

## Creating Jobs, Building Prosperity

<b>1.0</b>	<b>Background</b>	Page 3
1.1	SDLP Ideas	Page 4-6
<b>2.0</b>	<b>Short to Medium Term - New Ways To Funding</b>	
2.1	Revisiting The Reform and Reinvestment Initiative	Page 7-11
2.2	Harbour Commission	Page 12-14
2.3	Enabling Local Government Borrowing	Page 15-17
2.4	The Green New Deal	Page 18-19
2.5	North South Economic Development	Page 20
2.6	Tourism Jobs	Page 21
2.7	Agri-Food Sector	Page 22
2.8	Research and Development	Page 23
<b>3.0</b>	<b>Medium Term - Reforming Government - Aiding The Economy</b>	
3.1	Rebalancing the Economy	Page 24
3.2	A Single Economy Department	Page 25
3.3	'Future Funding' Assembly Committee	Page 26
3.4	Civil Service Attitude to Risk	Page 27
<b>4.0</b>	<b>Medium Term - Levering Funds</b>	
4.1	Shared Future Savings Bond	Page 28
4.2	Challenging The Treasury	Page 29
4.3	Leveraging Financial Capablity of the Housing Executive	Page 30
4.4	Tax Initiatives - Lower Corporation Tax	Page 31
4.4	Tax Initiatives - Open For Business	Page 32
4.4	Tax Initiatives - Mutualisation of NI Water	Page 33
4.4	Tax Initiatives - Venture Capital	Page 33

<b>5.0</b>	<b>Long Term - Building For Tomorrow</b>	
5.1	Innovation Island	Page 34
5.2	Renewable Energy	Page 35
5.3	Biotechnology - Life And Health Sciences	Page 36
5.4	Creative Industries	Page 36
5.5	Banking Reform	Page 37
<b>6.0</b>	<b>Actions</b>	Page 38

# 1.0 Background

The recent debate surrounding the Executive Budget has highlighted the financial straitjacket that we now find ourselves in.

After decades of steady growth in public financial resources as per the Barnett formula, we are now in severely reduced circumstances.

While restricted, we need not be bound by those circumstances, in fact we need to think laterally, to challenge, and free ourselves from them.

It has been clearly demonstrated, not just by the SDLP, but by some of our most respected economists and business organisations, that the recent Executive Budget represents a half-hearted attempt to spread the present misery across the spending Departments and the public services.

It lacks any real vision or determination to set meaningful priorities or do things differently at this difficult time. People, who are being forced to bear the pain of an austerity not of their making, deserve more and better.

They need real political leadership that will take tough decisions when needed but equally a leadership that also offers hope.

*“The SDLP’s economic proposals are clearly about creating jobs now, but they are also about achieving a vision for Northern Ireland, a strong economy which can help unite people and build prosperity.”*

**Margaret Ritchie MP**

**SDLP Leader**

## 1.1 SDLP Ideas

Those tough decisions involve taking a long hard look at our public sector and how efficiently it functions, in an attempt to help rebalance our economy but also do much more to boost the private sector.

For some two years now the SDLP has been highlighting the need to look at various other ways of funding to mitigate the cuts that were inevitably going to come down the Westminster track. We've identified the ability to achieve £1.5 billion in efficiency savings in the public sector.

In our first finance document "New Priorities in Difficult Times" we highlighted the extent to which Executive failure did not deliver, arguing that there was a need for radical new thinking to stimulate meaningful economic activity, prepare for the recovery and protect vulnerable people.

Then, in the wake of the more severe Tory cuts imposed after the 2010 Westminster election, we produced a further document, recognising that we had our part to play in rebalancing finances. "Partnership and Economic Recovery" showed once again how we could help alleviate the worst aspects of those cuts.

If our proposals had been adopted in their entirety they would have closed the four billion pounds gap in Government cuts and we actually identified ways of generating a further £400 million from new revenue streams, efficiencies and capital receipts to fund new spending and support our absolute priorities.

In fact if some of our earlier proposals, which have now been adopted by our Executive colleagues, had been adopted earlier then we would actually be making a difference to people's lives rather than talking about it.

## 1.1 SDLP Ideas

Now, in this document, we take those and new ideas and translate them into practical outcomes that show how they can work.

The central focus is job creation but it is also about building for the future.

This is not what the two bigger parties are doing currently. Their consensus on cuts only serves to worsen the situation.

It's not good enough that a budget is simply agreed.

What we need is an integrated programme involving a budget, an economic strategy and a Programme for Government that simply meets peoples real needs and delivers meaningful economic outcomes.

The starting point should be building for our future now and in doing so creating the strongest environment possible for emerging from the recession.

The SDLP believes it has identified a way to make this happen. We acknowledge and welcome that some movement has been achieved recently in relation to corporation tax reduction.

This is something that the SDLP has spent many years arguing for. We also recognise that on its own a Corporation Tax reduction won't deliver significant results in the short term.

People need delivery, jobs and investment now.

By moving on the Corporation Tax argument the Treasury is clearly acknowledging there is need in Northern Ireland and that something has to be done to help.

## 1.1 SDLP Ideas

But what we are saying is that the Treasury and the Northern Ireland Executive can move further and more quickly to help deliver some more immediate benefits to help create jobs now.

This will also improve our economic infrastructure and so lay good foundations for the emerging benefit that may eventually come from Corporation Tax reduction.

In this document we highlight that by being more flexible on an already agreed borrowing requirement the Treasury could allow us to spend millions on vital investment - a plan for schools and road and infrastructure development – a plan to really put this region back to work.

This is the first important step in our document which outlines the short, medium and long term opportunities we believe exist that will really help unite our people and build prosperity.

It is our belief that rather than sit around depressing ourselves further in this recession we should take whatever steps are necessary to find appropriate funding, so that we can procure essential projects like schools and roads, at current greatly reduced construction costs, and so create jobs and deliver for our people.

*“The SDLP is about coming up with real answers to peoples’ problems. Those problems are about jobs and paying bills. We will help in solving those issues.”*

**Alasdair McDonnell SDLP MP South Belfast.**

## **2.0 Short to Medium Term**

### **New Ways to Funding**

## **2.1 Revisiting the Reform and Reinvestment Initiative.**

Ten years ago the government facilitated a borrowing capacity for Northern Ireland called RRI.

It was a two pronged strategy involving the Treasury not taking the receipts of particular asset sales in Northern Ireland and also allowing us to borrow a certain amount of money, initially set at £200m, providing there was a revenue stream to finance it.

We are proposing renegotiating that figure with the Treasury - after all the RRI deal was done more than ten years ago. The mechanism exists - it's now about renegotiating an up to date arrangement on the level of funding.

We are proposing to double the RRI level of funding. This will help to replace some of the cuts in the Capital budget. It will mean identifying new funding streams to pay for it.

However the SDLP has already done this as part of our earlier proposals such as: - a mobile telephone mast tax, a public sector car parking tax and off-license levy among others.

Leverage of an extra £200m over five years would mean an extra £1 billion pounds of funding for building new schools, technology infrastructure, Green New Deal requirements and roads.

If represented as replacing the cut in the Capital budget this could effectively mean us returning to some of our original planned spend.

## **2.1 Revisiting the Reform and Reinvestment Initiative.**

Construction costs are also much lower than they were so now is a good time to invest.

Government here and in London is already agreeing some of the need, principals and instruments through a Corporation Tax initiative.

However, as we've outlined, its benefit will not be felt for some time.

We believe that those same arguments should apply to the expansion of the RRI to allow us to move swiftly on job creation now.

This is making an appeal to the Treasury for flexibility but it is also about us saying that our long term objective, through things like Corporation Tax, that we want take control of our own financial situation.

*“We understand that proposals like this involve considerable persuasion and detailed negotiation. Those are two things that the SDLP are good at.”*

**Patsy McGlone SDLP Deputy Leader.**

## 2.1 Revisiting the Reform and Reinvestment Initiative.

### How would the money be raised?

In our previous document “Partnership and Economic Recovery” the SDLP identified a whole range of new revenue streams and capital receipts.

Items included

	£
• Off Licence Levy	2.0 m
• ATM’s Rates increase	3.0 m
• a telephone mast tax,	5.0 m
• Fast tracking planning charges	2.0 m
• Plastic bags tax	0.8 m
• Dividend from Belfast Port	6.0 m
• Forestry leasing	1.0 m

All of which could lever in the region of **£20 million** annually.

We believe this would be sufficient to present to the Treasury as new income to negotiate an increase in our current RRI borrowing.

## 2.1 Revisiting the Reform and Reinvestment Initiative.

### How would the money be spent?

As an immediate priority the SDLP in government will undertake a major schools building programme put on hold during the previous administration.

As many as sixty schools in all parts of Northern Ireland could benefit.

We know that a lot more needs to be done in relation to rationalising and amalgamating the schools estate.

This will, not only lead to a major improvement in the quality of the schools estate and be an investment in our young people's futures, but also ensure a major cash injection to boost the construction industry and create jobs.

It's accepted that for every one pound spent in the construction industry something in the region of a further two pounds is generated in the downstream economy.

We also propose a major roads improvement initiative to repair our decaying roads.

We are proposing to significantly increase the budget for structural maintenance in the wake of the damage caused by recent severe winter conditions.

The recent budget allocation for roads maintenance is just under £300 million over 4 years - £94m in year one. This should be substantially increased.

Diverting vital capital spend to 'shovel ready' building projects could create up to **1500 jobs** in the short term.

## **2.1 Revisiting the Reform and Reinvestment Initiative.**

### **How would the money be spent?**

We also propose an immediate start on the Green New Deal project. Maximum financial backing for this project, in terms of retrofitting insulation to people's homes, will create jobs now as well as help to significantly reduce people's heating bills and protect the environment.

We believe these important and strategic tasks will go some considerable distance in terms of jobs, particularly in the construction industry, but also lay useful new infrastructural foundations for the future.

*“The financial cuts announced by the Tories and merely passed on by the two bigger parties will cost more than 9,000 jobs and hit ordinary families hardest. It wasn't those peoples' fault but the SDLP is providing answers for them that will boost our economy and grow the private sector.”*

**Declan O'Loan SDLP North Antrim.**

## 2.2 Harbour Commission

Some eighteen months ago, in our “Priorities In Difficult Times” document, the SDLP proposed accessing Harbour Commission surplus funds for development of the Titanic Quarter.

Although other parties rejected the proposal then they have has now endorsed and adopted the idea.

We believe there is some room for seeking the Harbour Commission’s cooperation in making a contribution towards economically relevant projects such as developing key infrastructural access routes in and around the Port of Belfast.

This different approach would allow the Harbour to voluntarily fund projects because it would be compatible their strategic objectives and in the commercial interest of the Port.

Agreeing this process would create jobs and improve infrastructure much more speedily.

In Government the SDLP would propose just such an initiative. In the absence of agreement we would still be of a mind to pursue the original proposition.

## **2.2 Harbour Commission**

### **How would we lever the money?**

There is an emerging political consensus that the substantial cash reserves within the Harbour Commission should be used in some way to meet current severe public needs.

Marrying the Harbour Commission needs and those of the public, in a dynamic partnership, is in the opinion of the SDLP, a much more positive route to follow in trying to release surplus cash.

If the Harbour Commission cannot find a worthwhile partnership route that meets their mandate then we propose pursuing a legislative route and changing the law.

## **2.2 Harbour Commission**

### **How would the money be spent?**

Suggested projects which the Harbour Commissioners could contribute to:

- **Westlink - M2 Fly-over Link**
- **A Belfast City Centre – Titanic Quarter Bombardier light rail project.**
- **Resurfacing/improvement of routes such as the A1 Newry to Lisburn.**

In its calculations some years ago the Department of Regional Development estimated a £500 million pounds spend for six to seven kilometres of light rail.

However it is understood that a working partnership with local landowners to lay the track, and with Bombardier to build the rolling stock, could potentially deliver a system for half that sum.

## **2.3 Enable Local Government Borrowing**

Local Government in Northern Ireland is permitted to borrow in a much more flexible way that Regional Government is not.

There is the prospect, were Local Government to avail of this borrowing capacity, for it to deliver small scale but significant capital infrastructural developments in those areas for which it has responsibility now.

This need not be restricted to actions of single councils. They could conceivably join together for a specific flagship project.

While there are numerous ways for Councils to borrow for these projects we have also identified a means whereby local Credit Unions could help in terms of lending their considerable reserves to deliver for local projects.

This is real community involvement in community development.

Charity Bank and Credit Unions - a new model for community investment.

The Charity Bank is a fully registered bank and is importantly registered with the Treasury to take advantage of a tax efficient Treasury backed scheme.

As it stands Credit Unions currently cannot lend to a given local project but were they to deposit with the Charity Bank, which in turn could lend for the investment in that local project, this process could open up the doors to tens of millions of pounds for local social economic community development.

This is now a proven model.

## **2.3 Enable Local Government**

# **Borrowing**

## **How does it work?**

While some elements of this example are outside the remit of our councils – this is how it can work.

**Ballybane Galway:** The Ballybane Neighbourhood Project was the result of an innovative partnership between Galway City Council and St. Columba's Credit Union.

### **Together they built:**

- **216 mixed tenure homes**
- **A Medical Centre**
- **15 Enterprise Units**
- **A Resource Centre**
- **A Library and Retail Units**

**Total Cost in Excess of £50 million.**

## **2.3 Enable Local Government Borrowing**

### **How does it work?**

The Council and the Credit Union formed a not-for-profit company which borrowed funding from the Credit Union at 5% per annum - a rate higher than the Credit Union would normally charge but well below the rate banks would have charged.

The project was also funded by available public grants, by taking advantage of tax incentives, by sales of some of the completed homes and by leasing the retail units.

### **What could the money be spent on here?**

Individual Council projects, or a number of councils collaborating on specific revenue producing projects, such as tourism infrastructural investments or those around waste management are options worth consideration.

The SDLP will vigorously pursue moves to develop proper district planning strategies with a view to easing and speeding up the planning process for significant economic development projects while at the same time protecting environmental quality in key residential and conservation areas.

This would ensure greater success for those priority projects that have economic benefit and consequently improve their innovative financing.

## **2.4 The Green New Deal**

Since it was launched we have been supporting, arguing for, and championing the merits of the Green New Deal. We believe that it could create up to 32,000 jobs in the long term. It is an impressive cross-sectoral initiative advocating sustainable energy investment.

One component of the deal involves insulating and retrofitting energy efficient technology into homes to reduce heat loss and energy consumption.

So it saves on energy, helps take thousands of people out of fuel poverty and creates thousands of jobs.

If implemented promptly it could achieve much of that agenda in a short space of time.

We believe to really make the Green New Deal work the total investment should be increased to around £70 million which the SDLP would propose as a priority of government.

We believe the funding for this should come from savings we have previously identified in the Block Grant. That Government investment would help lever significant other private investment.

Additional and further borrowing under RRI could be used to start the Green New Deal quickly and help tackle unemployment in the construction sector as well as addressing fuel poverty.

## **2.4 The Green New Deal**

### **What would a £70 million investment produce?**

Those partners driving the Green New Deal predict long term potential job creation in Northern Ireland as being somewhere in the region of 32,000 “green collar” jobs.

The short term prospects, given proper finance for the Green New Deal, can lead to the early creation of up to 7,000 jobs.

#### **Other outcomes include:**

- **Environmental benefits**
- **Alleviating Fuel Poverty**
- **Helping to Secure our Energy Supply**
- **Building a Competitive Low Carbon Economy**

## 2.5 North South Economic Development

Despite over a decade of structured, institutionalised North South cooperation there is much more to do on an all island basis that will be of mutual benefit to both jurisdictions.

**There is a very significant positive agenda to be rolled out in terms of:**

- **Regional Infrastructure**
- **Health**
- **Further and Higher Education**
- **Innovation**
- **Tourism**
- **Energy and much more**

However North South is still bedevilled by obstruction and overtly political considerations. It is principally and wrongly seen as some sort of concession to nationalism rather than common sense cooperation for mutual benefit.

North South cooperation is of mutual benefit to all citizens on this island, in terms of health, tourism, food, and waterways and the SDLP will work tirelessly to bring about these developments and demonstrate that they represent common sense.

In this regard we believe there is room for the Executive to exercise greater maturity and seek to harness the full potential of North South cooperation, especially against the backdrop of hugely reduced budgets on both sides of the border.

Instead of trying to constrain the existing bodies the Executive should allow their remit to be maximised and give proper consideration to the formation of further North South vehicles as and when appropriate.

*Future prosperity should be the goal and one possible vehicle for helping to achieve this could be viewing the whole island as an “Innovation Island.”*

## 2.6 Tourism Jobs

The SDLP believes there is major potential to develop the tourism industry in Northern Ireland. Much of the investment should and must come from the private sector.

But government must do more to ensure that private companies and individuals have the confidence to do so. This is a labour intensive industry which can contribute many jobs to the economy.

The Signature Projects and themes around branding have the capacity to take the industry forward but these initiatives need to be properly resourced if the Northern Ireland Tourist Board is to reach its ambitious target to double tourism revenues here by 2020.

The SDLP will fight to reduce air fare taxes and airport charges to ensure that travel to and from Northern Ireland remains competitive.

It is anticipated ten thousand additional jobs could be created in the Tourism sector with hugely increased visitor numbers.

However the Executive must do more to create the environment to make this happen through, for example, easing some planning restrictions or rate rebate considerations for new emerging tourism businesses.

We can encourage tourism too through major Irish heritage homecoming events and learn from Scotland's tourism initiative. We also need to leverage our significant golfing heritage more aggressively.

***Beginning an ambitious process of doubling our tourism revenue as the global economy improves can help create 2,200 jobs in the short term.***

## 2.7 Agri-food Sector

The SDLP believes that significant growth and potential for prosperity still exists in the agricultural and food production sector.

We want to support enhance and expand the work of our high-achieving agri-food businesses in order to increase our largest export sector's sustainable job creation potential.

We believe that investing further in the flourishing Agri-food sector can help create over **3,000 direct and supply chain jobs**.

The SDLP will invest in significant branding for Northern Ireland grown food in a way that puts it at the top or end of our markets and increase its profit potential.

The Party also will also work towards ensuring that a wider skills development policy should underpin the future of the agri-food sector along with investment to further develop training in food production, research and development.

*“There is a real opportunity to maximise the benefits of what is a top class, high quality agriculture sector here. The SDLP is about much more than preserving this rich heritage but growing it in an innovative, productive and profitable way”.*

**Thomas Conway SDLP East Derry.**

## 2.8 Research and Development

If Northern Ireland is to succeed at the highest level on the world stage in relation to new technologies it needs to be at the forefront in terms of fully developing Research and Development capacity.

In this context we need to maximum access to the vast potential of European R&D funds.

At present we are not utilising Framework Seven European R & D funds, which in a five year period can total up to 50 billion euro, to anything like the level we should.

Greater R & D capacity is vital to ensuring that all our production systems can achieve more output, cost effectively, efficiently and profitably.

The SDLP is proposing the immediate establishment of a significantly enhanced expert team, within Invest NI, with a sharper focus on research and development attached to renewable energy, agri food, bio technology and life and health sciences to facilitate companies in accessing a greater proportion of those funds

## **3.0 Medium Term Reforming Government - Aiding The Economy**

### **3.1 Rebalancing The Economy**

It is generally accepted that the Northern Ireland economy needs rebalanced. The private sector is certainly too small and previous government initiatives aimed at changing this were well intentioned but failed.

Existing policies will not bring about the step change that is needed to enable the private sector to grow.

However a combination of the above proposals and particularly success in terms of corporation tax will have a cumulatively positive effect on the growth of the private sector.

However rebalancing the economy does not mean simply promoting the private sector and we need to take a long hard look at our public sector, how it works and how we might make it more efficient and user friendly.

**The SDLP has already identified ways to save in the order of £1.5 billion pounds through:**

- **Natural Wastage**
  - **Reduction in Senior Staff Numbers and Pay**
  - **Restructuring Health and other Quangos**
  - **Radical Reform of the NI Prison Service**
  - **Reduction in Office Accommodation Costs**
- among others**

*The SDLP will also be a driving force for delivery on the Review of Public Administration.*

## **3.2 A Single Economy Department**

The SDLP sees job creation and investment now as laying the foundation for securing a more prosperous future.

In this regard we believe that government needs to review its functionality in term of how it promotes Northern Ireland and secures investment.

Responsibility for the Economy is spread across too many government departments and the SDLP sees real merit in creating a single powerful Economy and Trade Department, as recommended by the Independent Review of Economic Policy group.

We believe that the current responsibilities of DETI and DEL should be included and that Further and Higher Education should rest with this Department.

We understand the requirement for, and are ready to participate in, negotiations that would involve all parties around this proposal.

### 3.3 'Future Funding'

## Assembly Committee

In this document and elsewhere the SDLP has highlighted the fact that others sometimes do not listen when it comes to good ideas around finance.

A good idea is a good idea and we believe there is the potential for a powerful Assembly Committee to be formed with the task of identifying and quantifying the potential of other funding models and delivery systems which the Executive could

lean on.

These would include expanding our thinking on, for example, the promotion of bond finance and the potential for an **Infrastructure Bank**.

There is also potential for an incentivised unit within the Public Service to find new sources of money and speed up the process by which Government can avail of it.

## 3.4 Civil Service Attitude to Risk

One feature of our civil service is its extreme caution, linked with a tortuous process in terms of decision making and getting things done.

Checks and balances appear to be made to stand in the way of productivity and results.

This is not entirely the fault of the civil service; many aspects of our political system are to blame which can lead to the civil service to look over both shoulders in terms of decision making.

All of this, married to intense scrutiny, means things move far too cautiously.

But we need to commit to reform of procurement, planning and response times to ensure that these bureaucratic processes don't smother innovation and strangle the economy as opposed to furthering it.

By a positive strong agreed Programme for Government, and a fixed and agreed vision for the future, senior politicians can play their role in opening up the space for civil servants to deliver for us all.

By denying them the freedom to move civil servants will continue to protect themselves.

The recent Barnett report suggested some practical approaches to achieving greater success and the SDLP will be at the forefront of arguing for just such mechanisms while at the same time arguing for that coherency in Executive vision to allow it to happen.

## **4.0 Medium Term Levering Funds**

### **4.1 Shared Future Savings Bond**

Our proposition is about raising a significant amount of finance to complete major infrastructural works including those associated with our decaying water system, roads and schools.

Despite the downturn now is a good time to develop a public savings bond. In times of economic volatility, investors, small and large, are looking for somewhere safe to lock in and protect their capital.

A Government guaranteed Bond with a guaranteed return would be very attractive for these savers. In turn the money could be used to finance key projects at current low construction cost and be paid off in five to ten years when the economy has recovered.

## 4.2 Challenging Existing Treasury Rules

Under the current Treasury rules, any borrowing undertaken by a Regional or Devolved government to finance its capital programme will be subtracted from the Barnett block allocation.

While it must be acknowledged that Northern Ireland has been funded relatively generously in the past under the current territorial public finance system, the fact remains that if we do not act decisively over the next four to five years our infrastructure, our public services and our living standards will decline as public capital investment declines.

We therefore need, as a matter of urgency, to undertake a campaign to have these Treasury rules set aside for the next four or five years.

The devolved administration in Scotland is, similarly, arguing for this approach and we believe that greater weight can be attached to this argument by the Devolved Regions taking common cause in trying to persuade the Treasury to agree to greater fiscal flexibility.

Our part of the deal will be promising a resolute approach to efficiency savings and new funding streams to guarantee longer term pay back.

### **Suggested Projects:**

- **Roads**
- **Schools**
- **Investment in Water Infrastructure**
- **Provide Access to Adequate Capital Funding for a Mutualised Water Body**

## 4.3 Leveraging Financial Capability of The Housing Executive

We believe that the Housing Executive should be able to financially lever the considerable equity tied up in its housing stock to underpin an expanded social housing investment programme.

The Housing Executive has reduced its debt levels significantly in recent years and is well placed to lever in alternative sources of finance secured by its current balance sheet.

Our public housing needs upgrading to modern heat insulation standards and this could be achieved in partnership with the utilities and funders. Creative funding models involving joint ventures and alliances with developers and funders such as the

**European Investment Bank** and **Pension Funds** should be used.

Housing models such as rent and leaseback to the public sector should be explored to bring about improvements to the housing stock.

New revenue streams of between **£30million** and **£40 million** would create up to **£250 million** of borrowing room and would enable a very large programme of new build and retrofit.

We also believe there should be an accelerated reform of local housing associations to reduce their number and to achieve greater scale efficiencies in the delivery of social housing.

Outside of the Housing Executive there are just under 40 housing associations with huge overlap in terms of staffing, function, costs and reserves.

## **4.4 Tax Initiatives**

### **Lower Corporation Tax**

The SDLP agrees that nothing encourages job creation better than a positive fiscal environment and it is fully behind the idea that Northern Ireland becomes a business friendly low tax region. We will continue to fight for an all-island rate of Corporation Tax until we achieve our objective.

Reducing the corporation tax rate would be a game changer for local business development and could lead to clusters of new business sectors like the growing financial services sector.

It is important to note that Government has moved in this direction but it will take time to both deliver the legislation and for the positive impact of such action to be felt. The SDLP will be at the forefront of negotiations to bring in lower corporation tax with minimal adverse impact on the public expenditure block. In the meantime the SDLP believes the arguments and instruments put forward for supporting such a move should be used to facilitate other funding streams until the Corporation tax reduction benefits come on stream. That is why the SDLP economic strategy does not rely solely on jobs creation through Foreign Direct Investment. Our short term priority is growth in our best indigenous business sectors.

#### **Benefits of Lower Corporation Tax:**

- **Major New Investment linked to 12,000 jobs over 5 years**
- **Significant Growth in New Business Start-ups deriving from Inward Investment's Supply Chain Opportunities**
- **Larger Local Supply Chain Opportunities for Local Firms**
- **Larger and Deeper Local Management Pool**
- **Significant Boost to North South Trade**

## **4.4 Tax Initiatives**

### **Open For Business**

If Northern Ireland is to remain attractive to outside investors, the business traveller and the tourist, its entry gateways, particularly our airports must be attractive to those who use them.

To this end the SDLP will fight to reduce airfare taxes and airport charges to ensure that travel into and out of Northern Ireland remains as competitive as possible.

Construction tax concessions.

To assist job creation in the construction industry the SDLP proposes to pursue a reduction of VAT to 5% for the refurbishment, extension and thermal upgrading of existing homes.

We would also establish tax concessions for the building of new zero carbon standard homes for which construction costs are below £100,000.

This would substantially boost the building industry creating numerous construction jobs and improving living standards.

## **4.4 Tax Initiatives**

### **Mutualisation of NI Water**

We call for the early mutualisation of a reformed Northern Ireland Water Company – a Peoples’ Water Company - to enable it to access borrowing on the capital markets to undertake essential investment in our water and sewerage infrastructures.

We believe that the mutual company model can link with the bond finance initiative to meet the infrastructural replacement needs of a mutualised NIW.

Currently we are only renewing 1.2 percent per year of our decaying water infrastructure. We need to replace at least 2.5% per year just to stand still.

The funding stream is identified as that part of the Regional Rate that is linked to water.

## **4.4 Tax Initiatives**

### **Venture Capital**

We believe that serious consideration needs to be given to expanding our very limited access to meaningful venture capital.

Existing local venture capital funds require greater government support. Government efforts are required to engage external venture capital companies and ensure that more such companies set up here.

Our fledgling high tec sector will only flourish when there is a robust venture capital sector to invest in and support those start up companies that require venture capital.

## **5.0 Long Term Building For Tomorrow**

### **5.1 Innovation Island**

The SDLP believes that a powerful new Economy Department must dovetail and integrate Northern Ireland's long term strategies for economic growth with the Irish Government's strategy to create an "Innovation Island" by intensifying its efforts to develop the best research, innovation and commercialisation system in Europe.

The internet and computer infrastructural systems know no borders.

The SDLP shares the Irish Governments vision for a smart economy North and South believing that by investing and incentivising enterprises associated with the smart economy we can increase exports and create employment.

From earliest school years and throughout our second and third level education systems the Northern Ireland Executive needs to place a much greater emphasis on new technologies.

Further resources and greater emphasis must be placed on STEM subjects at all levels of our education system.

We need to create the environment for further incentivising High tec Foreign Direct Investment industries to set up and expand their business here.

## 5.2 Renewable Energy

The annual turnover of local firms involved in renewable Energy in Northern Ireland is in excess of £2 billion – this is against the backdrop of a limited or concerted government focus.

Manufacturing of wind turbines and associated renewable energy machinery is estimated to be **worth £5 billion in the next 10 years.**

The SDLP is convinced that a better focus on and a stronger connection by government with renewable energy businesses in Northern Ireland can achieve a much greater economy in that sector.

To this end we envisage more significant weight attaching to renewable energy through either a single department dealing with energy or a Junior Minister with energy responsibilities within a powerful new Economy Department.

At present Scotland has created over 80,000 green collar real jobs and in European terms has a major lead in the renewable industry which gives it the potential to create even more.

It is not beyond the capability of Northern Ireland to begin to chase a significant share of that industry and those jobs.

## **5.3 Biotechnology - Life And Health Sciences**

At present the Bio-tec industry employs about 4,000 people here and turns over around £300 million annually.

There are growing opportunities, particularly in relation to Personalised Medicine – using genetic analysis in prevention, diagnosis and treatment of disease.

We have world class research in the life and health sciences field at our fingertips in terms of our two universities and world class like ALMAC and RANDOX.

The SDLP believes that government should take a more strategic view of the potential the Bio-tec field in terms of maximising, not just the research, but the highly paid jobs and the lucrative industrial development that can follow.

## **5.4 Creative Industries**

There is real potential for growing creative industries here and significant benefits are already being derived from the continued investment in attracting high level film and television production to Northern Ireland.

We believe that these incentives should be furthered and even increased. However we believe that our investment must be about helping to nurture talent from within these shores which will further help it grow.

We believe that more conditions should be attached to our financial assistance in ways that will encourage local young acting, writing and production talent

## **5.5 Banking Reform**

The SDLP believes that, because our banks are subject to legislation and ownership from London, Dublin and elsewhere, decisions are often taken in a way that is not in the best interests of Northern Ireland clients and business customers in particular.

This cannot be allowed to continue and while recognising that the Assembly is limited in its legislative authority in this regard neither should it wash its hands of the issue.

Our small businesses need greater support and flexibility from their banks.

The SDLP is proposing a banking performance panel which would help monitor banks and use its influence to appropriate pressure to highlight and combat unfair lending practices.

## 6.0 Actions

The SDLP believes that much more needs to be done in furthering these policy objectives and commits itself to doing all in its power, particularly in the fields of:

- **Agriculture**
- **Renewable Energy**
- **Tourism**
- **Research and Development**
- **Europe**

We believe that current relationships with the EU and the EU commission need to be greatly strengthened.

Europe can be a major market for Northern Ireland goods as well as a major source of key funding for Research and Development specifically through its Framework Seven, and evolving Framework Eight, programme.

The European Bank can be a valuable source of low cost borrowing to facilitate some of the ideas suggested in this paper such as mutualisation of some of our Public Services.

The SDLP commits its elected representatives to develop and carry forward these proposals in Councils, Assembly and in the House of Commons.