

# BUDGET 2008

## CORI Justice ANALYSIS AND CRITIQUE

### Welfare Benchmark Honoured but Anti- Poverty Momentum Lost

Budget 2008 honoured the Government's commitment on benchmarking the lowest social welfare payment. It also contained a number of initiatives that are very welcome. However, it failed to maintain the momentum of the last three Budgets in addressing poverty and social exclusion.

While the proportion of the population at risk of poverty fell by 2.4 per cent as a result of the Budgets of 2005 and 2006, and will fall further as a result of Budget 2007, that momentum will not be maintained following Budget 2008.

#### Benchmark Honoured

The increase of €12 a week in the lowest social welfare rate for a single person maintains this payment at 30% of gross average industrial earnings (GAIE). The slow-down in the economy has reduced the level of GAIE for 2008 (which reduced the required rise to €12 from our original estimate of €13.20).

#### Anti-Poverty Momentum Lost

Almost a third of all households at risk of poverty today are headed by a person with a job. These are the *working poor*. More than half of all households at

risk of poverty are headed by people outside the labour force (i.e. people who are older, ill, have a disability or are in caring roles). To tackle poverty effectively these two groups must be targeted.

The momentum in reducing poverty has been lost for the coming year because of

- the failure to address the *working poor* issue
- the failure to increase the qualifying adult social welfare rate to make it equal to 100% of the claimant's rate (except in the case of the contributory old age pension where some progress has been made), and
- the failure to do substantially more to tackle child poverty.

#### Social Housing Targets Honoured

The overall housing package of €2.5 billion is most welcome. In particular, providing resources for

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# Budget omissions provide new challenges for social partnership review

(Continued from page 1)

9,000 new social housing units in 2008 honours the commitment contained in *Towards 2016* and will have a very positive impact on addressing the needs in this area. The continued roll-out of the Rental Accommodation Scheme (+€24m) and the allocation of an additional €26m under the loans and capital scheme (for Voluntary and Co-Operative Housing) are also very welcome.

## **Budget fails to deliver on Social Partnership commitments on Primary Care Teams**

One of the most regrettable and unacceptable failures of Budget 2008 is its failure to honour the commitment contained in *Towards 2016* to create 300 primary care teams by the end of 2008. Primary care has been recognised as one of the cornerstones of the health system. Between 90 and 95 per cent of the population are treated by the primary care system. The failure to allocate the necessary resources to meet this commitment is a disgrace.

## **Distribution of resources in Budget**

As a direct result of the Budget's tax and welfare measures a single person on the lowest social welfare rate will benefit by €12 a week while a person earning €100,000 a year will benefit by €6.96 a week. A couple on social welfare will benefit by €20 a week while a couple on €100,000 will benefit by €3.30 a week. Social welfare recipients have done better than those who are wealthy.

The full year cost of the personal income tax package was €546m. The full year cost of the Social Welfare package and other support services in Budget 2008 was €80m.

## **Working Poor issue not addressed**

However, the *working poor* issue was not addressed. A single person or a couple on €15,000 a year gained nothing from Budget 2008.

As pointed out earlier almost a third of all households at risk of poverty today are headed by a person with a job. These are the working poor. To tackle poverty effectively this group must be targeted.

The most effective way of doing this is to make tax credits refundable (which would enable people on low pay to benefit from the full value of the tax credits to which they are entitled). People in this category pay neither income tax nor PRSI. Consequently they are the only people who do not benefit from budget changes. This is very disappointing.

## **Carbon Report**

The moves towards producing a Carbon Report is welcome. So too are the changes on vehicle registration tax, on motor tax and the other environmental tax measures indicated in the Budget. These are welcome steps in the right direction but much more needs to be done if the issue of climate change is to be addressed effectively.

## **Adult illiteracy not addressed effectively**

The very small allocation of an additional €3m for adult literacy programmes and related issues is most disappointing. Government's current target on illiteracy is totally unacceptable. This target states that *the proportion of the population aged 16-64 with restricted literacy will be reduced to between 10-15 per cent by 2016*. If this Government target

is achieved then 10-15% of Ireland's labour force will be illiterate in 2016. This would have a very negative effect on Ireland's economic development, its unemployment levels and poverty rates. Far more resources should have been made available to address this issue.

## **Honouring Towards 2016 commitments?**

The national agreement presents a new approach to social policy in which programmes are developed for various stages of the life-cycle and each of these programmes seeks to ensure that:

- Every person has sufficient income to live life with dignity;
- Social services are accessible, appropriate and adequate for all, and
- All people are supported to ensure their activation and participation in society.

Budget 2008 failed to take adequate steps to address many of these areas, as we identify in this analysis.

## **More could have been done**

While we welcome the allocations to ensure the National Development Plan is delivered we also point to the fact that sufficient resources exist to do much more on the issues of income, services and activation.

The Current Budget surplus will be €4,866m in 2008. A part of this money could have been used to address the social challenges in the areas of income adequacy, service provision and activation. This could have been done within responsible fiscal parameters. We deeply regret the failure to do so.

## **Conclusion**

This Budget has positive and negative impacts. However one of its major consequences will be the challenges it provides to the review of social partnership due in Spring 2008.

**More could have been done within responsible fiscal parameters to address problems in the areas of income adequacy, service provision and activation.**

## Increase in Social Welfare

**B**udget 2007 marked a major achievement in Irish Economic and Social Policy when the lowest welfare rates were benchmarked at a rate equalling 30% of Gross Average Industrial Earnings (GAIE). We welcomed this achievement last year and predicted that the raising of welfare payments over recent Budgets would have notable benefits in terms of reducing the numbers recorded as living at risk of poverty. The most recent poverty figures, published by the CSO in late November, demonstrated this.

Over the past year the slowdown in the economy has impacted on the growth rate of GAIE - a fact reflected in recent earnings figures from the CSO and projections from the ESRI. An implication of these effects is that the required increase in the lowest welfare rate, needed to maintain the 30% benchmark, is less than the €3.20 we projected in the response to the Budget last year, and in our pre-Budget *Policy Briefing*. While we note that the resources did exist to provide this amount (see table on page 6) we accept that the increase of €12 reflects the current projection of a GAIE level of between €550-€660 per week for 2008. Future Budgets must continue to increase welfare in line with this benchmark.

We regret that the momentum for welfare reforms, built up over recent years, was notably reduced in this Budget. An opportunity to make the welfare system more equitable, by increasing the qualifying adult rate to equal 100% of the claimant's rate was missed.

## Distribution and the Budget

**E**ach year CORI Justice examines the Budget from a number of perspectives, including its effect on the income distribution. In Chart 1 (on page 4) we have examined how the resources available to the Minister for Finance were used. The chart reports the combined effect of changes in welfare payments (to the unemployed) and changes in tax credits and bands (to those earners who are employed and whose incomes are high enough to be liable for taxation).

***In this Budget the unemployed have gained more per week than those in any other income group***

We strongly welcome the fact that in this Budget the unemployed have gained more per week than have those in any other income group. A single person who is long-term unemployed gains €12 per week following the Budget while a single earner on €30,000 per year gains €2.68 per week and an earner on €100,000 per year gains €6.96 per week. An unemployed couple are €20 per week better off, more than twice the gain by a couple with one earner on an income of €100,000 per year and almost €5 per week more than the gain to a couple earning €100,000.

CORI Justice welcomes this distributive approach.

## Social Housing Commitment—Welcome

**B**udget 2007 has honoured the commitments made in *Towards 2016* in the area of social housing. The Budget allocated the resources to ensure an additional 9,000 social housing units will start in 2008. This will maintain the commitment to have 27,000 social housing starts in the 2007-2009 period.

The Budget also allocated a further €7m under the Rental Accommodation Scheme. This will ensure progress will be maintained in moving people from rental supplement into a much more appropriate housing tenure.

€50m has been allocated for the Affordable Housing Purchase Scheme. An additional €26m is being provided under the Capital Loans and Subsidy scheme for Voluntary and Co-Operative Housing.

All of this is very welcome as it moves housing policy towards a destination of ensuring that everyone has appropriate accommodation.

A central conclusion of the 2004 housing report produced by the National Economic and Social Council (NESC) is that

the supply of social housing will have to rise dramatically if the needs of Irish society are to be addressed in the years ahead.

The main recommendation of the Council on the issue of social housing called on Government to “create an expanded and more flexible stock of social housing - adding in the order of 73,000 permanent social housing units to bring the stock to

***Budget 2008 has made the required allocations for social housing and we welcome this development wholeheartedly.***

200,000 dwellings by 2012 - in a manner that is consistent with other public investment needs and sound public finances”.

The figure of 200,000 social housing units was calculated based on the projected increases in the Irish population over that period and in the context of limited responses to existing social housing needs (e.g. homelessness, community based accommodation for disabled and elderly persons).

NESC concluded that to achieve the target of 200,000 units over the eight year period between 2005 and 2012, an annual increase of in excess of 9,000 units

is necessary. They also pointed out that an estimated capital investment of €1.4bn a year would be required to achieve a net increase of 73,000 units by 2012.

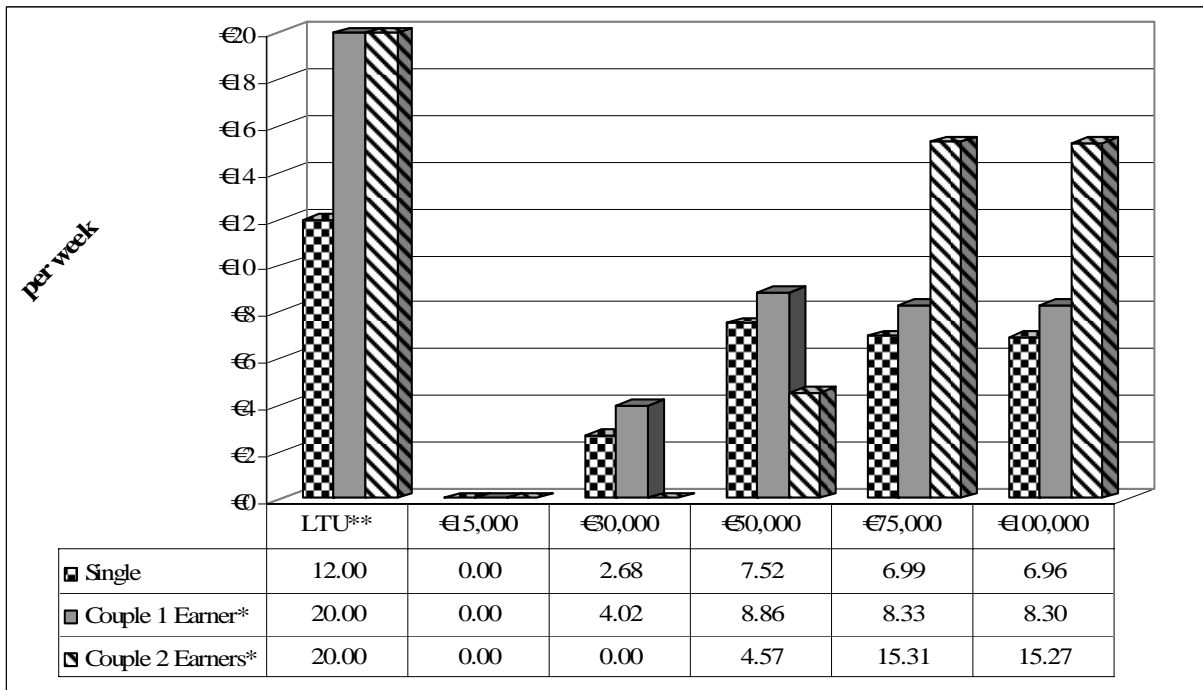
Given the present level of capital expenditure this would mean an additional investment per annum of the scale of €500m to €600m on what is already projected.

This policy approach was adopted in the current national agreement.

CORI Justice welcomed the commitment in *Towards 2016* to provide 27,000 new social housing units by 2009. We also welcomed the acknowledgement in that agreement of the 2012 NESC target of 73,000 new units. Reaching that target during the lifetime of the next National Development Plan (i.e. by 2013) is essential if Ireland is to achieve the goal of ensuring that everyone in the country has appropriate accommodation.

Budget 2008 has made the required allocations for social housing and we welcome this development wholeheartedly.

**Chart 1: Income Distribution and Budget 2008**

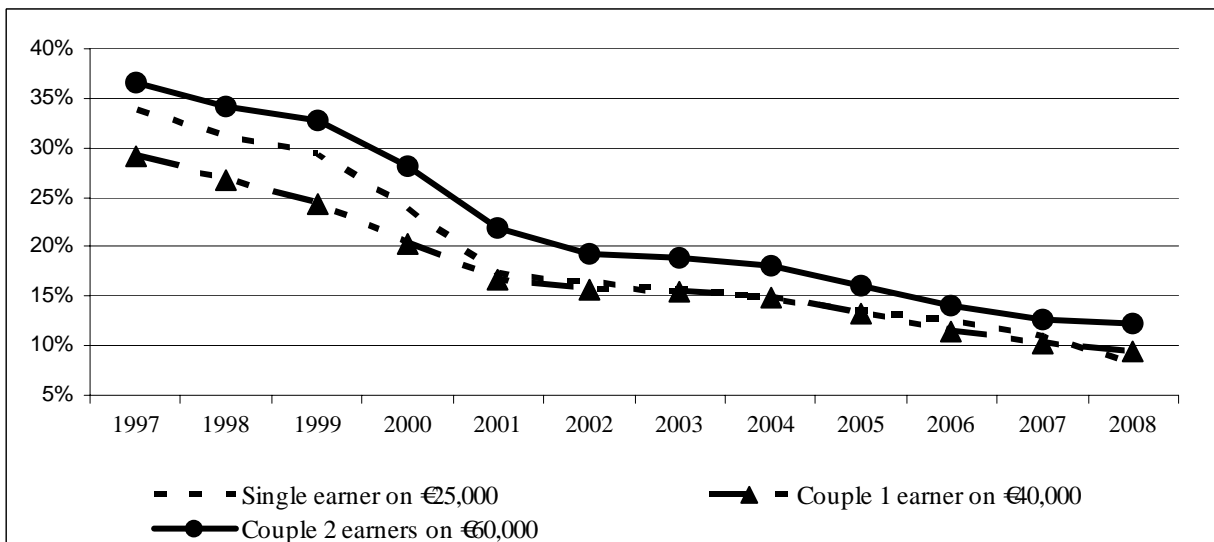


Notes: \* Except in LTU case where there is no earner \*\* LTU: Long Term Unemployed Couple with 2

**Table 1: Effective Tax Rates following Budget 2008**

Income Level	Single Person	Couple 1 Earner	Couple 2 Earners
€15,000	0%	0%	0%
€25,000	8.3%	2.9%	0%
€30,000	12.9%	5.1%	1.7%
€40,000	18.6%	9.4%	3.6%
€60,000	27.5%	19.8%	12.2%
€80,000	31.5%	20.7%	14.9%
€100,000	33.8%	29.2%	23.8%
€120,000	35.4%	31.6%	27.2%

**Chart 2: Effective Tax Rates in Ireland, 1997-2008**



# Zero gains for Low Income Earners

**A** major regret arising from Budget 2008 is the failure to address the issue of the working poor. While we welcome the fact that Government adjusted tax credits to ensure that those on the minimum wage pay no tax, we are concerned at the lack of attention for low paid workers.

As chart 1 shows (see page 4), the Budget has benefited those who are unemployed through increases in unemployment benefit and those who are working and paying taxes through alterations to tax credits and tax bands. However, for low paid workers and their families, they benefit from nei-

ther the tax changes (as their incomes are too low to pay any tax) nor welfare changes.

## *This is the second year that Budgetary changes have overlooked this group*

A low income worker on €15,000 a year has gained nothing from Budget 2008. Similarly, families with 1 earner on an income of €15,000 and those with two earners on an income of €30,000 have gained nothing from this Budget. This is the second year that Budgetary changes have overlooked this group. It implies that such work-

ers, and their dependents, are falling behind the rest of society; a fact that is reflected in the latest set of poverty figures. The *EU-SILC* poverty report for 2006, published by the CSO in late November, showed that three of every ten households at risk of poverty in Ireland are headed by somebody who is employed.

To significantly address this anomaly in future Budgets, government should make tax credits refundable. We look forward to highlighting this issue in the next year and bringing this problem to the attention of the proposed Commission on Taxation.

# Effective Tax Rates after Budget 2008

**C**entral to the ongoing debate on taxation in Ireland are effective tax rates. These rates are calculated by comparing the total amount of income tax a person pays 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 2008 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.**

0%, rising to 8.3% of an income of €25,000 and 35.4% of an income of €120,000. A single income couple will have an effective tax rate of 0% at an income of €15,000, rising to 2.9% at an income of €25,000, 19.8% at an

income of €60,000 and 31.6% at an income of €120,000.

In the case of a couple where both are earning where their combined income is €40,000 their effective tax rate is 3.6%, rising to 27.2% for combined earnings of €120,000.

As chart 2 (page 4) shows these effective tax rates have decreased considerably over the 11 years for all earners. For example, in 1997 a couple with two earners on an income of €60,000 had an effective tax rate of 36.6%. This fell to 19.3% in 2002 and will fall to 12.2% after this budget.

# How Much Better Off Will People Be In 2008?

**W**hen assessing how much better off people are going to be in 2008 it is important 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 various national agreements as well as the impact of Budget changes on social welfare and taxation.

We have not included the impact of any future benchmarking increases for public servants, as they do not apply to

everyone.

**Single people** who are long-term unemployed will be €12.00 a week (€626 a year) better off in 2008. Those on €30,000 a year will be €24.22 a week (€1,264 a year) better off while those on €50,000 will be €34.46 a week (€1,798 a year) better off in the coming year.

**Couples** who are long-term unemployed will be €20.00 a week (€1,044 a year) better off. Couples with one income on €30,000 a year will be €25.56 a week (€1,334 a year) better off while those on €50,000 will be €35.80 a week (€1,868 a year) better off in the

coming year.

**Couples with two incomes** on €30,000 a year will be €27.36 a week (€1,428 a year) better off while those on €50,000 will be €41.69 a week (€2,176 a year) better off in the coming year.

The impact of Budget 2008 on the distribution of income in Ireland can be further 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 2008 has widened the rich-poor gap by €22.46 per week

# Budget 2008 - Summary of the Key Numbers

To accompany the Budget speech, the Department of Finance has published a series of documents detailing the changes announced in the Budget. Through this *Analysis and Critique* document we examine various aspects of these changes. The table below brings together the key figures

from the published Budget documents. It presents the Department of Finance's expectations of National Income (GDP and GNP) next year, and for the next three years. It outlines the projected exchequer budgetary position over that period. Expectations of future changes to employment, unemployment and

inflation are detailed. The table also includes details on the taxation system following the implementation of the Budgetary changes. Finally, the table outlines the Department of Finance's calculations regarding the full year cost of the tax and social welfare changes announced in the Budget.

**Table 2: The Budget in Numbers - Key Data from Budget 2008**

National Income		Inflation and the Labour Market	
GDP in 2008 (€m)	€198,300	Inflation 2008 (HICP, CPI not published)	2.4%
GNP in 2008 (€m)	€169,000	Inflation 2008-2010 (average HICP method)	2% per annum
GDP growth in 2008	3%	Unemployment rate in 2008	5.6%
GNP growth in 2008	2.8%	Employment growth in 2008	1.1%
GDP growth 2008-2010 (average)	3.53% per annum	Unemployment rate 2008-2010 (average)	5.6%
GNP growth 2008-2010 (average)	3.33% per annum	Employment growth 2008-2010 (average)	1.3%
Exchequer Budgetary Position		Taxation	
Current Budget Surplus, 2008 (€m)	€4,767	Income Taxation - lower rate	20%
Net Capital Investment, 2008 (€m)	€9,633	Income Taxation - higher rate	41%
Capital Investment paid from current resources, 2008 (€m)	€4,767	%Tax on €25,000 income (single / 2 earners)	8.3% / 0%
Capital Investment paid from borrowing, 2008 (€m)	€4,866	%Tax on €50,000 income (single / 2 earners)	27.5% / 12.2%
Exchequer Borrowing, 2008 (€m)	€4,866	%Tax on €100,000 income (single / 2 earners)	33.8% / 23.8%
2008 General Government Balance (%GDP)	-0.9%	Corporation Tax Rate	12.5%
Current Budget Surplus 2009 (€m)	€5,165	Capital Gains Tax Rate	20%
Current Budget Surplus 2010 (€m)	€6,367	Cost of Budgetary Changes	
Net Capital Investment 2009 (€m)	€10,190	Cost in 2008 of Income Tax changes (€m)	€401
Net Capital Investment 2010 (€m)	€10,328	Cost in 2008 of Social Welfare changes (€m)	€520
Exchequer Borrowing 2008-2010 (€m)	€5,467 (average)	Full year cost of Income Tax changes (€m)	€546
National Debt as a % GDP, 2008	25.9%	Full year cost of Social Welfare changes (€m)	€980

**Source:** Minister's speech and various tables throughout Budgetary publications.

## ODA increase reinforces White Paper Commitment

Budget 2008 provides an increase of €84m in overseas development assistance (ODA). This increase brings the total ODA allocation in 2008 to €14m, representing 0.54% of GNP.

CORI Justice welcomes this increase, it marks a welcome commitment by government to aiding the poorest people of

the world. It also serves as an important step towards honouring the ODA commitments outlined in *the White Paper on Irish Aid* and in *Towards 2016*. Last year, in Budget 2007, ODA was increased to meet the interim benchmark of 0.5% of GNP (some €13m). CORI Justice warmly welcomed this achievement in our re-

sponse to that Budget. This year's increase marks an important step towards the second interim target of 0.6% of GNP to be achieved by 2010. Achieving this next goal, and eventually the UN target of 0.7% by 2012, is an important national commitment and its achievement would be a major success both nationally and internationally.

# Towards 2016 Health Commitments Not honoured

**B**udget 2008 raises very serious questions concerning Government's willingness to honour the healthcare commitments contained in the National Agreement *Towards 2016*. Of particular concern are the failures on primary care teams and on mental health.

## On primary care teams

*Towards 2016* commits Government to create 100 new primary care teams in each of the years 2006, 2007 and 2008. Budget 2008 does not contain the required funding to ensure that these 300 primary care teams will be created by the end of 2008. This is a totally unacceptable situation. Primary Care has

been recognised as one of the cornerstones of the new model for health service delivery. These teams were meant to ensure integrated accessible services for people within their own community.

## *Of particular concern are the failures on primary care teams and on mental health*

It will not be possible to deliver a comprehensive, integrated primary health-care programme without the provision of these primary care teams. Failure to provide the resources to meet the already-agreed targets raises serious doubts concerning Government's bonafides where these commitments are

concerned.

## On Mental Health commitments

The National Economic and Social Forum report *Mental Health and Social Inclusion* supported the development of mental health services in line with *A Vision for Change*, the Government's agreed policy on mental health. The National Health Strategy identifies mental health as an area to be developed. The importance of addressing this whole area has been emphasised by the World Health Organisation. Consequently, we regret the failure to resource the development of mental health services in line with *Towards 2016* commitments.

## Education Capital Spending

**T**he increase of €5m in funding for the Primary School Building programme is welcome. However, we note a simultaneous 14% decrease in the provision for capital building in secondary schools.

It remains a worry that it is only at the end of 2008 that we have begun to plan for increases in child number at primary schools, starting September 2009. This is particularly the case given the available data from Census 2001 and 2006 which signalled these impending increases. In that context we believe it is important that Government, and in particular the Department of Education, pay attention to the population projections calculated by the CSO for the years to come. In its *Population and Labour Force Projections 2006-2036* the CSO signalled that the number of primary school children will increase from 433,900 in 2001 to exceed 500,000 by 2011 and will climb further to 560,000 by 2016. These increases require long-term planning and more comprehensive programmes of school expansion.

## Adult Literacy

**D**espite the sustained and ongoing problem of adult literacy, the Budget has made minimal efforts to adequately address this crisis. A total of €3m in additional funding was allocated to "adult literacy and related measures". As we highlighted in our *Policy Briefing on Monitoring Social Partnership* (Sep. 2007) the current government plan to tackle adult literacy, aims to reduce 'restricted literacy' rates - where people possess "very poor skills, where the individual may, for example, be unable to determine the correct amount of medicine to give a child from information printed on the package" - to between 10-15% of the adult population by 2016. This figure represents a 'restricted literacy' adult population of between 317,000-475,000 by 2016. Such a figure would be totally unacceptable and more resources are needed to competently address this issue. The Budget could have done better.

## The Budget and the Poor

**D**espite the advances in employment and economic growth achieved over the last few years, the proportion of the population at risk of poverty remains large. Its sustained existence challenges many of the improvements of recent years.

The most up-to-date data available on the nature and extent of poverty in Ireland comes from the 2006 *EU-SILC (Survey on Income and Living Conditions)* results published by the Central Statistics Office in late-November. Its results showed that 17% of the Irish population is at risk of poverty - a decline for the third year in a row.

In financial terms this means that almost one in five of the population lives with incomes equivalent to less than €10 a week for a single person in 2007 terms.

It is useful to translate the poverty percentages into numbers of people. The latest poverty figures indicate that in 2006 approximately 720,000 people were at risk of poverty. This figure includes a large number of children with the data showing that approximately 20 out of every 100 Irish children live in a household that is at risk of poverty.

The latest *EU-SILC* data show that the groups at highest risk of poverty are: the unemployed, those who are ill/disabled, single parents and those who rent. A large proportion of these groups depends on social welfare payments and that fact underscores our sustained call over recent years to increase welfare payments in line with Gross Average Industrial Earnings. The recent poverty figures also highlighted that non-Irish people record a poverty risk that is much greater than that of Irish people. Future policy will need to address this issue.

As we have shown in other areas of this *Analysis and Critique*, the Budget has made some progress in addressing the low income of the unemployed, however it has not adequately addressed the working poor issue. We are concerned that this group of working low income households will increase in the years to come unless more targeted policies are pursued. In particular, we believe that the introduction of refundable tax credits would benefit this group.

# Government's Current Budget for 2008

Below we outline the government's current budget for the forthcoming year. The current budget comprises the income (or receipts) and expenditure associated with the day-to-day running of the country. Income includes revenue from taxation and flows of funds to the government from other sources, including the Central Bank and the National Lottery. Collectively these give a figure for the total income expected to be received by the government during the next year - *total current receipts* (labelled **b** below). Expenditure includes interest payments on the national debt, contributions to the EU and the costs associated with running, on a day-to-day basis, Ireland's economic and social services. When transfers to the social insurance fund (PRSI) and unspent resources from previous years are excluded, a figure for *net current expenditure* planned for next year is reached (labelled **a** below). The *current budget balance* (**b** minus **a**) indicates how much day-to-day income exceeds (if positive), or falls short (if negative), day-to-day spending.

	<b>2008, Post-Budget €m</b>
<b>CURRENT EXPENDITURE</b>	
<b>Service of National Debt</b>	
Interest	1939
Sinking Funds	489
Other debt management expenses	62
<b>EU Budget Contribution</b>	1700
<b>Economic Services</b>	
Industry and Labour	1551
Agriculture	1491
Fisheries, Forestry	184
Tourism	224
<b>Social Services</b>	
Health	14,861
Education	8,498
Social Welfare	17,538
Housing, Subsidies, etc.	580
<b>Security</b>	3,509
<b>Other</b>	5,096
<b>Gross Current Expenditure</b>	<b>57,722</b>
<i>less Appropriations in-aid and SIF expenditure</i>	12,865
<i>less Departmental Balances</i>	30
<b>Net Current Expenditure (a)</b>	<b>44,827</b>
<b>CURRENT RECEIPTS</b>	
<b>Tax Revenue</b>	
Customs	300
Excise Duties	5,989
Capital Gains Tax	3,210
Capital Acquisitions Tax	405
Stamp Duties	2,855
Income Tax	13,900
Corporation Tax	6,700
Value Added Tax	15,550
Agricultural Levies	1
<b>Non-Tax Revenue</b>	
Central Bank Surplus	150
National Lottery Surplus	225
Interest on Loans and Dividends	144
Issue of Coin	30
Other Receipts	135
<b>Total Current Receipts (b)</b>	<b>49,594</b>
<b>CURRENT BUDGET BALANCE [(b) - (a)]</b>	<b>+ 4,767</b>

# Taxation

## Our Submission Asked that the Budget :

- Make tax credits refundable (to address the *working poor* issue).
- Adjust tax credits so as to keep the minimum wage out of the tax net.
- Commit to moving Ireland's total tax take closer to the EU average.
- Standard rate all discretionary tax expenditures.
- Continue to review the costs and benefits of discretionary tax expenditures.
- Introduce a speculative tax on windfall gains from land rezoning.
- Reform the structure of motor tax.
- Proceed with individualisation in the income tax system in a fair and equitable manner.
- Poverty-proof all budget tax packages to ensure they do not further widen the rich/poor gap.
- Increase capital gains tax.
- Increase the corporate tax rate to 17.5% in the context of EU tax integration.
- Move decisively to shift the burden of taxation from income tax to eco-taxes and taxes on consumption.
- Expand the levy on financial institutions introduced in Budget 2003 to re-balance the windfall profits these make following Ireland's corporate tax rate cuts.
- Investigate policies which allow taxation on wealth and land to be increased.

## The Budget

### INCOME TAX

- Employee Tax Credit increased by €70 to €1,870.
- Personal Credits increased by €70 single and €140 married.
- Tax exemption for people aged over 65 increased by €2,000 single and €4,000 married.
- Standard Rate Tax band increased by €1,400 single, married (one income) and lone parent and €2,800 married (two incomes).
- Ceiling on interest on a mortgage increased by €2,000 single and €4,000 married.
- Maximum level of rent paid for private rented accommodation, on which tax relief can be claimed increased to €2,000 single and €4,000 married person under 55 and €4,000 and €8,000 over 55.
- Employee PRSI annual ceiling increased to €50,700.
- Employee PRSI weekly threshold increased to €352.
- Health Levy threshold increased to €500 weekly.
- Tax allowance in respect of Trade Union Subscriptions increased to €350.
- Exemption limit on rent received on room or rooms in principal private residence increased to €10,000.

- Increase in Rate for Preferential Home Loans from 4.5% to 5.5% and in respect of other loans from 12% to 13%.
- Income on investments and foreign employment outside the State extended to include UK-sourced income.

### FARMER TAXATION

- Introduction of relief from Capital Gains Tax on the dissolution of farm partnerships.
- Payments for Sugar Beet Diversification to be spread over six years for purpose of calculating taxable income.
- Farmers VAT Flat-rate addition being maintained at 5.2%.

### VAT & EXCISES

- Excise Duty on cigarettes increased by 30 cent.
- Licensing Fees for Off-licences increased to €300 per licence.
- Excise Duty on electricity introduced at 50 cent per MWh for business use and €1 for non-business use. Household will be exempt.
- VAT registration thresholds for small businesses increased to €37,500 for services and €75,000 for goods.

### VRT & MOTOR TAX

- VRT system to be revised to take account of CO2 emission levels rather than engine size. With 7 bands from 14% to 36%.
- VRT relief scheme for Hybrid electric and flexible fuel vehicles to be extended.
- Increase in Motor Tax rates to 9.5% for cars < 2.5 litres and 11% for cars > 2.5 litres.

### CORPORATION TAX

- Base year for expenditure which is used to calculate qualifying incremental expenditure on research and development, extended to 2013.
- Corporation tax liability threshold of small companies increased to €200,000.

### STAMP DUTY

- Stamp Duty reformed with first €125,000 exempt and excess charged at two rates: 7% up to €1 million and 9% over €1 million.
- Stamp Duty on ATM, and Debit Cards reduced to €5 for single card, €10 for combined card and €30 for credit cards.
- Stamp Duty on cheques increased to 30 cent per cheque.

# Social Welfare

## 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 €13.20 a week for a single person.
- Continue benchmarking the lowest social welfare payments for single people at 30% of gross average industrial earnings (GAIE).
- Individualise all social welfare payments. Budget 2007 took some welcome steps in this direction and CORI Justice believes that Budget 2008 should complete this transition.
- Increase the 'qualifying adult' payments and commit to moving all of them towards 100% of the adult payments.
- Increase child benefit substantially and do not tax it.
- 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.
- Update tax credits so as to keep the minimum wage out of the tax net.
- Adopt policies to address child poverty - by increasing child benefit and/or the early childhood supplement.

## The Budget

- **Provided Total Social Welfare improvements costing €900 million in a full year.**
- **PERSONAL RATES (weekly)**
- **State Pensions: + €14 (contributory) and €12 (non-contributory)**
- **+ €12 for all others on lower rates**
- **PERSON WITH QUALIFIED ADULT ALLOWANCES (weekly)**
- **+ €41 State Pension, 66 and over (contributory)**
- **+ €23.30 Pension (contributory) and Transition, under 66**
- **+€19.90 Non contributory Pension**
- **+ €20.60 Invalidation Pension, < 66**
- **+ €14 - €20 for other QAA payments.**
- **CHILD AND FAMILY INCOME INCREASES**
- **€6 monthly in Child Benefit for first and second child and €8 for third and subsequent child.**
- **FIS income threshold by €10 per week per child.**
- **BSCFA by €20 (2-11 years) and by €20 (12 and to, where appropriate, 22 years)**
- **Early Childcare Supplement by €100 to €1,100 per year**
- **Fuel Allowance extended by 1 week to 30 weeks**
- **One-Parent Family +€14 and the earning threshold up to €425**
- **Increase of €14 to €221.80 in the minimum rate of Maternity and Adoptive Benefit.**
- **CARER'S INCREASES**
- **Carer's payment of €14 per week.**
- **Weekly income disregard in the Carer's Allowance Scheme - €12.50 to €332.50(single) and €25 to €665 (couple)**
- **Respite Care Grant €200 increase**

## Our Response

We welcome:

- The €12 increase in Social Welfare payments which is in line with the commitment to benchmark the lowest social welfare payments for single people at 30% of GAIE.
- The commitment to keep people on the minimum wage out of the tax net.
- The increase in the Qualified Adult Rate for the Contributory Pension.
- The increase in the Carer's payment, Income Disregard, Respite Care Grant and the earning thresh-

old for Carer's Benefit.

- The additional funding awarded to the Citizens Information Board, Money and Advice and Budgeting Service (MABS) and the Family Support Agency.
- The increase in the Widowed Parent Grant.

It should be noted that:

- The increases in Child Benefit, BSCFA, Early Childcare Supplement and FIS income thresholds, will not meet the cost of living increases.
- There is no attempt to develop a na-

tional programme to address fuel poverty.

- The additional funding for School Meals is grossly inadequate.

We regret:

- The failure to increase the abysmal weekly allowance for Asylum Seekers in direct provision.
- The failure to introduce the cost of disability allowance.
- The failure to maintain the momentum to equalise the 'qualifying adult' payments with the personal rate (with the exception of the contributory pension).

# 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, re-training and up-skilling.
  - ⇒ Expanded opportunities for unemployed people to gain work-place experience.
  - ⇒ Adequate numbers of places on Active Labour Market Programmes (ALMPs).
- ALMPs need to be resourced adequately to ensure that appropriate pathways are available to all who need them.
- Increase the education/training grants for participants in active labour market programmes.
- Resource life long learning.
- Allocate resources to address the youth unemployment problem.
- Resource the development of employment-friendly income tax policies which ensure that no unemployment traps exist.
- As part of the process of addressing the working poor issue, reform the taxation system to make tax credits refundable.
- Recognise the right to work of all asylum seekers whose application for asylum is at least six months old.
- Resource the CSO to conduct an annual 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 gross budget to the Department of Enterprise, Trade and Employment by 7% (€101.6m) to €1.49 billion.
- Increased the National Training Fund by €72.7m to €1,998m. This includes extra €7m to further support the National Skills Strategy.
- Increased the allocation to the National Employment Rights Agency by 26% to €10.8m.
- Increased the Capital funding to Science, Technology and Innovation Programme by a further €36.5m. The increase is split between Enterprise Ireland (€19.9m) and the Science Foundation Ireland (€16.6m).
- Increased FORFAS grant by 10%.
- Reduced allocation to INTERTRADE Ireland by 10% to €10.68m.
- Reduced the allocation to the Technical Support for Community Initiatives by 32% to €500m.
- Allocated an additional €25.8m for FÁS participants on training and employment programmes.
- Increased allocation to FÁS Training and Integration Supports by 7% to €99.98m and Employment Programmes to €439.5m.
- Reduced the allocation for the Equal Community Initiative Development Partnerships by 56% to €2.5m.
- Increased the allocation to the Work Place Innovation Fund Promotion of Partnership by 189% to €2.7m.
- Increased the allocation to Enterprise Ireland Grant to Industry to €56.7m.
- Increased the allocation to the National Framework Committee for Work/Life Balance Policies by 26% to €0.35m

## Our Response

- We welcome the increase to the National Training Fund and to the Science, Technology and Innovation Programme. This will continue to improve the skills of Ireland's labour force and strengthen the development component of economic development.
- While we welcome the increased allocation for FÁS Training and Integration Supports and the FÁS Employment Programmes, the allocations must be used to up skill-workers, particularly those in danger of becoming unemployed as the economy slows done.
- We welcome additional funding to the National Training Fund that will support the National Skills Strategy.
- The Department of Finance is forecasting the creation of 24,000 new jobs with the total number at work increasing by a little over 1%. This is an encouraging outlook.
- We welcome the increased allocation to the Work Place Innovation Fund Promotion of Partnership.
- The increased support to the National Employment Rights Agency is welcomed as this meets a key commitment contained in *Towards 2016*.
- We regret the continued failure to recognise the right to work of all asylum seekers whose application for asylum is at least six months old.
- We regret the failure to resource the CSO to conduct an annual survey to discover the value of all unpaid work in the country including community and voluntary work and work in the home. The economic value of such work tends to be ignored. It is not included in measurements of GNP or GDP. The value of such work needs to be recognised, quantified and included in economic calculations as well as in measurements of people's and society's wellbeing.

# 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.
- Take the initiatives required to ensure broadband is available nationwide.
- Introduce a system that ensures people on low incomes can access information communications technology on an on-going basis.
- Adopt further information technology programmes to increase the skills of school children, early school-leavers and the unemployed.
- Regulate the removal of public pay-phone 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 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”.
- Provide additional funding to the Sports Partnership initiative.
- Increase the allocation for the local sports partnerships.
- Take initiatives to ensure equality of access across all public services.

## The Budget

### Efficiency

- Committed to the delivery of an Efficiency Review of the civil service.

### Transport and Communications

- Gave an increase of €262m for Public Transport Investment Projects for additional capacity on commuter rail and bus services.
- Provided €74m for national roads programme for 2008 and €45m for improving non national roads.
- Gave €25m for road safety programmes and campaigns including the reduction of waiting lists for tests to ten weeks by end of 2008.

- Allocated €10m for National Broadband Scheme for 10% of population with no current access to services.

### Social Inclusion

- Provided additional funding to the Family Support Agency, MABS and the Citizens Information Board.

### Justice

- Provided for the continued expansion of the Garda Síochána, the delivery of a modern communications system and other measures to support the fight against crime.

### Equality

- Allocated €4m to the Minister of State for Integration.
- Increased the overall allocation to equality by 52% to €33.7m
- Gave increased resources to COSC the National Office for the Prevention of Domestic Sexual and Gender based Violence.

### Libraries

- Gave extra €6m for libraries.

### Sports arts and culture

- Gave an increase of €6m to the Irish Sports Council and an increase of €12.5m to enhance art and cultural facilities.

## Our Response

- We welcome the allocation to public transport as a step in the right direction.
- We welcome funding for increased broadband provision but regret that further investment in increasing access to information technology for adults and children has not been provided
- We regret the failure to recognise the importance to rural communities of a public payphone
- We regret that a more substantial investment has not been made in the library service
- We welcome the increased commitment to equality
- We welcome the commitment to improving efficiency in government departments
- While we welcome the increased budget for sport we question the value of allocating €76.6million to horse and greyhound racing. This amounts to a subsidy of about €40 for every person attending a horse or greyhound meeting. This subsidy would be much better spent funding the development and expansion of local sports partnerships promoted by the Sports Council and which are open to people irrespective of their means.
- In this context we regret the reduction in grants to support sport in disadvantaged areas by 25% to €1.5 million which should have a far higher priority within the budget.

# Community & Rural Development

## Our Submission Asked that the Budget :

- Ensure the Budget takes particular account of rural disadvantage.
- Expand the programme providing direct funding for community and voluntary organisations that provide services and do not make this funding dependent on C+V organisations employing people who do not have the requisite skills.
- Reform and adequately resource the Social Economy programme to ensure it has a real social economy focus.
- Provide additional resources for rural housing and for the development of rural public transport strategies and initiatives tailored to meet the needs of people in local communities.
- Support policies that encourage alternative farm enterprises through the promotion of quality (including organic) food production and processing and support programmes to create employment for part-time farmers with a view to effectively targeting the needs of smaller farmers.
- 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.
- Reverse the trend of centralising services away from local communities in areas such as healthcare, education, post offices, etc.
- Adequately resource the Local and Regional Drugs Task Forces.

## The Budget

- Gave a total of €250m to community affairs and provided an overall total of €119m for rural affairs—an increase of 13% on 2007 funding.
- Provided increased funding of €64m under the Drugs Initiative to support the work of the Regional Drugs Task Forces, including the provision of further facilities and services for young people at risk, the implementation of the National Drugs Rehabilitation Report, and the provision of respite and information services for the families of problem drug users
- Provided €4m for the development of the recreational infrastructure as recommended under the National Countryside Recreation Strategy
- Allocated €5m to Dormant Accounts funded initiatives to address social and economic disadvantage, a decrease of €5m from the allocation in the 2007 budget
- Gave €35m extra to meet increased demand under the Farm Waste Management Scheme to facilitate compliance with the EU Nitrates Directive
- Gave an additional €15m for the Suckler Welfare Scheme to develop business opportunities in the beef sector
- Gave an additional €10m for an enhanced vessel decommissioning scheme in order to achieve more appropriate balance between fishing capacity and stocks
- Provided an additional €5.7m to cover the 2008 costs of 2,600 participants on the Rural Social Scheme.
- Provided €28m for the Islands and funding of €67m for the Gaeltacht

## Our Response

- We welcome the increased allocations to community and rural affairs and to the Drugs Initiative.
- We are disappointed that there is no increase in places on the Rural Social Scheme.
- We also regret the failure to bring real improvements to the Social Economy programme.
- We believe that the real opportunity to bring fundamental economic and social changes to rural communities, so that rural life can become a sustainable alternative to urban living, still remains a challenge to be addressed.
- The failure to provide substantial additional direct funding for community and voluntary organisations that provide services in local communities across the country is most disappointing. Many of these organisations developed their services through employing people from the live register through the Community Employment programme. Now that unemployment is at a much lower level and the number of people on CE has fallen from 40,000 to about 20,000 the capacity of these organisations has been dramatically reduced. Additional funding was required.
- Rural Ireland is in transition from an agricultural to a rural development agenda. Action should be focused on issues such as implementing the National Spatial Strategy to secure a more balanced distribution of population and economic activity throughout the country. It requires development of rapid communications and supporting infrastructure in all parts of the country.

# Environment

## Our Submission Asked that the Budget :

- Resource the development of ‘satellite’ national accounts that include the costs of items such as environmental damage and resource consumption, and the value of a range of traditionally ‘uncounted’ items such as unpaid work.
- Resource the development of policy instruments that will allow these shadow accounts to be integrated into public policy making.
- Allocate the necessary resources to achieve waste reduction targets by implementing the relevant sections of the Waste Management Act..
- Allocate substantial new 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.
- Introduce public purchasing policies that encourage sustainable practices.
- Target funding strategies in the transport area to ensure far greater priority for public transport initiatives.
- Reform Motor tax so that the highest polluting vehicles are taxed most.

## The Budget

- Provided €13 m for capital expenditure on energy conservation.
- Provided €7m capital funding for energy research looking especially at renewable energy from ocean sources.
- Adjusted Vehicle Registration Tax (VRT) to ensure that emissions from a car will replace engine size as the criterion to determine the rate of VRT payable on the car at the point of registration.
- Introduced a revised scheme of capital allowances and leasing expenses for cars used for business purposes by which the availability of these allowances and expenses will be linked to the CO<sub>2</sub> emission levels of the vehicles.
- Provided an additional €45m for Water Services for capital investment in infrastructure.
- Gave an additional € 4m for payments under the salmon hardship scheme and €2.8m to Inland Fisheries boards to implement the Water Framework Directive.
- Provided €13m additional funding to the Environmental Protection Agency for essential research and development and monitoring the cost of construction of its new headquarters and staffing costs.
- Gave an additional €8m to National Heritage for the management of national parks and for programmes under the Habitats and Birds Directives.
- Allocated an additional €3m for landfill remediation.
- Allocated €40m for the new Gateways Innovation Fund.

## Our Response

- We welcome the increased focus on environmental sustainability and energy efficiency in this budget. However we believe that more could and should have been achieved.
  - Much more remains to be done to reduce waste and pollution and we therefore regret that waste reduction targets were not set, together with a comprehensive portfolio of initiatives to ensure that they are achieved
  - We welcome the taxation focused on encouraging the use of vehicles with lower CO<sub>2</sub> emission rates
  - It is to be hoped that the new focus within the budget, on efficiency in the public service will also encompass a focus on the sustainable use of resources.
  - We regret that the opportunity to introduce satellite national accounts has been neither introduced nor considered.
- Some key Environmental facts**
- The number of private cars in Ireland per 1,000 population aged 15 and over has increased from 364 in 1995 to 495 in 2004. The EU-25 average is 555 cars per 1,000.
  - There are almost 710,000 hectares of forestry in Ireland. This has increased by 47% since 1990.
  - Imported oil and gas now accounts for 73% of Ireland's energy supply.

# Housing and Accommodation

## Our Submission Asked that the Budget :

- Acknowledge that everyone has a right to appropriate accommodation and develop policy from this perspective.
- Take the necessary steps in Budget 2008 to ensure that social housing provision will reach 200,000 units by 2013. This would mean that Budget 2008 should:
  - ⇒ Provide the resources to local authorities, to voluntary/non-profit and co-op housing organisations to ensure an increase of 9,000 social housing units in 2008.
  - ⇒ Ensure the agreed additional sites are provided to the voluntary/ non-profit and co-op organisations as committed in *Towards 2016*.
  - ⇒ Allocate sufficient resources to the Rental Accommodation Scheme (RAS) to ensure it can be effective in moving households off the rent supplement scheme.
  - ⇒ Provide sufficient resources to address the housing problems of those with a disability.
  - ⇒ 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 for implementation of the Travellers Accommodation programme.

## The Budget

- **Increased the allocation to Social Housing Provision and Renewal by 14% to €1.5b.**
- **Provided an additional €124m for social housing which will allow progress to be maintained on meeting the NDP and *Towards 2016* targets of 27,000 starts/acquisitions in the 2007 – 2009 period. 9,000 new social housing units to be commenced or acquired in 2008 and the provision of 5,500 new affordable homes.**
- **Provided an additional €26m under the Capital Loans and Subsidy Scheme (Voluntary and Co-operative Housing).**
- **Provided a further €27m under the Rental Accommodation Scheme.**
- **Increased the ceiling on mortgage interest relief for first time buyers by €2,000 for a single person and €4,000 for a married couple or widowed person, to €10,000 and €20,000 respectively.**
- **Provided a specific allocation of €50m under the Affordable Housing Purchase Scheme.**
- **Increased tax relief on rent payments by 11%. Increased the threshold for rent-a-room scheme from €7,620 to €10,000.**
- **Introduced New Stamp Duty Regime. Purchases of residences under €125,000 are exempt and residences of less than €1m will be charged a Stamp Duty at 7% and residences in excess of €1m will pay at 9% on the portion of the price that is in excess of that figure.**

## Our Response

- We strongly welcome the increased allocation to meet the NDP and *Towards 2016* commitment to provide an additional 27,000 starts/acquisitions in the period 2007-2009 with 9,000 new social housing units to be commenced or acquired in 2008.
- We welcome the additional allocation of €27m under the Rental Accommodation Scheme.
- We welcome the provision of the extra €26m under the Capital Loans and Subsidy Scheme to the Voluntary and Co-operative Housing.
- The Government's decision to increase the ceiling on mortgage interest relief, the tax relief on rent payments and the introduction of the New Stamp Duty Regime is welcome.
- We welcome the Government's commitment to addressing housing needs and through targeted measures, providing appropriate accommodation solutions for lower income groups and people with special housing needs.
- We regret that new resources were not identified for the security and management of local authority housing.
- We acknowledge that everyone has a right to appropriate accommodation therefore we regret that the issues re accommodation for refugees and asylum seekers were not addressed and that the resources needed for the implementation of the Travellers Accommodation Programme were not allocated.

# 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 would require the initiative be extended outside disadvantaged areas to communities within which there are marked pockets of disadvantage.
- Significantly increase the funding provided to address literacy problems including the funding provided to the National Adult Literacy Agency (NALA).
- Introduce a Basic Educational Allowance for education, including part-time, for persons between ages 18 and 40 who do not proceed to third level from school.
- 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 Pupil-Teacher Ratio allocations in all Primary and Post Primary schools with a view to ensuring equity of provision.
- Include ongoing credentialised training for providers of Exchequer funded pre-school initiatives. This should include ongoing evaluation of the outcomes of these initiatives for children and their families.
- Extend the current two-year time-frame and allow greater flexibility for completion of modular Leaving Certificate Applied to facilitate certain workers and parents.

## The Budget

- **Increased the gross budget by €693 million (€8.633bn to €9.326bn) i.e. 8.3%.**
- **Allocated additional**
  - ⇒ **€95.2 million to Primary School Building Programme.**
  - ⇒ **€26m to temporary accommodation in schools.**
  - ⇒ **€23.3 m for grants to schools.**
  - ⇒ **€21 m to school transport.**
- ⇒ **€12 m to research in 3<sup>rd</sup> level Institutions .**
- ⇒ **€18m to Special Education needs for the employment of Special Needs Assistants.**
- ⇒ **€25m for tackling Educational Disadvantage.**
- ⇒ **€3m for social inclusion measures including adult literacy places, Back to Education initiatives and Youthreach places.**
- **Increased allowances for Back to School Clothing and Footwear by 20 euro per child ( 2 – 22 years).**
- **Made available additional funding for School Meals Programme.**
- **Raised early Childcare supplement by 10%.**
- **Provided additional funding for child counselling.**

## Our Response

- We welcome the increased allocation for education. The increase in funding to the Primary School Building Programme is particularly welcome. However this seems to be at the expense of second level Building Grants and Capital costs, where according to the estimates there is a drop of 14% on the previous year.
- It is regrettable that €26m must be spent on temporary accommodation which points up the need for long term planning and investment in rapidly developing areas.
- We welcome the additional €25m for tackling educational disadvantage and also increases in clothing and footwear allowances and school meal provision. While we note that there is extra funding for child counselling we are concerned that the provision for the National Educational Psychological Services is increased by only 1%. Given the increased school population and the added diversity of psychological needs now evident in school children, this is unsatisfactory.
- While the additional €3 million for social inclusion is welcome, the number of additional places for Adult Literacy Places and Back to Education initiatives are scant. It is a cause for serious concern that there is no provision for the educational needs of new immigrants to Ireland, particularly in the area of language acquisition and cultural immersion. The failure to address the extension of the two year framework for completion of the Leaving Cert. Applied is also regrettable.
- We regret that no enhanced initiatives or additional provision was made for ‘early start’ programmes and that no additional allocation for training and evaluation relating to pre school initiatives was provided.

# Healthcare

## Our Submission Asked that the Budget :

- Fund 100 additional primary care teams in 2008 to bring the total to 300 teams by the end of 2008 as committed to in *Towards 2016*.
- Enhance the provision of community care and restructure the healthcare budget accordingly. This requires development of infrastructure in the community which has not been provided over the years in the capital programme e.g. primary care centres, long-stay facilities for older people, community-based mental health facilities and residential and day facilities.
- Provide the resources necessary to meet the targets on homecare packages.
- Resource and implement targets on health status within the NAPInclusion.
- Increase the percentage of the health budget allocated to health promotion and education in partnership with all relevant stakeholders.
- Provide the childcare services with the additional resources necessary to effectively implement the Child Care Act.
- Resource the development of mental health services, recognising that this will play a key factor in health status.
- Facilitate and fund a campaign to give greater attention to the issue of suicide in Irish society.
- Raise the eligibility threshold for the medical card.

## The Budget

- Increased allocation to the Department of Health and Children and HSE to €16.2b an increase of over €1,100m on 2007 provision.
- Allocated €110m for the introduction of a new long term residential care scheme – A Fair Deal.
- Allocated €25m extra for Community Support Services for older people.
- Allocated €35m extra for Cancer Services, inclusive of the continued support of the full national roll-out of Breast Check.
- Provided an additional €25m to support the implementation of the National Childcare Investment Programme.
- Provided €12.5m extra to fund the implementation of the recommendations of the National Drug Strategy Rehabilitation Report.
- Provided €50m extra for the Disability sector.
- Increased by 10% all in-patient charges for Acute Hospitals including A&E. The monthly threshold under the Drugs Payment Scheme increased from €85 to €90.
- Increased the allocation to the Medical Card Services Scheme by 7% to €1.7b.
- Increased the allocation to the Office of the Ombudsman for Children to €2.46m.
- Increased the allocation to Information Systems and Related Services for Health Agencies by 10% to €254m.
- Increased the allocation to the National Treatment Purchase Fund Board by 13% to €100,374m.
- Increased the Respite Care Grant by €200 to €1,700 from June 2008.

## Our Response

- We welcome the increase in allocation to the health budget.
- Primary Care has been recognised as one of the cornerstones of the new model for health service delivery. The national agreement *Towards 2016* committed to provide sufficient investment to ensure integrated accessible services for people within their own community, with a target of 300 primary care teams by the end of 2008. We regret that the Budget has failed to honour this commitment by failing to resource an additional 100 Primary Care Teams by the end of 2008.
- We regret that there is insufficient capital funding to meet the requirements to develop the infrastructure required to enhance the provision of community care and community based facilities.
- We welcome the allocation of monies for community support services for older people however substantial additional funding is still required to fully implement these services.
- We welcome the allocation to the Cancer Services.
- We welcome the provision to support the implementation of the National Childcare Investment Programme.
- We welcome the continued commitment to resource Disability sector.
- We welcome the additional funding for the National Drug Strategy Rehabilitation Report.
- The NESF report ‘Mental Health and Social Inclusion’ supported the development of mental health services in line with ‘A Vision for Change’ report. We regret the failure to resource the development of mental health services in line with *Towards 2016* commitments.
- We regret the failure to raise the eligibility threshold for medical cards while recognising the commitment to make progress in this area.

**SOCIAL WELFARE: Social Insurance increases January 2008**

<b>PERSONAL AND QUALIFIED ADULT RATES</b>	<b>Present</b>	<b>New Rate</b>	<b>Increase</b>
<b><u>State Pension (Contributory)</u></b>			
(i) Under 80:			
Personal rate	209.30	223.30	14.00
Person with qualified adult under 66	348.80	372.10	23.30
Person with qualified adult 66 or over	382.30	423.30	41.00
(ii) 80 or over:			
Personal rate	219.30	233.30	14.00
Person with qualified adult under 66	358.80	382.10	23.30
Person with qualified adult 66 or over	392.30	433.30	41.00
<b><u>State Pension (Transition)</u></b>			
Personal rate	209.30	223.30	14.00
Person with qualified adult under 66	348.80	372.10	23.30
Person with qualified adult 66 or over	382.30	423.30	41.00
<b><u>Widow's/Widower's Contributory Pension</u></b>			
(i) Under 66:	191.30	203.30	12.00
(ii) 66 and under 80:	209.30	223.30	14.00
(iii) 80 or over:	219.30	233.30	14.00
<b><u>Invalidity Pension:</u></b>			
(i) Under 65:			
Personal rate	191.30	203.30	12.00
Person with qualified adult under 66	327.80	348.40	20.60
Person with qualified adult 66 or over	364.30	403.30	39.00
(i) Age 65:			
Personal rate	209.30	223.30	14.00
Person with qualified adult under 66	345.80	368.40	22.60
Person with qualified adult 66 or over	382.30	423.30	41.00
<b><u>Carer's Benefit</u></b>			
Personal rate	200.70	214.70	14.00
<b><u>Occupational Injuries Benefit - Death Benefit Pension</u></b>			
(i) Personal rate under 66	213.70	227.70	14.00
(ii) Personal rate 66 and under 80	213.70	227.70	14.00
(iii) Personal rate 80 or over	223.70	237.70	14.00
<b><u>Occupational Injuries Benefit - Disablement Pension</u></b>			
Personal rate	216.90	228.90	12.00
<b><u>Illness/Jobseeker's Benefit/Unemployment Benefit</u></b>			
Personal rate	185.80	197.80	12.00
Person with qualified adult	309.10	329.10	20.00
<b><u>Injury Benefit/Health and Safety Benefit</u></b>			
Personal rate	185.80	197.80	12.00
Person with qualified adult	309.10	329.10	20.00
<b><u>Guardian's Payment (Contributory)</u></b>			
Personal rate	158.00	170.00	12.00
<b><u>Increases for a qualified child</u></b>			
All schemes	22.00	24.00	2.00

**Increases in Monthly Rates of Child Benefit from April 2008**

<b><u>Child Benefit</u></b>	<b>€</b>	<b>€</b>	<b>€</b>
(i) First and Second Children	160.00	166.00	6.00
(ii) Third and Subsequent Children	195.00	203.00	8.00

**SOCIAL WELFARE: Social Assistance increases January 2008**

	<b>Present Rate</b>	<b>New Rate</b>	<b>Increase</b>
	€	€	€
<b><u>State Pension (Non-Contributory)</u></b>			
(i) Under 80:			
Personal rate	200.00	212.00	12.00
Person with qualified adult under 66	332.20	352.10	19.90
(ii) 80 or over:			
Personal rate	210.00	222.00	12.00
Person with qualified adult under 66	342.20	362.10	19.90
<b><u>Blind Person's Pension</u></b>			
Personal rate	185.80	197.80	12.00
Person with qualified adult under 66	309.10	329.10	20.00
<b><u>Widow's/Widower's Non-Contributory Pension</u></b>			
Personal rate	185.80	197.80	12.00
<b><u>One-Parent Family Payment</u></b>			
Personal rate with one qualified child	207.80	221.80	14.00
<b><u>Carer's Allowance</u></b>			
(i) Under 66	200.00	214.00	14.00
(ii) 66 or over	218.00	232.00	14.00
<b><u>Disability Allowance</u></b>			
Personal rate	185.80	197.80	12.00
Person with qualified adult	309.10	329.10	20.00
<b><u>Supplementary Welfare Allowance</u></b>			
Personal rate	185.80	197.80	12.00
Person with qualified adult	309.10	329.10	20.00
<b><u>Jobseeker's Allowance/ Unemployment Assistance</u></b>			
Personal rate	185.80	197.80	12.00
Person with qualified adult	309.10	329.10	20.00
<b><u>Pre-Retirement Allowance/Farm Assist</u></b>			
Personal rate	185.80	197.80	12.00
Person with qualified adult	309.10	329.10	20.00
<b><u>Guardian's Payment (Non-Contributory)</u></b>			
Personal rate	158.00	170.00	12.00
<b><u>Increases for a qualified child</u></b>			
All schemes	22.00	24.00	2.00

Increases in Maximum Weekly Rates of **Health Allowances** from January 2008

	€	€	€
<b><u>Supplementary Allowance payable to Blind Persons in receipt of a Blind Pension</u></b>			
(i) Blind Pensioner	57.80	61.60	3.80
(ii) Blind Married Couple	115.60	123.10	7.50
<b><u>Infectious Diseases Maintenance Allowance</u></b>			
(i) Personal Rate	185.80	197.80	12.00
(ii) Person with qualified adult	309.20	329.10	19.90
(iii) Person with qualified adult and qualified child	331.20	355.10	23.90

# Motor Taxation Reform

**C**ORI Justice welcomed the decision by the Minister for Finance to undertake a review of the nature and structure of vehicle registration tax (VRT) and motor taxes as announced in Budget 2007.

For some time CORI Justice has advocated the need to reform the tax system such that appropriate environmental taxes are introduced. As we have outlined elsewhere, this view is grounded in our belief that all development should be socially, economically and environmentally sustainable. Reforming these taxes is also appropriate in the context of government commitments to address environmental emissions contained within *The Kyoto Protocol*, the *National Climate Change Strategy and Towards 2016*. CORI Justice also believes that these reforms are appropriate in the context of the need to develop a fairer taxation system.

As part of a consultation process during the last year CORI Justice submitted two detailed documents to the Depart-

ments of Finance and Environment outlining the possibility and nature of potential reforms (these are available on our website). We also met with the Departments to discuss these proposals. The general thrust of the reforms we proposed suggested that both VRT and motor taxes should be increased on the most heavily polluting cars and reduced on those with the lowest engine sizes and the smallest carbon dioxide emissions levels. In particular, there would be significant increases in the taxes levied on the highest polluting and largest engine cars. In that context we welcome the reform introduced by the Minister in Budget 2008. Although we regret that the start date of these new taxes has been delayed until July next - long after the vast majority of car sales for 2008 will have occurred. However, these new taxes are a welcome step in the right direction. We hope the proposed Commission on Taxation follows with recommendations for further carbon and anti-pollution taxes.

## New Budget Process

**W**e welcome most of the new processes introduced as part of Budget 2008. These changes had been long-overdue. We are also conscious that as this is the first year of the process there are 'teething problems' that require sorting out. In particular we note that some government departments have delayed announcements related to the Budget until the day after the Budget. This is most unwelcome and clearly undermines the intended transparency of the Budgetary process. In future all Budget announcements should occur on Budget day. We also note a need to integrate the pre-budget outlook 'estimate' figures with the 'estimates' figures published within the Budget documentation. Again, an ability to distinguish increases intended for extra services from those required to maintain the existing level of public services would enhance transparency.

### Other CORI Justice Publications

We're on the web  
[www.cori.ie/justice](http://www.cori.ie/justice)

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

- **Addressing Inequality** (CORI Justice annual socio-economic review - 2007)
- **Policy Briefing on Budget Choices(2007)**
- **Policy Briefing on Poverty (2007)**
- **Policy Briefing on Monitoring Social Partnership (2007)**
- **Policy Briefing on Environment (2007)**

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

- **Social Policy in Ireland - Principles, Practice and Problems (2006)** published by Liffey Press in conjunction with CORI Justice, is also available at €27.95.

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

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