

BUDGET 2003

CORI Justice Commission

ANALYSIS AND CRITIQUE

UNFAIR, UNJUST, UNACCEPTABLE!

Government insults Ireland's poorest people AGAIN

Budget 2003 marks a moment of truth for this Government. It has dramatically failed to address the substantial poverty and social exclusion which still persists in Ireland today. It has widened the gap between the rich and the poor, a gap which is the worst in the EU.

Budget 2003 has also failed to tackle in any meaningful way the deficits in infrastructure and social provision which see Ireland far below the EU average level in these areas. And it has failed to significantly increase the total tax-take to a level closer to the EU average which is essential if Ireland is ever to have the infrastructure and social provision most Irish people desire and expect.

As a result of this Government's budget decisions, in 2003:

- An unemployed couple

with one child will be 25 cents a week better off in real terms than they were in 2002.

- The poverty gap between a single unem-

ployed person and a person on €50,000 a year will widen by more than €25 a week.

- The number of people living in relative income poverty will continue to rise

Welcome Initiatives

There is very little to welcome in a Budget that was most unfair and unjust.

Among the few positive initiatives we welcome are:

- The promised levy on financial institutions who have benefited inordinately as a result of the reduction of corporation tax over recent years.
- The promised disbursement of funds from the Dormant Accounts Fund to charitable and community projects with a particular focus on children with learning disabilities.
- The move to close tax loopholes.
- The promise to introduce carbon energy tax from the end of 2004.
- The increased excise duty on 'alcopops'.

In addition to such financial disadvantages, there will be a substantial loss of essential services in local communities which were delivered up to now by Community Employment projects.

Many of the cutbacks outlined in the budget will result in a reduced level of healthcare, education and public services which will affect most of those who are already poor or experiencing social exclusion.

This Budget expects poor people to bear the burden of Government's mismanagement of unprecedented resources which were avail-

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This Budget did NOT “support the most vulnerable in Irish society”

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able during the boom years.

In its effort to get control of expenditure, Government has brought in a Budget that insults poor people.

Bearing in mind that 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, the Government’s minimal increases for social welfare are unfair and unjust.

The Minister for Finance’s claims that the Budget was aimed at “supporting the most vulnerable in society” is patently false. Likewise, his claim that he “safeguarded the position of those on social welfare and those on low incomes” is untrue.

It could be argued that poor people got a “relatively fair slice” of available resources. However, this ignores two facts:

- The real increases they have received are miniscule by any standard, and
- The actual amount required to cover the extra expenditure necessary to ensure they have a decent standard of living could have been made available in the Budget.

The values underpinning this Budget raise very serious questions concerning the future direction of Irish society. The kind of society it envisages will continue to be deeply divided, and a large segment of Ireland’s popula-

tion will not have the basic necessities to live life with dignity, and our levels of infrastructure and social provision will continue to lag behind what is the norm in most modern European democracies.

A failure on sustainability

Budget 2003 also fails to come to grips with the issue of sustainability. The failure to address the social provision deficits in Irish society shows a lack of commitment to social sustainability.

The failure adequately to address infrastructural deficits shows a lack of commitment to economic sustainability.

The failure to address the current environmental challenges demonstrates a failure of environmental sustainability. This is not addressed by a promise to introduce a carbon energy tax from the end of 2004.

The real lack of demonstrable commitment to education, life-long learning, healthcare and rural/community development points the way to a society which will not sustain its citizens into the future.

Budget 2003 totally failed to achieve the objectives which the Minister for Finance set himself in

Who is Poor?

“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

- National Anti-Poverty Strategy (1997)

The overall conclusion as we review this Government’s six Budgets is that they mark a profound failure to address the scandal of Ireland’s poverty and social exclusion.

The Budget Fails to Address Deficits in Infrastructure and Social Provision

Ireland continues to display serious deficits in its infrastructure and social provision. In a European context our roads, railways, IT broadband and transport systems compare badly. Similarly, our growing poverty rates, unequal income distribution, growing rich/poor gap and under-equipped health system represent the most visible signs of the extensive gaps in our social provision. In the context of continued economic growth and per capita income well above the European average, the opportunity to address these deficits remains available. Sadly, Budget 2003 has failed to

seriously tackle any of these deficits.

A society is measured by how it treats its most vulnerable people. By this measurement Ireland is failing dismally. Despite the substantial resources which have been available, Ireland's poorest people have been effectively excluded from what is required to live life with dignity. This is unjust, unfair and unacceptable.

As this analysis shows, the rich/poor gap will continue to increase after Budget 2003. The effects of its measures will be of limited significance to those who are poorest. Simultaneously, pay increases,

special savings schemes and the sustained low tax environment will ensure that those who earn most will continue to pay less than a fair level of taxation. Consequently our already unequal income distribution will grow more unequal.

The majority of Irish people want a fairer, more just society. Budget 2003 was an opportunity to make a major step in this direction. But, it was an opportunity missed. Its failure sets a major challenge to any new national agreement which must as a priority confront and address these growing deficiencies.

Budget Reduces Supports for the Community and Voluntary Sector

A study of the Revised Estimates for Public Services and Summary Public Capital Programme shows a number of areas where community supports included in the 2002 estimates have been reduced substantially in the 2003 estimates. These include:

Dept of Social and Family Affairs

- Social Assistance provided to the Money Advice Budgeting Service (MABS) reduced by 8% to 8.9m euro

Dept of Community Rural and Gaeltacht Affairs

- Local Development /Social

Inclusion Measures reduced by 6% to 44.9m

- Grants for Community and Voluntary Service (mainly national lottery funded) reduced by 16% to 29.5m
- The Information Society-Community Initiative reduced by 86% to 700,000 euro.

Dept of Justice, Equality and Law Reform

- Anti Racism Awareness Programme reduced by 63% to 958,000 euro
- Status of People with Disabilities reduced by 44% to 2.8m

Dept of Foreign Affairs

- Voluntary Activity Support reduced by 27% to 200,000

Dept of Enterprise Trade and Employment

- Supporting Voluntary Activity budget set at 222,000 euro in the 2002 estimates has disappeared in the 2003 Estimates

This constitutes a considerable withdrawal of support from activities supporting the community sector across a range of government departments.

Ireland is a Too-Low Tax Economy

In recent years Ireland has evolved into a low tax economy. Latest figures from the OECD confirm that the Irish government now gathers a lower proportion of gross domestic product (GDP) in tax than any other European country. Indeed across the entire 30 OECD countries only three other nations possess a lower tax take; namely Korea, Japan and Mexico.

In 2001, Ireland's total taxation as a percentage of GDP equalled 29.2%. Figures for the US indicate a tax take equalling 29.6% of GDP and in the UK the percentage is 37.4%. A recent paper by Micheál L Collins

(Options for Reform, Irish Society of New Economists p21) suggests that it is unlikely "if any significant negative impact would arise for the economy if the tax burden was slightly increased above its current level". In it he calculates that exchequer revenue would be over €1bn higher were the tax to GDP percentage to increase by just 1%. Furthermore, were Irish taxes to increase to the UK level additional tax revenue of €9.4bn each year would be available to the exchequer.

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 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.

Ireland may wish to retain its international position as a "low tax economy" but currently we are a "too-low tax economy" and the effect of this phenomenon continues to have visible and expensive social and economic repercussions.

Government's Expenditure for 2003

2003 Post-Budget	€m	€m	Percentage of Total Gross Expenditure
Service of National Debt			
Interest (a)	1,961		5.4%
Sinking Funds	481		1.3%
Other debt management expenses	39		0.1%
		2,480	6.8%
EU Budget Contribution		1,365	3.8%
Economic Services			
Industry and Labour	1,195		3.3%
Agriculture	1,245		3.4%
Fisheries, Forestry	132		0.4%
Tourism	142		0.4%
		2,714	7.5%
Infrastructure		146	0.4%
Social Services			
Health	8,560		23.5%
Education	5,334		14.7%
Social Welfare	10,280		28.3%
Housing, Subsidies, etc.	400		1.1%
		24,574	67.5%
Security		2,510	6.9%
Other		2,600	7.1%
Gross Current Expenditure		36,389	100.0%

Note that figures may not add due to rounding.

(a) Of the 2,480 million cost of servicing the National Debt in 2003, €2,230 will be met from the Exchequer and €250m will be met by reducing the assets of the Capital Services Redemption Account.

Government's Revenue for 2003

Tax Revenue	€m			Non-Tax Revenue	€m
		Corporation Tax	5,068	Central Bank Surplus	575
Customs	141	Value Added Tax	9,826	National Lottery surplus	177
Excise Duties	4,810	Agricultural Levies (EU)	5	Interest on Loans and Divs	39
Capital Taxes	1,070			Issue of Coin	80
Stamp Duties	1,419			Other Receipts	132
Income Tax	9,307			Total Non-Tax Revenue:	1,003
		Total Tax Receipts	31,646	Total Current Receipts	32,649

How much better off are people in 2003?

In seeking to discover how much better off people are under this Government it is essential that wage increases be included as well as tax cuts and social welfare increases. Unemployed people gain nothing from tax reductions or wage increases. Consequently, when assessing their position it is essential that pay increases be included in the calculations.

We have included the wage increases contained in the national agreements for

the relevant years so that legitimate comparisons can be made. (We have made provision for a pay increase at the level of inflation in the new National Agreement. If this level is exceeded the gap will widen even further.)

Chart 1 (on page 6) shows that **single people** who are long-term unemployed are €6 a week better off, those with €25,000 a year are €23 a week better off while those on €50,000 are €32 a week better off.

Couples who are long-term unemployed are €10 a week better. Couples with one income earning €25,000 are €23 a week better off while those on €50,000 are €32 a week better off.

Over the same period **couples with two incomes** earning a total of €25,000 a year are €25 a year better off while those with two incomes totalling €50,000 are €46 a week better off.

How much better off are people under this Government?

In calculating how much better off people are as a result of this Government's six Budgets we have followed the same procedure as outlined above. The numbers on the chart are the gains over the full six years.

Chart 2 on page 7 illustrates how much people's take-home incomes have increased since this Government came to power. It covers the last six Budgets and includes both pay increases and tax reductions as well as social welfare increases.

The outcome shows a dramatic widening

of the rich/poor gap as each of the six Budgets gave substantially more to those who were better off than to those who were the poorest in Irish society.

Single people who are long-term unemployed are €39 a week better off, those with €25,000 a year are €178 a week better off while those on €50,000 are €291 a week better off.

After six Budgets **couples** who are long-term unemployed are €71.50 a week better. Couples with one income earning €25,000 are €177 a week better off while those on

€50,000 are €271 a week better off.

Over the same period **couples with two incomes** earning a total of €25,000 a year are €192 a year better off while those with two incomes totalling €50,000 are €367 a week better off.

This income distribution reflects the choices Government has made over the past six years. These choices were totally skewed in favour of those with higher incomes. No amount of rhetoric or assertion can change this fact.

This Government has widened the rich/poor gap by €266 a week over the past six years

This Government has now widened the rich/poor gap by €266 a week. In making these calculations we have included both pay increases and tax reductions as well as social welfare increases. We have also included the impact of the new savings scheme which better off people can access but which is beyond the reach of Ireland's poorest people.

Chart 2 on Page 7 shows that the disposable income of single people

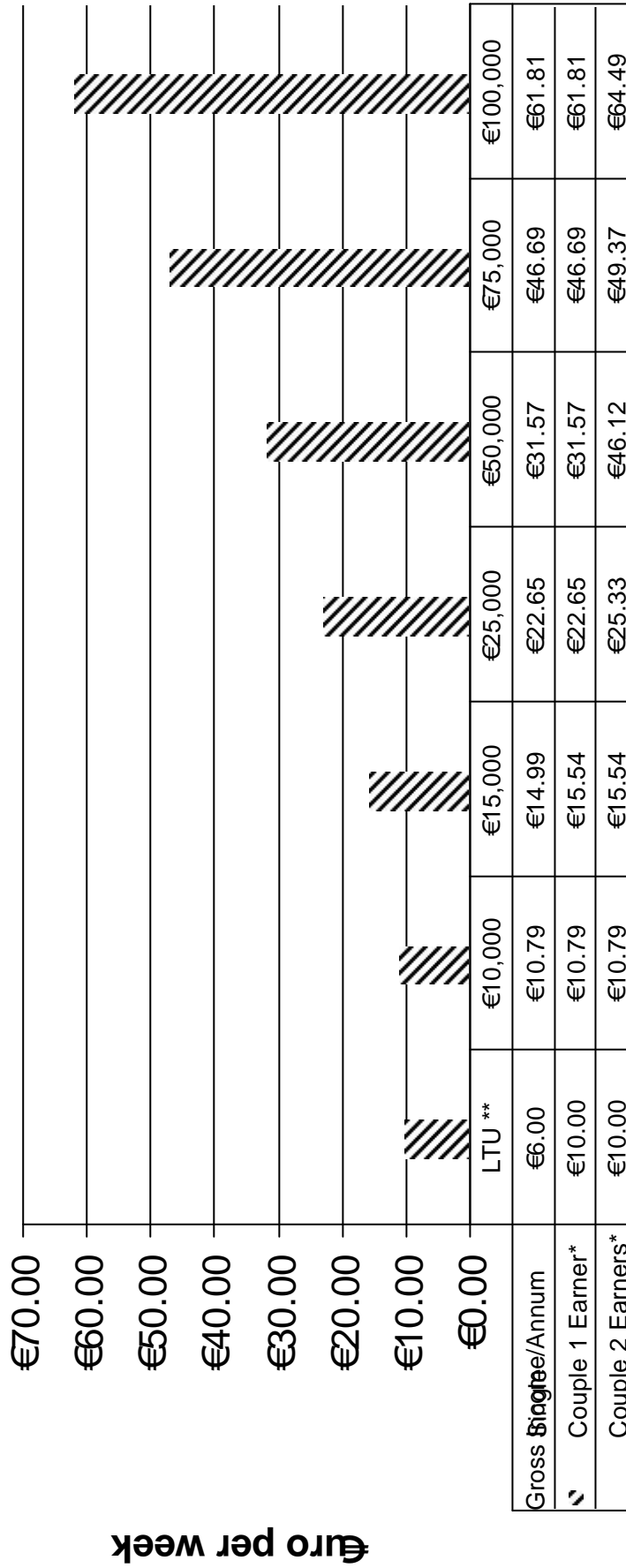
who are long-term unemployed and those on €50,000 a year has widened by €252 a week. The latter can also gain €14 a week from the new Government Savings Scheme, bringing their total gain up to €266 a week.

The impact of Government decisions on the take-home income of *couples* has been almost as striking. After six Budgets couples who are long-term unemployed are €72 a week better off while a couple on €50,000 are €271 a week better off. The latter also bene-

fit from the Savings Scheme so the gap between them has widened by €213 a week.

Widening the gap between the better off and the poor is unfair, unjust and bad for social cohesion. In making its decisions Government has failed to honour the aims and objectives of the Programme for Prosperity and Fairness. These committed Government to building a fairer and more inclusive society.

Chart 1: How much better off will people be in 2003?

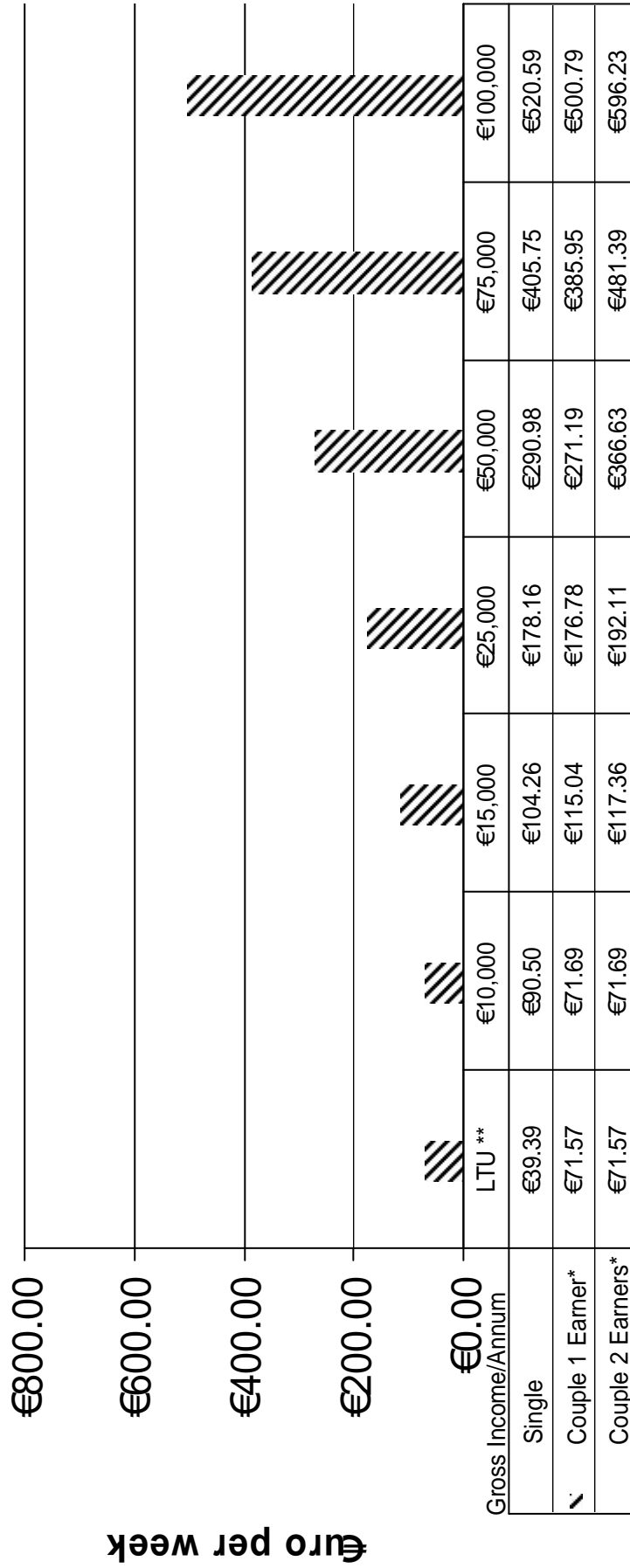


* Except in LTU Case where there is no earner

** LTU: Long Term Unemployed

Includes full year effect of phase 3 of PPF and provision for new round at the inflation rate.

Chart 2: How Much Better off are people under this Government (1997/2003)?

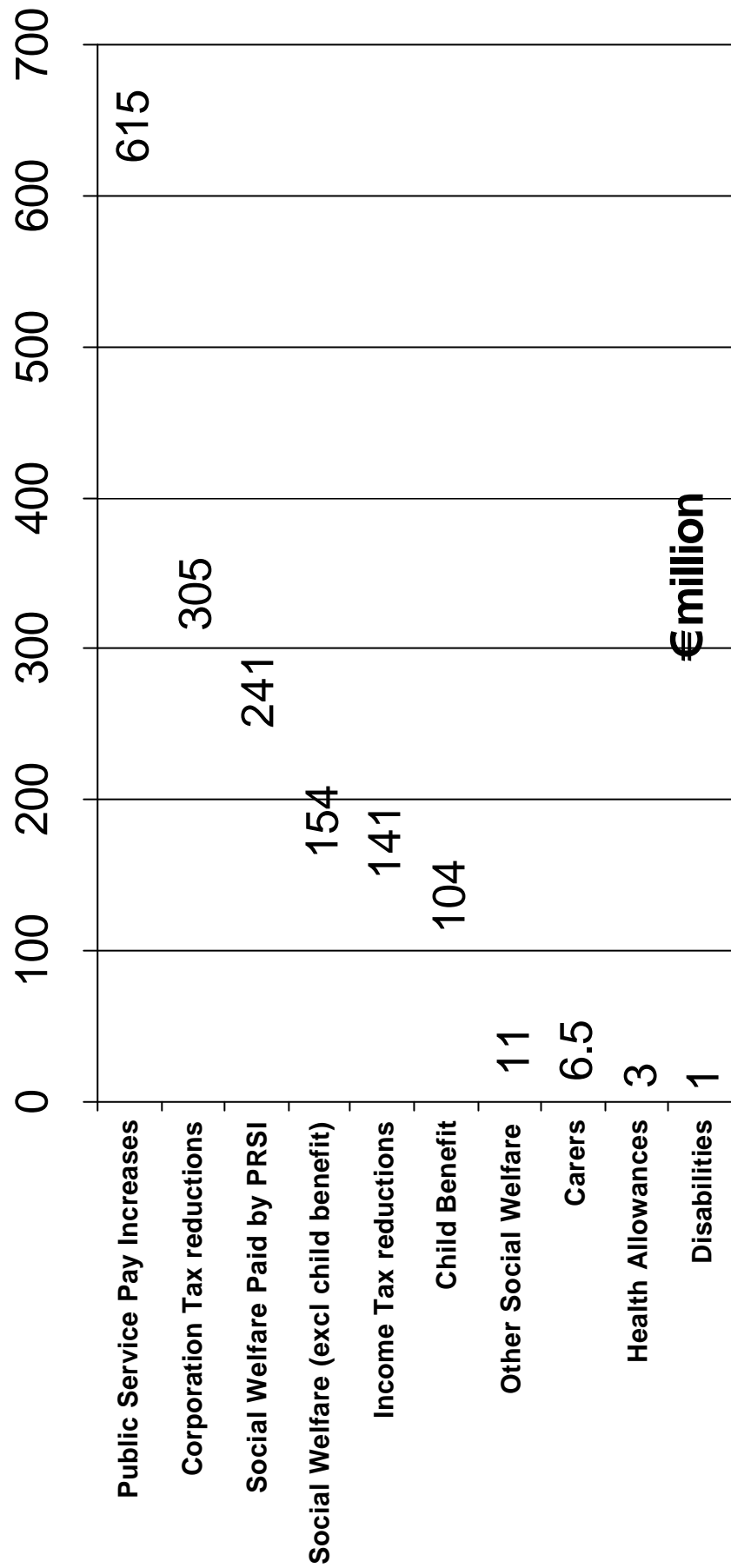


* Except in LTU Case where there is no earner

** LTU: Long Term Unemployed

These Calculations include the impact of Budgets '98 to '02 and Partnership 2000 Phases 2,3 & 4, PPF and a provision for the next round equal to the rate of inflation.

Chart 3: Government's Major Allocation of New Resources in the Current Budget for 2003.



Unemployed Couple with 1 child gain 25c a week?

The real effect of Budget 2003 on an unemployed couple with one child is that they are 25c a week better off. In 2002 such a couple had an income of €241.43. Following Budget 2003 that income has increased by €1.84 per week (cf page). To compensate for the expected rate of inflation (4.8%) such a family would have required a weekly increase in their income of €1.59 just to remain as

Family income increase in Budget 2003	+ €1.84
Erosion from inflation during 2003	- €1.59
	—————
Real gain in weekly family income	+ 0.25

“well off” in 2003 as they were in 2002. Budget 2003 granted them an increase of €1.84; meaning that the family has gained 25c a week in real terms.

The provision of such a derisory increase in income speaks for itself and indicates the complete absence of any serious effort by this government to address poverty.

Unemployed People get a Real Increase of 30c Per Week

The increase of €6 per week in the level of unemployment assistance payments is inadequate and unacceptable. The minimum rate of unemployment assistance in 2003 will rise to just €124.80. It is clearly not possible to live life with dignity on this amount of money.

In 2003 the Minister expects inflation to be 4.8%. Given this rate, inflation will erode €5.70 of the proposed €6 increase. This means that the real gain in unemployment assistance is 30c per week or just over

UA increase in Budget 2003	+ €6.00
UA erosion from inflation during 2003	- €5.70
Real gain in UA	+€0.30

4.25c a day.

In the context of higher public transport prices and the higher costs of fuel, electricity and gas (as a direct result of the 1% increase in the standard rate VAT announced in the budget) the unemployed of 2003 will be worse off than the unemployed of 2002. This is totally unacceptable. Had the Minister heeded the CORI Justice Commission’s advice and given a €4 increase in the minimum rate of unemployment assistance this situation would have been avoided.

In 2001, the current Minister and his government colleagues committed themselves in the National Anti-Poverty Strategy (NAPS) to raising the minimum level of unemployment assistance to €50 in 2002 terms by 2007. In effect this commits the Minister to raise the minimum unemployment assistance to a level of €99.60 by 2007 (cf page 16). This budget’s €6 in-

crease renders the task of achieving this target daunting. Indeed the commitment of the government to honour this promise must now be under serious question.

To fulfil the NAPS commitment the average increase in the minimum level of unemploy-

Minimum UA after Budget 2003	€124.80
Promised UA in 2007 (NAPS)	€99.60
Difference to be bridged 2004-2007	€25.20
Necessary average increases Budgets 2004-2007	€8.70

ment assistance across the next four budgets must be €8.70 each year.

Children get a real increase of 54c a week

The increase of €8 in the level of child benefit brings that payment to €125.60 for the first and second child.

The real value of this increase can be judged after taking into account the effect of inflation.

At an expected rate of 4.8%, inflation erodes €5.64 of the overall increase.

Consequently, the post- For families with three or more children the new child the monthly payment for benefit level is €157.30, an increase of €10.

This is equal to an increase of 54c a week or less than 8c a day.

Such an increase is in no way adequate.

In this case the real increase works out at €2.93 per month which is 67c a week or less than 10c a day.**I**

Taxation

Our Submission Asked That The Budget

- *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.*
- *Ensure changes in the income tax system benefit those on low to middle incomes as much as they benefit the better off in cash terms.*
- *Accept a goal of having Ireland's total tax-take move towards the EU average tax-take level.*
- *Introduce a 'windfall' tax.*
- *Maintain corporation tax rate at 16%.*
- *Increase capital gains tax.*
- *Increase tax on wealth (e.g. through increasing DIRT tax).*
- *Increase the tax-take from property.*
- *Continue to develop eco-taxes.*
- *Standard rate all discretionary tax expenditures (e.g. tax relief on pension contributions, on medical expenses, for the business expansion scheme and on property investment schemes).*
- *Provide resources to investigate the possibility of introducing a tax on currency transactions such as the Tobin tax.*

The Budget

⇒MAIN INCOME TAX AND PRSI CHANGES

- Increased Employee Tax Credit by €140 to €800.
- Entry point increased to €223 i.e. 90% National Minimum Wage.
- Exemption limits for over 65's increased by €2,000 single and €4,000 married to €15,000 and €30,000 respectively.
- As from 1 January 2003, the PRSI contribution ceiling will increase from €38,740 to €40,420.

⇒OTHER INCOME TAX CHANGES

- Increased mortgage tax relief for first-time buyers to €4,000 single and €8,000 married and period of relief extended to seven years.
- Employee pension contributions capped to the same as self-employed.
- Benefit-in-kind liable for PAYE, PRSI and Health levy from January 2004.

⇒CORPORATION TAX

- As already provided for in the 1999 Budget and Finance Act, the standard rate of corporation tax for trading income is being reduced from 16 per cent to 12.5 per cent

from 1 January at a cost of €305 in a full year.

- Balance of tax to be paid within nine months of accounting year end.

⇒CAPITAL ALLOWANCES AND CAPITAL ACQUISITIONS TAX (CAT)

- Write-off period for capital allowances for plant and machinery extended from five to eight years.
- Write-off period for capital allowance for hotels extended from seven to twenty-five years.
- Capital allowance for holiday homes abolished.
- All tax incentive schemes involving Capital Allowances will, without exception, end 31 December 2004 .

⇒CAPITAL GAINS TAX (CGT), STAMP DUTY AND VAT

- Change in payment dates for Capital Gains Tax changed to bring into line with other tax charges.
- Increase in Stamp Duty on non-residential property tax and additional rates of 7% and 9% introduced.
- Stamp duty on cheques increased to 15% on Credit Cards to €40, ATM Cards to 10%.
- Stamp duty introduced on Laser

cards at 10% with combined Laser/ATM Cards to 20%.

- Exemption of Stamp duty on transfer of land to young trained farmers extended for a further three years.
- Abolition of roll-over relief on capital gains arising from disposals made from today.
- Abolition of indexation of the base for computation of capital gains from 1 January 2003.

⇒DIRT

- Levy introduced on financial institutions calculated on the basis of 2001 DIRT.

⇒INDIRECT TAXES

- 12.5% VAT rate increased to 13.5%.
- Increase in excise duty on cigarettes by 50c per packet of twenty.
- Increase in excise duty on spirits by 20c per standard measure.
- Increase in excise duty on 'alcopops' by 35c per bottle.
- Increase in excise duty on diesel by 3c per litre.
- Change in VRT bands bringing cars of 1901cc and over into 30% rate.

Continued on page 11

Our Response

Continued from page 10

- We welcome the increase in tax credits and the increase in the entry point to the tax system to 90% of the National Minimum Wage.
- We welcome the increase in tax from the financial institutions.
- We welcome the broadening of the base for Capital Gains Tax.
- We welcome the various anti-avoidance measures
- and the commitment to the closing of tax loopholes.
- We are disappointed that the opportunity was not taken to make tax credits refundable, which would have ensured that the lowest paid would really benefit from this budget.
- We are disappointed that the proportion of tax take from income tax compared to social security taxes (PRSI) has not moved significantly closer to the EU average levels.
- We are disappointed that the decision to reduce Corporation Tax was not reversed.
- The increases in VAT and Excise Duty will continue to be felt more acutely by those least able to afford them.
- We were disappointed that the tax reliefs currently available at 42% were not standard-rated.

Major Challenge: How to Balance Taxation levels with Adequate Infrastructure and Social Provision

The issue of taxation is central to Budget deliberations and to policy development at both a macro and micro level. Consequently it is crucial that clarity exist with regard to both objectives and instruments aimed at achieving these goals.

To ensure the creation of a fairer and more equitable tax system, policy development in this area should adhere to the core policy objective of **collecting 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 has a per capita income level above the EU average but its infrastructure and social provision are far below the EU level. At the same time its total tax-take is below the EU average. Does Ireland want an EU level of infrastructure and social provision? If so, how is it to be funded?

CORI believes that a radical overhaul of the taxation and social welfare system is required so as to meet our core policy objective identified above.

We believe that Budget 2003

should have taken the opportunity to widen significantly the tax-base and introduce greater equity to the system.

Other options available to, but ignored by, this administration include the introduction of a Basic Income System which would be an even greater step towards genuine equality, sustainability/eco taxes, land rent taxes and taxes on financial speculation.

Clearly this administration, for all the rhetoric in the Minister's speech, plans to continue to favour competitiveness over solidarity and social cohesion.

SOCIAL WELFARE: Social Insurance increases January 2003

	Present Rate	New Rate	Increase
Personal and Qualified Adult Rates	€	€	€
<u>Retirement Pension/Old Age Contributory Pension:</u>			
(i) Under 80:			
Personal rate	147.30	157.30	10.00
Person with qualified adult under 66	245.40	262.10	16.70
Person with qualified adult 66 or over	261.10	278.80	17.70
(ii) 80 or over:			
Personal rate	153.70	163.70	10.00
Person with qualified adult under 66	251.80	268.50	16.70
Person with qualified adult 66 or over	267.50	285.20	17.70
<u>Widow's/Widower's Contributory Pension:</u>			
(i) Under 66	123.30	130.30	7.00
(ii) 66 and under 80	144.80	155.80	11.00
(iii) 80 or over	151.20	162.20	11.00
<u>Invalidity Pension:</u>			
(i) Under 65:			
Personal rate	123.30	130.30	7.00
Person with qualified adult under 66	211.30	223.30	12.00
Person with qualified adult 66 or over	228.70	243.40	14.70
(ii) 65 and under 80:			
Personal rate	147.30	157.30	10.00
Person with qualified adult under 66	235.30	250.30	15.00
Person with qualified adult 66 or over	252.70	270.40	17.70
(iii) 80 or over:			
Personal rate	153.70	163.70	10.00
Person with qualified adult under 66	241.70	256.70	15.00
Person with qualified adult 66 or over	259.10	276.80	17.70
<u>Carers Benefit</u>			
Personal rate	132.70	139.70	7.00
<u>Occupational Injuries Benefit - Death Benefit Pension:</u>			
(i) Personal rate under 66	146.60	153.60	7.00
(ii) Personal rate over 66	151.70	161.70	10.00
<u>Occupational Injuries Benefit - Disablement Pension:</u>			
Personal rate	148.90	155.90	7.00
<u>Disability / Unemployment Benefit:</u>			
Personal rate	118.80	124.80	6.00
Person with qualified adult	197.60	207.60	10.00
<u>Injury Benefit/Health and Safety Benefit:</u>			
Personal rate	118.80	124.80	6.00
Person with qualified adult	197.60	207.60	10.00
<u>Orphan's Contributory Allowance</u>	91.00	97.00	6.00

Increases in Maximum Weekly Rates of **Health Allowances** from January 2003

	€	€	€
<u>Supplementary Allowance payable to Blind Persons in receipt of a Blind Pension</u>			
(i) Blind Pensioner	36.90	38.80	1.90
(ii) Blind Married Couple	73.80	77.60	3.80
<u>Infectious Diseases Maintenance Allowance</u>			
(i) Personal Rate	118.80	124.80	6.00
(ii) Person with qualified adult	198.80	208.80	10.00

SOCIAL WELFARE: Social Assistance increases January 2003

	Present Rate	New Rate	Increase
	€	€	€
Child Benefit			
(i) First and Second Children	117.60	125.60	133.60
(ii) Third and Subsequent Children	147.30	157.30	167.30
Person with qualified adult	222.50	239.20	16.70
(ii) 80 or over:			
Personal rate	140.40	150.40	10.00
Person with qualified adult	228.90	245.60	16.70
Blind Person's Pension:			
(i) Under 66:			
Personal rate	118.80	124.80	6.00
Person with qualified adult under 66	197.60	207.60	10.00
Person with qualified adult 66 or over	207.30	220.00	12.70
(ii) 66 and under 80:			
Personal rate	134.00	144.00	10.00
Person with qualified adult under 66	212.80	226.80	14.00
Person with qualified adult 66 or over	222.50	239.20	16.70
(iii) 80 or over:			
Personal rate	140.40	150.40	10.00
Person with qualified adult under 66	219.20	233.20	14.00
Person with qualified adult 66 or over	228.90	245.60	16.70
Widow's/Widower's Non-Contributory Pension:			
(i) Under 66	118.80	124.80	6.00
(ii) 66 and under 80	134.00	144.00	10.00
(iii) 80 or over	140.40	150.40	10.00
One-Parent Family Payment:			
<i>(including one child)</i>			
(i) Under 66	138.10	144.10	6.00
(ii) 66 years and over	153.30	163.30	10.00
Carer's Allowance:			
(i) Under 66	122.60	129.60	7.00
(ii) 66 years and over	137.80	147.80	10.00
Disability Allowance			
Personal rate	118.80	124.80	6.00
Personal with qualified adult	197.60	207.60	10.00
Supplementary Welfare Allowance:			
Personal rate	118.80	124.80	6.00
Person with qualified adult	197.60	207.60	10.00
Unemployment Assistance:			
Personal rate	118.80	124.80	6.00
Person with qualified adult	197.60	207.60	10.00
Pre-Retirement Allowance / Farm Assist			
Personal rate	118.80	124.80	6.00
Person with qualified adult	197.60	207.60	10.00
Orphan's Non-Contributory Pension			
	91.00	97.00	6.00

Increases in Monthly Rates of **Child Benefit** from April 2003

	€	€	€
Child Benefit			
(i) First and Second Children	117.60	125.60	8.00
(ii) Third and Subsequent Children	147.30	157.30	10.00

Income Distribution

Our Budget Submission Asked that the Budget

- Redress the imbalances of the last five Budgets where the major beneficiaries were the better off.
- 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.

To achieve these objectives the Budget

should:

- 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.
- Double the fuel allowance.
- Increase the weekly allowance for asylum seekers in 'direct provision' to €50 a week. (This system of 'direct provision' should be terminated. The above recommendation is an interim one).
- Abolish claw-back rules so that social welfare recipients will get the full value of the Budget increases.

The Budget

Total social welfare improvements will cost €530m. €

INCREASES: PERSONAL RATES

- €6 per week in social welfare payments with the exception of:
 - * €10 per week for pensioners aged 66 years and over.
 - * €11 per week for widows and widowers aged 66 and over (contributory).
 - * €7 per week for widows and widowers under 66 (contributory).
 - * €7 per week in Invalidity Pension.
 - * €7 per week in Carer's Allowance (under 66).
 - * €7 per week in Disability Benefit.

INCREASES: QUALIFIED ADULT ALLOWANCES

- €7.70 per week for Old Age (contributory) Pensions (66 and over) and €6.70 per week (under 66).
- €6.70 per week for Old Age (non-

contributory) pensions (under or over 66).

- €5 per week for Invalidity Pension (under 66).
- €4 per week for all other QAA allowances.

CARERS: INCREASES

- €10 per week for carers 66 and over.
- €7 per week for carers under 66.
- €100 per month in Respite Care Grant.
- €19 weekly income disregard for single people and 30 for a couple (Carers' Allowance Scheme).
- €150 income threshold per week for people in receipt of Carer's Benefit who want to engage in limited self-employment.

FAMILIES AND CHILDREN: CHILD BENEFIT INCREASES

- €8 per month for 1st and 2nd child.
- €10 per month for 3rd and subsequent children.

- €17 per week in Family Income Supplement Income thresholds.
- Child Dependent Allowances (CDAs) will be paid to recipients where children are in full-time education up to the age of 22 years.
- €30 in School Clothing and Footwear Allowance for children aged 12 and over.

ADDITIONAL FUNDING

- €2m for school meals programme.
- Fuel poverty.
- €60,000 for MABS
- €1m for Comhairle
- €200,000 for Combat Poverty
- €300,000 for Emigrant Advice Centres
- €500,000 for Rural Transport Initiative
- €40,000 for Irish Deaf Society (once-off research)
- €500,000 for Pensions Board National Awareness Campaign

Our Response

- Our response is one of profound dismay and disbelief in the light of the Minister's claim that Budget 2003 "protects the weaker sections of society", "supports the most vulnerable", "improves the living standards of all groups in society" and "directs resources to those most in need". The shamefully low increase of €6 a week in the basic social welfare payments means that the people to whom the Minister refers receive an increase of 86 cent a day. This begs the question "what is the Minister's understanding of the support needed by "the most vulnerable in society?"
- This budget demonstrates the government's failure to grasp the reality of poverty and exclusion. The increase in the lowest social welfare rates is less than half of that requested by CORI. The budget also fails to meet our reasonable proposals that there would be:
 - * a substantial increase in child benefit;
 - * a move towards the individualisation of social welfare payments;
 - * the introduction of a cost of disability benefit;
 - * doubling of the fuel allowance;
 - * an increase in the weekly allowance for asylum seekers in 'direct provision' to €50 a week;
- The lack of a serious effort to promote income distribution dishonours the government's own commitment in its review of the NAPS to take the necessary steps to raise the lowest social welfare payment for a single person to 30% of Gross Average Industrial Earnings by 2007.
- A lone parent with one child gains €7.84 a week in this budget. When adjusted for inflation this means in real terms that she is worse off by 86c per week. A bad situation has been made worse.

Examples of Income Distribution In Budget 2003

Example 1

Sandra is a lone parent with 1 child. She cannot afford childcare and therefore cannot work.

	Pre-Budget '03	Post-Budget
'03		
One parent		
Family Payment	118.80	124.80
Child Allowance	19.30	19.30
Child Benefit	27.03	28.89
Total	165.13	172.82

Sandra and her child will gain **€7.84** per week

Example 2

John is single and employed earning €50,000 p.a. He will receive a pay increase.

Gross Income		€50,000
Pay Increase will improve income to		€52,816
Tax	€13,703	
PRSI & Levy	€2,471	
Net Income		€36,642

John will gain **€31.56** per week.

Example 3

Jim is long term unemployed. In spite of his best efforts he has not succeeded in getting a job which suits his limited skill. He has a wife and 1 child.

	Pre-Budget '03	Post-Budget '03
Unemployment Asst	1 18.80	124.80
Adult Dependant	78.80	82.80
Child Allowance	16.80	16.80
Child Benefit	27.03	28.87
Total	241.43	253.27

Jim and his family will gain **€11.84** per week.

Example 4

Pat and Rose are married and are both employed earning £60,000 p.a. between them. They have no children. The Budget gives them a small increase but they will receive pay increases at work which will give them a much larger increase.

Gross Income in 2002		€5,000
Pay Increase will improve income to		€9,224
Tax	16314	
PRSI & Levy	3067	
Net Income		€9,843

Pat and Rose will gain **€49.37** per week.

Unemployed single parent with 1 child is worse off in real terms

The real effect of this budget on a single parent who is unemployed and has one child is to leave them worse off in 2003 than they were in 2002.

In 2002 such a family had a weekly income of €65.13 and following this budget that income has increased to €72.97 (cf page 13). This is a gain of €7.84 a week.

However the impact of inflation during 2003 wipes out this gain completely. To compensate for inflation (at 4.8%) the income of such a family needs to increase by €7.93 from its 2002 level.

The increase of €7.84 means that in real terms these families are almost 9c a week worse off following

this budget.

Such a negative impact on the already bad circumstances of these families is beyond justification. If the commitments of the government in the National Anti Poverty Strategy (NAPS) mean anything then making the poor poorer should never happen. But this budget does just that.

Budget betrays Ireland's poorest

Lowest social welfare rates should and could have been raised by €14 a week

The lowest social welfare rates for single people should have been raised by €14 in Budget 2003 if the Government was to honour its commitment in the National Anti-Poverty Strategy (NAPS).

In NAPS the Government committed itself to raise the lowest social welfare payments for single people to €150 a week in 2002 terms and to achieve this by 2007. In 2002 the sum of €150 is equivalent to 30% of gross average industrial earnings (GAIE).

This commitment was very welcome and was one of the few areas of the anti-poverty strategy that were adequate to tackle the scale of the poverty, inequality

and social exclusion being experienced by so many people in Ireland today.

Below we have calculated the projected growth in €150 between 2002 and 2007 when it is indexed to the estimated growth in GAIE.

This shows that the lowest social welfare rates for single people should be at €199.60 by 2007. To reach this target we have set out the required scale of increase for social welfare for each of the intervening years.

The increase required in 2003 to honour the Government's commitment was an increase of €14 a week. Sufficient resources to fund this increase were available.

Government has deliberately chosen not to honour its commitment to Ireland's poorest people in Budget 2003

CALCULATING HOW TO MEET THE NAPS TARGET ON LOWEST SOCIAL WELFARE RATES

Estimated Growth in Gross Average Industrial Earnings (GAIE) 2003-2007

Year	2003	2004	2005	2006	2007
Estimated % Growth of GAIE	+6.00	+6.00	+5.60	+5.70	+6.10

Source: 2004-2007 figures ESRI Medium Term Review (2001:69), 2003 figure from John Fitzgerald.

Estimating growth in €150 a week (i.e.30% of GAIE) for 2002-2007

Year	2002	2003	2004	2005	2006	2007
% Growth of GAIE -	-	+6.00	+6.00	+5.60	+5.70	+6.10
30% GAIE (€150 Updated)	150	159	168.54	177.98	188.12	199.60

The overall gap to be addressed during the 5 year period is €80.80 (€199.60 – €118.80).

Proposed approach to addressing the Gap (in round figures), 2003-2007

	2002	2003	2004	2005	2006	2007
Min S. W. payment in €s	118.80	132.80	147.80	163.80	180.80	199.60
€amount increase each yr	-	14	15	16	17	18.80

Work/Unemployment/Job Creation

Our Submission Asked That The Budget

- 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 which is crucial.
- ◇ Adequate numbers of places on pro-

grammes such as Community Employment.

- Substantially increase the resources of the Local Employment Service (LES) so that every unemployed person can access its services.
- Maintain the number of active labour market programme (ALMP) places available to those who are long-term unemployed.
- Substantially increase the resources available for the Social Economy programme

and ensure that it maintains its 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).

The Budget

- Estimated that unemployment would increase by 5.3% in 2003.
- Reduced the allocation to the Department of Enterprise, Trade and Employment by 7% to €1,188m.
- Within this budget:
 - ⇒ Reduced FAS Training and Integration supports by 41% (€51m) to €3.5m .
 - ⇒ Reduced FAS employment programmes by 12% (48.5m) to €364.9m.
 - ⇒ Increased the expenditure on science and technology development by 59% (55m) to €148m.
 - ⇒ Increased the administration grant to Forfas by 2% to €20.4m. and to the IDA by 4% to €32.2m.

Active Labour Market Programmes

- **Reduced the allocation for Community Employment from €332 to €275m—a reduction of 17.16%.**
- **Increased the allocation for Social Economy Programme from €20.5m to €30.8m to cover commitments already made.**
- **Reduced the allocation for Job Initiative from €49m to €46m.**

⇒ Increased IDA grants to industry by 3% to €03m.

⇒ Reduced the Enterprise Ireland grant to industry by 18% to €62.9m.

⇒ Reduced the grant to County Enterprise development by 13% to €31m.

⇒ Reduced the allocation to consumer protection by 8% to €4.5m.

• Reduced the Employment Support Services under the Department of Social and Family Affairs by (31% 61m) to €137.3m.

• Reduced the grants for emigrant advisory services by 5% to €2.6m in the Estimates but allocated a further €300,000 in the Budget.

Our Response

- The reduction in the allocation for Community CE) means a reduction of 5,000 places by the end of 2003. This follows a reduction of 5,800 places during 2002.
- Projects focusing on childcare, drugs and healthcare will be ring-fenced in these reductions. In practice this will mean that projects in other areas will be very severely hit and the services they deliver will in many cases be totally eliminated.
- CE projects located in rural areas are especially vulnerable in this context.
- These developments show an extremely short-sighted and irresponsible approach (i) to local communities where these projects were located and (ii) to those who are among the most vulnerable in our society.

In particular:

- No provision has been made to ensure that services such as meals-on-wheels, currently being delivered by community and voluntary organisations using CE funding, will be resourced once the CE projects have been eliminated.
- No provision has been made to resource those requiring high supports to enable them continue in the positions they have been filling in CE projects. This means that vulnerable communities and vulnerable people will both be badly hit in the months ahead.
- This is a particularly negative development and can only be seen as an insult to people who are making substantial efforts to be part of the labour force.

- We seriously question the wisdom of reducing the allocation to consumer protection at a time of growing public concern at developments in this area.
- We also question the wisdom of the reduction in the employment support services under the Department of Social and family Affairs at a time when the numbers unemployed are growing.
- We welcome the increased allocation for emigrant advisory services. We trust that this marks a commitment to implement the recommendations of the PPF Task Force's report on the issue of emigrants and emigrant services.

Community and Rural Development

Our Submission Asked That The Budget

- Decouple all direct payments from production and introduce a direct payment in the form of a basic income for each person in rural Ireland.
- 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.
- 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.
- 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.

The Budget

- Made a commitment to spend monies from the Dormant Accounts Fund (established using unclaimed dormant account monies from financial institutions) on charitable and community projects with a particular focus on children with learning disabilities.
- Continues for a further three years the existing exemption from stamp duty for the transfer of land to young trained farmers.
- Gives funding of 500,000 euro towards the cost of the Rural Transport Initiative in respect of free Travel Pass holders.

In the budget of the Department of Agriculture and Food:

- Reduced the total allocation to the Department of Agriculture and Food by 12% to €1.22bn. (€376m of this budget is

funded from other sources including the EU.)

Within this budget:

- ⇒ Increased the allocation to general disease control and eradication by 10% (€13.3m) to €149.5m.
- ⇒ Increased the allocation to TB eradication by 12% to €67m.
- ⇒ Reduced the allocation to the Rural Environmental Protection Scheme by 9% (€13.7m) to €190m.
- ⇒ Reduced the allocation for early retirement by 5% to €85m.

From the budget of the Department of Community, Rural and Gaeltacht Affairs:

- ⇒ Reduced the allocation to Local Development / Social Inclusion measures by 6% to €44.9m.

⇒ Reduced grants for Community and Voluntary Service (Lottery funded) by 16% to €29.54m.

⇒ Reduced the grant to the Western development Commission by 10% to €1.35m.

⇒ Reduced the allocation to the Western Investment Fund by 68% to €2m.

⇒ Reduced the allocation for the 'National Development Plan—Rural Development' by 7% to €1.09m.

⇒ Reduced the grant for the CLAR programme by 25% to €9.5m.

⇒ Reduced the allocation for the Information Society Community Initiative by 86% (€4.43m) to €0.7m.

⇒ Increased the allocation for the Drugs Initiative by 16% to €16.3m.

Our Response

- We welcome the commitment to spend the monies from the Dormant Account Fund on charitable and community projects.
- We deplore the reductions in allocations to a range of measures targeted at rural communities, such as the National Development Plan-Rural Development and the Local Development/ Social Inclusion measures. These reductions do not lie well with the government's stated commitment "to implementing a wide range of social inclusion policies aimed at supporting the most vulnerable in society".
- We regret that the Minister did not avail of the opportunity to address

rural exclusion in the areas of housing, access to education and supports for farm diversification.

- The reduction in funding for the REPS scheme is disappointing in the light of this government's commitments to environment sustainability.
- We deplore the reduction in the Information Society Community Initiative. A new divide is emerging between those who have access to Information Technology and those who do not. The people who suffer as a result of this reduction are those who are already disadvantaged. Investment in this area would repay itself one hundredfold.

CORI Justice Commission has proposed that rural development policy should be guided by the following national 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 the infrastructure needed for sustainable development would be in place.

Environment

Our Submission Asked That The Budget

- 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.
- 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.

The Budget

- Promises to advance plans for the introduction of a general carbon energy tax from the end of 2004, in order to meet international obligations under the Kyoto Protocol for the reduction of greenhouse gas emissions.
- Increased the VRT rate on cars between 1901 cc and 2000cc from 25% to 30%.
- Increased the VAT-inclusive excise duty on diesel by 3% per litre.
- Reduced the total allocation to the Department of the Environment and Local Government by 6% to €2.33bn.
- Within this budget reduced the allocation to:
 - ⇒ Non-national roads by 27% (€15m) to €40m.
 - ⇒ Environmental Protection Agency by 1% to €18.8m.
 - ⇒ Local Authority Library Service by 3% to €11.5m.
 - ⇒ Urban regeneration by 59% (€33m) to €23m.
 - ⇒ Tidy Towns competition by 5% to €9,000.
 - ⇒ Programme for Peace and Reconciliation by 3% to €4.85m.
- Within the overall budget increased the allocation to partnerships in Local Authorities by 17% to €5.87m.
- The Department of Transport budget increased the allocation to national roads by 4% to €1.061bn.
- The Budget allocates an additional 209 million to the NDP National Roads Programme for 2003, investing a total of 1.29 billion. in 2003.

Our Response

- While we welcome a commitment to introducing carbon energy taxes in the future, we are disappointed by the lack of a sense of urgency on the government's part in addressing its commitments under the Kyoto Protocol.
- We regret the failure to allocate resources to other aspects of environmental protection such as waste reduction, water pollution and increasing dependence on oil, gas and other fossil fuels.
- The reduction in allocations to the Environmental Protection Agency reflects this governments lack of commitment to environmental improvement.
- We are particularly disappointed at the reduced allocation to the Library Service. This service is of vital importance for a number of reasons and meets the needs of the most disadvantaged in our society. It can play a creative role in encouraging personal and community development. Failure to resource it properly is shortsighted.
- The increased allocation for the development of public roads contrasts strongly with the lack of increased resource for the development of public transport.

Justice is a harmony which comes from fidelity to right relationships with God, people, institutions and the environment.

Housing and Accommodation

Our Submission Asked That The Budget

- 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 2007.
- 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 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.

The Budget

- **Reduced the overall allocation for various housing and accommodation programmes by 5% to just over €1.1 billion in 2003**
- **A further €0.6 billion to be raised by Local Authorities. Under the Social and Affordable Housing Measures this would provide accommodation for almost 12,000 households in 2003.**
- **Increased the allocation for the accommodation of Asylum Seekers to €73 million.**
- **€34 million was provided for the provision and maintenance of sites for Travellers, this represents an increase of 26%.**
- **Additional €1.5 million targetted at youth homelessness.**
- **Mortgage Interest Relief at the standard rate currently available is being increased by 25% to €4,000 p.a. single and €8,000 p.a. for married/widow for first time buyers. Relief period increased from 5 to 7 years 45,000 first time buyers's will benefit.**
- **€1.5 million for improvement works and housing aid for older persons. It is estimated that some 4,500 people will benefit under this scheme in 2003.**
- **€40 million was provided for Disabled Persons and Essential Repairs Schemes. This represents a 25% increase over 2002.**
- **Action and research programme to improve the fuel efficiency of dwellings occupied by fuel allowance recipients.**
- **Increased grants and subsidies to private housing by 2% to €73.23 million.**
- **Abolished the first time buyers' grant.**

Our Response

- Local Authority waiting lists will continue to grow as a result of the reduction of the overall allocation for various housing and accommodation programmes.
- This is extremely regrettably considering the scale of the current problem.
- There are over 50,000 households or 130,000 people are on these Local Authority waiting lists and some 5,500 people homeless.
- The targets for reducing the time spent on Local Authority waiting lists has not been addressed.
- We welcome the capital funding for Social and Affordable Housing that should give accommodation for almost 12,000 households in 2003.
- We welcome the increase allocation for the accommodation of Asylum Seekers. The provision of adequate and appropriate accommodation must continue to be addressed.
- We welcome the allocation of €34 million for the provision and maintenance of sites for Travellers, this represents an increase of 26% this will go some way to addressing these issues.
- Those in the private rented sector of housing received no recognition in this year's budget even though this is a growing sector in society today.
- We deeply regret that the establishment of National Housing Authority as proposed by the NESF has not been addressed in the Budget for the second year running.
- We welcome the increased funding for the improvement of accommodation for older persons. This should improve the quality of life for 4,500 people in 2003.
- Regrettably the fuel allowance has not been increased but welcome the research programme to improve the fuel efficiency of dwellings.

It is estimated that there are over 50,000 households or 130,000 people on Local Authority Housing lists and some 5,500 people homeless.

Education

Our Budget Submission Asked That The Budget

- *Prioritise educational expenditure at Primary and pre School level by increasing the proportion of educational expenditure allocated to it as a way of partially addressing the regressive nature of educational funding.*
- *Make an explicit commitment to eliminate early school-leaving (without a qualification) **within a specific time-frame** and provide the resources necessary to achieve this target.*
- *Provide the Committee on Educational Disadvantage with the resources necessary to fulfil its brief.*
- *Provide the recommended level of resourcing for the Education Welfare Board to ensure the implementation of the Educational Education Welfare Act 2000 in the context of combating educational disadvantage and socio-economic exclusion.*
- *Recognise second chance education as an entitlement and **assure an adequate level of funding for Adult and Community Education** to facilitate the implementation of priorities identified in **Life Long Learning** : The White Paper on Adult Education in particular, the educational needs of people with
 - low literacy skills
 - less than lower second level education
 - less the upper second level educationshould be prioritised.*
- *Provide lifelong education and training for people with physical and mental disabilities.*
- *Revise the format of the public-expenditure estimate and budget statement for Education and Science to include a separate **'head' for Further Education and for Adult and Community Education.***

The Budget

- **Increased the rate of Back to School Clothing and Welfare Allowance in respect of children aged 12 years or more by €30 to €150.**
- **Provided €2m extra per annum for the current School Meals Programme.**

Increased the allocation to first level education by 10% (gross) to €1,870m.

Within this budget:

⇒ **Increased capitation grants by 64% to €114.5m.**

⇒ **Increased the allocation for special needs assistants by 98% to €100m.**
⇒ **Reduced the allocation for building and equipment grants by 4% to €147.7m.**

Increased the allocation to second level education by 4% (gross) to €2,040m

Within this budget:

⇒ **Reduced building grants by 10% to €165.5m.**
⇒ **Increased other grants by 48% to**

€86.5m.

⇒ **Increased grants to VECs by 2% to €573m.**

• **Reduced the allocation to third level education by 4% to €1,405m**

Within this budget:

⇒ **Increased higher education grants by 7% to €70.7m.**

⇒ **Maintained the alleviation of disadvantage grant at €26m.**

Failed to provide a transparent budget line for adult and community

Our Response

We welcome:

- The increased allocation to first level education
- The increased investment in teacher training for first level education.
- The significant increase in allocation of special needs assistants.

We deplore

- Lack of commitment to address educational disadvantage at all levels and early school leaving.
- Lack of resource allocation to the National Children's Strategy to implement measures to combat childhood disadvantage and socio-economic exclusion.
- Lack of resources to implement the Educational Welfare Act.
- Failure to provide a transparent budget line for adult and community education.
- Failure to make provision for the education of particular target groups, such as the unwaged, people with disabilities, carers and homemakers.
- Failure to provide resources to implement the Education recommendations of the Report of the Task Force on the Traveller Community.

Healthcare

Our Budget Submission Asked That The Budget

- Give far greater priority to community care and restructure the healthcare budget accordingly.
- Increase the resources for core community care services for older people with priority to be given to home care.
- Provide the resources to fund the PPF commitment to pilot community-based, primary healthcare centres on a seven day, 24 hour basis.
- Resource the development of local community centres to suit both urban and rural needs.
- Increase the proportion of the healthcare budget allocated to the health promotion/prevention area.
- Provide the child care services with the additional resources necessary to complete the implementation of the Child Care Act and provide adequate resources to commence the implementation of the Children's Act.
- Resource implementation of the National Health Strategy for Travellers.
- Commit to review the Nursing Home Act 1990, particularly the area relating to subvention, to maximise flexibility in addressing individual needs.
- In the coming year resource the ongoing implementation of
 - ⇒ the Health Strategy and
 - ⇒ the Primary Healthcare Strategy.

The Budget

- Increased the gross allocation to healthcare from €8.19 billion in 2002 to €8.88 billion in 2003.
- The GMS total allocation of €70 million is an increase of 31%.
- Dissemination of Information Conferences and Publications allocation €9.84 million, 14% increase.
- Information systems and related services for Health Agencies €29.66 million, increase of 5%.
- Additional €15 million allocated to services for older people.
- The Hospital Treatment Purchase Group allocation €30.75 million, increase of 3%.
- Research Bodies €20.84 million, a 12% increase.
- Allocated Pre-Registration Nursing Degree Programme \$12.67 million, an increase of 9%.
- Capital Expenditure for Building Equipment etc of Hospitals, Health Facilities and Higher Education facilities in respect of pre registration nursing degree programme €477.77 million, 4% increase.
- Acute Services allocation of €17.25 million an increase of 5%.
- Administration office machinery and office supplies allocated €6.30 million an increase of 116%.
- Payments to Hepatitis C Section 10 €84.29 million increase of 146%.
- Payments to Reparation Fund Section 11 Hepatitis C Compensation Tribunal €16.35 million, increase of 158%.
- From June 2003, the Respite Care Grant will be increased from €635 to €735.
- Medical Appliances funding of €950,000 towards improvements in the Scheme will be available from January 2003.
- €2.8 million is being provided to increase Health Allowances in line with Social Welfare Rates.

Our Response

- Regrettably there is no detail in the Health section of the Budget.
- There is little information on where and how the money has been allocated.
- An example is the significant increase of 116% in funding for office machinery and office supplies.
- We greatly regret that the eligibility level for medical cards was not raised at all for the second year running.
- The Minister of Health and Children has increased the monthly DPS expenditure threshold to €70. This will cause further hardship on those on low incomes for a second time this year.
- We welcome the use of unclaimed dormant account monies for charities, including a particular focus on children with learning disabilities.
- The National Health Strategy is the 'blue print' set by Government for the development of the Health Service.
- The real costs of implementation are not reflected in the Budget allocation if the Strategy is to be fully implemented in the time span set out in the document.
- The vision statement of the National Health Strategy states 'A health system that supports and empowers you, your family and community to achieve your full health potential. A health system that is there when you need it, that is fair, and that you can trust. A health system that encourages you to have your say, listens to you, and ensures that your views are taken into account'. In light of this statement the Health Budget does little to realise this vision.
- The Primary Care Strategy has the potential to change the focus of our Health Service. For this change to occur it requires financial commitment by the Government.
- We welcome the recognition of the need to support those who are affected with Hepatitis C.
- There is no reference to the funding of other commitments in health such as the National Health Strategy for Travellers.
- In the last Budget there was a promise to establish an Independent Commission on Financial Management and Control Systems and 'a comprehensive value for money audit'. We are still awaiting a progress report!

Official Development Assistance

Our Submission Asked That The Budget

- Take substantial steps to implement the Government's commitment to increase Ireland's Official Development Assistance for poor countries to the United Nations target of 0.7% of GNP by 2007.
- Resource the development of Ireland's policies in the WTO to ensure they support a fair deal for developing countries.
- Ensure that Ireland's policies on the whole range of Budget issues are consistent with its policies on Official Development Assistance.
- Support the international campaign for the liberation of the poorest nations from the burden of un-payable debt.

The Budget

- Increased the allocation to €373.58m, an increase of €1.54m over the 2002 Estimate.
- Within this allocation:
 - ▷ Increased the APSO grant by 35% to €3.82m.
 - ▷ Increased the assistance to Eastern Europe by 35% to €4.29m.
 - ▷ Reduced the Emergency Humanitarian Assistance by 12% to €20.06m.
 - ▷ Reduced the grant-in-aid fund for bilateral and other aid by 1% to €251.7m

Our Response

- This increase is very small when compared with the 2002 Estimate. However, during the year there was a decision to reduce the commitment contained in Budget 2002 with the result that actual current expenditure for 2002 is now expected to be only €338m.
- We note the Taoiseach's recent assurance that the Government's promise to reach the United Nations ODA target 0.7% of GNP by 2007 will be honoured.
- We regret that the Budget shows no indication that Government will play a more progressive role within the WTO and other international agencies to ensure greater fairness for poorer countries.

Sustainability Social, Economic and Cultural

The search for a humane, sustainable model of development has gained momentum in recent times. After years of belief that markets and market forces would produce a better life for everyone, major problems and unintended side effects have raised questions and doubts. **There is a growing awareness that sustainability must be a constant factor in all development whether social, economic or environmental.** If social exclusion is to be eliminated then policies must be sustainable. Consequently, CORI Justice Commission has proposed the following **objective** in the area of sustainability: **To ensure that all development is socially, economically and environmentally sustainable.**

Central to any model of development which has sustainability at its core must be **a realisation of the need to move away from money-measured growth, as the principal economic target and measure of success, towards sustainability in terms of real-life social, environmental and economic variables.**

Already, within mainstream decision making this realisation has begun to have some impact. This can be seen, for example, in the growing realisation that environmental taxation should be recognised as a key policy instrument

in dealing with environmental concerns. Recent voicing of public concern in the area of genetically modified food is another example. In the context of income and social welfare policy, the recent work on basic income undertaken under Partnership 2000 is a further example of the same search for policies that will be sustainable into the future. The growing demand for the recognition of unpaid work being done in the society is yet another example. As can be seen from these examples, however, there is a long way to go before Ireland or the EU can claim to have placed sustainability at the centre of their development models. CORI Justice Commission has proposed that Government take the following **policy initiatives, among others, to promote social, economic and environmental sustainability:**

- Develop 'satellite' **national accounts** that include the costs of all environmental damage and resource consumption and all unpaid work.
- **Sustainability-proof** all public policy initiatives and provision.
- **Restructure the tax system** in favour of environmentally benign development.

- Terminate **subsidies and other public expenditure programmes** that encourage unsustainable development.
- Introduce **public purchasing policies** that encourage contractors to adopt sustainable practices.

"The expansion of markets tends to penalise altruism and care. Both individuals and institutions have been free-riding on the caring labour that mainly women provide. Whether women will continue to provide such labour without fair remuneration is another matter".

- Human Development Report

- Resource the development of **indicators to measure economic, social and environmental performance and progress.**
- Encourage **demand reduction policies** in areas such as transport and energy and tackle the implications of such reductions.

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*Justice is a harmony
which comes from fidelity
to right relationships with
God, people, institutions
and the environment.*

The CORI Justice Commission publishes regular briefings on a wide range of public policy issues.

The Justice Commission's core areas of work are:

- Public policy
- Enabling and Empowering
- Spirituality
- Advocacy and Communication

CORI Justice Commission has been a recognised social partner within the Community and Voluntary pillar of social partners, since 1996.

Comments, observations and suggestions on this publication and/or on any other aspect of the Commission's work are always welcome. We can be contacted by post or by email at justice@cori.ie

The Role of a National Budget *A key instrument in shaping the future of society*

The national budget raises questions for each member of society. Where we allocate our money shows our values and priorities. We should be constructively and responsibly involved with our elected representatives in this onerous task of budgeting. We are responsible for the leadership we have elected and for the mandate we have given them to lead in a particular direction.

CORI has been particularly concerned about the widening rich/poor gap and the deficits in infrastructure and social provision in Irish society. One of the major instruments government has for taking action to address these divisions and deficits is the budget.

The National Budget is governed by our vision of society. This vision answers many questions including the following:

- What kind of society do we want for our families and ourselves?
- What would be our desired outcome in terms of quality of life issues?
- What type of healthcare, education, communication systems, transport etc. do we expect?
- What type of security at personal, family and community levels do we desire?
- What is the place of arts, culture and

sports in our vision for our society?

- What are our values in terms of fairness for all?

Having articulated our vision of society we need to move on to ask what is needed to achieve this vision?

- What material resources are necessary?
- How are we to raise the money to pay for these resources?

It is regrettable that the debate necessary to answer these questions has not taken place. The aspirations, good will and generosity of Irish people are ignored. There is a presumption that the majority of Irish people are selfish, individualistic and reluctant to make a contribution to society. There is an assumption that we all want to live in a 'too low tax' society, which produces grossly inadequate levels of social provision and infrastructure. This assumption is made despite evidence of many surveys and polls and Irish people's traditional generosity to organisations addressing poverty in Ireland and abroad.

CORI Justice Commission has constantly argued that every man, woman and child in Ireland has a right to

- Sufficient income to provide for basic necessities

- Meaningful work
- Appropriate accommodation
- Essential Healthcare
- Relevant education
- Cultural respect, and
- Real participation.

These are the minimum requirements if a person is to live life with dignity. We believe the vast majority of Irish people support this position and would be glad to approve of budgetary policy focusing on delivering these basics.

When a country has the required resources, it stands indicted if it chooses to allocate its resources in a way that does not ensure that every person has this minimum. That is what Ireland's present Government has chosen to do in the past six Budgets.

Ireland today has much that is positive and of which we can be justly proud. However, it also has a scandalous side, in particular, a great many people do not have enough income to provide for basic necessities and the numbers living in relative income poverty continue to grow.

It is a serious indictment of Government decision making that Ireland is in this situation after the years of plenty of the Celtic Tiger boom.