RENUA BUDGET SUBMISSION

OPPORTUNITY IS THE ROUTE TO SUCCESS AND SECURITY

RENUA Ireland has a vision for the role of government in this state. We believe the primary task of politics is to provide stability, a sense of strategic direction and purpose and to help create the conditions in which society, the economy and individuals can flourish.

All of this must be underpinned by strong values that aspire to the highest standards and tackle vested interests, crime and corruption without fear or favor. RENUA Ireland believes in freedom of conscience, integrity across all aspects of our society, accountability and government in the sunshine.

We believe that changing our political culture to one that celebrates openness, cooperation, ingenuity and creativity will have profound benefits for our society and our economy. A regeneration of government is certainly badly needed.

In the last twenty years, we have seen a huge expansion in the business of government in areas such as Health, Education and Justice without an equivalent improvement in outputs from government. But, it has been particularly egregious when it comes to the failure to cultivate entrepreneurship in our rural and urban communities.

Historically, the state has successfully focused on foreign direct investment as a means of providing better quality employment opportunities for Irish citizens. RENUA Ireland in today's budget submission charts the way in which our state will focus on developing strong, indigenous Irish companies.

A rising tide may not always lift all boats but a strong domestic economy inevitably leads to better social services and a happier prosperous country. Irish entrepreneurs need a more receptive and rewarding environment in which to innovate and create. The consequences of bad economics and political timidity are human as well as economic.

RENUA Ireland wants to build a better country for those who work. But, we have also been founded to create a future for those 425,000 people (19% of the labour force) whom as recently as August 2015 were either in receipt of jobseekers allowance or in receipt of welfare support through a back-to-work scheme, back-to-college scheme or as part of a three-day working week.

We believe Ireland can and must do better and that, more importantly still, Ireland's people want our country to do better. Our task is to liberate our voters from old shackles so they can achieve that dream.

RENUA Ireland Budget Submission – Executive Summary

1. Income Tax

We favour the introduction of a progressive system of tax based on a single rate of income tax. The current marginal rate of tax, employees' PRSI and USC will be abolished under this system. The flat tax will be charged at a rate of 23%.

2. Rewarding Enterprise

Within the confines of the current income tax system, we will:

- Remove the top rate of USC for self-employed people earning over €100,000;
- Introduce the Irish Credit Network, a peer-to-peer lending service for Irish businesses;
- Develop a network of local public banks providing cash-flow based lending;
- Create a fund that rural towns can bid for so that they can develop and implement a Business Improvement District plan;
- Consolidate the various enterprise grants in Ireland into a single tiered structure with loans and grants moving in logical progressive bands based on their growth and success;
- Positively discriminate in favour of investment in business by bringing the current rate of 33% down to 20% for investments in productive businesses (until a flat tax is introduced);
- Apply a new threshold of €500,000 for inheritance tax purposes;
- Encourage employee share schemes by deferring tax liability until an employee sells and takes their money out of a business;
- Redevelop and re-invigorate community employment schemes.

3. Responsible Budgets

We believe in running a balanced budget in periods of economic expansion.

We propose that Dáil Éireann will pass an all-party motion declaring the running of a current account surplus in periods of economic growth to be a mandatory aim of Irish government, and will bring legislative clarity to the meaning of the Fiscal Compact Treaty.

4. Public Sector Reform

RENUA Ireland has a radical vision for reform of Irish public services, which will liberate our public sector workers from the confines of a system that is no longer fit for purpose. We want to reward high performance in the public sector with a merit based bonus system.

5. A Clear View and Real Accountability

Our Clearview policy will start the process of providing government in the sunshine by openly measuring how government departments are spending your money.
We believe that Ireland's budgetary process must move to accruals-based accountancy and to budget development using zero-base principles.

We believe that parliamentary committees need to be afforded a PAC style audit and oversight role over the formation of budgets in each Department, and that they should have the power to refer ministers and senior officials to a panel where their performance, their decisions and their results can be appropriately reviewed and assessed.

6. Manageable Childcare

RENUA Ireland will develop a local network of community crèches across the State.
During the transitional phase to a flat-tax, we will introduce a tax credit for childcare worth €500m, which will be split on an 80/20 basis between service-user and service-provider.

In recognition of the role played by full-time parents that was abolished through tax individualisation, homes with a full-time parent rearing children will receive a higher basic income.

7. Housing for the Community

We believe the state can solve Ireland's housing crisis via a multi-billion euro annual Public Private Partnership Scheme under which housing is constructed for working families.

We also propose the waiving of income tax on rental income from these properties as long as these properties are made available to tenants for a period of at least five years.

8. Other Taxation Measures

We will:

- Abolish of the TV licence fee;
- Replace the motor tax bill with a direct levy on fuel that is collected at source;
- Radically reform water charges by reconstituting Irish Water;
- Replace the Local Property Tax with a new form of taxation made up of a site value charge and a zoned land charge;
- Crack down on multinationals employing enhanced tax avoidance mechanisms.

9. Fairer Pensions

RENUA Ireland believes that no public servant should be in receipt of a gross pension exceeding €60,000.

We favour the transitioning of the entire public service to a funded pensions system using a Universal Defined Contribution rather than Defined Benefit pensions.

10. Education

RENUA Ireland favours the introduction of a student loans scheme to help fund our third level colleges and make them competitive in international rankings again.

RENUA IRELAND BUDGET SUBMISSION

INCOME TAX

RENUA Ireland has a vision about the role of government in this State. As part of this vision we believe economics and taxation are moral issues.

Economic policy plays a key role in fulfilling the people's desire for real transformation in their lives and the country. It decides issues as diverse as the future of our children and the security of our pensioners.

RENUA Ireland believes Budget 2016 is a key battleground when it comes to our desire to honour the centenary of 1916 by finally building an Irish state fit for purpose.

RENUA Ireland believes that, for this to occur, the central ethic that must guide Budget 2016 is that work must pay.

This informs RENUA Ireland's core budget proposal that Ireland should move towards a flat tax system where all income is taxed at 23%.

RENUA Ireland understands that this cannot be done in a single year. However, a commitment should be made so as Ireland can progress as swiftly as possible towards a Flat Tax system.

RENUA Ireland's support of a Flat Tax is also driven by our intent to relentlessly prioritise the improvement of the domestic economic environment until it becomes the most entrepreneurial economy in the world.

To this end, Ireland's tax policy must improve if we are to create an economy defined by jobs growth and success.

Our preference is for a radical alternative to the current system of taxation which fails to provide sufficient incentives to work, especially since the introduction of USC. Relative to other OECD countries, our tax base has contracted leaving people earning relatively modest salaries paying most of tax collected from household incomes.

Income band	Effective tax paid current system (single)	Married, one earner
€18,000	3.9%	2.2%
€25,000	14.4%	7.8%
€35,000	20.7%	14.9%
€50,000	29.2%	22.3%
€70,000	35.4%	30.5%
€90,000	39.1%	35.3%

As the table above makes clear, the effective rate of tax paid is very low at the bottom of the salary range with the most tax currently being paid by people on higher incomes.
The problem with a two-band system, however, is that people are taxed punitively once they earn jointly or on a solo basis over the marginal rate threshold. This is creating productivity traps in the system where people decide to work part-time rather than full-time, refuse overtime or extra hours, or lose the incentive to make extra sales or deliver more work because they get less from each marginal euro earned than is paid to the State in taxation.

RENUA Ireland believes that this approach to taxation is regressive.

RENUA Ireland favours the introduction of a progressive system of tax based on a single rate of income tax. The current marginal rate of tax, employees' PRSI and USC will be abolished under this system. The flat tax will be charged at a rate of 23%.

Our conservative projections across the income bracket show that this rate of tax will generate approximately 75%-80% of the existing income tax head of taxation. As people will retain 77% of their current income and of any additional income they earn on top of this, secondary factors and multiplier effects will generate more than the remaining 20% of the current rate of collection.

Internationally, where a flat tax has been introduced for personal taxation, the tax take has increased. Similarly, the black market has shrunk as the incentive to under-declare personal liabilities is diminished.

Country	Flat Tax	Rate Applied
UK (Jersey)	Yes	20%
UK (Guernsey)	Yes	20%
Romania	Yes	16%
Hungary	Yes	16%
Estonia	Yes	21%
Latvia	Yes	25%
Lithuania	Yes	15%

RENUA Ireland recognises that the vulnerable still need to be protected, however. As a result, RENUA Ireland proposes the provision of a basic income payment to households. This provides a tax rebate to lower income households. It is done on a sliding scale and avoids the income cliffs associated with the current system.

The poorest households receive the largest payments with more affluent households benefiting through the system of flat taxation rather than direct payments. Child benefit remains untouched.

RENUA Ireland will abolish certain tax benefit schemes. Others will be retained.

Scenario	Income*	Flat Tax	GBI**	Benefit
Single person on welfare****	€9,449	(€2,173)	€2,500	€0
Single parent, 1 child, welfare****	€12,196	(€2,173)	€2,500	€0
Couple, two children, welfare****	€21,084	(€3,352)	€5,000	€0
Single person, working	€20,000	(€4,600)	€2,403	(€152)
Single person, working	€25,000	(€5,750)	€2,163	€8
Couple, both working, same salary	€50,000	(€11,500)	€4,326	€1,665
Couple, both working, same salary	€100,000	(€23,000)	€1,922	€9,741
Couple, two children, one earning	€40,000	(€9,200)	€2,884	€279
Couple, four children, one earner	€75,000	(€17,250)	€0	€6,480
Couple, three children, both earning, same salary	€80,000	(€18,400)	€1,682	€5,103
Widowed person 66-69	€35,000	(€8,050)	€1,662	€32

* Income is a composite of social transfers (is that is the sole source of income) and earned / investment / inheritance income declared for taxation purposes. Effectively this means new income earned at the flat tax rate will be 8% higher than what those on the standard rate

typically pay today. Similarly for those on the marginal rate, under the flat tax their additional income will be at least 29% higher on additional income.

** Basic Income is paid on the average of a married couple's income. Where household income, on average exceeds €70,000 per annum, it is not paid.

***.Supports comprise child and family support payments that are similar in effect to Child Benefit, the Qualifying Child Allowance and Family Income Supplement.

**** For the first three years of the flat tax, the income of single people and parents who are not working and in receipt of social welfare will be unchanged. This is to allow the full dynamic effect of the flat tax to pass through our economic structure and facilitate new opportunities to take up employment. After the three year period has ended, we will assess the dynamic impact of the flat tax model on employment and community development for welfare recipients.

This system eliminates disincentives and penalties on additional work once a certain income threshold is surpassed.

In recognition of the fact that there are a small number of vulnerable groups for whom the introduction of a flat tax and the reincentivisation of work cannot and will not offer improved economic prospects (for example, full-time carers and those currently dependent on tax relief for medical costs), we will establish a Social Protection Fund worth €300m per annum (financed by the abolition of existing reliefs). This fund will be distributed on a means-tested basis and will ensure protection for those who need it.

Cost: neutral

2. REWARDING ENTERPRISE

RENUA Ireland wishes to create a society that rewards those who engage in enterprise. In that regard, we believe the self-employed and SME's deserve, at a minimum, to be treated in an equal manner to PAYE workers.

Prior to the introduction of a flat tax, we propose:

i) TAXATION EQUALITY FOR THE SELF EMPLOYED

Within the current system which inhibits productivity and earning capacity, we would like to see the rate of USC for self-employed people earning over €100,000 removed. This measure will cost €62m.

We will also provide a tax credit to the self-employed until the current system is replaced. This will cost €290m to introduce.

Cost: €352m in total

ii) PROMOTING LENDING TO SMALL IRISH BUSINESSES

Banks are not lending to small businesses in Ireland. RENUA Ireland is proposing a twin-track approach to end this gap.

The first consists of a peer-to-peer banking system called The Irish Credit Network where businesses cut out the banking middleman and lend directly to each other. This proposal can allow businesses to use their balance sheets to stimulate growth and reduces dependency on the mainstream banks that act as a de facto cartel.

Cost: neutral (start-up costs are recouped via a transaction fee)

iii) CREDIT UNIONS FOR SME's RENUA Irelands €1.5 BILLION FUND TO GET SMALL BUSINESSES MOVING

RENUA Ireland is proposing the development of a network of local public banks developed along the lines of German public banks which have successfully provided cash-flow based lending to small German businesses for decades.

RENUA Ireland will use €300m from the Strategic Banking Corporation of Ireland fund as seed capital for this project. Lent out against only the most robust of business plans on a prudent basis, this total fund has the potential to provide close to €1.5bn in loans to the SME sector in Ireland.

Cost: €50m to set-up two regional banks and €250 million in seed funding to be lent on a prudent 6:1 ratio

iv) BUSINESS IMPROVEMENT DISTRICTS

RENUA Ireland believes that the town centre has a future, but one that is subject to good planning, community involvement and local business leadership.
RENUA Ireland will create a fund that rural towns can bid for so that they can develop and implement a Business Improvement District plan. This has successfully been undertaken by Dublin City and by Dundalk.

To bring the remaining 27 towns over 10,000 in population through this process will cost €3m[1].

Access to the fund will only be afforded on a competitive basis and these towns will have to submit a strategic plan for the commercial development of each of these towns with a critical mass of 10,000 people or more.

Cost: €3 million over 3-5 years in tranches.

v) GROWING THE DOMESTIC ECONOMY

The State's approach to developing a sustainable basis for domestic growth is still heavily dependent on foreign direct investment and exports from a small number of sectors. This is deeply flawed and not sustainable as a long-term economic strategy.

Too often, ineffective schemes are launched in a knee-jerk fashion by organs of the state as a means for these so-called enterprise development entities to justify their own existence. Our various development agencies are too fragmented and lack a strategic vision for the development of Dublin, urban Ireland and rural Ireland.

Not enough of the available supports are spent well. Countries like Denmark and Israel have a better track record in developing strong indigenous companies and have better start-up and entrepreneurial environments.

RENUA Ireland believes that Ireland must develop the most entrepreneurial culture in the world and place itself in the vanguard of nations with strong indigenous businesses, a vibrant base of competitive start-ups and access to risk capital.

The grants from Úduras ns Gaelteachta, LEOs, EI, the Local Government Fund, Microfinance Ireland and the SBCI to name but a few are too spread out to make any meaningful difference. Further to this, there are totally ineffective tax schemes in place like the SURE and EIS programmes.

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[1] This cost is based on start-up costs associated with recent applications to become a BID by Irish towns.

RENUA Ireland is proposing the rationalisation of all such schemes into a single tiered structure with loans and grants moving in logical progressive bands based on their growth and success. These schemes can incorporate some of the aims of SURE and EIS into a direct grants scheme based on robust business plans.

Cost: neutral, as budgets will be pooled and schemes will be streamlined

vi) CAPITAL GAINS TAX

RENUA Ireland believes the rate of Capital Gains Tax is harming investment in Ireland business. We will positively discriminate in favour of investment in business by bringing the current rate of 33% down to 20% for investments in productive businesses. A rate of 33% will continue to apply on property.

Previously, the amount of tax collected in the first five years of the reduction in the rate of Capital Gains Tax to 20% from 40% increased by 1,200%.

Investments in productive companies for longer than 5 years will be charged at a rate of 15% and for longer than 10 years at a rate of 10%. This is to incentivise the long-term development of strong Irish companies over a current trend where successful start-ups often sell out at a relatively early state of maturity.

Cost: revenue generating based on historic trends

vii) CAPITAL ACQUISITIONS TAX

A new threshold of €500,000 will apply for inheritance tax purposes on inheritances. Inheritances over this threshold will be taxed at a rate of 20%. It is estimated that this could cost in the region of €100m but this does not take account for cyclical effects. Similarly, as this tax is driven by assets sales primarily we are not accounting for the significant asset price inflation rate over the past three years. In due course, it will simply be treated as income under the flat tax model.

Inheritances, gifts and bequests from third parties or more distant relatives are treated as income and are subject to no exemption ceiling.

Cost: to be determined

viii) EMPLOYEE SHARE SCHEMES

RENUA Ireland believes that employee share schemes should be encouraged and tax liability should be deferred until an employee sells and takes their money out of a business.

Cost: neutral, as liability is simply deferred.

ix) EMPLOYMENT AND ACTIVATION POLICY

RENUA Ireland believes that all citizens should be afforded the dignity of work whether that is full time employment or in the service of their community.

Accordingly, RENUA Ireland is proposing the abolition of the practice of paying jobseekers allowance or benefit to Irish citizens without affording beneficiaries an opportunity to contribute to the communities they live in.

x) WORKING IN THE COMMUNITY

RENUA Ireland will redevelop and re-invigorate community employment schemes.
Term limits will be reviewed so that individuals can remain on community employment schemes over the long term.

Cost: neutral

xi) GREATER ACCESS TO JOB BRIDGE

RENUA Ireland will provide greater access to Job Bridge to certain kinds of companies offering training and development opportunities. Under this programme, the State will fund 20 hours of employment (jobseekers benefit or allowance) and the employer will fund 5 hours. The employer must fund any work undertaken in excess of this (at a commercial rate).

These proposals leave time for those who are unemployed and looking for work to continue to seek and schedule job interviews. Irish communities and the unemployed will benefit from the contribution that the latter will be asked to make to society.

Cost: neutral

3. RESPONSIBLE BUDGETS

RENUA Ireland believes that Ireland's government must commit itself to macro-economic management that seeks to provide market certainty and stability. This will erase the politically motivated pre-budget leaking and kite-flying which degrades our capacity for long-term economic planning.

As a matter of principle, RENUA Ireland believes in running a balanced budget in periods of economic expansion. To this end, RENUA deplores the approach to budget development of this government.

A narrative prevails in relation to "giving away" up to €1.5bn in advance of the forthcoming general election while the State continues to borrow to pay day-to-day costs.

RENUA Ireland wants Dáil Éireann to pass an all-party motion declaring the running of a current account surplus in periods of economic growth to be a mandatory aim of Irish government.

Further to this, RENUA Ireland will bring legislative clarity to the meaning of the Fiscal Compact Treaty, which is enshrined in the Irish constitution as a result of the last European referendum. This clarity will define the fiscal responsibility necessary for Irish governments to remain compliant with the constitutional requirements under this treaty. This will prevent future governments choosing to prioritise political expedience over sound economic management.

RENUA Ireland believes that all budgetary proposals from government and opposition should be submitted to the Fiscal Advisory Council for independent costing and assessment. This would require additional funding but would depoliticise the role currently played in this regard by the Department of Finance.

Cost: c. €150k - €200k for three skilled additional full-time IFAC employees

4. PUBLIC SECTOR REFORM

Reform of politics and the public sector is a key component of any budgetary strategy for far more reasons than the cutting or increasing of public sector pay. How we are governed directly affects the health of the economy.

RENUA Ireland has a radical vision for reform of Irish public services which will liberate our public sector workers from the confines of a system that is no longer fit for purpose.

i) BUILDING A WORK CULTURE THAT REWARDS PERFORMANCE

RENUA Ireland favours rewarding high performance in the public sector with a merit-based bonus system. Most public sector workers will also benefit from a flat tax system.

ii) GOVERNANCE AND ACCOUNTABILITY

RENUA Ireland believes that Ministers and Senior Public Officials should be directly accountable for their decision-making. As a result, the role of the Minister and the role of the Secretary General and their Assistant Secretaries need to be redefined for the age we live in today.

RENUA Ireland believes that Oireachtas committees should have the power to refer ministers and senior officials to an Accountability Panel where their performance, their decisions and their results can be appropriately reviewed and assessed.

This process, which is a widespread practice in high performing corporate boards, should be placed on a statutory footing to ensure accountability at senior levels in large institutions.

Cost: neutral (bonuses funded by savings on increments)

5. CLEARVIEW AND ACCOUNTABILITY

RENUA Ireland believes that each Department should be able to clearly account for the spending of taxpayers' money. Our Clearview policy would start the process of providing government in the sunshine by openly measuring how government departments are spending your money.

Cost: the initial phase of this process can be delivered from within existing budgets by prioritising a simple, cloud-based service that agencies and departments upload their management Key Performance Indicators to.

RENUA believes that multi-annual budgeting and the tinkering at the edges undertaken by this administration have failed. Ireland, as a small country, would be far better served by moving to accruals-based accountancy and to budget development using zero-base principles.

Under this system, instead of rolling over spending, each item of expenditure would be treated on a stand-alone basis and would have to be justified before allocations are made.

Further to this, RENUA Ireland believes that the parliamentary committees need to be afforded a PAC style audit and oversight role over the formation of budgets in each department. The committees should be given access to specialist advice to help them hold departments to account and apply prudent and sound governance to proposed state expenditure.

This is a key step towards evidence-based decision-making in Irish government which will make real savings for Irish taxpayers.

Cost: neutral

6. MANAGEABLE CHILDCARE

RENUA Ireland intends to lead a similar revolution in childcare to the provision of free secondary education in the 1960's. Childcare is an essential service that enables parents of young children to be able to work should they choose to do so.

i) COMMUNITY CRECHES

Long-term solution

RENUA Ireland will develop a local network of community crèches across the state funded by a site value tax that will be part of a new local property tax charge. Charges will be income-related but capped at a level far below that paid by parents today.

Cost: neutral

ii) A TAX CREDIT FOR WORKING PARENTS

Short-term solution

It will take a decade and the investment of a minimum of €2bn to develop such a network of community crèches.

In the meantime, a scheme will be developed at a cost of €500m which will be split on an 80/20 basis between the service user and service provider to assist parents and service providers with the costs of childcare. This scheme will eventually be phased out in tandem with the growth of an acceptable affordable network of child-care services.

Cost: €500m

iii) HELPING PARENTS IN THE HOME

In recognition of the role played by full-time parents that was abolished through tax individualisation, homes with a full-time parent rearing children will receive a higher basic income under our flat tax proposals.

Cost: neutral

7. HOUSING FOR THE COMMUNITY

There is a continuing crisis in the availability of housing for working people in Ireland.
RENUA Ireland believes resolving the supply side dilemma where Ireland simply is not building enough houses is the key to creating a virtuous cycle in Irish housing.

We believe the state should remedy this via multi-billion euro annual Public Private Partnership schemes where housing is constructed for working families. Such units should be a mix of houses, studios and apartments, including accessible housing for people with impaired mobility.

RENUA Ireland's plan involves pension funds being asked to fund the development of such schemes in return for a rent roll, over a period that will be agreed on a case-by-case basis. Though supply-side, rather than demand-side, proposals should be the focus of incentives, it will take time for the state to buy or build additional social housing stock.

As a result, an incentive needs to be provided to the private rental sector to make a larger proportion of the available units to accessible to people seeking social housing. RENUA Ireland is proposing the waiving of income tax on rental income from these properties as long as these properties are made available to tenants for a period of at least five years.

Cost: neutral

8. OTHER TAXATION MEASURES

i) ABOLISHING THE TV LICENCE FEE

Many households in Ireland pay for their television nowadays via a commercial service provider. The TV Licence fee has become a double charge in this regard.

RENUA Ireland believes many of the activities funded by this double charge are commercial and do not fulfil a public service mandate.

As a result, RENUA Ireland proposes the abolition of the TV licence fee and the movement of RTE to a model that is directly funded by commercial revenue. RENUA Ireland will retain the current fund of €54m (2014 value) provided by the Department of Social Protection for public service broadcasting. Access to this fund will be on a competitive basis between broadcasters.

Cost: neutral

ii) MOTOR TAXATION

RENUA Ireland believes in user-pays taxation. The current motor tax model is archaic, inefficiently collected and costly to operate.

We will replace the motor tax with a direct levy on fuel that is collected at source.

It will be introduced on a revenue-neutral basis and will take efficiencies garnered into account when the final tally is calculated. The annual levy will be capped at a fair rate for hauliers and public transport licences as they fulfil important social and commercial functions in the economy.

Cost: neutral

iii) WATER CHARGES

RENUA Ireland believes a scheme of water charges is necessary to resolve the consequences of decades of underinvestment and inefficiency. However, RENUA Ireland also believes that Irish Water must be radically reconstituted if it is not to become the new HSE.

Cost: neutral

iv) PROPERTY TAX

RENUA Ireland believes that the current system of property tax is deeply flawed. We want to reform this approach to property taxation. Our proposal is made of up two components that work together but are designed for different purposes.

The first component funds local government after the collection of rates, restoring a connection between local services and the cost of providing local services. This is a Zoned Land charge and is levied on all zoned land. The charge is a per square metre charge. This charge could be levied at a higher rate to penalise derelict building or land hoarding.

The second component is a Site Value charge and this is levied so that a social cohesion fund is built and used to develop social infrastructure such as crèches and nursing homes locally across Irish communities.

This will also drive efficiency in local authorities by linking the cost of running them to the zoned land charge.

Cost: neutral

v) CORPORATION TAX

RENUA Ireland supports the existing corporation tax regime in Ireland. Ireland must defend its interest whilst supporting the aims of the BEPS review being undertaken by the OECD. However, RENUA Ireland will not turn a blind eye to enhanced tax avoidance mechanisms.

Corporations cannot be allowed to exploit access to the European Union and pay little or no effective taxes through the use of tax avoidance schemes. We do not support and will not tolerate schemes like the double Irish mechanism that discredited our country and damaged relationships with other European countries.

Cost: neutral

9. FAIRER PENSIONS

i) RETIRED PUBLIC SERVANTS PENSIONS LEVY

The original purpose of pensions was to ensure that the elderly or vulnerable did not fall into penury in old age.

When the public service imposed a levy on private pensions during the financial crisis, they defined the limit for private pensions as being €60,000 per annum. This is a very high income by comparative standards for anyone and accordingly, RENUA Ireland believes that no public servant should be in receipt of a gross pension exceeding this sum.

Many people exiting politics and the public service voluntarily or following an unsuccessful election continue to work and earn other income. It is immoral that taxpayers should be asked to fund a gilded lifestyle for such individuals.

Cost: this measure represents a saving to the state.

ii) MOVING THE PUBLIC SECTOR TO DEFINED CONTRIBUTION PENSIONS

RENUA Ireland has already announced auto-enrolment into pension schemes from the moment people start work for the private sector.
Ireland's demographics and the nature of our pensions system create a serious problem for Irish society. All pension liabilities in the public service are non-funded. Current pensions are funded from current taxation.

Without a combination of significant growth, investment and inward immigration that provides a significant economic stimulus to the country, future pension liabilities for public servants retiring in the future will be unaffordable.

RENUA Ireland favours the transitioning of the entire public service to a funded pensions system using a Universal Defined Contribution rather than Defined Benefit pensions.

Given current and future demographics, there is almost no prospect of the current projected pensions being paid. Ireland has a deficit of over €400bn in the social insurance and public sector pension liabilities to meet projected requirements by 2050.

RENUA Ireland will introduce an employee-owned account for workers under the age of 55 that they will pay into. This fund will be topped up by the State in its role as employer. Funds will be managed to ensure their pension pot grows at an appropriate rate relative to their age and risk profile.

A further benefit of addressing this long-standing issue is that it will help to increase labour flexibility and allow public servants and private sector workers move into and out of each other's sectors more readily.

Cost: this measure represents a long-term saving to the state; however, there is an initial cost to transferring people into a DC scheme, as currently these obligations are unfunded. The up-front cost is typically in the region of 5% of the public sector payroll on a pro rated basis.

10. EDUCATION

RENUA Ireland favours the introduction of a student loan scheme to help fund our third level colleges and make them competitive in international rankings again.

Students will start to repay their loans once they begin to earn over a certain income.
Introducing student loans will enhance access to third level for disadvantaged students, as the current grants and SUSI funding pot will remain static but provide such students with meaningful assistance.

Cost: neutral

CONCLUSION

RENUA Ireland, in this submission and in our forthcoming manifesto for the general election, will put forward a progressive vision for the cultural transformation of our society and the way it views our ability to do things for ourselves.

Ireland is a creative country. It always has been. Changing our cultural context to one that celebrates openness, collaboration, ingenuity and creativity will have profound benefits for our society and our economy.

The Irish state has failed on a regular basis since its foundation.

Repeatedly, failed economic and social policy has resulted in avoidable hardship for the state's citizens.

Corruption and pandering to vested interests in the public and private sectors throughout this period have also harmed society at large.

In parallel with this, most especially in the last twenty years, we have seen a huge expansion in the business of government without any significant improvement in outputs from government.

Despite the health budget more than doubling, there are still deep problems throughout the health system. Despite the availability of predictive software and advanced monitoring systems, politicians continue to call for more visible police rather than more effective police.

RENUA Ireland wishes to achieve the scenario where we have both.

Today's budget submission represents our proposals which will attempt to transform our society into a progressive modern state which will allow our citizens fulfil their potential.