

Instead of tax hikes, stop indulging the settlements

Peace Now's proposal to save NIS 1.6 billions, July 2012

Netanyahu's new austerity plan aims to reduce the deficit through an across-the-board budget cut of NIS 800 million. All Israelis will feel the new VAT tax hikes, but one group remains insulated from the majority of the austerity measures: the settlers.

This proposal aims at reducing the settlers' benefits to the same level of the average Israeli citizen in proportion to their numbers in society, not eliminating essential services in the settlements.

Peace Now has noted a few line items that would save the state **at least NIS 1.6 billion** if eliminated.

Highlights of the Peace Now plan:

Government Ministry	Program	Savings in NIS	Source
Funding for Local Authorities	Government funds to the local authorities' regular budget (Min. of Education and Min. of Interior excluded)	310,658,440	CBS, the saving when settlements receive as the average in Israel
Education	Min. of Ed. funds to the local authorities' regular budget for education	102,923,880	CBS, the saving when settlements receive as the average in Israel
Education	Min. of Ed. funds to construct and develop schools in settlements	145,200,000	MOF, data transferred to the American Administration
Education	University in the settlement of Ariel	50,000,000	Minister of Finance announcement
Education	The Higher Education Council – Yehuda & Shomron	115,668	MOE budget, 2011
Industry, Trade & Labor	Special investments in settlements	10,200,000	MOF, data transferred to the American Administration
Water	Special investments in settlements	49,469,772	MOF, data transferred to the American Administration
Agriculture	Special investments in settlements	6,175,076	MOF, data transferred to the American Administration
Settlement Division	Special investments in settlements	43,009,965	MOF, data transferred to the American Administration
Transportation	Special investments in settlements	27,331,445	MOF, data transferred to the American Administration
Transportation	Bus discounts for settlers and ultra-orthodox	35,229,787	Min. of Transportation budget
National Roads Company	Special investments in settlements	279,438,202	MOF, data transferred to the American Administration
Housing	Special investments in settlements	87,768,901	MOF, data transferred to the American Administration
Housing	Construction of two settlements for the Migron settlers	65,869,543	Government decisions and MOH data
Housing	Construction of an alternative settlement for the settlers of Ulpana Hill	7,800,000	Estimate according to the cost of the homes for Migron
Housing	Sawing the buildings of Ulpana Hill	14,000,000	Minimal estimation by the PM
Tourism	Promotion of tourism in the Occupied Territories	785,000	Ministry of Tourism data
Tourism – Heritage Plan	Heritage sites in the West Bank	17,000,000	Government decision
Finance	Compensation to exporters in the Occupied Territories for the loss of tax breaks from the EU	10,830,000	2012 State Budget
Energy	Special rates for electricity produced in settlements	6,450,000	Minimal estimation
Interior	Minister Grants for localities	12,470,000	MOIN data, 2011
Interior	Special Grants for settlements only	124,120,000	MOIN data, 2011
Interior	Balancing Grants for localities	224,296,088	MOIN data, 2011
Interior	Funds devoted to political campaigning	10,382,074	Reports of right wing organizations
TOTAL		1,641,523,841	

Contribution of various government ministries to local authority budgets: savings of NIS 310 million

Various government ministries contribute to the local authority budgets in order to provide education, welfare and other services. According to Central Bureau of Statistics (CBS) figures, the various ministries (Ministries of Education and Interior excluded) gave NIS 606,701,000 to settlements localities, out of NIS 7.4 billion granted to all localities (i.e. 8% of the budget). Had the settlements received funding in accordance to their proportion of the population (i.e. 4% of Israeli citizens), the Government would have saved NIS 310,658,440.

The contribution of all ministries to the settlements is NIS 4,862 per capita; in Israel it is NIS 2,312.



Government contribution to local authorities per capita settlements vs. Israel

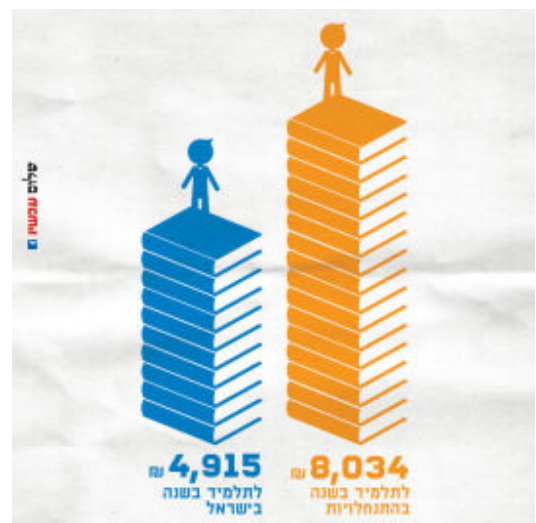
The Ministry of Education – Savings of NIS 298 million

The Ministry of Education grants more to settlements than to Israeli localities, both in the regular budget and in the development and construction budget. According to the CBS, in 2010, the settlements received from the MOEd NIS 401 million out of NIS 7.5 billion granted to all localities as regular budget (i.e. 5.4%). Had the settlements received the funding in accordance to their proportion (i.e. 4% of Israeli citizens), the Ministry would have saved NIS 102,923,880.

In addition, according to the data reported by the Ministry of Finance to the US Administration (see below), the construction and development budget of schools in settlements was NIS 145.2 million in 2011.

The Higher Education Council of the Occupied Territories, which is funded by the MOEd at NIS 115,668, recently approved the declaration of the college in Ariel as a university. The Minister of Finance promised to allocate NIS 50 million for that. College officials estimate that it will take another NIS 160 million to complete the process of establishing the university.

Per pupil, the funding of the MOEd to settlements (in regular budget) was NIS 8,034, whereas in Israel it was only NIS 4,915 (the ultra-orthodox settlements of Beitar Illit and Modi'in Illit excluded). It is worth mentioning that this is only the budget transferred through the localities. There are many other funds that go to the settlements, directly from the MOEd to the schools, especially to religious schools.



Funding by MOEd per pupil, settlements vs. Israel

Ministries of Industry, Agriculture, Water and Settlement Division – Savings of NIS 109 million

In an agreement with the American administration of the early '90s, the Israeli government promised to report the amount in the budget transmitted each year to the settlements, so the administration can offset this sum

provided by the U.S. in loan guarantees to Israel. Following that stipulation, the Finance Ministry has provided the Americans with a calculation of unique government expenditures on the settlements every few months, and the administration deducts an amount from the guarantees granted to Israel based on assessments and amendments they make themselves.

Peace Now received those figures and found that the investment in settlements by the ministries of Trade and Industry, Agriculture, Water and the Settlements Division in 2011 was NIS 108,854,813.

Transportation Ministry and the National Roads Company: Savings of NIS 342 million

The figures transferred to the US Administration show that in 2011 the investment of the Ministry of Transportation in settlements was NIS 306.8 million. An additional NIS 35 million was allocated for bus discounts for “special population” (i.e. settlers and ultra-orthodox). The figures reported to the US Administration do not include construction of intercity roads to the settlements because it is considered an investment for the Palestinians too, not just for Israeli settlers.

Housing Ministry: Savings of NIS 175 million

The figures reported to the US Administration show that in 2011 the investment of the Ministry of Housing in development and construction in settlements was NIS 87.8 million.

In addition, the Israeli Government decided to invest over NIS 65 million in building two alternative settlements for the relocation of the Migron outpost (in Adam and in Winery Hill). The cost of caravillas for the Ulpana settlers was estimated to be at least NIS 7.8 million. The proposal to saw the buildings into 108 pieces and rebuild them someplace else was estimated by the Prime Minister would cost NIS 14 million.

Tourism Ministry: Savings of NIS 18 million

The Tourism Ministry contributes at least NIS 785,000 to publicity campaigns to encourage tourism in the Occupied Territories.

In addition, as part of the Heritage Plan, the government decided to allocate NIS 17 million to the development of sites in the Occupied Territories.

Budget item	Savings in NIS	Comments
Tel Shilo archeological site	5,000,000	As part of the Heritage Plan
Herodion archeological site	9,000,000	As part of the Heritage Plan
Modi'in Illit archeological site	3,000,000	As part of the Heritage Plan
Publicity campaign for tourism projects in the settlements	750,000	West Bank regional councils (500,000) & Jordan Valley councils (250,000)
Contribution to Samaria Business Development Center for the encouragement of tourism	25,000	
Contribution to Gush Etzion organizations for the encouragement of tourism	10,000	
Total	17,785,000	

Finance Ministry: Savings of NIS 10.8 million

Following the decision by the EU to implement the free trade agreement with Israel only for goods produced in Israel and not in the settlements, the Finance Ministry compensates exporters who manufacture in the settlements for the loss of tax benefits in the EU in the amount of NIS 10.8 million every year.

The Ministry of Energy: Savings of NIS 6.45 million

The Israel Electric Corporation allows private parties to generate solar electricity and buys the electricity from them at a rate set by the Ministry of Energy. While the price the IEC pays for a single kWh manufactured in Israel is NIS 1.61, the price in the settlements is NIS 2.04. At a minimum estimate of 15 million kWh a year generated in the settlements, the Israeli government is paying an additional NIS 6,450,000 for the special rate.

The Interior Ministry: Savings of NIS 371 million

In addition to the funds that are transferred to the settlements localities by the different ministries, the Ministry of Interior grants the localities an additional NIS 3.5 billion for balancing their budgets and for development.

In 2011, the MOIN gave NIS 369 million out of the NIS 3.5 billion to the settlements (i.e. 10%) which is 2.5 times their proportion in society. Had the settlements received the funding in accordance to their proportion, (4% of Israeli citizens), the Government would have saved NIS 224,296,088.

In addition the MOIN gave another NIS 12,470,000 as part of “Minister Grants” which allows the Minister discretion to increase funding to localities without specific criteria.

Through the years the MOIN has amassed a list of unique grants that are given only to settlements:

Name of grant	Savings in NIS	Comments
Unique grants to Judea and Samaria authorities	35,000,000	2011 figures
Grants for young settlement	48,271,000	2011 figures
Security grants in light of construction freeze	36,000,000	2011 figures
Supplement because of Oslo Accords	4,849,000	2011 figures
Total	124,120,000	

Reduction of public money devoted to political campaigning – Savings of at least NIS 10 million

The settlement local authorities transfer millions of taxpayers’ Shekels every year to controversial political activity.

Some of the organizations funded by the settlements’ localities:

Organization	Savings in NIS	Source
The Yesha Council	7,065,760	Financial report of the organization, 2010
Shomron Settlers Committee	1,348,834	Financial report of the organization, 2010
Regavim	1,861,987	Financial report of the organization, 2010
Honeinu	66,993	Financial report of the organization, 2010
Legal Forum for the Land of Israel	38,500	Financial report of the organization, 2010
Total	10,382,074	