



Putting Low Income Families First

Sinn Féin Pre-Budget Submission 2007



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EXECUTIVE SUMMARY – PRE BUDGET SUBMISSION 2007

ENDING POVERTY FOR THOSE IN EMPLOYMENT

Having a job is not, of itself, a guarantee that one lives in a poverty-free household. Nearly 14% of households in poverty at present are headed by those with a job - a rate that has doubled over the last decade. Yet there is little focus on addressing the plight of the working poor.

Sinn Féin proposals

- Increase the minimum wage to €9.30 from January 1st 2007 so that it represents 60% of the projected average industrial wage for 2007.
- Keep all those on the minimum wage out of the tax net based on the increased minimum wage rate to be introduced from the 1st January 2007. **Cost: approx €915m**
- Keep those on or below the average industrial wage of €31,322.20 within the standard rate tax band. **Cost: €140m**
- Increase the Family Income Supplement by €68 per week as proposed by Combat Poverty. **Cost: €49m.**
- Simplify application procedures for the Family Income Supplement and ensure that awareness of the FIS is promoted and that Citizen's Centres play a role in assisting those who need assistance in completing the forms.

INCREASED SOCIAL PROTECTIONS FOR THOSE OUT OF WORK OR WORKING IN THE HOME

A total of 976,613 people, or about 23% overall population, were in receipt of a weekly social welfare payment at the end of 2005, and many experience poverty and deprivation.

Sinn Féin proposals

- An increase of €35.50 in the lowest rates of social welfare. **Cost: €1,081million**
- An increase of €34.80 in the social welfare pension / State Pension (Non-Contributory). **Cost: €182m**
- Remove the means test in respect of the State Pension (Non-Contributory) and define it as

taxable income but where tax credits would ensure that pensioners did not have a tax liability where the basic pension was their only income.

- Double the living alone allowance to €15.40 **Cost: Aprox €61.5m**
- Increase child benefit by €10 a month. **Cost: €139million**
- Increase Child Dependent Allowance (CDA) to a single weekly figure of €30 for all recipients. **Cost: €180m**
- Maternity benefit to be increased to 100% of income plus an increase in the bottom rate to €216.80 and the top rate to €309.70. **Cost: €36m**
- Ensure that proposed reforms replacing the One Parent Family Payment(OPFP) with a Parental Allowance(PA) is accompanied by adequate education/training and childcare supports.
- Do not reduce the income disregard for PA to €120 from the €146 which currently applies to the OPFP.
- No implementation of a cut off point from the PA when children reach the age of 7.
- The introduction of a cost of Disability Payment of €40 per week for people with disabilities regardless of whether they are in work or not. **Cost: approximately €620 million**
- Introduce a right to work for asylum seekers while asylum applications are in process

HELPING THE LESS WELL OFF COPE WITH RISING COSTS

Rising energy costs, including increases in ESB, gas and fuel costs, are causing hardship to those already suffering from fuel poverty, and to those on low incomes who simply do not have the ability to absorb these increased costs.

Housing

- Provision for annualised social housing construction in line with the NESC recommendations.
- Ring-fence a minimum of €500 million from stamp duties for the construction of additional units of social housing as above.
- Increase the maximum Mortgage Interest Relief available for first time buyers on, or below, the average industrial wage from €800

to €1200 per annum for single people and from €1600 to €2400 per annum for widowed/married people.

- Disabled Persons Housing Grant to cover the full cost of alterations and to be based purely on the criteria of need. Allocation for DPG to be increased by €35m to €105m.

Tackling Food Poverty

- The introduction of a weekly free or heavily subsidised 'farmer's box' of fruit and vegetables to be delivered to those at risk of suffering from food poverty
- As a first step towards a comprehensive state-wide school meals programme, provide the funding to enable all 875 schools identified as disadvantaged under the Delivering Equality of Opportunity in Schools (DEIS) action plan to provide both nutritional breakfasts and lunch to students 5 days a week.
- Additional funding for meals on wheels to create a proper state-wide service to meeting the needs of older people who are unable to prepare their own meals.

Heat and Electricity

- Low Income Full Cost Residential Renewable Energy Grants for Fuel Allowance recipients
- Extension of the Warmer Homes Scheme
- In order to ensure fair electricity prices, and energy regulation in the public interest reverse recent ESB hikes.
- Provide those on social welfare payments, and families eligible for FIS, with either a weekly fuel allowance payment of €25, or the equivalent in an allowance for units of electricity and gas, and extend the fuel allowance from the beginning of September to end of April - for 34 weeks instead of the current 29 weeks. **Cost: approximately €85m**

COSTS ASSOCIATED WITH WHAT SHOULD BE FREE PUBLIC SERVICES

- Increase the income threshold qualification for full medical card coverage to above the poverty line, thus extending qualification to all incomes below the 60% median income.
- Immediate extension of medical card eligibility to all under 18 as a key measure to address gross inequality and real hardship in our health system. **Cost: approximately €223**

million.

- Create a new Back to School Allowance by absorbing the current Back to School Clothing and Footwear Allowance into a new payment and adding an additional payment for books and other expenses to more accurately reflect the true yearly cost of sending a child to school as proposed by Saint Vincent de Paul.
- As an immediate interim first step the introduction of universal pre-school session of 3.5 hours per day, five days a week for all children in the year before they go to school.

(1) INTRODUCTION

The Government is currently spending more than €62 billion a year. Since 1998, it has recorded cumulative surpluses of almost €40 billion.

The wealth exists in this state to provide a first-class health service, to build sufficient housing to abolish waiting lists, to eliminate poverty in this generation, and to provide a proper standard of living for all our people.

But yet, there are still approximately 100,000 children living in consistent poverty. Nearly 44,000 families are on social housing waiting lists. Approximately 62,000 households are living in persistent fuel poverty and hundreds of patients left on trolleys every day.

Prices are rising far faster than wages or benefits. Average childcare costs range from €200 to €350 per week per child. Following the approval of a 19.7% increase in ESB prices, the average electricity bill will increase from €740 to €890 in January. Gas bills will rise to almost €1,700 from €1,260. In November the average price paid for a house state-wide was €308,179 while in Dublin it was €419,809.

Like Connolly, Sinn Féin has no sympathy with “...those who measure a nation's prosperity by the volume of wealth produced in a country, instead of by the distribution of that wealth amongst the inhabitants.”

The economic prosperity built by Irish workers has been squandered to create a nominally low-tax economy but along with extraordinary affluence, has come unprecedented levels of inequality and exclusion. Having a job and being poor are not mutually exclusive due to the prevalence of low paid workers.

We recognise that spending on social protections and public services has increased over recent years and while this is welcome it is not sufficient as the government is starting from an extremely low base following decades of systematic underfunding. Many capital projects have gone hundreds of millions of euros over-budget while

more of the people's money is frittered away on vanity projects or the debacle over electronic voting.

More public money is channelled to the private sector. The Estimates last week saw a 58% increase in Public Private Partnership costs in the education sector alone. Public land is sold off to developers instead of used to provide social housing. Aer Lingus, a key strategic asset, is thrown to the vagaries of the market for a pittance and then the subject of a hostile takeover bid to the surprise of no-one except Minister Cullen.

The failure that is represented by these facts and statistics is nothing other than a failure of political will.

It is exemplified by the fact that the life chances of children today are still significantly influenced by the economic and social position of their parents. The UN Development Programme's Human Development Report 2006 published in early November placed the 26 counties at 17th out of 18 selected high-income OECD countries in its human poverty index.

The Government has been in a position for many years to introduce decisive measures to improve the plight of low incomes families by concentrating budgetary measures on improving the standard of living of all those on or below the average industrial wage. It has chosen not to do so. Instead successive income tax cuts have benefited high income individuals more (in real terms) than those on low-incomes while tax expenditures have re-distributed wealth in favour of the already wealthy.

For Budget 2007 Sinn Fein proposes to prioritise households on low and average incomes, help them cope with rising costs, ensure access to high quality public services, strengthen social protections, make the tax system more redistributive and progressive by eliminating unfair advantages for the better off. Budget 2007 needs to ensure an adequate standard of living for all and that includes ensuring adequate food, clothing, housing and a continuous improvement of living conditions. These are not only the rights of the Irish people but obligations of the Irish Government under international human rights law.

The revenue now exists to lift people out poverty [1] - to address fuel and food poverty - both by improving incomes of those who rely on social welfare and the minimum wage, and by specific schemes to offer immediate relief to those affected.

As a society, we have both the wealth and the capacity to do this. The question Minister Cowen can answer on Budget Day, is whether this Government has the will to do so.

(2) TOWARDS AN ADEQUATE INCOME FOR ALL

The right to an adequate standard of living is explicitly stated in a number of international treaties to which this state is a signatory, including the UN Convention on Economic, Social and Cultural Rights (1996). A 'decent standard of living' would include the ability to afford a decent quality, and adequate quantity, of essentials including housing, food, clothing, utilities and transport; and the ability to have access to recreation and to be able to participate in cultural life.[2] Sinn Féin argues that this Budget should aim towards ensuring an adequate standard of living for all. While it may not be possible to do this in one budget, a timeframe for its achievement should be set out. This can be done within the framework of the budgetary announcement.

The numbers experiencing poverty demonstrate that a significant proportion of the population does not have an adequate income. In 2005 almost one in five of the population was at-risk-of-poverty, while 7% were found to be in consistent poverty.[3] People living alone and members of lone parent households are most at risk at more than one in three and almost half respectively. Also among those most at risk are households with a large number of children, those lacking educational qualifications, and the unemployed and ill or disabled. While those depending on social transfers make up a large proportion of the consistently poor, a significant minority of the poor are in households where the household head is in employment. It is Sinn Féin's objective to ensure that

rewarding, fairly paid, employment is available to every worker and to ensure income security for those not in the workforce. We strive towards a situation where everyone enjoys as of right a comfortable standard of living and has a dignified, productive and well-paid job, can retire with sufficient income and not be forced by financial necessity to work, or to live in destitution, in old age.

(I) ENDING POVERTY FOR THOSE IN EMPLOYMENT

Having a job is not, of itself, a guarantee that one lives in a poverty-free household. Nearly 14% of households in poverty are headed by someone with a job - a rate that has doubled over the last decade.[4] Yet there is little focus on addressing the plight of the working poor. The absence of a commitment to addressing low pay was confirmed by the failure of the social partnership process, as an established system for dealing with wage increases, to put any focus on this issue. Under the most recent social partnership deal 'Towards 2016', in addition to the increase of 10% over 27 months (working out at annualised increases of 4.4%) for all workers, low paid workers got a miserly half per cent additional pay increase or about 80 cents per week extra. There is no review clause within the deal and no local bargaining provisions. This means that there is no mechanism to counter the effect of prolonged and increased inflation such as we are now beginning to experience.[5] To put the increases under 'Towards 2016' in perspective, while the 10% increase under this deal works out at annualised increases of 4.4%, the annual rate of inflation averaged 3.8% for the first nine months of 2006.

The failure to tackle low pay as part of 'Towards 2016' demands that the Government ensures that assisting the working poor is a key priority within Budget 2007. Sinn Féin proposes that this be done through a substantial increase in the minimum wage, and by increasing the thresholds in respect of the Family Income Supplement.

Assisting those trapped in low paid employment, in addition to the proposals set out in this submission, will require the eradication of illiteracy and the extension to all workers' of educational and training opportunities that enable each to reach his or her full potential.

Minimum wage

The one significant measure to tackle low pay that was introduced in recent years is the minimum wage. This is the legal minimum rate of pay a worker can be paid per hour and is intended to act as a labour price floor.

When first introduced in April 2000, as a result of campaigning by the trade union movement and others including Sinn Féin, the minimum wage of £4.40, or €5.59, represented 54% of average industrial earnings. The minimum wage rate for an experienced adult employee was increased from €7 per hour to €7.65 euro per hour on May 1st 2005. By June 2006 the minimum wage represented just 50.83% of the average hourly industrial wage which had increased to €15.05.[6] In all likelihood by the end of the year the minimum wage will represent less than 50% of the average industrial wage.

The new social partnership deal 'Towards 2016' commits to an increase in the minimum wage from January 2007 but does not indicate to what rate it will be increased. The Irish Congress of Trade Unions, in a submission to the Labour Court, has argued that a significant rise in the minimum wage is necessary in order to keep pace with wage growth and price rises since 2005, when the wage was last adjusted, and to prevent the emergence of a two tier workforce. According to ICTU General Secretary David Begg, the number earning the minimum wage has increased by 40% since its introduction in 2000 to more than 100,000 employees. The minimum wage needs to be subjected to a mandatory annual cost of living adjustment (COLA) to keep workers out of poverty.

It is Sinn Féin's view that a benchmark of 60% of Gross Average Industrial Earnings (GAIE) should be set for the minimum wage rate. The increased minimum wage rate due to come into effect from 1 January, 2007 should correspond with this benchmark and should be based on the average industrial wage as projected by the ESRI Medium Term Review 2005-2012 published in December 2005 for 2007.

People on low incomes should pay less tax. This is central to Sinn Féin's proposals to create a more progressive tax system. Below we propose tax cuts for those on low and average incomes.

Family Income Supplement

Family Income Supplement (FIS) is a weekly tax-free payment for families, including one parent families, at work on low pay. To qualify you must be in full-time employment, work at least 19 hours every week or 38 hours every fortnight, have at least one child living with you or supported by you, and your average weekly family income is below the income limits that are based on family size. The income limits range from €465 for a family with one child to €905 for a family with eight or more children.[7] FIS is paid at 60% of the difference between a family's average weekly income and the income limit based on family size. Take-up is low however at 30- 40% - therefore thousands of families are missing out. A twelve page application form for the payment has been identified as one of the deterrents.

To ensure that this measure continues to play a role in assisting the working poor, at a minimum the income limits need to be increased in line with the growth in average industrial earnings. Sinn Féin believes the thresholds for the Family Income Supplement should be increased by €68 per week as proposed by Combat Poverty in their Pre-Budget submission.

Sinn Féin Budget Proposals

- Increase the minimum wage to €9.30 from January 1st 2007 so that it represents 60% of the average industrial wage as projected by the ESRI Medium Term Review 2005-2012 published for 2007.
- Keep all those on the minimum wage out of the tax net based on the increased minimum wage rate to be introduced from the 1st January 2007. **Cost: approx €915m.[8]**
- Keep those on or below the average industrial wage of €31,322.20 within the standard rate tax band. **Cost: €140m.[9]**
- Increase the Family Income Supplement thresholds by €68 per week as proposed by Combat Poverty. **Cost: €49m.[10]**

- Simplify application procedures for the Family Income Supplement and ensure that awareness of the FIS is promoted with Citizen's Information Centres playing a role in assisting those who need help in completing the forms.

Sinn Féin Revenue Boosting Proposals

- Introduce a 50% tax rate on high income earners with incomes of over €100,000.
- End the ability of high income individuals to declare themselves "non-resident for tax purposes".
- End all tax exemptions except where the economic and social value outweighs the cost to the exchequer of the exemption and in such cases the exemption should be at the minimal rate necessary to bring about the goal for which it was introduced.
- Increase in corporation tax from 12.5% to 17.5%. (According to the Department of Finance, the cost to the Exchequer of corporation tax forgone as a result of the reduction in the standard rate of corporation tax from 16% to 12.5% was €400m per annum at the time of the cut).[11]

(II) INCREASED SOCIAL PROTECTIONS FOR THOSE OUT OF WORK OR WORKING IN THE HOME

A total of 976,613 people, or about 23% of the overall population, were in receipt of a weekly social welfare payment at the end of 2005.[12] In 2005, the main areas of expenditure by programme group were: Old Age (24%), Child Related (17%), Illness, Disability and Caring (17%) and Widows, Widowers and One Parent Families (16%).

Social protections are not adequately assisting people not in work, or working in the home, to achieve adequate incomes. In 2005 social transfers only reduced the risk of poverty by 18%, compared with an average of 25% across the EU as a whole.[13] This was one of the highest rates in the EU. It highlights the fact that the effect of pensions and social transfers on reducing the at-

risk-of-poverty rate is low in this state compared with other EU countries.

As part of a Combat Poverty Agency Research Seminar in October 2004, Tim Callan and Brian Nolan of the ESRI in a presentation on Relative Income Poverty Risk: What Ireland Can Learn from the Best-Performing Countries, identified a number of broad elements needed for success in reducing relative income poverty risk. These are enhanced education and employment opportunities and improved income supports. They also pointed out that countries which are successful in reducing poverty have comprehensive welfare system, high payment rates and high employment rates.

The Government will have to increase spending on social protections if it wants to reduce poverty.

A paper entitled Child Poverty and Child Income Supports: Ireland in Comparative Perspective by Tim Callan, Kieran Coleman, Brian Nolan and John R. Walsh as part of the ESRI's Budget Perspectives 2007 looks at the remarkable achievements of the Scandinavian countries in tackling child poverty. In 2004, according to Eurostat figures, the Scandinavian Countries (Norway, Denmark, Finland and Sweden) had the lowest rates of overall income poverty and rates of child poverty were, if anything, lower. The study pointed out that their exceptional performance in reducing child poverty was not due to exceptionally high child income supports but to the overall high levels of payment to those on social protection. It argues that the problem with child poverty elimination policies which seek to deal with child poverty primarily through child income support is that children are not poor on their own - they have a parent or parents living in poverty with them. Avoidance of poverty requires that parents have adequate incomes too. The proposal below seeks to advance us towards such a position.

The Lowest Rates of Social Welfare [14]

A target was set under the National Anti-Poverty Strategy (NAPS) Review 2002 to achieve a rate of €150 per week in 2002 terms (equivalent to 30 per cent of Gross Average Industrial Earnings in 2002) for the lowest rates of social welfare by 2007 and the appropriate equivalent level of basic

child income support (i.e. Child Benefit and Child Dependent Allowances combined) to be set at 33%-35% of the minimum adult social welfare payment rate. Following Budget 2006 the current minimum social welfare rate is €165.80 a week.

It is Sinn Féin's firm view that it is time now to set a new longer term benchmark against which the evolution of social welfare rates can be measured. Work on developing such a benchmark needs to start now. Sinn Féin is proposing that a new short term target of 35% of Gross Average Industrial Earnings by 2008 for the lowest rates of social welfare be set. Budget 2007 should aim to progress mid-way towards this target by delivering a rate of 32.5% of Gross Average Industrial Earnings.

Using GAIE growth rates from the ESRI Medium Term Review 2005-2012, published in December 2005, the minimum rate of social welfare at 32.5% of GAIE would be €201.30, an increase of €35.50.

Sinn Féin Budget Proposal

- An increase of €35.50 in the lowest rates of social welfare. **Cost: €1,081million[15]**

Pensions

Older people also continue to experience poverty and deprivation. Pension rates are insufficient to ensure that older people have adequate income to live on. Income inadequacy results in elderly people cutting back on essentials such as food and heat.

Statistics demonstrate not only a high reliance on public pension schemes, but that pensions are paid at low rates compared to European norms.[16]

The ESRI Living in Ireland Survey 2000 data showed that over 90% of all pensioners in the 26 Counties received a social welfare pension in 2000 and that the amount they received provided more than half their retirement income. Results from the 2004-2005 Family Resources Survey show that one half of the weekly household income in one adult pensioner households, and approximately one third of weekly household income in two adult households with at least one pensioner,

comes from State Retirement Pension.

The results of the 2006 EU Survey on Income and Living Conditions (EU-SILC) indicate that over one fifth of persons aged 65 and over are on incomes of less than 60% of average income and this is after social transfers like pensions are included. European studies have found that differences in pension rates explain 57% of the difference in risk-of-poverty rates for those 65+.[17] This state is among only five of the EU 25 states which has median public pensions of less than 60% of median earnings.

While the old age pension rate has remained low for public pensioners, higher paid workers and the wealthy have been able to take advantage of excessively generous tax incentives for private pension savings. This is totally unfair, since all workers pay higher taxes to support these tax breaks, yet only a tiny minority benefit.

The total cost of tax relief's on private pension contributions in the 26 Counties was €51 million in 1980-81. By 2002 the cost had increased to **€2.75 billion.[18]** We need to end this regressive income redistribution in favour of the better off by phasing out these costly and unjust tax expenditures. The revenue consumed by these tax incentives needs to be redirected at augmenting the old age pension to keep pensioners out of poverty. The most recent figures available from the Department of Finance show that the average income of those who availed of tax breaks for private pensions in 2002 was €67,119, or over 2.5 times average industrial earnings at that time.[19] A mere 1,300 or 0.3 per cent of the lowest earning 20 per cent of income earners on tax records availed of this relief while 57,600 or 15.8 per cent of the highest earning 20 per cent of income earners availed of relief under 'Retirement Annuity Contracts' in 2002.[20] Statistics are not available for those who availed of tax breaks in respect of other forms of private pensions.

At present the maximum rate of the old age contributory pension is €193.30 (32% of GAIE) while the maximum rate for the social welfare pension is €182.00 (30.2% of GAIE). A living alone allowance of €7.70 per week is paid for people aged 66 or over with an extra allowance of €10.00

a week for people aged 80 or over.[21] The living alone allowance has not been increased since 1996. It is a measure which exists in recognition of the fact that older people living alone are in a worse financial position compared to other types of households with older people and in recognition of the additional costs, relatively speaking, associated with living alone i.e. the cost of heating a home based on one income.

The National Anti Poverty Strategy (NAPS) contained a commitment to raising the non-contributory pension to €200 by 2007. This benchmark, while welcome at the time because it signalled an intention to incrementally increase the non-contributory pension, is not an adequate target where the goal is to enable older people to have sufficient income to live.

Sinn Féin is therefore seeking significant pension reform. We believe that in order to ensure adequate income in retirement there needs to be a basic non-means tested pension for all people of retirement age. We are proposing that this basic pension would be defined as taxable income but tax credits would ensure that pensioners did not have a tax liability where the basic pension was their only income. This would ensure that while all would receive the basic pension it would be of most benefit to those without other means. A universal pension funded out of the general taxation system would be progressive, redistributive and would ensure independent pensions for all men and women. Such pension schemes already exist in a number of countries. For example, Finland has a national guaranteed non-means tested pension based on residence, which puts a floor under the income replacement social insurance pension.

Under the pension reform being proposed by Sinn Féin, the basic pension would be augmented by a second tier of pensions related to social insurance contribution (under which 'home makers disregards' would be replaced with gender neutral 'Carers' Credits' for years spent on caring duties). This process needs to start with improvements in the social welfare pension and the replacement of homemakers disregards with carers credits.

Sinn Féin is proposing setting a new short term

target of 40% of Gross Average Industrial Earnings (GAIE) by 2008 for the social welfare pension. Budget 2007 should aim to progress mid-way towards this target by delivering a rate of 35% of Gross Average Industrial Earnings (GAIE). Using projected GAIE growth rates, as above, the social welfare pension at 35% of GAIE would be €216.80, an increase of €34.80.

Sinn Féin Budget Proposals

- An increase of €34.80 in the social welfare pension / State Pension (Non-Contributory). **Cost: €182m.[22]**
- Remove the means test in respect of the State Pension (Non-Contributory) and define it as taxable income but where tax credits would ensure that pensioners do not have a tax liability where the basic pension is their only income.
- Double the living alone allowance to €15.40 per week. **Cost: Approx €61.5m.[23]**
- Replace 'home makers disregards' in respect of the old age contributory pension with gender neutral 'Carers' Credits' for years spent on caring duties.

Sinn Féin Revenue Boosting Proposals

- Phase out unjust tax breaks for private pensions.

A significant immediate curtailment of the tax incentives for occupational pensions, PRSAs and approved retirement funds with the objective of eliminating these incentives within a timeframe of no longer than 5 years and the redirection of this funding into the basic non-means tested pension.

Children and Parents

Children

There are still approximately 100,000 children living in consistent poverty in this state. In order to assist those children most in need Sinn Féin is proposing standardising the three weekly rates of

payment of Child Dependent Allowance to a single figure of €30 per child and to increase Child Benefit by €10 a month to €160 for first and second children and to €195 for third and subsequent children. The value of CDA has decreased dramatically since it was frozen in 1994, from 71% of the total child income package at that time, to 30% in 2006.[24] While child benefit is paid to all families regardless of means, Child Dependent Allowance is paid to welfare dependent families, making it a more targeted mechanism for supporting children at risk of poverty. Therefore it clearly makes sense to now put the emphasis on improving CDA.

Sinn Féin Budget Proposals

- Increase child benefit by €10 a month. **Cost: €139million.[25]**
- Increase Child Dependent Allowance (CDA) to a single weekly figure of €30 for all recipients. **Cost: €180m.[26]**

Parents

Maternity and Paternity Benefit

The weekly rate of Maternity Benefit is calculated by dividing gross income in the relevant tax year by the number of weeks actually worked in that year. At present 80% of this amount is payable weekly, subject to a minimum payment of €182.60 and a maximum payment of €265.60.

These levels do not represent adequate income replacement for new mothers when one considers the financial commitments facing most families and in particular mortgage repayments which are growing due to rising inflation. Sinn Féin is seeking progressive improvements in maternity benefits.

Maternity Benefit should be paid at 100% of earnings subject to, at a minimum, a bottom rate of payment which represents 35% of GAIE and a top rate which represents 50% of GAIE. This would mean increasing the bottom rate to €216.80 and the top rate to €309.70.

Sinn Féin has proposed the introduction of 4 weeks paternity leave. This should be paid at the

same rate as Maternity Benefit, as should the payments which ought to be introduced in respect of parental leave.

One-Parent Family Payment

Those living in lone parent households had the highest deprivation levels in 2005 with almost 60% reporting deprivation in respect of at least one of the eight deprivation indicators.[27] The One-Parent Family Payment (OPF) is a payment for men and women who are bringing children up without the support of a partner. It is payable to an unmarried person, a widow(er), a prisoner's spouse, a separated or divorced person, or one whose marriage has been annulled. It is subject to certain conditions, including a means test. If you are divorced or unmarried, you must also have attempted to seek maintenance from the child's other parent. The Government has proposed significant changes to the One Parent Family Payment. While there is widespread agreement that the One Parent Family Payment needs to be reviewed, a number of issues arise in relation to the proposals. The Government proposes to abolish the One Parent Family Payment and replace it with a new means tested Parental Allowance, which can be paid to all low-income families at the same rate as the current One Parent Family Payment (€165.80). The co-habitation condition will be abolished.

Under the proposed reforms once the youngest child reaches the age of seven the Parental Allowance stops. The theory is that the parent will move on to education, training or employment, or a scheme such as the Back to Work Allowance or the Back to Education Allowance. If none of these options are available or taken up, the parent will move onto Unemployment Assistance. Under the proposal, a solo parent must be available for work for 19 hours a week to qualify for Unemployment Assistance. Those in receipt of Parental Allowance would be allowed to earn up to €120.00 per week without it affecting their payment. This is a drop from the current income disregard for the One Parent Family Payment of €146.50.[28] Also, under the proposals, the upper income limit for Parental Allowance would be increased to €400 per week (already increased from €293 to €375 in Budget 2006).

Sinn Féin welcomes the removal of the co-habitation rule, which has been proposed as part of the planned reforms to the One Parent Family Payment. However we have expressed our concerns regarding other changes, including the proposals to limit the duration of the payment. This represents a form of threat - all lone parents must be enabled to participate in society but a policy of coercion is wrong. Twenty-three per cent of lone parents have no formal education. The proposals from Department of Social and Family Affairs fail to demonstrate how these parents will be supported in making up the lost ground educationally, raise their children and return to the workplace all before their child is seven. There is a popular misconception that most lone parents don't work. The reality is that 60 per cent of those receiving the One Parents Family Payment work, but a majority are in low-paid employment. There needs to be a commitment from FÁS or the Department of Education to introduce part-time training to facilitate these people. Without adequate education and childcare supports these 'reforms' have the potential to actually worsen the situation of those who presently rely on these supports.

Sinn Féin Budget Proposals

- Maternity benefit to be increased to 100% of income plus an increase in the bottom rate to €216.80 and the top rate to €309.70. **Cost: €36m.[29]**
- Introduce paternity leave and parental leave to be paid at the same rate as maternity benefit. **Cost: approximately €74.5m.[30]**
- Ensure that proposed reforms replacing the One Parent Family Payment with a Parental Allowance are accompanied by adequate education/training and childcare supports.
- Do not reduce the income disregard for PA to €120 from the €146.50 that currently applies to the OPFP.
- No implementation of a cut off point from the PA when children reach the age of seven.

Sinn Féin Revenue Boosting Proposals

- Abolition of the employee PRSI ceiling because it is regressive. At present those over the ceiling pay a smaller proportion of gross income in PRSI than those earning under the ceiling, while both receive the same benefits.[31] It is estimated that the abolition of this ceiling would yield some €238.2 million in additional revenue to the social insurance fund in a full year.[32] **Revenue boost: €238.2m.**

People with Disabilities

People with disabilities are a specific low income group which experiences disproportionate rates of unemployment and poverty. Specific measures are therefore necessary in order to assist people with disabilities.

Both the Commission on the Status of People with Disabilities and the National Economic and Social Council have recommended the introduction of a **Cost of Disability Payment**. This is in recognition of the fact that people with disabilities incur extra costs as a result of their disability. The Report of the Commission for the Status of People with Disabilities entitled A Strategy for Equality recommended that this payment should be made to people with disabilities 'irrespective of whether the person is at work or not'. That report was published 10 years ago, yet this key recommendation has yet to be implemented.

The National Disability Authority commissioned and published research on this issue, which it published in 2004. That report found that the extra cost of living imposed by disability was approximately €40 per week. Sinn Féin is calling for the introduction of a cost of disability payment at this rate.

In addition to ensuring people with disabilities have an adequate income and are assisted in accessing employment, it is important that those organisations which contribute significantly to improving the quality of life for people with disabilities are adequately supported. The important contribution of Special Olympics Ireland in this regard was clear for all to see when Ireland hosted the Special Olympics in 2003.

However the work of Special Olympics Ireland is being threatened by funding shortfalls. It is seeking an increase of €3.3 million annually to address a projected shortfall in funding and to provide for sustainability and growth over the next five years. Sinn Féin supports this demand.

Sinn Féin Budget Proposal:

- The introduction of a Cost of Disability Payment of €40 per week for people with disabilities regardless of whether they are in work or not. Cost: approximately €620 million.[33]
- Increase funding to Special Olympics Ireland by approximately €3.3 million annually.

Refugee Families

The Irish Refugee Council has highlighted the poverty faced by asylum seekers. It is illegal for asylum seekers to enter into paid employment and they therefore must depend exclusively on Direct Provision, which is hostel accommodation, full board and a weekly payment of €19.10 for adults and €9.60 for children.

This discriminatory system has been described as leading to physical, economic and psychological marginalisation of refugee families. It results in these families experiencing poverty and having to cope with difficulties clothing and feeding themselves and their children.

The poverty experienced by refugee families has been exasperated by the introduction in May 2004 of the Habitual Residency Conditions (HRC), which deny child benefit payments to newly-arrived asylum seekers, among others. This change also hurts migrant workers, and their families, many of whom are in low paid employment.

Sinn Féin Budget Proposals

- An end to the system of Direct Provision.
- Introduce a right to work while asylum applications are in process.
- Abolition of the habitual residency requirement for child benefit.

Sinn Féin Revenue Boosting Proposals

- By giving asylum seekers the right to work they will pay tax and therefore contribute revenue to the Exchequer.

(3) HELPING THE LESS WELL OFF COPE WITH RISING COSTS

Low and average income households consume a greater proportion of their income on daily necessities such as food, heating, housing and transport. For example the poor spend twice as much on fuel, as a proportion of income as average.[34] Inflation hits these households hardest.

Consumer Price Index (CPI) inflation measured 4.0% in September, having reached a height of 4.5% in August. Interest rates stood at 3.37% at the 31st October 2006 - a sharp rise from the 2.26% at which it stood a year earlier. These levels of inflation are placing a huge burden on those who had to borrow excessively for overpriced houses at a time when inflation was at a much lower rate. On top of this, increases sanctioned by the energy regulator are beginning to bite. In recent months increases in both ESB charges and gas costs have been announced. Those on low incomes simply do not have the ability to absorb these increased costs. It is worth noting that in 2005, almost 40% of persons in lone parent households reported having debt problems, along with 15.3% of persons in 'other households with children' and 10.2% of households with '2 adults and 1-3 children'.[35]

Below we put forward proposals to assist those on low and average income cope with rising housing and energy costs. We also put forward proposals to tackle food poverty and to redress costs associated with what should be free public services.

(I) HOUSING

Access to adequate housing is widely recognised a fundamental human right and as such, the Government has a responsibility to ensure that everyone is able to secure housing for themselves and their families. Those on low and average incomes, and would-be first time buyers, face the greatest difficulties in securing housing. Adequate units of social housing are not being delivered. Nothing effective has been done to combat house price increases and to make housing affordable. The wealth of recent years, including the revenue generated by the property sector, has not been used to house those languishing on social housing waiting lists. Consequently while some people are forced into low quality, high cost private rented accommodation, others are forced out of their own communities into vast commuter belts.

The most recent housing needs assessment carried out in 2005 shows that at the time the assessment was carried out there were nearly 44,000 families identified as being in need of social housing. According to the Department of Finance Bulletin for November 2006 the average price paid for a house state-wide is now €308,179 while the average price paid for a house in Dublin is €419,809. According to the Permanent TSB/ESRI House Price Index, national house price inflation was 15% in the twelve months to September 2006, compared to 7.2% in October 2005.

In its Financial Stability Report 2006 the Central Bank estimated that house prices were overvalued by at least 14%.^[36] If this, which some would consider an underestimation, is correct it would mean (based on the average house prices above) that houses across the state are overpriced by an average of €43,145 while houses in Dublin are overpriced by an average of €58,773. The Central Bank report warned that a continuation of high increases in house prices, along with increasing interest rates, is contributing to a deterioration in affordability in the housing market; that the vulnerability of heavily indebted households to interest-rate hikes has increased; and that repayment burdens for existing and prospective house buyers will increase significantly if market expectations for interest rates are realised; and house prices continue to grow strongly. These new

burdens will be particularly onerous for recently mortgaged households.

The NESC Report on Housing recommended a net increase of 73,000 units of social housing between 2005 and 2012 in order to meet social housing needs.^[37] The NESC has estimated that this will cost in the order of €1.4 billion per year in 2004 terms or an additional €500 or €600 million per year above existing capital expenditure.^[38] In order to meet this target by 2012, approximately 12,000 additional social housing units a year need to be built.

Property as an investment has been hugely promoted and boosted under the present administration. Recent figures from the Central Statistics Office show that as many as 275,000 houses in the state, equivalent to 15% of the total housing stock, lie empty.^[39] In May 2005, Davy Stockbrokers estimated that in the first half of 2004 six out of ten houses/apartments were built as second/holiday homes, or were built as investment properties for which no tenant was found.^[40] This has had severe and detrimental consequences for first time buyers who are forced to compete with wealthy investors when they are trying to secure housing. In the face of such competition first time buyers find themselves priced out of the housing market. Government intervention needs to ensure that the houses that are built go to those in need of a home and not to those seeking to make profit from investing in property. This requires measures to reduce investor led demand in the housing market. Notably, the ESRI report on the Ex-ante Priorities for the National Development Plan 2007 - 2013 published in October 2006 recommended using the tax system to reduce private sector demand for the output from the building sector. Sinn Féin supports this approach.

The disabled and elderly need assistance to help meet the cost of essential modifications to their homes. The Disabled Person Housing Grant (DPG) was established to make such alterations possible with the least financial burden on people with disabilities and their families.^[41] Sinn Féin has long been calling for reform of this scheme, which is not effective as it fails to cover the full cost of alterations and under-funded councils have to find one third of the cost from their own budgets. The

maximum limit of €20,230 does not take into account the cost of the building work. The serious deficiencies in this scheme cause very real hardship for people who need essential, and often times costly, modifications. We have called for grants to cover the full cost of alterations and for the grants to be based purely on the criteria of need. Sinn Féin therefore supports the demand from Disability Federation Ireland for the Government to increase the overall allocation to DPG by €35million to €105 million.

Government policy must focus on ensuring that the revenue generated from the property boom is utilised to clear the social housing backlog and must ensure that taxation policies give first time buyers an advantage over investment buyers from whom they face direct competition. It must also ensure that funding is available for the repair and maintenance of local housing stock and enable all those who need it to avail of Disabled Person Housing Grants to cover the full cost of essential modifications.

Sinn Féin Budget Proposals:

- Provision for annualised social housing construction in line with the NESC recommendations.
- Ring fence a minimum of €500 million from stamp duties for the construction of additional units of social housing indicated above.
- The initiation of a ‘housing maintenance and repair needs assessment’ of all local authority housing stock, and a commitment from the Government to provide whatever revenue is necessary to carry out such repair and maintenance.
- Increase the maximum Mortgage Interest Relief available for first time buyers on or below the average industrial wage from €800 to €1200 per annum for single people and from €1600 to €2400 per annum for widowed/married people.[42] **Cost: approximately €8m.[43]**
- Disabled Persons Housing Grant to cover the full cost of alterations and to be based purely on the criteria of need. Allocation for DPG to be increased by **€35m** to €105m.

Sinn Féin Revenue Boosting Proposals

- Introduce a tax on second properties.
- Increase Capital Gains Tax from 20% to 40%.

(II) TACKLING FOOD POVERTY

We are among the wealthiest states in the world. We have come a long way since the Famine years of the nineteenth century. There is no shortage of food here. Yet in this food rich state there are people in our midst who continue to be under-nourished, and who continue to suffer from food poverty. Just as in 1847, it is not a question of shortage of supply - it is a question of access and affordability, to healthy food in particular.

People experience food poverty where they lack an adequate and nutritious diet. In 2004 Combat Poverty, Crosscare and Saint Vincent de Paul published a report entitled ‘Food Poverty and Policy’, the findings of which suggest that food poverty is a real and significant issue for low-income households. Based on 2003 data on poverty, up to 10% of the population in this state (375,000 people), can be considered at risk of food poverty. This increases to 15% of children (125,000 children). While commentators regularly report on poverty figures and statistics, food poverty itself seems to have been comparatively ignored, but the problem is getting worse.

The people most likely to suffer food poverty are those on low incomes. They eat less well and have inferior food intake and lower compliance with recommended dietary and nutrient intake; spend relatively more money on food, but not on healthy options; have difficulties accessing an adequate variety of good quality, affordable foodstuffs; know what is healthy, but are restricted by finance. Growing levels of health problems are linked to low income and poor diet, with the reliance on a cheap fast-food culture having detrimental affects for a significant proportion of people and contributing to the growth of obesity and related morbidity and mortality.

The National Taskforce on Obesity recommended that ‘The Department of Finance should carry out

research to examine the influence of fiscal policies on consumer purchasing and their impact on...obesity, for example risk-benefit assessments of taxation that supports healthy eating and active living, subsidies for healthy food such as fruit and vegetables.’[44]

It also recommended that the Department of Social and Family Affairs should review social welfare (assistance) payments to take account of the relative lack of affordability of most healthy foods for socially disadvantaged groups.

A conference organised by the National Council on Ageing and Older People (NCAOP) in October was presented with the findings of research which showed that almost one in five older people who are admitted to hospital are undernourished.[45] A representative of the NCAOP pointed out that ‘meals on wheels’ suffered from severe shortages of resources that impeded development of the service which, if properly resourced, offered one way of tackling malnutrition amongst older people. The Irish Senior Citizens Parliament is calling for a strategic plan to provide a state-wide meals on wheels service as the present service does not cover all older people in need and its standard varies from area to area. There is a need to establish state wide standards for this service and to ensure that it covers the whole state so that older people have it available to them in their communities

Sinn Féin Budget Proposals:

- The introduction of a weekly free, or heavily subsidised, ‘farmers box’ of fruit and vegetables to be delivered to low income families / disadvantaged groups identified as being at risk of suffering from food poverty.[46] Qualification criteria could be similar to that for the fuel allowance. (The introduction of this scheme would have the added benefit of supporting Irish agriculture).[47]
- The introduction of a state-wide ‘School Fruit Scheme’ where all junior and senior infants would daily receive a free piece of fruit.[48]
- As a first step, towards a comprehensive state-wide school meals programme, provide the

funding to enable all 875 schools identified as disadvantaged under the Delivering Equality of Opportunity in Schools (DEIS) action plan to provide both nutritional breakfasts and lunch to students five days a week.

- Additional funding for meals on wheels to create a proper state-wide service meeting the needs of older people who are unable to prepare their own meals.

(III) HEAT AND ELECTRICITY

Fuel poverty describes the inability to afford adequate warmth in a home, or the inability to achieve adequate warmth because of the energy inefficiency of the home. Indeed, fuel poverty is exasperated by poor energy efficiency in housing stock, poor insulation and inefficient heating systems.

The most recent estimate of fuel poverty in the 26 Counties (2001) indicates that approximately 62,000 householders are experiencing persistent fuel poverty, with a further 165,000 householders intermittently affected.[49] At present electricity and gas allowances are paid under the social welfare household benefits package throughout the year to pensioners, disabled and carer-led households towards their heating, light and cooking costs. Other measures to help those at risk of fuel poverty include the Warmer Homes Scheme under Sustainable Energy Ireland’s (SEI’s) Low-Income Housing Programme (LIH). The number of homes dealt with under this scheme is limited, as are the actions under it, - to date, only approximately 9,800 homes have had a range of energy efficiency measures implemented including attic insulation, draught proofing, lagging jackets, energy efficient lamps and in some instances wall insulation. While the Government introduced Residential Renewable Energy Grants at the start of this year, low income households are least likely to take up these grants. This is because these grants only cover a portion of the overall cost of changing over to renewable energy systems, which cut both fuel costs and emissions output.

The ability of those on low incomes to adequately heat homes is also affected by recent decisions by

the Energy Regulator to sanction increases in electricity and gas prices.

At present the Commission for Energy Regulation (CER) is an independent body responsible for the liberalisation of Ireland's energy sector. Its objective is to bring competitors into the electricity market. On the 10th October the regulator approved an average 19.7% increase in electricity prices to be charged by ESB Customer Supply from 1 January 2007. This increase came in the aftermath of the announcement by the ESB of a 55% increase in profits. ESB prices are at present being pushed up to entice others into the market to compete with the ESB. Prices are being pushed up to bring in competition, supposedly to bring prices down. The increases announced by the ESB will hit low income people hardest. The increases demonstrate that the regulator is not upholding its duty to take into account the needs of rural customers, the disadvantaged and the elderly.

The CER is not serving the interests of the people or of business. ICTU General Secretary David Begg has said that the recent gas and electricity price hikes "...were wrong and the regulatory regime in that sector is now driving inflation in pursuit of a flawed competition strategy." ICTU has called for these price increases to be reviewed immediately.[50] The decision to sanction these increases was taken at a time when oil prices had begun to fall back from the peak they had reached a number of months earlier. The role of the regulator must be reviewed to ensure that serving the common good, and not the agenda of liberalisation, underpins its work. If this requires changes to the Electricity Regulation Act, 1999, this needs to be done. Approval for the increases needs to be withdrawn.

The average annual household gas bill before the latest increases was €1,260. That will rise to almost €1,700. Likewise the average electricity bill will increase from €740 to €890. While the Government has announced some measures to lessen the effects on social welfare recipients, the working poor and those on fixed incomes will be hit hard by these increases.[51]

Sinn Féin Budget Proposals

- Low Income Full Cost Residential Renewable Energy Grants for Fuel Allowance recipients

Sinn Féin is proposing a new scheme based on the Residential Renewable Energy Grants introduced in Budget 2006 specifically for low income households. Under the scheme that Sinn Féin is proposing anyone assessed as being entitled to the fuel allowance and/or having an entitlement under the free energy scheme, will be entitled to a grant to cover the full cost of installation of sustainable heating alternatives (to be open to both local authority tenants and homeowners who are entitled to fuel allowance). The introduction of this scheme will have the added benefit of further boosting the renewable energy industry while contributing to the state's drive to reduce CO2 emissions.

- Extension of the Warmer Homes Scheme

At present the Warmer Homes Scheme under Sustainable Energy Ireland's Low Income Housing Programme, is a limited scheme which aims to improve the energy efficiency and comfort conditions of homes occupied by low-income households. It provides funding for the installation of insulation and other energy efficiency measures in around 2,000 eligible homes each year. Sinn Féin is proposing additional funding be provided to facilitate the scheme meeting the needs of 10,000 homes a year. **Cost: approximately €8.45m.[52]**

- As recommended by the Society of St Vincent de Paul provide those on social welfare payments and families eligible for FIS with either a weekly fuel allowance payment of €25, or the equivalent in an allowance for units of electricity and gas, and extend the fuel allowance from the beginning of September to end of April - for 34 weeks instead of the current 29 weeks. **Cost: approximately €85m.[53]**
- In order to ensure fair electricity prices and energy regulation in the public interest, reverse recent ESB hikes.
- Ensure all new social housing is fitted with alternative energy sources.

(IV) COSTS ASSOCIATED WITH WHAT SHOULD BE FREE PUBLIC SERVICES

Health

The extent of the health crisis in this state is obvious for all to see. So too is the inequality at the heart of the system. We do not have a health system that is free at the point of delivery. Those who suffer most as a result, are those on low and average incomes who are above the income threshold for the medical card. Primary care is thus not accessible to all who need it, when they need it, leading many people to go without healthcare or to seek medical advice much later than they should, contributing to the disastrous congestion in high cost A&E wards.

Sinn Féin published a comprehensive health policy document in 2006. In it we set out our vision of a seamless all-Ireland health service based on universal public provision - that is, one that provides full equality of access, and that is free at the point of delivery as of right.

As a first step in a phased transition to full public provision Sinn Féin is seeking the immediate extension of the medical card income threshold and the extension of the medical card to all under 18s.

Sinn Féin Budget Proposals

- Increase the income threshold qualification for full medical card coverage to above the poverty line, thus extending qualification to all incomes below the 60% median income.
- Immediate extension of medical card eligibility to all under 18s as a key measure to ensure no child goes without needed healthcare. **Cost: approximately €223 million.**

Sinn Féin Revenue Boosting Proposals

- Immediately end tax breaks for private hospitals and the land gift scheme, phase out public subsidisation of, and ultimately replace, the private system within an agreed timetable.

Education

The rising costs of sending children to school, over and above what is paid for through tax, challenges the whole notion that we enjoy a system of free education. The cost of sending children to school puts severe pressure on low income families, particularly when schools return in September. It creates anxiety for families trying to cope with the cost, and pushes the vulnerable in the direction of money lenders. The reality is that only limited direct supports are available to low income families towards the cost of sending a child back to school. Those whose parents are on social welfare are eligible for the Back to School Footwear and Clothing Allowance. However this does not take account of the costs of school books.[54] Nor does it address the plight of the working poor.

A back to school cost survey carried out by Barnardos in 2005 found that[55]:

- A family with one child going into first year secondary school faces a book bill of over €300
- Two children in secondary school can mean parents are paying over €500 on books.
- A family on low pay who are not eligible for the Back to School Clothing and Footwear Allowance, can face additional costs of over €100 per primary school child and over €150 per secondary school child for a basic uniform, shoes and jacket.

Sinn Féin Interim Budget Proposals

- Create a new Back to School Allowance by absorbing the current Back to School Clothing and Footwear Allowance into a new payment and adding an additional payment for books and other expenses, to more accurately reflect the true yearly cost of sending a child to school as proposed by the Society of Saint Vincent de Paul.[56]
- Extend eligibility for this scheme to all families in receipt of Family Income Supplement in addition to those in receipt of social welfare.
- Adequately resource all schools, particularly those in disadvantaged areas, to implement a school book rental scheme in order to drastically reduce the cost of books to parents.

Childcare

Childcare costs represent a second mortgage for many families. The OECD has estimated that childcare costs parents in this state an average of 30% of the disposable income of the average double income family.[57] Average costs range from €200 to €350 per week, per child. While the Government has introduced some positive measures in previous budgets, these have not made a significant difference for those seeking accessible affordable childcare.

Lack of adequate childcare, including pre-school, after-school and out-of-school childcare, continues to restrict the participation of parents of young children, particularly women, in the workforce, in education and in training.

Proposals for ensuring access to affordable childcare were at the heart of both Sinn Féin's 2005 Pre-Budget submission Putting Children First and our 2006 Pre-Budget submission Putting Children First - Time for the Government to Deliver. At the core of Sinn Féin's proposals was the introduction of a universal pre-school session of 3.5 hours per day, five days a week, for all children in the year before they go to school, as recommended by the National Economic and Social Forum (NESF) in its report on Early Childhood Care and Education published in 2005. That NESF report had pointed to 'the very inadequate implementation of policy on childcare in Ireland and the markedly insufficient financial investment in the education and care of our younger citizens'.

Sinn Féin Budget Proposals

- As an immediate interim first step the introduction of universal pre-school session of 3.5 hours per day, five days a week for all children in the year before they go to school.[58]

Sinn Féin Revenue Boosting Proposal

- Overall, the NESF has estimated that for every €1 invested in early childhood care and education a return of €7.10 can be expected.

[NOTES]

[1] According to the Pre-Budget Outlook, published in October 2006 by the Department of Finance states “The Public finances remain in good health, showing a projected General Government surplus of 1% of GDP and a debt-to-GDP ratio of 25 _ % in 2006.

[2] Essential public services such as healthcare and education should be available to all as of right.

[3] EU Survey on Income and Living Conditions (EU-SILC) 2005 (Central Statistics Office, 16 November 2006).

The at-risk-of-poverty rate is the share of persons with an equivalised income below a given percentage (usually 60%) of the national median income. The rate is calculated by ranking persons by their equivalised income from smallest to largest and extracting the median or middle value. Anyone with an equivalised income of less than 60% of the median is considered at-risk-of-poverty. This means, according to the EU-SILC 2005 that in 2005 persons living alone with a net income of less than €193 per week were considered to be at risk of poverty, while the threshold for households consisting of two adults and two children was €447.15. An individual is defined as being in ‘consistent poverty’ if they are identified as being at-risk-of-poverty and living in a household deprived of one or more of eight basic deprivation indicators. These deprivation indicators are as follows:

1. No substantial meal for at least one day in the past two weeks due to lack of money.
2. Without heating at some stage in the past year due to lack of money.
3. Experienced debt problems arising from ordinary living expenses.
4. Unable to afford two pairs of strong shoes.
5. Unable to afford a roast once a week.
6. Unable to afford a meal with meat, chicken or fish (or vegetarian equivalent) every second day.
7. Unable to afford new (not second-hand) clothes.
8. Unable to afford a warm waterproof coat.

In April 2006 the ESRI put forward a basic

deprivation measure using eleven indicators replacing the previous eight-item index. It argued that “The new set of items provides a more comprehensive coverage of exclusion from family and social life. This measure of basic deprivation can then be combined with a low-income threshold to produce the consistent poverty measure. In doing so the analysis supports the use of a threshold of 2 or more on the basic deprivation index, rather than the threshold of 1 used with the original index. About 8-10 per cent of the population are then measured as being in consistent poverty in 2003” see *Reconfiguring the Measurement of Deprivation and Consistent Poverty in Ireland*, Bertrand Maitre, Brian Nolan and Christopher Whelan (ESRI, April 2006).

[4] *Creating a More Inclusive Labour Market* (National Economic and Social Forum February 2006).

[5] Previous agreements contained such a review clause and it was invoked in 2000 when an unpredicted rise in inflation took place and workers gained an additional pay increase proving the importance of such a clause.

[6] *Industrial Earnings and Hours Worked* (Central Statistics Office, 20 October 2006). The annual average industrial wage as of June 2006 is €31,322.20

[7] Assessable earnings are calculated by taking away your tax, your employee PRSI contribution, your Health Contribution and your superannuation from your gross pay.

[8] Reply to Sinn Féin spokesperson on Finance Caoimhghín Ó Caoláin TD from the Minister for Finance to Parliamentary Question 235, 14th November 2006.

[9] Reply to Sinn Féin spokesperson on Finance Caoimhghín Ó Caoláin TD from the Minister for Finance to Parliamentary Question 250, 14th November 2006.

[10] *Combat Poverty Pre-Budget Submission 2007*

[11] Reply to Sinn Féin spokesperson on Employment and Workers Rights Arthur Morgan TD from the Minister for Finance to Parliamentary

Question 476, of 28th September 2005.

[12] Based on the preliminary census 2006 population figure of an overall population of 4,234,925 persons

[13] *EU Survey on Income and Living Conditions (EU-SILC) 2005* (Central Statistics Office, 16 November 2006)

[14] The lower rates of social welfare are: Invalidity Pension recipients aged under 65 (€171.30); Widow's and Widower's Contributory Pension and women in receipt of Deserted Wife's Benefit aged under 66 (€171.30); Widow's and Widower's Non-Contributory Pension and women in receipt of Deserted Wife's Allowance aged under 66 (€165.80); Death Benefit Pension recipients aged under 66 (€194.60); Disablement Pension (€196.90); Unemployment Benefit and Assistance (€165.80); Disability Benefit and Allowance (€165.80); Blind Pension recipients aged under 66 (€165.80); Supplementary Welfare Allowance (€165.80); Farm Assist (€165.80); and Orphan's Pension and Allowance (€138).

[15] Reply to Sinn Féin spokesperson on Social and Family Affairs from the Minister for Social and Family Affairs to Parliamentary Question 165, 9th November 2006.

[16] *Securing Retirement Income: National Pensions Policy Initiative - A Brief Guide to the Report of the Pensions Board* (Pensions Board, September 2000).

[17] *Pension Policy in the EU 25 and its Possible Impact on Elderly Poverty* (European Centre for Social Welfare Policy and Research, April 2006)

[18] Reply to Sinn Féin spokesperson on Employment and Workers Rights Arthur Morgan TD from the Minister for Finance to Parliamentary Question 287, 30th May 2006.

[19] Reply to Sinn Féin spokesperson on Employment and Workers Rights Arthur Morgan TD from the Minister for Finance to Parliamentary Question 69 of the 28th June 2006.

[20] Reply to Sinn Féin spokesperson on Employment and Workers Rights Arthur Morgan TD from the Minister for Finance to Parliamentary

Question 156, 22nd March 2006.

[21] There are approximately 125,000 people aged over 66 currently in receipt of a living alone allowance with a social welfare pension. Department of Social and Family Affairs.

[22] Reply to Sinn Féin spokesperson on Social and Family Affairs Sean Crowe TD from the Minister for Social and Family Affairs to Parliamentary Question 166, 9th November 2006

[23] Reply to Sinn Féin spokesperson on Finance Caoimhghín Ó Caoláin TD from the Minister for Social and Family Affairs to Parliamentary Question 390, 14th November 2006.

[24] *'Making Poverty the Policy Priority' Combat Poverty Pre-Budget Submission 2007* (Combat Poverty, 2006)

[25] Reply to Sinn Féin spokesperson on Social and Family Affairs Sean Crowe TD from the Minister for Social and Family Affairs to Parliamentary Question 167, 9th November 2006.

[26] Reply to Sinn Féin spokesperson on Finance Caoimhghín Ó Caoláin TD from the Minister for Social and Family Affairs to Parliamentary Question 399, 14th November 2006.

[27] *EU Survey on Income and Living Conditions (EU-SILC) 2005* (Central Statistics Office, 16 November 2006)

[28] For those with earnings over this amount, once the disregard has been applied, 40% of the remainder would be assessed as means (currently 50 per cent is assessed as means).

[29] Reply to Sinn Féin spokesperson on Finance Caoimhghín Ó Caoláin TD from the Minister for Social and Family Affairs to Parliamentary Question 388, 14th November 2006.

[30] Reply to Sinn Féin spokesperson on Finance Caoimhghín Ó Caoláin TD from the Minister for Social and Family Affairs to Parliamentary Question 389, 14th November 2006. NB: This is based on an assumption that all fathers would take the leave and 95% of them would be paid at the higher rate.

[31] This view has been echoed by the Department of Social and Family Affairs, which stated in 2002 that 'abolition of the ceiling would make the employee PRSI system more progressive ... Abolition of the ceiling would therefore strengthen the social solidarity element of the system in that a proportion of all income would be pooled for the benefit of all contributors.' Department of Social and Family Affairs *Paper Outlining the Principal Issues Relating to Any Consideration of PRSI Changes for 2003: Submission from the DSFA to the Tax Strategy Group* (Ref TSG 02/21) (21 February 2002).

[32] Reply to Sinn Féin spokesperson on Employment and Workers Rights from the Minister for Social and Family Affairs to Parliamentary Question 1038, 27th September 2006.

[33] Reply to Sinn Féin spokesperson on Finance Caoimhghín Ó Caoláin TD from the Minister for Social and Family Affairs to Parliamentary Question Q 416, 14th November 2006.

[34] *A Review of Fuel Poverty and Low Income Housing* (Sustainable Energy Ireland, 2003)

[35] *EU Survey on Income and Living Conditions* (EU-SILC) 2005 (Central Statistics Office, 16 November 2006)

[36] *Financial Stability Report 2006* (Central Bank of Ireland 8th November 2006).

[37] *Housing in Ireland: Performance and Policy* (National Economic and Social Council 2004).

[38] *Financial Stability Report 2006* (Central Bank of Ireland 8th November 2006).

[39] *'Construction and housing in Ireland'*, Central Statistics Office July 2006

[40] *'Davy on the Irish Economy'* (Davy Stockbrokers, May 24th 2005)

[41] A review of the Disabled Persons Grant scheme including the conditions governing the Essential Repairs Grant scheme and the Special Housing Aid for the Elderly scheme has been finalised by the Department of the Environment, Heritage and Local Government. Minister Dick

Roche has indicated that the Department has proposals for the future operation of the schemes which will be announced shortly. Reply to Sinn Féin spokesperson on Finance Caoimhghín Ó Caoláin TD from the Minister for the Environment, Heritage and Local Government to Parliamentary Question, 8th November 2006.

[42] Mortgage interest relief is given at the standard rate of 20%. The relief is subject to upper limits, depending on your personal situation. The following are the maximum amounts allowable for 2006. (To calculate what this is worth to you each year after tax, you multiply the tax credit amounts below by 20%.) The higher limits for first-time buyers, apply for the tax year in which the mortgage is taken out plus six subsequent tax years.

	Single	Widowed/Married
First Time Mortgage	4,000 euro	8,000 euro
Others	2,540 euro	5,080 euro

[43] Reply to Sinn Féin spokesperson on Finance Caoimhghín Ó Caoláin TD from the Minister for Finance to Parliamentary Question 259, 21st November 2006.

[44] *'Obesity- The Policy Challenges'*, (The Report of the National Taskforce on Obesity 2005) Page 87.

[45] *'Healthy Eating for Older People Urged'* in the Irish Times of 26th October 2006 by Carl O'Brien, Social Affairs Correspondent.

[46] It is worth noting that as far back as 1996 the *Nutrition Advisory Group* proposed pilot projects for low income families to provide sufficient food to meet their requirements.

[47] The contract for delivery of this proposal would have to be put out to tender, therefore costs cannot be provided.

[48] While latest figures available from the Department of Education and Science show that there are 58,458 students in Junior Infants and 59,960 students in Senior Infants the contract for delivery of this proposal would have to be put out to tender therefore costs cannot be provided.

[49] *A Review of Fuel Poverty and Low Income Housing* (Sustainable Energy Ireland 2001)

[50] ICTU further noted that electricity prices were below the EU average when the ESB was the sole supplier, regulated by the Department of Energy whereas now with so called competition domestic electricity prices are higher than the EU average and rising.

[51] The Government has announced plans to offset the cost of energy price rises by increasing the entitlement of 335,000 pensioners and social welfare recipients to a third more free gas and electricity.

[52] Reply to Sinn Féin spokesperson on Social and Family Affairs Sean Crowe TD from the Minister for Communications, Marine and Natural Resources to Parliamentary Question 151, 9th November 2006.

[53] *Pre Budget Submission 2007* Society of St Vincent de Paul

[54] It is worth noting that in many other states it is the norm for students to borrow school books for the duration of the school year rather than being forced to purchase them as is the case in this state.

[55] *The High Cost of Free Education* Barnardos Press Statement (9th August 2005)

[56] The Society of Saint Vincent de Paul recommends that this payment should be €300 for primary school children and €475 for children over 12 years of age, payable to families on social welfare payments and households with FIS income levels

[57] *“Starting Strong II: Early Childhood Education and Care”* (OECD, September 2006)

[58] The NESF in Early Childhood Care and Education estimated capital costs of €1.48 billion and annual running costs of €636 million.