

October
2004

ISSN: 1649-4954

Budget Choices

CORI JUSTICE COMMISSION

Policy Briefing

CORI Justice Commission
Bloomfield Avenue
Dublin 4

Phone: 01 6677363

Fax: 01 6689460

www.corie.ie/justice

It is time for a new approach. Budget 2005 should give priority to tackling the risk of poverty faced by more than 700,000 people in Ireland and to reducing the deficits in Ireland's infrastructure and social provision. In practice this would involve:

- Increasing social welfare rates;
- Tackling the 'working poor' issue;
- Increasing the allocation for social provision generally, and
- Ensuring that changes in income tax benefit the lower paid at least as much as they benefit the better off.

While Ireland has been doing very well in recent years with increasing employment, reducing unemployment and generating economic growth, Budget policy has lacked balance. An effective anti-poverty strategy requires both a high employment rate and a comprehensive welfare sys-

tem to ensure everyone has sufficient income to live with dignity. Budget decisions in recent years have failed to address the social welfare component of this requirement.

To rectify this situation Budget 2005, among other initiatives should:

- Increase the lowest social welfare rates by €14 for a single person a week and by €24 a week for a couple;
- Substantially increase the allocation for social housing;
- Introduce a specific programme to finance the services being provided to local communities that are vulnerable due to cuts in CE;
- Make tax credits refundable;
- Increase tax credits rather than widen the standard rate tax band.
- Increase the access to medical cards for vulnerable groups;
- Standard rate all tax expenditures.

A recent study by the ESRI supports the CORI Justice Commission's claims, made over several years, that higher welfare rates were essential if the risk of poverty is to be eliminated. The ESRI acknowledges the importance of a high employment rate and goes on to state that "...a move to a low rate of relative income poverty would require a more comprehensive safety net and higher rates of welfare payment." Our proposals for Budget 2005 advance this recommendation.

A society is measured by how it treats its most vulnerable people. By this measurement Ireland is failing dismally.

The following pages address a wide range of budgetary issues. They identify core policy objectives and outline budgetary proposals that would move towards achieving these objectives. All the proposals are made within a responsible fiscal stance.

Inside this issue:			
		Work & Unemployment	9
Main Policy Recommendations	2	Public Services	10
Adequate Social Welfare	3	Housing and Accommodation	11
The Widening Rich/Poor Gap	4	Healthcare	12
Poverty / Income Tax Changes	5	Education	13
Overseas Development Assistance	6	Rural Development	14
Taxation	7	Environment and Sustainability	15
Income Distribution	8	Community Services	16

Policy Briefing is a regular publication issued by the CORI Justice Office. It addresses a wide range of current policy issues from the perspective of those who are poor and/or socially excluded. Comments, observations and suggestions on this briefing are welcome.

Main Policy Recommendations For Budget 2005

Core Policy Objective

To build a society where human rights are respected, human dignity is protected, human development is facilitated and the environment is respected and protected.

Taxation

- Commit to increasing Ireland's total tax take towards the EU average.
- Make tax credits refundable.
- Increase tax credits substantially so as to move towards taking the minimum wage out of the tax net.
- Increase the corporate tax rate to 17.5%.
- Increase capital gains, wealth and eco taxes.
- Standard rate all discretionary tax expenditures.

Income Distribution

- Increase the lowest social welfare rates by €14 a week for a single person and by €24 a week for a couple.
- Increase child benefit substantially and do not tax it.
- Move towards individualisation of social welfare payments.
- Introduce a cost of disability allowance.
- Increase the weekly allowance for asylum seekers in 'direct provision' to €60 a week for an adult and €30 for a child.

Work/Unemployment/Job-Creation

- Place an ongoing emphasis on preparing and enabling unemployed people to access jobs. This would involve providing additional resources to support:
 - ♦ Increased numbers of places providing quality education and training, retraining and up-skilling.
 - ♦ Expanded opportunities for unemployed people to gain

work-place experience, and Adequate numbers of places on programmes such as Community Employment.

- ♦
- Create a new programme to provide direct funding for community and voluntary organisations providing services which were dependent on CE funding in the past.
- Provide resources to conduct a survey to discover the value of all unpaid work in the country (including community and voluntary work and work in the home).

Public Services

- Target funding strategies to ensure that far greater priority is given to providing an easy-access, affordable and high quality public transport system.
- Provide substantial additional resources for the development of library services throughout the country.
- Adopt further information technology programmes to increase the skills of school children, early school-leavers and the unemployed.
- Take initiatives to ensure equality of access across all public services.

Housing and Accommodation

- Acknowledge that everyone has a right to appropriate accommodation and develop policy from this perspective.
- Set a target of reducing the time spent on waiting lists to a maximum of 6 months by 2007.
- Increase substantially the resources allocated for the provision of social housing
- Provide sufficient resources to eliminate homelessness in the coming year.

Healthcare

- Give far greater priority to community care and restructure the health-care budget accordingly.
- Increase the resources for core com-

munity care services for older people with priority to be given to home care.

- Raise the eligibility level for the medical card.
- Work towards universal access in primary care.

Education

- Prioritise funding for primary education and family-based pre-school education.
- Provide 'early start' programmes in all disadvantaged communities (including those outside disadvantaged areas).
- Further prioritise Adult and Community Education
- Reduce pupil-teacher ratio in Years 1-4 of Primary schools in the Even Break initiative and in schools in disadvantaged areas.

Rural Development

- Ensure the provision of basic infrastructure and services based more on equity and social justice, rather than on cost effectiveness
- Provide support for rural housing.
- Provide additional resources for the development of rural public transport strategies.

Environment

- Allocate the necessary resources to achieve waste reduction targets by implementing the relevant sections of the Waste Management Act.
- Allocate substantial additional resources to develop and reward recycling.

O. D. A.

- Implement the commitment to increase Ireland's ODA budget for poor countries to the UN target of 0.7% of GNP by 2007.

Poverty Proofing

- Poverty-proof the budget to ensure that the gap between rich and poor is reduced

Achieving an Adequate Social Welfare Rate

In 2002, the *National Anti-Poverty Strategy (NAPS) Review* set the following as a key target: “to achieve a rate of €150 per week in 2002 terms for the lowest rates of social welfare to be met by 2007”. Subsequently, the new national agreement *Sustaining Progress* further endorsed this target.

CORI Justice Commission welcomed this target. It was a major break-

through in social, economic and philosophical terms. The target of €150 a

The target of €150 a week is equivalent to 30% of GAIE in 2002.

week is equivalent to 30% of Gross Average Industrial Earnings (GAIE) in 2002. This means that social welfare

rates will be benchmarked to increases in average industrial wages from now on.

If this commitment is delivered upon it will mean that the gap between the present level of the lowest social welfare payments and 30% of GAIE will be bridged between now and 2007. Budget 2004 made some progress towards reaching this target but Budget 2005 must do better.

Social Welfare Increase of €14 Needed in Budget 2005

CORI Justice Commission has calculated the projected growth in €150 between 2002 and 2007 when it is indexed to the estimated growth in GAIE. Table 1 presents the expected growth rates and calculates that the lowest social welfare rates for single people should reach €185.80 by 2007.

Progress towards achieving this target has been slow. At its first opportunity to live up to the NAPS commitment the government only granted a mere €6 a week increase in social welfare rates in Budget 2003. This increase was below that which CORI Justice Commission requested in our *Pre-Budget Briefing for Budget 2003* and also below that recommended by the government’s own tax strategy group. In Budget 2004 the increase in the minimum social welfare payment was

€10. This increase was below the €12 a week CORI Justice Commission sought in our *Pre-Budget Briefing for Budget 2004*.

Following Budget 2004 the current minimum level of social welfare is €134.80 a week. Consequently, the gap to be bridged in the next three budgets (2005-2007) is €51. To fulfil the NAPS commitment the average increase in the minimum level of unemployment assistance across the next three budgets must be €17 a year. Table 2 proposes the updated scale of increase for social welfare for 2005 to 2007.

Ireland’s poverty figures underscore the inadequacy of social welfare payments throughout the last few years. They show that all categories of social welfare recipients have experienced increases in their poverty risk since

1994. Similarly the failure of social welfare payments to seriously address poverty throughout recent years was pointed out in the recent CSO report entitled *Measuring Ireland’s Progress*. Using European data it pointed out that “social transfers and pensions reduced the ‘at risk of poverty rate’ in Ireland in 2000 from 37 per cent to 20 per cent. This was one of the lowest risk reductions in the EU”.

The NAPS commitment was very welcome and is one of the few areas of the anti-poverty strategy that is adequate to tackle the scale of the poverty, inequality and social exclusion. It remains crucial that this commitment is delivered upon. CORI Justice Commission strongly urges government to honour its commitment in Budget 2005 and to provide an increase of €14 this year.

Table 1: Estimating growth in €150 a week (30% GAIE) for 2002-2007

	2002	2003	2004	2005	2006	2007
% Growth of GAIE	-	+6.00	+3.00	+4.50	+3.60	+4.80
30% GAIE €150 Updated)	150	159.00	163.77	171.14	177.30	185.80

Source: GAIE growth rates from CSO Industrial Earnings and Hours Worked (September, 2004:2) and ESRI Medium Term Review (2003:49).

Table 2: Proposed approach to addressing the Gap, 2004-2007

	2004	2005	2006	2007
Min. SW. payment in €s	134.80	148.80	165.80	185.80
€amount increase each year	-	+14.00	+17.00	+20.00

The Widening Gap Between Rich and Poor

Over the past seven years the impact of the budgetary policies pursued by the current government has been to further increase income inequality. This is revealed by a CORI Justice Commission analysis of the last seven budgets.

In making these calculations it is essential that wage increases be included as well as tax cuts and social welfare increases. Unemployed people gain nothing from the tax reductions or wage increases. Consequently when assessing their relative positions, it is essential that these pay increases be included in the calculations. We have included the general wage increase in *Sustaining Progress* as well as the impact of Budget changes on social welfare and taxation. We have not, however, included the impact of the benchmarking increases for public servants, as they do not apply to everyone. Chart 1 provides the details.

The rich/poor gap measures the gap between the disposable income of a single person on long-term unemploy-

ment and a single person on €50,000. Consequently, the calculations of the rich/poor gap must also include the impact of the special savings incentive account (SSIA) scheme which better-off people can access but which is beyond the reach of Ireland's poorest people.

The results of this analysis reveal a

Over the last seven years the rich/poor gap has widened by €294 a week as a result of this Government's budget decisions

dramatic widening of the rich/poor gap as each of the last seven budgets gave substantially more to those who were better off than to those who were poorest in Irish society. Overall, this gap has now widened by €94 a week—€280 a week from tax and social welfare changes and €14 a week as a result of the SSIA scheme (i.e. €15,288 a year).

Chart 1 provides the details on the impact of the combined tax and welfare changes. It shows that a single person who is long-term unemployed

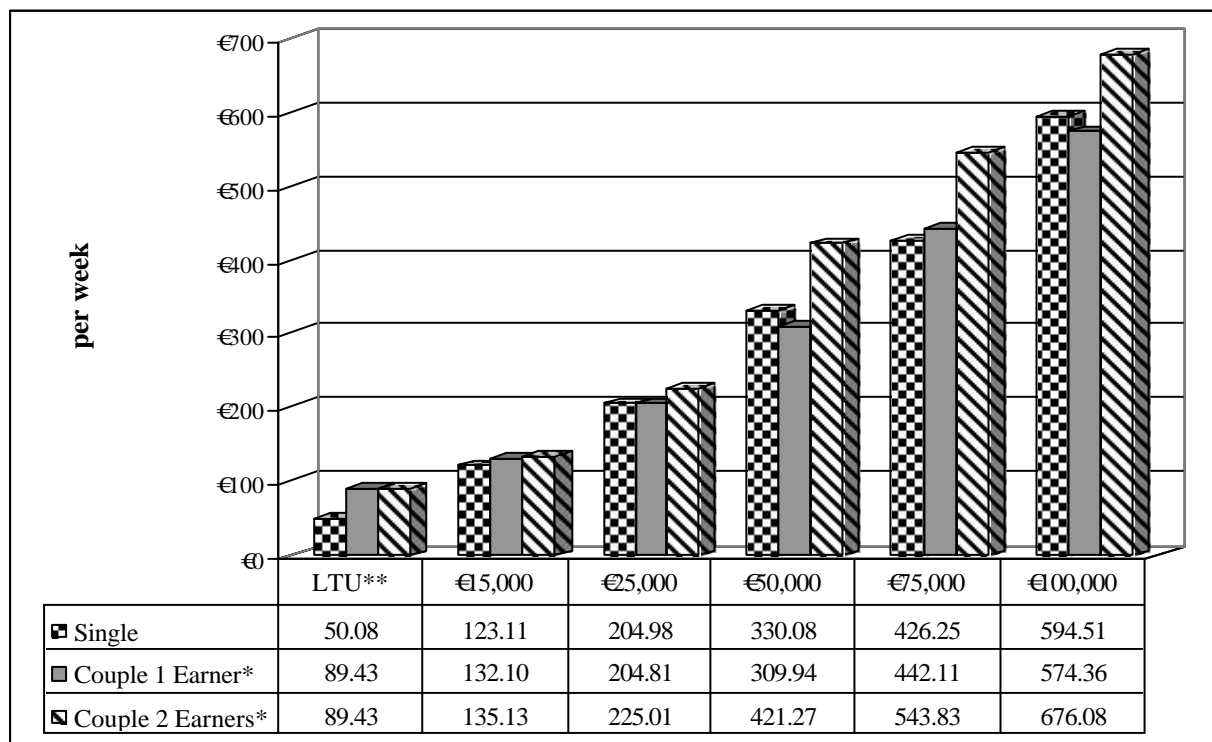
is €50.08 a week (i.e. €2,613 a year) better off while a single person on €25,000 is €204.98 a week (€10,696 a year) better off. A person on €50,000 is a year is €330.08 a week (€17,224 a year) better off than he/she was in 1997. After seven Budgets couples who are long-term unemployed are €89.43 (€4,666 a year) a week better off. Couples with one income earning €25,000 a year are €204.81 a week (€10,687 a year) better off. This income distribution reflects the choices government

has made over the past seven years. These choices were totally skewed in favour of those with higher incomes.

It also raises serious questions about the way these Budgets were organised. The rich get richer while those living in poverty still have a long way to go before they even reach the poverty line of income.

It is essential that the new Minister for Finance reverse these trends and ensure that Budget 2005 allocates resources more favourably towards those living on lower incomes.

Chart 1: How much better off are people under this Government (1997-2004)?



Notes: * Except in LTU case where there is no earner ** LTU: Long Term Unemployed

Poverty

Despite the advances in employment and economic growth achieved over the last few years, the phenomenon of poverty remains large. Its sustained existence remains as one of this country's major failures.

The National Anti-Poverty Strategy (NAPS) published by government in 1997 adopted the following definition of poverty:

People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living that is regarded as acceptable by Irish society generally. As a result of inadequate income and resources people may be excluded and marginalised from participating in activities that are considered the norm for other people in society.

In trying to measure the extent of poverty, the most common approach has been to identify a poverty line (or

lines) based on people's incomes. Where that line should be drawn is sometimes a contentious matter, but many European studies (including those carried out by the ESRI in Ireland) now suggest *a line, which is half average (mean) income, adjusted to take account of family size and composition.*

Updating this ESRI figure from 2001 to 2004 levels produces a relative income poverty line of €180.30 a week for a single person. In 2004, any adult below this weekly income level will be counted as being in poverty. For a family of 2 adults and 2 children the 2004 poverty line equalled €418.30 a week.

The most up-to-date detailed data available on the nature and extent of poverty in Ireland comes from the 2001 *Living in Ireland Survey*. Using the 50 per cent poverty line, it reveals that in 2001 almost one in every four households and one in every five people in Ireland were living in poverty. As it is sometimes easy to overlook

the sheer scale of Ireland's poverty problem it is useful to translate the poverty percentages into numbers of people. These poverty figures indicate that in 2001 some 707,866 people were living in poverty. Of these, approximately 251,793 were children. Although no poverty figures are available for more recent years, our annual post-budget analysis has shown that this figure is likely to have continued to increase.

Further insights into the nature and extent of poverty were outlined in our recent *Policy Briefing* on poverty (July 2004). It showed that over recent years people living in poverty have fallen further beneath the poverty line and are remaining in poverty longer. It also recorded that there had been massive increases in the levels of poverty experienced by welfare recipients; the elderly, and those who are ill or have a disability. The divisions in Irish society are growing. Budget 2005 needs to take steps to ensure that these figures do not continue to increase.

Income Tax Changes Must Be Fair

Making income tax changes fair provides a major challenge to Government in the forthcoming Budget. There are two major aspects to this challenge. The first concerns some of the 'working poor' whose tax liability is less than their tax credit. The second concerns the need to get optimum value for the money spent on tax reductions.

The move from tax allowances to tax credits was completed in Budget 2001. This was a very welcome change because it put in place a system that had been advocated for a long time by a range of groups including the CORI Justice Commission.

One problem persists however, a problem that the old system of tax allowances also had. If a person does not earn enough to use up his or her full tax credit then he or she will not benefit from any tax reductions introduced

by government in its annual budget. In effect this means that, under the present system, those with the lowest pay, many of them among the 'working poor', will not benefit in any way at budget time.

Budget 2005 should:

- **Make tax credits refundable, and**
- **Increase tax credits rather than widen the 20% tax band.**

A solution exists to rectify this problem: make tax credits refundable. This would mean that the part of the tax credit that an employee did not benefit from would be "refunded" to him/her by the state.

The major advantage of making tax

credits refundable would lie in addressing the disincentives currently associated with low-paid employment. The main beneficiaries of refundable tax credits would be low-paid employees (full-time and part-time).

The second aspect of the challenge to make income tax changes fair (i.e. getting optimum value) points to the need to raise tax credits rather than to expand the 20% tax band. If the tax band is expanded larger benefits go to those whose income is already high enough to keep them in the higher tax band. No benefits whatsoever go to those whose income is so low that they have not yet reached the 42% tax rate.

A far fairer approach would be to use the money available for tax reductions to increase the value of the tax credit. Then all will benefit equally from the tax changes, in other words they will be fair.

Increasing Overseas Development Assistance

As part of *Sustaining Progress* the government reiterated its commitment that “meeting the UN target of 0.7 per cent of GNP expended by 2007 on overseas development assistance remains Government policy”. However, in spite of initial progress, there has been a noticeable slow down in the movement towards that figure. The interim government target of achieving 0.45 per cent of GNP by 2002 was not reached, instead the end-of-year figure was 0.41 per cent or €422.1m. Had the interim target been achieved the government would have donated €465.4m in ODA during 2002.

More recently, indications of the final figure for 2003 and the projected figure for 2004 suggest that ODA will have stabilised at 0.41 per cent of GNP for both years. The consequent lack of progress towards the 0.7 per

cent target led to the OECD’s development assistance committee during 2004 to describe Ireland as “faltering” in its movement towards the target. The committee also expressed the opinion that Ireland’s aid programme was being hindered by a failure to set out “programmed funding increases” into the future.

In response, CORI Justice Commission has set out the path which government should follow if it is to meet its ODA commitment. We published the details of these calculations in our socio-economic review *Priorities for Fairness* earlier this year (see p167-

169). Table 3 outlines the necessary funding increases to be implemented in the exchequer Estimates and Budgets for 2005, 2006 and 2007. Adopting these proposed increases would result in the ODA as a percentage of GNP figure growing from 0.41 per cent in 2004 to 0.5 per cent in 2005, 0.6 per cent in 2006 and reaching the target of 0.7 per cent in 2007. Therefore, net Irish ODA in 2007 should amount to €892.4m.

In honouring this commitment Budget 2005 should increase ODA by €24m to €71.1m or 0.5% of GNP.

Table 3: Proposed Irish ODA programmed funding increases, 2005-2007

	2004	2005	2006	2007
Path to 0.7% of GNP	0.41%	0.5%	0.6%	0.7%
Amount of ODA each year	€447.3m	€71.1m	€724.4m	€892.4m
Year-on-year increase	-	€23.8m	€153.3m	€168m

CE and Local Services

The reduction in the numbers unemployed has led to the number of places available on the Community Employment (CE) programme being reduced substantially. This has caused serious problems in local areas as organisations were forced to reduce or, in many cases, to close the services they had been providing. (These organisations had used CE as a major source of funding their services.) Now the Government is proposing to fundamentally change CE. For the past ten years CE projects have been one of the Government’s main vehicles for providing work experience and training to large numbers of unemployed people. Most of these CE projects were run by community and voluntary groups who were set up to deliver necessary services to local people. These organisations were provided with State support to employ people from the Live Register. This was a very good deal for the State and was effective at providing efficient services.

What is needed now is a new programme that would finance services being provided to local communities by the community and voluntary sector organisations. These services should not be forced to depend on financing being made available only if long-term unemployed people are recruited by the project. Either the services provided by these organisations were worthwhile or they were not. If they were worthwhile then this new programme to finance these services should be established. If they were not worthwhile then they should not have been funded in the first place.

Social Housing

The failure to effectively reduce the number of households on waiting lists for appropriate accommodation is one of the major policy failures of recent years. While the overall stock of housing has risen dramatically and Ireland has seen unprecedented output of new housing, the social housing issue remains on the back-burner and a great many households find themselves without appropriate accommodation for years.

The most recent assessment of local authority waiting lists occurred on the 28th of March 2002 and was reported in the September 2002 *Housing Statistics Bulletin* from the Department of Environment, Heritage and Local Government. It found that there was a total of 48,413 households on local-authority housing waiting lists. This figure represents a growth rate of 76.5 per cent since 1996, and indicates that in Ireland today about 130,000 people are in need of accommodation.

Concurrent with this growth in waiting lists has been minimal growth in the provision of local-authority social housing. Since 1996 the overall stock has increased by only 4,395 units or 4.47 per cent. It is little surprise, therefore, that local-authority waiting lists are increasing substantially.

Government’s objective in this area should be to ensure that nobody is on a housing waiting list for more than six months. To achieve this it is crucial that Budget 2005 contain a substantial increase in the allocation for the provision for social housing. Otherwise this crisis will continue to undermine many of the gains of recent years.

Taxation

Core Policy Objective

To collect sufficient taxes to ensure full participation in society for all, through a fair tax system in which those who have more, pay more, while those who have less, pay less

Ireland's total tax take as a percentage of gross domestic product (GDP) is the lowest of 14 EU countries for which statistics are available. Total tax and social insurance revenue in Ireland was equal to 28% of GDP (35% of GNP), a long way below the EU average of 41.44% of GDP. Ireland is not a high-tax country.

INCREASING THE TAX-TAKE

As a means of increasing the total tax-take towards the EU average level, we propose that Budget 2005 should:

- Increase the corporation tax rate to 17.5%
- Increase capital gains tax
- Further expand the levy on financial institutions introduced in Budget 2003
- Introduce the promised carbon and environmental taxes
- Increase the tax on wealth (e.g. through increasing DIRT tax)
- Increase the tax-take from property (e.g. through a land rent tax)
- Seriously reform the sizeable number of tax expenditures, many of which serve minimal social or economic purpose.

TAX CREDITS AND THE WORKING POOR

If Ireland is to have an equitable income tax system and address the issue of the 'working poor' there are two issues to be addressed in the tax credits area i.e. tax credits should be made refundable and tax credits should be increased instead of widening the 20% tax band.

At present people in the lowest paid jobs who are already outside the tax net do not gain from changes in the annual Budget. Many of these are among the 'working poor'. To ensure they benefit from future Budgets, tax credits should be made refundable in Budget 2005.

Making the current income tax credits refundable would result in most of the benefit going to the poorest 30% of income earners. This is a development that should be introduced in Budget 2005.

Likewise, increasing tax credits would be a fairer option than widening the 20% income tax band. It would ensure that everyone paying income tax benefited by the same amount in the Budget.

THE MINIMUM WAGE AND THE TAX NET

Taking everyone on the minimum wage out of the tax net is a worthwhile policy objective. However, it is important to note that the benefits of such a move would go, mostly to the better off 60% of the population. According to ESRI research only 16% of the cost of such a move would go to the bottom half of the income distribution while 84% would go to those already in the better-off half. Consequently, while favouring the policy objective, CORI Justice Commission believes priority should be given to making tax credits refundable.

STANDARD RATING DISCRETIONARY TAX EXPENDITURES

Discretionary tax expenditures (e.g. Business Expansion Scheme, pension contributions, medical expenses) are an inappropriate means of achieving policy objectives. In general these expenditures are neither efficient nor fair. They are used to provide huge gains to the better off. This is unfair. Accordingly, we propose that Budget 2005 should move to ensure that relief on all discretionary tax expenditures should be available at the standard rate only.

Proposals for Budget 2005

- Commit to increasing Ireland's total tax take towards the EU average.
- Standard rate all discretionary tax expenditures.
- Make tax credits refundable.
- Increase tax credits substantially so as to move towards taking the minimum wage out of the tax net.
- Integrate Family Income Supplement (FIS) with the tax system.
- Proceed with individualisation in the income tax system in a fair and equitable manner.
- Poverty-proof all budget tax packages to ensure that tax changes do not further widen the gap between those with low income and the better off.
- Increase the corporate tax rate to 17.5%.
- Increase capital gains tax.
- Move decisively to shift the burden of taxation from income tax to eco-taxes and taxes on consumption.
- Introduced the promised carbon and environmental taxes.
- Develop policies which allow taxation on wealth to be increased.
- Investigate the possibility of introducing a tax on currency transactions such as the Tobin Tax.
- Investigate the possibility of introducing a land-rent or site value tax.

Income Distribution

Core Policy Objective

To provide all with sufficient income to live life with dignity. This would involve enough income to provide a minimum floor of social and economic resources in such a way as to ensure that no person in Ireland falls below the threshold of social provision necessary to enable him or her to participate.

UPDATING THE POVERTY LINE

Using information gathered in the Living in Ireland Survey for 2001, the ESRI established that the income per adult equivalent averaged over households (the average income per adult in Ireland during 2001) was €13.06. Consequently, the 50% of average income poverty line for a single adult was €156.53 per week. Updating this line to 2004 levels, using actual and predicted increases in average industrial earnings, produces a relative income poverty line of €80.30 for a single person. In 2004, any adult below this weekly income level will be counted as being in poverty. One immediate implication of this analysis is that the poverty line exceeds the current level of most social assistance rates by €45.50 per week.

INCOME POVERTY

Income poverty is a reality for a great many people in Ireland. The number of households in poverty has risen from 16.3% in 1987 to 23.8% in 2001.

There are also substantial numbers of people in low-paid jobs who are living on incomes below this poverty line. In this briefing's section on taxation the issue of low paid people living in poverty has been addressed. The most efficient and effective way of tackling this problem is by making tax credits refundable.

POVERTY & SOCIAL WELFARE

The plight of people depending on social welfare needs a major response. Six out of every ten people living in relative income poverty lives in a household headed by a person who is NOT in the labour force. Consequently, the level at which social welfare rates are set is of crucial importance in tackling relative income poverty.

We strongly urge Government to take a major step in Budget 2005 towards honouring its commitment to raise the lowest social welfare payment for a single person to 30% of Gross Average Industrial Earnings by 2007. In practice, this requires an increase of €14 a week for single people and €24 a week for a couple in Budget 2005.

It is crucial that Government begin the process of reversing the trend of recent years during which the gap between the better off and Ireland's poorest people widened dramatically. Budget 2005 provides a new beginning and a real opportunity for government to move in this direction.

ASYLUM-SEEKERS AND DIRECT PROVISION

Asylum-seekers are among the most excluded and marginalised in Ireland, yet they are treated in a very unjust way by Irish society. In particular, Government has introduced a policy of "direct provision" through which many asylum-seekers receive accommodation and board, together with €19.10 per week per adult and €9.60 per child. Clearly, this is an inadequate amount of money and Budget 2005 should increase these amounts immediately to at least €60 a week for an adult and €30 for a child. This policy proposal is an interim one as ultimately this unfair system of "direct provision" should be eliminated.

TAXATION ISSUES APPLY

It is important to note that changes in the taxation system have substantial impacts on income distribution patterns. Consequently, the proposals contained in this Briefing under the 'taxation heading' apply here as well.

Proposals for Budget 2005

- Provide a fair income distribution between people on different incomes. To achieve this the combined impact of the tax and social welfare packages should favour those on low incomes whether they depend on social welfare or are in low-paid employment.
- Increase the lowest social welfare rates by €14 a week for a single person and by €24 a week for a couple.
- Commit Government to benchmarking the lowest social welfare payments for single people at 30% of gross average industrial earnings (GAIE) by 2007.
- Increase child benefit substantially and do not tax it.
- Move towards individualisation of social welfare payments.
- Introduce a cost of disability allowance.
- Increase the weekly allowance for asylum seekers in 'direct provision' to €60 a week for an adult and €30 for a child.
- Develop a national programme, on an inter-departmental basis, to address fuel poverty. (This is of greater urgency because of substantial increases in the cost of electricity and fuel in the past three years)
- Abolish claw-back rules so that social welfare recipients will get the full value of the Budget increases.
- Make tax credits refundable.
- Increase tax credits substantially so as to move towards taking the minimum wage out of the tax net.

Work, Unemployment and Job Creation

Core Policy Objective

To ensure that all people have access to meaningful work

One of the major achievements of recent years has been the increase in employment and the reduction in unemployment, especially long-term unemployment. In 1991, there were 1,156,000 people employed in Ireland. Today that figure has increased by more than half a million to 1,820,800. Over the same period, the number of people unemployed (measured on an International Labour Office (ILO) basis) had gone from 198,500 to 98,900. In the intervening years, the number unemployed has exceeded 220,000. This transformation is remarkable. It provides new challenges and raises new questions.

THE CHALLENGE OF UNEMPLOYMENT

The issue of unemployment remains a challenge and is likely to remain so as further job losses appear likely. The number of long-term unemployed people is increasing. Youth unemployment is also a growing problem with a high proportion of the increase in unemployment consisting of people aged less than 25. The numbers unemployed today are higher than they were two years ago. It is necessary that the government should make provision for this situation by providing the necessary resources to prepare and enable unemployed people to access jobs.

This should involve providing:

- additional resources to support education and retraining.
- expanded opportunities for work-place experience.
- adequate numbers of places on programmes such as Community Employment.

COMMUNITY EMPLOYMENT

Problems persist with the Community Employment (CE) programme. There are three aspects to this programme, of

which only the first was originally intended. CE is an active labour market programme (ALMP) providing experience and training to people seeking employment in the labour market. Secondly, it plays a major role in providing services in local communities, delivered mostly by organisations in the community and voluntary sectors. Thirdly, it provides sheltered employment for a large number of people.

As the number of places have been reduced, the composition of those unemployed has changed and community and voluntary organisations are unable to continue providing services that used to be delivered with the help of CE, it is essential that Government act to ensure that all three aspects of the CE programme are adequately addressed.

SOCIAL ECONOMY (SE)

The Social Economy Programme needs to be substantially overhauled as it is not addressing many of the issues for which it was originally proposed and developed.

As well as overhauling the current Government SE programme there is need for a new initiative that would resource the services etc. being provided for the most part by the community and voluntary sector and which used to depend on CE funding.

THE NEED TO RECOGNISE ALL WORK

Current developments challenge us to analyse our assumptions. One such assumption concerns the priority given to paid employment over other forms of work. Most people recognise that a person can work very hard even though they do not have a job. Much of the work done in the community and in the voluntary sector fits under this heading. So too does much of the work done in the home.

We believe that all work should be valued, recognised and rewarded. Consequently, we believe that Budget 2005 should provide resources to conduct a survey to discover the value of all unpaid work in Ireland.

Proposals for Budget 2005

- **Place an ongoing emphasis on preparing and enabling unemployed people to access jobs. This would involve providing additional resources to support:**
 - ◆ **Increased numbers of places providing quality education and training, retraining and up-skilling.**
 - ◆ **Expanded opportunities for unemployed people to gain work-place experience.**
 - ◆ **Adequate numbers of places on programmes such as Community Employment.**
- **Maintain the number of active labour market programme (ALMP) places available to those who are long-term unemployed.**
- **Create a new programme to provide direct funding for community and voluntary organisations providing services which were dependent on CE funding in the past.**
- **Reform and adequately resource the Social Economy programme to ensure it has a real social economy focus.**
- **Increase the education/training grants for participants in active labour market programmes.**
- **Resource life long learning.**
- **Recognise the right to work of asylum seekers.**
- **Provide resources to conduct a survey to discover the value of all unpaid work in the country (including community and voluntary work and work in the home).**

Public Services

Core Policy Objective

To ensure the provision of, and access to, a level of public services regarded as acceptable by Irish society generally

Increasingly Ireland is being identified as a country whose public services are underdeveloped. Given the wealth of the economy, this is a situation that is far from acceptable. Because poorer people rely on public services more than those who are better off, it is they who are most acutely affected by this shortage.

PUBLIC TRANSPORT

Despite the development of LUAS and the development of major road initiatives, transport remains a most problematic area. Bottlenecks throughout the country are adding to the difficulty and cost experienced by everybody in conducting their lives. Budget 2005 needs to support a new transport policy which would seek to combine easy access, affordable and high-quality public transport with the high costs of ownership and use of private vehicles. Additional resources to the national rail services and public transport schemes in rural Ireland are also needed.

LIBRARY SERVICES

Libraries are obvious centres to support Government commitments to life-long learning. They can provide access to information and to modern means of communication. To play this role, an expansion of the library service is essential. Budget 2005 must support this important resource. The increased funding in Budget 2004 was a welcome reversal of the previous year's drastic cut. In future years the allocation to library services must increase. Failure to support this service properly is short-sighted.

INFORMATION TECHNOLOGY

Increasingly the ability to use informa-

tion technology (IT) is becoming a central requirement in modern society. In particular it is of concern that a number of young people, including early school-leavers, have little or no skill in IT. Consequently initiatives are necessary to improve IT provision in schools, as well as to increase its availability in areas such as public libraries and community centres. To date the CAIT initiative has been successful in addressing these problems and achieving a large response. However, the decision in Budget 2003 to almost eliminate the Information Society Community Initiative is of concern. Its funds were reduced by 86% (€4.43m) to just €0.7m. This cut was not reversed in Budget 2004. Actions such as this are easy to implement, but they are very short-sighted.

The people who suffer as a result of this decision are those who are already disadvantaged. We believe that any investment in this area would repay itself substantially. Budget 2005 needs to show greater commitment to this area and attempt to fulfil one of the special initiatives in the new national agreement aimed at "including everybody in the information society". Ignoring this will ensure that the "digital divide" will further increase.

SPORTS FACILITIES

Recent studies indicate a declining level of participation by Irish people, and in particular young people, in sports activities. Alongside this is a growing problem of obesity among young people. These developments have significant health consequences. There is a special case to be made for poor areas, most of which have limited, if any, sports facilities. The National Sports Council has introduced a creative initiative of local sports partnerships. Some of these are working effectively already and Budget 2005 should take steps to expand the funding available for these most worthwhile initiatives. While we address some public services in this section others, in particular housing and accommodation, healthcare and education, are considered in other sections.

Proposals for Budget 2005

- **Target funding strategies to ensure that far greater priority is given to providing an easy-access, affordable and high quality public transport system.**
- **Provide substantial additional resources for the development of library services throughout the country.**
- **Increase the provision of open-access information technology in public libraries and meet the commitment in the national agreement to "include everybody in the information society".**
- **Introduce a system (e.g. a swipe card) that ensures people on low incomes can access information communications technology on an ongoing basis.**
- **Adopt further information technology programmes to increase the skills of school children, early school-leavers and the unemployed.**
- **Regulate the removal of public payphone services. This is particularly necessary for poor areas and rural areas where the revenue generated by a pay-phone can give a misleading interpretation of its significance in the community.**
- **Provide additional funding to the Sports Partnership initiative.**
- **Take initiatives to ensure equality of access across all public services.**
- **Increase the allocation for the local sports partnerships being developed by the National Sports Council.**

Housing and Accommodation

Core Policy Objective

To ensure that adequate accommodation is available for all people and to develop an equitable system for allocating resources within the housing sector.

Issues concerning housing and accommodation have had a major profile in recent years. Most of that profile, however, concerned the provision and cost of privately owned accommodation. A comparison of European housing tenures illustrates the existence of three main models of housing provision: an owner-occupier sector, a rental sector and a social housing sector. Most countries have a mix of housing tenures that reflects the policy choices of government. Irish housing policy supports owner occupation to the detriment of all other forms of housing tenure.

CURRENT AND FUTURE HOUSING NEEDS

According to the *Housing Statistics Bulletin* from the Department of Environment and Local Government, in March 2003, there was a total of 48,413 households on local-authority housing waiting lists. This figure represents a growth rate of 76.5% since 1996, and indicates that about 130,000 people and almost 50,000 households are in need of accommodation. Of these households 25% have been waiting for more than three years, 14% are on the list for between 2-3 years while 22% are waiting for between 1-2 years.

RENT SUPPLEMENT

The Government's initiatives on rent supplement in the Estimates and Budget of 2004 caused widespread dismay. Subsequently, a working group established under the social partnership process addressed the problems arising from these initiatives and produced a report with a number of recommendations that are welcome.

Likewise the Government's initiative

during 2004 to change the use of a substantial proportion of the €31 million being spent on rent supplement (and going directly to landlords for, in many cases, poor quality accommodation) was also welcome. It means that there will now be two programmes—an emergency programme to deal with those in urgent need and a housing support programme for those in long-term need.

It is crucial that these initiatives are resourced to ensure both programmes are adequate to meet the current needs of both groups of people.

HOMELESSNESS

The most recent Government data on homelessness show that its level has risen from 2,501 in 1996 to 5,234 in 1999, an increase of 109%. The 5,234 homeless persons comprise 2,593 adult men, 1,399 adult women and 1,242 children.

It remains a national shame that Ireland, in spite of its prosperity, cannot provide even the most basic accommodation for those who are homeless.

THE PROVISION OF SOCIAL HOUSING

Concurrent with the growth in waiting lists there has been minimal growth in the provision of local-authority social housing. Since 1996 the overall stock has increased by only 4,395 units or 4.47%. It is little surprise, therefore, that local-authority waiting lists are increasing substantially.

There has been some improvement in the local authority multi-annual programme in this past year. The voluntary housing programme has also been meeting targets and there has been some progress in tackling homelessness. Overall, however, the situation is far from good.

As the demand for housing in the private sector slows down the capacity of the construction industry should be used by Government to increase the scale of its response to social housing needs. Consequently, Government should front-load National Development Plan Spending in this area.

Proposals for Budget 2005

- Acknowledge that everyone has a right to appropriate accommodation and develop policy from this perspective.
- Acknowledge that a housing crisis exists.
- Set a target of reducing the time spent on waiting lists to a maximum of 6 months by 2008.
- Provide the resources to local authorities and to the voluntary/non-profit housing sector to make substantial progress towards reaching this target.
- Resource the active implementation and enforcement of the 1992 legislation with respect to the private rented sector of housing.
- Provide sufficient resources to eliminate homelessness in the coming year.
- Provide sufficient resources to the rent supplement programme and to the housing support programme to ensure that both programmes are adequate to meet current needs.
- Provide new resources for the security and management of local authority housing.
- Give a special focus to tackling issues concerning accommodation for refugees and asylum seekers.
- Provide the resources required to ensure implementation of the Travellers Accommodation programme.
- Resource the establishment of a National Housing Authority as proposed in the National Economic and Social Forum's report on social and affordable housing and accommodation.

Core Policy Objective

To provide an adequate healthcare service focused on enabling people to attain the World Health Organisation's definition of health as a *state of complete physical, mental and social well-being and not merely the absence of disease or infirmity*

Ireland has a two-tier healthcare system which ensures that Ireland's poorest people must wait at the back of the queue until the better off have been provided for first. This is not an accident but results from decisions taken by governments over the years. It needn't have been this way. It is possible to have a healthcare system where waiting lists are negligible, where access is equitable and which produces a higher life expectancy than Ireland. This view is upheld by the findings of the "*Brennan Report*" January 2003: "In a modern, democratic society every citizen should have access to a quality public health system." For this to happen in Ireland we need a social model of health.

Primary care is crucial if this situation is to be reversed. This was given recognition by the publication of *Primary Care – A New Direction*. Between 90 and 95% of the population are treated by the primary care system. Universal access to this system is needed to ensure that a social model of health, as outlined in the document, becomes a reality.

The GMS (medical card) system was first introduced in 1972 and it gave a commitment that 40% of the population would be covered by this system. By 2003 this figure had decreased to approximately 27% of the population. For families just over the eligibility level a visit to the GP and a prescription could cost some 25% of their income. The implications of this for many individuals and families are that they cannot afford to access appropri-

ate care at the time needed. This reduction must be viewed in the light of previous government commitments that the number of medical cards would be increased.

Accessibility is one of the factors in ensuring equity but equity is also about outcomes. To achieve parity in outcomes requires recognition of the social determinants of health.

When the social determinants of health (housing, income, childcare support, education etc.) are not met the connection between those who are disadvantaged and have poor health is well documented. The recent CPA publication *Poverty is Bad for your Health* by Ruth Barrington concludes that 5,000 Irish lives could be saved each year if we could reduce the toll of ill-health associated with poverty to the level achieved in other European countries.

"...Substantial and sustained investment will be needed in the years ahead to provide the additional capacity to implement the strategy on a system-wide basis"

Ivan Perry
Chairperson

Progress Report – National Primary Care Steering Group 2004

There is a lack of mental healthcare for all who need it, especially vulnerable groups such as children, homeless people, prisoners, Travellers, asylum seekers and refugees.

Mental health issues affect all groups in society. A particularly vulnerable group are older people with dementia as they often fall between two stools. i.e. mental health versus general medical care. Therefore there needs to be a co-ordinated service provided for this group.

Proposals for Budget 2005

- **Develop and implement targets on health care and health status within the National Anti-Poverty Strategy.**
- **Develop and implement a new plan of action for mental health.**
- **Increase the percentage of the health budget allocated to health promotion and education in partnership with all relevant stakeholders.**
- **Provide the childcare services with the additional resources necessary to effectively implement the Child Care Act.**
- **Develop day care centres for children (pre-school and crèche facilities).**
- **Develop nursing care of elderly people in their own community on the model of the hospice care programme.**
- **Establish monitoring procedures that will ensure the criteria for admission to continuing care for the elderly in receipt of state subvention for such services are administered in a manner, which is flexible and sensitive to the needs of the population.**
- **Provide respite care for elderly people and people with disabilities.**
- **Raise eligibility level for the medical card.**
- **Monitor and evaluate the National Health Reform Programme to ensure equity, people-centredness, quality and accountability for all.**
- **Work towards universal access in primary care.**

Core Policy Objective

To provide relevant education for all people throughout their lives, so that they can participate fully and meaningfully in developing themselves, their community and the wider society

Education can be an agent for social transformation. CORI believes that education can be a powerful force in counteracting inequality and poverty while recognising that, in many ways, the present education system has quite the opposite effect. Recent studies confirm the persistence of social class inequalities which are seemingly ingrained in the system. Even in the context of increased participation and economic boom, the education system continues to mediate the vicious cycle of disadvantage and social exclusion between generations.

While there are a number of programmes and initiatives to tackle educational disadvantage, many of these initiatives simply involve providing additional resources for disadvantaged schools. CORI's policy approach in this area is based on a belief that early school leaving is a particularly serious manifestation of wider inequality in education, which is embedded in and caused by structures in the system itself. It is from this perspective that we make our recommendations for Budget 2005.

PRE-SCHOOL EDUCATION

There is need for the establishment, co-ordination and monitoring of early education and childcare to ensure quality provision of opportunities for holistic child development for all disadvantaged. Budget 2005 should take steps to support such an initiative.

EARLY SCHOOL LEAVING

Some 3% of young people leave school without any qualification. However, this figure is unevenly dis-

tributed reaching 30% in some seriously disadvantaged communities. Research on the marginalisation of young men and boys highlights the close link between under-achievement in school and the spiral of exclusion that leads to homelessness and other social problems.

The Back to Education Initiative (BTEI) is a programme with the potential to address this problem. It should target as a priority early school leavers with few or no formal qualifications or low literacy and numeracy skills.

In particular this initiative should target young early school leavers who have been alienated from the school-based educational system. To achieve this further resources are needed. Budget 2005 should provide these.

EQUITY IN EDUCATION FUNDING

The exchequer invests 2.5 times more money per capita in the education of those who complete three years of third-level education than it does for those who leave school before the completion of post-primary education.

In light of the barriers to educational participation of the more disadvantaged people, especially at post-school level, consideration should be given to establishing a basic educational allowance. Budget 2005 should adopt policies to make this possible.

LITERACY DIFFICULTIES

Access to education for those with literacy difficulties is largely dependent on the services of voluntary literacy instructors under the guidance of adult education officers. The current policy of supporting the full cohort of such adults on a part time basis is ineffective.

Further priority must be given to generating effective levels of support for adults with literacy difficulties, with work friendly arrangements being put in place where necessary. Budget 2005 should provide funds to achieve this.

Proposals for Budget 2005

- **Prioritise funding for Primary education and family based pre school**
- **Provide early start programmes in all disadvantaged communities. This means extending the initiative outside disadvantaged areas to communities within which there are marked pockets of disadvantage.**
- **Reduce pupil-teacher ratio in Years 1-4 of Primary schools in the Even Break initiative and in schools in disadvantaged areas. Offer pro-rata PTR in schools with pupils from pockets of educational disadvantage.**
- **Extend time frame for Even Break initiative to a minimum of seven years, with a review process every three years.**
- **Extend early start initiatives beyond school year framework to an all year support initiative anchored in the host community, with especial links to family units.**
- **Research PTR allocations in all Primary and Post Primary schools with a view to ensuring equity of provision.**
- **Exchequer funded pre-school initiatives should include ongoing credentialised training for providers and should include ongoing evaluation of the outcomes of these initiatives for children and their families.**
- **Extend current two year time-frame and greater flexibility for completion of modular Leaving Certificate Applied to facilitate certain workers and parents.**

Rural Development

Core Policy Objective

To secure the existence of substantial numbers of viable communities in all parts of rural Ireland where every person would have meaningful work, adequate income and social services, and where infrastructures needed for sustainable development

Rural Ireland continues to change dramatically. According to the 1996 census 46% of Ireland's population lives in small villages and in the open countryside. This declined to 40.4% according to the 2002 census. A factor in that reduction is the sustained decline in farm numbers. Agriculture, forestry and fishing now account for only 6.4 per cent (118,000 people) of the overall labour force. At present those in farming comprise one-quarter of the rural labour force, and are a minority of the rural population. Furthermore fewer farm children seek a future in farming.

Among its many characteristics rural Ireland has high dependency levels, increasing out-migration and many small farmers living on very low incomes. Only a minority of farmers are at present generating an adequate income from farming and, even on these farms, incomes lag considerably behind the national average. The National Farm Survey (Teagasc, 2001) estimates that the average family farm income (FFI) (excluding off-farm income) was €15,840 in 2001.

Off-farm income is extremely important among farm families especially in the Western Region. This situation is likely to intensify in the coming years, thus increasing the importance of additional off-farm income being available if poverty and social exclusion are to be addressed.

There have been increases in the numbers employed in rural Ireland over recent years. However, in many cases

these increases have lagged behind the pace of national increases.

Long-term strategies to address the failures of current policies on critical issues such as infrastructure development, the national spatial imbalance, public transport and local involvement in core decision-making are urgently required. Recognition that current development policies are largely city-led is also necessary and this approach needs to be re-balanced.

There have been many welcome initiatives aimed at tackling rural exclusion. The context of current rural development policy, however, is one where:

- EU policies in particular ensure that production is concentrated among larger producers, and where regulations, policies and financing all militate against small local producers.
- There is a dominance of the agri-model of rural development
- There is very limited progress in achieving balanced development. Areas such as the Western Region have been losing ground to the rest of the country in recent years.

Recognition that current development policies are largely city-led is necessary. This approach needs to be re-balanced.

The scale of the infrastructure and investment deficit in rural Ireland is unacceptably high. The CLAR Programme is going some way towards addressing this but far more is required if rural Ireland is to be viable in the 21st century. A spatial strategy is an essential component of effective planning and development. The National Spatial Strategy is a step in the right direction but balanced regional development is still far off.

Proposals for Budget 2005

- Ensure the provision of basic infrastructure and services based more on equity and social justice, rather than on cost effectiveness. In this context, the Budget should take particular account of rural disadvantage.
- Ensure that decoupled payments are maintained as an ongoing basic income for all farmers in Ireland.
- Provide support for rural housing.
- Provide additional resources for the development of rural public transport strategies and initiatives tailored to meet the needs of people in local communities.
- Support additional special outreach education programmes in rural areas, particularly those where no major third level colleges are located.
- Double the number of places on the rural social scheme and make it available to people without herd numbers.
- Support policies that encourage alternative farm enterprises through the promotion of quality (including organic) food production and processing.
- Reverse the trend of centralising services away from local communities in areas such as healthcare, education, post offices, etc.
- Support programmes to create employment for part-time farmers with a view to effectively targeting the needs of smaller farmers.

Environment and Sustainability

Core Policy Objective

To ensure that all development is socially, economically and environmentally sustainable

Sustainable development has not been a major concern of the dominant economic models. Their emphasis on GNP/GDP as scorecards of wealth and progress, more or less ignored the environment. Consequently it is scarcely surprising that this neglect is now causing major problems.

WASTE DISPOSAL AND RECYCLING

The management of Ireland's waste remains a problem. To date only 12% of our waste is recycled, while the remaining 88% is going to landfill (EPA, 2002). At this rate of growth it is of no surprise that our landfill capacity will soon be reached.

While our recycling rates are increasing, and this is long overdue, they still remain very low. Studies suggest that almost 80% of household's waste and 94% of industrial waste can be recycled. Furthermore Ireland has agreed to an EU obligation to recycle 50% of our waste by 2006.

If we are to meet this target, major changes are required. Both industry and households need to change their attitude towards recycling. Industry in all sectors will have to use fewer material inputs and emit fewer wastes. To facilitate this, government needs to move towards making material inputs and waste disposal far more expensive, and towards making increasing demands for the durability, repairability and recyclability of goods.

EU moves which will force white goods and car companies to take back their products at the end of their useful lives is a welcome step in this direction. However, more needs to be done.

To meet our EU obligation Budget

2005 must provide further funds to assist in providing incentives to recycle rather than landfill.

CLIMATE AND GREENHOUSE GASES

Ireland's air is becoming more and more polluted. Between 1990 and 2000 the EPA reveal that Ireland's greenhouse gas emissions grew by 24%. Total combined Irish emissions of the three main greenhouse gases regarded as having global warming potential amounted to 66.3m tonnes of CO₂-equivalent in 2000, up from 53.4m tonnes in 1990. These emissions now exceed the limits agreed under the Kyoto protocol.

Major changes are required if we are to reduce our emissions and reach this target. Central to this is the need for full implementation of the National Climate Change Strategy.

CARBON TAXES

CORI Justice Commission believes that the recent decision by government to abandon their commitment to introducing carbon taxes in Budget 2005 was a mistake and a missed opportunity. Its rejection was based on a weak argument that the tax would have minimal impact.

However the original policy analysis that argued for its introduction, as outlined by the ESRI and others, suggested that the tax be introduced at a small level and subsequently increased over time.

We believe this decision should be reversed as these taxes introduced as proposed as a matter of priority.

THE BUDGET AND SUSTAINABLE DEVELOPMENT

In promoting sustainable development it is important to reward activities that are socially and environmentally benign (and not the reverse, as is the case in many situations at present).

Budget 2005 should promote this approach.

Proposals for Budget 2005

- **Allocate the necessary resources to achieve waste reduction targets by implementing the relevant sections of the Waste Management Act.**
- **Allocate substantial additional resources to develop and reward recycling.**
- **Provide additional resources to ensure that water pollution is reduced.**
- **Undertake to review the water pollution acts so as to increase the penalties associated with water pollution. (It remains a concern that over 30% of Ireland's river channels are classified as polluted to some extent).**
- **Reverse the decision to abandon carbon taxation and introduce a coherent series of initiatives aimed at reducing dependence on oil, gas, coal and other fossil fuels.**
- **Resource the development of 'satellite' national accounts that include the costs of items such as environmental damage and resource consumption, and the value of a range of traditionally 'unaccounted' items such as unpaid work.**
- **Introduce public purchasing policies that encourage contractors to adopt sustainable practices.**
- **Target funding strategies in the transport area to ensure far greater priority is given to public transport initiatives.**
- **Provide substantial additional resources for the development of library services throughout the country.**

Budget Priorities

An assessment of the state of the Ireland's exchequer finances is revealing. Projections for the next three years indicate that budget deficits are being driven by sustained levels of capital account investment (of almost €6bn a year). However, for the years 2004-2006 the Department of Finance has calculated that current account surpluses will average at least €3.59 billion annually.

The reality of this fiscal position is that the Irish Economy has returned to a position that other European countries regard as the 'optimal'. Indeed, if anything the Irish exchequer's position would be regarded as super-healthy.

It is clear from the Department of Fi-

nance projections that there remains significant room for further current account spending over the next few years.

It is clear from the Department of Finance projections that there remains significant room for further current account spending over the next few years.... The new Minister for Finance has the potential to free up resources from the current account and use these funds to address the socio-economic problems persisting in Ireland today.

Additional spending of up to €1.5 billion a year is more than feasible. Its effect would only be to reduce the sizeable current account surpluses and

to increase marginally the scale of overall budget deficits. Following such a move, the General Government Balance as a % of GDP would remain well below 3%.

Based on these figures, it is clear that the new Minister for Finance has the potential to free up resources from the current account and use these funds to address the socio-economic problems persisting in Ireland today. CORI Justice Commission hopes that the new Minister for Finance will adopt

fiscal management policies similar to those of other European economies, including Britain.

Other Justice Commission Publications



The following documents are available for purchase from the Justice Commission Office:

- **Policy Briefing on Poverty - July 2004**
- **Policy Briefing on Taxation - May 2004**
- **Priorities for Fairness (Justice Commission's annual socio-economic review) - April 2004**
- **Policy Briefing on Housing and Accommodation - March 2004**
- **Policy Briefing on Work, Unemployment and Job Creation - February 2004**

You may also download these documents, and many more, for free on our website.

Future Publications

Over the forthcoming months, CORI Justice Commission will publish the following:

- **A Fairer Taxation System for a Fairer Ireland - October 2004**
- **Spirituality and Poverty in a Land of Plenty (Published jointly with Dominican Publications) - November 2004**
- **Critique and Analysis of Budget 2005 - December 2004**