



Sinn Féin Pre-Budget 2001 Submission

Sharing the Wealth
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Introduction

Economic growth as we know it in Ireland today does not mean an improved quality of life for all citizens. This fact has been demonstrated more clearly in the year since the Budget of December 1999 than in any previous period. Dark clouds are beginning to obscure the sunny prospects for the Irish economy and society.

Inflation has risen far beyond expectations. Industrial unrest is spreading. The housing crisis continues. There is growing pressure on service users and service providers in our public health and transport services. Our education system is not meeting its potential while those on lower incomes are denied full access to learning. The need for a proper childcare infrastructure is more urgent than ever.

The fundamental inequalities in Irish society cannot be concealed by any amount of hype about economic growth. A quarter of children and a fifth of adults are in households with less than half the average income. The gap between the wealthiest in our society and the least-well-off continues to widen. Budgetary policy in the past three years has actually speeded up that process.

Current inflation rates are wiping out gains made by many workers under the Programme for Prosperity and Fairness (PPF). The inadequate minimum wage (which was only implemented this year) has been overtaken and does not, in any case, apply to all low-paid workers. All the focus

has been on 'wage inflation' when, in reality, increases gained under the PPF were long overdue. Inflation is being driven by massive profiteering by property speculators and the building industry which continues to push up housing costs. Profits in other industries and services are outstripping wages.

Sinn Féin's approach to the economy is distinctive, radical and rational. We are not prisoners of the unbridled free market thinking which has dominated the Fianna Fáil/Progressive Democrats Coalition. We reject their primary economic policy of cutting taxes in a way which has disproportionately benefited the higher paid. This crude device worsens the structural inequality in the Irish economy. In Budget 2000, three times more was spent on tax reduction than on social welfare increases. This discriminated against people outside the labour market and against workers on low income.

Our people need, demand and deserve public services of the highest standard which enhance the quality of life for all citizens equally. A workforce which is equitably taxed is more than willing to pay for those services which they have elected the government to provide. "From each according to their ability and to each according to their need" is a principle of fairness which is widely accepted by Irish people but which this government has effectively abandoned. In successive budgets it has addressed greed not need.

As a state with among the lowest tax takes as a percentage of Gross National Product in the EU

there is much scope to increase taxation for those who can most afford it. Failure to do so, and continuing the policy of tax cuts for big business and the very wealthy, will damage the long-term ability of government to build infrastructure and provide public services.

Sinn Féin called on the Government in the last three Budgets to use its unprecedented resources to eliminate poverty, end the housing crisis and redress regional inequalities. We had a right to expect major progress on these issues. Instead we have seen the poverty gap widened, the housing crisis escalate and economic growth and development still concentrated along the eastern seaboard and in parts of the south.

Last year's Budget coincided with the publication of the National Development Plan. If the Plan is to be truly National then the chapter on North/South co-operation must not only be fully implemented but significantly expanded. The creation of an island economy must be made central to the implementation of the National Development Plan and to social and economic planning in general.

Budget 2001 may well be this government's last opportunity to frame a Budget which really tackles the gross inequalities in Irish society. Sinn Féin believes the priorities must be:

- Concentration of resources on the provision of health, education, transport and social welfare services which enhance the quality of life of all citizens.
- Taxation justice — not crude tax cuts which benefit the wealthy.
- The creation of accessible and affordable childcare infrastructure and generous childcare support for parents and children.
- An all-out attack on the housing crisis.

All-Ireland Economic Development

The Good Friday Agreement is an all-Ireland Agreement.

Over the last 12 months we have seen — through

the new political institutions created under the Good Friday Agreement — the beginning of all-Ireland co-operation in the crucial fields of education, health, environment, agriculture, transport and tourism. In each of these areas we have already seen progress and programmes of work are being advanced through the implementation bodies.

Even at this embryonic stage the potential is obvious and it is clear that an all-Ireland economy would bring about considerable benefits to all of us living on the island.

Notwithstanding the current difficulties it is essential that such co-operation continues.

Sinn Féin believes that the Irish Government should:-

- Seek to expand the all-Ireland areas of co-operation.
- Develop the potential provided by the implementation bodies.
- Make available the appropriate financial and other resources to ensure that substantial progress can take place.

All-out Attack on the Housing Crisis

"The ever-widening increase in income inequalities and resources is nowhere more evident today than in the case of housing. One of the results is that home ownership is now beyond the reach of most people on average incomes. This in turn is adding to the pressures of an already over-stretched social housing sector."

These are the words of the Report on Social Housing published by the National Economic and Social Forum (NESF). The NESF represents a broad cross-section of society from trade unions to employers, from farmers to local government members, community and voluntary groups. Even such a diverse group was able to agree that at the root of the current housing crisis is the Government's failure to provide social housing — that is houses built by the local authorities and housing co-ops.

Incredibly, given the massive need we see all around us, only 8 per cent of all houses are being built by the local authorities or voluntary sector. This is by far the lowest share for any period in the past century. Since 1996 the number on local authority waiting lists has risen by 43 per cent.

House prices in the private market have increased by an average of 15 per cent in 2000. Every week sees prices rise further out of reach of people on average incomes. More of these people are going on local authority waiting lists. More are also going into private rented accommodation. There they face poor living conditions, high rents and no proper security of tenure. Unscrupulous landlords can let sub-standard property for high rents and evict tenants with little difficulty. These landlords are being subsidised by taxpayers to the tune of over £100 million annually in rent supplements under the Supplementary Welfare Allowance Scheme.

In July, the Commission on the Private Rented Sector presented its report but the government has failed to take action even on the limited proposals of the Commission. Tenants are being left to suffer.

The NESF Report on Social Housing has recommended a number of measures which were earlier proposed by Sinn Féin, among others.

The key recommendation which should be acted upon in Budget 2001 is:

- Target for elimination of waiting lists by local authorities, with an immediate target of 70 per cent of applicant units to be provided with suitable accommodation within two years of their being on the list.

Overall, Sinn Féin calls for:-

- Massive State investment in a comprehensive Social Housing Programme, funding the local authorities to house our citizens.

- The control of land prices with a statutory ceiling on the price of land zoned for housing to stop speculation and reduce soaring house prices. A Constitutional amendment to allow for this if necessary.

- Statutory control of rents in the private rented

sector, strengthened laws to set standards for accommodation and more resources to implement those regulations.

- A renovation grant of up to £5,000 to assist homeowners to improve their properties.

- A special grant to encourage utilisation of urban and rural derelict sites for new domestic dwellings.

Taxation Justice

Sinn Féin has, over the years, been an untiring advocate of real tax reform and the creation of a just tax system in the 26 Counties. For the past decade the agenda of successive governments has been to implement tax cuts rather than wholesale tax reform. It is true that many ordinary workers have benefited from these cuts and widening of tax bands. Yet by far the greatest beneficiaries have been those on high incomes. These elite groups have benefited disproportionately from cuts in the higher rates of tax while still enjoying access to legal tax shelters and tax avoidance schemes that are not available to the vast majority of Irish workers.

At the same time, over the last few years the Irish taxpayer has witnessed ongoing revelations of abuse of the tax code. This covers everything from uncollected taxes to the revelations in the McCracken and Moriarty Tribunals and the Public Accounts Committee DIRT inquiry. These three forums have shown a range of illegal tax evasion schemes, offshore money-laundering schemes, and unlicensed private banks covertly operating out of the offices of one of Ireland's premier companies.

It has been clearly shown that the private and public banking companies have at times been active participants in systematic tax fraud. Their activities were compounded by a regulatory system that, at worst, was unwilling to tackle tax fraud and was, at best, incompetent and unable to enforce the tax laws of the State.

Now with yet another year of record exchequer tax returns the question of more tax cuts is high on the political agenda.

Sinn Féin believes that Budget 2001 presents a golden opportunity to accomplish two things:-

(1) Take the low paid completely out of the tax net.

(2) Initiate a complete reform of the tax system, focusing on all areas of the tax code, including the loopholes and tax avoidance schemes built into the present system.

Such a reform process would include local government. It would stop the creeping forms of double taxation being reintroduced into the tax system by local authorities seeking to levy communities for spending shortfalls deliberately created by parsimonious central government policies.

The remit and record of both the Central Bank and the Revenue Commissioners should also be re-evaluated as part of this reform process.

Income Tax

Once again the Establishment political parties have used the run-in to the Budget as a race to see who can offer the most attractive tax cuts. Some in the Coalition Government have belatedly come round to the idea of using this Budget to help the low paid. Such cuts are only being proposed for short-term tactical advantage. There is no guarantee that the low paid will be permanently taken out of the tax equation. There is also little or no agreement as to who the low paid actually are. A clear example of this was the failure in the Programme for Prosperity and Fairness (PPF) to introduce a £5 an hour minimum wage as a matter of urgency.

Sinn Féin believes that there must be recognition that percentage tax cuts of either the 22 per cent or 44 per cent rates (or both) only offer the illusion of tax fairness. Yes, everyone got the same percentage cut but the higher-paid sections of society benefited more than those on low and middle incomes.

A fair tax cut is one which puts exactly the same money in each worker's pocket, regardless of whether they are high paid or not. This way those on low incomes will finally begin to take the first steps towards a fair deal.

The Dublin Government must also recognise that many low-paid workers are not just young workers or part-time employees. They also include many thousands of full-time working adults who have families to support with all the costs of housing,

health, education and childcare that that entails.

An ESRI/Combat Poverty report released earlier this year found that consistent poverty in households where the adult members were working had doubled between 1994 and 1997. This is because thousands of workers who found jobs in the current boom are uniformly low paid and still suffering deprivation, though working and paying tax. Full-time workers on the minimum wage should be taken completely out of the tax net.

Sinn Féin proposes one clear-cut radical measure to tackle low-pay poverty — major increase in tax free allowances.

This would mean, for example, doubling the single person's tax free allowance to £11,400. A single person would not pay tax unless he or she earned over £11,400 per annum and would not pay the higher rate of income tax until their earnings exceeded £28,400 per annum. Major increase of tax-free allowances for dependent children is also a must.

Corporation Tax, Capital Gains Tax and Rent Control

Sinn Féin proposes:-

- No more cuts in Corporation Tax or Capital Gains Tax. The level of Capital Gains Tax should be restored to its 1997 level of 40 per cent, except in the case of speculative housing, where a further 12-month lead-in period should apply.
- Increase Capital Gains Tax on speculative owners of multiple dwellings. Such a tax would be introduced on a phased basis over two years at 40 per cent in April 2002, and 60 per cent in April 2003.
- Rent control linked to the year of purchase and asset value of a dwelling.

The idea behind these proposals is that throughout the 26 Counties there are possibly tens of thousands of homes that have been bought purely as investment vehicles. They are not family homes. The owners of such dwellings have seen a huge rise in the money value of their assets. They have also been able to enjoy a hugely increased income stream from these properties in the form of rent. In many cases the rent being paid on the house bears

no relation to the cost borne by the speculator who purchased it.

The Department of Social, Community and Family Affairs is also in many cases subsidising the income of these speculators through rent allowances paid to landlords by tenants. Rent control linked to the house purchase price — not its current market value — would help protect tenants, especially those in Dublin who have seen rents spiral upwards over the last two years.

An increase in Capital Gains Tax on speculators who own multiple dwellings would encourage them to take advantage of their windfall asset value increase and they would sell the house before the tax change is implemented. This would have two effects on the housing market in Dublin. One would be to free up much-needed houses in the South Dublin and other council areas. It would also help deflate housing prices. The rent control proposal would amplify these effects.

We are not suggesting an increase in Capital Gains Tax for owner-occupiers. We are only looking to levy the tax on multiple dwelling owners. The Capital Gains Tax legislation has in the past allowed for special cases where the tax was levied at a preferential rate. We are looking for a targeted higher rate which would be beneficial to society as a whole. It would not cause a disinvestment in real economic activity but would penalise speculators whose profit levels are in many cases a result of exploitative intent.

Other tax measures

- Tax relief on personal donations to domestic charities.
- Allow charities to reclaim VAT.
- Reform of Inheritance Tax to ensure that those inheriting homes from close relatives are exempt. Beneficiaries should include children and partners in relationships where the couple were not legally married.
- Government support at European Union and United Nations level for the idea of the 'Tobin Tax', a tax on international financial speculation with revenue to be used to promote development in the poorer regions of the world.

Agriculture and Rural Development — Ensuring a Future for Farming

Sinn Féin believes there is an urgent need to act and formulate a strategy to resolve the crisis in Irish farming. Across Ireland, rural communities are disappearing. Families are leaving the land because their holdings are deemed not to be commercially viable.

Over the years since the last GATT Treaty in 1993, successive governments have been involved in a holding operation, seeking to maximise the gross amount of EU grant aid funding for farming. There has been little thought given to the inequities of how these funds are distributed or of their long-term impact on Irish farming.

Now the Minister for Agriculture and Food has announced over £16.7 billion in spending on farming over the next five years. Elements of the plan such as the Rural Environment Protection Scheme (REPS) and the £532 million earmarked for forestry are welcome. But there needs to be a recognition that, in order to succeed, any new programme on rural development needs to be built up and developed by the communities directly affected by rural underdevelopment.

Sinn Féin believes that the core objectives of any rural development programme should be:-

- (1) Creating a co-ordinated programme that links agriculture, enterprise, environment, culture, health and education and social services strategies into a comprehensive integrated rural development project.
- (2) Keeping the maximum amount of people on the land and preserving the social fabric of rural life.
- (3) Creating the conditions where rural communities themselves can rebuild their local economies.
- (4) Ensuring that everyone has a dignified standard of living, access to proper education, housing and health resources.
- (5) Real reform of the CAP — the CAP funding mechanisms must be changed to help small

farmers.

(6) A significant funding initiative to promote organic farming in Ireland. Organic farming becomes commercially viable on a much smaller acreage than current farming practices. Such a programme will promote rural repopulation and could be a vital element in breaking the current cycle of rural underdevelopment. Broadleaf forestry projects should also be promoted.

(7) A policy of Encouraging a return to co-operative agricultural projects should be vigorously promoted and supported.

(8) Matching funds for rural enterprise projects. Currently the bulk of funding for economic development goes to foreign-export-orientated companies. There should be equity in the allocation of funding for enterprise projects. Funding for indigenous enterprise projects have been cut in recent years.

(9) Ending discrimination against local enterprise projects. There is also another level of discrimination in domestic funding mechanisms. Enterprise Ireland, the agency responsible for developing indigenous business, currently favours aiding businesses with export potential, overlooking the community and social enterprise sector. This form of economic discrimination should end.

(10) An Increase in LEADER funds. The success of rural development projects under the EU LEADER programme is well recognised. However, such community-orientated funds only account for 7 per cent of the funding coming into the 26 Counties over the next seven years. LEADER funds are a vital part of any rural regeneration programme and should be the substantial part of EU funding flowing to rural areas.

(11) A National Conference. The crisis in rural Ireland is one that must be acted on now. Government should be prevailed upon to hold a national conference that could formulate a strategy to promote rural development in Ireland. Such a conference would have to be organised on a truly participatory basis and not be solely representative of the vested interests that dominate agri-business and rural policies today.

In addition Sinn Féin proposes:-

- Extension of the Rural Renewal Scheme to all disadvantaged rural areas.

- Major investment in the Rural Development Fund as proposed in the White Paper on Rural Development. This would evaluate the extent of rural poverty and initiate action to tackle it.

- A scheme of low-interest-rate loans for farm improvement and investment to encourage young farmers to stay on the land.

- A Rural Housing Strategy, including a renovation grant for those who wish to refurbish/rebuild derelict dwellings.

Social Welfare - Moving Out of Poverty

Sinn Féin believes that progressive social welfare spending should aim to eliminate poverty. In Budget 2000, three times more was spent on tax reduction than on social welfare increases. This is totally unacceptable and must not be repeated in Budget 2001. Therefore Sinn Féin proposes:-

- Full implementation of Programme for Prosperity and Fairness social welfare commitments in this Budget.

- Payment of all Budget increases immediately (December 2000/January 2001).

To maximise their effect, social welfare resources should be spent in the following way:

- Increase the personal rate of Contributory Old Age Pension by at least £10 and provide larger increases in other age-related payments to bring the personal rate of all payments to older people up to at least £106.

- Non-Contributory Old Age Pension to be means-assessed on an individual basis (i.e. husband or wife to be assessed against their own generated income and not that of their spouse or partner).

- Make substantial progress towards a target of £100 per week for the lowest rates of social welfare payments by increasing the personal rates of all non- age-related payments by at least £14.50. This would bring the lowest payment rates up to £90.50

per week.

- Increase all Qualified Adult Allowances to 70 per cent of the personal rate.
- Increase to £90 per week the allowable earning for a Qualified Adult.
- Special measures to combat fuel poverty, including a lump sum as initial instalment of Winter Fuel Allowance to assist welfare recipients to build a stock of fuel. A comprehensive assessment of fuel poverty is necessary to assess and address need, especially for older people in accommodation which does not benefit from installation of central heating by local authorities.
- Asylum seekers who choose to leave designated accommodation should receive Social Welfare Allowance and Rent Allowance on the same basis as other individuals living in the State. Payments to asylum seekers who choose to remain in designated accommodation should be increased substantially (to say, £40 per week per adult).
- Budget 2001 should be poverty-proofed and the outcome of the poverty-proofing process should be made public.

Health for All — Not Health for Wealth

Private medical care targeted at the most-well-off in our society is prospering. At the same time — and despite the current upturn in the Irish economy — the public health system is lagging far behind. This means that if you want a vital test or operation and you are on the Medical Card or dependent on the public hospitals you will have to wait months or even years, but if you have the money you can book into a private clinic and get treatment next week.

There are tens of thousands of people on hospital waiting lists in the 26 Counties. While hospital beds and operating theatres are closed in many hospitals. There is a severe shortage of nurses. Hospital staff, especially nurses and junior doctors, are forced to work extremely long hours, which creates a real danger to the welfare of both patients and staff. All this points to three major ills in our health system: lack of long-term government

planning and bad management and organisation of the services; inequality within the system; and under-funding.

We welcome further government moves to reverse under-funding as signalled in the Book of Estimates. Now action is needed on the other fronts as well.

Sinn Féin proposes:-

- Comprehensive review of training, staff organisation, work practices and pay in the health services to end the inequality between well-paid consultants, who operate profitably in both public and private practice, and the hard-pressed staff of public hospitals who do most of the healthcare work. The grip of a minority of consultants on the purse- strings and organisational structure of the health service must be broken.
- Major increase in health spending in the Budget designed to eliminate waiting lists.
- The progressive reform of the healthcare system and extension of the medical card scheme to achieve an Irish National Health Service to provide free care and medication for all who need it. This in the context of extended co-operation and integration of health systems on an all- Ireland basis.
- As a first step to an Irish National Health Service, provision in this Budget for Medical Cards for all persons under 18 years old.

Education — Access for All

The Higher Education Authority reported this year that there has been no significant improvement in the number of school-leavers from poor backgrounds reaching university over the past five years. The figures show that of 14,000 students graduating from universities in this State, only 2.2 per cent come from households headed by an unskilled or semi-skilled worker. This is a disgraceful figure.

The abolition of university fees has done nothing to help the children of the least-well-off to get into college. They still cannot get to the starting line because of the prohibitive costs of going to college. They cannot live on the totally inadequate grants

now available. Students from outside the university cities face the additional disincentive of the acute shortage of accommodation and the high cost of that accommodation if they are lucky enough to obtain it.

The Government must act to allow access to university to all on the basis of educational merit. It must provide increased maintenance grants to students from low-income backgrounds. It needs also to initiate special measures to provide student accommodation in the context of addressing the overall housing crisis.

Sinn Féin proposes:-

- Increased level of grants for students from low-income families.
- Fairer system of grant allocation.
- Special measures to provide student accommodation in the context of addressing the overall housing crisis.
- Continuing overall priority and increased budgetary provision for primary education.
- Increase primary education funding from £50 per pupil per year to £120 per pupil per year.
- Reduce the average class size to under 30.
- Radical action on remedial teaching with increased numbers of teachers and real access to remediation to all schools.
- More flexibility in determining staffing needs of schools to ensure that schools are not left understaffed.
- Targeted funding to reduce class sizes at second level.
- Equitable funding for all schools in the secondary sector.

Supporting People with Disabilities

The rights and needs of people with disabilities must be a Government priority.

Sinn Féin proposes:-

- An Independent Living Fund for people with disabilities with a start-up of at least £10.8 million in 2001. Direct payments to people with disabilities and their Personal Assistants. Increased and secured financial support for those providing services, including day resource centres and personal assistance services, to people with disabilities. End of dependence on CE schemes for such work.
- Introduction of Cost of Disability Living Allowance as recommended by the Commission for the Status of People with Disabilities.
- Increase in Mobility Allowance to £45 per week.
- Financial support for full-time carers through the increase of Carer's Allowance to £125 per week and an end to the means test.
- Funding as promised in Budget 2000 to continue progress in cutting waiting lists for services for people with mental handicap/intellectual disabilities. Special funding in Budget 2001 to speed up the transfer of all remaining persons with mental handicap/intellectual disabilities in psychiatric institutions.

Making Childcare a Real Priority

What value economic development if the children of the nation are not properly cared for? We must ensure that children receive the best care at all times. That includes care by parents in the home, care by other family members, paid care by childcare workers in the home, early childhood education, crèches and other facilities provided by the community or voluntary sector or by private concerns.

In addition to the resources earmarked in the National Development Plan, a further commitment is needed which will really show the determination of the Government to prioritise this issue.

Therefore Sinn Féin proposes that:-

- The full amount of revenue accruing from payment of previously unpaid DIRT by financial institutions be devoted to the provision of childcare.

We need a Childcare Strategy which values equally all children and parents, ensures the provision of quality regulated childcare services and prioritises the needs of children and families experiencing disadvantage and social exclusion. We need to establish a State-assisted and State-wide Childcare Service, in urban and rural areas, in tandem with existing service-providers such as the Border Counties Childcare Network.

The Budget must include immediate action to make childcare affordable. Sinn Féin proposes:-

- Substantial increase in Child Benefit. The commitment made in the PPF should be implemented in full in Budget 2001. This would involve an increase of £33.50 per month for the first and second child and an increase of £44 for the third and subsequent children. This would bring the payment for the first and second child up to £76 per month (about £17.50 per week) and it would bring the payment for the third and subsequent children up to £100 per month (or about £23 per week).
- Weekly payment increases and Child Benefit increases to be introduced at the same time in January 2001 or as soon as practicable thereafter.
- Rationalise all Child Dependent Allowances (CDAs) to a single rate of £17 per dependent child. There are currently three rates of CDAs (£13.20, £15 and £17); most are payable at the lowest rate, though recipients of One-Parent Family Payment and Invalidity Pension get the £15 rate and recipients in receipt of Survivor's Pension and Deserted Wife's Benefit get the highest rate.

CDA's have not been adjusted since 1994.

An Ghaeilge

Bhí sé geallta ag an rialtas Bille Teanga a chur os comhair an Oireachtais i 1999. Anois ní bheidh sé ann roimh lár 2001. Tá sé seo míthaitneamhach. Bheadh sé mar chuspóir ag an Bille seo ní hamháin cearta teanga a chosaint ach iad a chur chun cinn. Taobh leis an mBille tá gá le maoiniú ceart don Ghaeilge ón Stát. Le blianta beaga anuas tá an maoiniú seo tar éis sleamhnú. Má leanann an sleamhnú seo ní bheidh an Stát féin ná earnáil dheonach na Gaeilge in ann Bille Teanga a chur i bhfeidhm.

Molann Sinn Féin:-

- Buiséad Foras na Gaeilge a dhúbailt.
- Céadatán níos mó do na heagrais deonacha chun chur lena ngairmiúlachas agus lena gcuid scéimeanna chun an Ghaeilge a chur chun cinn.

The Irish Language

The Government promised an Irish Language Bill in 1999 but now we are told it will not be ready before mid-2001. This delay is totally unacceptable.

The aim of this Bill would be not only to defend the rights of Irish speakers but actively to promote them. Alongside this Bill there is a need for State funding for Irish. In recent years this funding has decreased. If the decrease continues then neither the State nor the Irish-language voluntary sector will be in a position to implement a Language Act.

Sinn Féin proposes:-

- Doubling of funding for Foras na Gaeilge.
- Increased percentage of funding from Foras na Gaeilge for the Irish-language organisations to increase their professionalism and assist their efforts to promote Irish.