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# Budget Choices

CORI JUSTICE COMMISSION

# Policy Briefing

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Ireland's population is projected to grow to 4.5 million by 2011 and to 5.5 million by 2030 from its current level of just over 4 million. This highlights the scale of the challenge facing Ireland in the coming years. It also highlights the need to take the window of opportunity currently available to address Ireland's infrastructure and social provision deficits.

Most Irish people would like to see fairness and wellbeing as core characteristics of Irish society. If such a society is to be attained it has Budgetary implications. In practice it would involve:

- Increasing social welfare rates;
- Tackling the 'working poor' issue;
- Increasing the allocation for social provision generally;
- Increasing the allocation for infrastructure such as social housing and public transport and
- Developing a fairer tax system where those who

have more pay more while those who have less pay less.

Budget 2006, among other initiatives, should:

- Increase the lowest social welfare rates by €17 a week for single people;
- Substantially increase the allocation for social housing;
- Standard rate all tax expenditures;
- Increase tax credits rather than widen the standard rate tax band;
- Begin resourcing an infrastructure of care;
- Expand the programme to finance services being provided to local communities.

Budget 2005 marked a step in the right direction. In his Budget speech the Minister for Finance, Mr Brian Cowen TD, said *Government has a responsibility to ensure that the benefits of our economic performance permeate society as a whole. Proper budgetary policy involves careful evaluation and our task is*

*to put together an economic model that builds a society of which we can be justly proud.*" We support such an approach and strongly urge the Government to approach the framing of Budget 2006 from the same perspective.

In macro-economic terms the Irish Exchequer's present position is seen as super-healthy. Additional current spending of €1.5 billion is feasible while comfortably complying with the limits of the Stability and Growth Pact (cf. p.5).

Ireland has a window of opportunity. The resources currently available should be used to build a fairer society by eliminating the current infrastructure and social provision deficits.

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.

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*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 2006

## 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 so as to keep 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 €17 a week for a single person.
- 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.
- Expand the programme providing direct funding for community and voluntary organisations that provide services which was initiated in Budget 2005.
- 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.
- Increase substantially the resources allocated for the provision of social housing so that the NESC target for 2012 (+73,000) can be met.
- Provide sufficient resources to eliminate homelessness.

### Healthcare

- Give far greater priority to community care and restructure the health-care budget accordingly.
- Increase the resources for core community 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.
- Resource Local and Regional Drugs Task Forces adequately.

### Education

- Prioritise funding for primary 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
- Introduce a Basic Educational Allowance for full-time and part-time education for each person between ages 18 and 40 who does not proceed to third level from school.

### 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 services.

### 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.

- Honour the commitment to increase Ireland's ODA budget for poor countries to the UN target of 0.7% of GNP by 2012.

### Budget Impact Assessment

- Assess the impact of the budget to ensure that the gap between rich and poor is reduced.

# SW Increase of €17 Needed to Meet NAPS Commitment

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 national agreement *Sustaining Progress* further endorsed this target.

CORI Justice Commission welcomed this target. It was a major breakthrough in social, economic and philosophical terms. The target of €150 a 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.

CORI Justice Commission has calculated the projected growth in €150 between 2002 and 2007 when it is indexed to the estimated growth in GAIE (detailed calculations are presented on pages 47-48 of our Socio Economic Review, *Pathways to Inclusion*). By 2007 the lowest social welfare rates for single people should reach €185.80. In that year, that figure will be equivalent to 30% of GAIE.

Budget 2005 marked a major step towards achieving this target. CORI Justice Commission welcomed the decision of the Government to deliver

a €14 increase in the minimum social welfare rates. We also welcomed the commitment by the Minister for Finance that he intends to deliver on all commitments made by government.

Following Budget 2005 the current minimum level of social welfare is €148.80 a week. Consequently, the gap to be bridged in the Budget 2006 and Budget 2007 is €37. To fulfill the NAPS commitment the average increase in the minimum level of unemployment assistance across these two budgets must be €18.50 a year. We proposed that these increase be €17 in Budget 2006 and €20 in Budget 2007 (see table 1).

**Table 1: Proposed approach to addressing the Gap, 2004-2007**

	2004	2005	2006	2007
<b>Min. SW. payment in €s</b>	134.80	148.80	165.80	185.80
<b>€amount increase each year</b>	-	+14.00	+17.00	+20.00
<b>Delivered</b>		✓	?	?

## Budget 2006 Should Make the Taxation System Fairer

CORI Justice Commission believes that building a fairer taxation system is an important part of building a fairer Ireland. Budget 2006 offers Government the potential to implement a number of changes to the taxation system which will make it fairer. These changes are discussed below.

### Tax Expenditures/ Tax Reliefs

In Budget 2005 the Minister for Finance indicated that he would examine and reform many of Ireland’s tax relief schemes. CORI Justice Commission had called for such a move and welcomed its announcement. As part of a consultation process initiated by the Minister, we submitted a detailed document with suggestions for reform in March 2005.

In November 2004 the Revenue Commissioners estimated that the annual cost of tax reliefs was €8.4 billion, a value that is equal to 22 per cent of the total taxation collected each year in

Ireland. The distribution of these tax expenditures is primarily in the direction of the better off elements of Irish society. CORI Justice Commission believes that all of these reliefs should be standard rated.

### Taxation and Minimum Wages

The most recent EU-SILC poverty figures indicate that 160,000 workers (9.2% of all those employed) live in poverty. Therefore, the Budget 2005 decision to removed all those on the minimum wage from the tax net was welcome and a move towards addressing this ‘working poor’ issue. Since then the minimum wage has increased from €7 to €7.65 per hour. Budget 2006 should further adjust tax credits to ensure these low paid workers remain outside the tax net.

### Tax Credits or Tax Bands

If income tax changes are to be made in Budget 2006 they should result in increases in tax credits rather than widening the standard rate tax band.

Such a move would be fairer. To illustrate this, say the Government has €700m available for distribution in Budget 2006, it could either (i) increase the 20% tax band by €5,500 or (ii) increase tax credits by €512 a year. Option (i) would be of no benefit to anyone with incomes at or below the top current band but would provide a benefit of €1,210 a year for a single person earning more than €34,900. Option (ii) would mean that every earner paying in excess of €512 a year would benefit by that amount.

### Making Tax Credits Refundable

One problem with the tax credit changes outlined above is that a person who does not earn enough to use up their full tax credit will not benefit from any tax reductions introduced in Budget 2006. A simple solution to rectify this problem is to make tax credits refundable. The main beneficiaries of this move would be low-paid employees.

## The Budget and the Poor

**D**espite the advances in employment and economic growth achieved over the last few years, the phenomenon of poverty remains large. Its sustained existence undermines many of the improvements of recent years.

The most up-to-date detailed data available on the nature and extent of poverty in Ireland comes from the 2003 *EU-SILC* results published last January. Its results showed that 22.7% of the Irish population live 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 2003 just over 900,000 people were poor. Of these, approximately 225,000 were children, implying that 1 in every 4 Irish children lives in poverty.

The groups at highest risk of poverty are: those who are ill/disabled and those who are retired. In both these cases 1 in every 2 members are in poverty. A large proportion of both these groups depends on social welfare payments and that fact underscores our earlier call to increase these payments in line with the NAPS. Similarly, 42% of the unemployed are also living in poverty.

Budget 2005 took some important steps towards addressing these problems. We ask that Budget 2006 continues that trend and adopts strategies to address these vulnerable groups.

## Social Housing

**A** central conclusion of the recent NESC housing report is that the supply of social housing will have to rise dramatically if the needs of Irish society are to be addressed in the years ahead. The main recommendation of the Council on the issue of social housing called on Government to "create an expanded and more flexible stock of social housing - adding in the order of 73,000 permanent social housing units to bring the stock to 200,000 dwellings by 2012 - in a manner that is consistent with other public investment needs and sound public finances".

The figure of 200,000 social housing units was calculated based on the projected increases in the Irish population over that period and in the context of limited responses to existing social housing needs. NESC concluded that to achieve the target of 200,000 units over the eight year period between (2005-2012), an annual increase in excess of 9,000 units is necessary.

They also pointed out that an estimated capital investment of €1.4bn a year would be required to achieve a net increase of 73,000 units by 2012. Given the present level of capital expenditure this would mean an additional investment per annum of approximately €500m over what is already projected. Budget 2006 must move to allocate funds towards this need.

## Overseas Development Aid

**C**ORI Justice Commission welcomes the recent announcement by the Taoiseach that Ireland will reach the UN target of 0.7% of GNP on overseas aid by 2012.

Although this is two years later than we suggested in our contribution to the consultation process for the Government's White Paper on ODA (available at [www.cori.ie/justice](http://www.cori.ie/justice)), the detailed nature of that commitment is welcome. In particular we welcome the accompanying funding timetable announced by the Department of Foreign Affairs. Our submission called for such a set of programmed funding increases to accompany any Government commitment. It is important that the Government, Development Co-operation Ireland and Irish society generally are aware of the scale of these ODA allocations.

Budget 2006, and all other Budgets in the future, must live up to this commitment. By 2007 Ireland will be spending 0.5% of GNP and by 2012 this will reach 0.7%, approximately €1.5 billion per year. The increases out-

lined by the department are detailed in the table opposite.

Year	ODA Commitment
2006	€658m
2007	0.5% of GNP
2010	0.6% of GNP
2012	0.7% of GNP

## Rural Development

**T**he number of farms in Ireland declined by 17% in the period 1993-2004. Only 56% of farmers are full-time (down from 74% in 1993). The projections outlined in the *Agri-vision 2015 Report* suggest that the numbers involved in farming of any kind will fall from 136,000 to 105,000, and that only 30,000 will be on viable holdings. It is clear from this that rural prosperity cannot be achieved by focusing the vast majority of spending on direct farm investment, rather than the development of a diverse rural economy.

A further problem in the West of the country has been the imbalance in recent growth experienced in the Dublin and Eastern region and the consequent widening of the income and opportunity gaps between the East and West. These developments, in turn, are leading to increased pressure to reduce services such as banks and post offices which, in turn, reduces the viability of parts of rural Ireland.

An alternative approach to rural development is required that focuses on replacing traditional manufacturing employment and increasing employment opportunities, develops a more environmentally-focused approach in agriculture (e.g. producing for fuels), expands on programmes such as CLAR and the Rural Social Scheme and resources the community and voluntary organisations that provide so many of the services on which people in rural Ireland depend. Such an approach should be resourced.

# Large Current Budget Surpluses Offer Major Potential

An assessment of the state of the Ireland's exchequer finances is revealing. Projections for the years 2005-2007 indicate that budget deficits are being driven by sustained levels of capital account investment (of almost €6bn a year). However, over that period the Department of Finance has calculated that current account surpluses will average at least €4.5 billion annually.

The reality of this fiscal position is that the Irish Economy is in a position that other European countries regard as the 'optimal'.

The figures published in the Department of Finance Monthly Economic Bulletin (September 2005 p12) and the detailed projections from last years Budget documentation clearly

show this. In macroeconomic terms the Irish exchequer's present position is seen as super-healthy.

It is clear from the Department of Finance projections that there remains significant room for further current account spending over the next few years.

***Additional spending of up to €1.5 billion a year is more than feasible...the 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% (the key indicator used by the European Central Bank to judge fiscal policy control). The percentages would be: -1.8% in 2005; -1.5% in 2006; and -1.4% in 2007.

These outcomes comfortably comply with the limits in the Stability and Growth Pact.

Based on these figures, it is clear that in Budget 2006 the 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.

## SSIAs

During Budget 2006 the Minister for Finance will have to give details about the future of the Special Savings Incentive Accounts (SSIA's). The first of these accounts are due to mature in May 2006, with all accounts reaching maturity by April 2007. CORI Justice Commission strongly encourages the Minister to announce that these accounts will not be renewed. Furthermore, we believe that the Minister should also confirm that no further incentive will be provided to holders of these accounts, such as to transfer the money to pension funds.

Figures provided by the Revenue Commissioners show that by the end of 2004 there were 1,094,294 SSIA accounts contained over €3 billion. They also reported that in 2004 the cost to the state of this scheme was €548m. Over the lifetime of the SSIAs this suggests that this scheme will have cost the state over €7 billion.

As CORI Justice Commission pointed out when this scheme was first announced, the real winners from this massive transfer of state funds have been those on comfortable incomes. 73% of all SSIA holders have annual incomes in excess of €20,000 and almost 25% have incomes in excess of €50,000. The annual income of an unemployed person is just under €8,000.

Finally, over recent months the Minister has been faced with an ongoing campaign by various financial institutions to provide some incentive to SSIA savers to transfer their savings into pension funds. We believe that these companies, rather than the state, should be providing incentives.

## Local Services Fund

Budget 2005 saw the introduction by Government of a new programme to support community and voluntary organisations delivering services in local areas. The decision to fund and develop this programme was a most welcome development.

This initiative recognises that these groups are making a significant contribution to the needs and quality of life of many people. An initial grant of €5 million was made available for 2005.

Many of the local community and voluntary groups who deliver these services had become dependent on Community Employment and related programmes. They had been used by Government for more than a decade to provide unemployed people with work experience and some training when Ireland's unemployment rates were much higher than they are today. The value of this process for the organisations was that they would have Government-funded support in delivering essential services which were very important in local communities.

This initiative was strongly welcomed by CORI Justice Commission in its critique of Budget 2005. The Commission believed the new programme would go some way towards addressing the problems experienced by these groups as the number of places on Community Employment programmes decreased with the fall in the numbers unemployed.

We strongly urge Government to roll out this programme immediately and to expand its funding by an additional €10 million in Budget 2006. The services are suffering and organisations are under ongoing stress as a result of the Government's failure to implement the programme to date.

# The Rich-Poor Gap and Budget 2006

For some time CORI Justice Commission has monitored the income distribution impact of annual Budgets.

When assessing how much better off people are we include wage increases, tax changes as well as social welfare increases. Unemployed people, for example, gain nothing from wage increases or tax reductions while those with jobs may gain from both. In our calculations we have also included the general wage increase in *Sustaining Progress*. We have not, however, included the impact of the benchmarking increases for public servants, as they do not apply to everyone.

Chart 1 provides details of the effects on the income distribution from last year's Budget (Budget 2005). When compared to previous Budgets introduced by this Government, Budget 2005 was a welcome step in the right direction. Through increases in social welfare and through taking the minimum wage out of the tax net the Budget directed more benefits towards

those who are worse off in Irish society. This was further underpinned by a significant contribution towards addressing the multi-faceted problems faced by those who have a disability in Irish society.

The impact of Budget 2005 on the distribution of income in Ireland is best assessed by examining the rich-

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poor gap. This measures the gap between the disposable income of a single person on long-term unemployment and a single person on €0,000 per annum.

Budget 2005 widened the rich-poor gap by €30.93 per week. The disposable income of single people who are long-term unemployed and those on

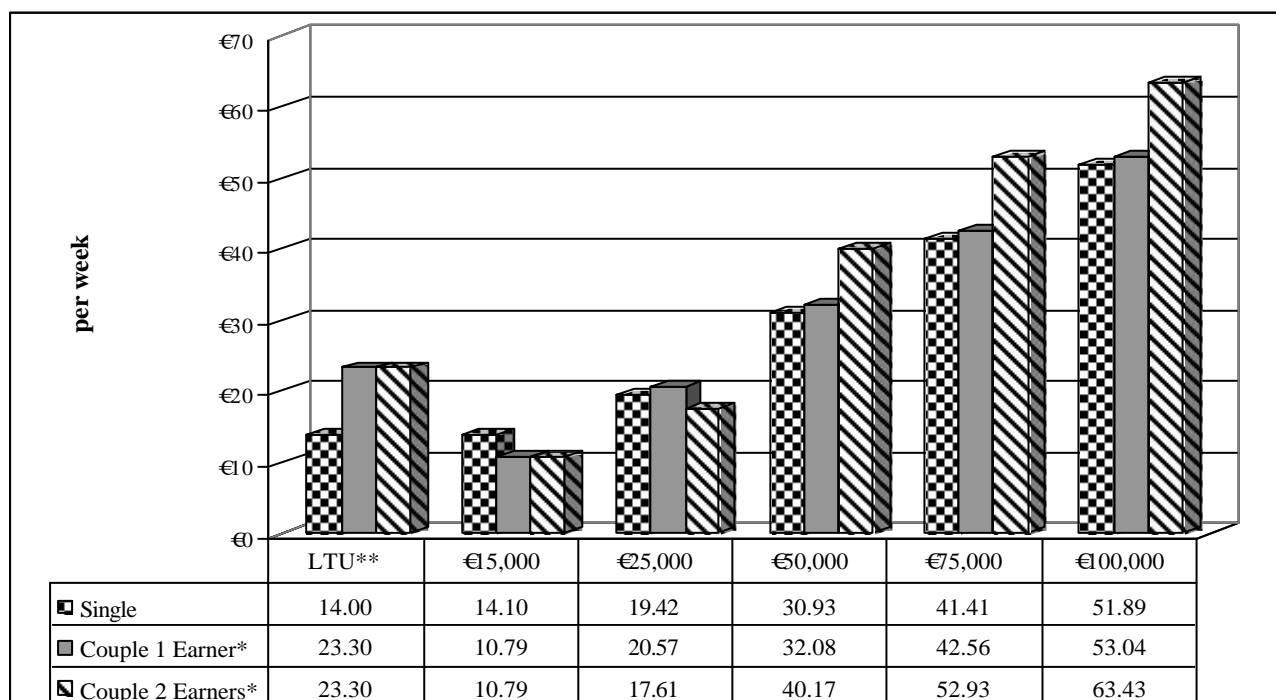
€0,000 a year widened by €16.93 a week (€83 a year). The latter can also gain €14 a week from the government Savings Scheme, widening the gap to €30.93 a week (€1,614 a year).

The impact of that Budget on the take-home income of couples was almost as striking. Couples who were long-term unemployed gained €23.30 a week while a couple on €0,000 gained €40.17 a week (i.e. €2,096 a year). The latter also benefit from the Special Savings (SSIA) Scheme so the gap between them has widened by €30.87 a week (€1,611 a year).

The cumulative impact of the last eight budgets by this Government (since 1997) is to have widened the rich/poor gap by €310.93 a week (€16,224 a year).

In Budget 2006, the Minister for Finance should continue the trend he established last year. Budget 2006 should once again prioritise the needs of those who have benefited least from this country's recent success.

**Chart 1: How much better off are people in 2005?**



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

Calculations include the impact of Budget 2005 and wage increase under Sustaining Progress

# 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 second lowest of 25 EU countries, only Lithuania collects less. Total tax and social insurance revenue in Ireland was equal to 30% of GDP (36.2% of GNP), well below the EU average of 38.4% of GDP. Ireland is not a high-tax country.

In the context of these figures, the question needs to be asked: if we expect our economic and social infrastructure to catch up to that in the rest of Europe, how can we do this while simultaneously gathering less taxation income than it takes to run the infrastructure already in place in most of those other European countries? Simply, we will never bridge the social and economic infrastructure gaps unless we gather a larger share of our national income and invest it in building a fairer and more successful Ireland.

## INCREASING THE TAX-TAKE

Small increases in taxation are certainly feasible and are unlikely to have any significant negative impact on the economy. An increase of just one per cent in the GDP to tax ratio (from 30 to 31) would produce an extra €1.3bn each year in taxation income for the government.

As a means of increasing the total tax-take towards the EU average level, we propose that Budget 2006 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 2006.

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 2006.

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.

## 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 2006 should move to ensure that relief on all discretionary tax expenditures should be available at the standard rate only.

## Proposals for Budget 2006

- Commit to increasing Ireland's total tax take towards the EU average.
- Standard rate all discretionary tax expenditures.
- Abolish many of the current discretionary tax expenditures.
- Make tax credits refundable.
- Adjust tax credits so as to keep 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 EU-SILC Survey for 2003, the CSO established that the median income per adult equivalent in Ireland during 2003 was €308.80. They also calculated the official European Poverty Line, set at 60% of median income, as €185.28 per week. Updating this line to 2005 levels, using actual and predicted increases in average industrial earnings, produces a relative income poverty line of €199.43 for a single person. In 2005, any adult below this weekly income level will be counted as being in poverty (more details are contained in our 2005 Socio-Economic Review p20-23). One immediate implication of this analysis is that the poverty line exceeds the current level of most social assistance rates by €50.63 per week.

## INCOME POVERTY

Income poverty is a reality for a great many people in Ireland. The number of people in poverty now stands at 22.7% of the population; just over 900,000 individuals.

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 another step in Budget 2006 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 €17 a week for single people and €27 a week for a couple in Budget 2006.

## ASYLUM-SEEKERS

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 2006 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 & INCOMES

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.

## CHILD POVERTY

One of the most vulnerable groups in any society are children and consequently the issue of child poverty is one that deserves particular attention. In 2003 1 in every 4 Irish children, over 223,000, live in poverty. Budget 2006 should adopt policies to address this unacceptable situation.

## Proposals for Budget 2006

- 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 €17 a week for a single person and by €27 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.
- Update tax credits so as to keep the minimum wage out of the tax net.
- Adopt policies to address Child poverty.

# 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 to over 1,900,000. During the same period, the number of people unemployed (measured on an International Labour Office (ILO) basis) had gone from 198,500 to 85,600. In the intervening years, the number unemployed has exceeded 220,000 (in 1993). 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 now stands at 28,000, equivalent to 1.4% of the labour force. Youth unemployment is also a growing problem with a high proportion of the increase in unemployment consisting of people aged less than 25. 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 in-

tended. 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 to expand the new initiative that resources 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 2006

- **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.**
- **Expand the programme providing direct funding for community and voluntary organisations that provide services which was initiated in Budget 2005.**
- **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.**
- **Allocate resources to address the youth unemployment problem.**

# 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 2006 needs to support a new transport policy which would prioritise easy access, affordable and high-quality public transport. This is essential given 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. Increases in Budget 2005 were welcome and Budget 2006 should further increased funding. Failure to support this service properly is short-sighted.

### INFORMATION TECHNOLOGY

Increasingly the ability to use information and communications technology (ICT) is becoming a central requirement in modern society. The phenomenon of a technological divide is be-

coming evident. In particular it is of concern that a number of young people, including early school-leavers, have little or no skill in ICT. Consequently initiatives are necessary to improve information technology provision in schools, as well as to increase its availability in areas such as public libraries and community centres. Budget 2006 needs to show greater commitment to this area.

CORI Justice Commission welcomed the fact that one of the special initiatives of *Sustaining Progress* addresses the issue of "including everybody in the information society". In addressing this issue it is crucial that priority is given to ensuring access is available to those who currently cannot afford the market costs. Ignoring this will ensure that the "digital divide" will widen social exclusion. Budget 2006 should allocate resources to ensure that further progress is made in this area.

### 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 2006 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.

For more information on  
Public Services see our  
website:  
[www.cori.ie/justice](http://www.cori.ie/justice)

## Proposals for Budget 2006

- 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 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

New figures due to be published by the Department of the Environment and Local Government during October 2005 will provide an updated assessment of the current needs. When last assessed, in March 2003, there was a total of 48,413 households on local-authority housing waiting lists. This figure represented a growth rate of 76.5% since 1996, and indicated that about 130,000 people and almost 50,000 households are in need of accommodation. Expectations are that these figures will increase.

## THE PROVISION OF SOCIAL HOUSING

At the end of 2004 the National Economic and Social Council (NESC) published a major report on housing. Entitled *Housing in Ireland: Performance and Policy* the report spanned over 230 pages and provides guidelines for the future direction of policy in this area.

In particular, the report made important suggestions for policy initiatives focused on social housing. Overall, NESC concluded that it was particularly concerned about two issues. These are:

- the quality of the neighbourhoods, villages, towns and cities being constructed in Ireland, and
- the provision of social and affordable housing

A central conclusion of the NESC housing report is that the supply of social housing will have to rise dramatically if the needs of Irish society are to be addressed in the years ahead. The details of their target have been outlined on page 4 of this briefing.

CORI Justice Commission believes that reaching the NESC target for social housing in 2012 is essential if Ireland is to achieve the goal of ensuring that everyone in the country has appropriate accommodation. Budget 2006 must allocate sufficient resources to allow this to occur.

## 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.

Other estimates of the extent of homelessness put the numbers at a much higher level. Focus Ireland has suggested that in recent years the number of homeless had risen to 6,000. They also noted that homeless people were now remaining homeless for longer than was the case previously.

It remains a national shame that Ireland, in spite of its prosperity, cannot provide even the most basic accommodation for those who are homeless. Budget 2006 should ensure that addressing this issue remains a central priority.

## Proposals for Budget 2006

- 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.
- Provide the resources to local authorities and to the voluntary/non-profit housing sector to make substantial progress towards reaching this target.
- Allocate resources so that the NESC social housing target can be met.
- Allocate sufficient resources to the Rental Accommodation Scheme (RAS).
- 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 by the NESF.

## 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.***

**H**ealthcare is a social right that every citizen should enjoy. People should be assured that care in their times of vulnerability is guaranteed. The standard of care is dependent on the resources made available which in turn is dependent on the expectations of the society. The obligation to provide healthcare as a social right rests on all people. In a democratic society this obligation is transferred through the taxation and insurance systems to government and other bodies who assume/contract this responsibility.

## HEALTH INEQUALITIES

During the last year a very welcome insight into the extent of health inequalities in Ireland was provided by the Public Health Alliance Ireland (PHAI). Entitled "*Health in Ireland – An Unequal State*" the report gathered together the baseline information on health inequalities in Ireland and its findings are worthy of serious attention. Among these findings were the following:

- Between 1989 and 1998 the death rates for all causes of death were over three times higher in the lowest occupational class than in the highest
- The death rates for all cancers among the lowest occupational class is over twice as high for the highest class, it is nearly three times higher for strokes, four times higher for lung cancer, six times for accidents
- Perinatal mortality is three times higher in poorer families than in

richer families

Primary Care has been recognised as one of the cornerstones of the health system. Between 90 and 95 per cent of the population are treated by the primary care system. The importance of paying attention to local people's own perspective on their health and to understand the impact of the conditions of their lives on their health is essential to community development and to community orientated approaches to primary care. There needs to be a community development approach to ensure that the community can define its own health needs, work out how these needs can best be met collectively and decide on a course of action to achieve the outcomes in partnership with service providers. The Government's own Primary Care Strategy acknowledges the need for this "community involvement". Budget 2006 should resource moves to make this possible.

## MEDICAL CARDS

The introduction of 30,000 new medical cards and 200,000 'doctor visit only' cards in Budget 2005 was a small step in the right direction. CORI Justice Commission believes that what is required is full medical card coverage for all people in Ireland who are vulnerable. Currently, the income threshold for accessing a medical card is far below the poverty line. Budget 2006 should resource such a change.

## MENTAL HEALTH

The National Health Strategy identified mental health as an area to be developed. There is an urgent need to address this whole area in the light of the WHO Report where it is estimated that, in 1990, mental and neurological disorders accounted for 10 per cent of the total Disability-Adjusted Life Years (DALYs) lost due to all diseases and injuries. This was 12 per cent in 2000. This has serious implications for services in all countries in the coming years. Budget 2006 should provide additional resources to address these issues.

## Proposals for Budget 2006

- **Recognise the considerable health inequalities present within the Irish healthcare system and provide sufficient resources to tackle them.**
- **Give far greater priority to community care and restructure the healthcare budget accordingly.**
- **Resource and implement targets on health status within the National Anti-Poverty Strategy.**
- **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.**
- **Resource the development of nursing care of elderly people in their own community on the model of the hospice care programme.**
- **Provide additional respite care for elderly people and people with disabilities.**
- **Resource the development of mental health services, recognising that this will play a key factor in the health status of the population.**
- **Facilitate and fund a campaign to give greater attention to the issue of suicide in Irish society. In particular, focus resources on educating young people.**
- **Raise the eligibility threshold for the medical card.**
- **Adequately resource the Local and Regional Drugs Task Forces.**

## 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 Justice Commission 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. Our 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 2006.

### 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 2006 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 distributed 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 2006 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 2006 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 2006 should provide funds to achieve this.

## Proposals for Budget 2006

- **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.**
- **Introduce a Basic Educational Allowance for full-time and part-time education for each person between ages 18 and 40 who does not proceed to third level from school.**
- **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 would be in place.**

Rural Ireland continues to change dramatically. The 1996 census recorded that 46 per cent of Ireland's population lived in small villages and in the open countryside. This figure declined to 40.4 per cent (1,582,921 people) according to the results of census 2002. A factor in that reduction is the sustained decline in farm numbers. Agriculture, forestry and fishing now account for only 5.9 per cent (112,500 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.

## LOW RURAL INCOMES

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 estimates that the average family farm income (excluding off-farm income) was €15,504 in 2003.

Off-farm income is extremely important among farm families, especially in the western region. The National Farm Survey indicates that on 48 per cent of farms the farmer and/or spouse had an off-farm job and that overall on over 60 per cent of farms the farmer and/or spouse had some source of off farm

income be it from employment, pension or social assistance. This situation is likely to intensify in the coming years, thus increasing the importance of additional off-farm income being available if rural poverty and social exclusion are to be addressed.

## LONG-TERM STRATEGIES

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. A 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 rural development. 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,
- direct payments favour large volume, higher income farmers,
- there is a dominance of the agri-model of rural development,
- there is very limited progress in achieving balanced regional development. Areas such as the western region have been losing ground to the rest of the country in recent years.

## STATE INVESTMENT

It is clear that the scale of the infrastructure and investment deficit in rural Ireland is unacceptably high. In recent years there have been major spatial changes and there are major spatial disparities as well. The failure of current policies in so many crucial areas requires that long-term strategies be developed to address these failures. The CLAR programme is going a little way towards addressing these problems. Far more is required if rural Ireland is to be viable in the twenty-first century. Budget 2006 should address this.

## Proposals for Budget 2006

- 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.**

**S**ustainable 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 28.3% of our waste is recycled, while the remaining 71.7% 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 waste and 94% of industrial waste can be recycled. Furthermore Ireland has agreed to an EU obligation to recycle 50% of our waste.

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

2006 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 2002 the EPA reveal that Ireland's greenhouse gas emissions grew by 29%. Total combined Irish emissions of the three main greenhouse gases regarded as having global warming potential amounted to 68.8m tonnes of CO<sub>2</sub>-equivalent in 2002, 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 believed 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 policy 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.

CORI Justice Commission believes this decision should be reversed and these taxes introduced as proposed as a matter of priority in Budget 2006.

## 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). A policy briefing issued earlier this year by CORI Justice Commission considered this issue in detail. Budget 2006 should promote this approach.

## Proposals for Budget 2006

- **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 'uncounted' 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.**

# Maintaining lowest social welfare rates at 30% of GAIE

The National Anti-Poverty Strategy (NAPS) commits Government to increasing the lowest social welfare rates for a single person to 30 per cent of Gross Average Industrial Earnings (GAIE) by 2007.

An important element of this NAPS commitment to increasing social welfare rates is the acknowledgement that the years from 2002-2007 marks a period of 'catch-up' for those in receipt of welfare payments. Once the existing gap has been bridged the increases necessary to keep social welfare payments at a level equivalent to 30 per cent of GAIE become much smaller.

To make this point, CORI Justice Commission has calculated the increases necessary from Budget 2008 (delivered in December 2007) onwards to 2010 to maintain the link with 30 per cent of GAIE. The increases over these periods only need to correspond to the growth of GAIE in each year.

Using projections from the ESRI these suggest an average increase of approximately €10 a year from 2008 onwards. A detailed analysis of the projected developments in the lowest social welfare rates post-2007 is contained in our annual Socio-Economic Review, *Pathways to Inclusion*, published in May 2005 (pp. 47-49).

Development along these lines would address a number of inter-connected concerns:

- The need to ensure that people who depend on social welfare payments receive a level of income that is sufficient to live life with dignity.
- The need to ensure that people depending on social welfare payments are not the first targets when there are competing demands on public expenditure.
- The concern that increased welfare rates on their own are seen as the way to take people out of poverty.

- The concern that forcing people into extreme poverty is seen as an appropriate means to incentivise employment.

CORI Justice Commission acknowledges that an important implication of linking GAIE and social welfare is that increases in social welfare payments would be relatively low in years when GAIE increases were low.

Proceeding in this way would be totally consistent with the approach developed by the National Economic and Social Council (NESC) in its major study on *The Developmental Welfare State* published in May 2005. It would also go some way towards linking the economic and the social dimensions of Ireland's development, recognising that these are complementary aspects of one reality. It would also go some way towards addressing Ireland's social deficits which are a major impediment to building a fairer society.

## Other Justice Commission Publications

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

**Pathways to Inclusion (CORI Justice Commission's annual socio-economic review - 2005)**

**Securing Fairness and Wellbeing in a Land of Plenty**

**Policy Briefing on Housing**

**Analysis and Critique of Budget 2005**

**A Fairer Tax System for a Fairer Ireland**

**Policy Briefing on Poverty**

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CORI Justice Commission publishes books and regular briefings on a wide range of public policy issues. The Commission's core areas of work are: public policy; spirituality; enabling and empowering; advocacy and communication. CORI Justice Commission has been a recognised social partner within the Community and Voluntary Pillar of social partnership since 1996.

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