

# BUDGET 2004

## CORI Justice Commission ANALYSIS AND CRITIQUE

### A LITTLE DONE MUCH MORE TO DO

A long way to go before social exclusion is tackled effectively

**B**udget 2004 was a small down-payment on the implementation of the Government's commitments on social exclusion contained in the current national agreement. Despite the Minister's claims to the contrary, the impact of the Budget's initiatives will be relatively limited in tackling the substantial poverty, inequality and social exclusion which still persists in Ireland today.

#### Social Welfare

We acknowledge the social welfare increases were well ahead of what pundits had forecast. We also acknowledge the Minister's statement that he will implement the social welfare commitments contained in *Sustaining Progress*. However, Government has left itself with a very substantial bridge to cross. If it is to meet its social welfare commitments by 2007 as promised in the *National Anti-Poverty Strategy* (NAPS) and in *Sustaining*

*Progress* then the lowest social welfare rate will have to rise by €47.90 over the next three budgets. (cf page 3)

However, the Minister's claims on a range of issues indicate an approach

#### Welcome Initiatives

There are a number of initiatives we welcome in the Budget. Among these are:

- Taking 90% of the minimum wage out of the tax net
- The move to multi-annual funding
- The new Rural Social Scheme
- The additional allocation for carers
- The increase in the respite care grant
- The increased flexibility on pension age
- The decentralisation proposals

that will ultimately fail to address social exclusion.

#### Mistaken on job-creation

For example, his claim that job-creation is the appropriate goal if we are to achieve real social inclusion simply fails to recognise the present situation where almost 60% of those living in poverty are in households headed by a person *outside the labour force*. These people are retired, ill or have a disability that keeps them out of the labour market or they are in the category 'on home duties'. As they are not in a position to take up a job the minister's response to their situation is simply adding insult to injury (cf. page 3)

#### Mistaken on taxation

Likewise, the Minister's comments on the appropriate level of taxation would mean that Ireland would never have the resources to tackle poverty and social exclusion in an

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# “Without a vision the people perish”

*(Continued from page 1)*

effective way. He criticised those who argue that Ireland’s total tax take should be moved “towards the levels of some other states in Europe”. The Minister failed to point out that Ireland has the lowest total tax-take of any EU country. He also failed to indicate how he proposes to bridge the present social provision deficits which are endured by Ireland’s poor and excluded people every day of their lives. Despite the efforts of apologists for the better off in Irish society to convince us to the contrary, the present level of taxation is not sufficient to bring Ireland’s social provision anywhere close to EU average levels. (cf. page 3)

In fact, what the CORI Justice Commission has argued is that the total tax-take should move from being the lowest to being the second lowest in the EU, nothing more. This would provide the necessary resources to ensure social provision was given the required priority in the Budget.

## **Mistaken on Budget balance**

The Minister is also misguided in the way he deals with the huge surplus in the current budget. The current budget is almost €3 billion in surplus for 2004. Government refuses to use this surplus to bring Ireland’s social services (e.g. education, healthcare, social welfare) up to average EU levels. We believe that infrastructure development is important but it should not be at the expense of social provision. (cf page 7)

## **Poor told to wait—again**

Ireland’s poorest people have again been told to wait. They have waited too long. Ireland already has the widest rich/poor gap of any country in the

EU. If the Minister for Finance’s approach is followed in the years ahead then Ireland will be an even more deeply divided two-tier society. This situation is unjust, unfair, unacceptable and unsustainable.

## **A better way**

Ireland is no longer a poor country. Its per capita income is now one of the highest in the EU. Yet Ireland’s infrastructure and social provision are far below the EU average. Our growing poverty rates, unequal income distribution, growing rich/poor gap and under-equipped health and education systems represent the most visible signs of the extensive gaps in our social provision. The insufficient supply of social housing and the huge problems with public transport impact on poor people every day. In the context of continued economic growth and per capita income well above the EU average, the opportunity to address these deficits remains available. Yet Government has chosen not to avail of this opportunity.

## **What Government could have done in Budget 2004**

For example, if Ireland’s total tax-take were raised so as to become the second lowest in the EU then an additional €1.25 billion would have been available for moving Ireland towards being the kind of society in which most Irish people wish to live. We believe this amount should have been raised from the better off in Irish society - not by income tax increases. Rather it should have been collected through a number of initiatives such as the elimination of tax expenditures that are simply state handouts to the wealthiest in

the country. The standard-rating of tax breaks which benefit the better off more than those who are poor would also be a step in the right direction.

That additional money could have been allocated towards:

- Further increasing adult social welfare rates
- Meeting the Government’s own targets on child poverty
- Increasing the allocation for social housing
- Addressing Community Employment issues and the related problems faced by local communities as services were reduced
- Tackling disability issues
- Supporting carers
- Addressing the issue of long-term unemployment in a more effective way
- Bringing ODA towards the Government and the UN target of 0.7% of GNP.

## **Ultimately it’s a question of vision**

Ultimately, Government’s choices in Budget 2004 were based on their vision for the future. We believe that vision is short-sighted. It maintains a deeply divided, two-tier society in a period when we have the opportunity and the resources to build a society with a place for everyone, where every man, woman and child has sufficient to live life with dignity; where everyone has meaningful work, relevant education, essential healthcare and appropriate accommodation; where everyone can participate in shaping the decisions that affect them; where everyone’s culture is respected and the environment is protected.

The resources exist to build such a society. Budget 2004 shows once again that it is the political will that is missing.

**The overall conclusion as we review this Government’s seven Budgets is that they have missed a unique opportunity to build a fairer and more inclusive society where everyone has sufficient and where all are respected**

# Social Welfare: More to do between now and 2007

**B**udget 2004's increase of €10 per week in the level of unemployment assistance is a step in the right direction. We acknowledge this in the minister's own words as 'a down-payment' on the implementation of the government's commitment under Sustaining Progress. The minimum rate of unemployment assistance in 2004 will rise from €124.80 to €134.80. However, it remains clear that it is not possible to live life with dignity on this amount of money.

In 2002, the *National Anti-Poverty Strategy (NAPS) Review* set the following as a key target: "to achieve a rate of €150 per week in 2002 terms

for the lowest rates of social welfare to be met by 2007".

This target 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 €182.70 by 2007.

To honour this NAPS commitment the average increase in the minimum level of unemployment assistance across the next three budgets must be €15.97 per week. We believe this should be paid as follows: €14 in Budget 2005, €16

Minimum UA after Budget 2004	€134.80
Promised UA in 2007 (NAPS)	€182.70
Difference to be bridged 2005-2007	€47.90
Necessary average increases Budgets 2005-2007	€15.97

in Budget 2006 and €17.90 in Budget 2007. To honour its commitments Government must deliver these increases.

## Job-creation is not the total solution to poverty problem

**I**n his Budget speech the Minister for Finance, Mr Charlie McCreevy TD, criticised those he said "fail to see that job creation is the appropriate goal if we are to achieve real social inclusion." In fact it is the Minister who is misreading reality.

An analysis of the most recent poverty figures for Ireland reveals that almost 60% of those households living in poverty are headed by a person *outside the labour force*. These people are retired, ill or have a disability that keeps them out of the labour market or they are in the category 'on home duties'.

Consequently, to assert, as the Minister does, that job creation will take these people out of poverty, is to dodge the reality of poverty in Ireland and ignore what is required to tackle this unacceptable reality.

The Minister's approach ignores the current situation and the fact that fewer than 10% of people living in poverty are in households headed by a person who is unemployed. To suggest that a job will solve these people's poverty is simply to insult them. Is Government asking that the elderly return to work? that the ill leave their sick beds and take up a job? Such an

approach adds insult to injury. Yet this is what Government is advocating when it argues that jobs will solve the social exclusion problem.

Jobs are important. CORI Justice Commission has constantly acknowledged the huge increase in jobs, the substantial reduction in unemployment in recent years as well as the importance of job creation.

However, jobs will only tackle a small proportion of the present poverty problem. That is why social welfare rates are so important and why Government must honour its commitment to benchmark the lowest social welfare rates.

## Ireland is a too-low tax economy

**I**n his Budget statement Minister McCreevy questioned 'those who mistakenly call for us (the Government) to increase our tax burden towards the levels of some other States in Europe'. CORI Justice Commission has been to the fore in calling for this change. Continually we have stated that, in recent years, Ireland has evolved into a too-low tax economy where the tax burden is such that it is incapable of adequately supporting the economic, social and infrastructural requirements necessary to complete Ireland's convergence with the rest of Europe.

In recent years Ireland's total tax burden has continued to fall. Latest fig-

ures from the OECD (2003) confirm that the Irish Government now gathers a lower proportion of gross domestic product (GDP) in tax than any other European country. Indeed, across the entire 30 OECD countries only Japan and Mexico possess a lower tax take.

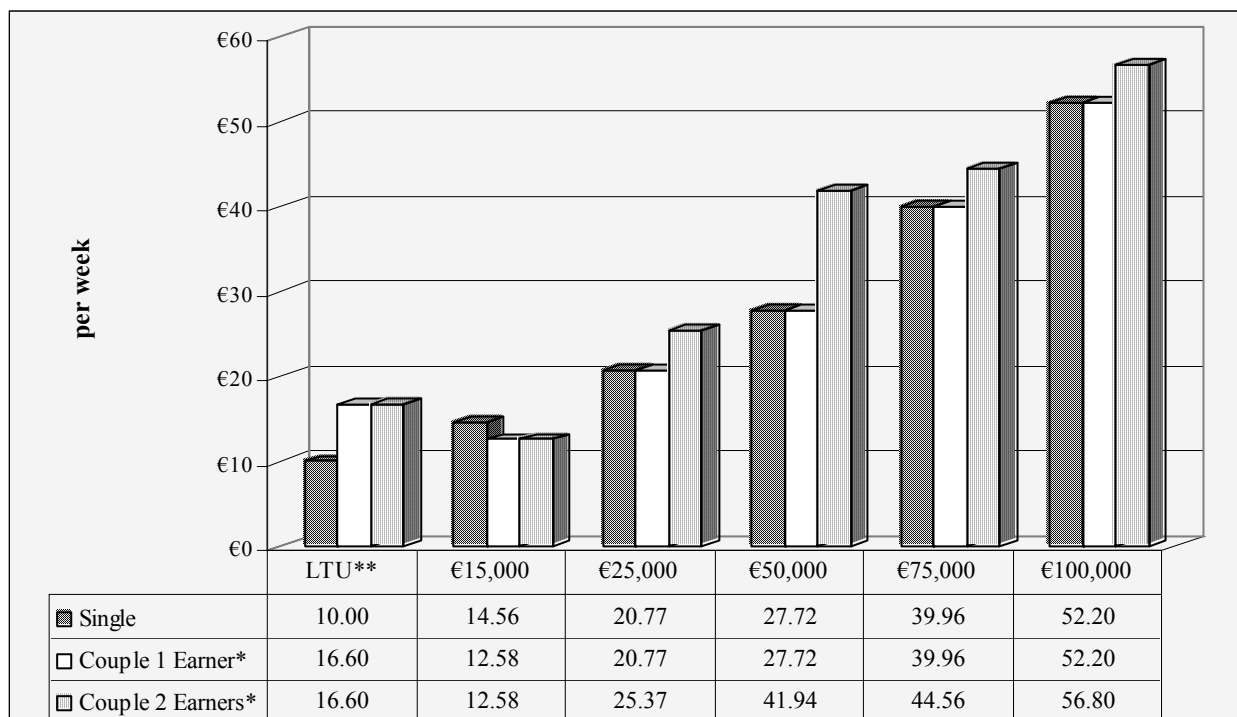
In 2002, Ireland's total taxation as a percentage of GDP equalled 28%. This figure has fallen by more than 1% since the equivalent examination by the OECD for 2001. The second lowest European figure is recorded by Portugal where 34% of GDP is collected in taxes. The EU average figure is 40.5% of GDP.

Internationally, the United States, tra-

ditionally seen as a very low tax economy with limited social care policies, has a tax burden in excess of Ireland. The US tax take equals 28.9% of GDP, almost 1% higher than the corresponding Irish figure.

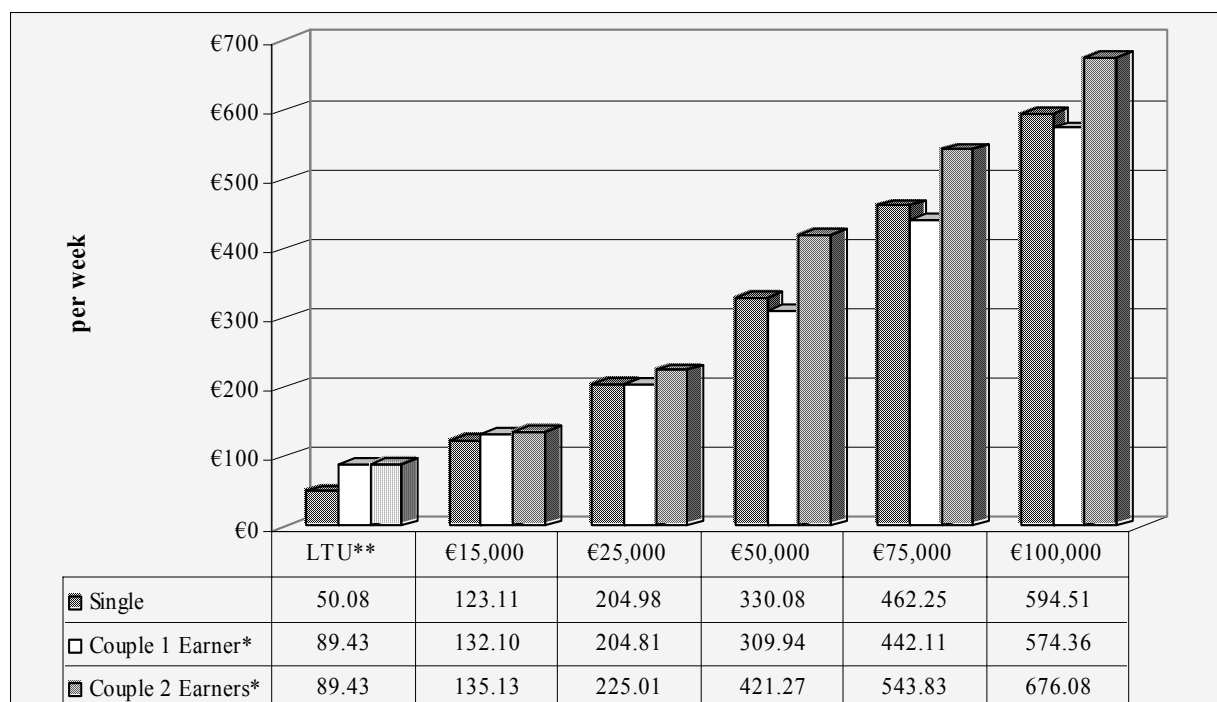
CORI Justice Commission acknowledges that the lowering of Ireland tax rates has played an important role in Ireland's economic development over the past decade. However, while we may wish to remain a low tax economy, we are currently a too-low tax economy and the effect of this phenomenon continues to have visible and expensive social and economic repercussions.

**Chart 1: How much better off are people in 2004?**



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

**Chart 2: How much better off are people under this Government (1997-2004)?**



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

# How much better off will people be in 2004?

When assessing how much better off people are going to be in 2004 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 apply to everyone. The results are summarised in chart 1.

**Single people** who are long-term unemployed will be €10 a week (€520 a year) better off in 2004. Those on €25,000 a year will be €20.77 a week (€1,084 a year) better off while those on €50,000 will be €27.72 a week (€1,446 a year) better off in the coming year.

**Couples** who are long-term unemployed will be €16.60 a week better off. Couples with one income on €25,000 a year will be €20.77 a week (€1,084 a year) better off while those on €50,000 will be €27.72 a week (€1,446 a year) better off in the coming year.

In the same period **couples with two**

**incomes** on €25,000 a year will be €25.37 a week (€1,324 a year) better off while those on €50,000 will be €41.94 a week (€2,188 a year) better off in the coming year.

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

**New, fairer systems are required, that would give priority to those in greatest need.**

# How much better off are people under this Government?

Budget 2004 is the seventh Budget introduced by this Government. It is most enlightening to see how much better off people are as a result of this Government's decisions over that seven year period. In making our calculations we have included the impact of both pay increases and tax reductions as well as social welfare increases. Again, we have omitted the benchmarking increases for public servants as they do not apply to everyone.

Chart 2 illustrates how much people's take-home incomes have increased since this Government came to power.

There has been a dramatic widening of the rich/poor gap as the better off have gained substantially more in each of the seven years covered.

A **single person** who is long-term unemployed is €50.08 a week (i.e. €2,613 a year) better off while a single person on €25,000 is €204.98 a week (€10,696 a year) better off. A person on €50,000 a year is €330.08 a week (€17,224 a year) better off than he/she was in 1997.

After seven Budgets **couples** who are long-term unemployed are €89.43 (€4,666 a year) a week better off.

Couples with one income earning €25,000 a year are €204.81 a week (€10,687 a year) better off while those one on €50,000 a year are €16,173 a year better off.

Over the same period **couples with two incomes** earning a total of €25,000 a year are €225.01 a week (€11,741 a year) better off while those with two incomes totalling €50,000 a year are €421.27 a week (€21,982 a year) better off.

This income distribution reflects Government's choices over their seven years in office.

# The Rich-Poor gap has widened by €294 a week

Since coming to power in 1997 this Government has widened the rich/poor gap by €294 a week (€15,341 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 new savings scheme which better off people can access but which is beyond the reach of Ireland's poorest people.

Chart 2 shows that the disposable income of **single people** who are long-term unemployed and those on €50,000 a year has widened by €280 a week (€14,610 a year). The latter can

also gain €14 a week from the government Savings Scheme, widening the gap to €294 a week (€15,341 a year).

The impact of Government decisions on the take-home income of **couples** has been almost as striking. After seven Budgets couples who are long-term unemployed are €89.43 a week better off while a couple on €50,000 are €310 a week (i.e. €16,173 a year) better off. The latter also benefit from the Savings Scheme so the gap between them has widened by €324 a week (€16,906 a year).

Some commentators try to justify these increases claiming that the per-

centage increases in particular years were lower for the better off. We reject that analysis. Percentages do not buy bread or milk. Cash does. €344 a week is more than €50 a week. We are simply pointing out the obvious.

**Widening the gap between the better off and the poor is unfair, unjust and bad for social cohesion. This trend should be reversed.**

# Government's Gross Current Expenditure for 2004

2003 Post-Budget	€m	% of Total Gross Expenditure*
<b>Service of National Debt</b>		
Interest (a)	1842	4.7
Sinking Funds	499	1.3
Other debt management expenses	39	0.1
	<b>2381</b>	<b>6.1</b>
<b>EU Budget Contribution</b>	<b>1212</b>	<b>3.1</b>
<b>Economic Services</b>		
Industry and Labour	1210	3.1
Agriculture	1274	3.2
Fisheries, Forestry	139	0.4
Tourism	164	0.4
	<b>2787</b>	<b>7.1</b>
<b>Infrastructure</b>	<b>176</b>	<b>0.4</b>
<b>Social Services</b>		
Health	9510	24.2
Education	6059	15.4
Social Welfare	11295	28.7
Housing, Subsidies, etc.	422	1.1
	<b>27286</b>	<b>69.4</b>
<b>Security</b>	<b>2589</b>	<b>6.6</b>
<b>Other</b>	<b>2914</b>	<b>7.4</b>
<b>Gross Current Expenditure</b>	<b>39345</b>	<b>100.0</b>

\* Note that figures may not add due to rounding.

# Government Revenue for 2004

Tax Revenue	€m	Non-Tax Revenue	€m
Customs	137	Central Bank Surplus	344
Excise Duties	4,864	National Lottery Surplus	217
Capital Taxes	1001	Interest on Loans and Dividends	88
Stamp Duties	1,600	Issue of Coin	75
Income Tax	10,077	Other Receipts	95
Corporation Tax	5,348		
Value Added Tax	10,368	<b>Total Non-Tax Revenue</b>	<b>819</b>
Agricultural Levies (EU)	5		
<b>Total Tax Receipts</b>	<b>33400</b>	<b>TOTAL CURRENT RECEIPTS</b>	<b>34219</b>

## Failure to achieve Budget Potential

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

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

Minister for Finance creates the impression that these overall budget deficits are economically unhealthy. It is equally puzzling why the aim of his budget management policies have remained concentrated on minimising the overall exchequer deficit and achieving this by contracting spending, and spending growth, in the current account.

It is clear from the Department of Finance projections that there remains significant room for further current account spending over the next few years. Additional spending of €1.5 billion a year is more than feasible. Its effect would only be to reduce the sizeable current account surpluses and

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

Based on these figures, it is clear that the Minister could have spent a lot more in Budget 2004. In the context of the socio-economic problems persisting in Ireland today we believe that these funds should be used to address them.

Major changes could have been funded in this Budget if the Minister was willing to take a more realistic and standard approach to managing fiscal policy.

## Rural programme welcome but CE issues outstanding

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The Budget provided funding for the introduction of a new Rural Social Scheme providing places for 2,500 people. This is aimed at "improving rural services in a more efficient way and at the same time providing an income for small farmers with a working week compatible with farming." This is a welcome initiative. But it must be put into context.

In the past two years the number of places available on Community Employment (CE) schemes has been reduced by 10,800 to their present level of 20,000. Government saved €135 million by making these reductions.

No programme was put in place to

secure the future of the services when CE funding was cut. Consequently, a large number of organisations have been forced to reduce or, in many cases, terminate their services.

While this new programme is different to CE it will mean that 2,500 more places will be available on programmes providing support for a wide range of activities in local communities. However before the operation/implementation aspects of this programme are finalised we hope there will be more dialogue with the communities and people concerned.

This will go some way towards redressing the loss in support for such

activities that had resulted from the reductions in CE places.

CORI Justice Commission believes that the services provided by local organisations should not be forced to depend on financing being made available only if long-term unemployed people are recruited by the project. Either these services (such as 'meals on wheels') are necessary or they are not. If they are necessary then there should be a specific programme to finance such services. We continue to urge Government, in the strongest terms possible, to establish a new fund to support the many projects that find themselves in this situation.

## Government abandons its own unemployment target

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Government has abandoned its own target to eliminate long-term unemployment. This target was contained in the revised *National Anti-Poverty Strategy* (NAPS) published in 2002 and in the Government's *Employment Action Plan* submitted to European Commission earlier this year.

In the Minister's Budget speech he forecast that, despite a growth of 23,000 in the number of people in jobs in the coming year, the unemployment rate will rise to 5%. This is a slight increase on the present level.

This forecast is of special interest

given the Minister's assertion that job creation is the solution to social exclusion. As we have shown on page 3 the Minister is mistaken in his assertion.

At the same time, tackling unemployment is very important. Alternative strategies are required to ensure that people who are long-term unemployed are not left outside the labour force for the rest of their lives. Should Ireland, for example, continue to expend resources to increase further the number of jobs available?

Given the problems being experienced in trying to increase the labour supply (by recruiting women, older people

and people from abroad) and given the fact that one in every six people in poverty lives in a household headed by a person *with* a low-paid job, should more emphasis be placed on improving the quality of jobs available, and the education, training and life-long learning capacity of people in the labour force? Likewise, should it not be recognised that some people will need 'supported' employment for some time to come?

A broader focus than is currently the case would be likely to have a better impact on both long-term unemployment and poverty.

# Children and the Budget

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The most recent ESRI report on poverty in Ireland recorded that in 2000 one in every four households and one in every five people in Ireland were living in poverty. Of those households in poverty almost two-thirds (65.7%) contained children. Overall the report found that almost one in every four Irish children was living in poverty. This figure equals almost 300,000 children. Given that our children are our future, these child poverty figures are shocking and beyond acceptability.

Budget 2004 was an opportunity to respond to this situation. However, this Budget brought little good news

for the nation's poor children. The increase of €6 in child benefit was far below that necessary for the government to meet its commitment in the National Children's Strategy. This commitment was re-affirmed in Sustaining Progress.

This increase brings the child benefit level for the first and second child to €131.60 per month and €165.30 for third and subsequent children. The real value of this increase can be judged after taking into account the effect of inflation which according to the Budget will be 2.5% in 2004. Looking at the rates for the first and second child inflation erodes €3.14 of the

monthly increase. The real increase for children is therefore only €2.86 a month. This equals 66c a week or less than 10c a day. This is hardly a suitable response to Ireland's child poverty problem.

We welcome the additional allocation of €1m to fund school meals. However given the above increases in child benefit and the extent of child poverty this service provides a very necessary function. We are also concerned at the absence of an increase in the Back to School allowance. This is an important allowance for poor families, and in the context of increasing price levels, the failure to increase it is of concern.

## The Budget and those who are Poor

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

The most up-to-date data available on poverty in Ireland comes from the 2000 *Living in Ireland Survey*, conducted by the ESRI. Using the 50% poverty line, the findings reveal that at the height of the recent period of economic prosperity one in every four households and one in every five people in Ireland were living in poverty.

These figures allowed the ESRI to conclude that Ireland has a high rate of relative income poverty compared to other EU countries and that it is caused by structural factors that need to be tackled while the resources are available to do so (Layte et al, 2001). Commenting on the scale of these poverty figures, an editorial in *The Irish Times*, 5 September 2002 concluded by posing the question "how viable is such a society in the long run?"

To be poor in Ireland today means that you are:

- always short of money

- frequently hungry
- often cold
- unsure of a permanent roof
- prone to illness
- vulnerable to attack
- fearful of the unexpected
- always having to wait for what others take for granted
- struggling to retain a sense of humanity and dignity

Budget 2004 has done little for the large number of people experiencing poverty.

## Approach to housing will not impact on waiting lists

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This Budget once again underscores the sustained failure of the Government to come to grips with the scale of the problem facing people who need social housing. Its lack of urgency on this issue is unacceptable.

The latest *Housing Statistics Bulletin* issued by Government in March 2003 showed there was a total of 48,413 households on local-authority waiting lists. This figure is 76.5% higher than it was in 1996, and indicates that about 130,000 people are in need of accommodation. This figure does not include many homeless people.

Side by side with the growth in waiting lists, there has been minimal growth in the provision of local authority social housing. Since 1996 the overall stock has increased by only 4,395 units or less than 5%. It is hardly surprising that waiting lists are increasing substantially.

Furthermore, Government policy is supporting a situation where a quarter of all houses built are unoccupied for most of the year, while the number of households on waiting lists are not being reduced in any significant way.

There seems something perverse in the fact that the taxpayer is providing sub-

stantial subsidies to the owners of these unoccupied (mostly holiday) houses by paying for the infrastructure that supports them such as water, roads, sewage systems, electricity etc. while so many people don't have basic adequate accommodation. And, while doing this, its allocation for social housing for 2004 will result in a shortfall of between 2,500 and 3,000 social housing units when compared to the Government's own targets set in the National Development Plan (NDP).

There is an unacceptable lack of urgency in Government's response to this issue.

# Income Distribution

## Our Submission Asked that the Budget :

- Redress the imbalances of the last six Budgets where the major beneficiaries were the better off.
- Provide a fair income distribution between people on different incomes. To achieve this the combined impact of the tax and social welfare packages should favour those on low incomes whether they depend on social welfare or are in low-paid employment.
- Increase the lowest social welfare rates by €12 a week for a single person and by €20 a week for a couple.
- Commit Government to benchmarking the lowest social welfare payments for single people at 30% of gross average industrial earnings (GAIE) by 2007.
- Increase child benefit substantially and do not tax it.
- Move towards individualisation of social welfare payments.
- Introduce a cost of disability allowance.
- Increase the weekly allowance for asylum seekers in 'direct provision' to €50 a week for an adult and €25 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 in the past two years and the need to phase in a carbon tax which will have a disproportionate impact on poor people.)
- Abolish claw-back rules so that social welfare recipients will get the full value of the Budget increases.

## The Budget :

**Total Social Welfare improvements will cost €630 million. The following are the main changes for 2004:**

### INCREASES: PERSONAL RATES

- €10 in all personal rates
- €11.50 in Widow(er)'s Contributory Pension and Deserted Wife's Benefit, aged 66 and over

### INCREASES: QUALIFIED ADULT ALLOWANCES

- €7.70 in Old Age (Contributory) and Retirement Pensions (66 and over)
- €6.70 for those under 66
- €16.10 in Invalidity Pension (66

and over)

### INCREASES: CHILD AND FAMILY INCOME

- €6.00 per month for 1<sup>st</sup> and 2<sup>nd</sup> child
- €8.00 per month for 3<sup>rd</sup> and subsequent children
- €10 per week in Maternity Benefit
- €28.00 per week in Family Income Threshold
- Family Income Supplement to be disregarded in assessment of entitlement to rent supplement
- €200 in Widowed Parent Grant
- Increase from 14 to 16 weeks in

### Adoptive Benefit payment duration

### CARERS INCREASES

- €100 in Respite Care Grant
- €40 weekly income disregard for single people, and
- €80 for a couple - Carers Allowance Scheme

### ADDITIONAL FUNDING

- €1 million increase in School Meal Programme
- €1.01 million to MABS
- €250,000 to Comhairle
- €190,000 to the Combat Poverty Agency

## Our Response :

- Acknowledgement of the above social welfare increases
- Concern about the 400,000 people (to whom the Minister referred in her post-Budget speech) for whom the €12 increase recommended by CORI would have made substantial difference to their standard of living. The Government appears reluctant to deliver on its commitment to benchmark the lowest social welfare payments for single people at 30% of GAIE by 2007
- Regret that in the interest of reducing child poverty
- ⇒the actual increase in child benefit for the first two children is a mere 10 cent a day
- ⇒there is a failure to increase the back to school allowances
- Keeping in mind the human reality of poverty it is a source of deep dismay that
- ⇒there was no increase in the weekly allowance for asylum seekers in direct provision
- ⇒steps have not been taken towards the individualisation of social welfare payments
- ⇒the cost of a disability allowance has not been introduced
- ⇒there has been a failure to address fuel poverty

**“The government undertakes to continue the focus on eliminating poverty and social exclusion as a priority and to mobilise the resources necessary to achieve this aim”**

# Taxation

## Our Submission Asked that the Budget :

- Commit to increasing Ireland's total tax take towards the EU average.
- Make tax credits refundable.
- Increase tax credits substantially so as to move towards taking the minimum wage out of the tax net.
- 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 on consumption.
- Introduced the promised carbon and environmental taxes.
- Develop policies which allow taxation on wealth to be increased.
- Investigate the possibility of introducing a tax on currency transactions such as the Tobin Tax.
- Investigate the possibility of introducing a land-rent tax.
- Standard rate all discretionary tax expenditures.

## The Budget :

### INCOME TAX

- Employee Tax Credit increased by €240 to €1,040
- Tax exemption for people aged over 65 increased by €500 single and €1,000 married
- Reduction in Rate for Preferential Home Loans from 4.5% to 3.5%
- Tax allowance in respect of Trade Union Subscriptions increased to €200
- Tax relief at standard rate introduced in respect of dental insurance
- Tax exemption introduced for income received by Gaeltacht households under the summer college student scheme

### FARMER TAXATION

- Farm Pollution Control scheme extended to 2006
- Increase in exemption for income derived from certain leases of farmland

### CORPORATION TAX

- Introduction of Tax credit of 20% in respect of research and development expenditure over €50,000
- Exemption in Capital Gains Tax introduced in respect of the disposal of Irish trading subsidiaries of multinationals

### VAT & EXCISES

- Increase in the excise duty of 25 cent on 20 cigarettes and pro-rata

### on other tobacco products

- Mineral oil tax on auto diesel and petrol increased by 5 cent
- Farmers flat rate addition increased to 4.4%
- VAT anti-avoidance measures being introduced in respect of the site element of new houses and apartments

### OTHER

- Business Expansion and Seed Capital Schemes extended to 2006 and limits increased to €1million
- Qualifying period for tax relief for corporate investment in renewable energy projects extended to 2006

## Our Response :

What deserves most attention in relation to taxation is what the Minister did not do:

- The increase in employee tax credits is a move in the right direction, taking as it does 90% of the minimum wage out of the tax net

However,

- This increase will not benefit the lowest paid workers who are already outside the tax net
- We regret that the Minister did not take this opportunity to redress this situation by making the tax credits refundable

- We are disappointed that the Minister did not take the opportunity to introduce the carbon and environmental taxes promised in last year's Budget
- The Minister noted that increased public spending has to be either financed by tax measures or charging the users, and proceeds to favour the latter rather than taking the initiative to ensure that those who have more pay more
- No attempt was made to broaden the tax base with no increases in the corporate tax rate, capital gains tax or

introduction of a tax on currency transactions

- The Minister has lost another opportunity to radically reform the tax system in favour of those who are less well off in Irish society.

**“Ireland's total tax take is the lowest in the EU”**

**OECD, 2003.**

# 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.
- Substantially increase the resources available for the Social Economy programme and ensure that it maintains its social economy focus.
- Increase the education/training grants for participants in active labour market programmes.
- Resource life long learning.
- Recognise the right to work of asylum seekers.
- Provide resources to conduct a survey to discover the value of all unpaid work in the country (including community and voluntary work and work in the home).

## The Budget :

- **Budget 2004 estimated that unemployment would increase by 5% in 2004.**
- **Increased the allocation to the Department of Enterprise, Trade and Employment by 1% to €1,213m.**
- **Advertising and information resources increased by 13%.**
- **Reduced the following budgets: IDA Ireland grants to industry by 9%, Shannon Free Airport Development Company Ltd by 29%, County Enterprise Development by 9% and Enterprise Ireland grant to industry minus 15%**
- **Increased the allocation of funding to Science and Technology Development Programme by 36%**
- **Introduced a New Rural Social Scheme to provide secure community related employment opportunities for persons in families eligible for the Farm Assist Scheme. New funding of €10m and it is estimated that it could provide for up to 2,500 places.**
- **Reduced the allocation to funding for the Monitoring and evaluating of EU programmes by 45%.**
- **Reduced the allocation to FAS Training and Integration Supports by 31%.**
- **Under the National Training Fund increased the allocation to FAS by 26% (€57.8m) to €279.8m.**
- **Reduced the allocation to FAS Employment Programme by 3%**
- **Reduced the Employment Support Services under the Department of Social and Family Affairs by 29% (€42.3m) to €101.9m.**
- **Reduced qualifying period on Live Register for access Back to Work Allowance by 2 years, from 5 years**

## Our Response :

- It is very important to recognize that unemployment (particularly LTU) has not gone away. While the situation is a great deal better than 10 years ago a significant number of people remain unemployed.
- The Government has in effect given up on achieving its own target of eliminating long-term unemployment (cf. story on page 8).
- The constant refusal of Government to address the issues relating to long-term unemployment in a constructive way within the Standing Committee on Labour Market (SCLM) raises serious questions concerning the Government's bonafides in this area. The SCLM, which is chaired by the Department of Enterprise, Trade and Employment has met 14 times in the past 21 months but has encountered a total resistance from Department officials to any attempts to address this serious issue in a way that would move Government towards achieving its own target.
- The allocation for Community Employment (CE) means there has been a reduction of 10,800 places on this programme over the past two years.
- We welcome the introduction of the new Rural Social Scheme that will provide employment for farmers eligible for Farm Assistance Scheme. This employment initiative will provide community related services.
- However, as places on the schemes will be on an annual basis and subject to periodic means test this could have a detrimental impact on the employee, their family and the service provided.
- We strongly urge government to address all of these issues in the forthcoming review of active labour market programmes being finalised by the standing committee on the labour market.

# 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 new 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 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 additional funding to the Sports Partnership initiative.
- Take initiatives to ensure equality of access across all public services.
- Focus regulation policy on measuring impacts on social, cultural and sustainability dimensions of initiatives.

## The Budget :

- Made a one off additional contribution of €30 million to the Local Government Fund in 2004 to assist the management of Local Authority finances next year.
- Reduced the allocation to Public transport by 9% (€61.5m) to €606.1m.
- Increased the allocation to Libraries by 1% to €11.6m.
- Increased the allocation to fire and emergency services by 1% (€169,000) to €19.3m
- Increased the allocation to Regional Broadband & Technology Demonstration Programme by 1% to €32.4m.
- Increased grants to sporting bodies by 2% (€1m) to €62m. (National Lottery funded)
- Increased grant to Sports Council by 9% (€2.5m) to €29m. (National Lottery funded).
- Increased grant to swimming pools by 67% (€6m) to €15m.
- Increased Legal Aid by 9% (€4.5m) to €52.1m
- Within this allocation, reduced the allocation to Free Legal Advice Centres, by 4% (€4,000) to €94,000.

**Because poorer people rely on public services more than those who are better off, it is they who are most acutely affected by this shortage.**

## Our Response :

- It is difficult to understand how the reduced allocation to public transport can be justified at a time when this service is so badly in need of development on practical grounds and as part of a commitment to long term sustainability.
- While some of the measures introduced are welcome, we regret the lack of a serious commitment to ensuring that the provision of and access to an acceptable level of public services.
- We welcome the increased allocation to the development of broadband.
- We regret that no resources have been committed to ensuring improved access to the benefits of communications technology by communities, young people and those who are unemployed.
- We welcome the allocation of additional resources to sports activities and infrastructure.
- The increased allocation to the library service is welcome, but insufficient to ensure that the potential of this service to be creatively developed is guaranteed.
- The reduced allocation to Free Legal Aid Centres is deplorable. These centres provide a limited but essential services to those who lack adequate financial resources to access legal services. These services are already under resourced. This reduction will put further pressures on their ability to function effectively.
- With recent CSO statistics demonstrating that all sections of the Irish public are travelling increasing distances to work or to access education, a commitment to an improved public transport system is an urgent priority.
- A further benefit of increased public transport provision is its contribution to the development of a more enhanced environment.
- In rural areas, the lack of quality transport systems is an equality issue and this applies also to the lack of appropriate public transport to people with disabilities.

# Community and Rural Development

## Our Submission Asked that the Budget :

- Decouple all direct payments from production and introduce a direct payment in the form of a basic income for each person.
- Ensure the provision of basic infrastructure and services based more on equity and social justice, rather than on cost effectiveness. Particular account should be taken of rural disadvantage.
- Provide support for rural housing.
- Provide additional resources for the development of rural public transport strategies and initiatives to meet the needs of local communities.
- Support additional special outreach education programmes in rural areas, particularly those where no major third level colleges are located.
- Support policies that encourage alternative farm enterprises through the promotion of quality (including organic) food production and processing.
- Reverse the trend of centralising services away from local communities in areas such as healthcare, education, post offices, etc.
- Support programmes to create employment for part-time farmers with a view to effectively targeting the needs of smaller farmers.

## The Budget :

- Introduced a major programme of decentralisation of government departments by announcing the transfer of the headquarters of eight Departments and the OPW to rural towns located in twenty five counties.
- Introduced a new rural social scheme to provide improved rural services in a more efficient way, while at the same time ensuring an income for small farmers, with a working week compatible with farming.
- Increased both the allocation to the Western Development Com- mission by 8% to €1.5m and the allocation to the Western Investment Fund by 101% to €4.05m.
- Increased the allocation to the LEADER, INTERREG, Peace Programmes, CLÁR and RAPID
- Increased the Drugs Initiative/Young People's Facilities and Services Fund by 5% to €33.5m
- Reduced the allocation to Local Development/Social Inclusion Measures by 6% (€2.5m) to €42.2m and reduced the allocation to the programme for Peace and Reconciliation by 5% to €10.6m.
- Increased the allocation to forestry by 31% (€25.3m) to €107.9m.
- Increased the allocation to the National Development Plan-Agricultural Development by 70% (€21.6m) to €52.6m while reducing the allocation to Teagasc by 5% (€4.7m) to €88.6m.
- Reduced the allocation to Equality by 1% (€1.2m) to €84.4m
- Reduced the allocation to Disability by 7% (€0.6m) to €7.5m.
- Increased the grant to the Horse and Greyhound racing fund by 5% (€3.2m) to €66.9m.

## Our Response :

- We regret that the budget has not sufficiently addressed the issue of providing basic infrastructure and services based on principles of equity and social justice in rural areas. A real vision for rural areas and a commitment to realising that vision is still lacking in the approach of government to rural development
- We welcome the proposal for decentralisation of government departments for the boost which it will give to the rural economy of a large number of communities. We would advocate that the government take steps to ensure that this move does not reduce the thrust towards a better integration of policies between departments, and that there is no reduction in the levels of access to government departments by the citizen
- We welcome the concept which underpins the new rural social scheme, as a measure which will provide part time employment for farmers and improved services in rural areas. However we await further details of the new scheme before a more thorough appraisal of the proposal can be made
- We regret the reduced allocations to equality, disability and social inclusion measures at a time when progress on each of these is a declared priority of public policy

***CORI Justice Commission has proposed that rural development policy should be guided by the following national objective: To secure the existence of substantial numbers of viable communities in all parts of rural Ireland where every person would have meaningful work, adequate income and social services, and where the infrastructure needed for sustainable development would be in place.***

# Environment

## Our Submission Asked that the Budget :

- Allocate resources to achieve waste reduction targets by implementing the Waste Management Act.
- Allocate substantial additional resources to develop and reward recycling.
- Provide additional resources to ensure that water pollution is reduced.
- Undertake to review the water pollution acts so as to increase the penalties associated with water pollution.
- Introduce a 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.

## The Budget :

- Increased the allocation to Local Government by 2% (€10m) to €486.4m.
- Increased the allocation to non-national roads by 22% to €48m.
- Reduced the allocation to the Environmental Protection Agency by 32% (€6.2m) to €12.9m.
- Reduced the Urban Regeneration grant by 19% to €20m.
- Increased the grant to the Tidy Towns competition by 1% to €100,000.
- Projected an increase in the Plastic Bag Levy of 9% to €12m and an increase of 7% in the Landfill Levy to €30m.
- Increased the grant to the Heritage Council by 5% to €2.4m with an additional increase of 1% to €7.1m from the National Lottery
- Extended the special scheme of capital allowances for farm pollution control for a further three years to 2006
- Increased the allocation to the Rural Environmental Protection Scheme (REPS) by 37% (€7m) to €260m
- Increased the allocation to national roads by 1% (€17.4m) to €1,334m.
- Reduced the allocation to Coast Protection and Management by 46% to €5m
- Increased the grant to Energy Conservation by 2% to 13.7m.
- Extended the corporate tax relief for investment in renewable energy generation to 2006 for certain projects.

## Our Response :

- Our expressed fears concerning the commitment to introducing carbon energy taxes contained in the Budget for 2003 and announced by the Minister for Finance a year ago have been realised. We are deeply disappointed by the lack of a sense of urgency on the Government's part in addressing its commitments under the Kyoto Protocol.
- We welcome the increased allocation to the REPS Scheme and to energy conservation.
- However, we regret the failure to allocate resources to the introduction of Satellite Accounts and to support the achievement of waste reduction targets
- We also regret the failure to introduce new measures to ensure that water pollution is decreased.
- We regret the reduction in the allocation to the Environmental Protection Agency at a time when environmental protection should be high on the national agenda.
- We regret the reduced allocation to coastal protection and management. This is part of our environment which is likely to be vulnerable with predicted climatic change

**“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, 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 2007.
- Provide the resources to local authorities and the voluntary/non-profit housing sector to make substantial progress towards reaching this target.
- Resource the active implementation and enforcement of the 1992 legislation with respect to the private rented sector of housing.
- Provide sufficient resources to eliminate homelessness in the coming year.
- Provide new resources for the security and management of local authority housing.
- Give a special focus to tackling issues concerning accommodation for refugees and asylum seekers.
- Provide the resources required to ensure implementation of the Travellers Accommodation programme.
- Resource the establishment of a National Housing Authority as proposed in the National Economic and Social Forum's report on social and affordable housing and accommodation.

## The Budget :

- Increased the allocation to the Local Authority and Social Housing Programmes by 3% (€33.3m) to €1,049m.
- An additional €94.12m was allocated to housing from Local Authority receipts (this is a reduction of €10m on the allocation under this heading in 2003).
- Increased Private Housing grants and subsidies etc. by 1% €75.3m.
- Increased the grant to the Task Force on Special Housing Aid for the Elderly by 1%, to €11.6m (This funding will come from the National Lottery).
- Provided €1.92m for Communal Facilities in Voluntary Housing Schemes - a 1% increase over 2003.
- Provided for Local Authorities to take out loans totalling €653m (e.g. from the Housing Finance Agency) for house purchase and improvement.
- Provided rent supplements totalling €330m allocated from the Department of Social and Family Affairs.
- Reduced allocation to the Environment Protection Agency by 32%.
- Reduced the allocation to Urban Regeneration by 19% (€24.7m) to €20m.
- Gaeltacht Housing funding remains unchanged at €4m
- Reduced the allocation for the provision of accommodation to Asylum Seekers by 4% (€72.5m) to €69.3m.

## Our Response :

- Local Authority waiting lists will continue to grow as a result of the failure to substantially increase the allocation for various social housing and accommodation programmes.
- This inadequate allocation will mean that Government will fail to reach its own targets for increases in the provision of social housing as outlined in the National Development Plan (NDP).
- The shortfall in 2004 is likely to be of the order of 2,500/3,000 units of social housing provision. This is extremely regrettable considering the scale of the challenge that is currently facing those providing social housing. There are close to 50,000 households on waiting lists. These households contain about 130,000 people who are currently in need of appropriate accommodation.
- We regret the reduction in the allocation for the provision of accommodation to Asylum Seekers of 4% (€72.5m) to €69.3m.
- We regret the reduction in allocation to Urban Regeneration of 19% (€24.7m) to €20m and the implications this has for communities.
- The changes with regards to eligibility for rent supplement will have a detrimental impact on of the most vulnerable groups in society.

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

# Education

## Our Submission Asked that the Budget :

- Increase the proportion of funding allocated to Primary and pre-school sector as a way of addressing the regressive nature of educational funding.
- Reduce the pupil-teacher ratio in years 1-4 of Primary schools in the *Even Break* initiative and those in Disadvantaged areas.
- Extend the *Even Break* initiative so it is open to schools for a minimum of seven years with a review process every three years.
- Extend the number of formal early-start programmes to include all children in educationally disadvantaged communities
- Community based pre-school initiatives should include ongoing credentialised training for community workers and evaluation of outcomes for children.
- Extend two-year timeframe for completion of modular Leaving Certificate Applied.
- Revise the format of the public expenditure estimate and budget statement for Department of Education and Science to include a separate 'head' with detailed 'subheads' for Adult and Community Education
- Initiate research into development of Basic Educational Investment Allowance for all citizens to facilitate 2<sup>nd</sup> chance education at all levels.
- Prioritise full implementation of the Education Welfare Act as a means of enabling educationally vulnerable people to progress.

## The Budget :

- Increased the overall allocation to education by 12% (€687m) to €6,549m
- Increased the allocation to first level education by 13% (€257m) to €2,232m. Within this budget:
  - ⇒ Increased the grants to special needs assistants by 16% to €119.9m
  - ⇒ Increased the Building & Equipment grant by 13% (€22.3m) to €190m.
  - ⇒ Increased the grants towards clerical assistance by 7% to €7.2m.
  - ⇒ Increased the grants to caretakers by 25% to €6.4m.
- Increased the allocation to second level and further education by 10% to €2,347m. Within this budget:
  - ⇒ Increased grants towards clerical assistance by 7% to €6m
  - ⇒ Increased grants to Vocational Education Committees by 15% (€93.1m) to €702.7m
  - ⇒ Increased grant for special initiatives in adult education by 3% (€729,000) to €28.3m.
  - ⇒ Increased Capital grants by 1% to €167m.
- Increased allocation to third level by 4% (€57m) to €1,480m. Within this budget :
- ⇒ Increased the higher education grants by 37% (€25.6m) to €95.6m
- ⇒ Increased the VEC scholarships by 38% (€6.9m) to €24.9m.
- ⇒ Increased the alleviation of disadvantage grant by 4% (€1m) to €27m
- The allocation of an additional €30m. to primary and post primary school building works.

## Our Response :

- We welcome the increased allocation for educational provision in a context of multiple financial demands on the Departmental budget.
- The allocation of €5.7m to the Education Welfare Board is noted as a start-up allocation. We regret the inability to prioritise delivery of this much needed initiative on a national basis, as it is potentially the key to ongoing liaison between homes, schools, community and wider statutory bodies/agencies especially in the interests of disadvantaged young people and their families.
- The increased allocation for capital development at Primary and Post Primary level is welcome together with the 5 year multi-annual budget for capital projects. This development should facilitate strategic planning according to the agreed criteria for such developments, and enable services to disadvantaged communities to be spearheaded.
- The changes in the eligibility conditions for Back to Education grants is understood with the proviso that some discretion be vested in welfare officers in granting derogation in case of certain applicants. Agreed guidelines should include provision for certain categories from disadvantaged educational backgrounds.
- The seeming imbalance between the Higher Education grants and the funding for other initiatives in Adult Education is a source of concern especially in the absence of separate sub-heads for Adult and Community Education .

# Healthcare

## Our Submission Asked that the Budget :

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

## The Budget :

- Increased the gross allocation to healthcare of €891 million to €10.05 billion in 2004. This represents an increase of 10% on 2003 estimate.
- Increased social services by 10%. The estimate for 2003 was €7,346m to €8,068m in 2004.
- Increased both A&E and bed charges in public hospitals by €5.
- General Medical Services Payment Board increase of 19% (€187m) to €1,150m.
- Increased the allocation to Health Boards for cash allowances and grants by 10% (€42.1m) to €466.5m.
- Grants to health bodies including voluntary hospitals increase of 6%
- Developmental consultative and supervisory bodies increase of 14%.
- Information systems and related services for health agencies increase of 102% (€30.3m) to €60m.
- Information society/initiatives in health sector increase of 25%.
- Increased threshold for Drugs Payment Scheme to €78 per month.
- €32m for Treatment Purchase Fund. In addition to €43m for Waiting List activity. This will result in 9,500 of those on waiting lists being treated in 2004.
- Additional €25m for emergency residential placements and day services for people with disabilities.

## Our Response :

- Almost 25% of total gross public expenditure in 2004 will go on the health budget. The comparable figure in 1997 was 19.2%.
- This budget has failed to give priority to community care. As a result the Government has failed to honour the commitments in its own National Health Strategy.
- We welcome the €25m increase of current expenditure being provided for additional emergency residential placements and day services for People with Disabilities.
- There is no increase in the medical card eligibility level. Consequently this will continue to have severe implications for all those on low incomes.
- The €8 increase in the Drug Payment Scheme that raises the threshold to €78 per month will have a negative impact on the health of those on low incomes.
- In-patient bed charges and casualty charges have both been increased by €5 bringing the total to €45. This will increase the hardship already experienced by those just above the medical card income levels.
- In recent months there have been three major reports published: Commission on Financial Management and Control Systems in the Health Services (Brennan Report), Audit of the Structure and Functions of the Health System (Prospectus) and finally the Report of the National Task Force on Medical Staffing (Hanly). For these to be implemented substantial resources must be allocated, this did not happen in this Budget.
- We welcome the €32 million for Treatment Purchase Fund. In addition to €43 million for Waiting List activity. This will result in 9,500 of those on waiting lists being treated in 2004.

**SOCIAL WELFARE: Social Insurance increases January 2004**

<b>PERSONAL AND QUALIFIED ADULT RATES</b>	<b>Present Rate</b>	<b>New Rate</b>	<b>Increase</b>
	€	€	€
<b><u>Retirement Pension/Old Age Contributory Pension:</u></b>			
(i) Under 80:			
Personal rate	157.30	167.30	10.00
Person with qualified adult under 66	262.10	278.80	16.70
Person with qualified adult 66 or over	278.80	296.50	17.70
(ii) 80 or over:			
Personal rate	163.70	173.70	10.00
Person with qualified adult under 66	268.50	285.20	16.70
Person with qualified adult 66 or over	285.20	302.90	17.70
<b><u>Widow's/Widower's Contributory Pension:</u></b>			
(i) Under 66	130.30	140.30	10.00
(ii) 66 and under 80	155.80	167.30	11.50
(iii) 80 or over	162.20	173.70	11.50
<b><u>Invalidity Pension:</u></b>			
(i) Under 65:			
Personal rate	130.30	140.30	10.00
Person with qualified adult under 66	223.30	240.40	17.10
Person with qualified adult 66 or over	243.40	269.50	26.10
(ii) 65 and under 80:			
Personal rate	157.30	167.30	10.00
Person with qualified adult under 66	250.30	267.40	17.10
Person with qualified adult 66 or over	270.40	296.50	26.10
(iii) 80 or over:			
Personal rate	163.70	173.70	10.00
Person with qualified adult under 66	256.70	273.80	17.10
Person with qualified adult 66 or over	276.80	302.90	26.10
<b><u>Carers Benefit</u></b>			
Personal rate	139.70	149.70	10.00
<b><u>Occupational Injuries Benefit - Death Benefit Pension:</u></b>			
(i) Personal rate under 66	153.60	163.60	10.00
(ii) Personal rate over 66 and under 80	161.70	171.70	10.00
(iii) Personal rate over 80	161.70	173.70	12.00
<b><u>Occupational Injuries Benefit - Disablement Pension:</u></b>			
Personal rate	155.90	165.90	10.00
<b><u>Disability / Unemployment Benefit:</u></b>			
Personal rate	124.80	134.80	10.00
Person with qualified adult	207.60	224.20	16.60
<b><u>Injury Benefit/Health and Safety Benefit:</u></b>			
Personal rate	124.80	134.80	10.00
Person with qualified adult	207.60	224.20	16.60
<b><u>Orphan's Contributory Allowance</u></b>			
	97.00	107.00	10.00

**Increases in Maximum Weekly Rates of Health Allowances from January 2004**

	€	€	€
<b><u>Supplementary Allowance payable to Blind Persons in receipt of a Blind Pension</u></b>			
(i) Blind Pensioner	38.80	41.90	3.10
(ii) Blind Married Couple	77.60	83.80	6.20
<b><u>Infectious Diseases Maintenance Allowance</u></b>			
(i) Personal Rate	124.80	134.80	10.00
(ii) Person with qualified adult	208.80	224.20	15.40

**SOCIAL WELFARE: Social Assistance increases January 2004**

	<b>Present Rate</b>	<b>New Rate</b>	<b>Increase</b>
	€	€	€
<b><u>Retirement Pension/Old Age Non Contributory Pension:</u></b>			
(i) Under 80			
Personal rate	144.00	154.00	10.00
Person with qualified adult under 66	239.20	255.80	16.60
Person with qualified adult over 66	239.20	255.80	16.60
(ii) 80 or over:			
Personal rate	150.40	160.40	10.00
Person with qualified adult	245.60	262.20	16.60
<b><u>Blind Person's Pension:</u></b>			
(i) Under 66:			
Personal rate	124.80	134.80	10.00
Person with qualified adult under 66	207.60	224.20	16.60
Person with qualified adult 66 or over	220.00	236.60	16.60
(ii) 66 and under 80:			
Personal rate	144.00	154.00	10.00
Person with qualified adult under 66	226.80	243.40	16.60
Person with qualified adult 66 or over	239.20	255.80	16.60
(iii) 80 or over:			
Personal rate	150.40	160.40	10.00
Person with qualified adult under 66	233.20	249.80	16.60
Person with qualified adult 66 or over	245.60	262.20	16.60
<b><u>Widow's/Widower's Non-Contributory Pension:</u></b>			
(i) Under 66	124.80	134.80	10.00
(ii) 66 and under 80	144.00	154.00	10.00
(iii) 80 or over	150.40	160.40	10.00
<b><u>One-Parent Family Payment (including one child):</u></b>			
(i) Under 66	144.10	154.10	10.00
(ii) 66 years and over	163.30	173.30	10.00
<b><u>Carer's Allowance:</u></b>			
(i) Under 66	129.60	139.60	10.00
(ii) 66 years and over	147.80	157.80	10.00
<b><u>Disability Allowance</u></b>			
Personal rate	124.80	134.80	10.00
Personal with qualified adult	207.60	224.20	16.60
<b><u>Supplementary Welfare Allowance:</u></b>			
Personal rate	124.80	134.80	10.00
Person with qualified adult	207.60	224.20	16.60
<b><u>Unemployment Assistance:</u></b>			
Personal rate	124.80	134.80	10.00
Person with qualified adult	207.60	224.20	16.60
<b><u>Pre-Retirement Allowance / Farm Assist</u></b>			
Personal rate	124.80	134.80	10.00
Person with qualified adult	207.60	224.20	16.60
<b><u>Orphan's Non-Contributory Pension</u></b>			
	97.00	107.00	10.00

Increases in Monthly Rates of **Child Benefit** from April 2004

	€	€	€
<b><u>Child Benefit</u></b>			
(i) First and Second Children	125.60	131.60	6.00
(ii) Third and Subsequent Children	157.30	165.30	8.00

## CORI JUSTICE COMMISSION

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



*CORI Justice Commission publishes regular briefings on a wide range of public policy issues. The Justice Commission's core areas of work are:*

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

*CORI Justice Commission has been a recognised social partner within the Community and Voluntary Sector pillar of social partners, since 1996. Comments, observations and suggestions on this briefing are welcome.*

# Overseas Development Assistance

## Our Submission Asked that the Budget :

- Implement Government's commitment to increase Ireland's ODA budget for poor countries to the UN target of 0.7% of GNP by 2007.
- Resource the development of Ireland's policies in the WTO to ensure they support a fair deal for developing countries.
- Ensure that Ireland's other Budget policies are consistent with its policies on ODA.
- Support the international campaign for the liberation of the poorest nations from the burden of un-payable debt.

## The Budget :

- **Increased the allocation to €399.1m, an increase of 7% (€25.1m) over the 2003 Estimate.**

### Within this allocation:

- **Increased the APSO grant by 2% to €22m**
- **Increased Bilateral Aid by 7% (€17.1m) to €270.1m**
- **Increased Emergency Humanitarian Assistance by 9% (€2m) to €25m.**

## Our Response :

- We welcome the increase of 7% to ODA. However this increase is not sufficient to bridge the gap to meet the Government's own target by 2007.

**'We are at a moment in history when development of economic life could diminish social inequalities if that development were guided and coordinated in a reasonable and human way. Yet all too often, it serves only to intensify the inequalities. In some places, it even results in a decline in social status of the weak and in contempt of the poor'**

**(Gaudium et Spes No. 63)**