

Budget Choices

Policy Briefing

Budget 2004 should give priority to tackling the widening rich/poor gap and the deficits in Ireland's infrastructure and social provision. It should produce a significant decrease in social exclusion and ensure that Ireland collects a fairer level of taxation than is currently the situation. Those who have benefited least from the economic growth of recent years should not bear the brunt of the budgetary problems produced by this Government's imprudent management of resources in the years of plenty.

Each year in its budget the Government makes crucial choices that identify its *real* priorities. These choices result in resources being allocated to address these priorities. In recent years Government choices have favoured the better-off. Some of Ireland's main socio-economic problems were not given the priority required to ensure they were adequately addressed. Principal among the issues not addressed are the growing number

of people living in relative income poverty and the ever-growing number of households in need of social housing.

The widening rich/poor gap is Ireland's greatest budgetary scandal. Despite the substantial resources which have been available, Ireland's poorest people have been effectively excluded from what is required to live life with dignity. This is unjust, unfair and unacceptable.

To reverse this trend it is essential that Budget 2004 increase the lowest social welfare payment by at least €12 a week for a single person and €20 for a couple.

Many good things have happened in recent years. Ireland now has a per capita income well above the European average. The numbers employed have grown dramatically and the numbers unemployed have remained relatively low.

However, Ireland does not have an EU standard of infrastructure or social provision. It has one of the worst rich/poor gaps in the EU. The numbers

living in relative income poverty are growing. The gap between an unemployed person and a person on €50,000 a year has widened by €276 a week over the past six years as a result of this Government's budget decisions.

A growing number of poor people are on housing waiting lists. The two-tier healthcare system means poor people continue to wait for service. Many people with jobs are living in poverty because their incomes are so low. Educational disadvantage persists for large numbers of poor people - both young and adults.

On the other hand Ireland's total tax-take is low by EU standards. This raises serious questions. How can Ireland have an EU level of infrastructure and social provision if we are not prepared to pay an EU level of taxation? This Briefing outlines the choices that should be made.

A society is measured by how it treats its most vulnerable people. By this measurement Ireland is failing dismally.

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Main Policy Recommendations For Budget 2004

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

- Commit to increasing Ireland's total tax take towards the EU average.
- Make tax credits refundable.
- Increase tax credits substantially so as to move towards taking the minimum wage out of the tax net.
- Increase the corporate tax rate to 17.5%.
- Increase capital gains, wealth and eco taxes.
- Standard rate all discretionary tax expenditures.

Income Distribution

- Redress the imbalances of the last six Budgets where the major beneficiaries were the better off.
- Increase the lowest social welfare rates by €12 a week for a single person and by €20 a week for a couple.
- Increase child benefit substantially and do not tax it.
- Move towards individualisation of social welfare payments.
- Introduce a cost of disability allowance.
- Increase the weekly allowance for asylum seekers in 'direct provision' to €50 a week for an adult and €25 for a child.

Work/Unemployment/Job-Creation

- 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..
- Create a new programme to provide direct funding for community and voluntary organisations providing services which were dependent on CE funding in the past.
- 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 throughout the country.
- 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.
- Set a target of reducing the time spent on waiting lists to a maximum of 6 months by 2007.
- Provide sufficient resources to eliminate homelessness in the coming year.

Healthcare

- Give far greater priority to community care and restructure the health-care budget accordingly.
- Increase the resources for core com-

munity care services for older people with priority to be given to home care.

- Resource the ongoing implementation of the Health Strategy and the Primary Healthcare Strategy in the coming year.

Education

- Increase the proportion of funding allocated to Primary and pre-school sector
- Further prioritise Adult and Community Education
- Prioritise full implementation of the Education Welfare Act as a means of enabling educationally vulnerable people to progress

Rural Development

- Decouple all direct payments from production and introduce a direct payment in the form of a basic income for each person.
- Ensure the provision of basic infrastructure and services based more on equity and social justice, rather than on cost effectiveness
- Provide support for rural housing.
- Provide additional resources for the development of rural public transport strategies.

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.

- Implement the commitment to increase Ireland's ODA budget for poor countries to the UN target of 0.7% of GNP by 2007.

Poverty Proofing

- Poverty-proof the budget to ensure that the gap between rich and poor is reduced

Achieving an Adequate Social Welfare Rate

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 new national agreement *Sustaining Progress* further endorsed this target.

CORI Justice Commission welcomed this target. It was a major

breakthrough in social, economic and philosophical terms. The target

The target of €150 a week is equivalent to 30% of GAIE in 2002.

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.

If this commitment is delivered upon it will mean that the gap between the present level of the lowest social welfare payments and 30% of GAIE will be bridged between now and 2007. Budget 2004 must take steps towards achieving this target.

Social Welfare Increase of €12 Needed in Budget 2004

CORI Justice Commission has calculated the projected growth in €150 between 2002 and 2007 when it is indexed to the estimated growth in GAIE. Table 1 presents the expected growth rates and calculates that the lowest social welfare rates for single people should reach €182.70 by 2007.

At its first opportunity to live up to the NAPS commitment the government only granted a mere €6 a week increase in social welfare rates in Budget 2003. This increase was below that which CORI Justice Com-

mission requested and also below that recommended by the government’s own tax strategy group. It brought the current minimum level of social welfare to €124.80 a week.

The gap to be bridged in the next four budgets is €57.90.

Consequently, the gap to be bridged in the next four budgets (2004-2007) is €57.90.

To fulfil the NAPS commitment the average increase in the minimum level of unemployment assistance across the next four budgets must be €14.47 a year. Table 2 proposes the updated scale of increase for social welfare for 2004 to 2007.

CORI Justice Commission strongly urge government to honour its commitment in Budget 2004 and to provide an increase of €12 this year.

Table 1: Estimating growth in €150 a week (30% GAIE) for 2002-2007

	2002	2003	2004	2005	2006	2007
% Growth of GAIE	-	+4.20	+3.00	+4.50	+3.60	+4.80
30% GAIE (€150 Updated)	150	156.30	161.00	168.23	174.29	182.70

Source: GAIE growth rates from ESRI Medium Term Review (2003:49).

Table 2: Proposed approach to addressing the Gap, 2004-2007

	2003	2004	2005	2006	2007
Min. SW. payment in €s	124.80	136.80	150.80	166.30	182.70
€amount increase each year	-	+12.00	+14.00	+15.50	+16.40

A Rich Country, with More and More Poor People

Over the 'Celtic Tiger' years Ireland climbed up the ladder of international prosperity to become the country with the fourth highest income (GDP) per person worldwide. At the same time, more and more Irish people have become poor.

Table 3 uses the more generally accepted poverty line (50% of average income) to show that the percentage of households in poverty (below that amount) has increased from 16.3% in 1987 to 25.8% in 2000. Across all the survey years this figure records a significant increase. Similarly persons experiencing poverty increased, with the corresponding numbers being 18.9% in 1987 and 20.9% in 2000.

In effect these figures suggest that 1 in every 4 households and 1 in every

5 people in Ireland live in poverty.

These figures allowed the ESRI to conclude that Ireland has a high rate of relative income poverty compared to other EU countries and that it is caused by structural factors that need to be

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tackled while the resources are available to do so (Layte et al, 2001). Commenting on the scale of these poverty figures an editorial in *The Irish Times* (5 September 2002) concluded by posing the question "how viable is such a society in the long run?"

The depth of poverty experienced by people and households has declined between 1987 and 2000. Even though people remain relatively poor they do have more money in their pockets. Therefore those below relative income poverty lines are now a good deal closer to these lines than in the past. Consequently, the share of national income needed to bridge that gap, to bring everyone up to these lines, is less.

The divides in Irish society are growing. Budget 2004 needs to take steps to ensure that these figures do not continue to increase.

For more information on poverty see our website: www.cori.ie/justice

Table 3: Percentage of Households and Persons Below Relative Income Poverty Lines

	HOUSEHOLDS					PERSONS				
	1987	1994	1997	1998	2000	1987	1994	1997	1998	2000
40 Per Cent line	6.2	4.9	6.3	10.5	11.8	6.8	5.2	6.3	9.1	9.9
50 Per Cent line	16.3	18.6	22.4	24.6	25.8	18.9	17.4	18.1	19.9	20.9
60 Per Cent line	28.5	34.2	34.3	33.4	32.9	29.8	30.4	30.1	28.6	28.3

Who are Ireland's Poor?

A recent study by the ESRI (2002:29-32) assists us in profiling Ireland's poor. Some of the key findings of that analysis are:

- Households headed by a person working full time in the home are the largest single group living in poverty (28.7%)
- Households headed by a retired person make up the next largest group of households living in poverty (17.6%)
- In 2000, the majority of households in poverty were headed by a person outside the labour force. When figures for households headed by a retired person, a person who is ill/disabled and a person on home duties' are combined they account for 56.2% of all the households in poverty

Figures for the risk of poverty reveal that 24.9% of Ireland's children live in poverty as are 35.9% of those aged over 65. Across all age groups women are at a greater risk of pov-

erty than men. The difference is particularly pronounced in the age group over 65. In that group, 49.2% of women are at risk of experiencing poverty, compared to 35.5% of men.

In 2000, the majority of households in poverty were headed by a person outside the labour force

The Widening Gap Between Rich and Poor

Over the past six years the impact of the budgetary policies pursued by the current government has been to further increase income inequality. This is revealed by a CORI Justice Commission analysis of the last six budgets.

In making these calculations it is essential that wage increases be included as well as tax cuts and social welfare increases. Unemployed people gain nothing from the tax reductions or wage increases. Consequently when assessing their relative positions, it is essential that these pay increases be included in the calculations. We have also made provision for a pay increase in accordance with the new national agreement. Tax reductions as well as social welfare increases are also included. Finally, the calculations include the impact of the special savings incentive account (SSIA) scheme which better-off people can access but which is beyond the reach of Ireland's poor. The rich/poor gap measures the gap between the income of a single person on long-term unemployment and a

single person on €50,000.

The results of this analysis reveal a dramatic widening of the rich/poor gap as each of the six budgets gave substantially more to those who were better off than to those who were poorest in Irish society. Overall, this gap has now widened by €276 a week. The

Over the last six years the rich/poor gap has widened by €276 a week as a result of this Governments budget decisions

latter can also gain €14 a week from the Special Savings Scheme, bringing their total gain up to €276 a week.

The impact of government decisions on the take-home income of couples has been almost as striking. After six budgets couples who are long-term unemployed are almost €73 a week better off while a couple on €50,000 is €82 a week better off. The latter also benefit from the SSIA's so the gap between them has widened by €23 a week. Widening the gap between the better off and the poor is unfair, unjust and bad for social cohesion. The analysis also reveals that single people

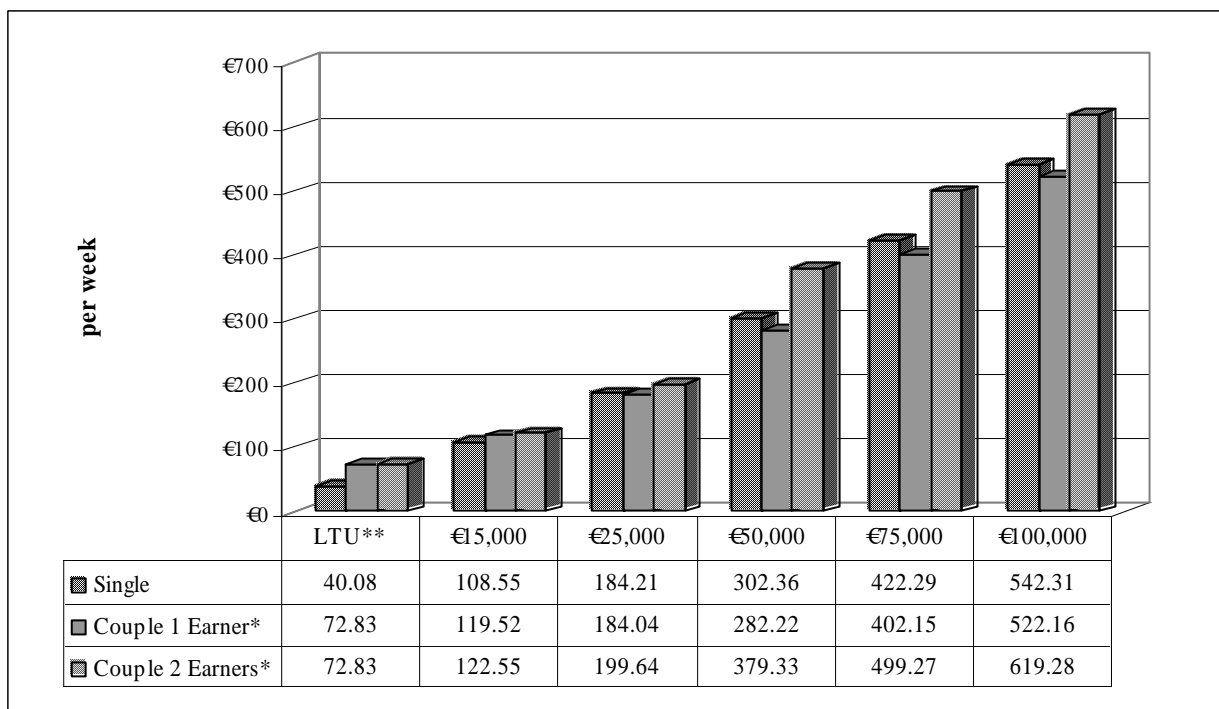
who are long-term unemployed are €40 a week better off, those with €5,000 a year are €184 a week better off while those on €50,000 are €302 a week better off.

After six budgets couples who are long-term unemployed are €72.83 a week better off. Couples with one income earning €25,000 are €177 a week better off while those on €50,000 are €82 a week better off. Over the same

period couples with two incomes earning a total of €25,000 a year are €99 a year better off while those with two incomes totalling €50,000 are €379 a week better off (see chart 1).

This income distribution reflects the choices government has made over the past six years. These choices were totally skewed in favour of those with higher incomes. Budget 2004 should reverse these trends.

Chart 1: How much better off are people under this Government (1997-2003)?



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

It's Time to Broaden Ireland's Tax Base

While CORI Justice Commission has called for a broadening of Ireland's tax base for many years, we welcome recent comments from the OECD and the IMF in their reviews of the Irish Economy which also called for the Irish Tax base to be widened.

In recent years Ireland has evolved into a low- tax economy. In a 2002 review of international taxation levels the OECD showed that Ireland collected a lower proportion of GDP in tax than any other country across the European Union.

A recent CORI Justice Commission analysis has updated these figures

following Budget 2003. It found that Ireland's tax take remains the lowest

Ireland's taxation rate is at least 7.5% below the EU average of 41.44%.

in Europe. This outcome applies irrespective of whether the calculations are performed using GDP (27.7%) or GNP (33.9%). Ireland's taxation rate is at least 7.5% below the EU average (of 41.44%). Britain

is much closer to the EU average, being only 3.8% below it.

Internationally, the United States, traditionally seen as a very low tax economy with limited social care policies, has a tax level in excess of Ireland. The US tax take equals 29.6% of GDP, almost 2% higher than the corresponding Irish figure.

A broader analysis of these taxation levels across the thirty OECD member countries, reveals that only three other nations possess a lower tax take than Ireland. These are Korea, Japan and Mexico.

Ireland Will Never 'Catch-up' Unless We Broaden Out Tax Base

In the context of the above tax base 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 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.

Small increases in taxation are cer-

tainly feasible and are unlikely to have any significant negative impact on the economy. An increase of just one percent in the GDP to tax ratio (from 27.7 to 28.7) would produce an extra €1.1bn each year in taxation income

Small increases in taxation are certainly feasible and are unlikely to have any significant negative impact on the economy.

for the government. Were Ireland to increase its total taxation levels to that of the UK (from 27.7 to 37.4), a country hardly regarded as being high tax, the exchequer would have an additional income each year of €10.7bn.

It is of no surprise that poverty is so

high, illiteracy so widespread, our health service in crisis and our education system lacking basic facilities when we don't collect enough taxes to adequately fund them.

There remains a real danger that in five years time Ireland will have partially bridged the infrastructural gap with the rest of Europe but simultaneously

widened the social gap to an unforgivable extent. A broadening of the tax base and a targeting of that additional revenue towards addressing Ireland's social deficit is overdue and necessary.

Poor Hardest Hit By Recent Price Increases

Over the past year the prices of many goods and services have noticeably increased. These include public transport costs, postage rates, the television licence and electricity rates. The 1% VAT increase announced in last years budget was swiftly passed on to consumers meaning further price increase in goods such as fuels. In recent weeks another electricity price increase has been announced (bring the increase to 25% over the past 2 years) and the proposed

increase in flour prices is expected to see the cost of a loaf of bread rise by 10-15 cents before Christmas.

These price rises have hit the poor hardest. Overall, the increases are concentrated on those products that poor households consume. Proportionally, the scale of these price increases have hit poor people more than others. For example, the increase in the television licence equals almost one-sixth of the total increase in income which a single unemployed person received last year.

The fact that these price increases have been so concentrated on basic goods and services means that life in 2003 is much harder for Ireland's growing number of poor. Budget 2004 must take into account the impact of these increases. In particular the budget must bear these pressures in mind when deciding on the size of the social welfare increase. CORI Justice Commission believes that in 2004 that increase should equal €12 per week.

Taxation

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

As we have noted earlier Ireland's total tax take as a percentage of gross domestic product (GDP) is the lowest of 14 EU countries for which statistics are available. Total tax and social insurance revenue in Ireland was equal to 27.7% of GDP, a long way below the EU average of 41.44%. When adjusted for GNP Ireland's total tax take is still substantially below the EU average. Ireland is not a high-tax country.

INCREASING THE TAX-TAKE

As a means of increasing the total tax-take towards the EU average level, we propose that Budget 2004 should:

- Increase the corporation tax rate to 17.5%
- Increase capital gains tax
- Further expand the levy on financial institutions introduced in Budget 2003
- 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)
- Seriously reform the sizeable number of tax expenditures, many of which serve minimal social or economic purpose.

INCOME TAX v. PRSI

It is important to note that Ireland takes a far higher proportion of its

taxes from income tax (31.4%) compared to the EU (25.5%). On the other hand, Ireland takes only 12.9% of its total tax-take in social security taxes (PRSI) compared to an EU average of 28.6%. A rebalancing towards the EU levels on this issue would be welcome.

REFUNDABLE TAX CREDITS

At present people in the lowest paid jobs who are already outside the tax net do not gain from changes in the annual Budget. To ensure they benefit in the future, tax credits should be made refundable in Budget 2004.

Making the current income tax credits refundable would result in most of the benefit going to the poorest 30% of income earners. This is a development that should be introduced in Budget 2004.

THE MINIMUM WAGE AND THE TAX NET

Taking everyone on the minimum wage out of the tax net is a worthwhile policy objective. However, it is important to note that the benefits of such a move would go, mostly to the better off 60% of the population. According to the recent ESRI research only 16% of the cost of such a move would go to the bottom half of the income distribution while 84% would go to those already in the better-off half. Consequently, while favouring the policy objective, CORI Justice Commission believes priority should be given to making tax credits refundable.

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. Accordingly, we propose that Budget 2004 should move to ensure that relief on all discretionary tax expenditures should be available at the standard rate only.

Proposals for Budget 2004

- **Commit to increasing Ireland's total tax take towards the EU average.**
- **Make tax credits refundable.**
- **Increase tax credits substantially so as to move towards taking the minimum wage out of the tax net.**
- **Integrate Family Income Supplement (FIS) with the tax system.**
- **Proceed with individualisation in the income tax system in a fair and equitable manner.**
- **Poverty-proof all budget tax packages to ensure that tax changes do not further widen the gap between those with low income and the better off.**
- **Increase the corporate tax rate to 17.5%.**
- **Increase capital gains tax.**
- **Move decisively to shift the burden of taxation from income tax to eco-taxes on consumption.**
- **Introduced the promised carbon and environmental taxes.**
- **Develop policies which allow taxation on wealth to be increased.**
- **Investigate the possibility of introducing a tax on currency transactions such as the Tobin Tax.**
- **Investigate the possibility of introducing a land-rent tax.**
- **Standard rate all discretionary tax expenditures.**

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 Living in Ireland Survey for 2000, the ESRI established that the income per adult equivalent averaged over households (the average income per adult in Ireland during 2000) was €287.53. Consequently, the 50% of average income poverty line for a single adult was €143.77 per week. Updating this line to 2003 levels, using actual and predicted increases in average industrial earnings, produces a relative income poverty line of €174.74 for a single person. In 2003, any adult below this weekly income level will be counted as being in poverty. One immediate implication of this analysis is that the poverty line exceeds the current level of most social assistance rates by €19.94 per week.

INCOME POVERTY

Income poverty is a reality for a great many people in Ireland. As we have seen earlier in this briefing the number of households in poverty has risen steadily from 16.3% in 1987 to 25.8% in 2000.

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 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 a major step in Budget 2004 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 €12 a week for single people and €20 a week for a couple in Budget 2004.

It is crucial that Government begin the process of reversing the trend of recent years during which the gap between the better off and Ireland's poorest people widened dramatically. Budget 2004 provides an ideal starting point for moving in this direction.

ASYLUM-SEEKERS AND DIRECT PROVISION

Asylum-seekers and those who have applied for leave to remain for other reasons, are among the most excluded people in Ireland, yet they are treated in a very unjust way. In particular, Government has introduced a policy of "direct provision" through which 4,634 asylum-seekers receive accommodation and board, together with €19.10 per week per adult and €9.55 per child. This is an inadequate amount of money and Budget 2004 should increase these amounts immediately to at least €50 a week for an adult and €25 for a child. This policy proposal is an interim one as ultimately this unfair system of "direct provision" should be eliminated.

Proposals for Budget 2004

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

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 by more than half a million to 1,794,800. Over the same period, the number of people unemployed (measured on an International Labour Office (ILO) basis) had gone from 198,500 to 86,700. In the intervening years, the number unemployed has exceeded 220,000. 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 be more problematic in the year ahead as further job losses appear likely. It is necessary that the government should make provision for this new situation by providing additional 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.

COMMUNITY EMPLOYMENT

The Government's decision to reduce the number of places available on Community Employment (CE) is a breach of the PPF agreement. That agreement guaranteed that the number of community employment places would not go below 28,000 before 2003. However, the impact of the 2002 cuts was to reduce the number of places to 24,000. Recently, further cuts have been signalled. Despite repeated

discussions, Government persists in reducing the number of places on these programmes.

There are three aspects to the CE programme, of which only the first was originally intended. CE is an active labour market programme (ALMP) providing experience and training to people seeking employment in the labour market. Secondly, it plays a major role in providing services in local communities, delivered mostly by organisations in the community and voluntary sectors. Thirdly, it provides sheltered employment for a large number of people.

As the number of places are reduced it is essential that Government act to ensure that all three aspects of the CE 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 for a new initiative that would resource the services etc. being provided for the most part by the community and voluntary sector and which used to depend on CE funding.

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 2004 should provide resources to conduct a survey to discover the value of all unpaid work in Ireland.

Proposals for Budget 2004

- **Place an ongoing emphasis on preparing and enabling unemployed people to access jobs. This would involve providing additional resources to support:**
 - ◆ Increased numbers of places providing quality education and training, re-training and up-skilling.
 - ◆ Expanded opportunities for unemployed people to gain work-place experience.
 - ◆ Adequate numbers of places on programmes such as Community Employment.
- **Maintain the number of active labour market programme (ALMP) places available to those who are long-term unemployed.**
- **Create a new programme to provide direct funding for community and voluntary organisations providing services which were dependent on CE funding in the past.**
- **Substantially increase the resources available for the Social Economy programme and ensure that it maintains its social economy focus.**
- **Increase the education/training grants for participants in active labour market programmes.**
- **Resource life long learning.**
- **Recognise the right to work of asylum seekers.**
- **Provide resources to conduct a survey to discover the value of all unpaid work in the country (including community and voluntary work and work in the home).**

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

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 2004 needs to support a new transport policy which would seek to combine easy access, affordable and high-quality public transport with 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. To play this role, an expansion of the library service is essential. Budget 2003 reduced by €1.5m (3%) funding for the local authority library service. Budget 2004 must reverse this trend and support this important resource. Failure to support this service properly is short-sighted.

INFORMATION TECHNOLOGY

Increasingly the ability to use information technology (IT) is becoming a central requirement in modern society. The phenomenon of a technological divide is becoming evident. In particular it is of concern that a number of

young people, including early school-leavers, have little or no skill in IT. Consequently initiatives are necessary to improve IT provision in schools, as well as to increase its availability in areas such as public libraries and community centres. To date the CAIT initiative has been successful in addressing these problems and achieving a large response. However, the decision in Budget 2003 to almost eliminate the Information Society Community Initiative is of concern. Its funds were reduced by 86% (€4.43m) to just €0.7m. Actions such as this are easy to implement, but they are very short-sighted.

The people who suffer as a result of this decision are those who are already disadvantaged. We believe that any investment in this area would repay itself substantially. Budget 2004 needs to show greater commitment to this area and attempt to fulfil one of the special initiatives in the new national agreement aimed at “including everybody in the information society”. Ignoring this will ensure that the “digital divide” will further increase social exclusion.

SPORTS FACILITIES

Recent studies indicate a declining level of participation by Irish people, and in particular young people, in sports activities. Long term this may 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 attempting to address this problem. However, the refusal by government to expand the funding for local sports partnerships is leaving a huge potential untapped. Budget 2004 should take steps to change this policy.

While we address many public services in this section others, in particular housing and accommodation, healthcare and education, are considered in other sections.

Proposals for Budget 2004

- **Target funding strategies to ensure that far greater priority is given to providing an easy-access, affordable and high quality public transport system.**
- **Provide substantial additional resources for the development of library services throughout the country.**
- **Increase the provision of open-access information technology in public libraries and meet the commitment in the new national agreement to “include everybody in the information society”.**
- **Introduce a system (e.g. a swipe card) that ensures people on low incomes can access information communications technology on an ongoing basis.**
- **Adopt further information technology programmes to increase the skills of school children, early school-leavers and the unemployed.**
- **Regulate the removal of public 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.**
- **Focus regulation policy on measuring impacts on social, cultural and sustainability dimensions of initiatives.**

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, comprised 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.

The implications of this emphasis can be seen clearly when one looks at the situation from a different vantage points.

CURRENT AND FUTURE HOUSING NEEDS

According to the *Housing Statistics Bulletin* from the Department of Environment and Local Government, in March 2003, there was a total of 48,413 households on local-authority housing waiting lists. This figure represents a growth rate of 76.5% since 1996, and indicates that about 130,000 people and almost 50,000 households are in need of accommodation. Of these households 25% have been waiting for more than three years, 14% are on the list for between 2-3 years while 22% are waiting for between 1-2 years.

A recent report on future housing needs, entitled *Housing Access for All?*, was published by four voluntary organisations, namely Focus Ireland, Simon Communities of Ireland, Society of St Vincent de Paul and Threshold. The report projected that as a result of uneven development there will

be a significant increase in the levels of unaffordability recorded among Irish households. It also predicts that it will take 30 years to eliminate the housing waiting list.

HOMELESSNESS

The most recent Government data on homelessness show that its level has risen from 2,501 in 1996 to 5,234 in 1999, an increase of 109%. The 5,234 homeless persons comprise 2,593 adult men, 1,399 adult women and 1,242 children.

Other estimates of the extent of homelessness put the numbers at a much higher level. Focus Ireland has suggested that in late 2001 the number of homeless had further risen to 6,000. They also noted that homeless people were now remaining homeless for longer than was the case previously. This they concluded is due to the lack of suitable emergency accommodation. It remains a national shame that Ireland, in spite of its prosperity, cannot provide even the most basic accommodation for those who are homeless.

THE PROVISION OF SOCIAL HOUSING

Concurrent with the growth in waiting lists there has been minimal growth in the provision of local-authority social housing. Since 1996 the overall stock has increased by only 4,395 units or 4.47%. It is little surprise, therefore, that local-authority waiting lists are increasing substantially.

There has been some improvement in the local authority multi-annual programme in this past year. The voluntary housing programme has also been meeting targets and there has been some progress in tackling homelessness. Overall, however, the situation is far from good.

As the demand for housing in the private sector slows down the capacity of the construction industry should be used by Government to increase the scale of its response to social housing needs. Consequently, Government should front-load National Development Plan Spending in this area.

Proposals for Budget 2004

- Acknowledge that everyone has a right to appropriate accommodation and develop policy from this perspective.
- Acknowledge that a housing crisis exists.
- Set a target of reducing the time spent on waiting lists to a maximum of 6 months by 2007.
- Provide the resources to local authorities and to the voluntary/non-profit housing sector to make substantial progress towards reaching this target.
- Resource the active implementation and enforcement of the 1992 legislation with respect to the private rented sector of housing.
- Provide sufficient resources to eliminate homelessness in the coming year.
- Provide new resources for the security and management of local authority housing.
- Give a special focus to tackling issues concerning accommodation for refugees and asylum seekers.
- Provide the resources required to ensure implementation of the Travellers Accommodation programme.
- Resource the establishment of a National Housing Authority as proposed in the National Economic and Social Forum's report on social and affordable housing and accommodation

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*

Ireland has a two-tier healthcare system which ensures that Ireland's poorest people must wait at the back of the queue until the better off have been provided for first. This is not an accident but results from decisions taken by governments over the years. It needn't have been this way. It is possible to have a healthcare system where waiting lists are negligible, where access is equitable and which produces a higher life expectancy than Ireland. This view is upheld by the findings of the "*Brennan Report*" January 2003: "In a modern, democratic society every citizen should have access to a quality public health system." (Please note we do not understand 'citizen' in this context to be confined to people entitled to hold a passport.)

As in so many other areas of policy the healthcare system we choose to develop is a reflection of our values. Successive Government ministers have constantly repeated the mantra that "equity, quality and accountability are core principles underlying any health strategy".

For this to be achieved fundamental changes are needed in the structure of the health service (*Brennan Report 2003*). These changes must be carried out in consultation with all partners including the local communities where the change would be most felt. If these changes do not occur we will continue to see lengthy waiting lists for the general public yet those who have access to private insurance will continue to have easier and certainly quicker access to services.

People's health status is closely related to their socio-economic status. There are substantial differences between mortality and morbidity rates of better off and poor people. Many factors affect the health of people living in poverty. The reasons are often complex and not always easily addressed.

The key to success is to recognise that issues such as poor living conditions, bad housing, lack of education, physical and mental isolation and a wide range of similar issues must all be addressed if the nation's health status is to improve. This is why we must constantly promote the development of genuinely community-based initiatives that would involve people in firstly, focusing on their health status in its wider aspects and, secondly, in developing appropriate responses.

Older people are one of the most vulnerable groups in our society today. For this group to have the best possible quality of life/health, attention must be given to their specialist needs. This is particularly true in relation to long-

"In a modern, democratic society every citizen should have access to a quality public health system"

Brennan Report

term care choices as recognized by the *Study to Examine the Future Financing of Long-Term care in Ireland* published by the Department of Social and Family Affairs. As informal care by family members forms a large part of community care more extensive support of family carers is required.

Expenditure on health needs to be seen as an investment and not as a cost. Poor health results in higher costs to the Exchequer in the long run.

Proposals for Budget 2004

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

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 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. CORI's policy 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 2004.

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. The substantial increase in funding for literacy provision was welcome. 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 2004 should provide funds to achieve this.

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 2004 should adopt policies to make this possible.

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 2004 should provide these.

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 children in disadvantaged circumstances. Budget 2004 should take steps to support such an initiative.

Proposals for Budget 2004

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

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

Rural Ireland continues to change dramatically. According to the 1996 census 46% of Ireland's population lives in small villages and in the open countryside. There is a decline in farm numbers, however. Those in farming now account for only one quarter of the rural labour force and are a minority of the rural population. Furthermore, fewer farm children seek a future in farming.

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. Off-farm income is extremely important among farm families especially in the Western Region. This situation is likely to intensify in the coming years, thus increasing the importance of additional off-farm income being available if poverty and social exclusion are to be addressed.

There have been increases in the numbers employed in rural Ireland over recent years. However, in many cases these increases have lagged behind the pace of national increases.

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. 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 tackling rural exclusion. 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 development. Areas such as the Western Region have been losing ground to the rest of the country in recent years.

The scale of the infrastructure and investment deficit in rural Ireland is unacceptably high. The CLAR programme is going some way towards addressing this but far more is required if rural Ireland is to be viable in the 21st century.

Recognition that current development policies are largely city-led is necessary. This approach needs to be re-balanced.

Proposals for Budget 2004

- Decouple all direct payments from production and introduce a direct payment in the form of a basic income for each person.
- Ensure the provision of basic infrastructure and services based more on equity and social justice, rather than on cost effectiveness. In this context, the Budget should take particular account of rural disadvantage.
- 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.
- 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. To date only 12% of our waste is recycled, while the remaining 88% is going to landfill (EPA, 2002). 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's waste and 94% of industrial waste can be recycled. Furthermore Ireland has agreed to an EU obligation to recycle 50% of our waste by 2006. If we are to meet this target, major changes are required. In that context it is of concern that during 2002 the government saw fit to cut the funding allocated to local authority recycling schemes by €5m. Budget 2004 must reverse this trend and provide further funds to assist in providing incentives to recycle rather than landfill.

THE CLIMATE AND GREENHOUSE GASES

Ireland's air is becoming more and more polluted. Between 1990 and 2000 the EPA reveal that Ireland's greenhouse gas emissions grew by 24%. Total combined Irish emissions of the

three main greenhouse gases regarded as having global warming potential amounted to 66.3m tonnes of CO₂-equivalent in 2000, up from 53.4m 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. Budget 2004 should impose taxes on oil, gas, coal and other fossil fuels and provide funds to further reduce pollution.

RIVER WATER QUALITY

Slowly the quality of Ireland's surface waters is improving. The EPA (2002: vii) has recorded an improvement in water quality for the first time since surveys began. However, it is of concern that over 30 per cent of river channel is still classified as polluted to some extent. Further initiatives need to be adopted to reduce this problem.

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). Budget 2004 should promote this approach.

It is important to reward activities that are socially and environmentally benign

Proposals for Budget 2004

- 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.
- 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.

CORI JUSTICE COMMISSION

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



Policy Briefing is a regular publication issued by the CORI Justice Office. It addresses a wide range of current policy issues from the perspective of those who are poor and/or socially excluded. The Justice Commission's core areas of work are:

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

CORI Justice Commission has been a recognised social partner within the Community and Voluntary Sector pillar of social partners, since 1996.

Comments, observations and suggestions on this briefing are welcome.

Overseas Development Assistance (Third World Aid)

Core Policy Objective

To ensure Ireland plays an active and effective part in promoting genuine development in the countries of the South (the Third World) and to ensure all Ireland's policies are consistent with such development.

Today 1.2 billion people live in absolute poverty on less than one dollar a day, almost one fifth of the world's population. This is a figure anticipated to increase to 1.7 billion people by 2015. In Africa alone, over 90 per cent of the population lives in abject poverty. The vast majority of those who experience this level of poverty live in the South (the Third World).

The totally unacceptable division between rich and poor is largely attributable to unfair trade practices and to the backlog of unpayable debt owed by the countries of the South to other governments, to the World Bank, the International Monetary Fund (IMF) and to commercial banks.

We welcomed the Government's commitment in *Sustaining Progress* to increase Ireland's Overseas Development Assistance for poor countries to the UN target of 0.7% of GNP by 2007. We were very disappointed at its subsequent decision to reduce the allocation for ODA in 2002.

We strongly urge Government to ensure that Budget 2004 moves decisively to meet the UN target to which Government has already committed itself.

Proposals for Budget 2004

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