

# OUR FUTURE



**Labour's Alternative Budget 2018**

**LABOUR**

## Introduction

To secure our future, this Budget must deliver investment in public services rather than tax cuts. Instead of arguing over what type of tax cuts could be delivered, the Labour Party wants to see a society that promotes decency, tackles injustice and delivers equality.

We want to cut poverty and improve services, build homes and hospitals, employ teachers and healthcare workers, and reduce the cost of living for our future Ireland.

Despite a nominal fiscal space of €1.2 billion there is in reality only €350 million available for new policy commitments in 2018 due to the carryover impact of 2017 Budget commitments and the €180 million cost of the Public Service Pay Agreement. Of this space, €180 million is committed to capital, leaving €170 million for new current spending or tax reductions.

Without raising additional revenues, there simply will not be sufficient resources to fund the public service improvements that are needed in housing, education, health, childcare and social protection.

As we publish this alternative Budget, the Government has still not announced the additional resources that will be available from savings on the Live Register, nor the implications of full Exchequer funding for Irish Water.

In reality this means that despite the promise of open and transparent budgetary processes, the political system will still be treated to surprises on Budget Day. In reality we know less than ever about the Budget process.

Ireland is at a crossroads. Our economy has recovered and strong growth continues. Unemployment is falling, while demands on public services continue to grow. Our population is growing and ageing. Our future is less certain than it might be.

Labour's Alternative Budget shows that a fully costed, progressive budget is possible. We have shown that, notwithstanding the fiscal constraints which we have called for changes to, it is still possible to raise the finances necessary to make a significant difference in the lives of Irish people – in housing and health in particular, but also in education and childcare.

This document presents a vision for our future. It shows that Budgets can be drawn up in a way that will promote decency, justice and equality in our society. Fine Gael seems determined to press on with a Budget that only benefits middle-income earners. We believe that a better way is possible.

**CHAPTER 01**

**DECENCY,  
JUSTICE  
& EQUALITY**

## **MEASURING IRELAND'S PROGRESS**

In the run-up to Budget 2018, the debate has once more been dominated by the size of our economy, and the level of spending on various areas relative to that measurement. In truth, that seems to be the only measure against which Ireland's progress is evaluated these days.

The Labour Party has published the Genuine Progress Indicators Bill to seek to change this.

That legislation would require Government to publish a statement each year, to be known as Genuine Progress Indicators, designed to take fuller account of the well-being of the community by incorporating environmental and social factors which are not otherwise measured (access to healthcare, educational attainment, environmental wellbeing, employment rates and so on).

It will also require the publication of National Distributional Accounts that aim to measure the distribution of national income and economic growth. Finally, the legislation will require an annual report on the impact of the Budget on economic and social inequality, poverty reduction and income and wealth redistribution. We will be progressing this legislation over the months ahead, so that in future years we can be certain that our Budgets have a substantial impact on enhancing decency, justice and equality in our society.

## **TAX CUTS - THE WRONG CHOICE**

Every Budget involves choices. Cutting incomes taxes is the wrong choice in Budget 2018.

The Labour Party does not believe tax cuts that are worth around a cup of coffee each week is justifiable at this time while we have a housing and healthcare crisis, unaffordable childcare and an education system struggling with a growing population.

Whether those tax cuts are for Fianna Fáil's developers, or Fine Gael's funders, we believe that better use can be made of the available resources.

To propose tax cuts that will only benefit the wealthiest in our society is grotesque. To do so while suggesting that welfare payments will have their real value reduced by inflation even more so.

We have allowed for an investment of over €200m to make sure that all welfare payments keep pace with inflation. There should be no divisions between 'worthy' and 'unworthy' welfare recipients – all payments must be protected from erosion by inflation. Given the significant strides that have been made in reducing youth unemployment, we have also allowed for the restoration of full weekly payments to those under the age of 26.

The choices in Budget 2018 are stark. We can reward the wealthiest in our society, or we can make sure that our public services are fit for purpose, and that those who earn the least in our society have the value of their payments protected.

Labour's alternative Budget does not propose any changes to tax on income. We have not decreased, but nor have we increased the taxes on work.

Our focus is instead on protecting the value of welfare payments; dealing with the crises in health and housing; tackling the cost of raising a family; and investing in sustainable, thriving communities.

## 2018 COST:

- Indexation (to HICP estimated increase of 1.2% in 2018) of all weekly, monthly and employment top-up welfare payments - **€204m**
- Restoration of weekly payment rates for under 26s: **€97.6m**

## TAX JUSTICE - A STANDING COMMISSION ON TAXATION

The Labour Party strives for justice in our tax system. Ireland has a highly progressive income tax system, but there remain unfair elements that undermine public confidence and need to be ironed out.

For some time we have called for a Standing Commission on Taxation. This body would examine, and report regularly on the loopholes, reliefs, and overall structure that has developed from annual Finance Acts. We believe there is an urgent need in particular to examine our corporation tax system in more detail due to the build-up of reliefs and provisions over a number of decades, and the recent EU ruling on Apple.

During the debate on the 2017 Finance Act, Labour secured an econometric analysis of the Help to Buy scheme which was introduced without any economic

analysis. A Revenue report on the dwelling house exemption, again secured by Labour, highlighted the long-term avoidance of tax on the gifting of property to the children of Ireland's wealthiest citizens.

Charities pay VAT of approximately €40 million annually on goods and services paid for from independently fundraised income. The Labour Party is proposing that a pilot capped fund of €10 million be introduced from 2019, from which charities could claim back VAT based on 2018 expenditure. By providing a lead in time, it would allow charities to track next year the amount that they paid out in VAT. This model has been applied in Denmark which provides a capped fund of €20 million.

## **A LIVING WAGE FOR ALL IN WORK**

A clampdown on offshore tax avoidance with an amnesty in May was projected in Budget 2017 to yield €30 million. As of September nearly three times that had accrued, with €80 million brought in. This highlights the level of tax avoidance that continues in the Irish economy.

We have proposed that every company operating in Ireland should have to pay a minimum effective rate of corporation tax. This would underpin public confidence that anyone operating in Ireland, including major companies, pays a fair share of tax. The Department of Finance refused to cost this proposal, but we will continue to argue for it over the months ahead.

We will take on cheating and fraud in our tax system. As has been repeatedly shown, when the Revenue Commissioners are given the resources and time, tax evasion can be tackled. Our costed proposals contained in this document show that an investment of €10 million for the recruitment of additional staff and development of analytical tools would yield €50 million in 2018.

We recognise the real concerns which have been raised around the treatment of staff in the hospitality sector. We are calling on the Minister of Finance to commission, during 2018, a review of the reduced rate of VAT applying to the hospitality sector – this review should in particular examine the treatment of staff in that sector, and the level of engagement with trade unions representing those staff. In the event that the review uncovers a clear unwillingness on the part of employers in that sector to engage with the representatives of workers, we will support the abolition of the reduced rate of VAT in Budget 2019.

Each of these examples show us why a Standing Commission on Taxation is urgently required. We will introduce legislation in the coming weeks to establish this body.

The increases of 10 cent and 30 cent proposed by the Low Pay Commission over the last two years, falls well short of anticipated average wage growth in Ireland, and will not deliver any meaningful progress towards a living wage.

Six months after this Government was formed, they have yet to provide any guidance to the Low Pay Commission to even allow them to work towards the Government's target of €10.50 per hour, let alone a real living wage of €11.70 per hour.

We propose to change the mandate of the Low Pay Commission to target a minimum wage of 60% of median earnings by 2021 to deliver a living wage for all.

The Government should lead by example.

As a first step we propose that a living wage should be the base salary point across the public service. We know that amongst the civil service (amounting to some 12% of all public sector workers), it would cost €3.8m to make the living wage of €11.70 an hour the baseline wage for civil servants. Extrapolating that cost across the public sector, we have allowed for €31.6m to make sure that no public sector worker earns less than this.

Many staff in the childcare sector currently earn the minimum wage. This leads to rapid staff turnovers, and prevents us from building a well-educated, top quality workforce in the childcare sector. Indeed, the average pay across the entire sector, including senior staff, has been estimated at €10.27 per hour.

This prevents people from building sustainable careers working with young children. Our proposals would provide additional funding to childcare providers to increase minimum pay in the sector to at least the Living Wage of €11.70 during 2018.

## 2018 COSTS:

- Ensuring a minimum of the Living Wage for all Public Servants: **€31.6m**
- Living wage of €11.70 for all working in childcare: **€59.8m**

## REVENUE RAISING AND TAX MEASURES

In order to deliver the services we need, the Labour Party is proposing targeted taxation increases and revenue raising measures totalling €1.08bn. These measures are detailed in full at Appendix 1.

When a worker in Ireland does not earn enough money to use up all their tax credits they cannot reclaim the amount unused. It will surprise many to learn that Ireland paid out €359 million in 2015 in refundable R&D Tax credits, to mostly large and long established companies that did not pay any corporation tax in that year.

We support R&D tax credits but only for those that pay tax. The Revenue Commissioners have provided a conservative estimate that closing this refundable part of the credit would yield €200 million.

The bailout of our national banks remains the source of a deep and lasting hurt amongst the Irish people. At present, banks can write off loan losses against profits, thereby reducing the tax they have to pay. Both AIB and PTSB have recently boasted that they are unlikely to pay any corporation tax for up to 30 years – this is intolerable.

We believe those institutions should pay their fair share to fund public services. We are therefore proposing to double the bank levy, as we have been calling for for some time. With profits of just under €3 billion in 2016, it is clear that the three main Irish banks can certainly shoulder this levy.

This higher rate should remain in place until the banks have fully run down their tax loss reserves and resume the payment of corporation tax at the normal rate.

While a housing crisis remains, commercial property prices are rapidly rising, and land hoarding and speculative office developments are clearly underway again. We are therefore proposing an increase in the rate of stamp duty that applies to non-residential property transactions from 2% to 4%. Transactions below €10,000 should remain taxable at the rate of 2%. The proceeds of this measure have entirely been diverted towards an ambitious programme of public housing in our proposals.

Introduced without any economic analysis, the Help to Buy Scheme is now contributing to rapid property inflation in Ireland. Instead of helping pad the profits of developers, the State must now intervene directly in the failed housing market, by turning NAMA into a semi-state homebuilder and financier of residential development. This is now the only realistic mechanism of addressing the serious



shortage in supply of residential accommodation for sale or rent at affordable prices.

Ireland faces a climate crisis. Our weather patterns are changing and our way of life is at risk. Tax is a proven method of reducing demand. An increase of the carbon tax by €10 a tonne would yield €220.2 million. This would be reflected in a modest expected rise of 3.3 cent in diesel, and 2.8 cent in petrol. As our economy continues to grow emissions will only increase if we do not adapt. Our plan for a green revolution will provide people with realistic ways to offset any additional costs they incur from this measure.

We will increase the duty on tobacco by 20 cent, introduce a sugar tax of 10 cent a can, and increase the Betting Duty by 1%. These measures will support the immediate introduction of Sláintecare during 2018. As we have previously indicated, as part of our campaign to abolish college fees, we will ask companies to pay an extra 0.1% on the National Training Fund levy, as a contribution towards the cost of our third-level system.

## 2018 YIELD:

- End Refundable R&D Tax Credits: Yield **€200 million**
- Double the Bank Levy: Yield **€150 million**
- Tackling Fraud and Evasion: **€40 million**
- 2% increase in non-residential property stamp duty: **€188 million**
- Abolish Help to Buy Scheme: Yield **€40 million**
- Increase Carbon Tax: yield **€220.2 million**
- National Training Fund Levy: Yield **€42.5 million**
- Tobacco excise, sugar tax and increased betting duty: **€140 million**

**CHAPTER 02**

**DEALING  
WITH THE  
CRISES IN  
HEALTH AND  
HOUSING**

## **IMPLEMENTING SLÁINTECARE**

The capital cost of funding the transition to Sláintecare must be met in the forthcoming 10-year capital plan. A failure to fully meet these costs will indicate that the Government has no intention of delivering transformative change to our healthcare services.

We cannot continue to face annual crises in health. Quite simply, our people deserve better.

Sláintecare, a fully costed 10 year plan to revolutionise our health service was launched five months ago with cross-party political support. We are proud to have played our role in helping to shape this progressive vision for our health services.

Unfortunately, since then no progress has been made by Government, while other parties continue to launch their own alternative proposals. Bluntly, other parties are reneging on their commitment to Sláintecare. We will not do so.

The Sláintecare report outlined a year 1 implementation cost of €395.6m. We believe it will take some time to negotiate a new GP contract to allow for the expansion of free GP care, and we have therefore assumed that this element of the implementation will take effect from September 2018. We have fully funded all other elements in line with the Sláintecare recommendations.

To do so, we have allocated €327m to the expansion of health services in Ireland.

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## **REDUCING AND REMOVING HEALTHCARE CHARGES**

One of the key recommendations of Sláintecare was the removal and reduction of healthcare charges, to reduce the prescription charge and remove in full, hospital inpatient charges. Labour is providing nearly €94 million for this in 2018. On prescription charges, this would in effect reduce the per item charge to below €1.50. Halving the Drug Payment scheme threshold for single headed households will benefit single people and lone parents with chronic diseases.

## 2018 COSTS:

- Removal of hospital inpatient charges: **€25m**
- Reduce GMS prescription charges: **€66.8m**
- Halve Drug Payment Scheme threshold for single headed households: **€1.75m**

## BUILDING A NATIONAL PRIMARY CARE SYSTEM

The Labour Party has consistently advocated for investment in primary care, and introduced free GP care for children under the age of 6 and those over 70. The first year investment under Sláintecare of over €100 million will enable the expansion of community diagnostics, shifting treatment from acute hospitals to the community. It will extend counselling in primary care to private GP referrals, and ensure funding for universal primary care and GP care.

The model for universal primary care and the funding provided will ensure full public access to teams that include health care assistants, home helps, nurses and midwives, occupational therapists, physiotherapists, and speech and language therapists.

## 2018 COSTS

- Expansion of primary care diagnostics: **€25m**
- Expansion of counselling in primary care: **€2.2m**
- Psychology in primary care: **€2.5m**
- Universal primary care: **€53.1m**
- Free GP care expansion (from September 2018): **€22.75m**

## A RENEWED APPROACH TO HEALTH AND WELLBEING

The expansion of the budget for Health and Wellbeing is a key component of Sláintecare. Improving the overall health of the population will reduce costs in the long run, through the prevention of illness, the proper management of chronic diseases, and the full implementation of Healthy Ireland. The funding increase will

over time double this budget to bring Ireland in line with international norms. The additional community general nurses proposed will also free up public health nurses with specialist child health training.

Further to this, the Labour Party supports the extension of the HPV vaccination programme to boys, and the provision of the flu vaccine to free of charge to all at risk categories, irrespective of their entitlement to a medical card. The €50,000 annual funding for the Baby Friendly Hospital Initiative should be restored.

## 2018 COST:

- Increase health and wellbeing budget: **€16.8m**
- Development of child health and wellbeing service: **€8.2m**

## EXPANSION OF SOCIAL CARE

A society that cares about families must also care for older people and those with disabilities. We need to better help people to lead independent lives in their homes and communities. That means expanding social care in the community.

Home help hours are just as valuable in supporting older people to live in their own homes, and stay connected to their own communities. Home care packages are essential for relieving the burden on acute hospitals and allowing people to return home.

To ensure families can get the help and support they need for older children with intellectual disabilities, a portion of the allocation for expansion of services for people with disabilities should go towards providing 800 residential home care packages.

It is also essential that additional staff, including occupational therapists, physiotherapists and speech and language therapists are recruited for early intervention teams for children with disabilities as they should be entitled to under the Disability Act as provided for under universal primary care.

## 2018 COSTS:

- Expansion of palliative care supports: **€8m**

- Additional home care and home help packages: **€24m**
- Expansion of services for people with disabilities: **€29m**

## **MENTAL HEALTH PROGRAMMES**

The Labour Party has consistently fought to ringfence funding for mental health. The expansion of counselling in primary care has been funded under that heading. A further €25 million is provided here to implement the recommendations of Sláintecare including over €9 million for children and adolescent mental health teams, and a further €8.9 million for adult mental health teams. This funding stream will provide for the fully functioning mental health teams as laid out in a Vision for Change. There must also be an emphasis on investing in services to help tackle the scourge of gambling addiction.

### **2018 COSTS**

- CAMHS: **€9.1m**
- Adult mental health teams: **€8.9m**
- Old age psychiatry: **€3.7m**
- Child and adolescent liaison: **€1m**
- Intellectual disability services: **€2.1m**

## **DENTISTRY EXPANSION**

Funding must be restored to the Dental Treatment Services Scheme as recommended by Sláintecare. This is essential primary care that in the long run reduces health costs. This would include an annual examination, scale and polish, gum cleanings, fillings and extractions. The allocated €17 million would restore services to pre-crisis levels.

### **2018 COST:**

- Reinstatement of Dental Support: **€17m**

## **A RENEWED AMBITION FOR PUBLIC HOUSING**

The crisis in housing continues, and is now impacting every part of day to day life in Ireland. The private housing market has failed. The required number of homes is not being built while the Government's social housing building programme has been slow to get off the ground.

Homelessness continues to increase as supply in the private rental market has all but disappeared. The State continues to spend millions on subsidising private rental accommodation through HAP and rent supplement. This is necessary at the moment, but by building more social housing, we can reduce the pressure on the private rental market. A vicious cycle is now in place in the Irish rental market of higher rents, higher demand and continually falling supply.

In 2018 the State's current target is to deliver over 5,000 social houses. This figure includes 3,800 newly built homes with the remainder to be delivered through Part V and refurbishment of old stock. This is simply not enough when combined with the failure of the private housing market to kick-start sufficient construction.

The Labour Party is proposing a fully funded plan to commit an additional €964 million to fund in 2018 the direct delivery of an additional 5,000 public homes. Our proposal would deliver 3,000 houses and 2,000 apartments of various sizes. With half in Dublin and half outside, all built on publicly owned land.

There are currently nearly 700 local authority sites and a further 30 plus owned by public bodies available for building, consisting of over 1,700 hectares. At a density of only fifty units per hectare this is enough land for 85,000 homes. Even more could be built at higher densities.

We present this to show clearly that it is possible to fund and deliver a radical increase in the provision of social housing next year. To do so requires political will and commitment.

This would bring the provision of social housing in 2018 to nearly 11,000 homes.

|                  | <b>HOUSES</b> | <b>APARTMENTS</b> | <b>TOTAL</b> |
|------------------|---------------|-------------------|--------------|
| <b>2018 COST</b> | €579m         | €385m             | €964m        |
| <b>1 BEDS</b>    | 100           | 400               | 500          |
| <b>2 BEDS</b>    | 1200          | 800               | 2000         |
| <b>3 BEDS</b>    | 1200          | 800               | 2000         |
| <b>4 BEDS</b>    | 500           | -                 | 500          |
| <b>TOTAL</b>     | <b>3,000</b>  | <b>2,000</b>      | <b>5,000</b> |

## 2018 COST:

- Construction of 5,000 public houses and apartments during 2018: **€964m (capital)**

## AFFORDABLE HOMES FOR SALE AND RENT

The absence of affordable homes for rent or sale must be addressed.

Thousands of families who want to buy a home cannot do so due to a shortage of new builds. This leaves families stuck in inappropriate or private rental accommodation. Thousands more young adults who want to move out of their parents' home cannot do so due to the lack of rental accommodation. The inability to locate housing is now directly impacting on inward investment in Ireland.

Our plan to build more social housing will ease the pressure on the rental market, but it alone is not sufficient to repair our housing market.

That is why the Labour Party is proposing that NAMA should be repurposed into a provider and financier of affordable housing for sale and rent. It is projected that NAMA will have a surplus of over €3 billion when it completes its work by 2020.

Instead of winding it down, we propose to broaden NAMA's remit to provide social and affordable housing, redesignating the agency as the National Housing Development and Finance Agency. This would allow the State to continue to tap into the existing expertise and resources already in place at NAMA

NAMA should not be restricted to only funding private developers, but could play a central role in financing affordable housing for sale or rent through approved



housing bodies, including the model developed by Ó Cualann cohousing alliance which is a co-operative approved housing body that has delivered 3-bed homes at a cost of €160,000.

The Labour Party has also long argued for affordable rental developments that would break the Irish model of one year leases and provide sustainable long term housing at a decent rent for those who cannot or do not wish to buy a home.

Focused action by NAMA could deliver 6,000 homes a year for sale and rent.

## HOUSING ADAPTATION GRANTS

Labour is proposing that €20.2 million should be allocated towards Housing Adaptation grants to take the total dedicated sum in 2018 to €80 million. This is an essential measure to support people with disabilities to live in their communities.

### 2018 COST:

- Increased allocation to Housing Adaptation Grants: **€20.2m (capital)**

## EXPAND THE LIVING CITIES INITIATIVE

The Living City Initiative first introduced in 2015 has seen a low take up, but was amended in 2017 to cover rented residential accommodation which has made it more attractive. In the context of the housing crisis, there is a substantial number of properties in the historic centres of our large towns and cities that could be converted for use as residential accommodation, in particular so called 'above the shop' apartments.

The Department of Finance could not provide a costing on this proposal. The Labour Party would extend the scheme and designate areas of special regeneration in the historic centres of our large towns to help address the housing crisis.

**CHAPTER 03**

**TACKLING  
THE COST OF  
RAISING A  
FAMILY**

## REDUCING SCHOOL COSTS FOR PARENTS

Parents pay too much for young children to go to school. We propose to substantially reduce the cost of education for parents.

Labour in Government provided an additional €15m in ring-fenced funding for schools which established book rental schemes to reduce costs for parents. We expanded school meals programmes and made sure that parents were consulted about existing uniform policies.

We propose increased funding to schools by €10 per child in 2018, increased to €20 per child for any school that agrees in writing to put an end to the practice of requesting voluntary contributions and other charges to parents.

Over recent years, funding of €5m per year was spent expanding the number of book rental schemes in primary schools. As a result, such schemes are now operating in 94% of schools, reducing book costs for parents by at least 80%.

However, at second-level, only 65% of schools report having a book rental scheme, and books are much more expensive at this level. We therefore propose a new three-year scheme, at a cost of €5m each year, to give funding to those schools that have not yet established book rental schemes.

Our alternative Budget provides for increases to the Back to School Clothing and Footwear Allowances, to meet the remaining cost of sending a child to school. These payments would be increased by €50 per child under our plans, bringing the payment to €175 for 4-11 year olds, and to €300 for children aged 12 and older.

We also call on the Government to enact the long-delayed Admission to Schools Bill this year, to put an end to the practice of charging parents to apply for a school place.

### 2018 COSTS:

- €10 increase to capitation, raised to €20 for schools that end voluntary contributions: **€15.05m**
- Seed funding for post-primary book rental schemes: **€5m (capital)**
- €50 increase to Back to School Clothing and Footwear Allowance: **€14.1m**

## SMALLER CLASS SIZES

Irish class sizes are significantly higher than international norms. Smaller class sizes provide more time for a teacher to spend with each child, and have been shown to have a particularly positive impact on young children and those in disadvantaged communities.

In Budget 2016, we reduced class sizes in primary schools back to their smallest ever level. Unfortunately, progress on that front ground to a halt last year. We also improved the guidance counselling staffing and leadership of second-level schools.

We will continue to cut class sizes to an historic low, continuing with our ambition to reach an average class size of 20 within five years, and putting an end to any classes with over 30 pupils.

We will also improve the staffing of second-level schools, to provide guidance and counselling to all students, and increase subject choice.

We are making the investment necessary to make sure that every teaching principal has one day available outside the classroom to spend on administration, and leading improvements to teaching and learning in our schools.

### 2018 COSTS:

- Reduce primary school class sizes by 1 point: **€5.5m**
- Reduce pupil-teacher ratio in second-level schools to 18:1 (17.25:1 in DEIS schools): **€20m**
- Provide every teaching principal with one administrative day per week: **€4.2m**

## AN AMBITIOUS PLAN FOR AFFORDABLE CHILDCARE

Our State has never invested enough in supporting families with young children. While some small start was made last year, we need to do much more to make affordable, high-quality childcare accessible to all.

A subsidy of €0.50 per hour was introduced for childcare costs in the last Budget. But by failing to cap childcare prices, in many cases this subsidy has been more than

wiped out by price increases. We have provided for the hourly subsidy to rise to €1.50 per hour, but this must be accompanied by a new regulation to freeze overall childcare prices.

We recognise that a high quality childcare sector depends on a skilled workforce with decent pay and fair conditions. Our Budget 2018 commitments would ensure that those who provide childcare services receive the training, respect and remuneration they deserve. We propose to immediately begin a programme to train at least 60 per cent of staff in the early year's sector to degree level (Level 7 on the NFQ) by 2025.

Many staff in the childcare sector currently earn the minimum wage. This leads to rapid staff turnover, and prevents us from building a well-educated, top quality workforce in the childcare sector. Indeed, the average pay across the entire sector, including senior staff, has been estimated at €10.27 per hour. This prevents people from building sustainable careers working with young children. Our proposals would provide the funding to increase minimum pay in the sector to at least the Living Wage of €11.70 during 2018.

Labour delivered two weeks of paternity leave in Government, recognising that fathers should have the opportunity to bond with their new-born children. The first year of a child's life is the most important, and all evidence suggests that children do better when cared for by their parents during that first year. We need to move towards a system that allows parents to spend a year at home with their newborn children.

We propose that an additional two weeks of paid parental leave should be introduced in 2018. This leave will be shared between both parents, with a use-it-or-lose-it clause built in to prevent mothers from always having to bear the responsibility of parenting during these early years. This should form the first part of a programme to extend paid parental leave to 12 months over the coming years.

## 2018 COSTS:

- Increase to state subsidy of childcare to €1.50 per hour: **€40m**
- Upskilling staff in the early years sector: **€0.99m (ten year programme at a total cost of €39.6m)**

- Increase childcare funding to allow for a living wage of €11.70 to be paid to all childcare workers : **€62.6m**
- Additional two weeks shared parental leave: **€20.6m**

## **PUTTING AN END TO COLLEGE FEES**

College provides young people with incredible and sometimes life changing opportunities. No young person should miss out on those opportunities because of an inability to pay.

For too long, the growing cost of funding third-level has been borne by students and their families. As well as asking companies to pay a little more towards these costs, we think it is time for the state to bear a greater share of the costs.

The Cassells report, which examined the future funding of higher education, suggested that fees could be abolished, or that they could rise and be funded through student loans.

The Government has taken no position whatsoever on that report. Ours is clear. College fees must not rise; they should go. Our plan will achieve this by 2020.

As a first step, we will reduce the student contribution by €1,000 from next September, replacing this cost to families with state funding. We will also invest a further €21m to increase college staffing, and maintain college class sizes.

### **2018 COSTS:**

- Reduction in student contribution by €1000: **€74m**
- Funding additional college staff to match demographic growth: **€22m**

**CHAPTER 04**

# **LEADING RICHER LIVES**

## INVESTING IN THE ARTS AND SPORT

Labour believes that arts and culture are an intrinsic part of society. Policy in this area must foster and strengthen the creative capacity of all of our citizens and communities, giving them opportunities for arts participation, while also supporting the world class artists we produce. We have an extraordinarily rich cultural heritage that is being added to every day by our remarkably talented artistic community.

We have heard much over the last year about the importance of investing in the arts. But we have seen little corresponding action.

As a first step towards the restoration of badly needed funding for the arts, we propose a 20% increase should be granted to the Arts Council, the Film Board, Culture Ireland, each of our National Cultural Institutions, and to all regional museums, galleries and cultural centres. Our intention is to support a doubling of funding for the arts and culture over the next five years.

Labour has always prioritised universal access to the arts. We have allowed for additional funding to expand the opening hours of some of our finest cultural institutions. This funding would see the National Museum and IMMA open on Mondays and Friday evenings during June, July and August. The National Gallery would open on Friday evenings until 8.30pm, while the Crawford Gallery in Cork would open on Friday evenings and Sunday afternoons.

We will support any moves that are made to expand the pilot social welfare initiatives for artists. On Dublin City Council, we have led the campaign for artists studios built and controlled by the City Council, to give artists secure spaces in which to work. We have allowed for a pilot fund of €5m to be awarded to local authorities willing to take on this idea.

We also believe in expanding the sport facilities in our communities. Facilities that are shared between sporting bodies and schools should be encouraged to build the strength of our communities. We have allocated €2m as a ring-fenced capital fund for joint applications for sports capital grants from schools and sporting bodies.

### 2018 COST:

- 20% increase to Culture Ireland funding: **€0.7m**
- 20% increase to Arts Council funding: **€13m**



- 20% increase to Irish Film Board funding: **€3.3m**
- 20% increase in funding for all national cultural institutions: **€8.5m**
- 20% increase in funding for all regional museums, galleries and cultural centres: **€1m**
- Expanded opening hours for National Museum, National Gallery, IMMA and the Crawford Gallery: **€0.5m**
- Pilot fund to allow local authorities to construct artists studios: **€5m (capital)**
- Ring-fenced fund for joint sports capital projects shared by schools and sporting bodies: **€2m (capital)**

## **SAFER COMMUNITIES**

There have been too many scandals in an Garda Síochána over recent years, and public trust in policing in Ireland has been badly damaged.

But families and communities still need and deserve safe, secure, flourishing communities where children can play safely, and families and older people can live without fear. Achieving that goal will continue to require greater investment and accountability in an Garda Síochána.

In Government we pressed for the introduction of the new Policing Authority, a long-standing Labour Party policy. We expect that the new Commission on the Future of Policing will report on schedule in September 2018. In the meantime there are still improvements we can make.

Our Alternative Budget provides for the recruitment in 2018 of an additional 800 members with the aim of returning to the previous peak Garda levels of over 14,500 by 2021.

We will also make the necessary investment to boost community policing. This will ensure that Gardaí can more effectively serve their towns, villages and parishes so that people can see our police force on our streets - by deploying an additional 300 community Gardaí next year.

A long-standing recommendation from the Garda Inspectorate is that more civilian staff should be recruited to free up Gardaí from front-line duties, and we have

budgeted for 200 such staff to be taken on during 2018, allowing 200 Gardaí to resume front-line work.

In late 2015, we started a pilot programme in Dunmore, Co. Laois to begin combatting rural crime. No progress has been made on that front since. We now want to rollout a national programme to install CCTV cameras on motorways, and propose that this fund will operate on a matched-funding basis with contributions from communities or local authorities.

## 2018 COSTS:

- Recruitment of 800 additional Gardaí: **€14.9m**
- Deployment of 300 community Gardaí: **€0.25m**
- Recruitment of 200 civilian staff: **€4m (€8m full year cost)**
- Rollout of CCTV programme to combat rural crime: **€5m (capital)**

## TAKING OUR ROLE IN THE WIDER WORLD SERIOUSLY

While money is tight for the coming Budget, we remain a wealthy and developed nation. As a society, we are proud of how our own country has developed, and we are a generous people.

We believe that the international target of 0.7% of GNI for investment in overseas development aid is a reasonable one, and one we should commit to meeting.

As a first step, we propose to increase the ODA budget by 10% in 2018. This must be the first step in a series of annual increases, bringing us to a point where we can finally reach the target of 0.7% of GNI in 2025.

## 2018 COST:

- 10% increase to ODA Budget: **€64m**

## GETTING BREXIT READY

The public move by the UK to acknowledge that a two year transition period will be required will ease the risk of a catastrophic hard Brexit. However policy initiatives are still required by Ireland to ensure that Ireland is Brexit Ready.

The Government promised earlier this year to publish a paper that would address the economic and trade implications of Brexit. Unlike the Labour Party, they have so far failed to do so. Indeed, we have yet to see any concrete proposals on how the Government intends to support businesses that will be badly impacted by Brexit.

The Labour Party has proposed that the Government should seek a suspension of state aid rules for a period of two years, and set up a Brexit Trade Adjustment Fund of €250 million to support enterprise impacted by whatever trade arrangements emerge. Similar proposals have also been put forward by other stakeholders. A capital fund of this nature could be established through the Department of Enterprise and the Ireland Strategic Investment Fund. For example, the Connectivity Fund of €335 million from the proceeds of the sale of Aer Lingus has only invested €67 million to date leaving a balance of €268 million. The balance should now be refocused on providing the support businesses will need when Brexit happens.

We have also argued since the referendum result that the Government should seek to have the European Globalisation Adjustment Fund rules changed to ensure that it is available to workers who may lose their jobs due to Brexit. Under the present rules there must be a total of more than 500 redundancies in a single enterprise. That will not help the multiple small employers that may have to make staff redundant due to Brexit.

In the upcoming allocation of additional capital resources, the Labour Party believes investment must also be focused on improving transport connections to the border area, and in particular the north west. Port infrastructure must also be improved in Cork, Rosslare, Foynes and Dublin. As we make clear elsewhere in this document, we now face a national housing emergency. On top of the crisis that poses to our people, it is also now damaging efforts to attract inward investment.

**CHAPTER 05**

# **A GREEN REVOLUTION**

## INVESTING TO CLIMATE PROOF OUR ECONOMY

The Government has an additional €2.65 billion available for capital allocation up to 2021 that will be announced in the coming weeks. Central to this announcement, and the 10 year plan that will follow must be targeted investments that will climate proof our economy.

The Labour Party is specifically calling for a radical investment in public transport as follows:

- Funding of all available cycle projects, including greenways, junction improvements and expansion of the public bike schemes.
- The electrification and provision of DART services on the Maynooth to Connolly; and Hazelhatch to Heuston lines should be progressed to project and implementation stage. The current capital plan provides for design and planning only. The current capital plan provides for design and planning only.
- Metro North must be fast tracked, and the train line network protected. There must also be a strategy put in place to expand and increase the level of freight carried on our rail network to ensure the long term sustainability of our public rail network.
- We believe it is necessary to see focused investment in integrated transport, and bus infrastructure to include segregated bus and cycle corridors on all the major Dublin commuting routes, investments in ticketing and processes to speed up journeys. As commuter numbers increase, there will need to be short and medium term plans to alleviate traffic delays. Bus Rapid Transit systems should be progressed immediately to increase capacity and reliability. The plan should also fund the replacement of the bus fleet with cleaner, greener vehicles.

It is essential that in the Capital Plan there is increased investment in climate proofing and flood alleviation.

Energy efficiency measures and retrofitting should also be prioritised to insulate our housing and commercial building stock.

The Labour Party in our submission to the mid term review of the Capital Plan has outlined our proposals on these measures.

## **SUPPORTING CYCLING AND GREENER PUBLIC TRANSPORT**

The introduction of public bike schemes has been an incredibly positive development in cities across Ireland. It was a Labour Party councillor, Andrew Montague, who first proposed the establishment of the Dublin Bikes scheme back in 2004, and it got up and running in 2009.

With Labour in Government, new schemes opened in Cork, Limerick and Galway. And last year, there were 4.4m journeys taken on public bikes across Ireland.

We now think it is time for the State to provide a small subvention to support the ongoing running costs of these schemes. Councils shouldn't be entirely dependent on new advertising hoardings to pay the cost of the schemes, and so we propose that Central Government provide a subsidy of 20c for every journey taken on a public bike.

During 2018, we will conclude our consultations on how to implement a 'bike to school' scheme to incentivise the purchase of bicycles for children, along the lines of the hugely successful 'bike to work' scheme.

We also believe that our public transport systems should benefit from greater public subsidy. We support the implementation of a multi-annual funding mechanism for the CIÉ companies, but in the meantime, we propose an immediate 2% increase to the public subvention of each company.

### **2018 COSTS:**

- State subsidy of 20c per public bikes journey: **€0.8m**
- 2% increase to funding of Dublin Bus: **€1.2m**
- 2% increase to funding of Bus Éireann: **€0.7m**
- 2% increase to funding of Iarnród Éireann: **€2.2m**

## SOLAR PANELS IN SCHOOLS

We support diversification of the renewable electricity portfolio.

Community owned energy projects have the potential to transform our energy system. Communities all over Europe are creating projects where they own and are actively involved in running an energy resource.

There's a good deal of work to be done to develop community ownership of energy projects across Ireland, not least of which is removing the bar that prevents communities from profiting from the sale of excess energy to the national grid.

While waiting for such changes to be made, we think the public sector can set the lead, and we think a good place to start in Ireland is with the installation of solar panels on the roof of the local school.

With 4,000 schools across Ireland, installing solar panels on all of our schools could provide half of the energy our schools need, while helping our children to understand the benefits of switching to clean sources of energy.

Over four years, our proposal is to do exactly that.

### 2018 COST:

- €24m in 2018, rising to €100m full cost

## ELIMINATING WASTE

In Dáil Éireann, we recently co-sponsored, alongside the Green Party, the Waste Reduction Bill. That legislation will ban the use of non-compostable coffee cups and food, and will, from 2020, introduce a recycling charge for plastic and glass bottles as well as aluminium cans.

We believe that to be the right approach. But we cannot wait for legislation to be passed to take action.

We are proposing the introduction of a 5c levy on non-compostable coffee cups with effect from January 1<sup>st</sup>. This levy will add to the environmental fund, and will apply until such time as the use of these cups has been banned.

**APPENDIX 01**

# **FISCAL SPACE**



## CALCULATING THE FISCAL SPACE

Table 1 – the below table is an amended version of Table 2, Summer Economic Statement.

It has been revised to include the cost of the public sector pay deal which has now been accepted, and to combine current space and revenue space as we are not advocating tax reductions in this Budget.

| Impact of Budget 2017 on available fiscal space                                                                                         |                   |                      |             |
|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|-------------|
| €billions                                                                                                                               | Current & Revenue | Capital <sup>^</sup> | Total       |
| <b>a. Net 2018 Indicative Fiscal Space as per Budget 2017</b>                                                                           | 1.00              | 0.19                 | 1.2         |
| <i>... Translates into</i>                                                                                                              |                   |                      |             |
| <b>b. Nominal Budget 2018 package~</b>                                                                                                  | 1.00              | 0.5                  | 1.5         |
| <b>Less impact of policy decisions pre SPU</b>                                                                                          |                   |                      |             |
| <b>c. Carry over of pre-committed Budget measures</b>                                                                                   | <b>0.65</b>       | <b>0</b>             | <b>0.65</b> |
| <b>d. Nominal Resources available for B2018 package [b-c]</b>                                                                           | <b>0.35</b>       | <b>0.5</b>           | <b>0.86</b> |
| Less impact of other significant policy commitments                                                                                     |                   |                      |             |
| e. Action Plan for Housing                                                                                                              |                   | 0.33                 |             |
| f. Landsdowne Road II                                                                                                                   | 0.18              |                      |             |
| <b>g. Remaining Nominal Resources for new Budget 2018 Initiatives[d-(e+f)]</b>                                                          | <b>0.17</b>       | <b>0.18</b>          | <b>0.35</b> |
| Note rounding may affect totals. This table is based on Table 2, Summer Economic Statement, amended to include cost of extension of LRA |                   |                      |             |
| <sup>^</sup> Majority of this fiscal space is already utilised due to capital formation increase in recent years.                       |                   |                      |             |
| ~Capital smoothing increases nominal amount available                                                                                   |                   |                      |             |

**Table 2 – Revised fiscal space available for new Budget measures under Labour alternative Budget**

|                                                                                                                                         | <b>Current</b> | <b>Capital</b> | <b>Total</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|--------------|
| a. Nominal resources based on Summer Economic Statement                                                                                 | 0.17           | 0.18           | 0.35         |
| b. Revenue raising measures (detailed at table 3), allocated between current and capital                                                | 0.88           | 0.21           | 1.09         |
| c. Applying capital smoothing rule (applicable to all additional capital allocation as it is being invested in public housing projects) | 0.88           | 0.84           | 1.72         |
| <b>Total available for new Budget measures (a + c)</b>                                                                                  | <b>1.05</b>    | <b>1.02</b>    | <b>2.07</b>  |

## **REVENUE RAISING MEASURES**

**Table 3 – complete list of revenue raising measures included in Labour’s alternative budget.**

| <b>Measure</b>                                            | <b>2018 Yield</b> |
|-----------------------------------------------------------|-------------------|
| End refundable element of R&D credit                      | 200m              |
| Double bank levy                                          | 150m              |
| Improved tax collection rates                             | 40m               |
| Increase in non-residential Stamp Duty Rate by 2% to 4%   | 188m              |
| Abolition of Help to Buy Scheme                           | 40m               |
| Increase in carbon tax of €10 per tonne CO2               | 220m              |
| Increase in Betting Duty by 1%                            | 50m               |
| 20c increase to tobacco prices, including rolling tobacco | 50m               |
| Sugar tax                                                 | 40m               |
| Increase in NTF levy                                      | 42.5m             |
| Reduced live register expenditure                         | 50m               |
| Recovery of benefits and assistance scheme                | 16m               |
| <b>Total revenue raising measures</b>                     | <b>1.09bn</b>     |

## EXPENDITURE

Table 4 – Current spending commitments – overview

|                                                 |                |
|-------------------------------------------------|----------------|
| Tackling the cost of raising a family           | €216.2m        |
| Implementation of Sláintecare                   | €326.9m        |
| Leading richer lives                            | €115.3m        |
| Boosting the incomes of those earning the least | €393.9m        |
| <b>Total</b>                                    | <b>€1.05bn</b> |

Table 5 – Capital spending commitments

|                                                                  |                |
|------------------------------------------------------------------|----------------|
| Construction of an additional 5,000 public housing units in 2018 | €964m          |
| Solar panels in schools                                          | €24m           |
| Housing adaptation grants                                        | €20m           |
| Book rental schemes in schools                                   | €5m            |
| Construction of Artists studios                                  | €5m            |
| Expansion of Living Cities initiative                            | €4m            |
| Sports Capital Grants for schools and sporting bodies            | €2m            |
| <b>Total</b>                                                     | <b>€1.02bn</b> |

**Table 6 – Tackling the cost of raising a family (detailed)**

|                                                                                            |                |
|--------------------------------------------------------------------------------------------|----------------|
| €50 Increase to Back to School Clothing & Footwear allowance                               | €14m           |
| Reducing school costs for parents                                                          | €15m           |
| Increasing weekly allocation to reduce childcare costs from 0.50 per hour to 1.50 per hour | €40m           |
| Additional two weeks parental leave, to be shared between parents                          | €20.6m         |
| Reduction in student contribution to €2,000                                                | €74m           |
| Reduce primary school class sizes by 1 point to 26:1                                       | €5.5m          |
| Providing every teaching principal with one administrative day per week                    | €4.2m          |
| Reduce pupil-teacher ratios at post-primary to 18:1 (17.25:1 in DEIS schools)              | €20m           |
| Upskilling staff in early years sector                                                     | €0.99m         |
| Maintaining current staff student ratios at third-level                                    | €22m           |
| <b>Total</b>                                                                               | <b>€216.2m</b> |

**Table 7 - Implementation of Sláintecare (detailed)**

|                                                                  |        |
|------------------------------------------------------------------|--------|
| Increase health and wellbeing budget                             | €16.8m |
| Development of child health and wellbeing service                | €8.2m  |
| Remove hospital inpatient charges                                | €25m   |
| Reduce GMS prescription charges                                  | €66.8m |
| Halve Drug Payment Scheme threshold for single headed households | €1.75m |
| Expansion of primary care diagnostics                            | €25m   |
| Expansion of counselling in primary care                         | €2.2m  |

|                                                    |                |
|----------------------------------------------------|----------------|
| Psychology in primary care                         | €2.5m          |
| Universal primary care                             | €53.1m         |
| Free GP care expansion                             | €22.75m        |
| Reinstatement of Dental Support                    | €17m           |
| Expansion of palliative care supports              | €8m            |
| Additional home care and home help packages        | €24m           |
| Expansion of services for people with disabilities | €29m           |
| CAMHS                                              | €9.1m          |
| Adult mental health teams                          | €8.9m          |
| Old age psychiatry                                 | €3.7m          |
| Child and adolescent liaison                       | €1m            |
| Intellectual disability services                   | €2.1m          |
| <b>Total</b>                                       | <b>€326.9m</b> |

**Table 8 – Leading Richer Lives (detailed)**

|                                                                           |        |
|---------------------------------------------------------------------------|--------|
| Recruitment of 800 additional Gardaí                                      | €14.9m |
| Recruitment of 200 civilian posts to free up Gardaí for front-line duties | €4m    |
| Deployment of 300 community Gardaí                                        | €0.25m |
| 20c subvention for each trip on a city bike                               | €0.88m |
| Increase of 2% to public subvention of CIE companies                      | €4.16m |
| 20% increase to Culture Ireland funding                                   | €0.7m  |
| 20% increase to Arts Council funding                                      | €13m   |
| 20% increase to Irish Film Board funding                                  | €3.3m  |
| 20% increase in funding for all national cultural institutions            | €8.5m  |

|                                                                                  |                |
|----------------------------------------------------------------------------------|----------------|
| 20% increase in funding for all regional museums, galleries and cultural centres | €1.06m         |
| Increased opening hours for national cultural institutions                       | €0.56m         |
| Investment in ODA                                                                | €64m           |
| <b>Total</b>                                                                     | <b>€115.3m</b> |

**Table 9 - Supporting the incomes of those earning the least (detailed)**

|                                                                          |                |
|--------------------------------------------------------------------------|----------------|
| Minimum Living Wage of €11.70 for all public servants                    | €31.6m         |
| Living Wage of €11.70 for all working in childcare                       | €59.8m         |
| Indexation of all weekly, monthly and employment top-up welfare payments | €204.9m        |
| Restoration of weekly payment rates for those under 26                   | €97.6m         |
| <b>Total</b>                                                             | <b>€393.9m</b> |