

BUDGET 2005

CORI Justice Commission ANALYSIS AND CRITIQUE

Welcome steps in the right direction

Breakthrough in key areas

The key issues that needed to be addressed in Budget 2005 were

- The risk of poverty being experienced by people depending on social welfare;
- The working poor;
- The broader social provision deficit, and
- The need for a fairer tax system.

Budget 2005 takes a series of welcome steps towards addressing these key issues. In particular we welcome

- The increases in the lowest social welfare rates,
- The increase in tax credits,
- The special disability multi-annual funding package,
- The projected 5-year budget for social housing,
- The new programme to support the development of local services.

- The commitment to review and subsequently act on tax incentive reliefs.

Social Welfare

The increases in the lowest social welfare rates

An Agenda for the Coming Years

If the positive steps taken in Budget 2005 are to be continued, then Budgets 2006 and 2007 need to give priority to some key issues. Among these are:

- Raising the lowest social welfare rates to 30% of average industrial earnings by 2007.
- Increasing social housing provision.
- Tackling the two-tier healthcare system.
- Ensuring a fairer tax system.
- Tackling child poverty.
- Addressing rural and regional deficits.
- Raising ODA to 0.7% of GNP

will impact on the depth of poverty being experienced by 420,000 people where the head of household is outside the labour force. These households are headed by people who are elderly, ill, caring or have serious disabilities. This increase takes a significant step towards honouring the Government's commitment to raise the lowest social welfare payments to 30% of gross average industrial earnings by 2007.

The Working Poor

We also welcome the increase in tax credits and the growing realisation that this approach holds the key to addressing the low-income problems experienced by the 175,000 people who have jobs but are still at risk of poverty (i.e. the working poor).

Disability Package

The special disability multi-annual funding package, with a total value of €900 million, will pro-

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More remains to be done

(Continued from page 1)

vide extra services and go some of the way towards tackling the needs of people with disabilities.

Social Housing

The increase in the five-year projected budget for social housing is also welcome. While it falls far short of what is required to solve the social housing deficit, it does go some way towards addressing one of the key social provision deficits. There are more than 48,000 households on housing waiting lists. The stock of social housing is too low and the projected increases to date were not adequate to meet the required need. The new additional provision goes some way towards increasing the stock of social housing to the desired level. The publication of the new NESc study on this issue should provide a framework for a comprehensive policy response on the required scale.

New local services programme

The new programme to support community and voluntary organisations delivering services in local areas is most welcome. It is a recognition that these groups are making a significant contribution to the needs and quality of life of many people. These groups had become dependent on Community Employment and related programmes. The new programme will 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.

Tackling tax incentives

The move towards addressing the issue of tax incentive reliefs is also welcome

as it is an important step towards developing a fairer tax system which is essential if we are to have a fairer Ireland in the future. We welcome the Minister for Finance, Mr Brian Cowen's statement in his Budget speech that "*a fair and balanced tax system is a priority for this Government.*" We trust this review will produce a fairer system.

Deficits

On the deficit side there were a number of issues that we believe could have been addressed and the resources exist for these to be addressed. But an approach to budget financing that is far too stringent (cf. story on page 20) has resulted in these resources being withheld.

Among the issues that were not effectively tackled were

- Overseas development aid,
- Rural transport and
- The environment.

Further progress could have been made towards eliminating the infrastructure and social provision deficits Ireland is currently facing without any significant increase in the total tax-take. Ireland's current budget is in very strong surplus every year and is projected to remain so in the years ahead. Gordon Brown, the UK Chancellor, has a 'golden rule' that requires him to balance the current budget over the economic cycle. He is considered a very prudent Chancellor. While not going as far, Ireland could obviously provide the necessary resources to tackle the deficits while remaining within prudent fiscal parameters.

Overseas Development Aid

ODA is Ireland's contribution to the poorest of the world. The decision not to honour Ireland's commitments in this area is not acceptable. It is not a matter of choosing between the world's poorest people and Ireland's poorest. Both issues can and should be addressed comprehensively and simultaneously.

Rural Transport

Provision of adequate, appropriate rural transport is an issue that is closely linked to the exclusion experienced by many people in rural Ireland who live on low incomes. The budget provision in this area is very small. It could and should be substantially increased.

Environment

The environment is becoming a bigger priority in policy-making as the Kyoto agreement on CO2 emissions begins to apply and Ireland will be forced to pay large fines because of its failure to meet its targets in this area. This needs lateral thinking and Government action to improve Ireland's performance.

Government Responsibility

We strongly concur with the Minister for Finance's statement that "*Government has a responsibility to ensure that the benefits of our economic performance permeate society as a whole.*" We also welcome the Minister's statement that "*The Government's overall strategy is to secure economic growth on a sustainable basis so we can generate the resources to address the needs of society. The needs of the most disadvantaged have a particular claim on our collective resources.*" We also welcome the "*clear commitment of this Government to a fairer sharing of the resources for some of the most vulnerable of our citizens.*"

We look forward to Government delivering on these commitments in the next two budgets.

As we review this Budget, our overall conclusion is that a welcome series of steps have been taken to address some of the most urgent issues. However, much remains to be done in the coming Budgets if Ireland's infrastructure and social provision deficits are to be eliminated.

Significant Increase in Social Welfare

Budget 2005's increase of €14 per week in the minimum level of unemployment assistance is very welcome. We acknowledge this increase, the biggest ever for social welfare rates, and equal to the amount we requested in our pre-budget submission.

The minimum rate of unemployment assistance in 2005 will rise from €34.80 to €48.80. This increase is an important step towards delivering the *National Anti-Poverty Strategy (NAPS) Review* target of achieving "a rate of €150 per week in 2002 terms for the lowest rates of social welfare to be met by 2007". Government's decision to agree to this target in *NAPS*

and in *Sustaining Progress* 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 and should reach €185.80 by 2007.

To honour this commitment the average increase in the minimum level of unemployment assistance across Budget 2006 and Budget 2007 must be €18.50 per week. We believe this should be paid as follows: €17 in Budget 2006 and €20 in Budget 2007.

Minimum UA after Budget 2005	€148.80
Promised UA in 2007 (NAPS)	€185.80
Difference to be bridged 2006-2007	€37.00
Necessary average increases Budgets 2006 & 2007	€18.50

While the new social welfare rate of €48.80 is a major improvement delivery of the *NAPS* commitment remains critical.

Minimum Wage Out of the Tax Net

The decision to remove low paid workers on the minimum wage from the tax net is welcome. This decision will have an important impact on the growing numbers of working-poor and addresses an issue CORI Justice Commission has highlighted for some time.

The most recent data on poverty in Ireland indicates that over 25 per cent of all those households in poverty are headed by an employee or somebody who is self-employed. This is approximately equal to 175,000 people, many of whom will directly benefit from this budgetary decision.

In delivering this policy the govern-

ment's decision to increase tax credits is also welcome. Out of an entire income tax package of €82m a total of €98m was allocated to increasing tax credits. A further €8m was given to increasing other credits including those for incapacitated children, blind persons and widows.

The Minister's decision to increase all these credits is very welcome. As we have demonstrated in our socio-economic review *Priorities for Fairness*, the system of tax credits offers greater potential for making the tax system fairer.

However, one problem persists. If a person does not earn enough to use up

his or her full tax credit then he or she will not benefit from any tax reductions introduced by government in this budget. In effect this means that, under the tax system as currently structured, those with the lowest pay, many of them among the 'working poor', will not benefit in any way from Budget changes.

A solution exists to rectify this problem: make tax credits refundable. This would mean that the part of the tax credit that an employee did not benefit from would be "refunded" to him/her by the state. We hope that over the next two budgets Government will move to introduce this reform.

Special Disability Funding Package of almost €900m

The special disability multi-annual funding package of close to €900 million for the 2006-2009 period will provide for extra services that are badly needed. These include new residential, respite and day places for people with intellectual disability and autism, services for people with physical or sensory disabilities and mental health services. €82 million of the total allocation will go on current expenditure while €300 million is for capital expenditure.

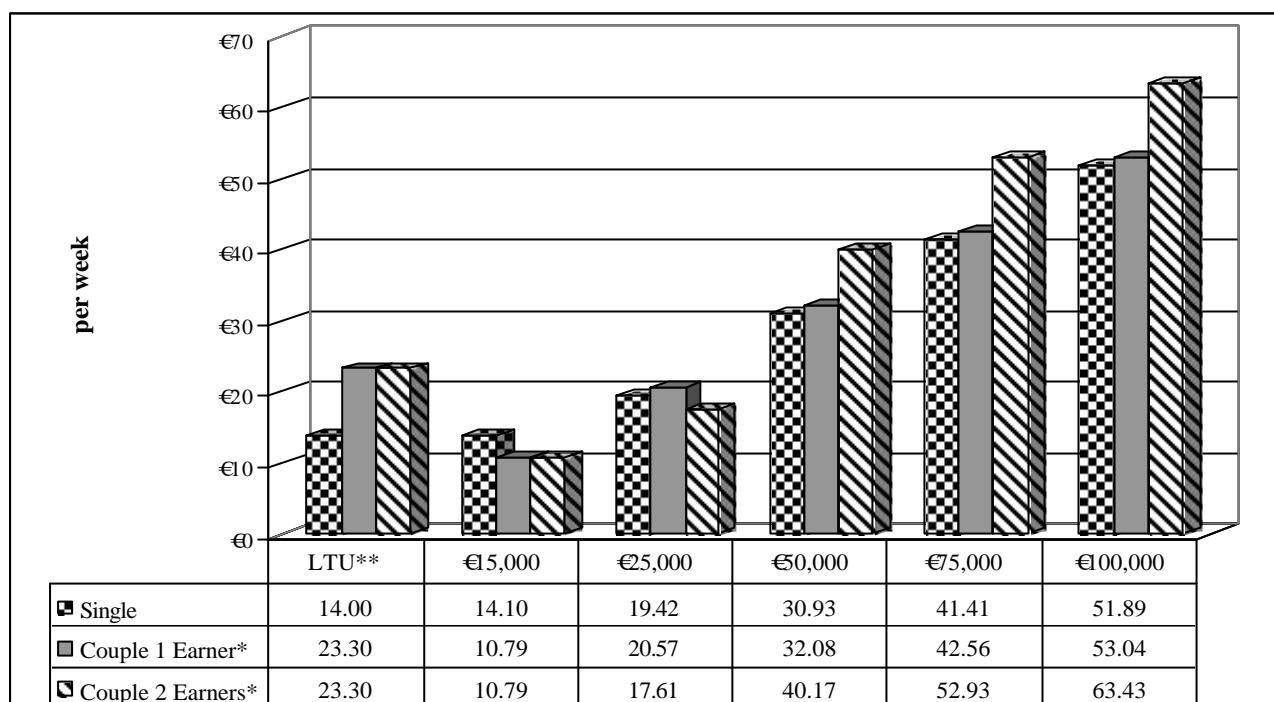
A recent ESRI study on poverty found that there had been a dramatic increase in the experience of poverty among

households headed by a person who is ill or has a disability. (Unfortunately there is no detailed breakdown of these numbers.) In 1994 29.5% of such households were classified as in poverty. By 2001 this had increased to 66.5%. (Note that far more of this group are in poverty than are in receipt of social welfare payments). In simple terms this means that in 1994 approximately three out of every ten households headed by a person who is ill or has a disability were in poverty and that by 2001 this had increased to almost seven out of every ten households. As such, they are now the group at highest risk of living in pov-

erty. Households headed by people who are ill or have a disability account for 11.9 per cent of all those living in relative income poverty.

CORI Justice Commission has argued for targeted policies to assist this group. This new funding package will facilitate a more co-ordinated and planned response to these needs. It also needs to be recognised that, while expenditure on disabilities, present and planned, are big improvements on past performance, a great deal more needs to be done if people with disabilities are to enjoy fairness in Irish society.

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

Table 1: Effective Tax Rates following Budget 2005

Income Level	Single Person	Couple 1 Earner	Couple 2 Earners
€15,000	3.24%	2.24%	0.00%
€25,000	13.54%	7.22%	1.54%
€30,000	16.06%	10.35%	2.72%
€50,000	28.43%	21.31%	12.84%
€70,000	32.98%	27.82%	20.55%
€90,000	35.47%	31.51%	26.14%
€100,000	36.33%	32.77%	28.08%
€120,000	37.63%	34.66%	31.00%

“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 all be proud”
(Minister’s Budget Speech)

How much better off will people be in 2005?

When assessing how much better off people are going to be in 2005 it is essential that wage increases and tax changes be included 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 included the general wage increase in *Sustaining Progress* as well as the impact of Budget changes on social welfare and taxation.

We have not, however, included the impact of the benchmarking increases for public servants, as they do not ap-

ply to everyone. The results are summarised in chart 1.

Single people who are long-term unemployed will be €14.00 a week (€731 a year) better off in 2005. Those on €25,000 a year will be €19.42 a week (€1,013 a year) better off while those on €50,000 will be €30.93 a week (€1,614 a year) better off in the coming year.

Couples who are long-term unemployed will be €23.30 a week (€1,216 a year) better off. Couples with one income on €25,000 a year will be €20.57 a week (€1,073 a year) better off while those on €50,000 will be €32.08 a week (€1,674 a year) better

off in the coming year.

Couples with two incomes on €25,000 a year will be €17.61 a week (€919 a year) better off while those on €50,000 will be €40.17 a week (€2,096 a year) better off in the coming year.

It is crucial in the years ahead that annual budgets and national agreements pay special attention to ensuring that fairness is secured and maintained

The Rich-Poor gap and Budget 2005

The impact of Budget 2005 on the distribution of income in Ireland is best assessed by examining the rich-poor gap. This measures the gap between the disposable income of a single person on long-term unemployment and a single person on €50,000 per annum.

Budget 2005 has widened the rich-poor gap by €30.93 per week. The disposable income of *single people* who are long-term unemployed and those on €50,000 a year has widened by €16.93 a week (€883 a year). The latter can also gain €14 a week from the government Savings Scheme, wid-

ening the gap to €30.93 a week (€1,614 a year).

The impact of this Budget on the take-home income of *couples* has been almost as striking. Couples who are long-term unemployed are €23.30 a week better off while a couple on €50,000 are €40.17 a week (i.e. €2,096 a year) better off. The latter also benefit from the Savings Scheme so the gap between them has widened by €30.87 a week (€1,611 a year).

However, the cumulative impact of the last seven budgets by this Government (since 1997) is to have widened the rich/poor gap by €10.93 a week

(€6,224 a year). 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 special savings scheme which better off people can access but which is beyond the reach of Ireland's poorest people.

Some commentators try to justify the distribution of these increases claiming that the percentage increases in particular years were lower for the better off. We reject that analysis. Percentages do not buy bread or milk. Cash does. We are simply pointing out the obvious.

Effective Tax Rates after Budget 2005

Central to the emerging debate on taxation in Ireland are effective tax rates. These rates are calculated by comparing the total amount of income tax a person pay with their pre-tax income. For example, a person earning €50,000 who pays €10,000 in taxation will have an effective tax rate of 20 per cent. Calculating the scale of income taxation in this way provides a more accurate reflection of the burden of income taxation faced by earners.

Following Budget 2005 we have calculated effective tax rates for a single

person, a single income couple and a couple both earners. Table 1 (page 4) presents the results of this analysis.

For a single person with an income of €15,000 the effective tax rate will be

Effective tax rates provide a more accurate reflection of the burden of income taxation faced by earners.

3.24%, rising to 13.54% of an income of €25,000 and 37.63% of an income of €120,000.

A single income couple will have an

effective tax rate of 2.24% at an income of €15,000, rising to 7.22% at an income of €25,000, 10.35% at an income of €30,000 and 34.66% at an income of €120,000.

In the case of a couple where both are earning where their combined income is €15,000 their effective tax rate is 0.00%, rising to 1.54% for combined earnings of €25,000, 2.72% when their combined earnings are €30,000 and 31% for combined earnings of €120,000.

Government's Current Budget for 2005

	2005 Post-Budget €m
CURRENT EXPENDITURE	
Service of National Debt	
Interest	1872
Sinking Funds	516
Other debt management expenses	43
EU Budget Contribution	1398
Economic Services	
Industry and Labour	1333
Agriculture	1291
Fisheries, Forestry	154
Tourism	177
Social Services	
Health	10452
Education	6625
Social Welfare	12300
Housing, Subsidies, etc.	460
Security	2760
Other	3400
Gross Current Expenditure	42779
<i>less Appropriations in-aid and SIF expenditure</i>	- 8739
<i>less Departmental Balances</i>	- 30
Net Current Expenditure (a)	34009
CURRENT RECEIPTS	
Tax Revenue	
Customs	170
Excise Duties	5075
Capital Gains Tax	1500
Capital Acquisitions Tax	180
Stamp Duties	2085
Income Tax	11105
Corporation Tax	5760
Value Added Tax	11625
Agricultural Levies (EU)	5
Non-Tax Revenue	
Central Bank Surplus	120
Net Proceeds of Coin Issue	30
National Lottery Surplus	240
Interest on Loans and Dividends	98
Other Receipts	108
Total Current Receipts (b)	38101
CURRENT BUDGET BALANCE [(b) - (a)]	4092

Increased Funding for Social Housing

The increase in the allocation to Local Authority and Social Housing Programmes is a step in the right direction but there is a long way to go before the social housing shortage is fully addressed.

The allocation for these programmes will rise by at least €91 million to €1,139.7 million in 2005. This includes €9 million transferred from the Department of Social and Family Affairs for a new long-term rent assistance scheme aimed at reducing the length of time people remain in receipt of rent supplement.

An additional €60 million has been allocated for the capital budget of the

Department of Environment, Heritage and Local Government who are responsible for housing, but it is not clear what portion, if any, of this amount will be available for social housing.

The funding for 2005 means there will be 5,500 new housing starts in the coming year. This is a step in the right direction but the scale of the challenge facing Irish society must not be underestimated. There are more than 48,000 households on waiting lists for social housing. There has been a huge surge in the number of houses being built to a point where almost a third of all the homes in the country were built in the last ten years.

At the same time however, the waiting lists for social housing have been growing. The steep rise in the cost of private housing is also putting house purchase beyond the capacity of a growing number of people. The need for social housing in the years ahead requires substantial increases in the stock of social housing.

The National Economic and Social Council (NESC) is finalising a detailed study of housing policy. It will provide a comprehensive framework for development of policy for the coming years. We trust that its conclusions will form the basis of Government decisions and actions in the coming years.

New Programme to Support Community Services

The provision of €5 million to support the development of community services in disadvantaged areas and to complement the contribution of workers employed for service delivery under the Social Economy and Job Initiative programmes is a most welcome step in the right direction.

Many community and voluntary organisations delivering services in local areas have been relying on recruiting unemployed workers through the Community Employment (CE), Job Initiative (JI) and Social Economy (SE) programmes. The reduction in unemployment over recent years has meant

that these programmes have come under serious pressure. Many, in fact, have been forced to close down due to lack of resources.

This new programme, which is to be located in the Department of Community, Rural and Gaeltacht Affairs, will be of real benefit to many of these local organisations. It will provide essential additional resources that could make the difference between effective service delivery and closure.

When the numbers on CE and related programmes began to fall, priority was given to those projects focusing on childcare, drugs and healthcare as well as those in particular geographic areas

(RAPID areas etc.). Consequently, the main impact of the cuts was that projects in other areas were very severely hit. In many cases the services these projects delivered were totally eliminated. CE projects located in rural areas were especially vulnerable in this context. However, the introduction of the Rural Social Scheme in Budget 2004 went some way towards addressing this problem.

This new programme is a further step towards securing the delivery of services by organisations in local areas. We welcome it wholeheartedly and urge Government to roll it out as soon as possible.

Official Development Assistance (ODA)

When addressing the 2002 World Summit in Johannesburg the Taoiseach declared: 'I re-iterate Ireland's absolute commitment to achieving, by 2007, the UN target of spending 0.7% of GNP on Overseas Development Assistance'.

Budget 2005 marks the official declaration by the Government that it is breaking the promise it made on behalf of the Irish people. As the tables opposite indicate, by 2007 there will be a shortfall of €405m in the ODA budget. Ireland will only reach a figure equal to 0.44% of GNP.

The world's poor possess a weak

voice. Cutting the funding promised to assist in their development seems an easy choice. CORI Justice Commission believes that Ireland should deliver on its promise. Based on the projected health of the exchequer during the next two years (see p20) the money is available and this promise can be met. This commitment was an

explicit promise to the world's poor. The shortfall equals €100 per person. We can and must deliver.

2007 ODA amount	€665m
2007 promise (0.7% GNP)	€1070m
ODA Shortfall	€405m

Budget 2005 proposed Irish ODA programmed funding increases				
	2004	2005	2006	2007
ODA promised in Budget 2005	€475m	€335m	€600m	€665m
Year-on-year increases	-	+ €60m	+ €65m	+ €65m
% GNP (calc. from Budget data pD5)	0.39%	0.41%	0.42%	0.44%

Reforming Tax Reliefs

The announcement by the Minister for Finance that he plans to carry out a “complete and comprehensive reform” of the system of tax reliefs is very welcome. This review will involve assessing those reliefs offered in schemes such as: urban and rural renewal, multi-storey carparks, student accommodation, nursing homes, private hospitals, woodlands, stallions and greyhounds.

For some time CORI Justice Commission has highlighted the fact that these schemes were costing a lot of money to the exchequer and that the benefits of the schemes have almost exclusively flowed to the better off. Recent *Revenue Commissioner* data indicates that in the 2001 tax year 11 individuals with incomes of over €1m paid no tax. A further 30 individuals with an income of more than €500,000 also paid no tax, as did 242 other individuals with incomes in excess of €100,000. Put simply, is this fair? Are these individuals paying their way in Irish society or are they exploiting loopholes in the tax system?

In that context we welcome the Minister’s statement that “the concept of unlimited or unrestricted reliefs is no longer viable or acceptable to the general tax-paying public in current-day economic circumstances”. We look forward to participating in the consultation process.

Changes in Budget Process

Prior to concluding his Budget speech the Minister suggested that he was open to the idea of reforming the budget process. In particular he called for “a constructive debate on, and examination of, all this material (economic and fiscal programmes, multi-annual capital budgets etc) as part of the policy formation process”.

We welcome this suggestion because :

- budget decisions are underpinned by a vision of the future of Ireland that guides government policy
- this vision needs to be discussed
- in its annual budget government allocates resources to move Irish society in a particular direction and towards a particular destination that it believes desirable.

Given the importance of this process it is crucial that this vision be thought through.

A further issue that needs attention is the framing of the budgets fiscal guidelines. We believe that these are currently being interpreted in a very restrictive way which is limiting the government’s capacity to address social provision and public service deficits. We believe changes can be made while retaining responsible budgetary frameworks (see page 20).

Medical Cards

The introduction of 30,000 new medical cards and 200,000 ‘doctor visit only’ cards is a small step in the right direction. However, a great deal more needs to be done before the 1996 level of provision is regained.

In 1996 1,252,384 people on low incomes were covered by full medical cards. After this Budget 1,069,934 people will be similarly covered. An additional 111,065 people over 70 years of age have medical cards but would not qualify on low income grounds.

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.

This in effect creates an employment trap as parents are often afraid to take up a job and, consequently, lose their medical card even though their income remains low. The ‘doctor visit only’ cards are an improvement on the present situation only if they are upgraded to full medical cards in due course. At present they will create new problems as many people will now find themselves in the most unenviable situation of knowing what is wrong with them but not having the resources to purchase the medicines they need to be treated.

Inequalities are deep-rooted in the Irish healthcare system and they are set to continue in the year ahead. Radical action is required if these inequalities are to be reduced and a fairer health system put in place for all Ireland’s people.

The Budget and the Poor

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

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

As it is sometimes easy to overlook the sheer scale of Ireland’s poverty problem it is useful to translate the poverty percentages into numbers of people. These poverty figures indicate that in 2001 some 707,866 people were living in poverty. Of these, approximately 251,793 were children. Although no poverty figures are available for more recent years, our annual post-budget analysis has shown that this figure is likely to have continued to increase (see page 4 for this year).

Further insights into the nature and extent of poverty were outlined in our recent *Policy Briefing* on poverty (July 2004). It showed that over recent years people living in poverty have fallen further beneath the poverty line and are remaining in poverty longer. It also recorded that there have been massive increases in the levels of poverty experienced by welfare recipients; the elderly, and those who are ill or have a disability. The divisions in Irish society have been growing. Budget 2005 has taken some important steps to addressing these problems. We hope that future Budgets continue this trend.

Income Distribution

Our Submission Asked that the Budget :

- Provide a fair income distribution between people on different incomes.
- To achieve this the combined impact of the tax and social welfare packages should favour those on low incomes whether they depend on social welfare or are in low-paid employment.
- Increase the lowest social welfare rates by €14 a week for a single person and by €24 a week for a couple.
- Re-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.
- Move to make tax credits refundable.
- Increase tax credits substantially so as to move towards taking the minimum wage out of the tax net.

The Budget :

- **Provided Total Social Welfare improvements costing €874 million in a full year.**

PERSONAL RATES

- €12 per week increase for all Old Age and related pensions
- €14 per week increase for all on lower payment rates

QUALIFIED ADULT ALLOWANCES

- €9.30 per week in Old Age (Contributory), Retirement and Invalidity Pensions (66 and over); €8 per week in Old Age (Contributory) and Retirement Pensions (under 66)

- €7.90 per week for Old Age (Non-Contributory) and Blind Pension (over 66) and €10 per week for Invalidity Pension (under 66) and €9.30 for all other QAA payments

CHILD AND FAMILY INCOME

- €10 increase per month for 1st and 2nd children and €12 for third and subsequent children
- Increased income thresholds for entitlement to half-rate Child Dependent Allowance for those on unemployment, disability and related benefits by €50 per week
- FIS thresholds increased by €39

CARERS INCREASES

- €20 weekly income disregard in means assessment for single people and €40 for couples in the Carer's Allowance Scheme
- €165 increase in the Respite Care Grant, extended to all full-time Carers
- €120 per week increase in earnings limit for Carer's Benefit
- €3,630,000 for Family Support Services €1 million (MABS; €1,600,000 (Comhairle) €100,000 for Combat Poverty Agency.

Our Response :

We welcome the:

- increases in personal rates as an important step towards enabling social welfare recipients to meet the actual cost of living. The increase is also a manifestation of Government's commitment to meeting the NAPS 2007 target (to achieve a rate of €150 per week, in 2002 terms for the lowest social welfare rates)
- raising of the FIS income threshold by €39 per week, thereby increasing eligibility
- increase of €165 in the Respite Care grant and in the weekly income disregard in the Carer's Allowance

Scheme.

- additional funding for agencies supporting families e.g. Family Support Agency, MABS and Comhairle
- additional funding of €5 million to support community services in disadvantaged areas
- €14 increase in the minimum weekly rate of Maternity Benefit

We regret the

- limited increases in Child Benefit
- failure to increase the Back-to-School Clothing and Footwear Al-

lowance

- lack of progress towards the individualisation of social welfare payments
- missed opportunity to increase the weekly 'direct provision' allowance to asylum seekers
- failure to address the problem of fuel poverty

The 2007 target for the lowest social welfare rate is 30% of Gross Average Industrial Earnings

Taxation

Our Submission Asked that the Budget :

- Commit to increasing Ireland's total tax take towards the EU average.
- Standard rate all discretionary tax expenditures.
- Increase tax credits substantially so as to address the 'working poor' issue. This would also move towards taking the minimum wage out of the tax net.
- Move towards making tax credits refundable
- 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.
- Introduce environmental taxes and move to ensure Ireland meets its commitments under the Kyoto agreement.
- 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.

The Budget :

INCOME TAX

- Employee Tax Credit increased by €230 to €1,270
- Personal Credits increased by €60 single and €120 married
- Standard rate tax band increased by €1,400 for single people and single income households and €2,800 for married couples with two incomes
- Tax exemption for people aged over 65 increased by €1,000 single and €2,000 married
- As from 1 January 2005, the PRSI contribution ceiling will increase from €42,160 to €44,180
- The PRSI Health Levy threshold increased to €400 per week
- Maximum level of rent on which tax relief can be claimed, aged under 55, increased to €1,500 single and €3,000 married, and €3,000 single and €6,000 aged 55 and over
- Maximum third level fees qualifying for tax relief increased to €5,000
- Special tax exemption for unemployment benefit for systematic short-time workers extended until 31 December 2006
- Small benefit-in-kind exemption threshold increased to €250

FARMER TAXATION

- General stock relief and special incentive stock relief being extended for a further two years

- Writing down period of special tax relief scheme for expenditure on farm pollution reduced from 7 to 3 years
- Provision for the averaging certain payments outstanding under FEOGA direct payment schemes

VAT & EXCISES

- A special relief reducing the standard rate of Alcohol Products Tax by 50% is being introduced for beers produced in microbreweries
- Farmers flat rate addition increased to 4.8%
- An excise differential for sulphur free petrol to be introduced
- 50% refund of VRT on the purchase of 'hybrid' vehicles to be extended for a further two years

STAMP DUTY

- Second-hand houses up to €317,500 to be exempt stamp duty for first-time buyers
- Stamp duty exemption in respect of double charge arising from switching of credit cards, ATM cards, etc
- Stamp duty relief to be provided for an exchange of farmland between two farmers consolidating their holding
- Capital duty on the issuing of share capital being reduced to 0.5%

OTHER

- Thorough evaluation of the effect of all tax incentive schemes and tax exemptions with appropriate follow-up proposals in next years budget
- Termination dates for tax incentive schemes laid down in Finance Act 2004 remain unchanged

When sufficient resources exist within a State to enable everyone to live life with basic dignity then the income from taxation should be such as to ensure that the State is provided with a sufficiency of those resources to ensure that all, especially the least advantaged members of society, have these necessary resources.

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.
 - Adequate numbers of places on programmes such as Community Employment.
- Maintain the number of active labour market programme (ALMP) places available to those who are long-term unemployed.
- Create a new programme to provide direct funding for community and voluntary organisations providing services which were dependent on CE funding in the past.
- Reform and adequately resource the Social Economy programme to ensure it has a real social economy focus.
- Increase the education/training grants for participants in active labour market programmes.
- Resource life long learning.
- Recognise the right to work of asylum seekers.
- Provide resources to conduct a survey to discover the value of all unpaid work in the country (including community and voluntary work and work in the home).

The Budget :

- Increased the overall budget to the Department to €1,315.2m.
- Increased FAS allowances in line with social welfare recipients to be implemented from January 2005.
- Allocated additional funding of €5m to support and development of community services in disadvantaged areas, to complement the contribution of workers employment for service delivery under the Social Economy and Job Initiative Programme operated by FAS.
- Allocated €5m to new Employment Support Scheme for people with disabilities, (provided by FAS).
- Increased grants to industry as follows: IDA – Ireland 14% to €3m, Enterprise Ireland 7% to €7.6m., Shannon by 88% to €4.7m.
- Increased the grant to County Enterprise by 2% to €29.1m.
- Increased allocation to the Competition Authority by 28% to €5.1m.
- Increased allocation to Science and Technology by 9% to €18.6m.
- Increased the overall budget for Labour Force Development by 5% to €595.8m. This will be supplemented by the National Training Fund (NTF) which plans to spend €332.6m (up13% on last year).
- Increased FAS Training and Integration Supports by 15% to €62.2m. There will be a further €272.3m from the NTF.
- Increased the allocation to FAS Employment Programmes by 4% to €367.8m with a further €4.7m. from the NTF.
- Increased the allocation for Health & Safety by 12% €16.1m.

Our Response :

- We welcome the introduction of new funding (€5m) allocated to the support and development of community services in disadvantaged areas, to complement the contribution of workers employment for service delivery under the Social Economy and Job Initiative Programme.
- We welcome increase of grant funding to industry, County Enterprise Development, Competition Authority and Science and Technology Development.
- We welcome the new employment support scheme for people with disabilities.
- We welcome the increase in education and training grants.
- It was important that this Budget did not reduce the number of places on Active Labour Market Programmes. These are necessary to enable people participate in meaningful work and progress into the open labour market.
- We are disappointed that reform and adequate resourcing of the Social Economy Programme has not been addressed .
- We are disappointed that this Budget did not recognise the right to work of asylum seekers.
- The Government has predicted employment to grow by 35,000 and that unemployment will remain at 4.4%. Employment growth is always welcomed but we must not be complacent about unemployment and its consequences for the individuals, families and community.
- The Government has failed to provide resources to conduct a survey to discover the value of all unpaid work that is carried out in the country

Public Services

Our Submission Asked that the Budget :

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

The Budget :

EQUALITY

- Increased budget by 7% to €90.6m.
- Increased grants to combat violence against women by 40% to €1.124m and to Equality Monitoring/Consultative Committees by 41% to €1.117m.
- Increased allocation to Childcare by 8% to €73.43m.
- Increased allocation for Asylum Seekers and Refugees by 4% to €25.2m.
- Increased the grants to the Legal Aid Board by 16% to €21.4m and to Free Legal Advice Centres by 2% to

€6,000.

COMMUNICATIONS

- Increased the allocation to the Information and Communications Technology Programme by 13% to €36.6m.

ARTS & SPORTS

- Increased the budget for Sports and Recreation services by 17% to 130.7m.
- Increased allocation to Arts Council by 16% to €61m.
- Increased the allocation to Horse and Greyhound Racing by 3% to €8.84m.

LIBRARIES

- Increased allocation to Local Authority Libraries by 5% to €12.2m.

TRANSPORT

- Increased the Transport budget by 7% to €2.12 billion.
- Increased the allocation to Road Improvement/Maintenance by 7% to €1.39 billion.
- Increased the allocation to Public Transport by 6% to €86.4m.

FOREIGN AFFAIRS

- Increased the support for Irish Emigrants abroad by 104% to €8.3m.

Our Response :

- We welcome the increased budget for sports and recreation and the special allocation to attract women into sport.
- Given recent concerns about young people’s health this is an area that needs urgent attention.
- We welcome the increased allocation for Equality, in particular the increased grant to combat violence against women
- The increased allocation to the library service is welcome but insufficient to ensure the potential of this service is developed.
- While the improvements in public transport are welcome we regret they are focused on the major urban areas.
- The lack of public transport in rural areas increases the isolation and marginalisation particularly of poor people, older people and people with disabilities.
- We welcome the increased allocation to Information and Communications Technology.
- It is important that all people benefit from these developments and that no community is further disadvantaged or isolated by the reduction of public utilities eg. phone boxes
- We welcome the grant for innovative and cost effective projects for service provision for people with disabilities.
- While respecting the need for cost effectiveness we hope the emphasis will be on innovation.
- We welcome the increased support for Irish Emigrants abroad. Many of these people have contributed to the development of Ireland and now in their older years find themselves in need and isolated.

Community & Rural Development

Our Submission Asked that the Budget :

- 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.

The Budget :

Provides €5m. to Community Rural and Gaeltacht Affairs for the development of community services in disadvantaged areas.

Increased Budget to Community, Rural & Gaeltacht Affairs by 15% €343m.

Increased the following:

- grants for Community and Voluntary Service by 8% to €33.9m.
- allocation to Local Development/Social Inclusion Measures by 8% to €45.7m (reduced by €2.5m last year.)

- allocation to Improved Coordination of Local and Community Development Schemes by 30% to €4m.

- allocation to Programme for Peace and Reconciliation by 114% to €22.7m.

- allocation to the Drugs Initiative by 18% to €31.5m

- allocation to Rural Development Schemes by 4% to €11.4m

- allocation to Rural Environmental Protection Scheme by 4% to €271m

- RAPID by 26% to €7.3m

- allocation to the Western Development Commission by 3% to €1.54m

- Reduced CLAR by 2% to €13.2m. and LEADER, INTERREG and PEACE Programme by 7% to €13m and the Western Investment Fund by 1% to €4m

- Allocated €12m to the Rural Social Scheme. Maintained the allocation for the Rural Transport Initiative at €3m. (reduction from €4.5m).

- Introduced a number of tax measures for farmers .

Our Response :

- €5m. for the development of community services in disadvantaged areas. This is an area of significant importance to rural communities, supporting the provision of essential services, which cannot be provided under market conditions
- We welcome increased allocations in various areas, particularly increased allocations to the Drugs Initiative, the Local Development Social Inclusion Measures and Improved Coordination of Local and Community Development Schemes. The emphasis on the delivery of social inclusion programmes in a cost effective way in rural commu-

nities needs ongoing commitment from the government.

- We welcome the increased investment in the Rural Social Scheme as a source of meaningful employment for low income farmers; however we reiterate our proposal that it should be available to people without herd numbers.
- We note with regret the failure to provide additional resources to the Rural Transport Initiative, which improves significantly the quality of life of those living in remote rural areas, particularly older people.
- In general, we welcome the im-

proved investment in rural development. We believe that it should be accompanied by a real strategy for the ongoing development of these areas.

- This should ensure the provision of outreach education programmes and the development of alternative farm enterprises.
- It should provide mechanisms for the provision of essential services to rural communities, located away from the larger growth centres, and should support rural housing.

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.
- (It remains a concern that over 30% of Ireland's river channels are classified as polluted to some extent).
- Reverse the decision to abandon carbon taxation and introduce a coherent series of initiatives aimed at reducing dependence on oil, gas, coal and other fossil fuels.
- Resource the development of 'satellite' national accounts that include the costs of items such as environmental damage and resource consumption, and the value of a range of traditionally
- 'unaccounted' items such as unpaid work.
- Introduce public purchasing policies that encourage contractors to adopt sustainable practices.
- Target funding strategies in the transport area to ensure far greater priority is given to public transport initiatives.
- Provide substantial additional resources for the development of library services throughout the country.

The Budget :

- Increased the allocation for Local Government by €40m (8%) to €56.3m.
- Increased the allocation to non-national roads by 3% to €50.4m.
- Increased the allocation to the National Parks and Wildlife Service by 47% to €35.1m.
- Increased the allocation to the Tidy Towns Competition by 50% to €150,000.
- Introduced a budget line of €1m. Kyoto credits.
- Introduced a budget line for Climate Change funding of €2.15m.
- Increased the Local Government Fund by 8% to €488.6m.
- Reduced the allocation to the Environmental Protection Agency (EPA) by 4% to €13.8m.
- Reduced the allocation to the Water and Sewerage Services Programme by 1% to €433.8m
- Shows that Local Authorities will raise a further €370m for roads (increase of 12%)
- Shows that Local Authorities will raise a further €255m. for Environmental services (an increase of 53%)
- Announced the intent in 2005 of an excise differential for sulphur free petrol along the lines of that introduced for sulphur free diesel in Budget 2002.
- Reduced the writing down period of the special tax relief scheme for farm pollution control measures from 7 to 3 years, to assist farmers to comply with the Nitrates Action Programme.

Our Response :

- We welcome the allocations to Kyoto credits and Climate Change funding, however we question whether these payments are too little and too late considering how far we lag behind our targets in these areas.
- We regret the reduced allocation to the EPA at a time when environmental protection needs to be prioritised.
- We regret the failure to increase funding to library services.
- We regret that there was no strategic approach or no additional resources were introduced to address other

environmental issues which require urgent measures at this time.

The world today, facing the twin challenges of poverty and pollution, needs to usher in a season of transformation and stewardship – a season in which we make a long overdue investment in a secure future —

Kofi Annan, Secretary-General of the United Nations in 2002

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

The Budget :

- Increased the allocation to Local Authority and Social Housing Programmes by 9% (€91m) to €1,139.7m. This includes €19m transferred from Dept. of Social and Family Affairs for a new long term rent assistance scheme.
- Increased the grant to the Task Force on Special Housing Aid for the Elderly by 3% to €11.9m (Lottery funded).
- Allocated €5m in 2005 to be used by local authorities to make buildings, roads and pavements, parks, amenities, harbours and heritage sites more accessible to people with disabilities. Allocated €10m annually from 2006 to 2009 to continue improvements in access.
- Allocated €4m to Gaeltacht housing from the budget of the Department of Community, Rural & Gaeltacht Affairs.
- Reduced the allocation for private housing and subsidies by 30% to €2m.
- Shows that Local Authorities will raise a further €4.1m for Local Authority and Social Housing and €658 for House Purchase and Improvement Loans.
- Will continue the payment of Rent Supplement unless a third offer of local authority accommodation is refused.
- Increased by €10 to €60 per week the income disregard for Rent and Mortgage Interest Supplement.
- Amended the 6 month and other criteria ensuring that people who have a short-term income need, e.g. people who become ill or unemployed or are assessed by local authority as having a housing need are not disadvantaged.

Our Response :

- We welcome the increased allocation to Local Authority and Social Housing Programmes however it will not adequately address current needs.
- We welcome the increased grant to the Task Force on Special Housing Aid for the Elderly.
- We welcome the allocation to the local authorities to ensure accessibility to public amenities and buildings.
- We regret that there has been no increase in resources to eliminate homelessness in the coming year.
- We welcome the amended criteria to ensure that those who are vulnerable do not become more disadvantaged.
- We regret that there are no additional resources allocated to tackle issues concerning accommodation for refugees and asylum seekers.
- We look forward to the National Economic and Social Council's study of housing policy. We trust that its conclusions will form the basis of Government decisions and actions in the coming years.

There are a range of problems that need to be tackled effectively. On the one hand we have land owners, developers and speculators making huge windfall profits from the rezoning of land. At the same time private housing costs have risen dramatically.

Education

Our Submission Asked that the Budget :

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

The Budget :

- Gave an increase of 8% in the gross budget of €530m to €7.1b
- Significantly increased the allocation for enhancement of educational services for adults with learning disabilities, additional provision of Special Needs assistants for Primary school pupils (25%), together with enhanced service provision for pre school services for children with disabilities.
- Gave an increase of 9% in new multi-annual Capital funding of €3.37bn. for period 2005-2009 at Primary, Post Primary and Third Level. This is in addition to the allocation of €555m. for Public Private Partnership capital projects
- Increased grants to Primary schools – capitation (6%), Secretarial, (7%), Library (35%), other Grants (21%), once off Primary schools funding for Science equipment €7m.
- Gave an increase of 39% in grants to Secondary schools as part of equalisation between this sector and Vocational / Community/ Comprehensive schools, from €66m to €92m.
- Increased allocation to Education Welfare Board by 20% to €8m.
- Gave an increase of €146 to €400 per annum in Cost of Education Allowance for Adults.
- Reintroduced devolved grants to Institutes of Technology (€12.5m)
- Gave an increase in In-Career development (15%) and Curriculum Development (38%).
- Gave a multi-annual framework of funding for next five years 2005/9 providing €900m for inter-Departmental disability services.
- Increased investment (35%) in Research and Development activities from €1m. to €69m.

Our Response :

- The focus on educational services for persons with disabilities of all ages, though belated, is particularly welcome. The increase in the number of personal assistants in Primary schools, improved psychological services (NEPS), development of the Special Education Council augurs well, provided the emphasis is clearly put on optimising outcomes for the service users.
- The expansion of the Educational Welfare services, will hopefully now encompass all school going persons nationally. This service is often the first statutory body to be apprised of multi-faceted problems. It therefore has the potential to enable the provision of holistic educational opportunities by facilitating interaction with other statutory and voluntary educational, social services and health providers on behalf of its clients.
- The increase in Special Initiatives for Adult Education is welcome. It is, however, regrettable that the Budgetary Heads do not detail separate allocations for other Adult Education and Further Education provision.
- The improvement in the equalisation process for non fee paying Secondary schools is welcome. However, there remains a gap of 25% in the funding allocated to this sector in comparison with other Post-Primary schools, even though the implementation of statutory obligations is identical for all schools. Improved clerical and care provision is urgently needed.
- The increased provision for Research and Development in Education is necessary to ensure critical appraisal of outcomes and initiatives, together with accessing the fruits of best international research and development in order to improve provision for this country, particularly for those whom current services fail.

Healthcare

Our Submission Asked that the Budget :

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

The Budget :

- Increased Health expenditure by 9% (€15m.) to €11bn.
- Allocated €0.5m to groups involved in the National Aids Strategy.
- Increased allocation to services for people with disabilities by €205m
- Provided 270 new residential places, 90 new respite places and 400 new day places for people with intellectual disability and autism.
- Allocated an extra €2m annually to cover the cost of additional staffing in order to transfer 600 persons with intellectual disability/autism from psychiatric hospitals.
- Provided 200,000 extra hours annually for home support and personal assistance to support persons with a disability to live independently.
- Provided for a 100 new places annually in community based mental health service to commence 2006.
- Included a special disability multi-annual funding of approximately €900m over three years.
- Increased provision for medical cards eligibility by 30,000 and 200,000 to become eligible for a new type of 'Doctor visit card'. The general income guidelines will be increased by 7.5%.
- Allocated an additional €20m to the National Treatment Purchase Fund.
- Expanded the home care packages to support 500 additional older people at home.
- Allocated a Capital expenditure budget to several hospitals .
- Increased the Drug Payment Scheme from €7 to €85 p.m.

Our Response :

- We welcome the increase in allocation to services for people with disabilities. This includes new residential, respite and day places to people with intellectual disability and autism.
- While welcoming the commitment to additional 100 places in community based mental health services to be provided annually from 2006, this does not address the immediate needs that exist.
- We welcome disability multi-annual funding over four years (2006 – 2009); this will facilitate a more coordinated and planned response to the needs.
- The increased eligibility for medical cards (30,000) falls short of the Government's own target of 200,000 extra.
- The introduction of a 'Doctor Visit' card has created another tier in the health system.
- It is not in keeping with the Government's own model of care as stated in the Primary Care – A New Direction Strategy Document. The full entitlements of medical cards should have been allocated.
- The increase in the Drug Payment Scheme and the increase in the A&E charges will have a negative impact on those vulnerable in society.
- We welcome the expansion of the home care packages to support 500 additional older people at home. This needs to continue to expand to respond to best practice in supporting people to live at home for as long as possible.
- The allocation of capital expenditure to include the development of A&E Departments is welcomed in the context of the crisis highlighted in this area over the last number of months.

SOCIAL WELFARE: Social Insurance increases January 2005

PERSONAL AND QUALIFIED ADULT RATES	Present Rate	New Rate	Increase
	€	€	€
<u>Retirement Pension/Old Age Contributory Pension:</u>			
(i) Under 80:			
Personal rate	167.30	179.30	12.00
Person with qualified adult under 66	278.80	298.80	20.00
Person with qualified adult 66 or over	296.50	317.80	21.30
(ii) 80 or over:			
Personal rate	173.70	185.70	12.00
Person with qualified adult under 66	285.20	305.20	20.00
Person with qualified adult 66 or over	302.90	324.20	21.30
<u>Widow's/Widower's Contributory Pension:</u>			
(i) Under 66	140.30	154.30	14.00
(ii) 66 and under 80	167.30	179.30	12.00
(iii) 80 or over	173.70	185.70	12.00
<u>Invalidity Pension:</u>			
(i) Under 65:			
Personal rate	140.30	154.30	14.00
Person with qualified adult under 66	240.40	264.40	24.00
Person with qualified adult 66 or over	269.50	292.80	23.30
(ii) 65 and under 80:			
Personal rate	167.30	179.30	12.00
Person with qualified adult under 66	267.40	289.40	22.00
Person with qualified adult 66 or over	296.50	317.80	21.30
(iii) 80 or over:			
Personal rate	173.70	185.70	12.00
Person with qualified adult under 66	273.80	295.80	22.00
Person with qualified adult 66 or over	302.90	324.20	21.30
<u>Carers Benefit</u>			
Personal rate	149.70	163.70	14.00
<u>Occupational Injuries Benefit - Death Benefit Pension:</u>			
(i) Personal rate under 66	163.60	177.60	14.00
(ii) Personal rate over 66 and under 80	171.70	183.70	12.00
(iii) Personal rate over 80	173.70	185.70	12.00
<u>Occupational Injuries Benefit - Disablement Pension:</u>			
Personal rate	165.90	179.90	14.00
<u>Disability / Unemployment Benefit:</u>			
Personal rate	134.80	148.80	14.00
Person with qualified adult	224.20	247.50	23.30
<u>Injury Benefit/Health and Safety Benefit:</u>			
Personal rate	134.80	148.80	14.00
Person with qualified adult	224.20	247.50	23.30
<u>Orphan's Contributory Allowance</u>			
	107.00	121.00	14.00

Increases in Maximum Weekly Rates of **Health Allowances** from January 2005

	€	€	€
<u>Supplementary Allowance payable to Blind Persons in receipt of a Blind Pension</u>			
(i) Blind Pensioner	41.90	46.30	4.40
(ii) Blind Married Couple	83.80	92.60	8.80
<u>Infectious Diseases Maintenance Allowance</u>			
(i) Personal Rate	134.80	148.80	14.00
(ii) Person with qualified adult	224.20	247.50	23.30

SOCIAL WELFARE: Social Assistance increases January 2005

	Present Rate	New Rate	Increase
	€	€	€
<u>Retirement Pension/Old Age Non Contributory Pension:</u>			
(i) Under 80			
Personal rate	154.00	166.00	12.00
Person with qualified adult	255.80	275.70	19.90
(ii) 80 or over:			
Personal rate	160.40	172.40	12.00
Person with qualified adult	262.20	282.10	19.90
<u>Blind Person's Pension:</u>			
(i) Under 66:			
Personal rate	134.80	148.80	14.00
Person with qualified adult under 66	224.20	247.50	23.30
Person with qualified adult 66 or over	236.60	258.50	21.90
(ii) 66 and under 80:			
Personal rate	154.00	166.00	12.00
Person with qualified adult under 66	243.40	264.70	21.30
Person with qualified adult 66 or over	255.80	275.70	19.90
(iii) 80 or over:			
Personal rate	160.40	172.40	12.00
Person with qualified adult under 66	249.80	271.10	21.30
Person with qualified adult 66 or over	262.20	282.10	19.90
<u>Widow's/Widower's Non-Contributory Pension:</u>			
(i) Under 66	134.80	148.80	14.00
(ii) 66 and under 80	154.00	166.00	12.00
(iii) 80 or over	160.40	172.40	12.00
<u>One-Parent Family Payment (including one child):</u>			
(i) Under 66	154.10	168.10	14.00
(ii) 66 years and over	173.30	185.30	12.00
<u>Carer's Allowance:</u>			
(i) Under 66	139.60	153.60	14.00
(ii) 66 years and over	157.80	169.80	12.00
<u>Disability Allowance</u>			
Personal rate	134.80	148.80	14.00
Person with qualified adult	224.20	247.50	23.30
<u>Supplementary Welfare Allowance:</u>			
Personal rate	134.80	148.80	14.00
Person with qualified adult	224.20	247.50	23.30
<u>Unemployment Assistance:</u>			
Personal rate	134.80	148.80	14.00
Person with qualified adult	224.20	247.50	23.30
<u>Pre-Retirement Allowance / Farm Assist</u>			
Personal rate	134.80	148.80	14.00
Person with qualified adult	224.20	247.50	23.30
<u>Orphan's Non-Contributory Pension</u>			
	107.00	121.00	14.00

Increases in Monthly Rates of Child Benefit from April 2005

	€	€	€
<u>Child Benefit</u>			
(i) First and Second Children	131.60	141.60	10.00
(ii) Third and Subsequent Children	165.30	177.30	12.00

Large Current Budget Surpluses Offer Further Potential

An assessment of the state of the Budget finances presented by the Minister of Finance is revealing. Detailed projections from the Department of Finance for the next three years indicate that the state will record overall budget deficits averaging €3 billion per year from 2005-2007.

These deficits are being driven by sustained levels of capital account investment (of over €bn a year). This investment represents an important part of Ireland's infrastructural catch-up with the rest of Europe. However, for the years 2005-2007 the Department has calculated that current account surpluses will average at €4.8 billion annually (see table).

These large surpluses reflect an exchequer position that all other European countries regard as 'optimal'. Indeed, if anything the Irish exchequer's position would be regarded as super-healthy.

It is clear from the Department of Finance projections that there remains significant room for further current

Additional spending of €1.5 billion a year is more than feasible.

account spending over the next few years. Additional spending of €1.5 billion a year is more than feasible. The table below shows that 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 (the key indicator used by the European Union to measure) would remain well below 3%.

Based on these figures it is clear that over the next two years there remains significant potential for this Government to deliver on its promises in the areas of: social welfare; overseas development aid; social housing; medical cards; local services and education.

	2005	2006	2007
Projected current account surplus	€4,092m	€4,763m	€5,600m
Projected GGB as % of GDP	-0.8%	-0.6%	-0.6%
Current Surplus if €1.5b extra spent	€2,592m	€3,263m	€4,100m
Amended GGB as % of GDP	-1.7%	-1.5%	-1.4%

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