Irish Congress of Trade Unions

Spreading Prosperity

Pre-Budget Submission 2007

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Introduction

The economic environment for the 2007 Budget is excellent. Economic growth is high, employment continues to grow strongly and the Exchequer returns are very strong, although inflation is a cause for concern. In the words of the normally conservative OECD, “for more that a decade, Ireland has been the OECD’s star performer.”[1] Congress believes that the main thrust of this Budget, in line with the emphasis on society contained in *Towards 2016*, should be to redistribute income to those most in need and to improve public services, such as health and education.

1 OECD, 2006 Report on Ireland

In its Submission on the proposed NDP, *Investing for All*, Congress set out medium term priorities, (http://www.ictu.ie/html/publications/) and in *Towards 2016* the Social Partners agreed that planning will be on a longer term basis compared to the short term perspectives which have informed Budgets in the past.

Congress welcomed the government's decision to prepare another National Development Plan to run to 2013. While this NDP will be largely financed out of Irish taxpayers' money, rather than European funds, we hold that the total investment on the new NDP should be considerably increased over the current NDP and it should be designed to be ratcheted up when the downturn in the construction sector occurs, in order to maintain employment.

Congress had set out three major priorities in its NDP submission:

- Switch investment in physical infrastructure to public transport, with the emphasis on integrated, well-funded urban transport;
- Invest in upskilling the existing workforce, with the emphasis on those who have had least educational and training opportunities;
- Investment in childcare and eldercare.

In the context of the Budget for 2007 there are two important additional items:

- Supporting the implementation of *Towards 2016, and*
- Social and Affordable Housing.

Public Transport

The time for investment in public transport is now, with congestion in cities, on many roads, sustained high oil prices and growing public awareness of the vital importance of protecting the environment. In our submission on the NDP, Congress sought a major shift in physical investment from roads to public transport. In the Public Capital Programme for 2006, the Exchequer spend on public transport was only one-third of that on roads i.e. €439m compared to €1,314m.

Transport 21 promises to "transform the transport system in the Greater Dublin Area" with the emphasis on public transport and this is welcome. A major shift to public transport is the way forward. It would help mitigate the rise in car numbers, which are the greatest contributor to greenhouse gas emissions in Ireland. Investment in additional trams on existing Luas lines to deal with the dangerous overcrowding at peak times must be undertaken now. The Metro and further Luas lines and the proposed additional bus services should be integrated under a powerful Dublin Transport Authority. Consideration should be given to tram and train lines in Galway, Limerick, Cork and later, to other urban centres. There should be grants for fuel switching and greater efficiency of public transport vehicles.

Other measures to help the environment are: integrated traffic management, with planning/high density/restrictions on 'out of town' retail centres; better building standards; improved fuel efficiency; more wind power and greater use of renewable energy must be encouraged.

In 2004 Congress recommended that the toll bridge on the M50 be taken over and the toll eliminated. In the intervening two years, the situation has deteriorated further. Congress is not opposed to PPPs, but this is a very poor advertisement for them. This road, which has become an urban road rather than a bye-pass, should be toll free like most in Europe. The savings on lost time for workers and freighters would add substantially to Ireland's competitiveness. It is also time to invest in a complete outer C-Ring around Dublin, beyond the M50.

A State Holding Company

In the light of the move by Ryanair to take over Aer Lingus after its privatisation, and the debacle of the Eircom privatisation, the Government must now re-examine the case for a new structure of governance for the state commercial companies. Congress has made a proposal for a State Holding Company,[2] into which the shareholdings in the commercial state companies would be placed in order to release their dynamism and to give them access to capital. Serious thought must now be given to this proposal. In a dynamic globalised economy, the current system is too cumbersome and does not work effectively. Irish commercial public enterprises have been well run compared to other countries and privatisation has proven to be a mistake for our citizens.

Invest in Education & Upskilling

The role of education in economic growth is now recognised and investment in this area generates high returns to workers, firms and the country. Congress wants to see strong investment in enhancing the skills of those with low educational attainment, encouraging children to remain in schools etc. A small country like Ireland may not have the comparative advantage or scale to gain from certain areas of R&D investment and so it has to be judiciously applied, but investment in education still generates a high and proven return.

Towards 2016 seeks to address the skill needs "across the education and training sector, addressing barriers to access and progression" and it also seeks to focus on lifelong learning and early school leaving, numeracy and literacy issues.

Congress is seeking greater investment in education and in a dynamic skilled labour force to enable further economic development, as outlined in our submission on the NDP and in this submission.

Investing in Care

In *Towards 2016*, Congress finally won agreement from employers and the government that henceforth, in Ireland, the goals of society will no longer be subservient to those of 'the economy'. Thus an economy with the high average income of Ireland - higher than the EU average[3] - must now invest strongly in the care of all its citizens: the young, disabled, vulnerable and elderly. We must also invest in hospitals, schools, health and care centres etc, which are fully resourced and properly staffed.

The NDP must invest in developing greater economic and social cohesion through rebalanced investment priorities and the development of the appropriate care infrastructure, through the adoption of a medium–term National Care Initiative.[4] There should be greater equality and a reduction in disadvantage through the development of social services.

Housing

Congress notes with alarm that the recent census revealed that as many as 275,000 houses in Ireland (equivalent to 15 percent of the total housing stock of 1,800,000 units) lie empty[5]. The CSO "identified 1.8m private residences and communal dwellings" and "delivered questionnaires to 1.5m that were expected to be occupied on census night". CSO estimated that these 1.5m should be occupied, but it found that a staggering 275,000 dwellings were not occupied. This 15 percent of the total stock is a huge rise in the vacancy rate which was 10 percent in 2002 and 8.5 percent in 1996.

While some of these 275,000 homes are holiday homes, it appears that there are a large number of investor-owned properties lying vacant, awaiting the capital gains. This, in a country where so many people cannot afford a home or have to live many miles from their work or original community. The government must examine this phenomenon and act to release these empty homes to those who need them, through fiscal or other penalties.

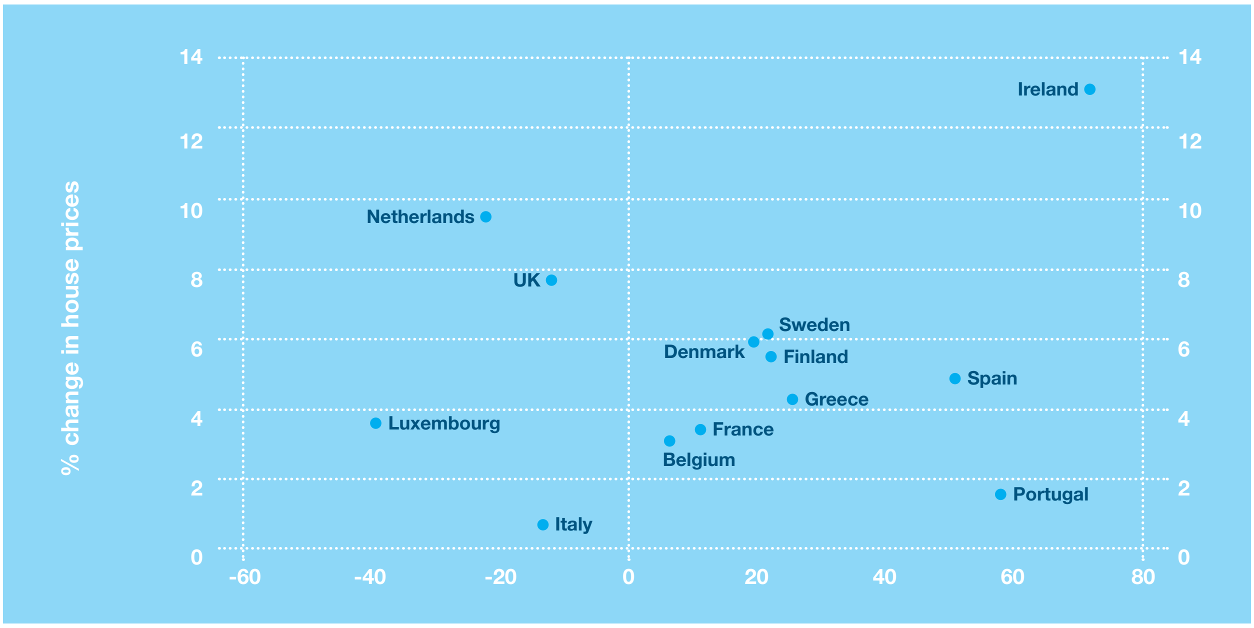
2 Congress, 2005, "A New Governance Structure for State Companies", Summer

3 Average incomes in Ireland appear to be 121 per cent of the EU average. Ireland has come a long way in a short time with incomes of only 76% of EU in 1990. Of course, "the average" hides great income inequalities in Ireland. Most Irish people wish to see greater fairness. Many people on high incomes would not notice if they had a few hundred a year less or higher capital gains tax which was spent on reducing inequality.

4 Congress policy document "Caring for the Future – Who Cares?", 2005

5 Casey, J, 2006, and CSO 2006

Chart 1.1: Housebuilding and annual average real house price changes, 1995-2001



Source: Barker Report on Housing in UK

While the house building targets contained in the NDP were exceeded with record increases over the lifetime of the plan, this did not lead to moderation in house prices, nor did it succeed in meeting the demand for housing. While a proportion of the vacant houses - estimated at around one third or less - are second or holiday homes, most appear to be empty, speculative investments. This high level indicates dysfunction in the Irish housing market. This needs to be addressed.

The above chart from the Barker Review on Housing in the UK shows how house prices have risen in Ireland faster than in any other country in recent years. The rise has been maintained since 2001. The chart shows strong growth in house building too, but the growth in supply has not moderated prices.

Among its recommendations, the Barker Review said the UK government should set out a goal for improved market affordability and should introduce a Planning-gain Supplement to capture some of the development gains that landowners benefit from, to ensure that local communities share in the value of development. Congress believes that these are desirable goals here also. The new NDP should focus on social and affordable housing as a priority.

In *Sustaining Progress*, a major initiative was sought by Congress on the delivery of affordable housing for working people. 10,000 houses were to be provided during the lifetime of the agreement. During negotiations for *Towards 2016* it emerged that only 1,500 affordable homes had actually been constructed and this total included Part V commitments. This is a wholly unacceptable outcome for what was to be a flagship initiative for social partnership. It highlights many inadequacies in the ability of government to deliver on its commitments.

Congress wants to see the resources allocated in this budget to guarantee the achievement of the targets set out in *Towards 2016* (which includes housing already committed under Sustaining Progress and expected through the effective application of Part V). The inability to deliver on the targets set for the affordable housing initiative in the last partnership agreement was a failure which cannot be repeated.

Other Investments and Issues

Fuel poverty, now a more serious issue with the massive surge in fuel prices, has to be addressed. Grants should be available for the insulation of the homes of those on low incomes. Permits for emissions trading by firms should be auctioned in the next round and not given away free to those firms with grandfather rights.

"Congress is seeking greater investment in education and in a dynamic skilled labour force to enable further economic development."

In *Towards 2016* it was agreed that while tax policy will be shaped to maintain and strengthen the competitive position of the economy and to foster productive capacity, it will also build an equitable tax system, a socially inclusive society and an environmentally friendly society.

Congress negotiated *Towards 2016* in good faith and in a context where the main forecasting agencies and the bank economists (who are influential in the media) had forecast average inflation at under or around 3 percent for 2006 and under 3 percent for 2007. Since the agreement was negotiated, however, we have seen very significant increases in sensitive items which will percolate though the rest of the economy. The result is that inflation is likely to be about 4 percent in 2006 and could be even higher in 2007.

In this context, it is imperative that the Budget be used – both in respect of direct and indirect taxation measures – to support the income increase effect of the agreement by increasing real incomes and moderating price increases.

A. Income tax

(a) Tax Credits:	Increase employee Tax Credit (TC) by at least €350; Increase personal TC by €60.[6]
(b) Tax Bands:	Single person's standard-rate band should be increased by at least €5,000 pa.
(c) Age tax Credit:	Raised to €350 Single and €700 Married.

PRSI & Health Levy

(a) Increase income exemption limit for 2 percent Health Levy from €440 to €515 pw (to restore year 2000 relationship with Average Industrial Earnings);

(b) Increase the income level for exemption from 4 percent PRSI from €287 to €420 pw (to restore year 2000 relationship with Average Industrial Earnings);

(c) Increase weekly PRSI-free allowance from €127 to €210 (to restore 1998 relationship with Average Industrial Earnings with a corresponding increase in the allowance for modified PRSI Classes from €26 p.w. to €45 p.w.)

Gainsharing - Encouraging Employee Financial Participation

Towards 2016 recognises the important role that Employee Financial Participation plays in deepening workplace partnership.

The state has been active in encouraging the development of employee financial participation by providing for favourable tax treatment of earnings from approved profit sharing and share option schemes.

Gainsharing schemes, unlike approved profit sharing schemes and approved share option schemes do not attract any form of favourable tax treatment. This was a deficit recognised by the Enterprise Strategy Group, who in their report *Ahead of the Curve* suggested that this was an area that should be revisited.

Congress is seeking agreement for arrangements which will result in earnings from approved gainsharing schemes attracting favourable tax treatment.

Property Based Tax Schemes & Avoidance

Congress sought the abolition of these schemes which had no place in a prolonged property boom and which are used as a major form of income tax avoidance by those on very high incomes. While we welcome the eventual abolition of most of them, we were disappointed at, a) the decision not to abolish all of them (the 'private' hospital and private nursing homes subsidies remain) and b) the long transition period to eventual elimination, which will cost millions more in lost taxes. These schemes should be re-examined with a view to their immediate elimination.

The disclosure at the end of September 2006[7], that yet again many millionaires do not pay any tax in Ireland shows that the issue of avoidance is still not being dealt with effectively. Four people with incomes exceeding €1m did not pay any income tax in 2003 and 34 only paid tax at the lowest rate of 20 percent.

Trade Union Subs

The amount of trade union subscriptions credit should be raised to €100.

B. Indirect Taxation and Inflation

As mentioned above, the Budget should take steps to support and reinforce the provisions of *Towards 2016*. It is incumbent on the government to do everything in its power to maintain low levels of price rises. It has been agreed to do what is necessary under *Towards 2016* to bring down prices. This should be the prime concern of government in respect of indirect taxation and administrative charges in the 2007 Budget.

Congress was amazed that the Energy Regulator approved massive increases in the price of electricity (20 percent) and gas (34 percent) at a time when oil prices were falling. Oil prices fell from a peak of $78 a barrel in the first week of August 2006 to €59.72 on Friday 29th of September, two days before the rise in gas prices took effect.

Congress is extremely concerned that a substantial portion of the current level of electricity prices derives from a deliberate policy position of government. This policy can be summarised as increasing the price of electricity over and above what might otherwise be necessary in order to make it profitable for players other than the ESB to enter the market in a serious way. The theory underlying this policy is that this will then introduce competition into the electricity market and that, as a result, prices will fall! This is a truly bizarre policy. There is very little likelihood of effective competition in electricity in a small island economy where it is very difficult to have contestable markets. Congress notes that electricity prices were below the EU average when the ESB was the sole supplier, regulated by the Department of Energy, whereas today, with so called competition, domestic electricity prices are higher than the EU average and rising. The system of regulation of electricity in Ireland, which appears to be based on ideology should be abandoned in favour of one which does not penalise consumers in a vain effort to boost the profits of electricity companies, by amending the legislation immediately in favour of consumers.

In *Towards 2016*, "the parties agreed on the critical importance of bringing down inflation as quickly as possible towards levels comparable with our trading partners' performance and towards the Eurozone average in order to secure jobs." It was stated that "public policy will be framed with this inflation target in mind and its progressive achievement over the period of this Agreement."

Congress is seeking a reduction in spending taxes to reduce inflation. Indirect taxes are generally inequitable. Total spending taxes rose to €17.5bn in 2005, compared to total income taxes of €11.4bn. In fact, the total VAT receipts exceeded total taxes on incomes. We think such a reduction should focus on fuel e.g. petrol, diesel, gas and electricity. Congress understands that there are European Union issues around reducing VAT on fuel, but the issue should be examined along with a reduction on excise. Congress is seeking a reduction in excise taxes which will reduce inflation by 0.5 percent. This is a reasonable demand when revenue has been running strongly for the Exchequer.

Congress sought increased VRT taxes on SUVs some years ago and welcomes the indication by the Minister for the Environment that such taxes are being seriously

6 Total increase of in excess of €410 would bring combined credits to at least €3,530 p.a., thus clearing all earnings below €8.70 per hour out of tax net, at the very minimum

7 "Irish Times", 29 September, 2006

considered by government. Last year more than 12,000 SUVs were bought - a huge jump of two-thirds on 2002, according to Sustainable Energy.

C. Capital Taxes

The rapid reduction in capital taxes in recent years represents a move away from rewarding work to rewarding unearned income. Taxes on inheritances, gains from speculation and ownership of assets have been steadily reduced in recent years. The reduction in the rate of capital gains tax from 40 to 20 percent, has been accompanied by rising thresholds and large reductions in the rates of tax on inheritances from scale rates rising to 50 percent a few years ago, in 2001, to a flat rate tax of only 20 percent today. The rate reductions were accompanied by many additional exemptions, some equitable, but most not.

Building Land

Congress believes that a high proportion of the gain from building land should go to the provision of public services. Most of the massive gains have been generated by administrative changes in the use of land by the local authorities. Income from work is taxed at 42 percent and more, at the margin, while income from gains is taxed at just 20 percent. The rate of capital gains should be raised. In particular the gains from building land should be increased immediately. As stated above, the Barker Report in the UK advocated the introduction of a Planning-gain Supplement to capture some of the development gains that landowners gain and to ensure that local communities share in the value of development and rezoning.

Capital Gains Tax

Capital gains tax (CGT) is levied at only 20 percent while income tax is levied at 42 percent for most earners. Congress does not accept the argument that the reduction in CGT led to more tax revenue in the long run. More revenue was generated because there was a boom in the economy and particularly in property and in the stock exchanges. Further, the much lower rate of tax on capital gains than on income was a very strong incentive to seek to record what would otherwise have been *income* as *a capital gain* and it would be extraordinary if this did not have some impact on CGT receipts.

In some cases, a capital gain can be recorded where the amount is taken in the form of a capital gain rather than income, which would have been liable to tax at the higher rate of 42 percent. This produces distortions as it is well worth an individual's time to try to convert what would otherwise have been income into a capital gain. One possible approach would be to charge capital gains at the same rate as Income Tax and to aggregate gains with income to determine the rate of tax which should apply. The argument for doing so in the case of short-term capital gains is especially strong. There is an argument which can be made for a more favourable treatment of capital gains which accrue over longer periods – perhaps a sliding scale from 42 percent to 20 percent, over a number of years.

Inheritance Taxes

As with other capital taxes, the rate of tax on inheritances in Ireland is relatively low, being levied at a rate of 20 percent above the threshold, which is based on the relationship between donor and recipient.

Special arrangements apply in relation to the value of certain assets e.g. agricultural land. Traditionally capital acquisition taxes applied only to those with substantial wealth. The recent boom in property prices has meant that even relatively modest principal private residences may attract inheritance tax, on the death of their owners.

However, many people now hold very substantial assets other than their private residences and, as with taxes on income, many ensure that inheritance taxes are deferred for long periods, if not totally avoided, through trusts and other avoidance devices. The state rightly encourages the making of provision for retirement by all people.

However, the state also taxes the capital value of such pensions when the beneficiary is not the legal spouse of the deceased (in the case of death in service or retirement pensions). This is in addition to the income tax payable on the pension itself, when in payment.

Congress is seeking a review of the capital acquisitions tax provisions to:

- Review the relationship thresholds, including those for 'strangers', and from children to parents;
- Treat non-marital partners, irrespective of gender, as exempt from CAT on pension benefits, on the same basis as legal spouses;
- Review the valuation of principal private residences for CAT purposes;
- Review the various anti-avoidance arrangements to ensure that the very wealthy do not use their wealth to avoid or evade CAT through trust funds and other devices.

Anomalies in taxes should be addressed when they come to light. The tax treatment of those in pension schemes which provide death in service/death in retirement pensions to non-spouses, (living together, whether of the same or opposite sex) in pensions under Capital Acquisition Tax is unfair. The recipient is deemed to receive an inheritance from the deceased member of the capital value of the pension payable and an immediate high level of CAT would too often be payable on a future income stream. While a pension is payable for life, the recipient may have to borrow to pay the CAT imposed. These people should be treated no different than spouses.

Stamp Duties

Congress would be strongly opposed to the removal of stamp duties. These are an important capital tax. They are the only tax on residential property in Ireland. Virtually every other industrialised country in the world has an annual residential property tax related to market value. The removal of Stamp Duties from house sales in a property boom would simply transfer equivalent amounts to vendors by further boosting prices. The loopholes exploited by certain companies on property transactions must be eliminated and should have been closed when they first came to light. There may be a case for a revision of the lower threshold on owner-occupied residential property and greater progressivity.

D. Corporation Tax

The European Court of Justice decision on the Irish subsidiary of Cadbury tax case has been welcomed by representatives of Corporate Ireland and tax professionals[8]. The judgement allows subsidiaries of foreign companies to continue to pay a lower tax here than say, the parent company in the UK pays, provided there are no "wholly artificial arrangements." While this is not unreasonable, it gives tax competition a lease of life. Tax competition is a *beggar thy neighbour policy* and is part of a race to the bottom, which will eventually reach the bottom as more countries bid down their corporate tax rates.

Congress believes that allowing Courts to determine tax policy – even if via "competition" policy - is dangerous. Tax policy should be decided in parliaments. The inability of the European Union member states to establish a common company tax base and to agree a band within which corporation tax rates can be set by individual states, has allowed the ECJ to determine this tax law. Court judgements are often contradictory and unpredictable. While the Cadbury case will cost the UK Treasury £400m, the Irish Exchequer will probably not receive anywhere near this amount.

Ireland has gained significant foreign direct investment (FDI) and, also, revenue from its Corporation Tax Policies (as well as other factors) over the past 40 years. At some stage, of course, there is a danger that Ireland could lose its advantage to other countries – particularly within an expanded EU. Congress appreciates that while the government is opposed to tax harmonisation, it has joined the European Union group which is examining the corporate tax base. We believe that the Minister for Finance should accept some greater level of tax co-ordination in Europe. Tax co-ordination, where

8 See for example, "Cadbury Ruling Saved Our Tax Regime" by Conor O'Brien of KPMG, Corporate Tax Advisor, "Irish Times", 29 September, 2006

member states set their own rates and allowances and exemptions, but within an agreed framework, is the way forward. This would assist in terminating the self-defeating race to the lowest levels on taxation. Without tax co-ordination, the EU is in danger of being turned into a market only, losing its social and political dimensions. In the long run, as the economy becomes more mature, Ireland's industrial policy has to move away from its reliance on low corporation tax to building areas of real competitive advantage.

Many large Irish companies have used a loophole in the law to avoid disclosing their finances. Some companies have a major economic and social presence in this country and so are 'public interest' companies. In this era of openness and transparency, it is wrong that major companies should be facilitated in avoiding public disclosure. Those large companies which have gone 'private' included Dunne's Stores, Microsoft Ireland and, most recently, Google Ireland. Company law should close the loophole so that the public can see the tax contribution, if any, made by large and 'public interest' companies.

Royalties on Oil and Gas

As any gas, oil or minerals under the seas off Ireland, or under land, belong to the Irish people, so we should enjoy a share of their value. The government abolished royalties on the production of petroleum, natural gas and from mining activity a number of years ago. Techniques for offshore exploration are improving and with the high price of oil and gas, there is greater incentive to explore deeper waters, like the Irish Continental Shelf. The current regime is over-generous and unless it is changed to take some share of the potential gains for the people, it will be a cause of regret for decades to come. Royalties at 12.5 percent of production should be re-introduced in the next Budget for future finds.

E. Evasion

While there have been improvements in tax compliance by the vast majority of citizens, widespread evasion continues, particularly in some sectors, such as construction. There are serious abuses, especially in construction, of the PAYE and PRSI legislation, with employees being misclassified as self employed by employers.

The definition of worker for PAYE/PRSI and employment law purposes should be amended to include "own account workers" whether under contract, or for services where the individual is a 'de facto' employee. In addition, the main contractor should be liable with the relevant sub-contractor for compliance with all relevant legislation, in relation to the workers engaged by that sub-contractor.

A huge proportion of taxes is self-collecting – VAT, PAYE, Excise and stamp duties. Thus there can be a natural complacency in the administration that if the revenue is pouring in, (as it has been for many years - well ahead of forecasts) it may appear to be unimportant to spend a disproportionate amount of time and resources chasing up what appear to be relatively small sums from the self-employed and others. The administration of the tax system is critical and Congress strongly favours such disproportionate resource utilisation in the interest of equity. Fairness in the tax system must be seen to be ever present and not just when pressure is brought. The most effective way is through the increased use of audits of businesses. These audits should be undertaken in a fair way, which does not impose high compliance costs on business.

F. Funding Employment Rights Compliance

In *Towards 2016*, Section VII is devoted to strengthening employment rights and compliance. There are many new initiatives supporting increased enforcement and compliance, such as the Joint Investigative Units, formed between Revenue, Social Welfare and Officers of Enterprise, Trade and Employment, a strengthening the RCT system and importantly the establishment of the Office of the Director of Employment Rights Compliance with legal, accounting and other administrative support staff. Sufficient resources are also needed to ensure the increase in the number of Labour Inspectors to 90 by the end of 2007 and an increase in the number of Rights Commissioners (5). We are also calling for an increase in resources to assist the Equality Tribunal in dealing with backlog of cases. Congress wishes to see all of these agreed initiatives are funded adequately from the very start

G. Courting Tax Exiles

There is a moral issue that arises when government ministers are photographed posing with tax exiles. Some tax exiles endow schools with equipment and other tax exile 'philanthropists' endow universities with buildings (too often provided they are named after themselves). These 'voluntary taxes' or 'endowments' should not be approved by government ministers. Instead, those who have made vast fortunes in Ireland and who like to live and play here should contribute to the cost of running the country through taxation, like the rest of us. The laws on tax avoidance through tax exile should be strengthened considerably and enforced. The recent emergence of the first generation of Irish billionaires who are philanthropic and generous is welcome, but the courting of multi-millionaire tax exiles is provocative and insulting to tax-compliant workers.

> "Many large Irish companies have used a loophole in the law to avoid disclosing their finances. Some companies have a major economic and social presence in this country and so are 'public interest' companies."

The Irish healthcare system is in crisis, under-resourced and inequitable. Access according to need should be the core value.

In spite of the crisis, there is at present a great opportunity for Irish health care. The sources of strength upon which to build are, first, Ireland has an endowment of well-trained and skilled health service staff. Secondly, the Irish economy is strong. Ireland can afford a healthcare system which is world class and which our people deserve. Thirdly, Ireland can benefit from four years of deep and insightful examinations of the healthcare system – including the Brennan Report on financial management, the Deloitte & Touche report on value for money, the Hanly Report on hospital organisation, physician training and a consultant-provided specialist service, and the Health Strategy and its spin-off, the Primary Care Strategy.

Congress wants the government to develop well-resourced, modern primary care, free at the point of delivery, over the next 10 years. Congress believes that this is both affordable and must be a priority. Its absence is *the* major anomaly in our health care provision. This is our primary 10 year goal. In 2007, the immediate delivery on that goal is the expansion of medical card numbers, with a planned progression to universal provision.

Similarly, there must be delivery on the 2001 Health Strategy targets for publicly provided care of the elderly. There must be a developed system for societal payment for that care which does not sit as a burden on families at their time of need.

Congress strongly believes that it wrong for the Government to dismiss the need for more acute beds. If it rejects its own strategy assessment of 2001, it should commission another assessment immediately which must take into account population growth since then and upward revisions in population growth forecasts. In our submissions on the *Towards 2016* talks, we argued that it should be done quickly. If it is undertaken, it will confirm the need for more beds.

Terminate Tax subsidies for ‘private’ hospitals

Congress seeks one-tier public hospitals, delivering treatment according to need and not income. We welcomed Minister Harney’s proposed public-only contract. Congress is totally opposed to the provision of ‘private’ or state- subsidised, fee-charging hospitals on public hospital grounds. These will receive state support in tax breaks and through rebates of taxes on medical charges and fees - money which the state could invest directly in public sector hospitals. The ‘private’ hospital or clinics will add to ‘private’ beds at the taxpayers’ expense and will cherrypick patients from public hospitals. Congress is opposed to allowing private interests to build ‘private’ hospitals on the grounds of public hospitals, in part, because they take up space for future expansion of public hospitals.

There must be continuing and indeed increased capital investment in healthcare, especially public health. Congress is strongly opposed to the tax subsidies going to so-called private hospitals in tax breaks on buildings.

There was an alarming inconsistency within the reports commissioned by the government on the massive tax breaks to property, which did not recommend the abolition of all such regressive and wasteful public expenditures. The decision not to recommend the abolition of tax breaks for wealthy investors in 'private' (i.e. subsidised) hospitals can only have been politically informed. It was erroneous from a public policy perspective. It maintains a tax shelter for those on high incomes. It is a wasteful, regressive subsidy to those on high incomes and it takes money from the public health system.

Medical Cards, Disability Allowance etc

- Extend Medical Card coverage to 40 percent of the population (see Tussing and Wren, '*How Ireland Cares'*, New Island/ICTU, 2006);
- Introduce a Cost of Disability Allowance;
- Increase funding for specialist services working on Violence Against Women, e.g. from €12m to €19m.
- Increase income exemption limit for Health Levy (see under Income Tax)

"There must be continuing and indeed increased capital investment in healthcare, especially public health. Congress is strongly opposed to the tax subsidies going to so-called private hospitals."

Meeting the cost of childcare remains one of the biggest problems facing working parents. This budget must respond to the needs of working parents by investing in childcare infrastructure, by increasing the number of pre and after school places, and particularly by providing financial assistance to help working parents meet their childcare costs.

Towards 2016 recognises the importance of helping families to balance their work responsibilities with their family, caring and other commitments. Much more needs to be done by this Budget to facilitate the development of family and care friendly policies and payments, particularly by guaranteeing access to more flexible working time arrangements and benefits.

Children and Childcare

The availability and cost of quality childcare is a central issue for all working parents but the lack of affordable childcare is particularly acute for those on low pay and lone parents. While noting that there were additional supports provided for those under six in last year's budget, these still fall short of our demands for adequate supports for childcare for working parents. For most, the early childcare supplement provides less than 10 percent of the cost of childcare.

More needs to be done in this budget to assist working parents with the cost of their childcare and to implement the *Towards 2016* commitment "to continue to work together over a ten-year period to develop an infrastructure to provide quality, affordable childcare and to work towards increasing the supply of childcare places (of all types) by 100,000 over this period." Congress therefore calls for:

a) Assistance to working parents to help them meet childcare costs. Take action to deliver on the innovative proposals put forward by the social partners last year and make a contribution to working parents childcare costs either through a voucher type system or a tax credit, to assist working parents with affordability, according to their circumstances;
b) Resources for a further 25,000 places by end of 2007, including 2,000 pre-school places and 5,000 after-school places (particularly in areas of disadvantage) targeted towards meeting the needs of working parents;
c) Make resources available for the development of a National Childcare Training Strategy aimed at providing progress towards the agreed target of 17,000 childcare training places during 2006-2010.

In recognition of the considerable burden of the cost of childcare on low income families, which often proves to be a barrier to labour force participation (particularly for women and lone parents), Congress proposes that the cost of childcare be taken into consideration when calculating a family's entitlement for FIS and other social welfare payments (see later recommendations).

Working Parents and Families

Noting the *Towards 2016* commitment which recognises the central importance of the family unit to the lives of children and the need to strengthen the system of supports available to children and their families, Congress is calling for the following supports for working parents to be acted upon as a matter of priority:

a) Extend the period of paid Maternity Leave beyond the 26 weeks already promised to 28 weeks by March 2007 and increase the unpaid maternity leave entitlement to 16 weeks;

b) Increase the amount of Maternity Benefit, by restoring the income ceiling on 'reckonable earnings' to 80 percent of gross average industrial earnings i.e. €504 per week. This budget must increase the minimum level of Maternity Benefit from €182.60 to €240, this represents 80 percent of minimum wage. The maximum Maternity Benefit must be increased from €265.60 to €378.00 per week, which is 60 percent of gross average industrial earnings and Budget 2008 should restore the ceiling to 80 percent;

c) The Health & Safety Benefit should be increased and paid at the same rate as Maternity Benefit;

d) The existing 14 weeks unpaid Parental Leave must attract a payment in line with Maternity Benefit. This is a major priority for Congress because the continuation of Parental Leave on an unpaid basis discriminates against low paid parents and their children. The requirement to take parental leave in a continuous block of six weeks combined with the lack of payment from either employer or state is a barrier that many working parents simply cannot overcome;

e) The introduction, as a first step towards four weeks paid paternity leave, of paid paternity leave of one week.

f) Increase Child Benefit rates by €25 to €175 and €210 per month;

Flexicurity, Flexible Benefits and Part-Time Options

From the individual worker's perspective combining part-time work with social welfare benefits is desirable and in many cases essential if the employee is to remain in employment at certain stages of the lifecycle. Our research has shown that the lack of availability of part time working arrangements combined with the unpaid nature of some leave, or the lack of part-time benefit options has meant that workers, most often women, have been forced to leave the workforce.

Congress is calling for urgent action on this in the forthcoming budget, in particular, the development of a legal entitlement that will allow working parents to have more control over their working time supported by a flexible social security system which supports working parents through more part time befit options.

Ireland's pensions' system must be developed further to meet the needs of a growing workforce and an ageing population with improving longevity. These must be seen as positive rather than negative features, posing challenges rather than presenting 'problems'. Congress believes the challenge must be met through action on a number of fronts: social welfare pensions must be improved and secured for the future; occupational pension schemes must be protected, extended and improved; ways must be found of increasing contributions to occupational and personal schemes to ensure they deliver adequate pensions. Profitable companies should not be allowed to renege on pension commitments simply to further increase their profits; and all employers not already making adequate pension provision for their employees should be obliged to start doing so.

Towards 2016, states that we all should work together to determine the long-term shape of the overall pension system. We agreed that "all retired people should have adequate incomes; that the level of coverage of occupational pension schemes should be increased; and that the social partners will co-operate to promote improvements in the coverage of pension schemes towards the agreed National Pensions Policy Initiative (NPPI) target of 70 percent of the total workforce over age 30."

Specifically, therefore, Budget 2007 and subsequent Finance and Social Welfare and Pensions Bills should provide for the following:

i. An increase in the contributory state pension to 34 percent of average industrial earnings (€215 p.w. approx) and the non-contributory pension to €204 p.w. as a first step to increasing the state pension to 40 percent of AIE over the next six years;
ii. Improve existing incentive to convert SSIAs into SSRAs to maximise conversion of those savings to pensions;
iii. Double the 'earnings disregard' for non-contributory pensioners so that they can earn €200 p.w. rather than €100 p.w., without this affecting their state pension;
iv. Encourage higher contributions to occupational pension schemes by converting employees' tax relief to a 'one-for-one' matching contribution (SSIA-style), where this is more favourable than existing arrangements (i.e. for workers who are not on the top rates of tax and PRSI);
v. Consider the introduction of the system of mandatory pensions modelled by the Pensions Board in its *'Special Savings for Retirement'* Report[9], in respect of all eligible income between average industrial earnings and 2-3 times average industrial earnings (i.e. in current terms, between €32,760 and €65,520-€98,280 p.a.);
vi. Increase the qualified adult payment for state pensions to 100% of the non-contributory pension rate.
vii. Increase Age Tax Credit to €350 (see tax).
viii. Remove discrimination against partners in long-term relationships (see also section on Capital taxes).

Many people do not have adequate pensions, nor are many providing adequately for their old age. The basic state pensions are not adequate, though they are of vital importance to many. The use of a technical accounting rule, FRS17[10], by a number of major, profitable employers to renege on their pension commitments is unacceptable. If successful, it will reduce the pensions of many employees while boosting profits.

Extension of 'Free Schemes'

The Household Benefits package (*Electricity/Gas Allowance, Telephone Rental Allowance and Free Television Licence*) has traditionally been available to people aged 66 or over, who are in receipt of a social welfare payment. Since the year 2001 all people aged 70 and over have been entitled to free electricity and telephone rental allowances and a free television licence. People between the ages of 66 and 69 years who do not have a social welfare payment have an entitlement to these schemes, subject to a means test. The means test limit for pensioners aged between 66 and 70 who do not have a social welfare pension is just €12,433 for a single person (€19,796 for a married couple). Congress is seeking the incremental extension of the entitlement to 'free schemes' to all pensioners over 66 years. To achieve that objective Congress is seeking the upward adjustment of the current weekly income disregard of €38.09, which has remained unchanged for several years, to €100 per week in Budget 2007.

Care Services for Older People

The government has agreed to develop an infrastructure of long term care services for older people which includes a spectrum of services suited to the older person's needs, which stretch from support for self care through support for family and informal carers to formal care in the home, the community or in residential settings. This budget should provide adequate resources to support the first steps of implementing these *Towards 2016* commitments. In particular it must;

- Provide resources for the pilot programmes for care of older people as set out in *Towards 2016*;
- Increase grants and services and home support packages which allow people to remain in their own homes, particularly enhanced home security, energy conservation and the essential repairs grants scheme;
- Provide for the €40m for Services for Older people and Palliative Care and the €150m for community care supports also set out in *Towards 2016*;
- Establish the Social Services Inspectorate on a statutory basis and provide resources to see the recommendations contained in the Report on Elder Abuse;
- Implement the *Towards 2016* commitment to double funding for the rural transport initiative by 2007. Access to transport for older people is vital of accessing health and other services, along with maintaining social networks;

9 *Towards 2016*, page 88 Published August, 2006

10 The Accounting Standard, FRS 17 which took effect in 2003, requires that a pension fund surplus or deficit be reflected in a company's balance sheet.

The value of lifelong learning & upskilling (investment in human capital) is now recognised, for its benefits to workers, to firms and to the economy. The aspiration to build a 'knowledge economy' in Ireland demands far greater investment in education and training especially for those in work. Adjusting for GNP, spending on education in Ireland is still low by OECD standards.

Section 7.6 to 7.9 of *Towards 2016* states that:

The Government, IBEC/CIF and ICTU will work with existing and future partnership initiatives with a view to progressing workplace learning and upskilling projects.

The parties are agreed on the following key areas for action:

- the development of a targeted guidance, learning and training programme, particularly accessible to the manufacturing sector, to include coaching and mentoring for workers in vulnerable employments where appropriate;
- the introduction of measures for the promotion of take up of apprenticeships by older workers; and
- the mainstreaming of the Knowledge Economy Skills Passport (KESP), focusing on computer literacy, science and technology fundamentals, basic business skills and innovation and entrepreneurship.

It is intended that these initiatives would be launched during 2007, at the latest. In addition:

- the Skillnets programme will be expanded and will provide more flexible means of delivery and will also include pilot initiatives to focus on those with lower skill-sets;
- increased financial support will be provided for the existing pilot trade union-led learning network under the FÁS One-Step-Up programme, which engages trade union representatives in the workplace as part of the learning activation process, particularly among the lower skilled, to pursue education and training; and
- the allocation for the Workplace Basic Education Fund, aimed at increasing numeracy and literacy skills in the workplace, will be increased.

A targeted fund will be put in place to alleviate the fees in public institutions for part-time courses at third level, by those at work who have not previously pursued a third level qualification.

Initiatives Sought:

- Introduce paid educational leave, funded through the social insurance fund and a broadened national training fund;
- Increase state funding for Workplace Learning and Upskilling Programmes, especially for FÁS 'One Step Up' Programme;
- Eliminate 3rd level course fees for workers who have not previously secured qualifications at 3rd level;
- Focus much more attention on developing the skills of the population who have not completed school;
- Consider a once-off grant to all those who never had the opportunity to attend 3rd level to attend approved learning courses. This would be equivalent to the average cost to the state of three years at 3rd level, around €12,000 to be granted once in a lifetime to all adults;

- Have each University and Institute of Technology produce reports annually on the numbers of mature students combining learning with work;
- In the PLC sector the €48m cost funding should be rolled out as per *Towards 2016*.

Third Level grants should have a single administrative structure and delivery agency which should take account of all income and the assets of applicants parents. To limit abuse, recipients and parents would agree to the Revenue auditing five percent of all applicants each year. Maintenance Grants should be paid to all eligible students who live more than a mean average travelling time of one hour by public transport from a third level institution (the distance criteria discriminates against urban dwellers).

Education

Ireland is failing in terms of expenditure on education relative to other countries and with a growing population and growing incomes, we should do far better. For example, the recent OECD report *Education at a Glance 2006* shows that the amount invested in each second level student in Ireland, relative to the country's national income per capita, left us close to the bottom of the 30 countries surveyed.

The massive increase in students whose mother tongue is not English must mean that the cap on the provision of tuition in English for these students be removed in this Budget.

The government must commit to begin a programme to significantly reduce the size of classes in our school system.

There should be a provision of resources for the co-ordination planning and administration of special needs resources.

The recommendations of the Task Force on the Physical Sciences with a major programme of investment in ICT in second-level schools should be a priority.

“Ireland is failing in terms of expenditure on education relative to other countries and with a growing population and growing incomes, we should do far better.”

Budget 2007 should use the benefits of our economic growth to substantially improve the standard of living of those who rely wholly or partly on social welfare.

Towards 2016 specifically commits to achieving "the NAPS target of €150 per week in 2002 terms for lowest social welfare rates by 2007. The value of the rates to be maintained at this level over the course of the agreement, subject to available resources."

Within the National Anti-Poverty Strategy, the Government committed itself to reaching a minimum social welfare payment of €150 per week in 2002 terms by 2007 and linked this target with 30 percent of gross average industrial earnings (GAIE). Congress considers that bringing social welfare payments up to the *Towards 2016* target rate of 30 percent of GAIE should be treated as a priority action for this budget.

Congress estimates that GAIE at the start of 2007 will be €630 a week and therefore considers that the lowest personal rate for social welfare - for Unemployment Assistance, Supplementary Welfare Allowance etc. - must be increased by €25 per week, bringing these weekly payments to €190.

By the same token, the agreed target for the highest rates of social welfare, ie contributory pensions is 34 percent of GAIE and Congress believes that state contributory pensions should be increased to at least €215, as a first step towards raising the contributory state pension to 40 percent GAIE (see earlier recommendations).

Making Work Pay with more Work-Friendly Welfare

Budget 2007 is an opportunity for the government to get the strategy right for working families. This budget should establish a firm foundation that ensures that work pays for everyone and that all remaining poverty and unemployment traps are finally removed. No one should be worse off because they have taken up a job.

Having a job is not always enough to guarantee that a person lives in a poverty free household. Congress has highlighted the fact that there is a growing pattern of working poverty associated with the major growth in employment in recent years. Characteristics of the household, such as the presence of other low paid or unemployed adults, other adult dependants including those with disabilities or a long term illness along with the number of children, all have an impact on whether families live at or below the poverty line.

The CSO have estimated that as many as 7 percent of people in work are at risk of poverty[11] and in 2005 the Combat Poverty Agency estimated that the number of working people affected by poverty was 157,000.[12] This is unacceptable and action is urgently required in this budget to improve the situation of these workers and their families. A stated aim of *Towards 2016* is to "*ensure that social protection adequately supports all people of working age whether in the labour force or out of it… Reforms will be introduced that aim to provide those most marginalised with the confidence and supports necessary to accept the risks involved in taking up employment*." This budget should introduce measures for working families to meet this objective.

In addition to ensuring that the minimum wage remains outside the tax net[13], Congress is calling for improved income supports for families, particularly the Family Income Supplement (FIS)[14] which is the main in work benefit for low paid workers. Key measures for this budget are as follows:

- Increase the earning threshold for FIS by €20 per week for each child;
- take work-related costs such as childcare and travel-to-work costs such as the annual bus/rail pass, into account when calculating a family's assessable earnings;
- increase the earnings thresholds for reduction of the One-Parent Family Payment and raise the earnings ceiling (i.e. the point at which it is withdrawn altogether) to 80 percent of gross average industrial earnings, i.e. about €504 per week;
- the earnings thresholds that apply for the retention of secondary benefits by people on FIS and other social welfare payments should be increased and in cases of tapered withdrawal of benefits, there should be substantial increases in the levels at which tapering begins. This is particularly important in the context of the Qualified Adult Allowance;
- Resources must be made available to the social partners to publicise income supports for working families and to finance a review of the FIS payment mechanism so as to ensure that all families entitled to receive this much needed support are actually doing so;
- The link between education attainment and income has been well established. Providing access to education for those in low-paying jobs with little prospect of advancement should be a priority. Therefore we are calling for a radical reform of the Back-to-Education Allowance to encourage redundant workers and low-paid workers, as well as those on SWA, UA and Direct Provision, to engage in retraining and upskilling, as well as first-time 3rd level education.

Tackling Child Poverty

An effective way to address child poverty without recreating a poverty trap is to introduce a targeted child allowance paid automatically to all families both in and out of work, when they fall below the poverty line.

The National Economic and Social Council, the Combat Poverty Agency and many other groups have called for the introduction of "an employment neutral Child Benefit supplement, payable to all low income households with children." This is in line with the commitments in *Towards 2016*:

"*Progress towards the existing NAPS target for those relying on social welfare payments,… that the combined value of child income supports measures be set at 33-35% of the minimum adult social welfare payment rate*."

Congress is proposing that this new child supplement should be available to all families who fall below a certain level of income regardless of whether they are in employment, or on social welfare. We believe that the supplement should be paid at a rate which ensures that the NAPS target of 33 percent of the adult social welfare rate for children below 12 and at 35 percent of the adult social welfare rate for children above the age of 12 is reached.

This payment could be merged with the Family Income Supplement and/or paid in conjunction with Child Benefit. But whatever mechanism is used the payment needs to be tapered in such a way as to ensure that no disincentives to taking up work are created and no poverty or unemployment traps are recreated.

Early Childhood Education

The early years of a child's life are critical and providing early care and childhood education for young children living in low income families will have long term benefits. The priority from a child poverty perspective should be to provide free or affordable early childhood education for all 3-4 year olds from low income families.

Child Income Supports Relating to School

The Back to School Clothing and Footwear Scheme, the School Meals Scheme and the School Books Scheme can all play a vital role in assisting the participation of poorer children in education. However the earnings thresholds for receiving these allowances are set too low and the amounts provided fall considerably short of what parents need.

11 Published August, 2006
12 Combat Poverty Agency "Making a Decisive Impact on Poverty", October, 2005
13 See earlier recommendations on Taxation and PAYE Tax Credits
14 For FIS purposes, an employee and their spouse or partner's assessable earnings are calculated by taking away tax, the employee PRSI contribution, the health contribution and any pension/PRSA contributions from gross pay. Congress is calling for other outgoings also associated with going to work such as travel to work costs and child care to be deducted from gross pay when calculating assessable earnings.

Congress believes that this budget should increase the amount that a family can earn before they lose their child income supports, particularly the supports which relate to school. We are calling for the improved FIS income thresholds criteria to be used when establishing eligibility for school support schemes. This will mean that workers on low incomes will be eligible for help towards the costs of sending their children to school and to free books.

In addition we are calling for an increase in the amount of financial support that is provided to families, the back to school clothing and footwear allowance should be increased by €50 to €170 for primary pupils and to €240 for secondary pupils.

The School Meals scheme plays an important role in combating food poverty for many school children. This budget should ensure that adequate capital and support staff are provided to ensure that children who would benefit from healthy meals do so. This is in line with *Towards 2016* which promises to "*Launch a National Nutrition Policy to address Child Food Poverty and Obesity*."
and
"Develop the school meals programme which will receive €2m in additional funding in 2006."

Access to Sport, Arts and Culture for all children

Increasingly reports are highlighting the role played by recreation, sport and physical activity in the healthy development of children. *Towards 2016* confirmed the government's commitment to achieving the Irish Sports Council target of 3 percent of children taking part in sport by the end of 2008. This will require additional funding in 2007 of €3.5m.

Improving the Situation of People with a Disability

Congress welcomes the National Disability Strategy and the recently published sectoral plans from the five departments. Creating a society and workplaces that are inclusive of people with disabilities remains a major challenge. The following are key issues for this budget:

a) Congress notes that the multiannual investment programme attached to the National Disability Strategy is largely intact, but calls for additional resources to address the assessed health and educational needs of under 18 year olds;
b) Congress regrets the delay in implementation of the strategic review of existing service provision (promised under PPF) and calls for its immediate implementation;
c) Congress demands once again the development of an action plan for the implementation of the Code of Practice on Sheltered Employment. We note there is an inter-departmental working group between the Department of Enterprise Trade & Employment and the Department of Health & Children to address this issue and we look forward to the early implementation of its report, due before end of 2006;
d) Early action on the adoption of set of standards of service for people with disabilities by the Health Information and Quality Authority (HIQUA), based on the work of the National Disability Authority;
e) Early progression of practical moves to address the added cost for people with disabilities, including the Cost of Disability Payment. This should not be overly delayed by awaiting full results of the needs assessment process promised in *Towards 2016*;
f) Congress notes the review of legislation on eligibility for the Medical Card in the Department of Health and Children's sectoral plan. This has long been identified as a major obstacle to people with disabilities taking up offers of employment. Congress therefore calls for an early resolution of the benefits trap – particularly the medical card and the need for higher thresholds for people with disabilities;
g) Proactive work on the Department of Enterprise Trade & Employment commitment to develop a comprehensive employment strategy for people with disabilities, including a strategy for retaining people in employment after they acquire a disability. A particular concern is that the Worker Retention Grant Scheme needs to be widely promoted so that take-

up improves dramatically. Congress seeks the early formation of monitoring mechanisms for the sectoral plan that are inclusive of Congress and people with disabilities.

Better Support for Carers

Congress is calling for a significant increase in the Carers Benefit from €180 a week to at least €214.50 a week and for similar increases to the Carers Allowance to recognise the work undertaken by Carers. In addition we are calling for this Budget to deliver on the *Towards 2016* commitment to expand the income limits for the Carers Allowance so that all those on average industrial earnings can qualify.

Measures to improve carers' access to part time work as part of their Carers Leave entitlement are also needed. Specifically we are calling for an entitlement for employees, who are going on Carers Leave, to have access to part-time work with their employer up to the social welfare maximum of 15 hours a week. At the moment the Carers Leave Act 2001 only provides for a right to take breaks in blocks of 13 continuous weeks. Employers can and do refuse to give employees periods of less than 13 weeks, and refuse requests to work part time. This means that many carers cannot avail of part time employment which can be very beneficial to the carer not just financially but importantly it allows the carer to stay in contact with their work and career. Making Carers Leave and Carers Benefit available on a part time basis would also allow Carers to share caring responsibilities, for example, between siblings.

Enhanced Measures to Deal with Over-Indebtedness

Consumer credit has been increasing at a significant rate. It is not clear to what extent our current levels of personal indebtedness may be giving rise to a 'debt problem'. Congress believes that the way we deal with indebtedness and debt enforcement is in urgent need of overhaul. Ireland's debt enforcement system needs to be reformed to treat the casualties of credit in a humane manner rather than in a punitive way. We are calling for:

- greater support for the money advice and budgeting service (MABs);
- an improved opportunity for a person who is over-indebted to arrange for an affordable repayment schedule that suits their means;
- for firmer regulation of creditors whose practices can exacerbate a person's financial distress and
- prohibition on calling employees at work about their over-indebtedness.

Asylum Seekers and 'Direct Provision'

Congress is concerned about the impact of 'Direct Provision' on individuals and families who are seeking asylum in Ireland. Notwithstanding our overall concern about the use of Direct Provision we are calling for an increase in the weekly payments to asylum-seekers from €19.10 for adults and €9.60 for children to a minimum of €50 for adults and €25 for children. Direct provision payments have remained at the same level since they were introduced in 2000. The low level of direct provision payments has led to 'food poverty' where people in direct provision accommodation cannot afford to supplement their food requirements.

We are also calling for the universality of Child Benefit payments be restored. The denial since May 2004 of Child Benefit to asylum seekers (children of asylum seekers and separated children seeking asylum) in our view contravenes the UN Convention on the Rights of the Child. Article 26 states that: "Parties shall recognise for every child the right to benefit from social security, including social insurance." The Convention also states that a child should not be discriminated against for any reason. Withdrawal of Child Benefit to asylum seekers also contravenes the Government's National Anti-Poverty Strategy which pledges to make sure that no member of a minority will be more susceptible to poverty than everyone else.

The recently published NESC report on Migration Policy recognises that migration can enhance economic and social progress & prosperity, but that this is not inevitable. It goes on to identify ways in which migration can contribute to the social and economic development of Ireland, including identifying integration of migrants as one of the main factors determining the overall success or failure. *Towards 2016* recognises the need for increased resources aimed at the intensive promotion of employment rights particularly for workers from overseas and for increases in supports for anti-racism and equality activities.

Congress is calling for the following:

- Provide as a minimum, the €750,000 committed in *Towards 2016* for the social partner's education and promotional activities aimed at informing migrant workers of their rights;
- Noting that the significant changes to the Habitual Residence Condition have had a positive effect on EU nationals, Congress remains concerned that some migrant workers still do not have access to an adequate social welfare safety net. Particular difficulties are still experienced by workers who have newly arrived and for migrant women accessing support services as a result of family breakdown. It is totally reprehensible for the State to deny them social protection when they most need it;
- Resources to fulfil the *Towards 2016* commitment to provide enhanced support for the effective integration of non-English speaking children of migrants at both primary and second-level through the provision of an extra 550 language support teachers by 2009 and the reform of the current limit of two additional teachers per school;
- Resources to implement the promised new integration framework after consultation with the social partners who will also be included in any co-ordination/monitoring mechanism. Particular emphasis needs to be placed on the provision of English language classes.

Overseas Development Aid

Congress welcomes the government's recent publication of the first ever White Paper on Development Cooperation. The paper provides clear guidelines for concerted action to fight the root causes of global poverty. It also restates the commitment to ensuring continued growth of the programme in monetary terms, to reach the 0.7 percent target by 2012, the first stage of which is reaching 0.5 percent of GNP in 2007 (€773 million) – three years ahead of the EU target of 2010.

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design_www.reddog.ie

www.ictu.ie

32 Parnell Square
Dublin 1
T +353 1 8897777
F +353 1 8872012
congress@ictu.ie