

ELECTION BRIEFING

MAY 2007

An Agenda for Fair and Sustainable Development

The main question to be answered in Election 2007 is: what kind of Ireland do we want in the coming decades? Ireland's economy has been doing well. Employment is growing. Our per capita income is among the highest in the world.

The population is expanding and likely to exceed 5 million by 2020. At the same time almost one in five has an income below the poverty line (€1,000 for a single person, €25,400 for a household of four). Social services are not at the level one would expect in such a prosperous society. Infrastructure in areas such as public transport is not at an EU-average standard.

The challenge facing an incoming Government is

to develop a society characterised by fairness and wellbeing.

Irish society is faced with substantial opportunities, challenges and choices at this time. The future that emerges will result from the decisions taken now.

Ireland needs a government committed to an agenda for fair and sustainable progress

In the context of our growing national prosperity it is time that we gave priority to developing a fair and sustainable society. This would require bringing our social services (e.g. education, health, welfare) and infrastructure (e.g. social housing, public transport) up to an EU-average level at least. It would also require that issues

such as environment, carers, balanced regional development and the working poor be addressed in a comprehensive and integrated programme so that every person has access to what is required to live life with dignity.

In this briefing we identify the issues that need to be addressed and provide concrete policy proposals on each issue that would contribute to building such a society. We also acknowledge that these proposals must be financed. This requires that voters face up to the fact that if we want social services and infrastructure at EU-average levels these must be paid for.

We stand at a crossroads. The choice is ours.

INSIDE THIS BRIEFING

THE CONTEXT	2
INCOME POVERTY	3
TAXATION CHILDREN	3
DISABILITY EMPLOYMENT	4
WORK CARERS	4
HOUSING HEALTH	4
EDUCATION MIGRATION	5
SUSTAINABILITY RURAL	5
FOREIGN AID PLANNING	5
PRIORITIES FOR THE NEXT 5 YRS	6

Addressing Inequality

The issues identified and the proposals contained in this Election Briefing build on the socio-economic review published by CORI Justice last month. Entitled *Addressing Inequality* that review provides the detailed analysis on which these proposals are made.

Each of the issues identified here is addressed in that review. An analysis of each issue is provided and priorities and proposals for the future are identified.

There is a special focus on ensuring economic, social and environmental sustainability.

On each issue listed, this Election Briefing provides the reference to the relevant sections of *Addressing Inequality*.

Copies of the review are available from CORI Justice. It can also be downloaded from our website www.cori.ie/justice

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Election 2007 - The Context

Economy

Ireland's economy continues to perform well above the EU average. Sustained economic growth coupled with very significant job creation has transformed the country. Most significantly, unemployment has fallen to low levels and the era of forced emigration has ended.

In 2007 the Department of Finance expects Ireland to achieve a GDP growth rate of 5.25% and to create an extra 72,000 jobs. Looking to the future, the ESRI has projected an average GNP growth rate of 4.4% for the period 2008-2012.

The public finances also remain in good shape. On a day-to-day basis the exchequer continues to collect more taxation revenue than it is spending in the current account. Over the next 3 years the Department of Finance expects the state to record current account surpluses averaging €0.06 billion annually. When expenditure on Ireland's large capital investment programme is taken into account the government still records an overall budget surplus of €2,276 million in 2007. Projections for the next two years suggest budget surpluses of €1.8b and €1.3b respectively.

All commentators, national and international, expect the economy to slow down over the next few years. As Ireland adjusts to a slower, and more sustainable, economic growth level a number of economic challenges arise. Fiscal policies must evolve so that it is acceptable that the nation borrows to fund capital investments. We must also realise that even with a slowdown, the current resources available to government are significant and that a shift to normal levels of economic growth is not a reason by itself to reduce, or restrict, commitments to enhance our under-developed infrastructural and social provision.

Population

Results from the 2006 Census indicate that Ireland's population increased by over 320,000 between April 2002 and 2006. As the table (below) shows the CSO has projected further increases in the years to come. In four years time (2011) they expect an additional 265,000 people will live in Ireland. They also expect this population figure to continue to increase such that the population exceeds 5.1 million by 2021.

There are major implications for many public policy areas as a result of these increases. Where will all these extra people be housed? How will they travel around? What additional education and health facilities are required to provide for such additional numbers? How can Ireland ensure that we build a fair and inclusive society which can adequately cater for all these extra people?

CORI Justice believes that these figures necessitate the development of long term planning. Rather than cope with the implications of this population growth once it has happened, we believe it is important to plan now. These policies also need to look beyond economic growth as the principal priority driving Government, the policy formation process and society generally.

Ireland's Population, 2002-2021

Census 2002	3,917,203
Census 2006	4,239,848
CSO 2011 projection	4,505,000
CSO 2016 projection	4,854,000
CSO 2021 projection	5,140,000

Poverty and Low Income

Poverty is falling but is still too high. The increases in social welfare rates sought by CORI Justice and delivered in recent Budgets has seen the risk of poverty reduced from 21.9% in 2001 to 18.5% in 2005 (the most recent year for which statistics have been published by the Central Statistics Office).

This global figure hides developments such as the dramatic fall in the risk of poverty among people aged 65+ which has fallen from 44.1% in 2001 to 20.1% in 2005.

However, Ireland still has a poverty problem. In 2007 the poverty line for a single person is €209.87 a week or €10,951 a year. For a household of four

18.5% of the population, almost 765,000 people, live on incomes that are below the poverty line

it is €486.90 a week or €25,406 a year.

More than three quarters of a million people are at risk of poverty with incomes below this level. Almost 25% of

all those at risk of poverty live in households headed by a person who is employed. 22% of all children under 16 years of age are at risk of poverty. More than 40% of those who are ill or have a disability are at risk of pov-

erty. More than 40% of people who are unemployed are also at risk of poverty. 26.9% of foreign nationals are at risk of poverty; a figure that is almost 50%

higher than the rate for Irish nationals.

Addressing this problem should be a key element of policy discussion during Election 2007.

Poverty lines in 2007, by household types

	Weekly	Annual
1 adult	€209.87	€10,951
1 adult + 1 child	€279.13	€14,565
2 adults	€348.38	€18,179
2 adults + 2 children	€486.90	€25,406

General Election 2007 - Issues

INCOME

Why this is an issue:

Budget 2007 benchmarked the lowest social welfare rate to 30% of gross average industrial earnings (GAIE). For the first time this benchmark ensures that those dependent on social welfare payments will not slip back as the economy continues to grow; avoiding the problems which emerged for this group during the mid 1990s.

Policies required to address this issue:

- Honour the *NAP inclusion* and *Towards 2016* commitment that the lowest social welfare payment for a single person will be benchmarked to 30 per cent of GAIE from 2007-2016

<p style="text-align: center;">Reference <i>Addressing Inequality</i></p> <p>Section 3.1 Pages: 50-56</p>
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POVERTY

Why this is an issue:

Ireland continues to have a poverty problem. Some 18.5% of the population (over 750,000 people) live with incomes below the poverty line (less than €1,000 a year for a single adult or €25,400 for a household of 4). The EU average poverty level is 16%. Ireland should move to reduce the risk of poverty below this level.

Policies required to address this issue:

- Benchmarked social welfare payments,
- Equity of social welfare rates,
- Early childcare supplement/child benefit increases,
- Higher state pensions and cost of disability payments
- Refundable tax credits

<p style="text-align: center;">Reference <i>Addressing Inequality</i></p> <p>Section 3.1 Pages: 20-45; 52-56</p>

TAXATION

Why this is an issue:

A fair taxation system is one where those who have more pay more and those who have less pay less. It is also a system that collects sufficient resources to adequately resource the social infrastructure and services of a country. Ireland currently records the third lowest tax-take in the EU and many continue to use various means to avoid paying their fair share. At the other extreme many low paid workers earn too little to benefit from all their tax credits.

Policies required to address this issue:

- Make tax credits refundable
- Monitor tax levels in terms of effective tax rates
- Broaden the tax base
- Standard rate all discretionary tax reliefs

<p style="text-align: center;">Reference <i>Addressing Inequality</i></p> <p>Section 3.2 Pages: 64-95</p>
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CHILD POVERTY & CHILDCARE

Why this is an issue:

22% of Ireland's children (just over 200,000 individuals) live in households whose income is below the poverty line. There also continues to be an ongoing childcare problem. Policies must be adopted to reduce this unacceptable number.

Policies required to address this issue:

- Convert the childcare supplement into a refundable tax credit payable for all children irrespective of the labour force status of their parents and increase it substantially

<p style="text-align: center;">Reference <i>Addressing Inequality</i></p> <p>Section 3.1; 3.2 Pages: 27; 92</p>
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General Election 2007 - Issues

DISABILITY

Why this is an issue:

Four out of every ten people (40.6%) in Ireland who are long-term ill or have a disability are at risk of poverty. This group are often faced with higher living costs given their disability.

Policies required to address this issue:

- Introduce a non-means tested cost of disability allowance

Reference

Addressing Inequality

Section 3.1; 3.3

Pages: 28-29; 101-102

EMPLOYMENT

Why this is an issue:

The growth in jobs over recent years has been dramatic. However, it is important to realise that a job is not, of itself, a guarantee that one lives free from poverty. Today, the working poor account for 21% of all adults in poverty (138,000 people).

Policies required to address this issue:

- Make tax credits refundable

Reference

Addressing Inequality

Section 3.1; 3.3

Pages: 26-27; 96-111

WORK

Why this is an issue:

As a society we should more formally recognise and acknowledge all forms of work. Therefore, policy making in this area should not be exclusively focused on job creation. *Work* and a *job* are not always the same thing.

Policies required to address this issue:

- Adopt policies to recognise all forms of work

Reference

Addressing Inequality

Section 3.3

Pages: 106-109

CARERS

Why this is an issue:

The work of Ireland's carers receives minimal recognition. Census 2002 indicated that there were approximately 149,000 carers in Ireland with 1 in every 10 women in their 40s and 50s a carer.

Policies required to address this issue:

- Finalise and implement the National Carers Strategy

Reference

Addressing Inequality

Section 3.3

Pages: 107-109

HOUSING

Why this is an issue:

A NESC report in 2004 concluded that the supply of social housing will have to rise dramatically if the needs of Irish society are to be met - current waiting lists and future demand.

Policies required to address this issue:

- Implement the *Towards 2016* commitment to provide 27,000 new social housing units by 2009

Reference

Addressing Inequality

Section 3.5

Pages: 119-138

HEALTH

Why this is an issue:

Resource a more targeted and equitable healthcare system.

Policies required to address this issue:

- Provide 500 primary care teams by 2011
- Reform the medical card scheme
- Work towards universal access to primary care

Reference

Addressing Inequality

Section 3.6

Pages: 139-152

General Election 2007 - Issues

EDUCATION

Why this is an issue:

Target the issues driving education disadvantage in Ireland.

Policies required to address this issue:

- Fund targeted programmes to tackle illiteracy, early-school leavers and second-chance education

Reference

Addressing Inequality

Section 3.7
Pages: 153-161

MIGRATION

Why this is an issue:

The recent influx of migrant workers present Ireland with a key challenge - to integrate rather than isolate these new populations.

Policies required to address this issue:

- Implement the *Towards 2016* commitment to establish a new framework to address the issue of integration

Reference

Addressing Inequality

Section 3.8
Pages: 162-167

ENVIRONMENT

Why this is an issue:

Adopt further policies to limit the growth in Ireland's pollution.

Policies required to address this issue:

- Cap CO₂ emissions and reduce this cap over time
- Develop the National Climate Change strategy along these lines

Reference

Addressing Inequality

Section 3.10
Pages: 179-193

SUSTAINABLE DEVELOPMENT

Why this is an issue:

The dominant economic measures of progress fail to take account of sustainability issues.

Policies required to address this issue:

- Sustainability proof all public policy initiatives
- Develop a set of shadow national accounts

Reference

Addressing Inequality

Section 3.10
Pages: 175-179; 191

RURAL IRELAND

Why this is an issue:

As the rural Ireland agenda continues to move from farming to rural development challenges will arise.

Policies required to address this issue:

- Place rural development issues at the core of rural policy making
- Enhance rural public services (rural transport etc)

Reference

Addressing Inequality

Section 3.11
Pages: 194-205

FOREIGN AID

Why this is an issue:

Ireland has committed to providing 0.6% of GNP in foreign aid by 2010 and 0.7% by 2012 - reaching the UN target.

Policies required to address this issue:

- Commit to achieving these targets on time and to maintaining aid at this % of GNP in the future.

Reference

Addressing Inequality

Section 3.12
Pages: 206-216

PLANNING FOR THE FUTURE

Why this is an issue:

Recognise that challenges will arise in the future and explore ways of making our society more capable of addressing these challenges.

Policies required to address this issue:

- Resource further research on the establishment of a basic income

Reference

Addressing Inequality

Section 3.1
Pages: 56-63

Priorities for the next five years

For any government the list of potential reforms is extensive. Consequently, it is always necessary to rationally decide on a set of worthwhile priorities which should be pursued. Making these choices is difficult; no country can do all it wishes to do.

However, at present CORI Justice believes that the following should be adopted as national priorities and implemented during the term of the next government. We summarise these issues below and have provided a more extensive commentary in our Socio-Economic Review for 2007 *Addressing Inequality* (p5-18).

• Addressing the Social Provision Deficit

Ireland continues to display serious deficits in its social infrastructure and social provision. Using either GDP or GNP, Ireland's spending on social expenditure stands out as being well below the EU average. Only poorer new member states record lower proportions of social expenditure. In the context of these figures, it is not surprising that there are high levels of

poverty and exclusion in Ireland. The gaps in our social provision should be addressed now.

• Reducing Poverty to EU-levels

Over the next few years it will be possible to reduce Ireland's poverty rate to at least the EU average. This can be achieved through policies which continue to: benchmark social welfare payments to average industrial earnings; provide equity of social welfare rates across genders; enhance the early childhood supplement; support carers; and provide higher state pensions and cost of disability payments.

• Paying a fairer level of taxation

Addressing the deficiencies in Ireland's social provision will require the government to allocate further resources to the implementation of policies in this area. CORI Justice believes that these increases should not be attained through income taxation, but rather via reforming and broadening the tax base so that Ireland's taxation system becomes fairer.

• Adopting standard fiscal management policies

As Ireland adjusts to a slower, and more sustainable, economic growth

level a number of economic challenges arise. Fiscal policies must evolve so that it is acceptable that the nation borrows to fund capital investments.

• Developing long term planning

An essential element of any society is its ability to plan for the future. Forecasted population increases imply major challenges for the years to come.

• Shifting policy to target growth in per capita national income

CORI Justice believes that a series of new indicators are needed to measure the development of societies. In the short-term we believe that it is worthwhile for economic policy to focus on growing per capita national incomes rather than just their nominal levels. In the longer-term alternative scorecards, such as a set of shadow national accounts, are needed.

• Developing a rights-based approach

CORI Justice believes strongly in the importance of developing a rights-based approach to social, economic and cultural issues. The need to develop these rights is becoming ever more urgent for Ireland and the EU.

Other CORI Justice Publications

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

- **Addressing Inequality** (CORI Justice annual socio-economic review - April 2007)
- **Policy Briefing on Poverty** (March 2007)
- **Analysis and Critique of Budget 2007** (December 2006)

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

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

CORI Justice publishes regular briefings on a wide range of public policy issues. CORI Justice's core areas of work are: public policy; spirituality; enabling and empowering; 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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