



Dé Céadaoin, 9 Aibreán 2003
Wednesday, 9 April 2003

DÁIL ÉIREANN

Chuaigh an Ceann Comhairle i gceannas ar 10.30 a.m.

Paidir.

Prayer.

Leaders' Questions.

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CEISTEANNA - QUESTIONS.

Basic Income.

1. **Mr. Kenny** asked the Taoiseach if he will report on the recent work of the working group on basic income; and if he will make a statement on the matter. [6616/03]
2. **Mr. J. Higgins** asked the Taoiseach if he will report on the recent work of the working group on basic income. [8995/03]
3. **Mr. Sargent** asked the Taoiseach if he will report on the activities of the working group on basic income; and if he will make a statement on the matter. [9680/03]

The Taoiseach: I propose to take Questions Nos. 1 to 3, inclusive, together.

I indicated in my reply to Questions Nos. 1 to 5 of 13 November 2002 that the working group on basic income finished its work in March 2001. The group examined the broad implications of the introduction of a basic income. The work contributed to the development of the Green Paper on basic income, which was published in September 2002. With the publication of the Green Paper, my Department's role in this matter has concluded.

Mr. Kenny: Is the Taoiseach aware that many groups working with the poorer sections of the community have criticised the agreement, saying that it does not really do anything to alleviate poverty? According to some of these groups, the numbers of children living in poverty equate to the populations of many of our larger towns combined. After six years in office, how does the Taoiseach react to comments such as these? Is he happy that what he is now putting in place will do anything to alleviate this?

According to the analysis produced by Teagasc, the average income of full-time farmers is now between 50% and 25% lower than the average industrial wage. How does the Taoiseach react to that? Can he put in place any measures to deal with that statistic?

The Taoiseach: In reply to the Deputy's first question, I do not accept the case that is being made. The figure for consistent poverty available when the national anti-poverty strategy, NAPS, was published some years ago was 15% of the population. In the last year for which figures are available, this had fallen to just over 6%. In practical terms, this means that about 400,000 people have been lifted out of poverty. Those are the figures based on criteria that I did not set down. The first NAPS in which consistent poverty was measured defined poverty as both a lack of income and a lack of resources. The arguments that have been made recently do not take account of these figures. Admittedly, the figures are about two years old, so the situation may have improved or deteriorated since then, but the Deputy's argument does not stand up.

Mr. Kenny: Will the Taoiseach comment on the status of the national children's play strategy, which was to be published by the Minister of State with responsibility in this area, Deputy Conor Lenihan? The Minister of State said that he hoped to obtain Government finding to implement the plan in recognition of the fact that many local authorities have not provided physical play space for children. Will financial assistance be given so that the plan can be implemented? Play is an important element of social development and the emotional and mental well being of children, who are too often confined to areas in which there is no space to play.

The Taoiseach: I accept that this is an important part of the programme. I do not have any information on the strategy, but at a recent meeting of the Cabinet committee on social inclusion, Deputy Lenihan made a presentation on it. It is my understanding that he intends to proceed with the strategy shortly.

Mr. J. Higgins: The Green Paper on basic income was published in September 2002, six months ago, and the Government has done absolutely nothing to encourage debate on this important issue, which has far-reaching implications. Does the Government intend to instigate a public debate on the matter, or was the Green Paper just a sop to one of the groups taking part in the talks? Was it simply convenient for the Government to carry out the study at that stage? Did it intend to let it lie on the shelf after its publication?

In the meantime, many of the underlying aspirations in the area of basic income could be achieved through a significant increase in minimum wage and in welfare payments and control of inflation, which is eating into living standards and creating great difficulty for those on lower incomes. Is it not the case, however, that the policies of this Government, such as cutting corporate tax massively and adding to inflation, have created more problems for people in difficult circumstances rather than alleviating the problem?

The Taoiseach: It is neither true nor fair to say that no debate has been generated. In the past few months, not just CORI but many organisations have actively put forward their views. The working group under the original social partnership model in the Department of Finance, which is considering tax and social welfare measures, is taking the Green Paper into account, although it has not yet reported. It has also been discussed at trade union conferences. The arguments continue about whether the aspirations are worthwhile or possible, but the debate is lively. The tax credit group has also been considering this issue. I cannot say at this stage where this will go, but it is not true to say that there is no debate among those who care about these issues.

When I published the Green Paper I had finalised my position, but other Ministers have taken it up. I have also spoken about it in the social partnership process and I have discussed it with the other parties. If we are to achieve the aspirations set out in the Green Paper the issue must be dealt with under the tax and social welfare groupings. I am not sure when the working group is to report as it is not the responsibility of my Department, but I know it is still working on it and has taken into account not only the Green Paper but also the reports of other working groups.

Mr. Sargent: The Green Party welcomes the fact that a guaranteed basic income is under discussion, but it is necessary to have far more discussion, given that the Green Paper vindicates our view that guaranteed basic income would have a far more positive impact on reducing poverty than the present tax and welfare system and would also encourage people to move from the unofficial economy into regular employment.

Taking into account the widening gap between rich and poor and the finding that this system of redistribution of wealth has a positive impact on that, will the taxation study currently being carried out take account of figures that have been released since the Green Paper was published? A tax of 47.7% was mentioned in the Green Paper, but my figures show that since then the estimate has changed to 43%. Notwithstanding this, will consideration be given to a different type of taxation system, in which taxes on finite resources, energy and so on would replace taxes on labour in some cases? This would represent a progressive change in taxation as well as distribution of wealth, which would contribute to a more sustainable economy and society overall.

The Taoiseach: I assume the up-to-date rate would be used. Deputy Sargent is right on the figures used in the report. That work had gone on over a number of years and the international studies used figures that were a few years out of date. They have also taken account of the EU Commission's concerns for social protection in Europe and many aspects relating to tax and welfare that arise from that. I am not up to date on where they are in that report. This morning I checked to find out when that report is to be published and while I have not an answer, I can let the Deputy know if I get it.

The main issue is that of basic income. I was asked to take a study of a particular position. It would replace the existing social welfare, PRSI and personal taxation systems. It would replace the rates and the credits with a standard weekly payment for all citizens, with possibly different rates for children and for those of certain ages, not necessarily pensioners. All income earned other than the basic income would be taxed at a flat rate. All the studies and work were based on that.

The debate has not really moved away from that, but it could. It allows itself to be modified. There has been much work done by the European social group on these areas. It would be an enormous change and we have changed our tax system considerably in the past five or six years. Even some of those who were in favour of the studies and the work surrounding it have different views. It has to be discussed and analysed by many people. While I would not consider myself qualified to call it, I believe it is workable. I remember the argument, when I was in the Department of Finance, of those who told me that what is now our system of tax credits would be a horrendous job - they did not say it was not workable. As that is now fully implemented it indicates these things are workable. However, the plusses and minuses require enormous analysis.

I produced a report, which examined this fully but did not make recommendations because that was not its intention. Although it is not world news, there are many groups who care a lot about this and are studying it - we will have to see what happens over the course of the year. It will then feed into the group at the Department of Finance.

Mr. Rabbitte: On 13 November, the entire Question Time was devoted to this. It is a very worthy subject. Is it not time the Taoiseach told Deputy Sargent, who is especially concerned about this notion, that the Government has no intention of going anywhere with it?

An Ceann Comhairle: A question please.

Mr. Rabbitte: That is a question, Sir. Is it not the case that the Government has no intention of going anywhere with this idea? We can go back and forward with it all day and during every Question Time. Fr. Seán Healy and CORI have as much prospect of getting the Government to agree to a basic income as I have of flying to the moon. Will the Taoiseach put us all out of our misery on this and ask the Minister for Social and Family Affairs to devote herself to defending the interests of the poor whose communities are being ravaged by 1,000 hidden cuts? Why is the Taoiseach dismantling the community employment scheme, which will undermine so much useful community activity in

disadvantaged areas? Why has the carpet been pulled from under the RAPID scheme?

An Ceann Comhairle: Those questions might be more appropriate to the Minister with responsibility. The Taoiseach can take general questions on this issue.

Mr. Rabbitte: Why are the partnerships being cut so severely that in some cases they go out of business?

An Ceann Comhairle: You should submit questions on those issues to the appropriate Minister.

Mr. Rabbitte: Why is the back to work allowance made inoperable? All these matters affect those whose case Deputy Sargent is rightly trying to advocate in this House. Given that the Green Paper on basic income has been published, should the Taoiseach not tell us this is a dead duck as far as the Government is concerned?

The Taoiseach: Over the weekend I read the debate here on 13 November.

Mr. Rabbitte: Given the weekend that was in it, does the Taoiseach expect us to believe he was reading about basic income? He has told some porkeys in the House in his time, but that beats all.

Mr. M. Smith: The Deputy underestimates the Taoiseach's dedication.

The Taoiseach: I had to read back over what was said. In preparing to answer parliamentary questions my officials kindly give me a copy of the last debate. I have debated this issue for a number of years with Deputy Sargent in the House, even before the research had been carried out. As I said on 13 November to Deputy Rabbitte, the same view was taken some years ago when I answered questions about whether we would have a minimum wage, whether we would try to get those on the minimum wage out of the tax net and whether we would introduce a tax credit system. Many people - although Deputy Rabbitte was not one of them - said we would never rationalise our tax system, but would continue to be a high tax rate country and to have all the difficulties with poverty traps, unemployment and labour market issues. However they are all gone, which indicates things move on.

The Deputy is right in saying that my part in this is completed. The matter is with a sub-committee on finance. It is well worth reading, as I did over the weekend, the comments of the Minister for Social and Family Affairs, Deputy Coughlan, on EUROSTAT and the social insurance infrastructure given in reply to a parliamentary question on 27 March, which also feed into this.

I look forward to this issue being progressed. We should not think that nothing ever changes. All of us here have a job to promulgate things that change. I know Deputy Rabbitte forgot to congratulate me for bringing in the minimum wage, for which he used to fight so hard and which people also said was impossible.

Mr. Rabbitte: I correct that omission and congratulate the Taoiseach.

The Taoiseach: I thank the Deputy.

Mr. Rabbitte: I have a newspaper cutting from the day he denounced me as Minister for announcing the national minimum wage.

Mr. M. Smith: It was only a suggestion. The Deputy did nothing about it.

The Taoiseach: I acknowledged the Deputy was not opposed to it. If he recalls, many people were bitterly opposed to it.

Mr. Crawford: While I welcome the cuts in tax for the lower paid, is the Taoiseach aware that many of those in the furniture industry are on a two-day week at present because that industry cannot compete with those operating outside this country? What is the Taoiseach prepared to do to provide a basic income for many farm families?

An Ceann Comhairle: As I pointed out to Deputy Rabbitte, that question should be submitted to the appropriate Minister.

Mr. Crawford: So many young farmers are opting out of dairy-----

An Ceann Comhairle: You have made your point and I will allow the Taoiseach to answer you if you resume your seat, but you are out of order because it is really a question for another Minister. If he wishes, the Taoiseach may answer the general question.

Mr. Crawford: The issue of a basic income was covered by other speakers before me and I am equally entitled-----

An Ceann Comhairle: You are going into a specific area, which is the responsibility of another Minister.

Mr. Crawford: The public can make a judgment on that.

The Taoiseach: The Deputy is making the point about giving people in general a decent living. The Government has made the commitment in the programme that by 2007 the minimum rate would be €150. There are initiatives to try to take the lowest paid out of the tax net. This year those at the lowest end benefited most, which is as it should be. We should continue to pursue those policies each year because it is only over a number of years that we will make an impact on those at the lower end of the market.

Deputy Rabbitte made a fair point. This work is now complete and has been passed to a committee. I have no doubt the Ministers will answer the questions relevant to that.

Mr. Kenny: The Government has argued consistently that employment is the best way to reduce poverty. How does the Taoiseach assess the impact of increasing levels of unemployment on poverty given that we have slipped in the competitive ratings, our inflation is twice the EU average, unemployment is rising each week, the national spatial strategy seems to be in disarray and the national development plan is behind time and over budget? All the programmes outlined by Government to create employment and thus reduce poverty are in disarray, over budget and behind schedule.

An Ceann Comhairle: The Deputy is going outside the remit of the three questions.

Mr. Kenny: I am not.

An Ceann Comhairle: The questions are about basic income.

Mr. Kenny: The Government has consistently argued that employment is the best way of reducing poverty. This is about poverty and unemployment levels.

An Ceann Comhairle: The Deputy should submit a question to the Taoiseach on those issues.

Mr. Kenny: I am submitting it now verbally.

An Ceann Comhairle: Deputy, if we were to allow that, we would be here until kingdom come.

Mr. Kenny: The Government has argued consistently that employment is the best means of reducing poverty.

The Taoiseach: Deputy Kenny is right that the best way to deal with poverty is to create jobs. That has the best effect on people in the poverty net. Our policies are designed to try to maintain employment. Even in a difficult time, we are keeping employment as high as possible. Obviously, if unemployment rises, it affects the figures. Many of the measures we have introduced over the years are designed to assist people when there is unemployment. I hope we will not return to high

unemployment. Unemployment has risen and it will probably rise during this year given what is happening internationally. I cannot envisage us totally bucking that trend although we have been doing it better than most over the past year. When that happens it obviously puts pressure on the welfare budget because when people are unemployed the Minister for Social and Family Affairs must provide resources for them. That is what generates budgetary pressure. It is inevitable when people lose jobs and competitiveness.

Caoimhghín Ó Caoláin: Last evening I attended a rally organised by organisations representing people with intellectual disability.

An Ceann Comhairle: Has the Deputy a question relevant to the three questions?

Caoimhghín Ó Caoláin: Yes. The question I wish to ask is a question that was posed at the rally in the Mansion House last night.

An Ceann Comhairle: Deputy, it is not appropriate to discuss where you were last night. You are entitled to ask a question.

Caoimhghín Ó Caoláin: I am asking a question on behalf of people with intellectual disability who are, unfortunately, not always represented here.

An Ceann Comhairle: Deputy, I will not allow you to continue in this vein.

Caoimhghín Ó Caoláin: The question would have been asked and answered at this stage.

An Ceann Comhairle: It is appropriate to ask a question but not to have a preamble to the question discussing where you were and when.

Caoimhghín Ó Caoláin: Is the working group on basic income addressing the situation where people with intellectual disability are placed in work within the community for a number of hours per week but are paid derisory sums? Does the Taoiseach accept that there is a view that this is in some way a stipend or a gesture towards them yet many articulate the view that the stipend offered is insulting, degrading and beneath the work and efforts they make.

The Taoiseach: This is not related to the questions. Many of these people do important and useful jobs. The community workshops do many different types of work and I have visited many of them. I would not demean their work; it is excellent. However, many of workers would have a disability allowance in addition to the training workshop allowance they receive. Perhaps the Deputy is referring to some people who do not have a disability allowance in addition to the training workshop allowance. I do not know what case the Deputy is making.

Mr. O'Dowd: While it is important to raise the basic income and to provide more support, did the working group on basic income consider raising the basic income in the context of the other community supports that are in place for poor people? The Taoiseach referred to the Combat Poverty Agency and the Government committee on social inclusion. If the other supports which exist are withdrawn by the Government, as they are being withdrawn for community partnerships, single mothers groups, breakfast clubs for school children, homework clubs and so forth, or if their level of payment is not increased at the same time, raising the basic income means nothing and the poor will continue to suffer.

The Taoiseach: It would not affect schemes such as breakfast clubs or after school initiatives.

Mr. O'Dowd: They are being affected right now.

Mary Coughlan: They are not; they are being increased. I increased the money available to them this year.

The Taoiseach: The concept of basic income means that the monetary payments people get at

present would go. The basic income would replace the existing systems.

Mr. Sargent: The basic income has been called the citizen's dividend. Perhaps use of the GBI title for the guaranteed basic income might avoid confusing it with the minimum wage, which sometimes occurs. Frustration has been expressed by others, and I share it, that this discussion seems to be interminable and perhaps distracting from the real crises and cutbacks that are taking place in many sectors of society.

In the reply to my question about taxation assessment in relation to the introduction of a guaranteed basic income, the Taoiseach did not answer as to whether there would be a future modelling taxation system. Will the Taoiseach consider that the current taxation system would be the subject of one of the assessments but there should also be a future taxation system which would take into account what the Minister for Finance is proposing and promising in some ways, the introduction of a different type of taxation which would be more reliant on energy tax and finite resources rather than tax on employment which is something we should not discourage? Would the Taoiseach consider that there should be a current model for taxation and a future model that would take that into account-----

An Ceann Comhairle: The Deputy should submit a question to the Minister for Finance.

Mr. Sargent: The question is on the Green Paper and its outcome. That is the reason I am asking it. I am staying in order having regard to the rigour of the Chair's ruling. Since the Minister for Social and Family Affairs is also present in the Chamber, will the Taoiseach take into account that Minister's reply to my question about the Green Paper in which she said that they did not specifically set out to identify the administrative measures required to implement the guaranteed basic income scheme and that it would have major implications for many Departments, including her own and the Revenue Commissioners? Are those implications to be addressed so we can see the practicality not just of the scheme but of its impact on other Departments?

An Ceann Comhairle: Was that question answered by the Minister?

Mary Coughlan: It was. I did not keep it a secret.

The Taoiseach: I will take up the points the Deputy has made and pass them along to the working group. I have completed my work on this in my Department. It has moved to the tax and welfare working group. I am aware the group is taking the up to date figures into account. I do not know about the energy tax issue because there is a European dimension to it and it is still with ECOFIN. I understand the Greek Presidency wishes to reach a conclusion on that. I will bring the other points made by the Deputy to the group's attention. However, this report has moved away from my Department to the working group under the Department of Finance. Obviously, the Department of Social and Family Affairs has an interest in it too but the Department of Finance chairs that working group and that is where the report is.

Mr. Sargent: Will we ever see it again?

The Taoiseach: I hope so.