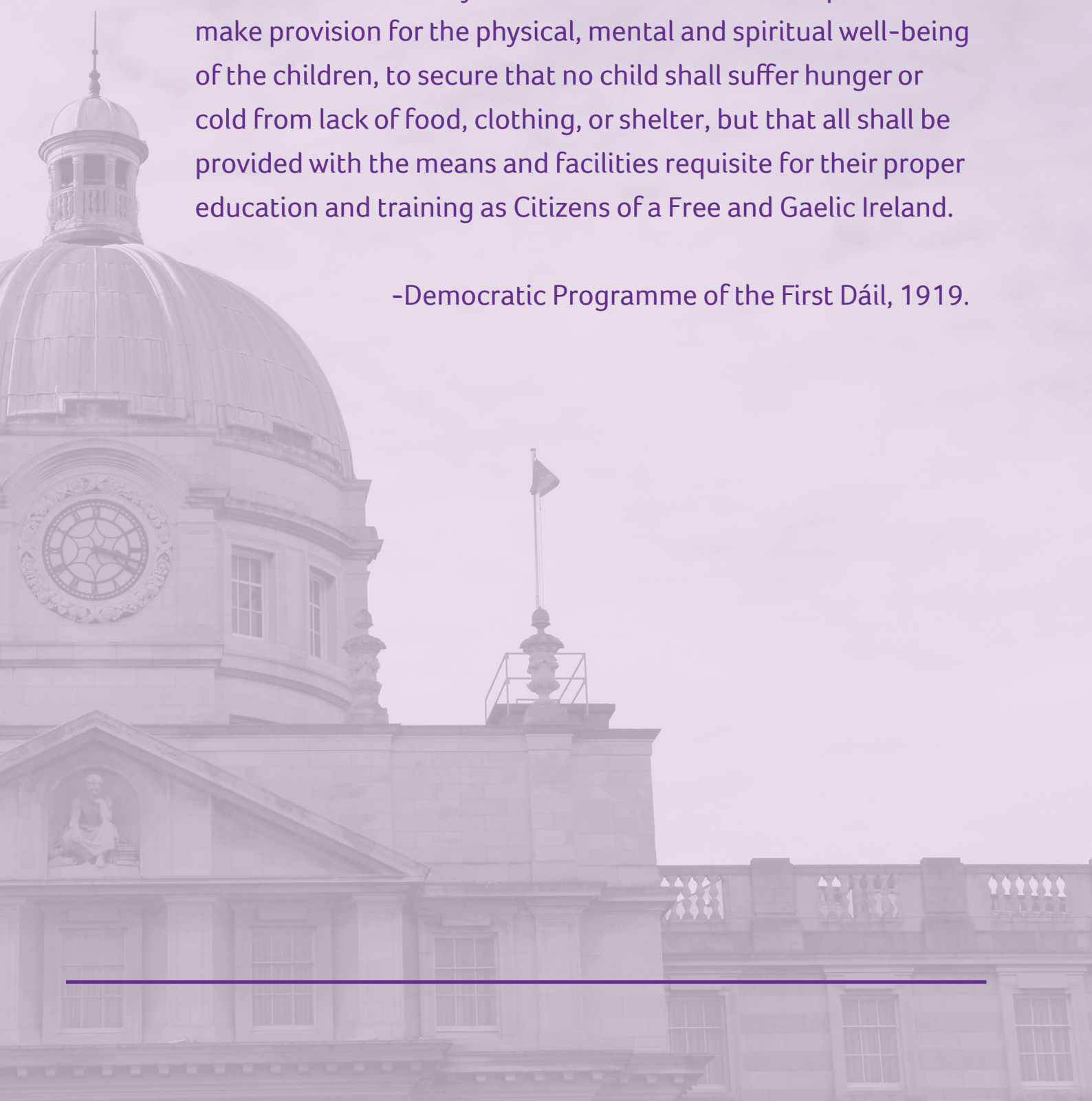
Social Democrats

Pre-Budget Submission 2016

Economic Strength
Social Vision
Open Government

It shall be the first duty of the Government of the Republic to make provision for the physical, mental and spiritual well-being of the children, to secure that no child shall suffer hunger or cold from lack of food, clothing, or shelter, but that all shall be provided with the means and facilities requisite for their proper education and training as Citizens of a Free and Gaelic Ireland.

-Democratic Programme of the First Dáil, 1919.



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1. CONTEXT FOR BUDGET 2016

Today, we the Social Democrats expand on our vision for a better Ireland. We believe the people of Ireland have the right to demand more from their government. They have the right to a competent and ambitious leadership, focused on delivering long-term solutions.

We recognise the need to strengthen and grow the Irish economy and to lay the foundations for a sustainable future. This means replicating, for Irish businesses, the successes achieved in foreign direct investment. It means working with and supporting those in enterprise, so that we can build many more successful local businesses.

However, nobody has ever been raised, educated, nurtured or cared for by an economy alone. An inclusive, fair and just society in which dignity, respect and equality for our citizens is paramount, must be the end towards which we as a nation strive. Today, our party commits to holding itself to that standard.

To achieve these goals, our economy needs significant investment to stimulate growth and job creation, and to ensure our recovery is felt by all. To do this, while working under the modest fiscal space of €1.5bn, we must begin to put right the wrongs of successive governments. While it may, particularly under the shadow of an election, be politically seductive to promise all manner of tax cuts, history has taught us that this politics of self-interest and short-termism leads to economic instability and social damage.

We the Social Democrats, believe the best way to maintain Ireland's competitiveness, while putting money back into people's pockets and increasing quality of life, is to reduce the cost of living and invest in the future. We believe, as many economists and research institutes have recently affirmed, investment in Ireland's social and economic future is the only prudent way forward.

The housing crisis has been allowed to fester to such an extent that it now places on us both a moral and an economic imperative to act. Private sector providers alone cannot provide a sustainable, long-term solution to our housing needs. We have allocated €300 million in capital investment to housing, on top of existing government commitments.

Money however is not enough – creating a truly sustainable housing model requires a coordinated approach using available economic and legislative levers. Crucially however, these initiatives must not repeat the mistakes of the past as new housing must be planned in conjunction with commensurate developments that provide education, transport and other essential services to areas of growing population.

Ireland's children have suffered disproportionately since the crash. Government policy has seen consistent child poverty double since the start of the recession, as we are left to

wonder what the economic and social price for this failure will be. Protecting and ensuring the development of our nation's children must be this country's top priority.

To this end, we propose significant investment to include: Free primary education; High quality and affordable childcare for all families; Paternity leave and extended parental leave; Thousands more teachers and enhanced supports in schools; Comprehensive prevention and early intervention services for those most in need. These measures must only be the beginning of our efforts to break the cycle of inter-generational poverty & inequality in our communities.

We believe the terms of Ireland's fiscal compact agreement must be renegotiated. The twin forces of increasing demographic pressures on public services as well as our growing economy render this kind of fiscal restriction economically and socially unsound. Eliminating the structural deficit makes sense, but artificially restricting investment, regardless of available exchequer funding, does not.

The Irish people want increased investment in public services, in infrastructure, in enterprise and in communities - something that will prove very difficult based on the expenditure benchmark rule. It is therefore time for a new deal, it is time for visionary thinking and bold leadership, and it is time for us to remember that our Republic was conceived by men and women compelled by the principles of equality, democracy and fairness for all.

> An inclusive, fair and just society in which dignity, respect and equality of outcome for our citizens is paramount, must be the end towards which we as a nation strive.

2. FOCUS FOR BUDGET 2016

The Social Democrats propose a revenue-neutral budget that invests the full €1.5bn available into areas including job creation, housing, education, healthcare, children and communities. Reducing Ireland's tax base is irresponsible in a growing economy and will inevitably lead once again to instability. A wide range of economists and institutions have warned against adopting such an approach. It is exactly what happened during the bubble, and the same political parties seem determined to do it again.

A better way to improve quality of life, maintain competitiveness and stimulate economic activity aimed at job creation, is to reduce the cost of living while investing in social infrastructure. In tandem, we must foster a more equal and fair society – a Republic in which every child has the opportunity to achieve their potential.

This government's track record on budgets shows unambiguously that they have demanded the most from those who have the least.

At the same time, those with the least have been hit hardest by the cuts to public services, on which they disproportionately rely.

This ideology of trickle-down economics was discredited many years ago and must be stopped.

Our budget raises c.€465m in revenue by targeting junk food, pension relief and excise, while introducing an AIB levy and a tax on bonds.

This revenue is then returned through measures including:

- **Reducing USC by 0.5% for earnings up to €70k;**
- **Introducing a tax credit for the self-employed;**
- **Abolishing the domestic water charge;**
- **Reducing local property tax for mortgage holders (up to cap of 50% of LPT owed).**

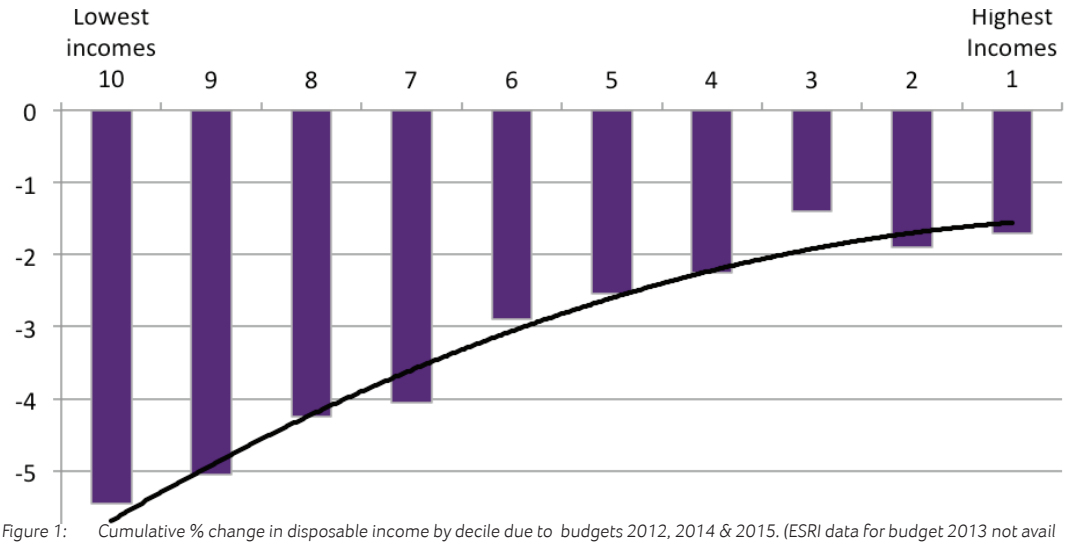

Figure 1: Cumulative % change in disposable income by decile due to budgets 2012, 2014 & 2015. (ESRI data for budget 2013 not available, base group updated for each year, so some movement between deciles over time)

FOCUS FOR BUDGET 2016

In comparison to the Government's additional €110m announced recently for the Capital Investment Plan, we have allocated €550m for capital investment. Ireland invests considerably less in capital than the Eurozone average, with 70% of expenditure reductions in recent years coming from reductions in capital investment.

If we are to build a secure and stable future for Ireland – socially and economically – then we must begin to invest in that future. Our measures include:

- **Full €110m for recently announced capital programme;**
- **€300m for housing;**
- **€75m for primary care centres;**
- **€65m for innovation centres, community centres, cultural centres and high speed broadband for all primary schools.**

Pending legal and regulatory compliance, we would begin to allocate funding from NAMA for additional capital investment in housing.

We are committing €1.1bn in new current expenditure. In doing so we have focused clearly on dealing with:

Education: 3,000 additional teachers; Reinstatement of Guidance Counsellors; 10% increase in funding to higher education.

Healthcare: €40m towards the trolley crisis; 900 primary care staff; Implementation of chronic disease management programmes; New funding for mental health.

Parents and childcare: 2 weeks paternity leave; Additional 10 weeks parental leave; Funding for childcare providers to build quality; Second ECCE year; Reduction in childcare costs for all families.
Children: Free primary education; Funding to alleviate child poverty

Enterprise: Scaling up of Enterprise Ireland programmes; Rates holiday for start-ups; R&D tax credits for small firms; Changing of commercial rates regime; New Smart Cities fund.

Social Protection: Increase in One Parent Family Payment age (12) and income disregard (€130); Assistance for people living with disabilities; Funding for telephone allowance; Respite care grant; Funding for refuges and homelessness; Fuel allowance increase; Christmas bonus increase.

Communities: New funding for the arts; New supports for community centres and groups.

The Social Democrats budget proposal ensures economic strength. It does not destabilise the tax base. Instead, it directs revenue measures to reducing the cost of living, with the greatest benefit felt by low- and middle-income households. Combined with meaningful capital investment, it will result in more job creation than an approach that reduces the tax base across the board.

At the same time, the Social Democrats budget contains real social vision. The focus on education, children and healthcare lays the building blocks for a more equal, compassionate, fair and altogether better Republic.

3. ECONOMIC STRENGTH, SOCIAL VISION

3.1 HOUSING

We currently have a national crisis in housing. The Housing Agency believes we need to build an average of 21,000 units a year over the course of the next three years just to try and meet supply. The impact of inadequate accommodation is costing the State money in both real financial terms, by virtue of housing supports, and also in terms of future societal problems, which are the inevitable result of a generation of homeless families and families including working families living in fear of losing their home. This affects everyone in society, has a very real cost to the economy and can be a significant off-putting factor to large employers when considering where to locate or retaining employees.

Given the current crisis we cannot ignore the need for a stabilisation in housing costs and for that reason rent certainty is a crucial consideration. Current legislation protects neither landlord nor tenant from sudden increases or decreases in rental rates. The failures regarding housing strategy have led to the current crisis and there needs to be a mechanism to ensure a level of rent certainty for those relying on private rented accommodation for their housing needs.

The government has committed just €110million in extra capital investment for 2016, of which housing is just one part. We will match that and add €300m additional funding for specific housing initiatives (If allowable from a legal and regulatory perspective, we would also begin to invest NAMA assets into housing in 2016). Housing investment would be targeted to areas where supply and demand mismatches are most acute.

IN BUDGET 2016 WE WOULD:

Provide grants to Local Authorities for supply side initiatives.

Reinvigorate the Capital Assistance Scheme for Social Housing for approved voluntary housing bodies Targeted at older people, people with disabilities, people with special needs, victims of domestic abuse and the homeless.

Reduce the vacancy rate in key areas across the country. Dublin's rate is 8% compared to a European average of 4%. Every 1% reduction in the rate is worth 5,000 housing units.

Provide funding for the Financial Contribution Scheme for Senior Citizens, to facilitate moves and increase the matching of social housing stock to need.

Enhance the capacity of Approved Housing Bodies. Capital should be made available to these bodies through low interest loans from the Irish Strategic Investment Fund.

Fund the Capital Advanced Leasing Facility. This would provide approved voluntary housing bodies with seed capital, allowing them to leverage non-state sources of finance for builds and acquisitions.

3.2 PARENTS, CHILDREN & CHILDCARE

As parents we put our children first. Yet when it comes to Government investment, children are always last in line.

This is why we have one of the most undeveloped childcare systems in the EU, why our pre-school services are so under-funded when compared with other developed countries, and why parents must still pay significant contributions to primary schools in a system that is supposed to be free.

Our children deserve a much better start in life and there is much evidence to suggest that if they get this, our economy and society will reap the rewards in the long run.

The Social Democrats want to put children first by starting a multi-year programme of investment for children's services, especially for very young children.

This programme will invest in the child's early years by ensuring parents have the choice to stay at home in the first precious year of their child's life through extended paid and unpaid parental leave arrangements, and more flexible work options for parents. It will also help develop more affordable and higher quality childcare, and it will end the need for voluntary contributions to primary schools.

IN BUDGET 2016 WE WOULD:

Create a primary school education system that is actually free, by funding books, existing voluntary contributions, classroom resources and transport.

Provide funding so that paid parental leave (counting maternity benefit) is extended to 36 weeks and commit to increasing this to 52 weeks by 2018. We would supplement this with with legislation to guarantee flexible work options for parents.

Provide for 2 weeks paid paternity leave.

Significantly improve childcare through a range of measures including:

- Set maximum fees for parents for childcare, ensuring public funding does not simply push up prices, and enabling all families to benefit, with higher quality incentivised;
- Extend subsidised childcare places to lower-income families in all areas, through extension and reform of the Community Childcare Subvention;
- Invest in educational supports for childcare workers, and
- Invest in quality of service provision and linking it to funding.

Phase in a second free pre-school year by allowing an entitlement to the service from the age of 3.

3.3 CHILD POVERTY

The proportion of the population experiencing deprivation and consistent poverty has risen consistently since 2008. One in eight children experiences material deprivation on a daily basis. Inequality is manifest in a myriad of interrelated ways – in access to services, in housing conditions, in education and in health. On top of the massive burden this places on individuals, families and communities who experience inequality, unequal distribution of resources has severe negative consequences for wider society.

Exclusion and poor outcomes don't happen by accident. They happen as result of legacies of disadvantage, repeated through generations, that make it hugely challenging for children who are born into poverty to ever have a fair chance. A poor child is highly likely to become a poor adult. Achieving equality is about more than just providing opportunities, it's about ensuring fair outcomes. This requires concentrated and sustained efforts to comprehensively redress imbalance and even out the distribution of resources, both tangible and tacit.

Poverty and inequality are complex and multifaceted. Addressing them demands radically new ways of thinking about public policy and how we deliver services. Responses to date have been too little, too late, to meaningfully make a difference. We have to proactively break down the factors that mean a family's postcode has a significant bearing on whether their child will reach their potential. Child poverty also exists and has grown outside disadvantaged areas, and must be addressed as part of any response.

This means investing in professionals at the coalface of change – health workers, family-support workers, teachers, preschool staff. It means proactive health promotion and primary care services in communities that need them most. It means properly resourcing community childcare provision. It means jobs strategies that help people access work.

IN BUDGET 2016 WE WOULD:

Replicate successful area-based investment similar to the youngballymun programme.

Subsidise childcare services in disadvantaged areas, with some funding to make childcare more affordable where services are not viable.

Establish a central coordinating unit reporting to government to drive the project.

Implement a high quality programme of support to parents in the critical 0-3 stage of development, focusing on parental wellbeing and early infant development.

Establish early childhood care and education centres with well-trained, appropriately salaried staff to deliver high quality services.

Introduce specific curriculum to proactively foster and encourage children's mental health and wellbeing in the classroom.

Restore literacy and numeracy professional development services.

Coordinate the delivery of a range of programmes and initiatives to engage and support parents in their children's learning and development.

3.4 EDUCATION

The single most important route to equality, to prosperity, to a thriving economy, is through education. As a small country in an increasingly globalised world, it must be our single biggest competitive advantage. And yet, funding to Ireland's schools and colleges has been cut year-on-year.

Performance varies widely, from school to school and college to college. We have too few teachers, classes that have too many students, the stripping of resource supports in classrooms and the fall in third level research and teaching activity.

Ireland must have high quality and well-resourced teaching at primary and secondary level. We need our colleges to be recognised for the quality of their research as well as their teaching programmes. Rebuilding this sector will take time, resources and a longer term strategic view.

IN BUDGET 2016 WE WOULD:

Increase the number of primary and secondary level teachers by 3,000, over-and-above existing commitments.

Re-establish the role of career guidance counsellors in secondary schools, and expand their formal remit to include mental health.

Increase third level funding by 10%, or €94m.

As well as funding opportunities however, there are many changes that could be made to significantly boost educational outcomes. For example, there should be more outreach to parents at both primary and secondary levels, with a view to including them more in their children's education. More systematic identification of good teachings practices and sharing of those practices is required.

At third level, additional academic staff are required. Accountability for teaching quality should become the norm in all colleges. More freedom over budgets should be afforded to individual colleges. Less restrictions on hiring levels should apply, to allow recognition of non-academic and foreign experience. These, and many other changes to how colleges operate are required in tandem with additional funding, if we are to achieve a big jump in educational outcomes.

3.5 ENTERPRISE

While Ireland continues to do well in attracting foreign direct investment, FDI, many people running and working in local businesses feel they have been ignored by government. We need to be ambitious for Ireland's enterprise sector, and aim to replicate for local businesses the success seen by multinationals here.

The reduction in unemployment in recent years is welcome, but comes with health warnings. The single biggest contributor to the fall has been emigration. And while numbers at work have increased, they have done so at about half the rates seen in the US and UK.

This is partly down to regressive budgets, which have taken most from those who spend the most locally – lower income households. This budget submission includes a revenue and investment approach that stimulates local economic demand far more than an approach which reduces taxes across the board. By staying revenue neutral, this budget submission also provides sufficient funding for resources, something that simply isn't possible if half the fiscal space is used for tax cuts

Many other parts of this budget submission also support and stimulate enterprise. These include new investment in education, significant capital investment, and the reduction in the cost of living via measures such as the abolition of water charges and the reduction in the costs of childcare for all families in Ireland.

Specific to enterprise, there are many success stories to build on, and changes to be made which will make a big difference to the day-to-day running of local businesses.

IN BUDGET 2016 WE WOULD:

Double investment to Enterprise Ireland's High Potential Start-Up programme & support for import-substitution businesses, and fund EI to support import-substitution enterprises.

Resource Enterprise Ireland to connect Irish businesses into the multinational supply chain.

Change the rates regime to stop discrimination against lower-revenue businesses (e.g., by including revenue and employee numbers, rather than just valuation of premises based on potential future rent).

Partner with industry to build a network of innovation centres for start-ups.

Fund the development of new apprenticeships.

Introduce a rates-free holidays for year one of start-ups.

Ring fence national training fund contributions for professional development.

Create a fund to promote Smart Cities.

3.6 HEALTH

We are committed to reforming the model of healthcare so that people can access timely care in the community through adequately staffed and resourced Primary Care teams. By doing this it is possible to achieve better health outcomes and better value for money. Because of the hospital – centric nature of the Irish health service many people have no choice but to access services in a hospital setting which is not appropriate to meet their needs and which is the most expensive setting.

The majority of hospital activity relates to chronic disease most of which should be managed in primary care. Older people should be better catered for through community-based services and step-down facilities rather than being left in acute hospitals. Children should be able to access services like speech and language therapy and physiotherapy when needed and not have their development impaired by waiting long periods for vital services. People with mental health difficulties need greater access to early and ongoing clinical and counselling services at community level.

In order to achieve this we need to vastly expand the capacity of Primary Care services and to place a much greater emphasis on health promotion and early intervention.

IN BUDGET 2016 WE WOULD:

Carry out a full health-need and socio-economic analysis of each health area.

Begin immediate recruitment of 900 additional primary care staff such as public health nurses, physiotherapists, speech and language therapists, occupational therapists, psychologists and dieticians.

Involve front line staff in the reform and reorientation of health services and encourage innovation in service delivery.

Complete and implement the 5 main Chronic Disease Management programmes at primary care level i.e. diabetes, COPD, asthma, stroke, and heart failure.

Establish an objective resource allocation model to determine all staff/facilities allocations.

Launch a major recruitment programme for G.P.s and nurses to come back from abroad to be centrally involved in this major reform programme.

Fund health promotion to support lifestyle changes to prevent chronic illness.

4. SUMMARY OF BUDGET MEASURES

CAPITAL INVESTMENT		€m
1	New Capital Programme	110
2	Housing	300
3	Primary Care Centres	75
4	Innovation Centres	20
5	Community Centres and Cultural Institutions	20
6	100mb Broadband to Primary Schools	25
Total Additional Capital Investment		**550**

INVESTMENT VIA CURRENT EXPENDITURE		€m
7	Education	200
8	Healthcare	168
9	Parents, Children and Childcare	321
10	Enterprise	126
11	Social protection	225
12	Other Investment	42
Total Current Expenditure		**1,082**

EXPENDITURE DECREASES		€m
13	Healthcare - Drugs And Agency Staff	105

TOTAL INVESTMENT	1,527

SUMMARY OF BUDGET MEASURES

REVENUE INCREASES		€m
14	AIB Levy	50
15	Excise and Junk Food Levy	225
16	Pensions Tax Relief	120
17	Tax Evasion	20
18	Bonds Levy	50
Total Revenue Increases		**465**

TAX & CHARGE REDUCTIONS		€m
19	USC Reduction	270
20	Equalisation of Tax for Self-Employed	68
21	Abolition Water Charges	13
22	Stamp Duty and Mortgage Relief to LPT	100
23	Ending Double Taxation of Accidental Landlords	17
Total Tax and Charge Reduction		**468**

Net Revenue Position	**(3)**

Net Budget Position	**1,530**

5 SPECIFIC BUDGETARY MEASURES

5.1 CAPITAL INVESTMENT, €550M

1. **New capital programme, €110m.** We would match the additional capital funding provided for in the October 2015 Infrastructure and Capital Investment Plan, 2016 – 2021.

2. **Housing, €300m**. We would invest significant additional capital funds to increase the supply of housing, targeting investment as areas of highest need. Measures include:

   Local Authorities General Grant, €200m. We would increase funding to local authorities in order to facilitate new housing. This would include building, purchasing and renovating of existing stock.

   Capital Assistance Scheme, €30m. We would provide additional assistance to approved voluntary housing bodies to secure new accommodation suited to those with specific categories of housing need.

   Capital Advanced Leasing Facility, €20m. We would provide additional long-term loan capital to approved voluntary housing bodies with which to leverage non-state funding for new builds and purchases.

   Financial Contribution Scheme for Senior Citizens, €25m. We would improve use of social housing stock by making it easier for senior citizens to move to suitable accommodation, should they desire to do so. This would free up the availability of housing stock for families in need of larger accommodation.

   Vacancy Rate Measures, €20m. We would fund a range of activities aimed at reducing the currently very high vacancy rate in areas of high housing need.

   Housing Supply Innovation Fund, €5m. We would provide seed funding to pilot new approaches to housing supply.

3. **Primary Care Centres, €75m**. Both to provide much-needed community-based healthcare facilities, and to help transition to a community-based system, we would provide significant funding for the development of the primary care centre network around the country.

4. **Innovation Centres, €20m.** We would fund the on-going development of innovation centres around the country, focused on supporting start-ups and small companies with growth potential.

5. **Community Centres & Cultural Institutions, €20m.** We would fund the development of new community centres in areas of high social need and the refurbishment of existing centres where appropriate. We would provide funding to cultural institutions, including the National Archives and National Library, for existing critical needs such as fire suppression, storage and retrieval systems.

6. **School Broadband, €25m.** We would fund the immediate provision of 100MB broadband access to all primary schools, in line with the existing level of service for all secondary schools.

5.2 SECTORAL INVESTMENT VIA CURRENT EXPENDITURE, €1,072M

7. **Education, €200m.** Additional funding for a range of educational measures is funded, to include primary, secondary, tertiary and on-going adult literacy, as follows:

   3,000 additional teachers to lower class sizes, €65m. As part of an on-going effort to reduce class sizes, funding would be made available to increase the number of primary and secondary level teachers by 5%, over-and-above existing planned increases in teacher numbers in response to demographic pressures. Full-year cost estimated at c.€130m.

   Restoration of capitation grant for primary schools, €17m. As part of making primary education truly free, funding is allocated for restoration of capitation grant level.

   Funding for guidance counsellors in secondary schools, €10m. The total cost of reversing the government's effective abolition of the guidance counsellor role is c.€30m. We would phase the role back into schools over three years, and expand the remit to explicitly include youth mental health.

   Higher education, €94m. Core funding to universities, institutes of technologies and other colleges would be increased by 10%, over-and-above planned funding changes in response to demographic pressures.

   Adult literacy programmes, €14m. Double current funding to the National Adult Literacy Agency and to the VEC Adult Literacy Schemes. Full year cost approximately €28m.

SPECIFIC BUDGETARY MEASURES

8. **Healthcare, €168m.** Healthcare investment would be targeted at both short and medium term community-based and acute-centre delivery, as well as longer term planning and reform programmes.

   Emergency Department crisis, €40m. A wide range of interventions is required to alleviate the current trolley crisis. Investment would include hiring additional ED clinicians and support staff, as well as funding step-down facilities (both community- and home-based) in order to free up acute beds.

   900 additional primary care staff, €30m. In tandem with providing €75m in 2016 to develop new primary care centres, we would seek to employ an additional 900 staff, including clinical and support staff, across the primary care network. Full year cost estimated at c.€60m.

   Prioritisation of 5 main Chronic Disease Management programmes, €25m. The majority of hospital activity relates to chronic disease. Much of this could and should be managed at primary care level by GPs, practice nurses and other therapists. Structured, best-practice programmes for early intervention and management of the 5 principal chronic diseases have been developed and funding needs to be provided for their full implementation.

   Community-based mental health supports, €35m. Mental Health Reform, an umbrella group of 54 organisations, says that mental health staff (in primary care and specialist services) are 22% below recommended levels. This has resulted in, for example, hundreds of children and adolescents waiting more than 12 months for a first appointment.

   Prescription charge reduction, €25m. Prescription charges would be reduced from €2.50 to €2.00 in 2016.

   Health-need and socio-economic analysis of each health area, €0.5m. A full econometric analysis of health need by area is required in order to best deploy healthcare resources and design the system for future years.

   Front-line led reform programme, €2m. A comprehensive reform of healthcare delivery is required, over the coming years, to increase clinical outcomes and efficiency of delivery. We would provide funding to begin the process in 2016.

   Recruitment programme for GPs & nurses, €5m. Funding would be provided to launch a campaign targeted at attracting GPs and nurses back to Ireland, in the context of additional clinical staff being required and funded.

   Health promotion, €5m. Funding would be provided for health awareness activity, targeted at prevention.

SPECIFIC BUDGETARY MEASURES

9. **Parents, children and childcare, €321m.** Significant new investment would be provided to improve parental and paternity leave, increase childcare quality, reduce childcare costs, reduce the costs of sending children to school and target child poverty. This would be the beginning of a transition to Ireland's 'Scandinavian level' early childhood education.

   Fully fund the costs of children going to primary school, €86m. Research by Barnardos estimates that making primary education genuinely free, and thus removing a very significant financial burden each year for parents with young children, would cost €103m per year (€86m on costs incurred by parents, and €17m for capitation grant). We support this call, and would provide the full funding required.

   Parental leave, €54m. Parental leave would be extended by 10 weeks, from 26 to 36 weeks, with a view to extending this period year-on-year, post 2016.

   Paternity leave, €20m. Two weeks of paternity leave would be provided, at the existing rates of maternity leave, from 1st January 2016.

   Raising quality standards in childcare, €50m. Increased capitation payments to childcare providers for the free pre-school year would be increased from €62.50 to €67.50, and from €8.60 to €9.50 for the higher rate. All increases would be linked to verified quality improvements in childcare provision, including level of staff qualification and the implementation of national curricula. This capitation increase would be made available to all childcare funding schemes (e.g., for the under-3's), pending verified quality standards (e.g., graduate-level team leader). Funding is also provided here for enhanced regulation and inspection and for subsidising the professional development of childcare workers.

   Subsidised childcare places to low income families & general cap on fees for all childcare, €71m. A graduated cap on childcare fees (already in place for the free pre-school year) would be extended to all childcare services, in line with the recommendations from Start Strong. The cap level would be banded, according to household income. This would result in a significant reduction to childcare fees (while increasing the funding to childcare providers via increased capitation). A €20,000 household would see a reduction in childcare costs for one child from c.€9,000 to €4,000 per year – a savings of €5,000. A middle income household with two children in childcare would see an annual reduction in fees of €2,200. In tandem, the full costs of childcare would be funded for high need households. The Community Childcare Subvention, CCS, would be made available to private childcare providers. It would also be extended to childminders, to childcare hours outside the ECCE hours, and would be available throughout the year, rather than being based on the situation in October of any given year.

Introduce second free pre-school year, €20m. Entry to the pre-school year should be moved from a calendar date to the qualifying age of children (3rd birthday is proposed). A full second ECCE year should be phased in from September 2016. The full year cost of this would be €120m, from 2017 onwards, at the higher capitation rates.

New child services in areas of high disadvantage, €20m. We would provide funding to begin the scale up of successful community-based initiatives targeting child poverty and the development of children from disadvantaged areas. One example that is seeing significant results is the Young Ballymum programme.

10. **Enterprise, €126m.** In tandem with capital investment to support enterprise, we would invest in a range of supports for local businesses, with a view to replicating for Ireland's indigenous business sector the successes Ireland has achieved in foreign direct investment.

Expand Enterprise Ireland's remit to import-substitution, €22m. Funding would be provided, at the level of EI's High Potential Start-Up programme, to support businesses focusing on import substitution.

Double funding to EI's High Potential Start-Up programme, €22m. EI's programme continues to successfully support emerging Irish companies. Its funding should be expanded in the context of significant entrepreneurial activity in recent years.

Link Irish businesses to the supply chains of the multinational sector, €20m. While this activity is within the existing remit of EI, there is significant room for expansion. We would provide sufficient funding to launch an EI programme aimed specifically at this market opportunity.

Rate free holiday for new businesses, €23m. We would fund local authorities to allow new businesses be exempt from paying rates for the first year of their operation. This would provide important breathing space for new businesses around the country, when they are working to build initial revenue streams. Pop-up businesses that tried to game this exemption would be excluded.

Ring fence portion of national training fund, €20m. We would ensure that some of the money paid by businesses into the national training fund is invested directly into on-going professional development activities for those companies.

SPECIFIC BUDGETARY MEASURES

Smart Cities Fund, €5m. Ireland's cities have the opportunity to establish themselves as recognised Smart Cities, leveraging the significant tech and digital sector activity across the country. For example, Intel recently announced a multi-billion euro investment in creating test labs in Dublin for future smart city research and development work. Work has already started. Dublin, for example, has a dedicated Smart City officer. We would provide seed funding to help Ireland's cities develop this opportunity.

Fund to support development of new apprenticeships, €5m. There is significant economic opportunity available from the support of new apprenticeships, as advocated by IBEC, and other business groups. We would provide funding to begin this development work.

Exempt non-exec director travel expenses from USC/PAYE, €2m. Currently, reimbursement of legitimate travel expenses for non-executive directors are treated as taxable income. This acts as a serious impediment to small businesses attracting much-needed support at the board level. We would end this practice.

Introduce R&D tax credit for small firms, €5m. Many small firms do not engage with the R&D tax credit scheme due to its complexity. We would introduce a simplified tax credit scheme specifically for small firms engaged in R&D activity.

Promote enterprise and investment schemes, €2m. While there are several funds available for Irish businesses to access capital, the majority of businesses either don't know about them, or don't know how to access them. We would fund a comprehensive outreach programme to businesses, to make them aware of, and help them to access these funds.

Range of additional measures that are revenue and expenditure neutral, €0m. There is a wide range of measures that should be introduced for small and medium businesses in Ireland that would come at no cost to the exchequer. These include:

- Changing the commercial rates regime from consideration solely of potential future rental value of premises, to include factors such as employment and turnover. This would end the effective discrimination of businesses with lower revenue models.
- Increasing the cash accounting threshold.
- Introducing fast-tracking of change-of-use planning applications, for limited circumstances (e.g. not for major change from retail to food outlet).
- Abolishing the professional services withholding tax.
- Requiring small businesses to be paid by large firms within 40 day of invoicing.

11. **Social Protection, €225m.** We would increase social supports to a range of at-risk groups in Ireland, including lone parents, people with disabilities, carers and those at risk of, or experiencing homelessness.

    One Parent Family Payment, €45m. We would increase the qualifying age of children from 7 to 12 years of age, and increase the income disregard to €130. This would go some way to supporting parents as they return to work – a policy area that requires further work in Ireland.

    Personal assistants for independent living for people with disabilities, €15m. We will provide funding for personal assistants, as called for by the Disability Federation of Ireland.

    Christmas bonus, €64m. We would bring the Christmas bonus up to 50% for all qualifying payments.

    Telephone allowance, €20m. We would provide funding for telephone allowance scheme, partly to ensure elderly people have access to a personal alarm.

    Fuel allowance, €16m. We would increase the time the allowance is paid by 2 weeks.

    Respite care grant, €15m. We would increase the respite care grant by €175, restoring half of the recent cut.

    More respite places, €15m. We would increase existing funding to respite facilities in order to increase the annual bed days available.

    Additional hours for carers, €15m. We would increase funding for the provision of carers hours across the country.

    Refuge & homelessness resources, €20m. Funding for women's refuge facilities would be provided, as would current expenditure to tackle homelessness (in conjunction with the capital funding already targeting housing).

12. **Other investment, €42m.** We would provide a range of additional supports, as follows:

Additional funding to the Arts, €5m. We would increase funding to the National Arts Council by 10%. This would be with a view to increased disbursement, and the establishment of new initiatives, such as digital broadcasting and accessibility for older people, disabled people and outreach to lower income communities. Longer term, a full review of how the arts are funded in Ireland is required.

Supports for mortgage holders in distress, €10m. This would be to provide independent financial and legal expertise and representation to borrowers in arrears and facing risk of repossession.

Funding to community-based elderly support groups, €5m. This would be targeted to support groups across the country to help fund new and existing activities.

Window replacement scheme for senior citizens, €5m. Funding would be provided to improve the energy efficiency of housing for senior citizens.

Anti-corruption agency, €5m. We will set up an overarching body which will be mandated to take a coherent and effective approach to the investigation and prosecution of corruption across society, including serious fraud and white collar crime. It will have a co-ordinating function with other state institutions including the Gardaí; The Revenue Commissioners; The Office of Director of Corporate Enforcement (ODCE) ; The office of the Standards in Public Office (SIPO) etc.

e-Government enhancement, €2m. We would provide funding to accelerate and refocus the Irish eGovernment Programme with the aim of developing, under one portal, public services to both citizens and business alike. The aim will be to provide more positive and faster interaction with the public sector while also delivering more from public sector resources.

National Housing Delivery Authority, €5m. We would establish a Housing Delivery Authority aimed at being the practical arm of The Housing Agency. Such an authority would work with Local Authorities, Housing Associations and the Construction Sector, in order to achieve a more balanced approach to housing delivery. The gross under-investment in the area of social housing together with the dependence on a private market-led approach to housing delivery has resulted in costly boom and bust cycles. It is not enough to identify shortages or shortcomings it is necessary to have a means of intervention to achieve a more balanced outcome.

Family resource centres, €5m. Tusla's buget for family resource centres is just €13m, with resource centre budgets having collapsed in recent years. These community-based centres provide critical supports to disadvantaged households and communities. We would double Tusla's call for a 5% increase in funding for Family Resource Centres, and provide additional funding to the family resource centres around Ireland that fall outside Tusla's remit.

5.3 EXPENDITURE SAVINGS, €105M

13. **Targeting healthcare savings, €105m.** A 3% reduction is the HSE's total drugs budget for 2016 should be more than achievable via initiatives such as targeting prices of high tech medicines and forming joint purchasing ventures with organisations such as the NHS. Similarly, a 20% reduction in agency staff, facilitated by additional investment in hiring clinical staff, should be targeted for 2016.

5.4 REVENUE INCREASES, €465M

14. **AIB Levy, €50m.** During the restructuring of AIB, €1.1bn of public money was used to top up its pension fund. This money would not have been available if the bank had been wound down. As such, we believe that at least some of this money should be returned to the exchequer, in the form of an annual levy.

15. **Excise and junk food levy, €225m.** Research by central bank analysts estimates that a tax on foods high in saturated sugar, salt and saturated fats would yield €188m. In the context of rising obesity and related public health issues, we are targeting a levy, and aim to yield half that amount in year one, at €94m, with €9m reinvested into prevention activities. This yields a total of €85m in revenue. An additional €22m is raised by applying excise of 20c on a packet of 20 cigarettes. €118m is raised by applying excise of 10c on pints of beer and cider and on single measures of spirits. €24m is raised by banning below cost selling of alcohol.

16. **Pension tax relief, €120m.** Reducing the maximum allowable pension fund (the Standard Fund Threshold, SFT) to €1.7m would, in most cases, fund an annual pension in excess of €60,000. The SFT is the maximum allowable pension fund on retirement for tax purposes, and has been gradually reduced, from €5m, now down to €2m from 1 January 2014.

17. **Increase focus on shadow economy, €20m.** Continued focus on, and provision of resources for, surveillance of the black economy would provide a net economic benefit, while ensuring a fairer playing field for businesses.

18. **Levy on bonds & other financial instruments, €50m.** Proposal to apply mid-year. Consultation with financial industry and expert group required, to ensure doesn't result in market distortions, capital moving offshore, etc. Would not apply to institutional holdings (e.g., company funds managed in IFSC).

5.5 REVENUE DECREASES, €468M

19. **Reduce USC, €270m.** USC was introduced as an emergency measure during the recession. However, it is a highly progressive tax. We propose a progressive scaling back of the USC, as follows: Reduce the 1.5% rate to 1.0%; reduce the 3.5% rate to 3.0%; Reduce the 7.0% rate to 6.5%. This targets all reductions to earnings below €70,000.

20. **Equalise taxation for the self-employed, €68m**. The traditional rationale for higher tax rates and lower tax credits for the self-employed is that there were many ways self-employed people could reduce their tax liability. As this opportunity has lessened, we believe tax rates should be brought in line. To that end, we would phase in a self-employed tax credit comparable to the PAYE tax credit of €1,650. We would introduce 50% of that in 2016, giving a tax credit of €825 for self-employed workers.

21. **Abolish domestic water charges, €13m**. Even with over half a billion euro spent on water meters to date, the abolition of the domestic water charge would cost very little. At current rates of compliance, the annual yield from domestic water charges would be approximately €136m. Assuming a similar rate of payment of the water conservation grant, ceasing the grant would save approximately €80m. The €6m cost of administering the grant would also be saved, as would the cost of billing. Assuming Irish Water's Cost to Serve is at the UK average (it is most likely significantly higher), this would, conservatively, save about €44m a year. A once-off cost of restructuring of €7m has been assumed, giving a total cost of €13m.

22. **Adjust Local Property Tax, LPT, to consider stamp duty paid and net value of property, €100m.** A graduated stamp duty credit would be provided for duty paid up to 2010, when the rates were significantly reduced. A credit of 10% of mortgage payments would be applied. The combined relief from these measures would be capped at 50% of total LPT liability.

23. **End double taxation of accidental landlords, €17m.** Those who rent out their home and decide to rent somewhere else are currently being taxed on the double. This means they can pay thousands extra each year in taxation, compared to if they were living in the home the own. It can apply to those trapped in negative equity as well as to anyone needing to rent out their home for a period, while renting in, say, another part of the country. This double taxation should be abolished by allowing rent paid be offset against rental income for the purposes of calculating tax liability.