

Budget Choices

CORI JUSTICE

Policy Briefing

CORI Justice
Bloomfield Avenue
Dublin 4

Phone: 01 6677363

Fax: 01 6689460

www.corii.ie/justice

Ireland's economy is doing very well but a range of social problems persist. Budget 2007 provides Government with a golden opportunity to address these social problems while ensuring that economic development is supported.

It is ironic that in the past those proposing that social problems be addressed were told that the resources did not exist to tackle these problems. Now that the resources are available in abundance we are told that again they cannot be addressed because such expenditure might damage the economy. The new national agreement *Towards 2016* rejects this approach, pointing out that economic and social development are complementary, being two sides of the one coin.

The persistence of social problems is no longer acceptable when Ireland has the resources to address these problems. It's a question of society's priorities. Budget 2007

should take a number of initiatives aimed at making Ireland a fairer society where every person has the resources required to live life with dignity.

In practice it would involve:

- Increasing social welfare rates;
- Tackling the 'working poor' issue;
- Increasing the allocation for social provision generally;
- Increasing the allocation for infrastructure such as social housing and public transport and
- Developing a fairer tax system where those who have more pay more while those who have less pay less.

Budget 2007, among other initiatives, should:

- Increase the lowest social welfare rates by €20 a week for single people;
- Provide the resources to increase the social hous-

ing provision by 9,000 units in 2007;

- Standard rate all tax expenditures;
- Increase tax credits rather than widen the standard rate tax band;
- Resource 100 additional primary care teams;
- Expand the programme to finance services being provided to local communities.
- Increase funding for ODA to 0.5% of GNP.

Budget 2005 and 2006 took steps in the right direction. The new national social partnership agreement provides a balanced development framework that should be honoured in Budget 2007.

The following pages address a wide range of budgetary issues. They identify core policy objectives and outline budgetary proposals that would move towards achieving these objectives. All the proposals are made within a responsible fiscal stance.

Inside this issue:

Main Policy Recommendations	2	Work and Unemployment	9
Social Welfare Increases	3	Public Services	10
Social Housing/ Rural/ Health	4	Housing and Accommodation	11
Taxation/ Redistribution	5	Healthcare	12
Surpluses/ Pensions/ Fuel Costs	6	Education	13
Taxation	7	Rural Development	14
Income Distribution	8	Environment and Sustainability	15
		ODA Commitment	16

Policy Briefing is a regular publication issued by the CORI Justice. It addresses a wide range of current policy issues from the perspective of those who are poor and/or socially excluded. Comments, observations and suggestions on this briefing are welcome.

Main Policy Recommendations For Budget 2007

Core Policy Objective

To build a society where human rights are respected, human dignity is protected, human development is facilitated and the environment is respected and protected.

Taxation

- Make tax credits refundable.
- Increase tax credits so as to keep the minimum wage out of the tax net.
- Further expand the levy on financial institutions introduced in Budget 2003.
- Introduce a speculative tax on wind-fall gains from land rezoning.
- Commit to increasing Ireland's total tax take towards the EU average.
- Increase the tax on wealth (e.g. through increasing DIRT tax)
- Increase the tax-take from property (e.g. through a land rent tax)
- Restructure motor taxes
- Standard rate all discretionary tax expenditures.

Income Distribution

- Increase the lowest social welfare rates by €20 a week for a single person.
- Increase child benefit substantially and do not tax it.
- Move towards individualisation of social welfare payments.
- Introduce a cost of disability allowance.
- Expand the recently announced increase in free electricity units so that it goes to all social welfare and FIS recipients.

Work/Unemployment/Job-Creation

- Place an ongoing emphasis on preparing and enabling unemployed people to access jobs. This would involve providing additional re-

sources to support:

- ◆ Increased numbers of places providing quality education and training, retraining and up-skilling.
 - ◆ Expanded opportunities for unemployed people to gain workplace experience, and
 - ◆ Adequate numbers of places on programmes such as Community Employment.
- Expand the programme providing direct funding for community and voluntary organisations that provide services and do not make this funding dependent on C+V organisations employing people who do not have the requisite skills.
 - 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).

Public Services

- 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.
- Adopt further information technology programmes to increase the skills of school children, early school-leavers and the unemployed.
- Take initiatives to ensure equality of access across all public services.

Housing and Accommodation

- Acknowledge that everyone has a right to appropriate accommodation and develop policy from this perspective.
- Provide the resources to local authorities and to the voluntary/non-profit housing sector to ensure an increase of 9,000 social housing units in 2007.
- Provide sufficient resources to address the housing problems of those with a disability

Healthcare

- Fund 100 additional primary care teams as committed to in *Towards 2016*.
- Give far greater priority to community care and increase the resources for core community care services for older people with priority to be given to home care.
- Raise the eligibility level for the full medical card.
- Work towards universal access in primary care.

Education

- Prioritise funding for primary and family-based pre-school education.
- Provide 'early start' programmes in all disadvantaged communities (including those outside disadvantaged areas).
- Further prioritise Adult and Community Education
- Introduce a Basic Educational Allowance for full-time and part-time education for persons between ages 18 and 40 who do not proceed to third level from school.

Rural Development

- Ensure the provision of basic infrastructure and services based more on equity and social justice, rather than on cost effectiveness
- Provide support for rural housing.
- Provide additional resources for the development of rural public services.

Environment

- Allocate the necessary resources to achieve waste reduction targets by implementing the relevant sections of the Waste Management Act.
- Allocate substantial additional resources to develop and reward recycling.

O. D. A.

- Honour the commitment to increase Ireland's ODA budget for poor countries to the UN target of 0.7% of GNP by 2012. In doing so, reach the interim target of 0.5% of GNP in Budget 2007.

SW Increase of €20 Needed to Meet NAPS Commitment

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”. Subsequently, the national agreement *Sustaining Progress* further endorsed this target.

CORI Justice welcomed this target. It 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.

CORI Justice has calculated the projected growth in €150 between 2002 and 2007 when it is indexed to the estimated growth in GAIE (detailed calculations are presented on pages 49-51 of our Socio Economic Review, *Developing a Fairer Ireland*). To complete the transition to this benchmark, Budget 2007 should increase the lowest social welfare rates for single people by €20 per week to €185.80 (see table 1). That figure will be equivalent to 30% of GAIE.

Budget 2005 marked a major step towards achieving this target. CORI Justice welcomed the decision of the Government to deliver a €4 increase in the minimum social welfare rates.

We also welcomed the commitment by the Minister for Finance that he intends to deliver on all commitments made by government. Budget 2006 followed suit, delivering an increase of €17 per week to those in receipt of the minimum social welfare rate.

CORI Justice strongly urges government to honour its commitment in this area. Delivering an increase of €20 per week to minimum social welfare rates will mark a fundamental turning point in Irish public policy and underscore the emergence of a long overdue commitment to sharing the fruits of this country’s recent economic success.

Table 1: Reaching 30% of GAIE, 2004-2007

	2004	2005	2006	2007
Min. SW. payment in €s	134.80	148.80	165.80	185.80
€amount increase each year	-	+14.00	+17.00	+20.00
Delivered		✓	✓	?

Maintaining lowest social welfare rates at 30% of GAIE

The National Anti-Poverty Strategy (NAPS) commits Government to increasing the lowest social welfare rates for a single person to 30 per cent of Gross Average Industrial Earnings (GAIE) by 2007.

An important element of this NAPS commitment to increasing social welfare rates is the acknowledgement that the years from 2002-2007 mark a period of ‘catch-up’ for those in receipt of welfare payments. Once the existing gap has been bridged the increases necessary to keep social welfare payments at a level equivalent to 30 per cent of GAIE become much smaller.

To make this point, CORI Justice has calculated the increases necessary from Budget 2008 (delivered in December 2007) onwards to 2010 to maintain the link with 30 per cent of GAIE. Reflecting the current budgetary process these increases have been calculated, and revised, over a period of three years.

Table 2 shows the increases required over the period from 2008-2010 calculated using ESRI projections of increases in average industrial earnings. These suggest an average annual increase of €10.10 over these three years.

Developments along these lines would address a number of inter-connected concerns:

- The need to ensure that people who depend on social welfare payments receive a level of income that is sufficient to live life with dignity.
- The need to ensure that people depending on social welfare payments are not the first targets when there are competing demands on public expenditure.
- The concern that increased welfare rates on their own are seen as the way to take people out of poverty.
- The concern that forcing people into extreme poverty is seen as an appropriate means to incentivise employment.

Table 2: Increases in Minimum Social Welfare Payments, 2008-2010

	2007	2008	2009	2010
30% of GAIE updated	185.50	199.00	206.50	216.00
€amount increase each year	-	+13.20	+7.50	+9.50

Funding Social Housing Commitments

A central conclusion of the 2004 housing report produced by the National Economic and Social Council (NESC) is that the supply of social housing will have to rise dramatically if the needs of Irish society are to be addressed in the years ahead. The main recommendation of the council on the issue of social housing called on Government to “create an expanded and more flexible stock of social housing - adding in the order of 73,000 permanent social housing units to bring the stock to 200,000 dwellings by 2012 - in a manner that is consistent with other public investment needs and sound public finances”.

The figure of 200,000 social housing units was calculated based on the projected increases in the Irish population over that period and in the context of limited responses to existing social housing needs (e.g. homelessness, community based accommodation for disabled and elderly persons). NESC concluded that to achieve the target of 200,000 units over the eight year period between 2005 and 2012, an annual increase in excess of 9,000 units is necessary. They also pointed out that an estimated capital investment of €1.4bn a year would be required to achieve a net increase of 73,000 units by 2012. Given the present level of capital expenditure this would mean an additional investment per annum of the scale of €500m to €600m on what is already projected.

CORI Justice welcomed the commitment in *Towards 2016* to provide 27,000 new social housing units by 2009. We also welcomed the acknowledgement in that agreement of the 2012 NESC target of 73,000 new units. Reaching that target during the lifetime of the next National Development Plan (i.e. by 2013) is essential if Ireland is to achieve the goal of ensuring that everyone in the country has appropriate accommodation. Budget 2007 must move to allocate funds towards this need.

Housing Policy

The rezoning of land by local authorities continues to provide excessive windfall gains for land speculators. As rezonings are made by elected representatives in the interest of society generally, it seems appropriate that a sizeable proportion of the windfall gains they generate should be made available to local authorities and used to address the ongoing housing problems they face. Budget 2007 should introduce a new tax which internalises these gains for the state.

The Budget should also move to address the issue of second homes and ensure that in future all such dwellings are required to pay the full infrastructural costs, much of which is currently borne by society through the Exchequer.

Rural Public Services

Rural Ireland continues to change dramatically. The shape of its future, however, is hotly contested. Traditional agriculture and its related industries are in decline. Ireland's air and water have become more polluted and agriculture is the single largest contributor to the overall emissions. More people are at risk of poverty in rural areas compared to urban areas. The challenges facing rural Ireland are substantial. Radical policy change is required.

CORI Justice examined these issues in our July 2006 Policy Briefing entitled *Rural Ireland* (available from www.cori.ie/justice). One area we highlighted was the need to ensure that public services in rural areas are protected and enhanced over time.

One key element of policy in this area is the existence of so-called ‘public service obligations’. These obligations require services to be made available on a nationwide basis and as a policy play an important role in ensuring the possibility and sustainability of rural communities. For service providers, be they public or private, there are additional costs associated with these obligations and therefore there is a clear incentive for them to seek their removal.

CORI Justice believes that Government policy should ensure that these obligations remain and that permanent residents of rural areas are not disadvantaged through their removal. Budget 2007 should establish a fund to assist public services in continuing this commitment.

Primary Care

Primarily care has been recognised as one of the cornerstones of the health system. Overall, between 90 and 95 per cent of the population are treated by the primary care system. Its importance was given recognition by the publication of the 2001 Primary Care Strategy entitled *Primary Care - A New Direction*.

The recent national agreement, *Towards 2016*, addressed the primary care issue and set out the following commitment:

- Developing primary care services drawing on the Primary Care Strategy. This will entail ongoing investment to ensure integrated, accessible services for people within their own community with a target of 300 primary care teams by 2008, 400 by 2009 and 500 by 2011. A review of these targets will be undertaken in 2008 (page 52).

CORI Justice called for, and welcomed, this commitment in *Towards 2016*. As part of meeting this commitment Budget 2007 should allocate sufficient funding to allow these targets to be met. A total of 100 new primary care teams are needed in 2007 to reach an overall total of 300 teams by 2008.

Implementing this commitment should speed up a process that will see the whole country served by primary care teams. The principle underlining the primary care team model should be a social determinants model of health. This would be in keeping with the WHO definition of health.

Building a Fairer Taxation System

CORI Justice believes that building a fairer taxation system is an important part of building a fairer Ireland. Budget 2007 offers Government the potential to implement a number of changes to the taxation system which will make it fairer.

Taxation and Minimum Wages

The most recent EU-SILC poverty figures indicate that 132,000 workers (7% of all those employed) live in poverty. Therefore, the Budget 2005 decision to remove all those on the minimum wage from the tax net was welcome as a move towards addressing this 'working poor' issue. Budget 2006 updated this position.

Towards 2016 indicates that the rate will increase once again, from the current level of €7.65, on January 1st 2007. Budget 2007 should further adjust tax credits to ensure these low paid workers remain outside the tax net.

Tax Credits or Tax Bands?

During 2005, both the Taoiseach and the Minister for Finance indicated that there would be no more cuts in income

tax rates. CORI Justice welcomes this commitment. Any future income tax changes will now be concerned with changes to either tax credits or tax bands. In the context of achieving fairness in the taxation system, changes to tax credits rather than tax bands are more desirable.

To illustrate this: say the Government has €700m available for distribution in Budget 2007, it could either (i) increase the 20% tax band by €5,500 or (ii) increase tax credits by €12 a year. Option (i) would be of no benefit to anyone with incomes at or below the top current band but would provide a benefit of €1,210 a year for a single person earning more than €34,900. Option (ii) would mean that every earner paying in excess of €12 a year would benefit by that amount.

Making Tax Credits Refundable

One problem with the tax credit changes outlined above is that a person who does not earn enough to use up their full tax credit will not benefit from any tax reductions introduced in Budget

2007.

A simple solution to rectify this problem is to make tax credits refundable. The main beneficiaries of this move would be low-paid employees.

Tax Expenditures/Tax Reliefs

In Budget 2006 the Minister for Finance introduced welcome and long overdue reforms to the system of tax reliefs in Ireland. In November 2004 the Revenue Commissioners estimated that the annual cost of tax reliefs was €8.4 billion, a value that is equal to 22 per cent of the total taxation collected each year in Ireland.

In Budget 2007 the trend of reforming these tax reliefs should be continued; in particular some of the limits on these expenditures should be revised downwards. We also believe that the Budget should move to standard rate all of these breaks.

Other Tax Changes

Elsewhere in this document we have outlined changes that Budget 2007 should implement with regard to speculative taxes, second home charges and

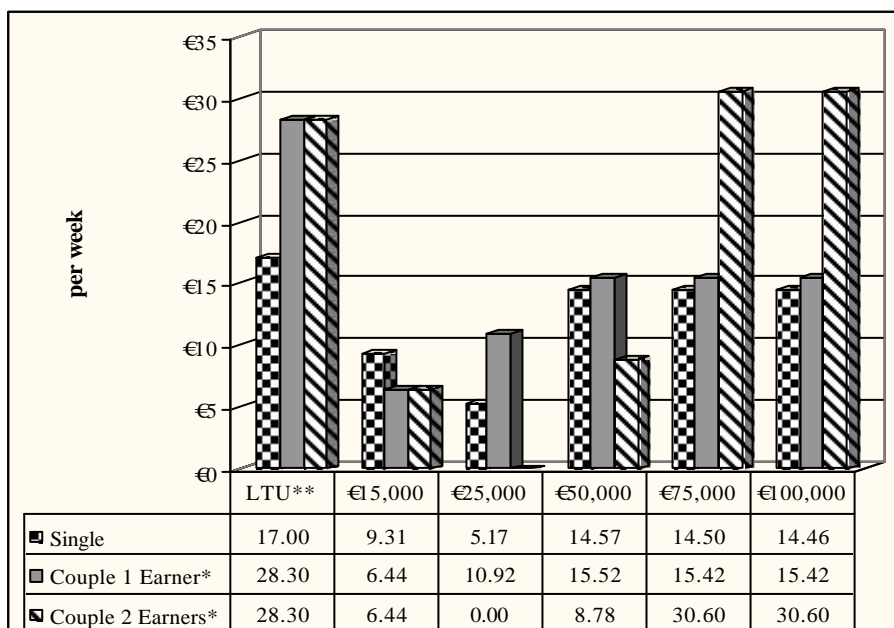
Redistribution: Budget 2007 Should be Fair

Budgets involve governments taking important decisions on the allocation of resources in society. The implications of these decisions can be very significant. Each year, CORI Justice examines the impacts of the budget on the distribution of income in society. Taken together the impacts of changes in social welfare and tax credits and bands can be very significant and amount to hundreds of millions of euro.

The tax and welfare decisions taken in Budget 2006 reflected the agenda CORI Justice has been advocating for some time. Consequently we welcomed the Budget and commented at the time on the positive effects it would have on the income distribution and the general fairness agenda. As chart 1 shows, that budget saw a single person who is long term unemployed gain more from the Budget than did a single person who was earning €100,000. This was the first time in many years that a budget had had such a positive impact on the income distribution.

Through implementing the social welfare and tax policies highlighted throughout this Policy Briefing, we hope that a similar redistribution effect can be achieved in Budget 2007.

Chart 1: Income Distribution and Budget 2006



Large Current Budget Surpluses Offer Major Potential

An assessment of the state of Ireland's exchequer finances is revealing. Projections for the years 2006-2008 indicate that budget deficits are being driven by sustained levels of capital account investment (of over €7bn a year). However, over that period the Department of Finance has calculated that current account surpluses will average at least €5.55 billion annually.

The reality of this fiscal position is that the Irish Economy is in a position that other European countries regard as the 'optimal'.

The figures published in the Department of Finance Monthly Economic Bulletin (September 2006 p11) and the detailed projections from last year's Budget documentation clearly

show this. In macroeconomic terms the Irish exchequer's present position is seen as super-healthy.

It is clear from the Department of Finance projections that there remains significant room for further current account spending over the next few years.

In Budget 2007 the Minister for Finance has the potential to free up resources from the current account and use these funds to address the socio-economic problems persisting in Ireland today.

Additional spending of up to €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% (the key indicator used by the European Central Bank to judge fiscal policy control). The percentages would be: -1.4% in 2006; -1.65% in

2007; and -1.5% in 2008.

These outcomes comfortably comply with the limits in the Stability and Growth Pact.

Based on these figures, it is clear that in Budget 2007 the Minister for Finance has the potential to free up resources from the current account and use these funds to address the socio-economic problems persisting in Ireland today.

The Budget and the Poor

Despite the advances in employment and economic growth achieved over the last few years, the phenomenon of poverty remains large. Its sustained existence undermines many of the improvements of recent years. The most up-to-date detailed data available on the nature and extent of poverty in Ireland comes from the 2004 *EU-SILC* results. Its results showed that 19.4% of the Irish population, some 780,000 people, live on income below the poverty line. Budget 2006 took some important steps towards addressing these problems. We ask that Budget 2007 continues that trend and adopts strategies to address these vulnerable groups.

Old Age Pensions

Among those groups that are most at risk of poverty, the elderly are one of the largest groups. In 1994 5.9% of those aged over 65 years were recorded as being in poverty. This increased to 32.9% in 1998 and peaked at 44.1% in 2001. The most recent figures, for 2004, show a reduction to 27.1%. This reduction is welcome. But over one in four of Ireland's elderly still live at risk of poverty. As many of the elderly depend on state pensions, the level of these pensions is important. *Towards 2016* reiterated the Government commitment to raise the old age pension to €200 per week in 2007. Budget 2007 should deliver these increases.

Fuel Allowances

Those living life on a low income are very exposed to the effects of price increases. With little, if any, income to spare price increases imply cutting back on the essentials. Increases in fuel prices have posed significant difficulties for many people. In October gas will increase in price by 33% and electricity will increase in 2007 by almost 20%. These increases add to others which have emerged over the last two years. The recent move by the government to increase the number of free electricity units to some social welfare recipients is welcome. CORI Justice believe that Budget 2007 should expand this scheme to all social welfare and FIS recipients.

Motor Tax

At a time of increasing fuel prices, infrastructural capacity difficulties and pollution levels in excess of Kyoto limits CORI Justice believes that the time is right to radically reform the structure of motor tax. Reflecting the principle of 'the polluter pays' we believe motor taxes should be substantially raised on all private cars at or in excess of an engine capacity of 2,000 c.c. Rates for these vehicles should double, such that for example the annual tax on a car with a 2,200 c.c. engine capacity would rise from €755 per annum to €1510. Simultaneously taxes on cars with low engine capacities and on electric/hybrid cars should be considerably re-

Core Policy Objective

To collect sufficient taxes to ensure full participation in society for all, through a fair tax system in which those who have more, pay more, while those who have less, pay less.

Ireland's total tax take as a percentage of gross domestic product (GDP) is the second lowest of 25 EU countries, only Lithuania collects less. Total tax and social insurance revenue in Ireland was equal to 30.2% of GDP (36.1% of GNP), well below the EU average of 37.9% of GDP. Ireland is not a high-tax country.

In the context of these figures, the question needs to be asked: if we expect our economic and social infrastructure to catch up to that in the rest of Europe, how can we do this while simultaneously gathering less taxation income than it takes to run the infrastructure already in place in most of those other European countries? Simply, we will never bridge the social and economic infrastructure gaps unless we gather a larger share of our national income and invest it in building a fairer and more successful Ireland.

INCREASING THE TAX-TAKE

Small increases in taxation are certainly feasible and are unlikely to have any significant negative impact on the economy. An increase of just one per cent in the GDP to tax ratio (from 30 to 31) would produce an extra €1.5bn each year in taxation income for the government.

As a means of increasing the total tax-take towards the EU average level, we propose that Budget 2006 should:

- Further expand the levy on financial institutions introduced in Budget 2003
- Introduce a speculative tax on windfall gains from land rezoning
- Introduce the promised carbon and environmental taxes

- Increase the tax on wealth (e.g. through increasing DIRT tax)
- Increase the tax-take from property (e.g. through a land rent tax)
- Continue to reform the sizeable number of tax breaks (i.e. tax expenditures), many of which serve minimal social or economic purpose.
- Increase capital gains tax

TAX CREDITS AND THE WORKING POOR

If Ireland is to have an equitable income tax system and address the issue of the 'working poor' there are two issues to be addressed in the tax credits area i.e. tax credits should be made refundable and tax credits should be increased instead of widening the 20% tax band.

At present people in the lowest paid jobs who are already outside the tax net do not gain from changes in the annual Budget. Many of these are among the 'working poor'. To ensure they benefit from future Budgets, tax credits should be made refundable in Budget 2007.

Making the current income tax credits refundable would result in most of the benefit going to the lowest 30% of income earners. This is a development that should be introduced in Budget 2007.

Likewise, increasing tax credits would be a fairer option than widening the 20% income tax band. It would ensure that everyone paying income tax benefited by the same amount in the Budget.

STANDARD RATING DISCRETIONARY TAX EXPENDITURES

Discretionary tax expenditures (e.g. Business Expansion Scheme, pension contributions, medical expenses) are an inappropriate means of achieving policy objectives. In general these expenditures are neither efficient nor fair. They are used to provide huge gains to the better off. This is unfair. Accordingly, we propose that Budget 2007 should move to ensure that relief on all discretionary tax expenditures should be available at the standard rate only.

Proposals for Budget 2007

- Commit to increasing Ireland's total tax take towards the EU average.
- Standard rate all discretionary tax expenditures.
- Continue to review the costs and benefits of discretionary tax expenditures.
- Introduce a speculative tax on windfall gains from land rezoning.
- Make tax credits refundable.
- Adjust tax credits so as to keep 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 + equitable manner.
- Poverty-proof all budget tax packages to ensure they do not further widen the rich/poor gap.
- Increase capital gains tax.
- Increase the corporate tax rate to 17.5%.
- Move decisively to shift the burden of taxation from income tax to eco-taxes and taxes on consumption.
- Reform the structure of motor tax along the lines suggested on page 6.
- Expand the levy on financial institutions introduced in Budget 2003
- Investigate policies which allow taxation on wealth and land to be increased.

Income Distribution

Core Policy Objective

To provide all with sufficient income to live life with dignity. This would involve enough income to provide a minimum floor of social and economic resources in such a way as to ensure that no person in Ireland falls below the threshold of social provision necessary to enable him or her to participate.

UPDATING THE POVERTY LINE

Using information gathered in the EU-SILC Survey for 2004, the CSO established that the median income per adult equivalent in Ireland during 2004 was €309.18. They also calculated the official European Poverty Line, set at 60% of median income, as €185.51 per week. Updating this line to 2006 levels, using actual and predicted increases in average industrial earnings, produces a relative income poverty line of €203.55 for a single person. In 2006, any adult below this weekly income level will be counted as being in poverty (more details are contained in our 2006 Socio-Economic Review p21-23). One immediate implication of this analysis is that the poverty line exceeds the current level of most social assistance rates by €37.75 per week.

INCOME POVERTY

Income poverty is a reality for a great many people in Ireland. The number of people in poverty now stands at 19.4% of the population; almost 785,000 individuals.

There are also substantial numbers of people in low-paid jobs who are living on incomes below this poverty line. In this briefing's section on taxation the issue of low paid people (i.e. the working poor) living in poverty has been addressed. The most efficient and effective way of tackling this problem is by making tax credits refundable.

POVERTY & SOCIAL WELFARE

The plight of people depending on social welfare needs a major response. Six out of every ten people living in relative income poverty lives in a household headed by a person who is not in the labour force. Consequently, the level at which social welfare rates are set is of crucial importance in tackling relative income poverty.

We strongly urge Government to take another step in Budget 2007 towards honouring its commitment to raise the lowest social welfare payment for a single person to 30% of Gross Average Industrial Earnings by 2007. In practice, this requires an increase of €20 a week for single people in Budget 2007.

ASYLUM-SEEKERS

Asylum-seekers are among the most excluded and marginalised in Ireland, yet they are treated in a very unjust way by Irish society. In particular, Government has introduced a policy of 'direct provision' through which many asylum-seekers receive accommodation and board, together with €19.10 per week per adult and €9.60 per child. Clearly, this is an inadequate amount of money and Budget 2007 should increase these amounts immediately to at least €60 a week for an adult and €30 for a child. This policy proposal is an interim one as ultimately this unfair system of 'direct provision' should be eliminated.

TAXATION & INCOMES

It is important to note that changes in the taxation system have substantial impacts on income distribution patterns. Consequently, the proposals contained in this Briefing under the 'taxation' heading apply here as well.

CHILD POVERTY

One of the most vulnerable groups in any society are children and consequently the issue of child poverty is one that deserves particular attention. In 2004 1 in every 5 Irish children, almost 190,000, live in poverty. Budget 2007 should adopt policies to address this unacceptable situation.

Proposals for Budget 2007

- 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 €20 a week for a single person.
- Commit Government to continue benchmarking the lowest social welfare payments for single people at 30% of gross average industrial earnings (GAIE).
- Increase child benefit substantially and do not tax it.
- Move towards individualisation of social welfare payments.
- Introduce a cost of disability allowance.
- Increase the weekly allowance for asylum seekers in 'direct provision' to €60 a week for an adult and €30 for a child.
- Develop a national programme, on an inter-departmental basis, to address fuel poverty. (This is of greater urgency because of substantial increases in the cost of electricity and fuel in the past three years) [cf. story on p. 6]
- Abolish claw-back rules so that social welfare recipients will get the full value of the Budget increases.
- Update tax credits so as to keep the minimum wage out of the tax net.
- Adopt policies to address child poverty.

Work, Unemployment and Job Creation

Core Policy Objective

To ensure that all people have access to meaningful work.

One of the major achievements of recent years has been the increase in employment and the reduction in unemployment, especially long-term unemployment. In 1991, there were 1,156,000 people employed in Ireland. Today that figure has increased to over 2,017,000. During the same period, the number of people unemployed (measured on an International Labour Office [ILO] basis) had gone from 198,500 to 91,400. In the intervening years, the number unemployed has exceeded 220,000 (in 1993). This transformation is remarkable. It provides new challenges and raises new questions.

THE CHALLENGE OF UNEMPLOYMENT

The issue of unemployment remains a challenge and is likely to remain so as further job losses appear likely. The number of long-term unemployed people now stands at 29,600, equivalent to 1.4% of the labour force. Youth unemployment is also a growing problem with a high proportion of the increase in unemployment consisting of people aged less than 25. It is necessary that government confront this situation by providing the necessary resources to prepare and enable unemployed people to access jobs.

This should involve providing:

- additional resources to support education and retraining.
- expanded opportunities for work-place experience.
- adequate numbers of places on programmes such as Community Employment (CE).

ALMPs

Problems persist with active labour-market programmes (ALMPs). There are three aspects to these programmes. CE is an active labour market pro-

gramme providing experience and training to people seeking employment in the labour market. Secondly, the Job Initiative programme (JI) provides sheltered employment for a large number of people. Thirdly, these programmes play a major role in providing services in local communities, delivered mostly by organisations in the community and voluntary sectors. As the number of places have been reduced and the composition of those unemployed has changed. Community and voluntary organisations are unable to continue providing services that used to be delivered with the help of CE. It is essential that Government act to ensure that all three aspects of these programme are adequately addressed.

SOCIAL ECONOMY (SE)

The Social Economy Programme needs to be substantially overhauled as it is not addressing many of the issues for which it was originally proposed and developed.

As well as overhauling the current Government SE programme there is need to expand the new initiative that resources the services etc. being provided for the most part by the community and voluntary sector and which used to depend on CE funding. This funding should not be dependent on employing people who do not have the requisite skills.

THE NEED TO RECOGNISE ALL WORK

Current developments challenge us to analyse our assumptions. One such assumption concerns the priority given to paid employment over other forms of work. Most people recognise that a person can work very hard even though they do not have a job. Much of the work done in the community and in the voluntary sector fits under this heading. So too does much of the work done in the home.

We believe that all work should be valued, recognised and rewarded. Consequently, we believe that Budget 2007 should provide resources to conduct a survey to discover the value of all unpaid work in Ireland.

Proposals for Budget 2007

- 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.
- Expand the programme providing direct funding for community and voluntary organisations that provide services which was initiated in Budget 2005 and do not make this funding dependent on C+V organisations employing people who do not have the requisite skills.
- Reform and adequately resource the Social Economy programme to ensure it has a real social economy focus.
- 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.
- Allocate resources to address the youth unemployment problem.
- Maintain the number of ALMP places for LTUs.

Public Services

Core Policy Objective

To ensure the provision of, and access to, a level of public services regarded as acceptable by Irish society generally.

Increasingly Ireland is being identified as a country whose public services are underdeveloped. Given the wealth of the economy, this is a situation that is far from acceptable. 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.

PUBLIC TRANSPORT

Despite the development of LUAS and the development of major road initiatives, transport remains a most problematic area. Bottlenecks throughout the country are adding to the difficulty and cost experienced by everybody in conducting their lives. Budget 2007 needs to support a new transport policy which would prioritise easy access, affordable and high-quality public transport. This is essential given the high costs of ownership and use of private vehicles. Additional resources to the national rail services and public transport schemes in rural Ireland are also needed.

LIBRARY SERVICES

Libraries are obvious centres to support Government commitments to life-long learning. They can provide access to information and to modern means of communication. To play this role, an expansion of the library service is essential. Increases in Budget 2006 were minimal (1%). Budget 2007 should increase funding significantly. Failure to support this service properly is short-sighted.

INFORMATION TECHNOLOGY

Increasingly the ability to use information and communications technology (ICT) is becoming a central requirement in modern society. The phenomenon of a technological divide is be-

coming evident. In particular it is of concern that a number of young people, including early school-leavers, have little or no skill in ICT. Consequently initiatives are necessary to improve information technology provision in schools, as well as to increase its availability in areas such as public libraries and community centres. Budget 2007 needs to show greater commitment to this area.

It also needs to address the issue of including everybody in the information society. In addressing this issue it is crucial that priority is given to ensuring access is available to those who currently cannot afford the market costs. Ignoring this will widen the 'digital divide' and increase social exclusion. Budget 2007 should allocate resources to ensure that further progress is made in this area.

SPORTS FACILITIES

Recent studies indicate a declining level of participation by Irish people, and in particular young people, in sports activities. Alongside this is a growing problem of obesity among young people. These developments have significant health consequences. There is a special case to be made for poor areas, most of which have limited, if any, sports facilities. The National Sports Council has introduced a creative initiative of local sports partnerships. Some of these are working effectively already and Budget 2007 should take steps to expand the funding available for these most worthwhile initiatives.

OTHER PUBLIC SERVICES

While we address some public services in this section others, in particular housing and accommodation, health-care and education, are considered in other sections.

**For more information on
Public Services see our
website:
www.cori.ie/justice**

Proposals for Budget 2007

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

Housing and Accommodation

Core Policy Objective

To ensure that adequate accommodation is available for all people and to develop an equitable system for allocating resources within the housing sector.

Issues concerning housing and accommodation have had a major profile in recent years. Most of that profile, however, concerned the provision and cost of privately owned accommodation. A comparison of European housing tenures illustrates the existence of three main models of housing provision: an owner-occupier sector, a rental sector and a social housing sector. Most countries have a mix of housing tenures that reflects the policy choices of government. Irish housing policy supports owner occupation to the detriment of all other forms of housing tenure.

CURRENT AND FUTURE HOUSING NEEDS

The most recent assessment of local authority waiting lists occurred on the 31st of March 2005 and was reported in a Department of Environment, Heritage and Local Government publication in December 2005. It found that there was a total of 43,684 households on local authority housing waiting lists. This figure represents a decrease of 9.8 per cent since the 2002 assessment – a welcome improvement. However, since 1996 waiting lists have grown by 59.2 per cent and the 2005 figure indicates that across Ireland about 120,000 people are in need of accommodation.

THE PROVISION OF SOCIAL HOUSING

At the end of 2004 the National Economic and Social Council (NESC) published a major report on housing. Entitled *Housing in Ireland: Performance and Policy* the report spanned over 230 pages and provides guidelines for the future direction of policy

in this area.

In particular, the report made important suggestions for policy initiatives focused on social housing. Overall, NESC concluded that it was particularly concerned about two issues. These are:

- the quality of the neighbourhoods, villages, towns and cities being constructed in Ireland, and
- the provision of social and affordable housing

A central conclusion of the NESC housing report is that the supply of social housing will have to rise dramatically if the needs of Irish society are to be addressed in the years ahead. The details of their target have been outlined on page 4 of this briefing.

CORI Justice believes that reaching the NESC target for social housing in 2013 is essential if Ireland is to achieve the goal of ensuring that everyone in the country has appropriate accommodation. Furthermore, we welcome the acknowledgement of this in *Towards 2016*. Budget 2007 must allocate sufficient resources to ensure an increase of 9,000 social housing units in 2007.

HOUSING & PEOPLE WITH A DISABILITY

CORI Justice welcomes the recognition by NESC in its review of housing policy that “a particular gap is the lack of a strategic framework to support the provision of tailored housing and housing supports for people with disabilities”. A feature of having a disability is additional housing costs. Primarily these costs are for adjustments to residences to ensure access and continued use.

For some years local authorities have provided a disabled persons housing grant. However, during 2002 the Irish Wheelchair Association reported that an estimated six thousand people with disabilities across the state were waiting for these grants. Little progress has been made since. Budget 2007 should allocate funds to reduce these unnecessarily long waiting lists.

Proposals for Budget 2007

- Acknowledge that everyone has a right to appropriate accommodation and develop policy from this perspective.
- Acknowledge that social housing provision needs to reach 200,000 units by 2013.
- Provide the resources to local authorities and to the voluntary/non-profit housing sector to ensure an increase of 9,000 social housing units in 2007.
- Allocate sufficient resources to the Rental Accommodation Scheme (RAS).
- Provide sufficient resources to address the housing problems of those with a disability.
- Provide sufficient resources to the rent supplement programme and to the housing support programme to ensure that both programmes are adequate to meet current needs.
- Set a target of reducing the time spent on waiting lists to a maximum of 6 months.
- 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.
- Allocate significant additional resources to reduce the unnecessarily long waiting lists for a disabled persons housing grant.

Core Policy Objective

To provide an adequate healthcare service focused on enabling people to attain the World Health Organisation's definition of health as a *state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.*

Healthcare is a social right that every citizen should enjoy. People should be assured that care in their times of vulnerability is guaranteed. The standard of care is dependent on the resources made available which in turn is dependent on the expectations of the society. The obligation to provide healthcare as a social right rests on all people. In a democratic society this obligation is transferred through the taxation and insurance systems to government and other bodies who assume/contract this responsibility.

HEALTH INEQUALITIES

Recently a very welcome insight into the extent of health inequalities in Ireland was provided by the Public Health Alliance Ireland (PHAI). Entitled "*Health in Ireland – An Unequal State*" the report gathered together the baseline information on health inequalities in Ireland and its findings are worthy of serious attention. Among these findings were the following:

- Between 1989 and 1998 the death rates for all causes of death were over three times higher in the lowest occupational class than in the highest
- The death rates for all cancers among the lowest occupational class is over twice as high for the highest class, it is nearly three times higher for strokes, four times higher for lung cancer, six times for accidents
- Perinatal mortality is three times higher in poorer families than in richer families

Primary Care has been recognised as one of the cornerstones of the health system. Between 90 and 95 per cent of the population are treated by the primary care system. The importance of paying attention to local people's own perspective on their health and to understand the impact of the conditions of their lives on their health is essential to community development and to community orientated approaches to primary care. There needs to be a community development approach to ensure that the community can define its own health needs, work out how these needs can best be met collectively and decide on a course of action to achieve the outcomes in partnership with service providers. The Government's own Primary Care Strategy acknowledges the need for this "community involvement". As we have outlined on page 4 of this briefing, Budget 2007 should resource moves to make this possible.

MEDICAL CARDS

The introduction of 30,000 new medical cards and 200,000 'doctor visit only' cards in Budget 2005 was a small step in the right direction. CORI Justice believes that what is required is full medical card coverage for all people in Ireland who are vulnerable. Currently, the income threshold for accessing a medical card is far below the poverty line. Budget 2007 should resource such a change.

MENTAL HEALTH

The National Health Strategy identified mental health as an area to be developed. There is an urgent need to address this whole area in the light of the WHO Report where it is estimated that, in 1990, mental and neurological disorders accounted for 10 per cent of the total Disability-Adjusted Life Years (DALYs) lost due to all diseases and injuries. This was 12 per cent in 2000. This has serious implications for services in all countries in the coming years. Budget 2007 should provide additional resources to address these issues.

Proposals for Budget 2007

- **Recognise the considerable health inequalities present within the Irish healthcare system and provide sufficient resources to tackle them.**
- **Meet the commitment in T2016 to establish an additional 100 primary care teams.**
- **Raise the eligibility threshold for the medical card.**
- **Enhance the provision of community care and restructure the healthcare budget accordingly.**
- **Resource and implement targets on health status within the NAPS.**
- **Increase the percentage of the health budget allocated to health promotion and education in partnership with all relevant stakeholders.**
- **Provide the childcare services with the additional resources necessary to effectively implement the Child Care Act.**
- **Resource the development of nursing care of elderly people in their own community on the model of the hospice care programme.**
- **Provide additional respite care for elderly people and people with disabilities.**
- **Resource the development of mental health services, recognising that this will play a key factor in health status.**
- **Facilitate and fund a campaign to give greater attention to the issue of suicide in Irish society.**
- **Adequately resource the Local and Regional Drugs Task Forces.**

Core Policy Objective

To provide relevant education for all people throughout their lives, so that they can participate fully and meaningfully in developing themselves, their community and the wider society.

Education can be an agent for social transformation. CORI Justice believes that education can be a powerful force in counteracting inequality and poverty while recognising that, in many ways, the present education system has quite the opposite effect. Recent studies confirm the persistence of social class inequalities which are seemingly ingrained in the system. Even in the context of increased participation and economic boom, the education system continues to mediate the vicious cycle of disadvantage and social exclusion between generations.

While there are a number of programmes and initiatives to tackle educational disadvantage, many of these initiatives simply involve providing additional resources for disadvantaged schools. Our policy approach in this area is based on a belief that early school leaving is a particularly serious manifestation of wider inequality in education, which is embedded in and caused by structures in the system itself. It is from this perspective that we make our recommendations for Budget 2007.

PRE-SCHOOL EDUCATION

There is need for the establishment, co-ordination and monitoring of early education and childcare to ensure quality provision of opportunities for holistic child development for all disadvantaged. Budget 2007 should take steps to support such an initiative.

EARLY SCHOOL LEAVING

Some 3% of young people leave

school without any qualification. However, this figure is unevenly distributed reaching 30% in some seriously disadvantaged communities. Research on the marginalisation of young men and boys highlights the close link between under-achievement in school and the spiral of exclusion that leads to homelessness and other social problems.

The Back to Education Initiative (BTEI) is a programme with the potential to address this problem. It should target as a priority early school leavers with few or no formal qualifications or low literacy and numeracy skills.

In particular this initiative should target young early school leavers who have been alienated from the school-based educational system. To achieve this further resources are needed. Budget 2007 should provide these.

EQUITY IN EDUCATION FUNDING

The exchequer invests 2.5 times more money per capita in the education of those who complete three years of third-level education than it does for those who leave school before the completion of post-primary education.

In light of the barriers to educational participation of the more disadvantaged people, especially at post-school level, consideration should be given to establishing a basic educational allowance. Budget 2007 should adopt policies to make this possible.

LITERACY DIFFICULTIES

Access to education for those with literacy difficulties is largely dependent on the services of voluntary literacy instructors under the guidance of adult education officers. The current policy of supporting the full cohort of such adults on a part time basis is ineffective. Further priority must be given to generating effective levels of support for adults with literacy difficulties, with work friendly arrangements being put in place where necessary. Budget 2007 should provide funds to achieve this.

Proposals for Budget 2007

- **Prioritise funding for Primary education and family based pre school.**
- **Provide early start programmes in all disadvantaged communities. This means extending the initiative outside disadvantaged areas to communities within which there are marked pockets of disadvantage.**
- **Introduce a Basic Educational Allowance for full-time and part-time education for persons between ages 18 and 40 who does not proceed to third level from school.**
- **Adopt the National Adult Literacy and Numeracy Implementation Plan developed by NALA, enabling an increase to 10% participation of the target group.**
- **Extend early start initiatives beyond school year framework to an all year support initiative anchored in the host community, with especial links to family units.**
- **Research PTR allocations in all Primary and Post Primary schools with a view to ensuring equity of provision.**
- **Exchequer funded pre-school initiatives should include ongoing credentialised training for providers and should include ongoing evaluation of the outcomes of these initiatives for children and their families.**
- **Extend current two year time-frame and greater flexibility for completion of modular Leaving Certificate Applied to facilitate certain workers and parents.**

Rural Development

Core Policy 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 infrastructures needed for sustainable development would be in place.

Rural Ireland continues to change dramatically. The 1996 census recorded that 46 per cent of Ireland's population lived in small villages and in the open countryside. This figure declined to 40.4 per cent (1,582,921 people) according to the results of census 2002. A factor in that reduction is the sustained decline in farm numbers. Agriculture, forestry and fishing now account for only 5.8 per cent (115,300 people) of the overall labour force. At present those in farming comprise one-quarter of the rural labour force, and are a minority of the rural population. Furthermore fewer farm children seek a future in farming.

LOW RURAL INCOMES

Among its many characteristics rural Ireland has high dependency levels, increasing out-migration and many small farmers living on very low incomes. Only a minority of farmers are at present generating an adequate income from farming and, even on these farms, incomes lag considerably behind the national average. The National Farm Survey estimates that the average family farm income (excluding off-farm income) was €15,557 in 2004.

Off-farm income is extremely important among farm families, especially in the western region. The National Farm Survey indicates that on 52 per cent of farms the farmer and/or spouse had an off-farm job and that overall on over 78 per cent of farms the farmer and/or spouse had some source of off farm

income be it from employment, pension or social assistance. This situation is likely to intensify in the coming years, thus increasing the importance of additional off-farm income being available if rural poverty and social exclusion are to be addressed.

LONG-TERM STRATEGIES

Long-term strategies to address the failures of current policies on critical issues such as infrastructure development, the national spatial imbalance, public transport and local involvement in core decision-making are urgently required. A recognition that current development policies are largely city-led is also necessary and this approach needs to be re-balanced.

There have been many welcome initiatives aimed at rural development. The context of current rural development policy, however, is one where

- EU policies in particular ensure that production is concentrated among larger producers, and where regulations, policies and financing all militate against small local producers,
- direct payments favour large volume, higher income farmers,
- there is a dominance of the agri-model of rural development,
- there is very limited progress in achieving balanced regional development. Areas such as the western region have been losing ground to the rest of the country in recent years.

Our recent Policy Briefing on *Rural Ireland* examined a number of appropriate long-term strategies.

STATE INVESTMENT

It is clear that the scale of the infrastructure and investment deficit in rural Ireland is unacceptably high. In recent years there have been major spatial changes and there are major spatial disparities as well. The failure of current policies in so many crucial areas requires that long-term strategies be developed to address these failures. Far more is required if rural Ireland is to be viable in the twenty-first century. Budget 2007 should address this.

Proposals for Budget 2007

- Ensure the provision of basic infrastructure and services based more on equity and social justice, rather than on cost effectiveness. In this context, the Budget should take particular account of rural disadvantage.
- Ensure that decoupled payments are maintained as an ongoing basic income for all farmers in Ireland.
- Provide support for rural housing.
- Provide additional resources for the development of rural public transport strategies and initiatives tailored to meet the needs of people in local communities.
- Support additional special outreach education programmes in rural areas, particularly those where no major third level colleges are located.
- Double the number of places on the rural social scheme and make it available to people without herd numbers.
- Support policies that encourage alternative farm enterprises through the promotion of quality (including organic) food production and processing.
- Reverse the trend of centralising services away from local communities in areas such as healthcare, education, post offices, etc.
- Support programmes to create employment for part-time farmers with a view to effectively targeting the needs of smaller farmers.

Environment and Sustainability

Core Policy Objective

To ensure that all development is socially, economically and environmentally sustainable.

Sustainable development has not been a major concern of the dominant economic models. Their emphasis on GNP/GDP as scorecards of wealth and progress, more or less ignored the environment. Consequently it is scarcely surprising that this neglect is now causing major problems.

WASTE DISPOSAL AND RECYCLING

The management of Ireland's waste remains a problem. In 2003 28.3% of our waste was recycled, while the remaining 71.7% was going to landfill (EPA, 2004). At this rate of growth it is of no surprise that our landfill capacity will soon be reached.

While our recycling rates are increasing, and this is long overdue, they still remain very low. Studies suggest that almost 80% of household waste and 94% of industrial waste can be recycled. Furthermore Ireland has agreed to an EU obligation to recycle 50% of our waste.

If we are to meet this target, major changes are required. Both industry and households need to change their attitude towards recycling. Industry in all sectors will have to use fewer material inputs and emit fewer wastes. To facilitate this, government needs to move towards making material inputs and waste disposal far more expensive, and towards making increasing demands for the durability, repairability and recyclability of goods.

EU moves which will force white goods and car companies to take back their products at the end of their useful lives is a welcome step in this direction. However, more needs to be done.

To meet our EU obligation Budget

2007 must provide further funds to assist in providing incentives to recycle rather than landfill.

CLIMATE AND GREENHOUSE GASES

Ireland's air is becoming more and more polluted. Between 1990 and 2004 the EPA reveal that Ireland's greenhouse gas emissions grew by 23.1%. Total combined Irish emissions of the three main greenhouse gases regarded as having global warming potential amounted to 68.5m tonnes of CO₂ equivalent in 2004, up from 55.6m tonnes in 1990.

These emissions now exceed the limits agreed under the Kyoto protocol. Major changes are required if we are to reduce our emissions and reach this target. Central to this is the need for full implementation of the National Climate Change Strategy.

CARBON TAXES

CORI Justice believed that the recent decision by government to abandon their commitment to introducing carbon taxes in Budget 2005 was a mistake and a missed opportunity. Its rejection was based on a weak argument that the tax would have minimal impact.

However the policy for its introduction, as outlined by the ESRI and others, suggested that the tax be introduced at a small level and subsequently increased over time.

CORI Justice believes this decision should be reversed and these taxes introduced as proposed as a matter of priority in Budget 2007.

THE BUDGET AND SUSTAINABLE DEVELOPMENT

In promoting sustainable development it is important to reward activities that are socially and environmentally benign (and not the reverse, as is the case in many situations at present). Our 2005 Policy Briefing on *Sustainability* considered this issue in detail (see: www.cori.ie/justice). Budget 2007 should promote this approach.

Proposals for Budget 2007

- Allocate the necessary resources to achieve waste reduction targets by implementing the relevant sections of the Waste Management Act.
- Allocate substantial additional resources to develop and reward recycling.
- Provide additional resources to ensure that water pollution is reduced.
- Undertake to review the water pollution acts so as to increase the penalties associated with water pollution. (It remains a concern that over 30% of Ireland's river channels are classified as polluted to some extent).
- Reverse the decision to abandon carbon taxation and introduce a coherent series of initiatives aimed at reducing dependence on oil, gas, coal and other fossil fuels.
- Resource the development of 'satellite' national accounts that include the costs of items such as environmental damage and resource consumption, and the value of a range of traditionally 'unaccounted' items such as unpaid work.
- Introduce public purchasing policies that encourage contractors to adopt sustainable practices.
- Target funding strategies in the transport area to ensure far greater priority is given to public transport initiatives.
- Provide substantial additional resources for the development of library services throughout the country.

Overseas Development Assistance: 2007 Target

The international challenge to significantly increase levels of Overseas Development Assistance (ODA) was recently set out by the UN Secretary General Kofi Annan when he stated that:

“We will have time to reach the Millennium Development Goals – worldwide and in most, or even all, individual countries – but only if we break with business as usual...So we must start now. And we must more than double global development assistance over the next few years. Nothing less will help to achieve the Goals”.

These comments lay down a clear challenge to the international community and CORI Justice believes that Ireland can lead the way in responding to that challenge. We welcome the announcement by the Taoiseach that Ireland will reach the UN target of 0.7% of GNP on

overseas aid by 2012. We also welcome the re-iteration of this commitment in *Towards 2016* and in the recent White Paper. It is important that the Government, Irish Aid and Irish society generally are aware of the scale of these

In Budget 2007 an additional €104m must be allocated to ODA

ODA allocations.

In 2005 a total of €545m (0.4% of GNP) was allocated to ODA. Budget 2006 allocated €675m, equivalent to 0.466% of GNP.

This increase was a welcome endorsement of the Taoiseach’s commitment to ODA at the UN. It is important that Government stay

focused on reaching 0.7% of GNP by 2012.

The interim commitment to reach 0.5% of GNP must be met in 2007. Based on the Department of Finances own figures, published in the Budget 2006 documentation, in Budget 2007 an additional €104m must be allocated to ODA bringing that Budget to €779m. Such an increase will achieve the interim target and it will underscore that over time Ireland has achieved sizeable increases in our ODA allocation.

Year	ODA Commitment	% GNP
2006	€675m	0.466% of GNP
2007	€779m	0.5% of GNP
2010	-	0.6% of GNP
2012	-	0.7% of GNP

Other CORI Justice Publications

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

- **Developing a Fairer Ireland** (CORI Justice annual socio-economic review - 2006)
- **Policy Briefing on Rural Development**
- **Analysis and Critique of Budget 2006**
- **A Fairer Tax System for a Fairer Ireland**
- **Policy Briefing on Sustainability**
- **Analysis and critique of social aspects of the national social partnership agreement *Towards 2016***
- **Policy Briefing on Taxation**

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



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

CORI Justice
Bloomfield Avenue
Dublin 4
Phone: 01 6677363
Fax: 01 6689460
Email: justice@cori.ie