TITHE AN OIREACHTAIS

An Comhchoiste um Airgeadas, Caiteachas Poiblí agus Athchóiriú

Tuarascáil maidir le hAighneachtaí Réamhbhuiséid 2013

Samhain 2012

HOUSES OF THE OIREACHTAS

JOINT COMMITTEE ON FINANCE PUBLIC EXPENDITURE AND REFORM

Report on 2013 Pre-budget Submissions

November 2012

31/FPER/013

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1. Submissions to the Joint Committee can be accessed on the Oireachtas web site:- http://www.oireachtas.ie/parliament/oireachtasbusiness/committees_list/fper-committee/2013pre-budgetsubmissions/

2. Transcripts of the public hearing can be accessed at Oireachtas web site:- http://oireachtasdebates.oireachtas.ie/debates%20authoring/DebatesWebPack.nsf/committeetakes/FIJ2012091900001?opendocument and http://oireachtasdebates.oireachtas.ie/debates%20authoring/DebatesWebPack.nsf/committeetakes/FIJ2012092000001?opendocument

Chairman's Preface

The Joint Committee, annually, receive a range of pre-budget submissions. In line with previous undertakings, the Joint Committee on Finance, Public Expenditure and Reform, in terms of framing the 2013 budget; adding value to the process and informing the public debate, considered that it would be germane to elicit the views of various organisations/stakeholders in advance of the publication of Budget 2013.

The members of the Joint Committee Finance, Public Expenditure and Reform agreed to invite organisations/groups who, over past years had made submissions to the Joint Committee, to forward a copy of their pre-budget submission for consideration. The Joint received 31 submissions that totalled over 450 pages. The individual submissions received are available on the Oireachtas web site

Given the time constraints, the Joint Committee agreed to review the contents of the submissions and prepare a summary. The Committee, further, agreed to publish a report incorporating the summary of submissions received and to forward the report to the Minister for Finance for his attention.

In addition, the Joint Committee agreed that should any clarification be deemed necessary, the Joint Committee may invite selected individuals/organisations to discuss issues further. Public hearings were held on the 8 and 9 November to discuss issues of concern.

The hearings and submissions made by those attending raised some very important and interesting matters. The Joint Committee acknowledges that the Bill seeks to address the recommendations included in the recent report of the Commission on Credit Unions.

I would like to express thanks to everyone who took part in this consultative process and look forward to further engagement with the Minister as the Bill progresses through the Houses.

I would like to express my appreciation to the Members of the Joint Committee, the Clerk, Mr. Ronan Lenihan and the Committee Secretariat Staff, Mr. Eoin Hartnett and Ms. Lorraine West for their commitment and dedication. I hope this work will assist and help the Minister and Government frame the 2013 Budget.

Ciaran Lynch T.D.
Chairman
November 2012

Introduction

The Joint Committee, annually, receive a range of pre-budget submissions. In terms of framing the 2013 budget; adding value to the newly emerging budgetary process and informing the public debate, the members of the Joint Committee on Finance, Public Expenditure and reform agreed to invite organisations/groups who, over past years had made pre-budget submissions to the Joint Committee, to forward a copy of their 2013 pre-budget submission for consideration. A list of those who made submissions is attached at Appendix 3

The Joint Committee reviewed the contents of the submissions and prepared a summary of each submission received. In addition, the Joint Committee agreed that should any clarification be deemed necessary, the Joint Committee may invite selected individuals/organisations to discuss issues further. Public hearings were held on the 8 and 9 November to discuss issues of concern. Those who attended the public hearings are listed in Appendix 4

The Joint Committee, in publishing this report is not making any recommendations. Rather, in recognition of how pre-budget submissions can add value to both the budgetary process and public debate the Joint Committee considered that the best approach was to publish, in this report, the summary of the submissions received and forward the report to the Minister for Finance in advance of Budget 2013.

The Joint Committee wishes to express its thanks to all those who participated in this process and value the opportunity afforded to engage with interested parties.

SUMMARY OF SUBMISSIONS

Submission 1: Drinks Industry Group of Ireland (DIGI)

The drinks industry calls on the Government to avoid any increase in alcohol taxes in Budget 2013. Ideally, alcohol taxes would be reduced from their internationally high levels and in recognition of the weak state of the substantial economic asset which is the drinks industry. However, DIGI recognises that the poor economic situation and the severe difficulties with the public finances and borrowing make it very difficult to reduce taxes for 2013. Avoiding increases in alcohol excise will give a positive message and will support the Government's "Gathering" initiative in 2013.

The recommendation to avoid increases in alcohol taxation in Budget 2013 reflects:

- The continuing weak economic and public financial position in 2013.
- The large economic and employment contribution of the drinks industry.
- The substantial contribution of the drinks industry to tourism.
- The need to support the "Gathering" initiative in 2013.
- The need to support tourism competitiveness.
- The ongoing decline in average adult consumption which peaked in 2001 at 14.44 LPA and was 11.71 in 2011. It is likely to decline in 2012.
- The need to have a solid domestic market base to support a strong and growing export performance.
- The relatively high alcohol taxes in Ireland compared to the large majority of other EU members and especially in important tourism markets such as Germany and France and in popular destinations for Irish tourists going abroad.
- The very weak position of the on-licence segment of the drinks industry which is experiencing large sales volume declines, large employment declines and significant numbers of closures.
- The continuing decline in the domestic drinks industry in the early part of 2012 as measured by retail sales and Revenue clearances.
- The weak position of the independent off-licence sector which is losing market share to the multiples.
- The impact of the severe lack of access to credit for public houses and independent off-licences.
- The need to support economic recovery and economic confidence.

In the first three months of 2012 alcohol clearances declined by 5%. In the first five months of 2012 retail sales volume in bars declined by 8.2 %. Between 2007 and 2012 bar sales volume declined by 35.5% compared to an overall retail sales volume decline of 13.5%.

Economic forecasts indicate that consumer expenditure volume will perform poorly in 2013. Because of the discretionary nature of much of the expenditure on alcohol the weak overall consumption performance will be associated with a weaker on-licensed alcohol expenditure performance. Substantial numbers of public houses are going out of business. According to the latest Revenue Commissioners data there was a decline of 559 or 6.2 % in the number of publican licences between 2009 and 2011. The independent off-licence sector is also in a very difficult economic position as the multiples continue to increase their share of the off-licence alcohol market.

The drinks industry is striving to recover the lost domestic economic output through increased efficiency, export markets, domestic marketing and promotion and product and service improvement. But recovery in the current weak economic

environment is very difficult. Increases in alcohol taxation in Budget 2013 would substantially curtail these efforts.

The drinks industry contributes greatly to the economy and to the Irish tourism product. It provides tens of thousands of jobs and contributes significantly to other areas of economic activity and to the exchequer. In addition to its extensive use of skilled labour it is a major user of domestic raw materials and inputs including malted barley, barley, cereals, milk, apples, water, services, electricity and gas and pays significant rates and service charges to the local authorities. The Government should not put this economic contribution under additional threat.

In summary
The drinks industry has suffered badly from the recent and continuing economic decline. The industry continued to decline in the early part of 2012 and this decline is likely to continue in this calendar year. 2012 overall will be a year of decline in the drinks industry. Prospects for domestic consumption demand in 2013 are weak.

The industry recognises that there is limited scope for excise reduction in the present public financial and economic circumstances. But the Government must not make the situation worse by increasing alcohol excise. DIGI urges that Budget 2013 should maintain the existing rates of alcohol excise and increases should be avoided. This will give some small assistance to the recovery efforts of the industry.

Submission 2: Joint Submission; Irish Heart Foundation and Irish Cancer Society.

Smoking is the single biggest cause of preventable death in Ireland. At least 5,200 people die prematurely as a result of smoking every year. It is also the biggest contributor to health inequalities and accounts for up to half the difference in life expectancy between the richest and the poorest groups in our society. The burden that tobacco places on our society needs to be reduced through a long-term, comprehensive, multi-component approach.

Ireland needs to commit to a comprehensive national tobacco control strategy (high taxation, smuggling controls, cessation services and effective legislation) that will not only save lives on a substantial scale, but will also rebalance the burden of smoking on the Exchequer so that the tobacco industry contributes more towards the harm it causes. Implementing the measures proposed in this submission would have positive economic and public health effects.

In previous submissions to Government, the Irish Cancer Society and Irish Heart Foundation have consistently called for price to be a tool to encourage people to quit smoking. Ireland now has one of the highest prices in Europe – but this is not only due to Government tax, it is also due to the large profit margin enjoyed by the tobacco industry. Our pricing policy has been subtly and effectively undermined by an industry that reinvests its profits to attract new smokers, weaken our tobacco control strategies and capitalise on the belief in some Government Departments that keeping people smoking is revenue positive.

In Budget 2013 we call for a new approach from Government so that the Exchequer benefits from the high price of cigarettes, not the tobacco industry.

Our proposals seek to correct a string of market failures that are exhibited by the tobacco market.

We should never perceive tobacco products as a valid revenue stream for Government – it places a massive societal and financial burden in terms of both chronic and fatal illnesses and any revenue raised from it needs to be reinvested to encourage people to quit, with the aim of eventually ending smoking in Ireland.

Priorities for Budget 2013

1. **Introduce a price cap on the pre-tax price of tobacco. By placing a cap on the tobacco industry's profit, excess profit would be transferred from the tobacco industry to government, raising significant returns for the Exchequer.**

We propose a solution to correct the failures that exist in the Irish tobacco market and that allow the industry to earn significant profits. First proposed in the UK to correct market power and some unintended consequences of tobacco control policies, we call on Government to cap the pre-tax price of tobacco. This would allow Government to correct a significant market failure (market power) while expanding its tobacco control initiatives. For tobacco control to be effective we need to ensure the full regulatory landscape is conducive to encouraging smokers to quit and discouraging others to start smoking.

This market failure means that cigarette companies have immense pricing power. Even small increases in the manufacturer's margin have a significant impact on their profits but do not affect consumption patterns. In fact, this pricing power is actually compounded by tobacco tax policies because when Government increases tax, it enables the tobacco industry to hide their own price increases. Taxes make up a large portion and the manufacturer's price makes up a small portion of the actual price consumers pay. We believe that the revenue that the tobacco industry is losing as a result of smokers either quitting or dying is replaced by sustained price increases. As the normal competitive forces are absent, the resulting oligopoly can raise prices at will, generating sustained high profits which are significantly higher than those earned on other consumer staples.

2. **Adjust the structure of tobacco taxation to ensure tax increases benefit the Exchequer and not the tobacco industry. This would mean that we adopt the highest specific tax rate allowed under EU legislation (76.5%) and reduce the ad valorem rate so that an environment that supports down-trading to cheaper tobacco products is not created.**

Tobacco products tax on cigarettes consists of two separate elements (i) a specific amount of tax calculated per 1000 cigarettes plus (ii) an ad-valorem element, which is a percentage of the retail selling price.

Taxation is the single most effective and cost-efficient intervention to reduce tobacco consumption, especially amongst younger generations and low income groups. This policy has long been endorsed by the World Health Organization and the World Bank. The Framework Convention for Tobacco Control also emphasises taxation as a major part of a comprehensive tobacco reduction policy.

We can see from the Irish figures that a price increase *does* actually decrease consumption and that new smokers, probably mostly children and young people, become addicted when price remains constant25. This reinforces the fact that price must be kept high in order for people to quit smoking – however, this must

go hand-in-hand with increased resources directed at reducing illegal tobacco supply.

3. Commit to an annual price escalator for tobacco taxes on all tobacco products (including hand-rolled tobacco) of at least 5% per year above the rate of inflation.

Tobacco taxes in Ireland have risen through small, gradual rises in taxation rates. Relatively small increases have less impact on consumption than higher increases, as smokers adjust to them more easily.

In order to achieve a significant decline in the number of smokers and to establish a source of consistent tax revenue, we recommend the introduction of a tax escalator for tobacco of 5% per year above the rate of inflation. The CSO (April 2012) reported an annual inflation rate of 2.2% (2.1% CPI excluding tobacco). For 2013, we therefore recommend a 7.2% increase in tobacco taxes.
Such a policy is supported by emerging evidence from financial analyst reports, tobacco industry documents and research on industry lobbying. All these sources suggest that regular, moderate tax increases can benefit industry while large intermittent tax increases have a greater impact on demand.32

Reducing the affordability of tobacco in this way should be accompanied by the provision of adequate resources to assist smokers to quit.

4. Standardise tax on hand-rolled tobacco to the same level as cigarettes – it is currently only 60% of the retail price.

The taxation system should ensure that *all* tobacco products become less affordable. Tax on hand-rolled tobacco (HRT) is lower than cigarette duties – tax makes up about 60% of the price of a typical pack of HRT compared with almost 80% of the average price of a packet of cigarettes. In practice, this meant that in 2010, a 12.5g packet of roll your own tobacco (depending on the individual smoker this can be used to make around 25 cigarettes) retails for approximately €4.50, while a packet of 20 cigarettes was €8.5533. Thus, using HRT is significantly cheaper than purchasing the equivalent number of cigarettes.

As cigarette prices increase smokers are turning to HRT as a cheaper alternative. Tax increases on cigarettes in 2009 led to smokers switching from cigarettes to hand rolling tobacco (sales of hand-rolling tobacco rose by over 70 percent in 2009). HRT remains a very small proportion of the overall tobacco market in Ireland.

5. Increase spending by €8 million per year to tackle the trade in illicit tobacco. This could bring in €130 million of extra revenue to the Exchequer each year.

Introduce financial penalties in the Finance Bill 2013 directed at tobacco companies whose products are smuggled.

Tobacco must be made less desirable, accessible and affordable. Price has been identified as the most effective barrier to smoking. However, the illicit tobacco market is seriously undermining Ireland's efforts to reduce smoking prevalence further since illicit tobacco is sold at approximately half the price of legal tobacco.

The trade in illicit tobacco has serious consequences for crime and community cohesion. Illicit tobacco trading creates a cheap source of cigarettes for children and young people. Teenage smokers are too often the target for tobacco

smugglers and are actively aware of it being sold in their communities, whilst adults are encouraged to continue to smoke. It is also linked to local low level and regional, national and international organised crime, and contributes to a wealthy underground economy.

6. Ensure engagement with the tobacco industry is in line with Ireland's obligations as a Party to the WHO FCTC to protect public health policy from the vested interests of the tobacco industry.

The tobacco industry is extremely well resourced and uses sophisticated strategies to anticipate and respond to tobacco control policies which have the potential to reduce exposure to tobacco products and improve public health. The tobacco industry has a history of subversion and obfuscation in relation to tobacco control measures and a substantial peer reviewed literature exists describing the strategies and tactics the tobacco industry uses to undermine public health.

The WHO Framework Convention on Tobacco Control (FCTC) is the first international public health treaty. It provides an internationally coordinated response to protect citizens across the world from the dangers of tobacco use and from the influence of the tobacco industry. Under the Article 5.3 FCTC, engagement with the tobacco industry should be limited to only where it is strictly necessary i.e. in order to effectively regulate tobacco products and the tobacco industry itself. This engagement must be transparent – for instance written records, accessible to the public, should be kept of any meetings. In 2009, Guidelines on the implementation of Article 5.3 were adopted by the Conference of the Parties.

Information gathered from parliamentary questions, media reports and Freedom of Information requests indicates that tobacco industry representatives have considerable contact with Irish government officials. This supports the need for a strong Government commitment to incorporating Article 5.3 into Irish policy and practice.

We are disappointed that the Revenue Commissioners' *Strategy on Combating the Illicit Tobacco Trade (2011-2013)* did not make an explicit reference to Article 5.3 and commit that any engagement with the tobacco industry is in line with Ireland's obligations as a Party to the FCTC, including publication of the minutes of any meetings. We recommend the introduction of such a commitment in the next strategy.

The development of a regulatory system for lobbyists by the Department of Public Expenditure and Reform provides the opportunity to protect public health policy across all Government Departments and state agencies from tobacco industry interference. As part of the forthcoming regulations for lobbyists the Government should: make a commitment to guard against tobacco industry interference and institute a code of conduct for Ministers and civil servants; commit to informing the public about all meetings and other contacts with the tobacco industry and its representatives, as well as the discussions and the outcomes of such contacts; and the tobacco industry should be required to publically report activities and practices, including political contributions, payments to lobbyists, scientists, or journalists.

CONCLUSION

We need to change the way we think about tobacco, its price, the way it's taxed and generally focus on both the supply and demand sides in a complementary and coordinated way, rather than on either exclusively. It is not just the

responsibility of the Department of Health to reduce the social, health and economic consequences of smoking. The revenue collected from tobacco taxes is not free money – smoking has significant consequences on fiscal health as well as population health.

The tobacco industry has leveraged the market failures that exist to manipulate Government anti-smoking policies to its own advantage. While the Irish Cancer Society and the Irish Heart Foundation recognise that existing revenue streams have to be protected, we cannot have a situation whereby smoking is seen as a revenue raiser.

International experience shows that sustained reductions in smoking prevalence can only be achieved through co-ordinated action focusing particularly on tax policy, smoking cessation, anti-smuggling measures and legislation.

In Budget 2013 we are calling on the Government to take a new approach to tobacco control so that the tobacco industry begins to contribute to the costs it imposes on the state.

Submission 3: Charles Stanley-Smith – Smart Taxes Network - introduction of a Site Value Tax

In September 2008, Feasta, the Foundation for the Economics of Sustainability, was Awarded multi-annual funding from the Irish Department of the Environment for a Smart Taxes policy research project. The purpose of the Smart Taxes project was to develop policy options to reform fiscal and other financial and monetary mechanisms in Ireland to deliver environmental, social and economic sustainability.

This is a proposal by the Smart Taxes Network to replace the existing flat household charge with a residential site value tax (SVT). A site value tax is a tax on the value of land only. Unlike other property taxes, it encourages efficient use of land rather than discourages it, as socially productive investment in real estate (such as higher density in city centres or improved energy efficiency of homes) does not lead to a higher tax bill. While not a wealth tax, a site value tax is also progressive, with wealthier households paying more than those with less real estate. By shifting the burden of taxation from mobile factors such as capital and labour to land, SVT is not only efficient and progressive but also boosts Ireland's International competiveness.

A Site Value Tax is one of the commitments in the EU-IMF Memorandum of Understanding and the 2011 Programme for Government. The 2009 Commission on Taxation was in favour of SVT in principle although had concerns about the practicality of its implementation. This proposal outlines how the structures are already in place to implement SVT, including a report that puts each of 4,500 districts in the country in to one of ten land value bands. This would allow the basis for self-assessment with a robust auditing function.

Submission 4: Disability Federation of Ireland

Ireland must regain its sovereignty and its ability to borrow. The Disability Federation of Ireland (DFI) recognises the Government's responsibility to reduce the deficit, and that decisions on spending cuts and tax increases still have to be

taken. But after four years of cumulative, stringent measures, we consider it time to rebalance the Government's recovery programme in light of pressing social priorities.

As the National Economic and Social Council concluded some time ago, "A successful economy requires a successful society". DFI is greatly concerned that the successive public expenditure cuts applied to date undervalue vital features of Ireland that are critical to our long term success as a socially cohesive economy and society. The adverse economic pressures have resulted in such tightening of public services and supports that our social infrastructure is being eroded, to our lasting detriment.

Our Common Purpose

The Programme for Government stated, "By the end of our term in Government Ireland will be recognised as a modern, fair, socially inclusive and equal society supported by a productive and prosperous economy." The Government needs to look again at its social priorities, and to recalibrate its deficit measures to protect both our social and economic future. We cannot content ourselves with having reduced the deficit at the expense of a collapsed social infrastructure.

If people can't look to their local education, training, health, housing and child services for ways to sustain their capacity and develop, their economic and social potential inevitably deteriorates. If capital in the form of health, social care and other precious expertise is run down, it can take a long time to regenerate. If community strength and resilience are not maintained, our ability to respond as a nation to opportunities in the future is undermined. Ireland learned the heavy cost imposed due to deficiencies in economic and financial regulatory capacity, which the Government has acted to rectify, but we are failing to protect essential social services. These are vital services for people with disabilities and their families if they are to participate and have opportunities.

In the area of disability policy, DFI welcomed the commitment by both the Taoiseach and the Tánaiste in the last pre-election debate. When asked what their one key social justice issue was, Mr Gilmore T.D. responded, "it will be looking after people with disabilities" while Mr Kenny T.D. stated, "I agree with that, and I feel an absolute priority should be the three hundred thousand people who suffer from mental illness every year". They saw that disability services and supports offer insurance for everyone; protecting us all against the worst effects should disability occur.

Yet there still is no Implementation Plan for the National Disability Strategy, and the infrastructure to underpin the UN Convention on the Rights of Persons with Disabilities is being weakened instead of reinforced. People with disabilities are slipping further and further behind. This is especially evident in terms of the health and personal social supports that enable people to participate. Supports including work or education options for disabled school leavers, family resource services, personal assistant services to enable independent living and income supports to help people with disabilities and families all have come under further pressure during 2012.

Balanced Budgeting

There is scope for better, more balanced decisions in Government budgeting. A National Budget of €48 billion should yield much stronger support to sustain people's well-being. In particular,

- The intense pressure on the health budget is excessive and is causing undue hardship. Although Government had earlier indicated that the heavy cuts applied to health in 2011 were to be followed by lesser reductions,

Budget 2012 imposed another round of stringent cuts. Also optimistic developments on the revenue and cost side were assumed for 2012 that have not materialised, with a growing health deficit emerging this year such that people with disabilities are being targeted to achieve savings.

- Renewed talk about further steep health cutbacks is alarming because health and related services are absolutely critical for people with disabilities. Disability services have not caused health spending over-runs despite rising demand for these services. Essential health spending must be protected in Budget 2013.
- People with disabilities have involuntarily contributed to deficit reduction through other harsh measures. For example, the ESRI's research found that Budget 2012 was regressive overall, with disproportionate pain being inflicted on the least well off.
- There is still scope for implementing better ways of working in health and other public services - to get necessary services for less outlay. The recent Value for Money & Policy Review of the HSE's disability services, for example, saw potential for changing the skill mix of staff, reducing the use of highly qualified professional staff. But no spending reform should compromise a disabled person's ability to get on with their life. The Government's Recovery Programme's commitment to fairness and social justice is on the line.

Budget 2013 and the Future

The recession has meant that everyone, including organisations in the voluntary sector, need to revisit their priorities and ways of working to deliver better outcomes for the people whom they serve and support. The Government is justified in demanding value for money from social programmes, just as from schemes to build roads or extend broadband services.

But the Public Service Reform Programme and the Comprehensive Expenditure Review need to look beyond the short term savings achievable from proposed cuts and also weigh up the outcomes in terms of people's well-being and their ability to get on with their lives.

Short term measures need to have a long term logic. It is dangerously easy to underestimate the value of maintaining the social infrastructure when money becomes very tight. The enduring costs of short term savings have to be reckoned within Budget 2013.

The Disability Federation of Ireland considers that the Government's National Recovery Programme must change to achieve a balance in both the social and economic priorities. We therefore propose for Budget 2013:

1. Government needs to protect the viability of our community infrastructure, the community and voluntary bodies, as well as the locally operating statutory agencies whose interventions underpin ordinary life. Because many different public bodies fund aspects of this social infrastructure, it is essential that the overall, cumulative impact of budget decisions is explicitly considered.
2. For people with disabilities community-based services and supports are critical to enabling independence, to seeking work and a fuller life. The Government's policy objectives cannot be progressed without a greater focus on resourcing such services and supports. Health disability specific and personal social services funded by the HSE particularly merit protection.
3. An ambitious Implementation Plan for the National Disability Strategy is required, in keeping with the principles of the UN Convention on the Rights

of Persons with Disabilities, where people have dignity, individual autonomy and full and effective participation in Irish society.

4. The basic standard of living of the most vulnerable, including people with disabilities, must be protected. This means off-setting the impact of any increased charges imposed, or essential services withdrawn, as well as recognising the extra costs that people with disabilities incur. The social justice issue named by the Government leaders makes this a priority.

DFI commends the Government for planning for long term economic recovery. However we strongly urge that the planning pay as much heed to the social foundations for long term success as to the economic factors. Budget 2013 is the opportunity to rebalance the recovery programme better to protect our future prospects. Otherwise after the recession finally ends we will face the frustration and costs of sustained social stress and blockages that drag down growth, as well as dismaying levels of inequality, caused by disinvestment in Ireland's social infrastructure. Decisions made over the next couple of months will affect the quality of life of people with disabilities, and members of their families, next year and for many years to come after the end of this recession.

Submission 5: Retail Excellence Ireland

Introduction

The Irish retail industry continues to face huge challenges and difficulties. The latest figures show that VAT returns are greater than anticipated but consumer confidence and spending is down. Increased taxes and VAT specifically, as well as additional charges applying to the domestic economy have had adverse impact on the industry. Whilst retailers are making every effort to provide consumers with the best value products and services, the market is still in decline and high business costs are.

Without targeted and immediate political action, **Retail Excellence Ireland** forecasts that the coming months will see more retail businesses close and an accelerated rate of retail failure in Ireland.

In the context of a severely depressed retail industry, increasing and untenable business costs and a very cautious consumer, we urge you on behalf of over **11,000 store members** across the country to address and consider the following matters in the forthcoming budget:

Communication

To date, the Government has demonstrated an inability to communicate to the public in a professional and credible manner. Ministers have flown flags and contradicted one another. The impending property tax is a case in point. Every announcement is undermining spending in the domestic economy. We would appreciate if the Government could implement the following communication process –

- Stage 1 – Say nothing until a full and final decision has been made
- Stage 2 – Communicate the decision with clarity, transparency and authority
- Stage 3 – Revert to stage 1

Develop a Domestic Economy Stimulus Group

REI proposes that the Government set up this group to address the concerns of retailers and to promote an environment that will help secure businesses and jobs. Matters which could form part of this groups' work include –

- Motivating work seekers to apply for seasonal temporary retail positions

- Reducing crime and black economy activity
- Reducing the cost base
- Rewarding labour intensive retail businesses – served rather than self-serve

Appoint a Junior Minister for Retail
The retail industry is the largest industry in Ireland, and it employs over 250,000 people. At present, Retail is not represented at Cabinet level and we request that this changes immediately. We request that the Government appoints a Junior Minister for Retail or alternatively, assign this portfolio to the current Minister in the Department of Jobs, Enterprise and Innovation.

Review of the VAT rate
Given the financial pressures that many retail businesses and consumers face throughout Ireland, we encourage Government to review the current VAT rate in Ireland. While we recognise the pressure on the public finances, it is important to note that a reduced VAT rate will stimulate consumer spending and confidence. Once this review has taken place, we propose that an on-going formal review of the VAT rate takes place every 6 months.

Local authority services to business
At a time when retailers are trying to deal with excessive business costs, maintain staff levels and fight to keep their business alive, local government must play their part and review services being delivered to local businesses. We encourage local government to adopt recommendations from the Retail Excellence Ireland Town and City Centre Management Framework which proposes a collaborate approach amongst all stakeholders to town management. Additionally, the provision of legislation to permit Local Authorities to apply rates inducements to certain business types or locations in the town or city is worth consideration.

Adopt a flexible social welfare system and review sick pay costs
Ireland pays the 3rd highest social welfare rates in Europe. The Irish social welfare system is based on a 6 day week: so those who are unemployed are paid for 6 days, whilst those who are employed are paid for a 5 days week. This payment methodology has negatively impacted on our "will to work". We call on the Government to review this.

The Minister for Social Welfare, Joan Burton T.D now wishes to transfer responsibility for paying sick pay in the first month of illness from the Department of Social Protection to individual employers. Self-employed business owners are excluded from the majority of social welfare benefits, leaving them financially exposed. We urge the Government not to pass sick pay costs on to the private sector.

Include a Retail Representative on the board of NAMA
While REI welcomes the publication of the NAMA guidelines to assist vulnerable tenants, it is disappointing that the Agency's Board does not include a tenant representative. NAMA's primary objective is to realise asset values. These values are determined by the rent which derives. Our members pay many hundred million euros of rent annually which is central to the protection of asset yield.

Cuts rather than tax increases
We encourage the Government to focus on spending cuts rather than increasing taxes, which will do less damage to our domestic economy and consumer spending.

UORR/ Rents regarding Public Bodies and NAMA
At present, Local Authorities and Public Bodies are still trying to impose rent increases on tenants who have legacy leases containing upward only rent review clauses. Similar to how Government has instructed NAMA in this regard, we ask that you also commit to instruct all Public Bodies, including Local Authorities to do the same. It is the experience of some tenants of commercial properties, where Public Bodies (including Local Authorities) are the Landlords, that notwithstanding the collapse in rents by as much as 60%, some Public Bodies are insisting on enforcing the terms of leases including the payment of rents fixed at market peaks; the futile pursuit of overdue rent reviews and any arrears arising; and a refusal to engage in meaningful negotiations on lease restructuring to reflect current market realities.

Change of Budget date
The Government must become more aware of its central role in setting the mood of the nation. The scaremongering that has happened in recent weeks is doing nothing for consumer confidence and this is clearly evident in the latest ESRI consumer sentiment report. The timing of the budget must change. To schedule the budget in the busiest retail period in the year negatively impacts retail and domestic economy sales.

In Summary
The 11,000 store members of Retail Excellence Ireland and the 250,000 people employed in the Irish Retail Industry require immediate assistance; we require action on these matters now. Retail is the largest employer in Ireland and is in every community throughout the country. Irish Retailers are playing their part; it is time now for the Irish Government to do the same.

Submission 6: Social Justice Ireland

Budget 2013 - Summary of Key Proposals

In this Policy Briefing *Social Justice Ireland* sets out a range of fully-costed proposals that would (i) reduce Government's borrowing; (ii) protect the vulnerable, (iii) provide substantial, targeted investment; (iv) make the tax system fairer; (v) protect public services; (vi) increase domestic demand; (vii) retain social welfare rates and Child Benefit unchanged and (viii) distribute the 'hits' in Budget 2013 more fairly. Among our major proposals are the following:

1. Reduce borrowing by €3.5bn.
2. Do this through tax increases and expenditure reductions on a ratio of 2:1. (See P.7 of the main submission)
3. Introduce a Part-Time Job Opportunities Programme to create 100,000 part-time jobs for people who are long-term unemployed. This would cost €50m in 2013 and would be a positive step towards addressing long-term unemployment in a meaningful way. (See P.12 of the main submission)
4. Make tax credits refundable in Budget 2013. At a cost of €140m this proposal would directly benefit 113,000 low income individuals and begin to address the 'working poor' issue. (See P.11 of the main submission)
5. Extend the USC levy of 3% to all income in excess of €100,000 irrespective of its source. This would address the anomaly in the present system whereby only self-employed earners are subject to this additional 3% USC levy. This would increase income by an additional €50m in 2013. (See P.10of the main submission)
6. Introduce a levy of 2.5% on all corporate profits in 2013. This would provide additional revenue of €750m for the Exchequer. It would enable Corporate

Ireland to play a meaningful part in aiding Ireland's recovery. It would also be an acknowledgement of the many benefits Ireland offers, including natural resources and the various financial incentives made available to many companies based here. (See P.9of the main submission)

7. Implement the Commission on Taxation recommendations on tax expenditures, with the exception of proposals on Child benefit. This would save €100m in 2013. P.9
8. Scrap the household charge and replace it with a Site Value Tax. The introduction of an SVT is a necessary part of a fairer taxation system. It would bring in an additional €340m in 2013. (see P.10of the main submission)
9. Introduce a universal basic pension payment for all people over the age of 65 from July 2013. This would be set at €230.30, the current level of the Contributory Old Age Pension. Standard rating the tax break for all pension contributions to 20% would increase the tax-take by €700m in 2013 and would help fund the universal basic pension payment. This would be a fairer and more equitable way of organising the pension system in Ireland. (See P.14of the main submission)
10. Remove the price differential between agricultural and road diesel, and replace this pricing arrangement with a rebate system for farmers whereby they can claim the price differential for agricultural diesel. This proposal is largely cost neutral and would have a significant impact on reducing fuel laundering and criminal activity.
11. Provide an investment package of €7 billion for the domestic economy to drive Ireland's recovery. This focussed, off-balance sheet programme would have the dual impact of increasing domestic economic activity while also addressing some of the social and infrastructural deficits which remain in Ireland. (See P. 13/18of the main submission)
12. Introduce a tax of one third of one cent on each text sent by SMS through mobile phones or any other devices. This would provide an additional €40m in taxation revenue in 2013. (See P.10 of the main submission)
13. Introduce a 'bad nutrition' tax on the main components of junk food, fast food and soft drinks to yield €15m in 2013. (See P.10 of the main submission)
14. Invest €65m to enable 12-15 community nursing facilities with approximately 50 beds each to be replaced or refurbished in 2013. (See P.15 of the main submission)
15. Invest €50m for the infrastructural development of Primary Care Teams in 2013. (See P.15 of the main submission)
16. Invest €50m for the infrastructural development of Children and Family Services. (See P.15 of the main submission)
17. Invest €35m to support the development of Community Mental Health teams. (See P.15 of the main submission)
18. Introduce an income contingent student loan facility to allow students to borrow to pay for third level fees and living costs. This would save the exchequer €445m in 2013. (See P.15of the main submission)
19. Invest €100m in Early Childhood Education and Care from the ages 0-5. (See P.15 of the main submission)
20. Invest €20m in Adult Literacy programmes. (See P.15 of the main submission)
21. Increase the provision for Social Housing by €20m.
22. Increase the tax take on gambling as per Budget 2012.
23. Increase carbon tax by €2.50 per tonne in Budget 2013 to bring the overall carbon tax up to €22.50 per tonne.
24. Reduce public expenditure through measures identified in the Comprehensive Expenditure Report 2012-2014, National Procurement Service and Croke Park Implementation Body.

Submission 7: Irish Farmers' Association

1. Farming is experiencing a very difficult year in 2012. A combination of dreadful weather conditions, soaring input costs and falling prices in some commodities, is impacting on profitability and output at farm level. In addition, the impact on farm incomes of previous substantial cuts to farm schemes and the closure of key schemes, such as REPS, is now being seriously felt. In its mid-year Outlook, Teagasc estimated that farm incomes could be back at 2010 levels, representing a fall in incomes of 30%.

   In Budget 2012, funding for farm schemes was significantly reduced, with a cut in funding for the Disadvantaged Areas Scheme and a 10% cut in funding for REPS. Between 2011 and 2012, there was a disproportionate reduction in net government funding for farm schemes of 17%, compared with a reduction of 6% across the full Agriculture Budget.

   While the imbalance in the public finances must continue to be corrected, it is critical that the expenditure and taxation decisions taken support economic growth and protect the lowest income sectors. The exclusion of elements of the expenditure envelope from consideration in the budgetary process is inequitable and is resulting in much greater and more damaging cuts being imposed on the productive sectors and on those on lower incomes. IFA believes that this is not a sustainable strategy for correction of the public finances in Budget 2013.

   In the context of the difficulties being experienced in farming in 2012, and the disproportionate cuts that have already been imposed on farm schemes, IFA believes that the maintenance of funding for farm schemes must be prioritised in the Agriculture Budget 2013. Any further cuts in farm schemes would clearly be discriminatory.
   Full funding is therefore required for REPS and AEOS, with retention of funding for Disadvantaged Areas Scheme (DAS), Suckler Cow Welfare Scheme, Forestry and Targeted Agricultural Measures (TAMS).

2. It is critical that existing taxation measures that support restructuring, farm investment and land mobility are retained, and where restrictions in existing measures are proving a barrier to the development of the sector, these should be extended. This includes:
   • Retention of 90%Agricultural Relief;
   • Renewal of Stamp Duty Relief and Stock Relief;
   • Relief from Capital Gains Tax for disposals for the purpose of farm consolidation;
   • Extension of 50% stock relief to registered farm partnerships in all enterprises; and
   • Scope of the proposed property tax must remain residential only.

   Rising fuel prices are undermining competitiveness for the export-dependent sectors. Farmers are very frustrated that the commitment in the Programme for Government to exclude farm diesel from any further increases in carbon tax was not delivered upon. To reduce the negative impact of soaring fuel costs on our competitiveness, Government must allow farmers to make a double income tax deduction on the full cost of the Carbon Tax.

   The income tax system continues to discriminate against the self-employed, particularly at lower income levels. The PAYE tax credit of □1,650 results in employees entering the income tax net at twice the income level of self-employed, including farmers (€16,500 v €8,250).Government must make a

commitment to removing anomalies in the tax system that discriminate against the self-employed and to ensure that any new taxation measures do not further discriminate against the self-employed.

3. Ireland faces a significant challenge to meet its commitments on renewable energy generation and emission reductions. Government commitment to a land-based renewables strategy will create new jobs and stimulate economic activity across the country, contributing to balanced regional development. Support measures in the Bioenergy Scheme, Bio-fuels obligation scheme, and the REFIT tariff must be improved if Ireland is to achieve its renewable energy targets.

Submission 8: Society of Chartered Surveyors Ireland (SCSI)

Section 1 - Towards a Functioning Property Market:
Executive Summary
In the residential property market, pockets of strong transactional activity have been offset by continued declines in average house prices. The property market continues to be undermined by weak bank lending and poor consumer confidence. The Society recommends that Government monitors the granting of mortgages, and ensure that moneys which have been given to the banks from the public purse are available to the public who wish to buy a new home.

The Society has long welcomed the introduction of an annual property tax to replace high transaction taxes as part of a much-needed broadening of the tax base, and to support the financial security of local Government. The Society recommends that this funding source is ring-fenced for local service provision and to fund regional infrastructural investment. The Society recommends a shift to annual taxation from the traditional point of sale stamp duty and development contributions.

The Society believes that a transparent market is in the interest of all and welcomes the residential property price database which is already providing much needed transparency in the housing market. The Society recommends that State agencies facilitate academic institutions and mapping and data visualization experts in the open release of all data on residential property prices. This should be capitalised upon by extending the proposed commercial property lease database by creating a commercial property transaction database to make the Irish commercial property market an example of international best practice in transparency.

Ireland has experienced an increase in demand for rental accommodation in recent years, as tenure mix in the property market changes away from home ownership. The Society recommends the introduction of an insurance based Deposit Guarantee Scheme to ease a common area of dispute between landlord and tenant. Rental deposits should be held independently from the landlord to promote the speedy resolution of conflicts. Government should encourage further commercial investment in the Irish property market through creation of legislation to facilitate Real Estate Investment Trusts.

Following the Government's decision not to proceed with proposed abolition of "upward-only" rent reviews in Budget 2012, the commercial property market has seen a period of stabilisation and increased confidence, especially from overseas investors. Positive, but time-limited measures introduced in Budget 2012 should be continued so that positive enquiries in 2012 can translate to successful sales in

2013. Minor reforms of the agricultural property taxation system would help promote further investment and allow the sector to play its part in creating a thriving and dynamic agricultural industry.

The Society welcomes the Government's initiative to audit and better manage Ireland's public built estate, and looks forward to measures to properly assess the size, quality, scale, location and running costs of buildings in public ownership or leased by State agencies. International examples have shown how the public purse can be benefitted through public built asset management and the programmed retrofitting of public buildings to reduce their running costs.

Part One: Residential Property:

Towards a Functioning Property Market

In its 2011 election manifesto, Fine Gael correctly noted that "getting the property market functioning properly again is a condition of strong economic recovery." The Society welcomes the recognition by Government that economic performance and a functioning property market are intrinsically tied.

In 2010, the Society of Chartered Surveyors noted that the Irish residential property market had fractured into micro markets. While the overall trend in house-prices has continued to fall through 2012, in areas of healthy employment, prices have largely stabilised, highlighting the clear correlation between job security, economic activity, consumer sentiment and residential property transactions.

Data throughout 2012 has shown a slow improvement in consumer sentiment, following large declines between 2009 and 2011. Budget 2013 should have at its core measures to bolster consumer sentiment and investor confidence in Ireland, so that domestic economic activity and continued inward investment can play their parts in supporting the property market and therefore Irish economic recovery.

Impact of Budget 2012

Budget 2012 delivered many important and welcome reforms of the residential property taxation regime in Ireland. Time-limited measures intended to stimulate the purchase of residential property have had limited results, with positive changes to Mortgage Interest Relief and Capital Gains Tax being overshadowed by the ongoing economic crisis and the continued unavailability of bank financing.

Market reports show that the positive reforms which were made last December should assist in the pick-up of the volume of transactions, if not transaction prices, as Ireland continues its slow movement towards growth. In responding to last year's Budget, the Society suggested that positive growth was unlikely to be seen in 2012; rather it was more likely that the impact of Budget 2012 would be seen in 2013. The Society therefore recommends that measures which were commenced in the last Budget are continued into 2013 in order to ensure that planned transactions can be completed without further disruption to the taxation regime.

The last Budget was notable for the introduction of the annual household charge; the Society, in its pre-Budget submission and in further submissions, has strongly promoted the movement away from high transaction taxes towards annualised tax on residential property as a way of broadening the tax base and ending local Government's reliance on development contributions, commercial property rates and direct exchequer funding.

Creating a Transparent and Fair Property Tax

The speed and depth of the recession in Ireland has shown how dysfunctional – and pro-cyclical – the current taxation regime in Ireland has become. A number of reports – both domestic and international – have pointed to the need to overhaul the Irish taxation regime on the basis that a functioning taxation regime should be simple, stable and fair. The National Recovery Plan (2010) states that the Irish tax system should be redesigned so that it is based on more substantive – less cyclical – forms of taxation. The memorandum of understanding with the EU/IMF commits Ireland to the introduction of an annual tax on residential property, as part of the widening of the tax base.

The Society believes that an equitable, fair and coherent annual property tax can do much in the move to a more substantive taxation regime, and support the longer-term aim of securing a predictable funding supply for Irish local Government. An annualised tax should replace the over-reliance on pro-cyclical transaction-based or event-based taxes such as development contributions and stamp duty. During a period of lower levels of transactions, a reliance on the transaction of property as a source of stamp duty income is inefficient, unpredictable and causes deep structural faults in the property market. International research by the RICS and others has demonstrated how stamp duty leads to deadweight losses and inefficiency in the property market.

The introduction of an annual property tax is an opportune moment to revise the way in which local Government is funded and how property is taxed. An annual property tax, focussed on funding local services, can also support regional development through the creation of a regional investment fund and thus contribute to the sustainability agenda and assist in economic recovery.

In formulating a system for devising and collecting the property tax, regard should be given to the two following principles:

1. Straight forward and unambiguous – it is clear when a tax is applicable and when it is not. Ambiguity or excessive complexity in the tax system creates opportunities for avoidance.
2. Transparent and clear – the function of the tax is easy to understand and it can easily be assessed in advance whether a tax will apply in particular circumstances.
3. Collection is low cost and at a convenient time – therefore reducing the burden of collection on both those collecting and those paying.
4. Capable of being easily understood as a whole – the interrelationships between different taxes are easily understood.

There is no single example of international best practice in creating an annual property tax and Government should be aware that whichever approach is ultimately selected has potential drawbacks and may lead to occasions of unfairness. To overcome these risks, the Society repeats its recommendation that the annual tax is introduced in the most transparent and accountable way possible, so that the basis and purpose of the charge are universally understood.

It has been widely proposed, both by Government and the IMF that the favoured methodological approach is to levy an annual charge on a percentage of the current open market value of the property. This is one of three methodologies open to Government (the others being the site value and the rental value). The Society recommends the introduction of banding of property values, so that those in the lowest value properties are levied on a lower percentage than those in the highest bands. The Society recommends that the maximum and minimum levels at which each local authority can set their levy should be limited by Government.

As property prices vary during the economic cycle, it will be necessary that periodic revaluations of properties are undertaken to ensure that citizens are paying the appropriate charge. The Society recommends that the valuation is undertaken on a self-assessment basis, but encourage periodic professional revaluations.

The Society of Chartered Surveyors Ireland recommends that the revenue created by the property taxes should be utilised by the relevant local authority to assist in funding infrastructural and improvement works in that area. Revenue must not be used as a target for central funds and the property tax should be introduced in line with a broadening of tax bands.

A more detailed series of recommendations is contained in the Society's publication: "Submission to the Minister for Finance on the Implementation of an Annual Residential Property Tax."

Mortgage lending
The recovery in the property market is undoubtedly being limited by the unavailability of mortgage finance. In August, the Central Bank of Ireland released figures showing a decrease in lending to households of 3.7% over the year ending June 2012.

Evidence from the property market in 2012 suggests that difficulty in drawing down mortgage finance is the biggest issue regarding the lacklustre performance of the Irish property market. The Society understands that banks have reserves to support borrowers but have been unwilling to facilitate them. The Society recommends that banks which have been recipients of injections of public money should be encouraged to support potential home-owners through the release of these reserves to appropriate applicants. The Society is also concerned about increased bureaucracy in the mortgage application process and supports centralised measures to facilitate a less burdensome and drawn-out application and approval process.

Supporting a dynamic rental market
The Society recommends that greater focus is given by Government to support the growing Irish rental market, and should recognise that for many people, renting is no longer seen a short-term stop-gap measure before making a purchase. At the same time, increased bureaucracy, regulation and taxation is having a negative impact on landlords.

A Red-C Poll commissioned by the Society in September 2012 reported general satisfaction amongst people who are renting properties; their experience with their landlord has been generally positive and evidence shows that renters move house more regularly than those with mortgages. The Society recommends that the rental sector is supported by Government through improved forms of long-term tenancy, so that those who wish to rent the same property over a longer time-scale can do so with confidence and that a good supply of diverse rental property is available through encouraging institutional investors and supporting existing landlords.

Deposit Guarantee Scheme
As part of the recognition of the importance of the rental sector and in order to stimulate a functioning rental market and protect the growing cohort of long-term renters and their landlord, the Society recommends the creation of a revised rental deposit guarantee system.

The difficulty with the current arrangement is that the tenant pays the agent the rent and the deposit, which are passed over into the possession of the landlord who then has control of this money. It is the view of the Society that the deposit should not be passed over to the landlord but rather held in a secure account to be returned to the tenant if the tenant has fulfilled their side of the contract or should be paid to the landlord by agreement with the tenant because it is being used to effect repairs.

It is the Society's experience that most deposit retention conflicts exist amongst rogue landlords who have not registered with the PRTB. Thus, if any formal deposit protection scheme is introduced in Ireland, it must be sufficiently robust to ensure full compliance amongst all landlords, with un-registered landlords being encouraged to conform to existing laws.

A lack of resources within the PRTB means that disputes are often slow to be heard and resolved, and that nonregistered landlord can effectively ignore rulings and make the current legislative regime redundant. The Society believes that if the deposit is held by a third party, such eventualities are avoided.

While this would necessitate reforms of the legislation covering the work of the PRTB and private residential tenancies legislation, the benefit of expanding the role of the PRTB to cover insurance-based deposit protection schemes would be increased compliance by landlords, better-informed tenants and a transparent dispute resolution service.

Promoting Urban Residential Densities
The Society recommends that efforts are made in Budget 2013 to incentivise private residential investment in Dublin's Georgian core, to promote these important areas both as a place of commercial activity but also as a new residential neighbourhood. A number of positive benefits can be gained from an increased population of the city centre; not only would people living in Dublin's Georgian areas stimulate new commercial and leisure activity, but it would assist in achieving the goal of greater density neighbourhoods.

Many of these fine buildings could be sympathetically modernised to suit modern living, and if Government incentives were available to return these buildings to residential occupancy either in complete units or as self-contained multiunit occupancies, a positive tenure mix could be achieved while promoting increased inner-city population densities.
This will also require more flexibility on the part of the Planning Authority.

Part Two: The Commercial Property Market:
The Commercial Property Market
In responding to Budget 2012, the Society suggested that any upturn in the commercial property market as a result of Budget Day announcements was more likely to take place in 2013 or 2014 rather than 2012 because of delays in finalising commercial property transactions. Budget 2013 should focus on further confidence-building measures to allow for the completion of forthcoming transactions under the current taxation regime. This is a necessary part of the process in rebuilding confidence in the Irish commercial property market.

As commercial property investment is intrinsically tied to Ireland's international reputation overseas, the Society continues to recommend that measures in Budget 2013 should have a focus on restoring confidence in Ireland's economic future, both domestically and amongst potential international investors.

Impact of Budget 2012
Budget 2012 was a very positive one for restoring confidence to the Irish commercial property market after a number of years of poor performance. Reform of Capital Gains Tax, stamp duty and the decisive action not to proceed with reforms of commercial leases has assisted international investors in recognising the competitiveness of Irish commercial property.

Reports throughout 2012 suggest that improved competitiveness and reduced transaction costs have led to a continued increase in the number of enquiries from potential purchasers and tenants, especially from overseas. The bulk of new activity is taking place from international clients in the prime areas of Dublin, including the IFSC and the Docklands. Retail rents have fallen by around 50% since peak, although the rate of decline has now slowed considerably. Reform of the retail planning guidelines, which has been expected for a while, has been the most significant change to the commercial property market and is likely to have a positive impact on the investment plans of indigenous or international retailers.

Following a painful year of uncertainty, the decision made in Budget 2012 not to proceed with the planned abolition of existing upward-only rent reviews has had a positive impact on improving confidence in the market, especially from the perspective of international clients.

While these reforms have been positive, the availability of Grade A office space continues to fall, and vacancy levels in Dublin have fallen as no new properties have come onto the market. 2012 was the first in over 50 years when no new office building was completed in the city. Dublin vacancy rate is at around 19.3% which is lower than the same period in 2011. As there is no new commercial property coming onto the market, it is likely that the vacancy rate in Dublin will continue to fall over 2013.

In order to continue to support both domestic and international investment in Irish commercial property, and to ensure that potential individual investors are not unnecessarily displaced from the market, the Society recommends that Government continue to monitor the impact of Government policy on commercial property, especially the 2012 reforms of Capital Gains Tax, on encouraging individual investment in Irish commercial property.

Real-Estate Investment Trusts
In its general election manifesto, Fine Gael stated: "We are open to considering new types of investment vehicles – such as U.S. style Real Estate Investment Trusts – that can help create a new, liquid investment market in commercial property for Irish pension funds and smaller investors." The Society recommends the speedy introduction of legislation to facilitate the rollout of Real Estate Investment Trusts, as a way of facilitating new investment in Irish commercial property. REITs have existed internationally for a number of years, and there is scope to learn from international best practice in creating a legislative provision for them in Ireland. The Society recommends that bodies including IDA Ireland and NAMA examine international experience of REITs, consult with potential investors and create a model which would suit the scale and type of Irish property which may be invested using this mechanism.

Commercial Property Transaction Database
The Society welcomes the Government's decision to produce a database of data on leases of commercial property, and looks forward to its public release. It is clear from 2012, that investors are seeking transparency in the property market in order to make investment decisions. To place Ireland at the pinnacle of international best practice in transparency of all aspects of the market, the

Society recommends that this database is expanded to record and publish the transaction price of commercial property. International examples of how this database should be constructed are available, and would assist in making the Irish market the most transparent possible. A full list of information which should be readily available to the public is set out in a submission to the Department of Justice in May 2011 entitled "Transparency in Irish property."

Resolving Tax anomalies in Agricultural Businesses
Government proposals to develop the agricultural sector of the economy are to be welcomed, and the Society believes that such proposals to support the agricultural sector can be enhanced through minor revisions of the existing agricultural properties taxation regime.

As the taxation regime for agricultural land and farm buildings has developed, a number of anomalies have emerged. The Society is concerned that not only do these taxation issues have a significant impact on individual families and small businesses, but collectively they undermine the efficiency of the wider agricultural sector. One significant anomaly is the levying of Capital Gains Tax on CPO compensation, which limits the investment opportunities for farmers who have received compensation for land which was removed, but then effectively prevents them from using the full compensation given. The second main issue relates to the abolition of Roll-Over relief, and its continued impact in undermining the ability to re-acquire land following a CPO process.

Under the Succession Act (1965) land is automatically returned to parents on the death of a farmer without any spouse or descendants. However, anomalies arise in regard to the Early Farm Retirement Scheme which was abolished in 2009 for new entrants. It appears no allowance is made in the event of the death of a new owner, and in this case, parents of the farmer may be subject to capital gains tax based on the difference between the value of the land on the son's death, and the current market value. The Society recommends that this rule should be abolished or clarified as it should not be left to the revenue commissioners to decide on the application of capital gains tax.

A second anomaly exists in regards the transfer of all agricultural property. If property is not transferred as part of the farm, it may be liable to capital acquisition tax and does not qualify for agricultural relief. In Ireland, many farming parents retain their residence as a source of security when transferring the farm over to the next generation. This tax law needs to be reformed, as it causes financial hardship in having to pay additional capital acquisitions tax. This anomaly should be removed to allow protection of parents when they retire. Equally if a farmer son buys a site to build his own dwelling with the intention of inheriting the family farm in due course his main residence will not qualify for agricultural relief. However, the Society's understanding is if the same site is given by way of gift on the farm then that residence will qualify.

If a farm makes less than €750,000, the farmer is exempt from capital gains tax. However, if the farm makes in excess of €750,000, the farmer would be subject to marginal relief, provided he owned and farmed the lands for a minimum of 10 years. If, however, the farm had been rented out prior to the selling, then the farmer would not have qualified for tax relief and would be subject to CGT as normal. Many widows/widowers or those suffering from ill health have no option but to let their land. But when they choose to sell up, they are, unknowingly, hit with a tax bill. This anomaly should be reformed as part of Budget 2013 and in an attempt to streamline the agricultural land and property taxation regime.

Part Three: Public Property Management:

Public Property Management

In April 2011, the McCarthy Report recommended that there should be "one state property management agency and a consolidated register of all state property howsoever owned" (Recommendation 51). The Report also recommended that an "annual target should be set for the sale of state property over each of the next five years" (Recommendation 52), and that a study should be completed on the means and feasibility of privatising the operations of such bodies as the Property Registration Authority. The Society wholly endorses these recommendations.

The State, through its various institutions, gathers an enormous amount of datasets on property in Ireland, including its type and age, location, ownership, last transaction price and current use. Much of this data is collected at point of-sale and accumulates with each transaction. The movement towards geo-tagging data has meant that it is now possible to link all of this disparate and historical data and record it centrally, linked to the location of each individual property. The State, which itself is the largest owner and tenant of property in Ireland, does not yet own a map of all buildings under its control.

Two key efficiencies can be made through strategic management of built assets

- Improve efficiency and effectiveness in the management of public land and property assets, and
- Use the value in surplus, under-utilised and non-core Government assets to transform areas and to accelerate delivery of much needed infrastructure.

The Strategic Investment Board in Northern Ireland adopted such a strategy which has subsequently been expanded to cover the following potentials which can come from undertaking an audit of existing State-owned property:

- Rationalisation of accommodation portfolios
- Redevelopment/refurbishment of assets
- Re-gearing/renegotiation of leases
- Master planning of sites
- Development of service commercialisation opportunities, and
- Disposal of assets, where appropriate.

International Practice in Built Asset Management

In the UK in August 2011, the Secretary of State for Communities and Local Government Eric Pickles launched an interactive online map which shows the location and details of all buildings owned by central and local Government in England, on a pilot basis.

This "public property map" – which is accessible by the public - shows the location and type of the 18,000 buildings owned by 600 public sector bodies, including central Government, but also 87 councils and many other semi-state organisations. It is believed that through cataloguing and auditing the scale, location, quality and variety of buildings in public ownership, efficiencies can be achieved. Indeed, according to the UK Government, buildings and other assets in public ownership could be worth up to £385 billion, and by investing in better property management techniques, some £35 billion in running costs could be saved over the next ten years. Through the adoption of a similar strategy in Ireland, there are undoubtedly savings to be achieved.

The State as Tenant of Property

In addition to owners of property, the State and its agencies are also tenants. In some cases, renting property makes better commercial sense than purchasing it outright, but without a map of all the property in public ownership, full efficiencies

between a suite of rented properties and owned properties cannot be found. Renting property cost central Government departments €129 million in 2010, mostly for office space in Dublin city centre. A list of property which is rented by the State from private individuals and companies has been produced by the OPW and is available for scrutiny, but without a similar list of owned properties, this only tells half a story.

Indeed, the excellent work of the Property Registration Authority in creating digital maps of property and land in private ownership provides a starting point for an expansion to cover all property in public ownership, and as a central agency to co-ordinate a consolidated register of all property in public ownership and rented by public agencies.

The Society therefore recommends that all of the recommendations of the McCarthy report should be implemented in this regard. Furthermore the Society believes that the Property Registration Authority should be mandated with the task of collecting information from each central and local Government authority and agency of all property and land in their ownership, and property leased by them. The same Authority should publish an online map of each county showing all of this information, and make it available to all.

The Authority should publish an Irish version of an annual "The Size of the Estate" report to show the annual running costs of publicly-owned buildings and property leased by the State, and the extent to which State agencies and departments are fulfilling their responsibilities for the sale of state property and assets. This report should also publish information on the energy efficiency of buildings in public ownership. The Government should explore initiatives such as the Community Right to Reclaim Land initiative which allows local communities to adopt unused publicly owned land or property for their own use.

Section 2 - Supporting a Sustainable Construction Sector:
Summary and Key Recommendations
The construction industry has been through five painful years of declining output. This has led to significant job losses and the closure of many large and small contractors, sub-contractors and professional service providers including architects, surveyors and engineering firms. The erosion of the skill-base of the sector is of significant concern, and the Society recommends that Budget 2013 begins the process of renewal for the sector, through improved procurement and streamlined project delivery mechanisms, enhanced capital investment through modern PPP tools, and by harnessing the potential of Ireland's private pension funds to deliver Irish infrastructure.

Part of this reform must involve improved governance of the construction sector. It is important that the sector and the Government can together monitor the changes which are taking place to the construction industry, and ensure that the sector has the skills and resources necessary to serve a changing economy. The forthcoming Forfás report on the medium-term outlook for the sector is welcome. The Society recommends that the Government follows the UK example and appoints a Chief Construction Adviser to oversee public investment in construction and to coordinate improved engagement between the sector and the State.

The Society is concerned that while many larger construction firms are now successfully operating overseas, barriers to entry prevent smaller firms from selling their skills and expertise to international clients. The Society recommends that Budget 2013 contains provisions to support the internationalisation of Irish

professional services and technical design skills to assist the access of Irish construction professionals into global markets.

The Irish Construction Industry in 2012

The construction sector has undergone a period of massive re-adjustment since the collapse of the economy in 2007. The output of the sector has dropped from approximately twice its optimum size to less than half its optimum size within five years. The Society recommends that improvements are made to the governance of the construction sector, and a central agency is created to assist this important sector recover so that it can play its part in Irish economic recovery.

In April 2012, the Society of Chartered Surveyors Ireland published a report on the Irish Construction Industry in 2012.The findings of the report show that:

- The value of construction output will be €7.5 billion in 2012, down from €8.7 billion in 2011 and from €39 billion at the peak of the boom
- The value of construction activity will fall to 6% of GNP this year and fall further to 5.6% of GNP next year – less than half the "normal" level for economy the size of Ireland
- Employment in construction and allied industries is now at 150,000, a dramatic fall from the 380,000 employed at the peak
- Construction of new dwellings plunges to an all-time low of 5,000 units this year from around 88,000 at the peak

The overall construction industry has declined by around 77% since the peak of the construction sector; with a 91% reduction in house building a key component of that decline.

All commentators acknowledge that dynamic economies need a construction industry which is appropriately sized and internally diverse so that it can make a contribution to economic growth and improved quality of life. Each component part of the construction sector has seen its output fall, led by the collapse in the new housing market. Restoration of each of those industries to an appropriate level of output requires a mix of policy interventions. It is vital that a dynamic industry is internally diverse and sustainable and that it embraces new products and processes.

The Society welcomes the recent public statements made by the Minister for Finance, Michael Noonan at the Fine Gael Ard Fheis on 31st March 2012 when he said:

> *"It is vital that we generate activity in the construction sector, which has been blighted by such a sizeable fall in activity right across the country."*

Improving the Governance of the Construction Sector

It is essential that Government identifies a lead body to deliver a clear and consistent vision for the future of the construction industry in order to create certainty for the remaining domestic enterprises, address both short and longer term pressures and changes in the industry, attract investment to Ireland, exploit opportunities to increase the export potential of the industry all with the common aim of creating sustainable jobs.

Action by Government is required in order to finally address the manner in which the construction industry is governed and strategically developed. Until such time as this central governance point is addressed, the industry will be unable to re-assert itself appropriately as an important contributor to economic recovery. This means that unemployment in the sector will remain stubbornly high, the silo

approach will continue, creative funding opportunities will not be fully exploited and national economic competitiveness will erode.

The Society recommends the creation of a Chief Construction Adviser to the Government, following the successful introduction of a similar post in the UK. The Chief Adviser's role would be to centrally co-ordinate Government construction procurement, and act as a co-ordinator between the construction sector and the Government to ensure that Government's investment plans are implemented and that the construction industry can invest in new products, processes and innovations to ensure its continued role in the Irish economy.

Part Two: Addressing the Public Infrastructure Deficit:

Addressing the Public Infrastructure Deficit

The Society recognises and welcomes the Government's prioritisation of investment in education, health and enterprise, as stimulators of future economic activity. It is however, important for Government to continue to invest in future drivers of the Irish economy including broadband, IT infrastructure and renewable energy.

Therefore, the Government's recent announcement of a €2.2bn stimulus package has been largely welcomed, not least for its recognition that investment in public buildings and infrastructure can have an immediate impact on preserving jobs and – during the course of the design, procurement and construction stages of development – give much needed work to companies both within the sector and outside. In total, the Government estimates that by investing around €2.2 billion, 13,000 jobs could be sustained with some of these jobs being created within the next few months, and the remainder in 2014 as projects reach construction stage.

Private investment is likely to come from the National Pension Reserve Fund, the European Investment Bank, Irish banks and other sources of private funding, potentially including private pension funds in Ireland. This reflects the Society's previous recommendation regarding the investment of private pension funds in public infrastructure. A second source of income will be the sale of state assets, a process which was begun with the McCarthy Report a number of years ago. Of the €850m which will be raised from this process and the licensing of the National Lottery, €350m will be invested in PPPs.

In a period of very difficult public finances, it has always been important that project financing is not made available simply for its own end; rather, it has long been the aim of the Society and other commentators that public investment should be targeted in sectors and regions where it will lead to improved stock of public infrastructure and a better built environment. While the Value for Money audits and other evaluations may be cumbersome, the Government has announced that they are looking for ways in which the pre-construction stages of investment can be speeded up, so that work can commence as quickly as possible.

Monitoring the Impact of Investment

A high-level steering group will oversee the sectoral and geographical spread, so that investment takes place where it is needed. Evidence from the USA shows that Barack Obama's American Recovery and Reinvestment Act 2009 has had very mixed results, and that poor investment strategy without proper governance and oversight has limited the real impact of what could have been achieved. The Society therefore recommends that a role for the Chief Construction Advisor should be to co-ordinate oversight and governance of public investment in construction.

The Society's report on the construction sector suggests that by 2014, private sector construction activity may start to re-grow, especially for FDI clients and through the energy retrofitting of private commercial buildings. If this stimulus package is invested carefully and sequenced properly thereby avoiding some of the mistakes from the US stimulus package, it should maintain the viability of many valuable construction firms until better market conditions emerge.

Accessing Funding for Capital Projects
The recent remarks made by the Minister for Finance, Michael Noonan at the Fine Gael Ard Fheis on 31st March 2012 in relation to funding solutions for capital projects were encouraging:

> *"Apart from NewERA, there are other forms of financing also available to fund capital projects and we are actively working to leverage these. The National Pension Reserve Fund has €5 billion of funds that could be made available to fund projects. It could also be leveraged up if there are private investors who seek to provide capital in order to earn some of the commercial return.*
>
> *Other funding sources include the European Investment Bank and possible pension fund investment. The European Investment Bank is already financing road projects, schools and it is providing funds to AIB and Bank of Ireland for lending to SMEs. We are investigating the possibility of pension funds participating in large scale infrastructure investment. Such projects can represent an attractive proposition for pension funds as they yield a consistent return over a long time period.*
>
> *By utilizing these funding sources and identifying projects, we can put demand back into this economy. This is to all our benefits as it will create activity throughout the country."*

In November 2011, the following article by Josephine Cumbo appeared in the UK Financial Times:

> *" 'The [British] Government has signed a memorandum of understanding with two pension scheme bodies that will see millions of savers funding the roads, ports and other infrastructure projects of the future. The National Association of Pension Funds represents 1,200 pension funds and its members hold about £800bn in assets, while the Pension Protection Fund protects £12m pension scheme members and has an investment portfolio worth more than £6bn.*
>
> *A separate group of UK pension funds and infrastructure fund managers, representing at least £50bn under management, is also working on proposals for early-stage institutional investment in greenfield infrastructure.' "*

In March 2012, the same outlet confirmed that "British pension funds aim to launch a multibillion-pound infrastructure fund next year that will invest up to £4bn in Government projects from roads and high-speed rail lines to power stations."

In a presentation to the Oireachtas Committee on Jobs, Social Protection and Education in February 2012, the Irish Brokers Association confirmed that following a survey of its members, "98% of respondents confirmed that their pension fund clients would consider allocating up to 5% of their pension fund for

Irish infrastructural investment. This indicates a capital resource of up to €1.4bn could be available as a stimulus to the domestic economy."

The Society has been working with private pension fund managers who have expressed an interest in investing in public infrastructure as a way of diversifying their portfolio. The Society recommends that Government increases its efforts to secure this funding stream to complement PPP funding and direct exchequer investment in much needed Irish infrastructure.

Part Three: Identifying Export Opportunities for the Construction Sector:

Identifying Export Opportunities for the Construction Sector
The Master Builders and Contractors Association produced a report in January 2012 entitled "A Strategy for the Construction Industry: Construct 21."

The Report notes:

> *"Despite the current economic difficulties, the country's leading building, civil engineering, mechanical and electrical, and specialist contracting firms represent a key competitive advantage for the Irish economy and an opportunity to develop a global construction services centre in Ireland. The potential return to the Irish economy can be measured by the fact that, globally, today's construction market is worth an estimated €5.51 trillion or 13.5% of total GDP. Already, in many European countries up to 50% of total construction turnover is accounted for by exports.*
>
> *By 2020, the global market in construction services will be worth an estimated €9.5 trillion. The internationalisation of Ireland's construction industry is underway. Over recent years, we have seen a refocusing within the industry on overseas construction services, particularly amongst high-end contracting firms, which, it must be acknowledged, has been supported by Enterprise Ireland. Already FDI companies operating in Ireland use Irish construction expertise for building facilities abroad. However, firms are being hindered in their attempts to internationalise both by the growing fragmentation and break-up within the home market, which is acting as a major constraint on the ability of firms to exploit identified opportunities abroad, and by systematic problems such as, for instance, the demonstrable market failure in the provision of construction bonds as a result of the economic/credit crisis."*

Forfás produced a report in 2008 entitled Catching the Wave that set out an overview of the services sector in Ireland. The report noted that services account for 43% of exports from Ireland and that Ireland in 2008 was the 10th highest exporter of services in the world with a 2.7% share of world services exports.

The report states that:

> *"Services drive economic growth in all modern developed economies. Ireland is leading the way in this regard…Services also provide high quality employment. Almost 40% of workers in services are classified as high-skill. The services sector also makes a very substantial contribution to the Exchequer in terms of corporation taxes and to the Irish economy in terms of domestic expenditures. And every 100 employees in*

internationally trading services firms support a further 99 jobs in ancillary and downstream services in Ireland."

One of the key recommendations is for the development of a vibrant global construction services centre in Ireland, building upon the country's key competitive advantages in the design, financing, management and construction of complex building, civil engineering, and mechanical and electrical processes and the Society supports this recommendation.

Submission 9: Mental Health Reform

Executive Summary

Against a backdrop of continuing recession, the mental health of the population of Ireland is under severe strain. Known contributors to poor mental health such as unemployment and income inequality are persisting and a rise in the rates of suicide and self-harm has been reported in recent years.

The Government has a duty to protect the vulnerable in society, and must ensure that the already negative effects of the economic crisis ar

In the Programme for Government, a commitment was made to "vastly improve access to modern mental health services in the community", in line with the recommendations of the mental health policy A Vision for Change. A further commitment was made to ring-fence €35 million annually for the development of community mental health services. Mental Health Reform welcomed this commitment but is concerned that, at the time of making this submission, few appointments have been made in 2012 to staff the community mental health teams. In the context of a gap of over 1,500 staff in community mental health services there is an urgent need to fulfil this promised investment.

Ireland's mental health services are in a time of transformation and transition, from the old, institutional model of hospital-based care to a new model of holistic community-based services. Notwithstanding the country's current economic difficulties, it is crucial that the Government's commitment to reforming mental health does not waver. Important structural and cultural change is underway and any further cuts to the mental health budget risk undermining work already done.

Mental Health Reform urges the Government to not to drop the ball on mental health, but rather to continue to invest in reform of Ireland's mental health services and support for people experiencing poor mental health. The Government can do this by following the key recommendations listed below.

Key Recommendations

The Government can ensure people with a mental health condition are not negatively impacted by Budget 2013 by:

i. continuing to invest in comprehensive, holistic community-based mental health services, including an additional allocation of €35 million in 2013 for community mental health services as promised in the Programme for Government;
ii. investing in the governance structures to support implementation of A Vision for Change, including resourcing support for the Director for Mental Health;
iii. ensuring no further cuts to funding for mental health and related voluntary and community organisations;

iv. ensuring there is no reduction in the living standards of people with a mental health condition on social welfare payments by maintaining rates at their current level, reducing the individual minimum contribution for rent supplement back down by €6 per week and restoring the fuel allowance cut made in 2012;
v. restoring the incentive for participants on disability benefits to undertake Community Employment (C.E.) by providing a €50 per week payment to participants on C.E. Schemes as is already provided for participants in the JobBridge Scheme;
vi. re-considering introducing a requirement for employers to contribute to illness benefit;
vii. ensuring funding for the mental health actions in the Housing Strategy for People with Disabilities implementation plan by allocating €1 million to support the transition of people with low and medium support needs from HSE mental health facilities to local authority social housing;
viii. funding innovative peer-led local groups.

Recommendations for the Department of Health/HSE

Continue to invest in Community-based mental health services

- Community based services
- Capital funding
- Counselling services

Community based Services

Mental Health Reform welcomed the Government's commitment in Budget 2012 to an allocation of €35 million from within the health budget and 414 posts for the development of community-based mental health services, suicide prevention and access to counselling through primary care. However, while the 370 posts allocated to community mental health teams may provide a base of one staff member per discipline in teams, the gap in overall staffing levels was more than four times this amount (1,500 posts) as of 2011. The approach of providing one allied health professional per team does not necessarily provide even a basically adequate level of service, since the staffing required will depend on a combination of factors including population, economic and social deprivation and geographic accessibility of the service. A Vision for Change recommended two psychologists, two social workers and two and a half occupational therapists per 50,000 of population.

It must also be recognised that mental health services once again took a disproportionate hit in staff early in 2012 as a result of early retirements. The Psychiatric Nurses Association reported that 425 mental health nurses retired in January and February of this year. The impact of these retirements and the continuing recruitment moratorium has put a critical strain on mental health services. However, the diversion of posts intended for community-based services in the HSE region of Dublin Mid-Leinster is not acceptable. Sapping community mental health services to resource inpatient units is counter-productive, since it takes staff from less costly community mental health teams that support people to stay out of hospital and transfers the resources to more costly inpatient units. This view is supported by a value for money review of the Kildare mental health services published this year that found a community-based service cost one fifth less per capita than the traditional hospital-based model, resulting from lower use of hospital beds and lower use of A&E services by people experiencing mental health difficulties. It is therefore both cost effective and necessary to continue to develop general adult community mental health teams in line with A Vision for Change.

Given the cuts that are being imposed on the health services, there is an urgent need to identify basic staffing levels for both inpatient and community-based services. The Mental Health Commission has also commented that decreased staff-to-patient ratios may lead to an increased use of seclusion and restraint.

Minister Lynch has stated that in 2013 she will seek to address staff shortages in specialist service areas identified in A Vision for Change, such as old age psychiatry, intellectual disability and forensic psychiatry. Mental Health Reform welcomes the Minister's recognition of these historically poorly-resourced specialisms. People in particular circumstances, especially people with an intellectual disability, have had almost no development of services to address their needs since publication of A Vision for Change. Mental Health Reform therefore calls on the Government to provide its promised €35 million additional funding allocation, along with an exemption for the relevant posts, so that progress can be made both on specialist services and in general adult community mental health teams in 2013.

> Recommendation: In keeping with the commitment in the Programme for Government, an additional allocation of €35 million and related posts should be provided in 2013 to continue the development of multidisciplinary, community-based mental health services. Priority for additional staffing should be given to specialist services for neglected groups including old age psychiatry, forensic psychiatry and people with an intellectual disability, while the development of general adult community mental health teams, the rehabilitation and recovery function and child and adolescent community mental health teams should be continued.
>
> The HSE and the Mental Health Commission should establish baseline staffing levels for each inpatient unit and community mental health team to ensure the stability of both inpatient and community services.

Capital Funding

The continued transformation of mental health services also depends on having enough capital funding to build community-based facilities and enable closure of out-dated psychiatric hospitals. Despite the gradual closure of such hospitals to new admissions, too many long-stay patients continue to reside in unsuitable premises both new and old, including in St. Joseph's, Limerick and St. Otteran's, Waterford, among others.

> Recommendation: The Government should ensure adequate capital funding in 2013 to continue building appropriate long-stay accommodation for people in need of long-term residential care in the mental health services.

Extend counselling services throughout primary care

Mental Health Reform also welcomed the commitment in Budget 2012 to €5 million specifically for the development of counselling services through primary care. This is a positive mental health promoting initiative. However, the funding in 2012 was set to cover only those on medical cards, leaving many people on low incomes with difficulty accessing counselling. Given the links between poverty and poor mental health, it is particularly important that those on low incomes as well as those on medical cards have access to counselling services. In Ireland over a fifth of workers earn less than two-thirds of the median wage (approximately 358,000 workers). In order to ensure that individuals who need counselling can get access to it and thereby help to prevent the development of long-term mental health problems, the primary care counselling service should be extended to individuals on low incomes.

Recommendation: The Government should commit €5 million of the €35 million in 2013 to extend the primary care counselling service to individuals on low incomes.

Invest in governance structures to support implementation of a *Vision for Change*

Minister Reilly has made a commitment to appointing a Director for Mental Health as part of the re-structuring of the HSE. The Director must be accountable for the funding, planning and delivery of mental health services. The Director must have executive powers, budgetary control and responsibility to report publicly on progress. However, a Director will have little impact without staff to assist in managing the change programme. In its most recent annual report, the Independent Monitoring Group has reiterated its call for a National Mental Health Services Directorate:

> *"Year on year, many submissions and all previous IMG reports have called for the creation of this National Directorate which should be fully staffed, have authority to shape services in line with AVFC and have control over existing resources and any new resources made available to mental health services. The absence of a Directorate significantly reduces accountability for the delivery of AVFC."*

In order to fulfil the intentions of A Vision for Change, the Directorate must have multi-disciplinary input. The Directorate also requires budgeting expertise and administrative support to be effective.

Mental Health Reform is also concerned that no reliable evidence is available in the public domain on staffing levels in the mental health services. The Mental Health Commission is no longer reporting community mental health team staffing levels and the HSE does not report this information either, so there is no longer any regularly published information on the resources available to provide community-based mental health services. In 2011, the Department of Health advised the incoming Minister for Health that efficiencies could be generated in the public mental health services through the development of a national mental health information system as recommended in AVFC. Two such systems have already been developed: the COMCAR database created by the Health Research Board and the WISDOM database developed and piloted jointly by the HRB and the HSE. The failure of either of these systems to progress to full implementation is a serious disappointment. The lack of reliable, national, public information on community-based adult mental health service delivery and outcomes continues to hinder implementation as it is impossible to tell with confidence which services are actually delivering improved outcomes for service users. In contrast with the adult services, child and adolescent mental health services have been publishing valuable data on service performance regularly for the past three years. The Child & Adolescent Mental Health Service Annual Reports demonstrate the feasibility and benefit of having good quality data against key performance indicators that is published regularly. The most recent report of the Independent Monitoring Group has called for similar reports to be produced by other parts of the mental health service.

Recommendation: The Government must adequately resource a multi-disciplinary Directorate for Mental Health Services to ensure that it contains the necessary change management capacity and skills to drive implementation of A *Vision for Change*.

Recommendation: The Department of Health should budget for the design during 2013 of a mental health information system that will report on inputs, outputs and outcomes of community-based mental health

service delivery according to Key Performance Indicators aligned to implementation of A Vision for Change. The Minister for Health should instruct the HSE to design a mental health information system by the end of 2013.

No further cuts to mental health and related voluntary and community organisations

Mental Health Reform believes that partnership between the public mental health services and the voluntary sector (mental health and other voluntary organisations) is vital to implementing A Vision for Change. Mental health voluntary organisations provide vital support services such as peer and family support groups, telephone help lines, information and education programmes that are integral to recovery-orientated mental health services. Community and voluntary organisations can educate members of the community about mental health and provide mental health promotion programmes in schools. NGO-provided services such as housing and vocational training services can provide essential supports for an individual's recovery. Organisations cannot make the types of economies that might be possible in the statutory services. HSE-funded mental health voluntary organisations cannot afford to incur additional cuts without cutbacks in frontline service delivery.

Recommendation: The Government should ensure that no further cuts are made to community and voluntary agencies funded by the HSE.

Recommendations for the Department of Social Protection

No reduction in the living standards of people with mental health with a mental health condition on social welfare payments

People with a mental health problem who are on disability or illness benefits have been hit by cuts to welfare spending. As highlighted above, inflation continued to rise year-on-year from 2011 to 2012, with an increase in the VAT rate hitting people on low incomes disproportionately hard while important benefits such as the fuel allowance were reduced in 2012. The DSP also increased the minimum rent contribution for individuals on Rent Supplement by €6 per week in 2012. These cost increases have put people with a mental health condition who are on benefits under increased financial pressure during 2012.

Recommendation: The Department of Social Protection must maintain the standard of living of people with a mental health condition on social welfare payments by maintaining rates at their current level, reducing the individual minimum contribution for rent supplement back down by €6 per week and restoring the fuel allowance cut made in 2012.

Reconsider introducing a requirement for employers to contribute to illness benefit

The Minister for Social Protection has proposed imposing a requirement on employers to contribute to illness benefit for their employees. There is a potential for employers to be deterred from hiring a person with a history of poor mental health using a rationale that hiring the individual could increase sick pay costs. This proposal could add to the already prejudiced attitudes that people with a history of poor mental health experience when seeking or in work. Such a provision could also deter individuals with poor mental health from getting treatment and this could have a negative impact on the mental health of the working-age population generally.

Recommendation: The Government should reconsider a requirement on employers to contribute to illness benefit.

Restore the incentive for participants on disability benefits to undertake community employment

In recent years the Department of Social Protection has reduced the amount of additional weekly payment that people on disability benefits receive for participating in a Community Employment Scheme. The current additional payment is just €20 per week. Meanwhile, the Department of Social Protection recognises the need to provide an incentive for interns in its JobBridge Scheme, where participants receive €50 per week on top of their normal benefit.

The current additional payment of €20 per week is not an adequate incentive to encourage individuals on Disability Allowance to take up a C.E. place. People with a mental health condition often experience lowered self-esteem and self-confidence. They also face significant prejudice and discrimination in trying to avail of work on the open labour market. The C.E. Scheme provides a valuable opportunity for individuals who have been out of work due to a mental health condition to regain their confidence and skills in the workplace, while retaining the security of their disability payment. C.E. Scheme workplaces also provide an environment somewhat sheltered from the competitiveness of open employment and are thereby a helpful starting place for some individuals who would be deterred by the anticipated stress of a competitive work environment.

As it is, there is no significant financial incentive for individuals to take up a C.E. place and this is a discouragement to their activation and progression into the workforce. C.E. Scheme participants on disability benefits should be given the equivalent incentive of €50 per week as those on the JobBridge Scheme.

> Recommendation: The Department of Social Protection should provide a €50 per week payment to participants on C.E. Schemes, as is already provided for participants in the JobBridge Scheme.

Recommendations for the Department of Environment, Community and Local Government

Housing for people moving from mental health services into the community

In recent years there has been a barrier to individuals transitioning from HSE mental health service accommodation to mainstream housing in the community due to lack of a funding stream to provide on-going support. This issue is recognised in A Vision for Change, which recommends that:

> *"the provision of social housing is the responsibility of the Local Authority. Mental health services should work in liaison with Local Authorities to ensure housing is provided for people with mental health problems who require it." (Recommendation 4.7)"*

The value for money review of long-stay residential care for people in the mental health services also recognised that there are individuals who no longer require HSE-supported accommodation but who nevertheless require some type of support to be able to move into and maintain independent living. The review found that almost 1,000 people were inappropriately placed in long-stay accommodation. Key recommendations from the report were that:

- HSE medium and low support accommodation should be transferred to local authority management
- Local authority accommodation should be sourced for people living in high support residences who have low and medium support needs
- Local authority accommodation should be sourced for new long-stay residents of psychiatric units who have low and medium support needs

The Housing Strategy for People with Disabilities made a commitment to identifying a funding stream to support individuals transitioning from HSE mental health facilities to appropriate community housing. The Implementation Framework for this strategy, recently published by the Department of

Environment, Community and Local Government, estimates that €0.35 million will be needed in the first year to provide housing and tenancy sustainment support for 40 people to transition from psychiatric hospitals and inpatient units to local authority social housing, while an additional €0.5 million will be required to provide tenancy sustainment support for individuals living in medium and low support residences that transfer to local authority control. It is important to note that the Implementation Framework fails to plan for an additional 400 people living in high-support community residences who could also be suitable for independent living.

> Recommendation: The Government should allocate €1 million to support transition of people with low and medium support needs from HSE mental health facilities (both long-stay in inpatient units and living in HSE community residences) to local authority social housing. This funding should consist of:
>
> - €0.35 million to provide housing and tenancy sustainment support for 40 individuals to transition from psychiatric hospitals and inpatient units to local authority social housing;
> - €0.5 million to provide tenancy sustainment support for individuals in HSE community residences that transfer to local authority control; and
> - €0.15 million for a small number of individuals in high-support community residences to transition to independent living.

Funding innovative per-led groups

Peer-led community groups exemplify the partnership and recovery principles in A Vision for Change. The Gateway Mental Health Project in Rathmines is an example of a peer-led group that focuses on supporting members to integrate into their local community. It operates according to community development principles and provides a drop-in centre, skills training, support to obtain employment, information and social activities. Another example is the Solas peer-run drop-in centre on the grounds of St. Davnet's Hospital in Monaghan, which provides a social space, activities, information and links to community resources. The National Economic and Social Forum recommended the development of supports for community groups. It specifically recommended that:

> *"further development of community support services such as volunteering, befriending, mentoring programmes and peer groups should be supported and encouraged in local communities in tandem with the community and voluntary sector and official bodies such as Pobal, the Area Partnership and Leader."*

An important source of funding for the Gateway project to date has been community development funding and this type of funding should be expanded to provide support for other innovative community development projects around the country.

> Recommendation: The Department of Environment, Community and Local Government should allocate €0.5 million to fund innovative, peer-led community development projects that support people with a mental health condition to integrate into their local community.

Submission 10: The Carers Association's

Building a Brighter Future for Ireland's Family Carers

A New Era for Family Carers

The publication of the first National Carers Strategy marks a watershed moment in the State's recognition and support for Family Carers. It demonstrates Government's commitment to ensure that Carers are supported to care with confidence, in good health, and to have a life of their own away from their caring responsibilities. While the Strategy does not commit additional financial investment, it recognises Carers as equal partners in the delivery of health care and fully acknowledges Carers' expertise, knowledge and the quality of care they provide. Importantly, the Strategy's objectives can be progressed with better rather than more spending.

The publication of the Strategy could not be better timed. The Association's nationwide Listening to Carers programme undertaken in Spring 2012 showed that Carers are despondent with Government's lack of response to their plight. They are frustrated with a health system where services are sporadic, supply rather than patient driven and not adequate to meet demand. They are burdened by a system where cuts to Carer payments impact on the level of care they can provide in the home and does not acknowledge the significant additional costs associated with such care. They are physically sick of a system where Carers go unrecognised and face significant health deficits as a result. They are patronised by a system that applauds them with words but deprives them of support through the misdirection of resources.

Carers deserve a brighter future. We believe that the National Carers Strategy with its promise to recognise, support and empower Carers, represents a new era for Carers in Ireland, one where Government:

- Recognises the vital contribution Carers make to the economic and social life of the nation and supports them with adequate income supports.

- Recognises that Carers are the backbone of the Irish health care system and supports their health and wellbeing with free GP care and equitable respite and home care services.

- Recognises Carers as key care partners and supports them to care with confidence by providing timely information, training and involvement in discharge and care planning.

The Carers Association's Pre-budget Submission sets out our priorities for Budget 2013. We recognise the unprecedented constraints on public finances at present and acknowledge that the National Carers Strategy does not provide for additional resources or investment. However, the Association believe that better value for money and outcomes for Carers can be achieved by focusing existing resources on creating efficiencies within Departments, promoting integrated care models and supporting care in the home as the preferred alternative to hospital or nursing care.

The proposals set out in this submission are either cost neutral, offer a cost effective alternative to current practice or involve diverting existing resources.

Summary of Pre-budget Submission 2013: Building a Brighter Future for Ireland's Carers

The Carers Association's Pre-budget Submission reflects the commitments made in the Programme for Government and the newly published National Carers Strategy. The proposals set out in this submission are cost neutral in terms of current levels of expenditure and existing Government commitments. We make no apology for demanding better value for money and outcomes for Carers based on administrative improvements and redeployment of existing resources.

- *Honour the Programme for Government commitment not to cut Carers Allowance rates*
  Family Carers provide €4 billion worth of care each year, five times what they cost the Department of Social Protection (€878 million) and equivalent to one third of the total annual cost of the HSE (€13.3 billion).
- *No change to Half Rate Carers Allowance pending the introduction of the Single Working Age Payment*
  The Half Rate is not a double payment but rather recognises Carers Allowance "as a direct support for caring duties" (the late Seamus Brennan TD, introducing the scheme as Minister in 2007).
- *Recognise the home as a centre of care and protect the Household Benefits Package & Free Travel Pass*
  Managing complex medical procedures and running essential medical devices such as nebulisers, ventilators and CPAP machines is becoming routine in home care settings. Such high level care brings substantial additional pressures on the household budget in terms of increased energy and fuel and often requires the transfer of patients across care settings, adding to transport costs.
- *Provide adequate transition arrangements at the end of caring*
  Politicians receive generous transition payments if they fail to get re-elected. Carers currently receive Carers Allowance for six weeks after the death of their loved one, after which they are treated as Jobseekers. The Association calls for this transition period to be extended to 12 months – the cost of this proposal to the Social Protection budget would be marginal (€736 per individual) and could be funded by reducing the amounts paid to retiring politicians or to those vacating local council seats to take up a TD role.
- *Eliminate backlogs in Processing Carers Allowance*
  A Family Carer who applies for the Carers Allowance is expected to provide fulltime care and adhere to the eligibility rules governing Carers Allowance whilst awaiting a decision. The target time for approval is 12 weeks but the current reality is that it can take up to two years, at times leaving the Carer without any alternative source of income.
- *Ring-fence funding for the Housing Adaptation Grant Scheme*
  The National Carer Strategy promises to prioritise funding for accessible living environments. Cutbacks in recent years have resulted in a 'postcode lottery' with the scheme suspended indefinitely in 17 Local Authorities; the other 22 have waiting lists of up to four years.
- *Be creative in resourcing services in the home*
  The Association accepts Government's strategy of diverting resources from Home Help to high dependency Home Care; however, we believe that a nationwide personal care traineeship scheme using existing labour activation funding could be developed as a useful new basis for home help support.
- *Address inequalities in the Fair Deal model before extending to community care*
  We are open to the possibility of a modified version of the 'Fair Deal' scheme being applied to community care services but only after serious inequities in the current scheme have been addressed and once a financial model has been developed which recognises the fundamentally different cost structures between nursing home and community care.
- *Extend Free GP Care to Fulltime Family Carers*
  Legislation providing for the phased introduction of free GP care is due before the Oireachtas, with the first phase providing for the extension of free GP services to persons with illnesses or disabilities already promised in Budget 2012. The Carers Association calls on the Government to deliver

on one element of the National Carers Strategy by making fulltime Carers the next phase of the roll out.

- *Respect Carers as expert care partners and ensure Carers have access to 'carer induction' training*
  As part of an efficiency-drive underpinned by the Special Delivery Unit, patients are being discharged from hospital 'quicker and sicker'. This can only be justified if adequate supports are put in place for families who are expected to cope with this challenge at home. The Association calls on the Government to make provision from within the Special Delivery Unit budget allocation of an enhanced hospital discharge programme to incorporate Carer induction training and needs assessment prior to a patient being discharged.

  Finally, the Carers Association estimate that the Government is currently spending about €1.5 billion on direct supports and services for Family Carers. We do not believe that all of this money is being spent as wisely or as well as it might be. On that basis, we propose that Government;

- *Commission a Strategic Review of Income Support for Family Carers*
  In April 2012, the Department of Social Protection confirmed that Carers Allowance will be excluded from the Single Working Age Payment. Because Carers Allowance will be the only social welfare payment to fall outside the parameters of the Single Payment, we believe that this is an appropriate time to review income support for Family Carers.
- Establish a Statutory Entitlement to Community Based Services
  The statutory provision of Fair Deal, in tandem with the 'discretionary' basis of home care supports, has inadvertently prioritised long term residential care over home and community care of older people. Because the provision of community care supports are at the discretion of the health service, many families have no choice but to place a loved one in residential care prematurely, when home help, day care or respite services are withdrawn, reduced or not provided at all. The Carers Association (and in line with a recent Seanad report on the rights of older people) recommends that homecare entitlements should be clarified and put on a statutory footing, similar to that of Fair Deal.

Submission 11: The Small Firms Association

Key Issues

1. Don't increase the cost of employment to employers
   "Job Proof" all government policies. Proposals to increase employer's PRSI, pass on the cost of the first 4 weeks of sick pay to employers, and the introduction of mandatory employee pension provision will destroy job creation, just as the decision in Budget 2012 to slash the employer's redundancy rebate has damaged our ability to save more jobs. Extend PRSI relief schemes.
2. Make work attractive
   No-one should be better off on social welfare than in a job, when benefits are included. A single working age social welfare payment should be introduced immediately. Rates should be reduced for long-term unemployed and for those under 25. Introduce voluntary PRSI for self-employed, as safety net will encourage more to take risk and create work for themselves.
3. Balance budget through cuts not tax increases
   No change to corporation tax, income tax, capital taxes or indirect taxes. Increase only broadly based properly implemented property tax. Cap

government revenue from fuel and maintain private sector pension support. Croke Park deal needs to reviewed – stop incremental pay increases and eliminate allowances. If necessary, social welfare rates should be cut, rather than taxes increased to balance the budget.

4. Support investment and jobs through Tax system
   Release funds into small business through the introduction of roll-over relief, the early release of certain pensions, increase the cash accounting threshold for VAT to €2.5million and extend and enhance the EIIS. Introduce a "Finance Voucher Scheme" and tailor the Foreign Earnings Deduction and R&D tax credit for micro businesses.
5. Give Certainty
   Give estimations of what will be required via tax increases, charges, cuts over next 3-years in as much detail as possible to allow people to have confidence to make investment and expenditure decisions now.

Introduction

The SFA welcomes the opportunity to present our pre-budget 2013 submission to the Minister for Finance, Michael Noonan, TD, and to share with you our experience, insight and knowledge of the small business community, which in spite of the ongoing difficult economic climate, still amounts to some 200,000 businesses, employing almost 700,000 people, half the private sector workforce. Whilst our submission makes suggestions in the relevant areas of tax policy, social welfare policy and public sector reform, it is rooted in two overarching themes, namely ensuring that the Budget helps businesses to retain and create jobs through not increasing the cost of doing business, and secondly, that it helps to restore consumer confidence in the domestic market. This is a key goal for every businessperson, but it must also be a policy priority for government. Given that the vast majority of businesses and jobs are in the domestic facing sectors, improving consumer confidence here at home will be critical to returning the overall economy to growth.

DON'T INCREASE THE COST OF EMPLOYMENT TO EMPLOYERS

Whilst it is commonly stated that increasing employment levels is the Government's No. 1 priority and developments such as an annual "Action Plan for Jobs" and the "Pathways to Work" initiative are welcome and should be delivered, the fact remains that business-people are the ultimate job creators and their decision on whether to keep someone in a job or to hire someone rests on the demand for their product or service (hence our focus on consumer confidence), and secondly on whether they can afford to do so. If the cost of employment to employers goes up, then more jobs will be lost and less will be created.

As many different Government Departments have a potential impact on the cost of employment, which they may not realise or disregard in their pursuit of balancing their own Departmental budgets, it is now essential that every single policy emanating from Government is centrally "job-proofed", i.e. an analysis is conducted on its likely impact on jobs. Under EU financial programmes we have previously developed models to "poverty-proof", "gender-proof" proposals, etc., so a formal model with oversight from the Department of Finance should be developed and implemented for "job-proofing" government policy now.

For example, the slashing of the employer's rebate on redundancy from 60% to 15% in the 2012 budget has had a devastating impact on businesses trying to restructure and to save jobs and has forced many more companies into liquidation. Take the case of an employee with 20 years' service, who is eligible for the maximum €600 per week, making his overall redundancy payment €24,600. Under the new rules, the company now needs to find an additional €11,070 to fund this redundancy, which has massive implications. This decision

has been detrimental for people trying to buy businesses and save jobs, as the liability is just too much. This decision must be reversed in Budget 2013.

The Department of Social Protection's current proposals to introduce mandatory sick pay, or increase employer's PRSI, and indeed to introduce mandatory pension provision on employers will also dramatically increase the cost of employment to small businesses and will see many more businesses stop hiring or indeed close as a direct result. A full cost-impact analysis on small business should be undertaken immediately by the Government of such proposals, which would see them abandoned.

Current PRSI reliefs to support employment, such as the Employer Job (PRSI) Incentive Scheme and the reduced lower rate of employer PRSI in certain sectors should be extended until end 2015. Lack of awareness of these schemes is still a problem, and whilst we have promoted them amongst our own members, a more effective communication mechanism would be for the Department of Social Protection to issue a cert to job-seekers outlining the schemes that they are eligible for which will reduce employer's costs, which they can send with their job applications.

MAKE WORK ATTRACTIVE

The Government should make it a general policy principle that no-one should be better off on social welfare than in a job, when benefits are included. We need a Social Welfare system that is fit for purpose – that looks after people well in the first few months after they have lost their jobs, and then that reduces their payments substantially after that in order to incentivise a return to work before they lapse into long-term unemployment. Young people under 25 who have never worked should particularly be encouraged to seek employment and a flat rate equivalent to that of the UK should be paid (Stg£44 per week). SFA members throughout the country are frustrated in their efforts to create jobs and recruit staff due to the disincentive created by high social welfare payments, falling wages and higher labour taxes. The system needs to be simplified with a single social assistance payment for those of working age.

In order to solve our unemployment problem, we are relying on more entrepreneurial people to set up and take the risk. It is only reasonable that they are afforded an equal level of protection as their employees in the event of business failure. This will encourage more people to step onto the ladder of creating a job for themselves. A voluntary PRSI rate for self-employed should be created. At present self-employed people pay PRSI Class S. Our recommendation is that a variation on PRSI Class A could be used to facilitate self-employed people to make a combined contribution for themselves both as an employer and an employee. It is critically important that this is done on a voluntary basis as many of those already in business may not have the necessary funds to contribute currently as they are struggling to survive in business. It cannot be viewed as an opportunity to impose an additional tax on small business.

There are examples of voluntary opt-in for self-employed in other countries. In the USA for example both the employed and the self-employed pay a 'Social Security tax'. In general the self-employed pay twice what the employer pays for an employee with some exemptions. Amongst these exemptions is a 2% lower rate for people trying to secure/create employment through self-employment in the current crisis. In many European countries, self-employed people opt-in to the social insurance scheme; with their rates/taxes varying depending on the nature of their business. For example, in France the self-employed can pay up to 45% of their net income which covers a range of benefits including family;

health; illness; and pensions. However, there are exemptions including unemployed people starting up a business; and there is a different approach for microenterprises where the tax is calculated on a % of their turn-over.

PRSI Class A is currently broken into sub-classes depending on the employee's income. The employer's contribution varies depending on the employee's classification and on the reckonable pay which is different for employees and employers. One avenue open to the Government is to allow the self-employed to opt into Class A and the PRSI payment they make then depends on the level of income they receive as an employee and the relating employers PRSI contribution. Alternatively the Government could decide to create a new sub-class to Class A specifically for the self-employed.

BALANCE BUDGET THROUGH CUTS NOT TAX INCREASES
Government has previously outlined its plan that Budget 2013 will involve €2.25billion in expenditure cuts and €1.18billion in tax increases of which €960million will be new measures and €220million will be a carry-over from measures introduced in 2012. This promised 2:1 split should be honoured.

Whilst we accept the need to continue meeting the Troika targets for our budgetary readjustment, it is vital that this is done in a way that least damages our potential to grow, as our economic growth is ultimately the determinant of Ireland's debt sustainability. OECD Research shows that whilst changes in corporation tax and income tax have a significant impact on GDP, consumption taxes have some impact and property taxes have limited impact. Therefore, it is their contention and ours that if tax rates need to increase, then the introduction of domestic rates and a properly implemented broadly based private property tax are the best approach to increasing tax revenue whilst minimising the negative impacts on economic growth. This is also the area where Ireland is most out of line with tax policy across the developed nations. We believe that Government should target income of €760million from a residential property tax in 2013 (equivalent to approximately €400 per residence), which should be collected directly by Revenue. The balance of the tax raising requirement would be met by the tax paid on our early release of pensions' proposal (see beneath).

There should be no changes to corporation tax, income tax, capital taxes or indirect taxes including VAT & excise.

There should be a cap on the Government's take on VAT and excise from fuel. Government should not get a windfall on the hardship already imposed on business and individuals from increasing petrol and energy costs due to movements in world markets. Government must ensure that the transportation of goods and employees getting to work remains affordable and that energy costs do not become prohibitive.

There shouldn't be any further reduction in the tax relief on private pension provision or more restrictive caps placed on the amount of tax relieved investment in pension funds. The Green Paper on Pensions documents that in 2006 there were some 6 people working for every person on pension, by 2050 this will change to 1.5 people working for every person on pension.

Thus we need to be encouraging and not discouraging voluntary supplementary pension provision. There is no point in creating a potentially bigger crisis in 30 years' time to give a short-stop to the current crisis. A full review and analysis of pension provision should be undertaken before any further damaging changes are made to our pension system, which should have at its core the principle of equity

between public sector, occupational pension scheme participants and owner managed pensions.

Real and urgent reform of the public sector is needed to cut out the waste, whilst improving service delivery, just as we in the small business community have already done. It is scandalous that the Government is still paying out €240mn a year in incremental pay increases to staff, at a time when there's supposed to be a public sector pay freeze. Similarly the system of allowances should be immediately dismantled. The Croke Park reform agenda needs to be reviewed to ensure that it can deliver greater efficiency gains to provide greater cost savings within the public sector.

The cost of the social welfare bill at €21billion is too much for our much-shrunk economy. According to the Department of Social Protection's Statistical Information on Social Welfare Services 2010, the rates of short-term payment have increased by 80.5% in 2010 on a baseline of 2001. This compares very dramatically to an increase of 21.7% in the consumer price index over the same period. We simply cannot afford to continue to pay these exorbitant rates, which in many cases are double the equivalent rate in our nearest competing economy, the UK. It is now time for all base rates to reviewed and benchmarked internationally, and if necessary to balance our budget, cut.

SUPPORT INVESTMENT AND JOBS THROUGH THE TAX SYSTEM

A key element of Budget 2013 must be the introduction of growth promoting measures in the economy. Whilst reform of the public sector and government spending in stimulus investment are important elements of this, our members believe that tax changes to support investment and jobs will be most important in contributing to growth going forward. We have seven specific proposals in this regard:

1. Introduce a 'roll-over' type relief which would provide an incentive for entrepreneurs selling a business to invest some of its proceeds in other enterprise activity. This model has worked in the UK, where proceeds from a business sale are not subject to capital gains tax if they are reinvested in an approved enterprise (non-property based) within the State.
2. Personal pensions held by self-employed individuals and those individuals with additional voluntary contribution (AVC) pensions, should be allowed to early release a proportion (25%) of their funds to invest in their businesses and for spending in the broader economy. The early draw-down of funds should only be permitted for a window of three years and would be subject to tax at the standard rate. This proposal would deliver a significant stimulus to the domestic economy and provide a much-needed windfall for the Exchequer. We estimate the total drawdown value would be €3 billion, with an immediate tax windfall for the Exchequer of €600 million. The OECD has specifically endorsed these crisis response measures in both Denmark and Iceland as it concluded that the early drawdown of such funds did not undermine future pension adequacy.
3. Increase the VAT Cash Receipts basis threshold from the current €1 million to €2.5million. This would greatly assist small businesses in managing their cash flow, particularly given the ongoing difficulties in accessing overdrafts from banks to cover the VAT payment, whilst they are waiting for payment by their own customers (which can include government bodies such as local authorities, HSE, etc.)
4. The Employment and Investment Incentive Scheme (EIIS) should be extended beyond 2013; it should be broadened to a greater range of sectors and relief for individual investors should not be treated as a specified relief, which would exempt it from the existing cap on reliefs.

Investors should receive the full value of tax relief at the start. Greater promotion to a broader mix of investors is essential to ensure maximum impact.

5. Introduce a "Finance Voucher Scheme", similar to the Innovation Voucher Scheme, which is operated by EI, which would be open to all businesses to use in getting specialist advice on preparing funding applications to the banks and for training and up skilling their own staff in preparing cash flows, management accounts, etc. Lack of financial management skills in small businesses has been highlighted by the Credit Review Office as a key barrier to accessing bank finance which now has more stringent information requirements attached. A small investment of €2,000 per company that applies would have potentially massive returns for the exchequer in maintaining people in employment and growing businesses.
6. Make the Foreign Earnings Deduction attractive to micro enterprises. The 60 days a year requirement in BRIC countries is too much for micro businesses (employing less than 10 people), as they couldn't afford to have an employee gone for that length of time, nor is it necessary as much more marketing and sales activity can be done online. The scheme should be amended to include a greater number of countries for shorter trade visits/trade shows, combined with support for virtual marketing initiatives.
7. Make the R&D Tax Credit Scheme more certain. In many cases, owner-managers who engage in R&D are not qualifying for tax credits, following tax assessments by Revenue appointed external experts. We need certainty about what will and will not qualify for tax credit purposes, particularly in micro-enterprises, where owner-managers are likely to be engaging in R&D themselves, as this will greatly incentivise such companies who are wary of expenditure on R&D in the absence of the tax credit.

GIVE CERTAINTY

As part of the Budget 2013 speech, the Minister must inform the citizens of what the Government's plan is with regard to taxation, increased charges and expenditure cuts over the next three years. The only way to restore business and consumer confidence is for the Government to give clear economic communications, about what the implementation of the fiscal adjustment will be over a longer time-frame than the traditional 12-month budgetary period. Our savings rate is estimated to be around 10%, when for an economy like ours the ideal is 5%. If just a few more of those percentage points were spent in the domestic economy, it would create real growth and jobs. Clear communications from government will allow this capital to be released. Bad news is even better than uncertainty so people know exactly where they stand. In the mid to longer term, it is essential that our taxation and social welfare system are simplified so the reward for work is evident to all.

CONCLUSION

We believe that the primary rationale in framing this year's budget should be to create an economic environment going forward which is conducive to small business growth and job creation and that it restores consumer and business confidence by following fundamentally sound economic principles.

By adhering to our five principles of not increasing the cost of employment to employers, making work attractive, balancing the budget through expenditure cuts rather than tax increases, supporting investment and jobs through the tax system and giving certainty, the Government will be going a long way to putting us back on a sustainable path to growth.

Submission 12: ICMSA

Land Policy and Taxation Measures to Support Restructuring and Expansion in Irish Agriculture

Based on CSO statistics, serious structural problems can be identified within the farming sector with the average number of parcels per farm increasing from 3.1 in 2000 to 3.5 in 2007. ICMSA believes that farm fragmentation is a key feature on many Irish farm holdings and provisions must be made to ensure that dairy farmers, in particular, have access to land in close proximity to the milking facilities. The structural problems within the Irish farming sector are readily identifiable and ICMSA believes that this issue must be addressed in the context of achieving Food Harvest 2020 targets and that a taxation system is immediately required which will act as a catalyst to encourage the structural change required

1. Stamp Duty

ICMSA believes that the changes to Stamp Duty rates in Budget 2012 will undoubtedly encourage farmers to consider farm consolidation as a realistic option. However, we still believe the Government should further acknowledge the difficulties facing farmers trying to consolidate their holdings.

Farm Consolidation Stamp Duty Relief up to its expiry in June 2011 cost the Exchequer €1m and ICMSA believes that the Government's decision not to extend it beyond June 2011 was a retrograde step. It is crucial that full-time farmers wishing to enlarge their holding to grow their farm business into a viable unit are allowed to do so with the minimum application of Stamp Duty. ICMSA believes that the low uptake of this relief was due to the fact that many individuals were unable to avail of this relief due to the fact that sub-parcels being transferred did not qualify for the relief. It is essential that the whole issue of consolidation as part of a progressive agricultural land policy is reviewed. The Government must reintroduce Farm Consolidation Stamp Duty Relief but also the restrictive guidelines regarding whole parcel transfer must be addressed.

ICMSA supports the Commission on Taxation proposal to continue Stamp Duty Relief for transfers to young farmers beyond the current expiry date of 31 December 2012 and believes it is essential to encourage the younger generation into farming in a cost efficient manner particularly in the absence of the Installation Aid Scheme. ICMSA also believes that the requirement for the young trained farmer to spend not less than 50 per cent of his/her normal working time farming the land in order to qualify for the young trained farmers Stamp Duty Relief should be removed. It is extremely difficult to measure this requirement and ICMSA believes that the five year retention of ownership of the land is adequate.

ICMSA believes that where a farmer acquires land to create a viable holding that the liability for Stamp Duty should be off-set against income on farm profits. Expenditure of up to €300,000 on land purchases should benefit from this proposal.

Where a farm is owned personally and the farmer has operated a farm company, then on subsequent transfer of the farm and farm company to a successor, the young trained farmer relief for stamp duty should apply on the underlying land.

2. Capital Gains Tax

ICMSA opposed the increase in the Capital Gains Tax Rate to 30 per cent in Budget 2012 and believes it must not be increased any further in Budget 2013. ICMSA believes that current Government policy is impeding individuals wishing to consolidate holdings in order to grow their business. It is crucial, particularly in

the context of Food Harvest 2020 targets, that the transfer of a typical family farm can take place without incurring any tax liability.

In order to encourage farm consolidation and parcel swaps for individuals wishing to expand their enterprise, ICMSA believes that Capital Gains Tax Rollover Relief should be introduced on a limited basis. This relief could be confined to a two year time limit for reinvestment in agricultural property. Currently, farmers are being severely penalised for consolidating their holding when Capital Gains Tax at 30 per cent is being charged.

ICMSA believes the Government must reintroduce Indexation which was withdrawn in 2002 as a result of a reduction in Capital Gains Tax to 20 per cent at that time.

ICMSA fully supports the Commission on Taxation proposal that Capital Gains Tax rollover relief should apply on gains on disposals of farm land pursuant to a Compulsory Purchase Order where the proceeds are reinvested in farm land.

Farmers should be able to off-set Capital Gains Tax liability which arises from the sale of land to consolidate their farm holdings against farm income tax liability.

3. Capital Acquisitions Tax

ICMSA is totally opposed to the Budget 2012 reduction in the Capital Acquisitions Tax "child" tax-free threshold, representing a reduction in excess of 42 per cent since April 2009, and believes that no further reductions must be applied to the current thresholds. It is also essential that the Capital Acquisitions Tax rate is not increased any further in Budget 2013.

ICMSA believes it is vital that Budget 2013 recognizes the importance of inter-generational transfer and that Agricultural Relief for Capital Acquisitions Tax must be maintained at 90 percent of the value of the property. Any downward movement from this will have a significant negative financial impact on farmers transferring land. If the current level is not retained it will result at best in the delay in transfer of land from one generation to the next or at worst turning farms into non-viable operations. Any reduction in Agricultural Relief is in direct conflict with the attainment of the targets set in Food Harvest 2020.

ICMSA believes that the 80 per cent 'agricultural property' clause should be discontinued.

In relation to Business Relief, ICMSA believes that farmers regarded as having carried on the business of farming for a period or periods amounting to ten years at any time prior to entering a lease agreement should qualify for this relief.

A significant number of single farmers with no immediate dependents exist in the farming community. Historically, a large proportion of such farms pass to extended family typically on the owner's death. An existing tax relief does encourage the transfer of such holdings to nieces or nephews working in the business. Take for example, under the existing tax rules a nephew/niece can be regarded as a son/daughter for inheritance tax purposes where that nephew/niece works for their uncle/aunt for a period of 5 years or more prior to the date of transfer. However, the existing rules require an employee/employer type relationship to exist. ICMSA proposes that the existing relief should apply where the niece/nephew can prove they worked on the farm for that period (not as an employee) and also to instances where a farmer farms in partnership with his nephew/niece for a period of 5 years or more prior to the transfer date.

4. Income Tax Relief and Leasing Land

ICMSA believes that the current anomaly in the tax code for farm leases whereby the same tax relief is not available to related persons as non-family transactions must be addressed in Budget 2013 and that this relief must be extended to land leases between family members. It is essential in the absence of the Early Retirement and Installation Aid Schemes and particularly in the context of Food Harvest 2020 that farm transfer is encouraged and facilitated in a tax efficient manner.

ICMSA rejects any suggestion by the Commission on Taxation to review income tax relief for farm land leasing and believes it must be continued post 2012.

ICMSA believes that the current age limit of forty years in order to qualify for the income exemption from farm leases should be abolished.

ICMSA Proposals

Stamp Duty

- The Government must reintroduce Farm Consolidation Stamp Duty Relief and the restrictive guidelines regarding parcel transfer must be addressed
- Stamp Duty Relief for transfers of land to young trained farmers must continue beyond the current expiry date of 31 December 2012
- The requirement for the young trained farmer to spend not less than 50 percent of his/her normal working time farming the land in order to qualify for the young trained farmers Stamp Duty Relief should be removed

Capital Gains Tax

- ICMSA is opposed to any further increase in the Capital Gains Tax Rate
- Rollover Relief should be introduced to allow for farm consolidation and parcels swaps. This could be restricted to a two year time limit for reinvestment in agricultural property
- ICMSA believes the Government must reintroduce Indexation

Capital Acquisitions Tax

- There must be no further reductions in the Capital Acquisitions Tax tax-free thresholds for gifts/inheritances in Budget 2013
- It is vital that Agricultural Relief for Capital Acquisitions Tax is maintained at 90 percent
- ICMSA propose that the existing relief should apply where a niece/nephew can prove they worked on an uncle's/aunts farm for a period of five years or more (not as an employee) and also to instances where a farmer farms in partnership with his/her niece/nephew for a period of five years or more prior to the date of transfer

Income Tax Relief and Leasing Land

- Extend the income tax relief to land leases between family members
- Land leasing income tax relief must be continued post 2012

Operating a Farm as a Company

- Where a farm is owned personally and the farmer has operated a farm company, then on subsequent transfer of the farm and farm company to a successor, the young trained farmer relief for stamp duty should apply on the underlying

Submission 13: Irish Exporters Association

1. Summary and Recommendations

The long drawn out approach to resolving the Eurozone crises undermined growth not alone within the EU, and with the uncertainty creating delays in international investment and further damaging the already frail consumer confidence, widespread contagion spread right across the globe. Inevitably, the Eurozone crises impacted Irish exports to this our largest customer base the EU and has held back investment and sales expansion in the fast growing emerging markets.

The continued shortage of trade finance and credit facilities, also dampened Irish exporters efforts to expand out of the recession hit EU markets. Failure to install better long term trade finance facilities, capable of supporting the export industries needs will continue to impact export growth unless robustly addressed. This will particularly affect businesses who wish to expand into the further afield fast growing emerging markets, which demand more working capital.

However, now is the time for looking forward to 2013. Many businesses will be reviewing the opportunities to be gained from expansion internationally, some into the fast growing markets of Asia, Middle East and Africa, and weighing up the risks associated with such a strategy. Recent economic data show that 90% of global trade growth will be driven by demand outside of the EU over the next decade.

The home market is forecast to remain depressed for some time to come, with job losses likely to continue and with lasting effects for those companies who do not trade abroad. However, the Business Monitor for Q1 2012 shows that 81% of businesses in Ireland do not export.

The Irish Exporters Association submission is therefore focused on:

- Fiscal policy drivers that will improve export and jobs growth must be at the core of all Government policy and particularly that of the Dept. of Finance.
- Potential growth from stimulating non export businesses into international trading is very substantial, and must be tackled in innovative ways.
- Taxation measures have a significant role to play in stimulating export growth. However, most of our trading partners also are using taxation measures to stimulate their export sectors, and have improved them through the recession. Hence, in Ireland we will have to revisit and modify existing measures such as the EII scheme, R&D tax credits and incentives, foreign earnings deduction schemes and the IP box of incentives. But also there are new schemes required to address emerging problems, hence we recommend a Global distribution centre tax relief scheme.
- Cost competitive issues that are at tipping point for many exporters and will need particular attention in the Budget for 2013. Each export sector has its own particular tipping point, but many have common issues. Hence, for manufacturing industry labour costs, energy costs and local government charges have reached the tipping point and will impact foreign owned MNC decisions to expand in Ireland, as well as the ability of indigenous manufacturers to compete internationally. The Services export industry while affected by labour costs issues has also significant trade finance and market access costs issues. The transport industry which is a vital cog in the manufacturing supply chain is being severely impacted by the continual escalation in diesel costs. This may be seen as a universal problem and not impacting one country more than another, if it were not for the fact that our EU trading partners are using a diesel rebate scheme

to give their manufacturers a competitive advantage on international markets.

- State trade promotional agencies structure and support are being adversely affected by the embargo on recruitment, and funds for overseas office administration. We agree with the Governments need to reduce the cost of the Public sector, however, we need to ensure our front line staff in overseas embassies , IDA and EI offices are fully funded by means of transfers from other government departments that are less critical to the international trade and jobs growth activities . The IEA have four priority recommendations for Budget 2013:
  i. Do not increase employment costs - salary and wage costs continue to be above the EU average, and taxation, social welfare, sick pay, universal social charge and pension levy charges are all combining to push employment costs to a non-competitive tipping point.
  ii. Introduce measures to stimulate non exporting businesses to trade internationally, inclusive of grant and tax credit package for midsized companies who expand sales and employment through exporting.
  iii. Stimulate investment in businesses who have the capability to expand through new product development and export sales growth by modifying the EII scheme, modifying the R&D tax credit scheme, expanding the Foreign Earnings deduction scheme to include priority countries outside EU, improving further the IP incentives, and introducing tax relief for any business setting up a global distribution centre in Ireland.
  iv. Reduce non-wage costs - electricity/gas, diesel, waste charges and rates - which are all impacting on manufacturing industries ability to trade competitively on international markets.

2. Fiscal Policy Export Priorities

The IEA have supported the Governments fiscal policy since taking office. Budget 2012 did not increase income tax but instead placed the burden on indirect taxes such as VAT, excise duties and local taxes. The IEA recommend that the approach to Budget 2013 and on to 2015 should be informed by the same principles, with the emphasis on indirect taxation and a substantial broadening of the tax base generally.

The IEA however, request that the Budget 2012 announcement of a substantial broadening of the PRSI base in 2013 be deferred. Also a deferral of any increases in income tax bands, rates or personal credits or further reduction in the tax related costs of private pension provisions which were also mooted last year, as these measures will add to the cost of employment and further depress jobs growth.

Background

The Government's target is to achieve a General Government Deficit of 3% by 2015.In the upcoming Budget for 2013 the Government target is to achieve a saving of €3.5 billion (Reference table 1 below), €2.25 billion of this is scheduled to come from Expenditure and €1.25 billion in tax savings of which €950 million will be through new tax measures. The debt to GDP ratio is projected to peak by IMF at 119% of GDP in 2013 and decline to 108% by 2017. And under the IMF baseline scenario the debt/ratio is projected to fall to 94% of GDP by 2021.

But the debt trajectory is vulnerable to weaker than projected medium term growth. IMF estimates show that in a low growth scenario with GDP growth of 0.5% over the medium term, the debt GDP ratio would increase to 146% of GDP by 2021. In this scenario Ireland's debt dynamic is clearly unsustainable.

Clearly current debt/GDP ratio is above a threshold that is considered safe and to the 60% SGP limit. Reducing it requires sustained budgetary discipline over a protracted period of time. In addition the IMF estimate that contingent liabilities total 47.5% of projected GDP in 2012 (source: IMF Country Report No 12/264, P45). This represents an additional risk.

Fiscal consolidation will have a severe dampening impact on domestic economic activity for a considerable period of time. Total fiscal consolidation planned is €8.6bn over the next three years incorporating €2.3bn of new taxation measures.

Exports are the engine of growth, and offer the route out of the economic difficulties, but to ensure rapid export sales growth and the resultant jobs growth will require the relentless pursuit of cost competitiveness.

Little or no growth is forecast in GDP this year but a pick up is anticipated in 2013 on the back of stronger export growth.

Each job pulled off unemployment is worth approximately €20,000 to the Exchequer If the IDA and EI meet their jobs target for 2013, we will have 27,000 added jobs from the export sector directly and another 27,000 indirectly in the wider economy (Ref Strategy an Action Plan for Trade, Tourism and investment to 2015). The total added employment expansion of 54,000 jobs will reduce the Exchequer expenditure by approximately €1 billion, but also bring in added income tax/usc/prsi in the order of €1.2 billion.

Hence, there is a very strong case for a full blown effort to stimulate export growth in the 2013 Budget.

However, global economic conditions may continue to weaken and make it difficult to achieve the significant export growth to enable the jobs growth indicted above. 13% of GNP must also be tackled as part of the solution (ref Table 2 below). The IEA's preference is for wage cuts rather than redundancies, ensuring that there is no further reduction in services delivered. The long overdue promise to benchmark public sector wages against peers across the EU would help in the process of wage adjustment in the Irish public sector.

3. Potential growth from stimulating the non-export businesses

The recent Business Monitor (Q1 2012) report found that 81% of Irish businesses do not export outside the island of Ireland. This represents on the one hand a very worrying scenario in the context of a stagnating home market, but on the other hand a massive potential for economic growth if a sizeable percentage of these companies can be stimulated into selling internationally.

According to Eurostat estimates, there are over 14,000 small trading firms (over 10 employees but less than 250 employees and excludes farming, fishing and nonmarket service providers) in Ireland. These companies generally have a management structure capable of handling the complexities of selling internationally. Enterprise Ireland (EI) work with approximately 3000 of these companies.

The IEA recommend that a public private sector approach should be taken to enable, encourage and support the remaining 11,000 small businesses to become exporting companies. A public private partnership approach is recommended, as the current mandate for EI is restricted from handling many of these firms.

The IEA fully accept that not all of these companies have suitable products or services capable of being sold competitively overseas, however an added 3000

companies would in time provide a doubling of the indigenous export sales and create an added 150,000 sustainable jobs (similar to the existing jobs directly employed in indigenous exporting firms serviced by EI and Bord Bia).

The current emphasis at state promotional level is towards start-up and micro enterprises, including the new Export Awareness programme by EI. There are 72,000 firms in this micro enterprise category (employing less than 10 people) and existing programmes to support these should be stream lined through the County Enterprise Board structure, and not the focus of EI or Bord BIA.

The IEA recommend that Budget 2013 offers corporation tax credits to any non-exporting company who undertakes market research into selling their goods or services abroad. This should be equal to 50% of the total expenditure by the firm on such research. Market research is the crucial first step in determining the potential sales opportunity on international market. Once the market opportunity is established, many firms will then proceed to ensure they take advantage of the opportunity.

4. Taxation measures to stimulate growth

4.1 EIIS –Employment Investment Incentive Scheme

There has been very little taking up on the EIIS since its introduction. The IEA believe that the reasons for the poor take-up are associated with two primary issues:

- The scheme does not take into account the target audience who have the
- funds to invest
- The scheme is too restrictive

The target audience should be the high earners (€150,000 pa plus) and Angel investor groups. The scheme as currently constructed is available only to the individual and does not allow for angel investor group syndicates. Also the scheme is only offering 20% tax offset, whereas the target group are in the 41% income tax bracket.

The restrictive nature of the scheme which allows only 30/44th of tax relief in the first year of investment, with the remainder depending on an assessment in year 3 of jobs created, is not very attractive. Also the mechanism for the year 3 review and when the tax relief will be provided is not clearly defined. The restriction on the amount a company can raise in any one year is also unhelpful; effectively being set at one fifth of the €10 million life time allowed per company forces a company into multiple fund raising rounds and increases the costs of the scheme.

There are many positives to the scheme, however, the reality is that it is not being utilised in its present form and is not achieving its objectives of funding more R&D in small business, or helping to create more jobs.

The IEA therefore recommend that Budget 2013 allows of modifying the EIIS so that:

a) it provides the tax relief at the higher income tax rate
b) Angel investor group syndicates are allowed to participate in the scheme

4.2 R&D Modifications

R&D tax credits introduced in 2004 for businesses as a means of stimulating investment activity has worked well in the MNC sector.

However, it has by and large failed to appeal to small business and hence we see a very low take up of R&D in small business. Also the base year of 2003 for relief on increases over the expenditure in that year was acceptable when introduced in

2004, but is now acting as a disincentive. In addition, the trend towards outsourcing of certain research functions has increased in the time frame and the current outsourcing cap is now seen as excessively restrictive, particularly when compared to similar schemes amongst our trading partner countries.

The IEA therefore recommend that Budget 2013 introduce the following amendments:
Eliminate the 2003 base year as the base for relief on added research and development investment.

- *The outsourcing 5% cap on outsourcing to third level institutions and the 10% cap on outsourcing to other parties is limiting the growth of R& D specialist centres and impacting on the amount of third party research being done in Ireland. Hence the IEA recommend the removal of these 2 caps.*
- *Greater SME involvement in R&D can be achieved by streamlining more and better focused efforts to promote cooperation between industry and researchers are needed. The existing €5000 innovation brochures should be extended to €20,000 to ensure more meaningful development is carried by third level institutions on behalf of SME's.*

4.3 Foreign Earnings Deduction Scheme (FEDS)

The FED Scheme introduced in last year Budget was a very welcome initiative and is helping Irish exporter's priorities the development of the fast growing markets of Brazil, Russia, India, China and South Africa.

However, the pattern of travelling by export personnel in these regions needs to be taken into account if the full promotional return is to be had from the scheme. Exporters when visiting China will also visit Japan or Korea on the same route and hence should be encouraged to stay the added length on time in the market to make these expensive and time consuming market visits economically viable for the company investing in the cost of the travel.

The same applies to many parts of the world which are on route to any of the BRIC countries.

The IEA recommend that Budget 2013 address the obvious inconsistency in the current scheme by extending the relief on income tax to any Irish export staff who spend more than the 60 days in any priority market outside on the EU.

4.4 Intellectual Property

Today's multinational companies in Europe benefit from an increasing number of IP friendly jurisdictions from a corporation tax perspective. These incentives can be applied to the sale of innovative products, advancements in production processes, licensing income, and the provision of services.

Ireland has been fairly competitive in its offerings to companies both foreign and Irish owned, to carry out R&D activities, to patent these and manage them from Ireland. However, in recent years there has been an amalgamation of the offerings into Innovation boxes, or IP boxes with the net effect of reducing Ireland's competitive position.

The lowest composite box tax rates are available in Belgium, Luxembourg, The Netherlands and the Swiss canton of Nidwalden. The widest range of IP that qualifies for the reduced tax rate appears to be in Luxembourg, The Netherlands and Switzerland as these regimes are not restricted to patents. The UK is also competitive because a wide variety of income relating to patents will qualify. The

UK, the Netherlands and Belgium offer the most flexible business models for ownership of patents.

Tax Rate

The UK IP box offers a 10% flat rate. At 15 % the effective rate in France is 5% higher than in the UK, and Spain ranges from 6 to 15 %. In contrast, the Netherlands IP incentive regime, known as the Innovation Box, offers one of the lower rates at 5 %. Belgium offers between 0 and 6.8 % and Luxembourg no more than 5.76 %. Switzerland is unique in that the country does not have a national IP incentive regime. Instead, rates are offered on a canton-by-canton basis. The canton of Nidwalden offers an IP Box with a rate between 2 and 8.8%. Other Swiss cantons offer a variety of rates, often negotiated with individual companies.

Ownership of IP

The majority of the regimes recognize both beneficial ownership and legal ownership of the patent or IP. The Belgian regime allows co-ownership of the patent or, in the case of the UK Patent Box regime, cost-sharing arrangements. Partnership business models will also qualify.

The IEA fully acknowledge that in terms of settling on a location in which to hold IP to qualify for an IP incentive regime there will be a number of factors to consider alongside the potential benefit obtainable from the regime. These include Research and Development (R&D)

Requirements, whether the territory has the appropriate skills to develop the IP, on-going maintenance of the structure, set-up costs, and existing presence in the territory. However, we need to be conscious of the competitive moves by other EU regimes and modify our offerings accordingly.

Hence, the IEA recommend that Budget 2013 introduces an IP Innovation box offering such that all profits from ownership, development, and distribution are taxed at a composite rate of 5%.

4.5 Global Distribution Centres (GDC)

The GDC acts as a central logistic hub where all forward and reverse logistics processes are managed including the warehousing, sourcing and procurement activities as well as repair management.

The strategy focuses on process speed and quality by centralizing stock planning and disposition through an integrated logistic network.

These centres are supported by sophisticated computer based tracking and tracing systems, with wide usage of internet technology.

More and larger manufacturing corporations are outsourcing their products testing; final filling, packaging and distribution to these centres. The Netherlands and Belgium have been particularly active in offering tax incentives to foreign corporations to set up GDCs.

To bolster Irelands place as a manufacturing centre we need to attract and support the set up and operation of these Global Distribution Centres (GDC) in Ireland.

The IEA therefore recommend that Budget 2013 clearly extends the R&D and other IDA incentives to companies who set up GDCs in Ireland.

5. Cost Competitiveness

5.1 Manufacturing Industry

Reducing non-labour costs and also non-wage local cost inputs, such as electricity, waste recycling and transport costs are critical to the competitiveness of the export manufacturing sector.

Labour costs are still above the EU average, and significantly above the UK average (Ref Eurostat April 2012 report).The average fully loaded rate per hour in Ireland is shown as €27, compared to an EU average of €23 and a UK average of €20. (Ref Eurostat report April 2012).

The pressure to reduce wage costs is being adversely affected by the introduction of the universal social charge and pension levies, which have increased the marginal tax rate to 52%, which is one of the highest in the OECD where the average is 36%, with the UK at 32%.

Non-wage costs have a disproportionate competitiveness impact on manufacturing industry. Hence, if we are to halt the decline in the Irish manufacturing base we will have to be more supportive of this sector. Electricity remains expensive by international comparison, as does waste collection and recycling.

Domestic firms need to become more productive and export oriented. The Irish-owned firms, mostly SMEs, must lie at the heart of an integrated strategy to return to healthy growth and job creation, as they account for around 90% of private sector employment. Given the home market economic conditions, their growth will require much greater focus on export markets, supported by further gains in cost competitiveness. Better training policies and enhanced banking sector ability to provide credit on a sound basis will also assist in increasing SME productivity.

This whole cycle will be assisted by keeping employment cost and locally determined overhead costs down.

FDI remains of central importance. Foreign multinational corporations (MNCs) have played a central role in Irish economic growth, and it is essential that Ireland remains attractive for FDI. These firms account for over three quarters of Irish exports and of business sector R&D, and have far higher productivity levels than their Irish-owned counterparts. FDI attractiveness is fostered by a host of factors: an open economy with flexible product and labour markets, high levels of human capital, low and stable corporate taxes, favourable geographical and cultural factors, and low regulatory burdens on business. Besides supporting domestic firms and employment, policies to further improve cost competitiveness and increase labour productivity – in particular those focusing on labour force skills, education, and R&D – will also help to preserve and enhance Ireland's attractiveness for FDI investors. Any attempt to transfer sick pay costs to industry will be seen as an unwelcome added burden and will further undermine cost competitiveness for both domestic and FDI companies.

The IEA therefore recommend that manufacturing export industry can best be supported by not increasing - salary and wage income taxation, social welfare, sick pay, universal social charge and pension levy charges, or personal credits, or further reduction in the tax related costs of pension provisions which were also mooted last year.

Any increases are likely to push business over the tipping point for job creation. The IEA also urge the Minister to ensure the extension of the large user electricity rebate for a further year, from the termination date of end 2012.

5.2 Services export industry

The commercial services sector in Ireland continues to develop as a major player in the global market place. Last year commercial services exports from Ireland grew by over 9%, and in the process our share of the global market rose from 13th largest services exporter to 12th largest according to the WTO Annual Report. Ireland has shown itself to be particularly adept at managing the services export market place and may provide the key to our future export and economic development .Services now account for 49% of total exports, and provides approx. 107,000 jobs directly. The sector includes a broad base of global multinational leaders, a dynamic cluster of innovative Irish owned companies, and a large pool of people with specific domain skills and international expertise .In the years immediately ahead, there will be particular opportunities for creating employment in services through the provision of shared services for EMEA or other international operations, such as technical support, supply chain management, HR, finance, purchasing and logistics.

The geographic expansion of services exports to emerging markets has also been very encouraging with Asia now accounting for 10% of total services exports and other non EU countries accounting for 31% of exports. The Foreign Earnings Deduction (FED) scheme introduced in last year's Budget and the Special Assignment Relief Programme (SARP) as modified in last year's Budget are proving very valuable in attracting the specialist staff necessary to establish and operate many of these businesses and must be maintained, but in the case of the FED extended to other priority countries outside of the EU.

The positive changes made in last year's Budget to facilitate the development of the Green IFSC inclusive of the extension to the range of carbon offset activities are very welcome. However, clarification is needed from Revenue in relation to the tax treatment of carbon credit trading activity in Ireland.

Many micro companies are emerging in the services export sector and are affected by high rates, and heat and light costs. Besides the need to keep employment costs down as already mentioned, it is also essential that the non-wage costs are reduced. The IEA recommend that Budget 2013 encourage the expansion of jobs in the sector by:

- Expanding the FED to the other priority countries outside the EU
- No increase in USC , PRSI or pension charges be applied
- Electricity charges are reduced by use of a maximum order notice.

5.3 Transport Diesel — special user rebate

Exporters continue to be concerned at the high cost of getting goods to market, which inevitably means at least one sea crossing and an extended road freight journey. Lack of competitive fuel costing compared to competitors across Europe is chipping away at export sales. We have advised the Minister for Transport of the measures being used in other EU countries to support their manufacturing sector by providing a special user rebate, and urge the Dept. of Finance to introduce a similar scheme here ASAP.

We also recommend that a special derogation to use of the low sulphur fuel for shipping lines operating out of Ireland be sought from the EU.

The IEA therefore recommend that Budget 2013 introduce a Special User Rebate, coming out of the excise budget, and offset by increases across the petrol fuel excise, be introduced.

6. State Agencies and International Trade Promotional Activity

The rapidly developing economies present major opportunities but major market entry difficulties for Irish exporters. The IEA recommend that Ireland's trading relationships with these new and emerging markets be developed in a holistic way by:

- Expanding rapidly Ireland's double taxation agreements, and upgrading existing agreements to support greater bi-lateral trade.
- Streamlining existing visa requirements and procedures, working to overcome the short comings of being outside the Schengen Agreement, and making Ireland the most business and student friendly venue internationally.
- Eliminating the distinction between EI clients and the rest of the business community when planning and organising trade missions abroad, ensuring maximum impact and benefit across the enterprise sector.
- Facilitating a language and market specific skills support for companies as required.
- Expand the International Graduate programme to allow a wide range of companies and graduates to be involved in developing the marketing, logistics and language skills needed to rapidly grow on international markets.

The IEA recommend that this latter measure should be facilitated by some tax offset support from the Dept. of Finance equivalent to the social welfare payments to be attributed to the companies taking on these graduates.

Submission 14: Retailers against Smuggling

Retailers Against Smuggling is calling for the following measures in Budget 2013, which we feel will best tackle cigarette smuggling and the illegal cigarette trade.

1. No Increase in Excise

We believe that there should be no increase in excise on a packet of cigarettes in Budget 2013. In last year's Budget, the increases in VAT and excise meant that the price for a packet of cigarettes in a legitimate retailer's shop rose from €8.55 to over the €9.10 mark for the first time.

At the same time, the price of a packet of illegal cigarettes on the streets fell to as little as €3.20. Flyers are being distributed door-to-door in estates across the country advertising cartons for just €32. This means that the price of illegal products is nearly one-third the price of legitimate products.

With almost 15% unemployment, it is not hard to understand why cash-strapped consumers are opting to support the black market instead of their local store. Unfortunately, this results in a situation where the independent retail sector is haemorrhaging jobs because the sale of cigarettes and associated impulse items accounts for approximately 30% of a retailer's turnover.

So far this year, Revenue have seized 90 million illegal cigarettes and with cigarette prices in Ireland among the highest in Europe (after only the UK and Norway), Retailers Against Smuggling believes that if excise increases, so too will

cigarette smuggling. Revenue estimates that 23% of cigarettes in Ireland have no duty paid on them. This is tax evasion on a grand scale.

Our organization believes that any gain for the public finances in the form of raised excise would be offset by a fall in revenues from legitimate tobacco sales and through the need for greater resources for law enforcement authorities to combat a surge in tobacco smuggling. Indeed, the latest Exchequer figures – up to September 2012 - show that tobacco excise is down 5% year on year.

To protect employment in the retail trade, to ensure that more retailers do not close their businesses or that more retail employees are made redundant and need to receive social welfare payments, we are calling on the Coalition not to raise excise on cigarettes in Budget 2013.

Brian O'Carroll runs a Spar store on Liffey Street in central Dublin. He is a member of Retailers Against Smuggling. He says that his business was badly affected by last year's excise increase: "The increase has made it even more difficult to do business and my takings this year are way down on 2011. Our shop is near Moore Street and every day of the week there are gangs of cigarette sellers hanging out there selling to passers-by. If you combine the cost of the illegal trade with rent, rates and salaries, it makes it very hard for a legitimate trader like myself to survive. I'm not sure if the store will be here in 12 months' time."

2. Fines for People Buying Illegal Cigarettes

The Government is currently considering proposals to criminalise people for buying sex. Retailers Against Smuggling feels that the Coalition should also examine the possibility of introducing fines for people who purchase illegal cigarettes on the street or at markets and fairs.

In the same way that the customers who support the sex trade feed criminals' profits, consumers who buy smuggled cigarettes are also funding organised crime groups. Retailers Against Smuggling appreciates that there may be a public perception that the purchase of cigarettes on the street is not as great an offence as the purchase of sex, but both fund the same organisations.

We propose that any person who is caught by the Revenue, Gardai or other relevant official buying illegal cigarettes be issued with an on the spot fine of €75 for the first few occasions and that repeat offenders be issued with a court summons.

Limerick council has already introduced an on the spot fine system for anyone caught drinking in public, and we would welcome if all councils around Ireland would be granted the same powers to fine those caught buying illegal cigarettes. Additionally, we would welcome a system whereby the offender also pays any tax and excise due on illegal products that they purchase and that this is tacked onto the on the spot fine. This system is in place in Germany and is used successfully to return money to that country's public coffers.

We understand that this may prove to be an unpopular measure with the public, but it is a necessary one to send out the signal that buying cigarettes on the street corner or at a market brings crime into the community, poses additional health risks and boosts the organised crime fraternity in Ireland. In times of recession, the illegal trade is stealing from the State, which receives 79% of the price of legitimate cigarettes sold through legal retail outlets.

William Hanley is one of Retailers Against Smuggling's national spokesmen. He owns a SuperValu store in Clondalkin in west Dublin. He says: "The demand for illegal cigarettes in my area is growing because people know that they can buy them easily on street corners without any repercussions. We need to start educating consumers that it's not OK to buy cigarettes from unlicensed outlets and if they do so, they run the risk of getting fined and possibly even prosecuted."

3. Introduction of a Minimum Fine for Smugglers & Illegal Sellers

Retailers Against Smuggling believes there should be a mandatory minimum fine introduced under the Finance Act on conviction for cigarette smuggling and illegal cigarette selling. A maximum fine was introduced in 2009 to deter criminals, which at just over €126,000, appears to be quite onerous.

However, the reality is markedly different. The average fine for cigarette smuggling in the first quarter of 2012 was just over €3,000, while worryingly in the second quarter, the average fine fell to €1,875.

Retailers Against Smuggling is concerned that falling levels of fines sends out the wrong signal and shows that Ireland is a soft target for the organized crime gangs who ship container loads into the State or the so-called 'ant' smugglers who bring in illegal cigarettes in suitcases on commercial flights.

As a report in the Sunday Independent on October 14th last concludes, "compared with the potential profits, the fines being imposed by the courts are now seen as an occupational hazard by both the smugglers and street dealers".

Given that some gangs stand to make €3 million a week from this illegal enterprise, it is not surprising that they are willing to run the risk of a small slap across the wrist and incur a fine of less than €2,000 to conduct their black market business.

Retailers Against Smuggling proposes that the Government introduces a minimum fine in the order of €10,000. We understand that the judiciary is an independent, separately functioning entity and that it is not the Government's place to dictate fine levels.

However, we believe that it is possible for the Government to introduce guidelines for convictions of certain crimes – drug trafficking being one such offence - and we are calling on the Coalition to introduce such guidelines in relation to cigarette smuggling and illegal cigarette smuggling, so that those convicted face minimum fines around the €10,000 mark.

This measure will, we believe deter 'ant' smugglers and allow law enforcement authorities to concentrate on large-scale criminal operations.

Benny Gilsenan is one of our organisation's national spokesmen. He owns a shop in Emmet Street in central Dublin, and sees first-hand the impact of low fines for street sellers. "Every day, I see the same faces, standing at the street corner opposite to my shop openly selling. When I do call the Revenue or Gardai, the sellers who are slow enough not to flee get arrested, charged and released, often on the same day. They get a small fine, a warning from the judge not to do it again and before long they are back on the street doing the same thing all over again. I appreciate that the Revenue are doing all they can to stop this problem, but a minimum fine would go a long way to solving it."

4. Reform of the Casual Trading Act

Retailers Against Smuggling would like to acknowledge the vitally important role that Revenue & Customs are playing in the fight against Ireland's illegal cigarette trade. However, despite their best efforts, the sale of unregulated tobacco products continues at markets and fairs across the country. Illegal sellers are also targeting consumers across the country using flyers - the most recent example being in Sligo, where thousands of flyers were delivered door-to-door advertising black market products.

We believe that the existing legislation pertaining to fairs and markets, The Casual Trading Act, should be amended and that it becomes an offence to sell any excisable product at markets**.**

We also propose that the scope of the Casual Trading Act is widened to include all forms of casual selling and not just that that takes place on public grounds. These changes would confer powers on Gardai to disrupt illegal selling in local communities. We are also calling on the Coalition to increase fines under the Casual Trading Act for those convicted of selling at excisable product at fairs and markets.

Currently, the fine for a summary conviction under the Act is €63. We feel this does not reflect the modern day environment and would not act as a deterrent to illegal sellers. We are calling on the Government to consider a minimum fine and a maximum fine under the law, in the range of the minimum fine we have proposed in section 2 and the current €126,000 maximum fine that is already in place (in the Finance Act).

We believe that the reform of this Act will greatly help the Revenue and Gardai to clamp down on illegal cigarette selling at fairs and markets, which is rampant across the State.

Jimmy Gahan, a Wexford retailer, says that the problem has reached 'epidemic proportions' in his area. "Every weekend, the illegal sellers gather in the Inch and An Yoke markets. They don't make any secret of the fact that they are selling contraband, and business is always brisk. Even when the Revenue officials show up, they quickly disappear and show up again when the coast is clear. It has got to the stage where the sellers recognize all the local Revenue officials. Something has to be done because the situation in Wexford is becoming impossible for legitimate retailers."

5. Greater Public Awareness

We believe that fining consumers who buy illegal cigarettes on the street is one way of making the public aware about this issue. Retailers Against Smuggling also feels that we need to alter the perception that cigarette smuggling is a victimless crime. Consumers who buy cheap cigarettes at a market do not necessarily make the connection between illicit tobacco and organized crime such as drug dealing or terrorism.

Already this year, Retailers Against Smuggling, with the support of its Corporate Sponsors, has initiated a public awareness campaign called 'Smell a Rat'. The campaign focused on social and print media, posters and beer mats and used its 3,000 members across the country to put up posters in-store. So far, the campaign has helped to generate a high level of awareness about the problem nationally and locally. At a recent meeting of Retailers Against Smuggling in Cork, Jerry Buttimer, the head of the Oireachtas Health Committee, praised the 'Smell a

Rat' awareness campaign and told our organisation that the Department of Health should support this public awareness initiative.

As Retailers Against Smuggling has laid the basis for a national awareness campaign on this issue, we are now calling on the Government and the various State agencies, including the Department of Health, the HSE and the Revenue, to support our efforts. We believe that all of these agencies can contribute greatly and help to warn consumers about the consequences of buying illicit tobacco.

Joe Barrett is a Director of Applegreen, one of Retailers Against Smuggling's Corporate Sponsors. Joe was at the forefront of the 'Smell a Rat' campaign and helped to launch the initiative. He says: "We felt that there was an urgent need for such a campaign because the public is simply unaware of the dangers of buying illegal cigarettes. There are huge health implications for anyone who does this because cigarettes bought on the black market contain rat droppings and arsenic. It's vital that people are made aware of this and we hope that the 'Smell a Rat' campaign warns them about these dangers."

Submission 15: Society of St. Vincent de Paul

Summary of policy recommendations Budget 2013

Department of Social Protection

- Individuals and families must have a sufficient income to afford a minimum essential standard of living
- Income supports for children must be protected
- The social welfare system must support and facilitate people's ability to move between welfare and work by being responsive and flexible in the ways in which schemes are administered
- The social welfare system must support families in low paid employment, to prevent already pressurised households from falling deeper into poverty and hardship
- Interdepartmental work with the Department of Communications, Energy and Natural Resources and the Department of the Environment must gain momentum to tackle the issue of energy poverty through implementing the relevant key actions of the Warmer Homes Strategy.

Department of Communications, Energy and Natural Resources

- Commit to making the necessary funding available for the Better Energy, Warmer Homes programme in 2013 and beyond.

Department of Health

- Protect critical community public health services
- Deliver 99 Child and Adolescent Mental Health teams
- Maintain the Drugs Payment Scheme threshold at €132 per month
- Withdraw the 50 cent prescription charge for medical card holders
- Facilitate older people to remain at home as long as possible by maintaining supports such as Home Help and Home Care Packages
- Resource the Special Action Group on Obesity to enable it to achieve its brief
- No further cuts to often residual transport arrangements for patients living far from treatment centres
- Introduce minimum pricing for alcohol including a social responsibility levy and restore excise duties on alcohol to 2009 levels to yield €150 million a

year and use this revenue to provide prevention initiatives and treatment in community settings

Department of Education and Skills

- Commit to protecting current levels of expenditure in areas which affect the most educationally disadvantaged.
- Educational e-books should not be priced at hard copy prices.
- Educational e-book digital content should not attract VAT at 23%.
- No further increase to school transport costs.
- Protect student support budget (student grants) at current level.
- Reconsider decision regarding allocation of Guidance Counsellors.
- Prioritise funding for up skilling teachers to improve literacy and numeracy of students, particularly in disadvantaged areas.
- Protect the School Completion Programme from further cuts.
- Protect NEPS funding from further cuts.
- End the situation where the children of non-EU migrant workers resident in Ireland for many years are excluded from accessing free fees and student supports for third level education.

Department of Finance

- Government must ensure that the repayment of banking debt and the servicing of interest on the debt is not prioritised over the provision of essential income supports and services for the most vulnerable in Irish society.
- The ratio of expenditure cuts to tax increases in closing the budget deficit must be reversed, so that more emphasis is placed on increasing the tax take in a fair and progressive manner which does not create poverty or unemployment traps, nor worsen the situation of those in employment who are struggling to get by.
- Those on low incomes must be protected from further cuts or increases in taxation.

Department of Public Expenditure and Reform

- Government should fulfil its commitment to eliminating waste, reducing non-core costs and improving efficiency in the public sector, to ensure that the needs of citizens and service user are met flexibly and efficiently
- The ratio of expenditure cuts to tax increase in closing the budget deficit must be reversed, so that more emphasis is placed on increasing the tax take in a fair and progressive manner which does not create poverty or unemployment traps, nor worsen the situation of those in employment who are struggling to get by.

Submission 16: Irish Medical Organisation

The IMO Budget Submission 2012 focuses on addressing Health Inequalities through improvements to Child Health, A Health-in-All-Policies Approach and Access to Primary Care. The submission also looks at improving patient care through Integrated Care.

There are numerous reasons for investing in the health of children from antenatal care through to adolescence. Many chronic illnesses and disabilities originate in early childhood and in adolescence, young people are exposed to new risks and lifestyle choices that impact on their health.

Investing in the health of our children is vital to the growth of our economy and society. Early Childhood Development can make a key contribution to addressing

the health inequalities that begin in childhood and persist into adulthood. A Health-in-All-Policies approach and equal access to primary care can also play a significant role in reducing inequalities in health.

Finally the Government is embarking on major reform of the Irish health system based on the Dutch model of managed competition between private and public insurance companies and private and public providers. The IMO supports a universal health care system in Ireland but is concerned that the new model will further fragment health care in Ireland with negative impacts on quality of care and outcomes. The IMO has identified a range of issues that need to be addressed if the government is to achieve its stated goal of an integrated system of primary and hospital care.

Summary of Recommendations

Child Health
Early Childhood Development

a) Antenatal Health
- Ensure adequate funding of hospital and community obstetric care;
- A comprehensive public health programme, educating all young women, not just expectant mothers that unhealthy lifestyle measures will harm to their future child must be a priority.

b) Child Health Surveillance
- The Child Health Screening and Surveillance programme as set out in the Best Health for Children (BHFC) documents needs to be re-affirmed as the agreed national screening programme, and its delivery needs to be standardised across all areas of the country.
- The HSE should put in place a system to ensure that responsibility and accountability for the Child Health Screening & Surveillance Programme is established. The system needs to ensure that:
  - All children at different ages receive the appropriate developmental checks and physical examinations.
  - Clear written guidelines are provided to support the screening process and referral pathways.
  - Appropriate education and supervised practice is available for the designated health care professionals in line with national recommendations and guidance.
- Governance arrangements (by suitable clinicians) need to be put in place to ensure that all components of the Child Health Service are delivered to the highest quality, evidence based standards by appropriately qualified health professional(s).
- Appropriate financial and manpower resources must be made available for all services.

c) Childhood Immunisation
- Introduce as a matter of urgency the new National Immunisation Information System;
- devise a national strategy for the elimination of Measles & Rubella (in line with the WHO agreed programme) as a matter of urgency and to ensure that implementation plans are adequately resourced.

Childhood Obesity
- The HSE work with the Department of Health and the Department of Children and Youth Affairs to put in place an urgent comprehensive multidisciplinary programme to tackle childhood obesity including the

education programmes for parents and children to prevent overweight and obesity on our children and future generations.

Adolescent Health

- That strategies to reduce harmful lifestyle choices are fully implemented and resourced;
- The Department of Children and Youth Affairs and its agents get involved at all levels in the National Drugs Strategy;
- That an implementation structure for the National Substance Misuse Strategy is put in place with defined accountability;
- Impose a levy on the alcohol industry to cover the cost of treating alcohol related harm;
- Increase the price of a packet of cigarettes by €1.

Suicide and Self-harm in Young People

- Implement in full the recommendations outlined in Reach Out: The National Strategy for Action on Suicide Prevention 2005-2014 and the recommendations detailed in the report of the Joint Oireachtas Sub-Committee on the High

Level of Suicide in Irish Society;

- Suicide Intervention Teams should be provided in all hospitals on a 24 hour 7 days a week basis;
- Pilot the development of community based 24 our crisis mental health provision throughout Ireland.

Health Inequalities and Health in all Policies

- An explicit statement from Government that recognises
  - Health as a basic human right and its protection should be a core aim of Government and the State;
  - The crucial importance of prevention and that preventing ill-health through the reduction of health and social inequalities would be a stated priority.
- The establishment of an inter-sectoral committee to prioritise the development and implementation of evidence based initiatives across departments and across sectors that tackle the unequal distribution of wealth and ensure that all children have the opportunity to realise their maximum potential including;
  - Economic policies that focus on growth and provide as large a proportion of the population as possible with rewarding, productive and secure employment;
  - Fiscal policies that are progressive;
  - Social welfare policies that ensure a minimum standard of living for all;
  - Family policies to eliminate child poverty
  - Education policies that focus on early childhood including:
    - formal statutory preschool access for all children;
    - active collaboration between the Department of Education and the Department of Health to deliver on early educational intervention.
- the establishment of a Minister of Public Health with direct responsibility for overseeing the delivery and implementation of Public Health Policy;
- a national Public Health Executive Agency should be established to ensure that the core functions of public health (Health Protection, Health Intelligence and Service Public Health), drive progress and are accountable for implementing policies set by the Public Health Minister;
- the provision of priority ring-fenced funding for Public Health;

- The Office of the Minister for Public Health should also be responsible for ensuring that Health Impact Assessments are carried out on all new government policies at design, implementation and review stages;
- All Budget measures should be subject to Health Impact Assessment.

The Role of Primary Care in addressing Health Inequalities

- Urgent consultation and negotiation on the funding and provision of universal access to Primary Care Services Including resources for the prevention and management of chronic disease in the Primary Care setting.
- Building on the HSE Health Status reports which measure deprivation using the Haase and Pratschke Index and the SAHRU Index of Material Deprivation, a model for the allocation of resources to Primary Care is needed which takes into account patterns of morbidity and GP utilisation in areas of deprivation.
- The Government must ensure that vulnerable rural and deprived urban communities have adequate GP cover.

Integrated Care

Effective use of information,

- Urgent attention is given to the development of interoperability standards;
- The establishment of a secure, confidential and monitored email system which allows health professionals to communicate more effectively to provide better quality and more timely medical care for patients;
- The Government should publish the Health Information Bill as a matter of urgency.

Appropriate standardisation of care through the use of clinical guidelines

- Agreed clinical guidelines reflect international best practice, are regularly updated and must be flexible to meet individual patient needs and choices.

Effectively management of resources (particularly in primary care)

- Adequate investment in facilities and resources to support primary care teams is needed for their success.
- The management of chronic disease in Primary Care must be costed correctly

Appropriate incentivising of care providers

- Money must follow the patient and incentives must be provided for GPs to take on all chronic care.

Submission 17: Threshold

Threshold makes this submission to the Department of Social Protection (DSP) for consideration as part of the forthcoming Budget 2013. We ask that the Minister uses this Budget to protect people at risk of homelessness and those seeking to move out of homelessness by making no further reductions to the rent supplement scheme. Our submission highlights the negative impacts of the last year's rent supplement cuts, how this was exacerbated by a haphazard approach to implementation, and how rent supplement reductions have affected both landlord and tenant behaviour.

The submission begins with a brief summary of our recommendations followed by case studies of Threshold clients and how the rent supplement changes in Budget 2012 have impacted on them. The next section describes Threshold's work with

clients of the DSP and the benefits of our work. Our recommendations for Budget 2013 are detailed in Section 5 and concluding remarks are made in the final section.

2. Summary of Pre-Budget Submission 2013

Despite assertions to the contrary, Threshold knows rent supplement cuts are making people homeless. We're dealing with people who have been left with no other option because they can no longer afford to pay their rent. We have also received an unprecedented number of queries from third parties including elected representatives, state agencies, voluntary agencies and the families and friends of tenants affected by the cuts. Changes to the rent supplement scheme have never generated as much concern.

Rent supplement tenants have either become homeless or been place at risk of homelessness by the changes made in Budget 2012 to the rent supplement scheme. This is due to a lack of properties within the rent supplement limits and landlords refusing to accept further reductions in rent. The negative effect of rent supplement changes has been incremental, arising from 20-25% reductions in rent supplement limits and more than doubling of tenant contributions in recent budgets.

Single people, in particular, are at placed at most risk of homelessness as they are largely confined to living in bedsit accommodation. Threshold believes that many bedsits would not exist if the DSP did not continue to pay for substandard accommodation. The DSP does not engage directly with landlords around the price and quality of the properties they provide under the rent supplement scheme. The DSP representative is supposed to ensure that the property is up to standard but due to historical resource issues this function has never been adequately carried out. As a result, many tenants have been placed in the hands of unscrupulous landlords who routinely flout the law.

The rent supplement scheme is not fit-for-purpose as tenants receive support based on their welfare status rather than on their income. The scheme is therefore unfair to those low income groups who are excluded and generates poverty traps for those who qualify. It is Threshold's direct experience that the manner in which this payment operates creates a poverty trap and prevents people who want to do so from working. The transfer of this *de facto* housing assistance programme from the Department of Social Protection to local authorities has been sought as part of the IMF/EU/ECB Programme of Assistance to Ireland and both the Minister for Social Protection and Minister of State for Housing and Planning have stated their commitment to doing so.

Threshold's recommendations for Budget 2013:

- **No further changes to rent supplement limits and minimum contribution**
- **Review of impact of rent supplement limits on single adult households (including one parent families and parents with part-time access to children) and certain geographical areas leading to reversal of previous changes where necessary**
- **Immediate transfer of rent supplement scheme to local authorities to ensure that it operates as a housing support as it should**

3. Impact of Rent Supplement Reductions on Threshold's Clients

Threshold sees first-hand how vulnerable tenants often fail to secure move-on accommodation and how the fear of becoming homeless leads others to make desperate housing choices that negatively impact on their quality of life (all names below have been changed):

- Jane had been living in South County Dublin for two years. As she has part-time access to her child, she had been assessed as having a two-bed housing need. However due to the cut backs in rent supplement she received a letter saying she was only entitled to a bedsit. During this time Jane's rent supplement was stopped and she was given notice. Before Threshold could lodge an appeal, Jane panicked and accepted the first property available to her. Jane had previously been homeless and was terrified of returning to homeless services. Jane cannot stand up straight in certain areas of her bedsit. Her daughter can no longer stay or visit as the flat is unsuitable for a child.
- Laura a 50-year-old single woman, as advised by the DSP, asked her landlord for a reduction in her rent once the rent supplement cuts came into effect. He refused. She's living in bedsit accommodation, and has been unable to find any other property within her available budget. In an attempt to avoid homelessness, she has begun making 'top-up' payments to meet the full amount of the rent. As a result, she's falling behind on other bills and struggling to buy household basics each week.
- Michael became homeless five years ago. In February, he came to our Access Housing Unit (AHU) looking for help with his housing difficulties. The AHU began looking for accommodation for him in March. Despite accompanying him to several viewings, however, we have been unable to source good-quality accommodation for him within his €475 rent cap. As a result, he continues to reside in homeless accommodation.
- Susan is a single mother with two children. Rather than focus on getting her daughters ready for the return to school in September, she has spent the summer worrying about how to make ends meet. Due to the rent supplement cuts, the family will probably have leave their current home – where they have lived for six years – and move to another area. If that happens, her children will have to change schools.
- Moira, a single parent with two children (one with a physical disability) was living in private rented accommodation in Galway for three years. When the new rent limits came in, she asked her landlord for a decrease but he refused as he couldn't afford it. Moira moved to grotty, substandard accommodation – the only place she could afford - otherwise her payment would be stopped. Along with the normal disruption, her disabled child is greatly upset by the move and by the transport difficulties with getting to school.
- John suffers from schizophrenia and is on disability benefit. When he asked the receiver in charge of his landlord's property to reduce his rent, they did so for the duration of the notice period only. Threshold negotiated on his behalf but they wouldn't budge. They informed John that after the two months the rent on that accommodation would be €600 in line with market rent. John found the moving process very stressful and eventually secured a place at €450, as no other tenants had expressed an interest in this tiny bedsit with a pull out sofa bed.

4. Benefits of Threshold's Work to Department of Social Protection

Threshold provides free, confidential and professional housing advice and advocacy services through our advice centres in Dublin, Cork and Galway. Threshold is interfacing with a considerable proportion of the private rented population and particularly rented households supported by the Department of Social Protection. Last year, we made over 23,000 interventions on behalf of clients with housing problems. Our priority is to broker solutions in order to minimise the risk of homelessness and to ensure that vulnerable people achieve the best housing outcomes possible. This approach is highly successful and cost effective for both the individual and the state. Despite the increasing complexity of housing problems presented to Threshold's advisors, last year we achieved a

75% success rate in preventing homelessness where tenancies were at immediate risk.

Threshold works with an increasing volume of people who receive welfare payments from the Department of Social Protection. The number of welfare recipients seeking Threshold's help increased by 5% from 36% in 2010 to 41% in 2011. This figure will be considerably higher in 2012 as we have experienced a surge in queries related to last year's reductions in rent supplement payments. Clients sought our advice and support when their rent supplement entitlements were being reviewed. We helped them to navigate through the process of satisfying the DSP's requirements and negotiating with their landlord. The difficulties associated with these changes are described in detail later in this submission.

Threshold provides a number of important services that assist clients in receipt of welfare payments. Our housing advisors help people who have become unemployed to identify rent supplement as a possible support. We guide them through the application process and make direct contact with DSP representatives where necessary. Threshold also intervenes in situations where a tenant has occupied a property but a delay in processing payment has meant that they are in rent arrears and face the prospect of becoming homeless. Our housing advisors make direct contact with DSP staff in order to explain the risk facing the tenant and to negotiate a solution.

Many of our clients have difficulties beyond their housing problem – including health, mental health, addiction, literacy and language difficulties – which means they are unable to secure accommodation on their own without Threshold's help. Our Access Housing Unit in Dublin has assisted over 700 people who have experienced homelessness to access accommodation under the rent supplement scheme. We have developed a bespoke service, in co-operation with DSP, Homeless Persons Unit, Department of the Environment and Dublin City Council, to accelerate the transition of rent supplement households to the Rental Accommodation Scheme (RAS) and, where possible, to bypass rent supplement altogether. Arising from our success in Dublin, Threshold in Cork has recently established an Access Housing Unit which will also place an emphasis on preventing homelessness occurring as well as supporting homeless people to move on to longer-term housing solutions.

We are aware that housing problems may arise in the course of dealing with other issues. Threshold receives a high volume of client referrals from DSP staff, Citizens Information Centres, MABS, local authority housing sections, voluntary organisations, local councillors and members of the Oireachtas. We dealt with 954 third party referrals in 2011 and this is recognition of our expertise in the area of housing. We support advisors in other agencies by ensuring they have the correct information to advise their client and, in the more complex cases, by enabling them to refer the client directly to Threshold.

With the support of the Department of Social Protection and the Citizens Information Board, Threshold now provides a national helpline for Citizens Information Centre staff and for their clients. Over 280 queries from 67 Citizen Information Services in all 26 counties have been received in the first 6 months of the service. The most common support issues were tenancy termination, deposit retention and queries relating to housing options. The 'housing options' category includes queries around clients who are homeless or find themselves at risk of becoming homeless. The service is on target to help 500 people in its first full year who without the joint intervention of CIC staff/Threshold would have needed a greater level of support from the Department.

5. Threshold's Recommendations for Budget 2013

The following sections outline Threshold's three recommendations for Budget 2013. Recommendations 1 & 2 are taken together in the first section and Recommendation 3 is addressed in the second section.

i) Recommendation 1 & 2

- No further reductions in rent supplement payments or increase in rent contribution in Budget 2013
- 2012 reductions should be reviewed with regard to 1) impact on single people, one parent families and parents with part-time access, who are particularly disadvantaged in their housing and 2) geographical areas where rents are rising and where there is evidence of rent supplement recipients being excluded from the market.

Threshold makes these two recommendations for the following reasons (described in more detail below): rent supplement cuts are making people homeless; rent supplement tenants are being priced out of the market, 'top up' payments are widespread; and these problems have been exacerbated by implementation and bureaucratic difficulties surrounding the changes. Threshold believes that a reversal of some previous changes is needed to alleviate the impact on vulnerable households.

a) Rent Supplement Cuts are Making People Homeless

Since the Department of Social Protection cut the maximum amount available to rent supplement recipients and increased the minimum contribution, Threshold has dealt with many people who have been forced to leave homes in which they had lived for years to find alternative accommodation within their reduced budgets.

Single people, who live on the lowest rung of the housing ladder, faced a 50 euro cut in the rent supplement limit in Dublin. Our Access Housing Unit is facing considerable difficulties when it seeks to house single people in the Dun Laoghaire Rathdown County Council area in particular. The rent limits are unrealistic when compared to market rent, for example, market rent for bedsit accommodation is €674 compared with a rent limit of €475. Our Cork office has also seen a dramatic decrease in the availability of properties. It is now so difficult for families to find three-bed properties in Cork city under the maximum rent level that they are being displaced to outlying towns, such as Mallow, Bandon and Youghal. There is a chronic shortage of rent supplement accommodation for single people in Galway and what is available is in very poor condition.

It is important for the Department of Social Protection to consider that for many people on rent supplement, where they live is their permanent home and has been for many years. They are not looking for temporary accommodation to tide them over. If they have to leave because of the rent supplement cuts, they suffer the same upset as home-owners would if they were arbitrarily asked to move out of their house.

Security of tenure of up to four years for private rented tenants was recognised in law by the Residential Tenancies Act 2004. Persistent annual cuts to rent supplement payments are now undermining this security by generating a 'churning' effect.

b) Rent Supplement Tenants are Being Priced Out

The Department of Social Protection reduced rent supplement payments based on the incorrect assumption that rents are falling throughout the country. While this was true at the start of the recession, the reality for the past few years is that demand for rented accommodation – especially in urban areas – is rising and, as such, rents are rising too. This is evidenced by a contraction in the availability of properties and rising rents in the major cities of Dublin, Cork and Galway (see The Daft.ie Rental Report, 2012 Q2).

Threshold Survey - Availability of Rent Supplement Properties in Cork

Threshold's Cork office carried out a survey in July to determine how many properties advertised fell within the new rent supplement limits. On the week from 16 – 20 July there were just under 750 properties for rent in Cork. 73 properties in total were available where the property was within rent supplement limits and rent supplement was stated as being accepted, amounting to fewer than 10% of those available. While some landlords may in the end offer rents that fall below rent supplement limits, this survey does indicate the difficulties in securing rent supplement properties.

Demand for rented accommodation is on the rise. Many young couples who traditionally would have bought homes cannot now do so for a variety of reasons including lower incomes, lack of access to credit and uncertainty about their future. Simultaneously, many of those who have been living in private rented accommodation on a long-term basis have had their wages cut or have lost their jobs, forcing them to seek cheaper accommodation towards the lower end of the market.

This has a knock-on effect for those in receipt of rent supplement. There is now more demand for rental properties overall, and more demand for properties at the lower end of the market, in particular. Against this backdrop, rent supplement recipients have been given reduced payments and been told to negotiate directly with their landlords to secure reductions in their rent.

Landlords are now also in a different position than they were three or four years ago, because many are in financial difficulties and have reached a floor in their income. Recent reports suggest that at least 25% of buy-to-let mortgages are in arrears (Davy Stockbrokers, 17 August 2012). This means that landlords that would have previously absorbed a reduction cannot afford to reduce rents further and may not be permitted to do so by their lender.

Threshold's direct experience is through our Access Housing in Dublin. The service has seen a sharp fall-off in landlords as the rent supplement levels are too low for the property on offer. Threshold only houses tenants in properties that meet the basic minimum standards.

Landlord Case Study from Threshold's Access Housing Unit

Tony is a landlord that has worked with the Access Housing Unit over the past three years providing quality rented properties for people coming out of homeless services. He is upset and apologetic at not being able to continue to work with Threshold. He owns a number of properties in the Dublin 3 area but due to the downturn in the economy he is now making interest-only mortgage repayments. He cannot reduce his current rents or accept any new tenants in receipt of rent supplement as it would mean reducing his repayments to the bank and facing repossession. He also confirmed that if he accepted the rent reductions he would have no cash to ensure the up-keep of his houses.

c) Top-up Payments are Widespread

The practice of accepting top-up payments, where a landlord states a lower rent in order to comply with rent supplement limits but charges a higher amount to the tenant, is described as 'rampant' and 'widespread' by Threshold's housing advisors. A survey of 100 rent supplement clients carried out by Threshold between April – June 2012 found that 55% were making a top-up payment and two-thirds (67%) of those making extra payments said it affected their spending in other areas.

The practice of topping up by tenants impacts on the disposable income available to them for essentials such as food, clothing and heating. It is now seen as being the norm by many tenants who face difficulties in either remaining in their existing tenancy or sourcing a new one. They are resigned to not being able to find accommodation under the maximum rent level and the only way they can secure reasonable quality accommodation is to top up.

Top-up payments should be a concern to the Department for three reasons 1) vulnerable tenants are being exploited by landlords and tenants are falling into arrears as a result 2) top-up payments mask the true level of rent being paid; consequently reports recommending rent supplement limits that fail to take account of top-ups are flawed 3) the real rent paid by tenants will be of considerable importance in the transfer of rent supplement to local authorities, as it will represent the true cost of the new scheme.

Top-up Case Study from Threshold's Access Housing Unit

A young married couple were discovered living and sleeping in their car in Cork City. The Access Housing Unit made an appointment to meet the couple. During the meeting the couple revealed that they had been renting a property for the previous 5 years and had to leave due to rent arrears. The landlord was unwilling to reduce the rent as requested by the DSP in July 2009 and January 2012.

The couple continued to pay a 'top-up' payment out of their weekly jobseekers allowance along with the increased personal contribution which increased from €18 in 2007 to €35 in 2012. The couple found that this extra payment was unsustainable and they fell into arrears. They left the property and their security deposit was forfeited in lieu of rent arrears.

The couple had nowhere to go; they had previously been in receipt of a security deposit from the HSE and were refused a second deposit. No financial support was available from their extended family. A family member temporarily housed their young daughter and the couple slept at the side of the road in a car.
The Access Housing Unit contacted a local charity and, with permission informed them of the family's predicament, and managed to obtain a security deposit. The Access Housing Unit used their relationship with a local agent to source a suitable property and the family were re-united.

d) Implementation and Bureaucratic Difficulties

The changes to the rent supplement scheme were introduced by the DSP in a haphazard way. Asking vulnerable tenants – people how have lost their jobs; people with health problems; people who experienced homelessness in the past – to negotiate rent reductions with landlord does not make sense. Many tenants were given confusing messages by their social welfare office; others were powerless as they had signed a lease agreement; some were granted three months to seek a rent reduction or move, while others were given no time at all.

Senior officials within the DSP reassured Threshold that tenants would not be treated in an arbitrary way, but this was not always the case on the ground.

Threshold has encountered many cases where people's rent supplement payments were delayed or stopped. We are most concerned that tenants were being asked to break lease agreements, given that a tenant who breaks their lease automatically forfeits their deposit. This makes it difficult for them to move on to new accommodation. Threshold seeks the return of deposits, but we depend on the goodwill of landlords where a lease has been broken. Asking tenants to break a legal agreement is unfair on both tenants and landlords.

Bureaucratic difficulties did not just occur when tenants were seeking rent reductions, but even where the landlord had agreed. Threshold is aware of several cases where the landlord had acceded to the Department's request, but when no cheque payment was made they issued notice of arrears followed by notice of termination. This is exacerbated by the fact that DSP staff refuse to communicate with landlords, so no reassurances can be given that payment will eventually come. It should be the policy of the DSP to prioritise tenants where the landlord agrees to a rent reduction. The tenant and landlord have played their part; the DSP should reciprocate out of respect for the tenant's home and out of recognition of the landlord's co-operation.

ii) Recommendation 3

- **Immediate transfer of rent supplement scheme to local authorities**

No Delay in Introduction of New Housing Assistance Payment

In June 2011, the former Minister for Housing and Planning, Willie Penrose T.D. launched the Government's new housing policy statement and announced the transfer of the administration of Rent Supplement from the Health Service Executive (HSE) to local authorities on a phased basis. Further announcements confirming the transfer have been made by Jan O'Sullivan T.D., Minister for Housing and Planning, and by Joan Burton T.D., Minister for Social Protection. Threshold warmly welcomes the commitment to deliver on this important initiative.

Threshold believes that the transfer of responsibility from the Department of Social Protection to local authorities provides an opportunity to address a number of important issues with the introduction of the new Housing Assistance Payment (HAP) including: ensuring that people in receipt of Rent Supplement live in good quality accommodation; confirming that landlords who receive Rent Supplement are fully compliant with all of their housing, legal and tax obligations; and enhancing tenant choice by making it attractive for mainstream landlords to accept tenants on Rent Supplement. From our direct engagement with local authorities, especially Dublin City Council, we know that they are seeking to devise new mechanisms to ensure that all properties meet the required legal standards.

The transfer should not just involve shifting responsibility from one State body to another; it should also deliver better value for money and enhance the quality of housing support provided for an increasingly vulnerable sector of the population. The Rent Supplement scheme should also be utilised as a means of delivering on the 'housing first' commitment in the Programme for Government; every recipient should be able to secure accommodation that meets the standards currently required for the Rental Accommodation Scheme.

We are pleased to note that the design of the scheme appears to be concerned with the direct payment of rent supplement to landlords. We understand that the tenant's contribution will be deducted at source from their social welfare payment and the entire rent supplement payment will be paid directly to landlords. This

will be a feature of the scheme, rather than an optional mechanism like the Household Budget Scheme. While Threshold understands that there may be legal difficulties involved we believe they must be overcome immediately in the interests of vulnerable people and not allowed to impede progress in this critical area. Threshold has called for this reform many times previously as it safeguards the security of the tenancy and eliminates the possibility of top-up payments. We are also concerned that the design of IT solutions to enable deduction at source has been put forward as a possible cause for time delays. It is imperative that new Housing Assistance Payment is available to tenants in 2013.

6. Concluding Remarks

Threshold welcomes the opportunity to make this submission to the Department of Social Protection and we look forward to presenting our recommendations to the Minister for Social Protection at the annual Pre-Budget Forum on 12th October. We would be pleased to supply additional information on any of the points raised in our submission.

Submission 18: The Alzheimer Society of Ireland

1 A Whole of Government approach

While the Health should take the lead in developing the NDS there should be a whole of taken that recognises dementia as a national priority. The mechanisms to achieve this are already in place via the Cabinet Committee on Social Inclusion and the Senior Officials Group on Social Inclusion. The Office for Older People should have a clearly mandated role both in the process of developing and implementing the plan. This approach would ensure that not only the health and social care needs are addressed but the broader community, environmental and equality issues are tackled in the strategy. Clear and transparent processes are needed in order to develop and implement a robust National Dementia Strategy for Ireland. The Terms of Reference to develop the dementia strategy must be robust and comprehensive to take into account the multiple facets and range of issues that pertain to the lived experience of dementia. The proposed Working Group, supporting the development of the strategy will need to be inclusive in nature, have capacity to seek nominations from a range of sources (both within Government and from the other stakeholder groupings) and have access to specific expert advice as the process unfolds.

2 Clinical and Policy Leadership

Clinical and policy leadership of dementia in the Strategy must come from the Department of Health and the Health Service Executive through the development of a clinical directorate (CD) and the appointment of a Clinical Director in dementia. The directorate will have dedicated resources to oversee the implementation of the National Dementia Strategy as well as ensuring that dementia permeates across all of the other clinical care programmes. The identification of a CD for dementia would provide a unique opportunity for the HSE to establish a national programme for dementia care. The CD should specifically focus on solutions that will improve patient care and save money.

3 Solutions through Actions in Dementia Services

Seven key priority areas have been identified where opportunities exist to intervene to transform people's lives through a series of direct, concrete, efficient and cost effective solutions through actions covering the spectrum of the dementia journey including:

1. Getting a diagnosis, disclosure and early intervention supports and services

2. Living well in the community: information, supports and services
3. Care in the acute hospital setting
4. Life in residential care
5. Dementia palliative care and end of life care
6. People with younger onset dementia
7. Addressing stigma and maintaining stakeholder awareness and education

Key Statistics on Dementia

> At present, there are 42,000 Irish people with dementia; by 2021 there will be 67,500 and by 2041 there will be over 140,000 people living with dementia. There are 50,000 family carers of people with dementia in Ireland.

> There are over 26,000 people with dementia living in the community and over 14,000 living in long-term care.

> The overall cost of dementia care in Ireland is just over €1.69 billion per annum; 48% of this is attributable to informal family care; 43% is accounted for by residential care; formal health and social care services contribute only 9% to the total cost.

> The average cost per person with dementia in Ireland is estimated at €40,500, consistent with per capita estimates from other countries.

Submission 19: IBEC

1. Summary of recommendations

In driving Ireland's Recovery campaign launched earlier this year we identified four main priorities needed to deliver economic prosperity:

- Restoring domestic demand
- Supporting job creation
- Keeping Ireland strong in Europe
- Delivering world-class public services.

This Pre-Budget Submission presents a range of fiscal measures focused on the first two of these priorities. With these priorities to the fore, our specific recommendations for Budget 2013 are underpinned by the following principles:

- The fiscal adjustment should continue as planned and must be done in the least harmful
- way possible to economic recovery
- Revenue should not be raised from taxes which are most damaging to growth and a new residential property tax should account for the vast majority of the taxation adjustment
- Employment costs must not be increased, in order to get as many people as possible back to work
- Additional investment is needed to support enterprise growth and employment, as firms continue to face credit constraints
- Innovative fiscal measures are needed to support domestic demand activity
- Enhancements are needed to Ireland's business tax offering to match recent improvements in key competitor jurisdictions such as the UK.

Four priority recommendations for Budget 2013

1) Do not increase Labour costs in any way either through changes to the PRSI regime or through measures such as a statutory sick pay levy on employment
2) Introduce innovative measures to support the ax offering for domestic economy. Budget 2013 should:

a. Facilitate the early access of non-core pension funds i.e. additional voluntary contributions (AVCs) and personal pension funds
b. Introduce a grant or tax credit package to incentivise home improvement works during a three-year window of opportunity
c. Switch universal social welfare payments such as child benefit to an electronic payment card model in order to maximise economic impact for the domestic economy

3) Improve Ireland's tax offering for international business through enhancements to the R&D Tax Credit Scheme, the intellectual property (IP) tax offering and the tax treatment of mobile specialist workers

4) Support investment in Irish SMEs through the introduction of a roll-over tax relief for entrepreneurs to encourage reinvestment into Irish start-ups and growth companies and by extending and improving the Employment Investment and Incentive Scheme (EIIS) by introducing a risk-sharing model targeted at a wider group of new investors.

2. Fiscal policy priorities

2.2 Introduction

To date, IBEC has been broadly supportive of the scale of fiscal adjustment implemented; meeting the deficit targets under the EU-IMF-ECB loan arrangements is essential for regaining market access. We welcomed the rebalancing of the adjustment outlined in the November 2011 Medium-Term Fiscal Statement in favour of expenditure reductions rather than tax increases. However, with a further fiscal consolidation of €8.6 billion for the period 2013-2015 remaining, the task is becoming more challenging. Economic growth is ultimately the determinant of Ireland's debt sustainability and it is essential that the adjustment is delivered in a way that is least damaging to growth.

2.2 Priorities for Budget 2013

The overriding priority for Budget 2013 must be not to increase the cost of doing business further. A number of recent actions, some carrying a relatively small individual impact, when taken together have resulted in a noticeable increase in the cost of doing business. These decisions include the 0.6% levy on private pensions, the reduction in the redundancy rebate and the abolition of employer's PRSI relief on employer pension contributions. Supporting job creation is the Government's stated aim; it must recognise that adding to the cost of doing business and employment is not the way to achieve jobs growth.

Government has previously indicated that Budget 2013 will deliver €2.25 billon in expenditure reductions and €1.18 billion in tax increases, of which €960 will be new measures and €220 million in carry-over measures implemented in 2012. Table 2.1 outlines the indicative sources of tax revenue for the years 2013-2015. Government intends to raise €960 million in new taxes in 2013, with the majority of the funds coming from direct, capital and indirect taxes. It has also indicated an intention to further reduce the tax relief for private pension provision.

While some further tax-raising measures are necessary, the additional revenue must be collected from sources and in ways least damaging to economic growth. As we outline in Section 3, IBEC does not support any reduction in tax relief on pension contributions or further restrictions in the standard fund threshold. Instead, we outline an interim measure to raise the required revenue through allowing early access to non-core pensions. This would provide a direct and immediate revenue stream for the Exchequer and a boost for activity in the domestic economy.

It is vital that expenditure reductions are delivered in a manner which is least damaging to future growth prospects. Ireland's economic recovery is contingent on a world-class education and training system. This does not imply that education can be exempted from the consequences of the need for on-going fiscal adjustment. It does mean, however, that we should avoid damaging cuts to education budgets, while also increasing focus on cost-effective solutions that yield the best returns on investment, improve the effectiveness of our system and ensure excellent outcomes.

Property taxes
The ambition for local level taxation at the time of Budget 2012 was relatively modest, raising €685 million per annum by 2015. Research by the OECD and others has shown that immoveable property is the most growth-friendly source of taxation, while, raising income taxes has a detrimental impact via the reduced incentive to work.

IBEC believes that Government should be much more ambitious in the revenue it seeks to collect from a residential property tax. In total, Government should target income of €760 million from a residential property tax in 2013. Together with the tax injection from the release of non-core pensions this would be sufficient to cover the revenue-raising requirement for 2013 and would enable Government to avoid growth-damaging changes to indirect taxes and income tax rates, bands and reliefs, including on pension contributions. The exact amount of the property tax depends on the scope of exemptions and reliefs, which should be kept to a minimum, but the charge for 2013 should average about €500 per residence.

By 2015, the residential property tax should account for about 5% of total tax take. This would be in line with international norms and would allow for some rebalancing of the burden for local authority funding. At present, business contributes some €1.4 billion annually to local government revenue; however, since the onset of the recession many firms have seen turnover fall by over 25%, with no commensurate reduction in the burden that commercial rates impose. A meaningful residential property tax would allow Government to rebalance this burden and reduce the commercial rates bill by €400 million.

The residential property tax should be collected directly from the property owner by Revenue. Collection of property tax through the income tax system is not the norm internationally, but does happen in Sweden and Denmark. Government understandably wishes to be certain of its ability to collect the revenue, and the tax credit system is attractive from this point of view. However, collection through the income tax credit system could have a detrimental impact on the incentive to work; if the impact is placed directly upon take-home pay, psychologically the tax would be equated with an increase in income tax.

We believe it is possible for Government to achieve certainty of collection through utilising existing databases on property ownership and a strong enforcement mechanism. However, if the property tax is collected through income tax credit system, Government and Revenue must ensure that it is not regarded as a tax for workers and must ensure that it is clearly branded as a tax on property. Internationally, exemptions from a property tax are typically very limited. Crucially, in Sweden and Denmark social welfare and unemployment benefits are classed as taxable income, and recipients are not exempt from property taxes. To limit the impact on the incentive to work, it is necessary to carefully restrict exemptions/preferential rates.

Water charges
IBEC is supportive of the Government's plan to establish Irish Water and introduce domestic water charges. This would correct current anomaly where business is the only sector paying for water usage and bring Ireland in line with established practice in other developed countries. To ensure that the process functions smoothly and does not result in unintended consequences, for instance harming Ireland as an investment location, Government should conduct a regulatory impact assessment (RIA) on the transfer of assets and liabilities from local authorities to Irish Water. This should happen well in advance of the transfer, so that any concerns the RIA may raise can be addressed. To protect international competitiveness, it is essential that the establishment of Irish Water does not result in a net increase for business in the aggregate cost of water supply, waste water treatment or commercial rates.

Roll-out of metering will be essential for the funding and functioning of Irish Water; however, IBEC remains opposed to the introduction of a universal free allowance. This is inconsistent with incentivising water conservation, one of the stated aims of water metering. More importantly, it would create a revenue shortfall in excess of €100 million, which would have to recouped from elsewhere.

3. Taxation measures

3.1. Personal taxation

3.1.1 Income taxes
As a result of the introduction of the universal social charge (USC) and other changes to the personal tax regime in recent years, Ireland now has one of the highest marginal tax rates in the OECD. The 52% marginal tax rate also kicks in at a relatively low income level and this means that an employee with average earnings is taxed at the highest marginal rate. This is unusual across OECD countries and it provides significant policy challenges in relation to the incentive to work and the attractiveness of Ireland as a location for mobile skilled labour. Ireland's marginal tax rate of 52% at average earnings is well above the OECD average of 36%; the UK at 32%; and France at 30%.

Despite the need to raise additional tax revenue, it would be a serious policy error to do this through any further increase in the marginal income tax rate. The comparatively high marginal income tax rate in Ireland also points to the need to improve the measures targeted at mobile skills.

Attracting mobile talent
The improvements to the Special Assignee Relief Programme (SARP) introduced in the 2012 Finance Bill were welcome and have greatly helped Irish-based multinationals incentivise their employees to move to Ireland for particular assignments. However, IBEC members have reported that the restriction in the SARP to existing employees only is a major drawback to the scheme and limits their ability to attract the right talent.

Attracting key senior international talent both internally and externally continues to be a significant challenge for multinationals in Ireland, and is often the deciding factor in the ability to attract growth opportunities to Ireland or scale existing businesses. A major issue cited by many potential senior hires who decline Ireland as a location is the personal tax regime, as these employees typically have the option of locating elsewhere within the company where more favourable regimes exist.

An alternative regime that targets very senior influential roles in an organisation needs to be designed and introduced in the 2013 Finance Bill. These very senior hires are the people that need to be targeted as they can cement and grow teams in Ireland, create jobs and most importantly deliver growth and profitable opportunities in Ireland.

IBEC therefore recommends that a new senior hires programme is required which would have stringent entrance criteria and require pre-approval/upfront certification. This new relief should only be available to a small number of very specialist people who can really make an impact in a business. Claimants should be required to demonstrate a significant contribution to the economic activities of the employer and Revenue should undertake a case by case review on exit.

3.1.2 Tax treatment of pension contributions

Substantial additional tax revenue has been raised from pensions in recent years including:

- €460 million p.a. through the pensions levy
- €180 million p.a. from the elimination of employer PRSI relief on pension contributions
- €60 million p.a. through the introduction of PRSI and the universal social charge (USC) on employee contributions
- €55 million p.a. via the reduction in the annual earnings limit
- €40 million from a range of other changes such as those to the standard fund threshold (SFT) and the rules relating to Approved Retirement Funds (ARFs)

In addition to the total revenue outlined above (€795 million) the Exchequer has also benefited significantly from the reduction in employee pension contributions which have occurred as a result of the economic downturn. The number of occupational scheme members has declined as a result of the recession (the Pensions Board report a 5% decline in scheme membership in 2011) and the value of contributions made by members has also fallen. In particular, IBEC members have reported a sharp decline in AVC contributions in recent years. It is therefore likely that the Exchequer has also made substantial savings due to the reduced tax relief costs of pension contributions but these savings may not yet be fully quantifiable or reflected in Revenue data. The recession has clearly resulted in reduced pensions contributions which will further undermine future pension's adequacy.

IBEC understands that Government is currently examining options for further savings in relation to the tax cost of pension contributions. It has suggested that the tax relief rate on pensions contributions could be reduced further or more restrictive caps could be placed on the amount of tax relieved investment in pension funds.

Given the current state of crisis in Irish pensions, including the difficulties faced by the 80% of defined benefit schemes which are underfunded, we recommend that a pause period is needed on all pensions related policy. A reduction in the tax relief rate on contributions would be particularly damaging to pensions coverage, while a further capping of contributions or fund size would be premature in the absence of a full impact assessment of the policy changes made to date. Defined benefit schemes are struggling to cope with new funding standard requirements and it would be particularly damaging for the sustainability of these schemes to introduce further pensions tax changes at present.

We recognise the need for revenue raising in Budget 2013, however, and recommend that this could be achieved by allowing the early release of AVCs

personal pension funds. This would yield the Exchequer €400 million p.a. (€200 million directly and €200 million via revenue buoyancy) for the next four years. The issue of the tax treatment of pensions contributions could be assessed in more detail after this period and once the current pensions levy has expired.

3.2 Employer PRSI costs

Ireland has a competitive employers' social security charge at average and below average income levels but it loses this advantage at higher salary levels. Figure 3.2 shows the effective employer social security rate charged at varying salary levels. Unlike the practice in many other countries, Irish employers pay a flat rate of PRSI irrespective of salary. In many of our competitor jurisdictions social security charges apply on a sliding scale or are capped. For skilled employment – such as mobile highly skilled R&D activity – social security costs in Ireland are a competitive disadvantage. Any increases in employer PRSI, or other employer costs such as a statutory sick pay scheme, would result in Ireland falling further down the labour cost competitiveness ranking.

Another important issue to consider when comparing social security charges across countries is the benefits which accrue. In Ireland, for example, all employers pay a PRSI charge while many will also make contributions to staff pensions. Recent IBEC research shows that the average cost of employer contributions to defined benefit (DB) pension schemes is 15%. Given the significant funding deficits currently faced by many DB schemes, the contributions made by some employers are far greater than this and one-fifth of all employers contribute in excess of 20%. When added to the PRSI charge, many Irish employers therefore face additional labour costs of between 30% and 40% in excess of salary costs. In countries such as Germany, however, the mandatory social security charges provide for a state pension of typically 40% to 45% of final salary. The cost to employers and employees of funding second pillar pension schemes is therefore much less than under the Irish model. Irish employers have also experienced further labour cost increases in recent years through measures such as changes to the statutory redundancy rebate and the levies on health insurance costs. For many employers the cost of health insurance provision for employees has become an unsustainable cost.

3.3 Tax measures to support domestic demand

The domestic sectors of the economy remain in recession, but, given the public finance constraints, a conventional stimulus package is not an option. Government does nonetheless have several Exchequer-neutral or revenue-generating policy levers at its disposal that would boost the domestic economy.

Early release of non-core pension funds

Individuals with additional voluntary contributions (AVCs) should be allowed early release of these funds as a once-off crisis response measure. This measure does not and should not apply to the early withdrawal of funds from the main defined benefit and defined occupational pension schemes. The early withdrawal of non-core pensions as a crisis response measure was successfully implemented in both Iceland and Denmark, and significantly boosted consumer spending and government revenue. The OECD has also endorsed the early release of non-occupational pension funds as a crisis response measure. The early withdrawal of funds should only be permitted for a window of three years and would be subject to tax at the standard rate. This proposal would deliver an estimated stimulus of €1.8 billion to the domestic economy and provide a windfall of €1.24 billion to the Exchequer over the three-year period.

Social welfare electronic payment card
For some social welfare payments there is significant economic leakage of economic impact to savings and spending outside of the State. Market research has shown that some €600 million of the €2.4 billion child benefit payment goes directly into savings accounts. The payment of child benefit is not correctly calibrated to maximise the benefit to the domestic economy. IBEC believes that universal welfare payments of this type should be made by an electronic payment card which would incentivise recipients to spend their money in the domestic economy. The technology is already widespread in the Irish retail sector meaning there would be no restrictions in choice and the payment card could be used to pay for a wide range of goods and services. It is estimated that the change to a payment card would increase domestic spending by about €300 million with a benefit to the exchequer of €100 million.

Fiscal incentive for home improvement works
The informal economy, worth some €21 billion, represents a drag on the economy in terms of lost tax revenues to government and unfair competition against legal operators. Given that construction employment has fallen by over 60% from peak, it is likely that a significant proportion of informal activity is related to this sector. International experience has shown that fiscal incentives for home improvement works would bring existing activity into the formal economy by making it tax compliant. This type of policy also acts as an effective domestic stimulus by increasing spending and employment. The cost will be offset by increased tax buoyancy from the additional spending and by bringing more activity into the tax system. In this way the incentive would be revenue neutral.

Home renovation schemes were introduced in both Canada and Italy in recent years with evidence showing the schemes succeeding in boosting expenditure and formalising parts of the black economy. Government should introduce a home improvement tax credit or grant for a period of three years. Such a scheme could involve a refundable tax credit or grant of 20% of approved home improvement between the value of €3,000 and €20,000, carried out by tax-compliant contractors.

3.4 Indirect taxes
IBEC recognises the need for Government to collect additional tax revenue and in previous sections of this submission presented options for raising the required funds in a way that minimises the detrimental impact on the economy. In contrast, increasing indirect taxes has been shown to have an immediate negative impact on economic activity. For instance, following the 2% increase in VAT in Budget 2012, the decline in retail sales accelerated and the volume of sales has fallen by 3% in the first six months of this year alone. In addition, increases in indirect taxes are inflationary, eroding the competitiveness gains the Irish economy has achieved over the past few years. All indirect taxes should be left unchanged for the remainder of the fiscal adjustment period.

Excise
Ireland's excise rates on alcohol products, tobacco and most fuels are already high in comparison to other EU countries. Any increase in alcohol excise would damage the viability of the drinks industry and have an adverse impact on activity in the domestic economy. Given the importance of the food and drinks offering to the tourism experience, an increase in alcohol excise would also work against the positive impact of the targeted cut in the lower rate of VAT. Any increase in tobacco excise would further increase the illicit trade in non-Irish duty paid cigarettes resulting in a loss of Government revenue and impacting on the legal supply chain. Any increase in fuel excise would add to the cost of doing

business or eat into consumers' disposable incomes, thereby harming Ireland's competitiveness and export performance, and damaging the domestic economy

Mineral oil excise collection
The oil excise duty regime in Ireland is outdated, out of line with practice internationally and needs reform. The industry is significantly disadvantaged by the requirement to pay excise duty before fuel leaves bonded warehouses and prior to the sale or collection of excise from customers. Since the onset of the credit crisis, this anomaly has proved increasingly difficult for the largely Irish-owned fuel distributors. The system should now be reformed and brought into line with best practice elsewhere in the EU. The Commission of Taxation has acknowledged that the oil excise duty regime needs to be reformed and has recommended that the payment timing disadvantage faced by this sector should be addressed. We recognise the once-off cash flow impact which this will have for the Exchequer but the change will not involve any permanent cost.

Tax on soft drinks
The Irish food and drink industry is fully committed to playing its role in helping to tackle obesity and other relevant public health issues. However, the obesity issue will not be resolved by taxation or other forms of discriminatory legislation aimed at individual food categories.

There is significant evidence to suggest that taxes, in particular discriminatory taxes, are an ineffective approach to tackling complex diet and lifestyle-related problems. It is widely accepted that obesity and unhealthy weight gain result from an imbalance between energy expenditure and intake. Moreover, the world-class IUNA data clearly show that there is no correlation between soft drink consumption and standard measures of obesity. An evidence based holistic approach is necessary, which should include measures such as reformulation, consumer awareness, the promotion of physical activity, and workplace and school wellbeing programmes.

Fiscal measures specifically aimed at altering behaviour are complex to design and can be highly unpredictable. In comparison with our European neighbours, Ireland already has a high tax regime on certain foods including beverages and confectionaries. While the vast majority of foods in this country are zero rated, the standard rate of 23% VAT applies to confectionary items like sweets, chocolate, crisps, ice-cream and soft drinks. An additional tax on sugar or soft drinks would be akin to a double tax and cause unwelcome uncertainty throughout the food chain. For instance, it would incentivise cross-border shopping. Furthermore, the impact would also be highly regressive, with a disproportionate impact on low-income families that spend a higher proportion of income on food.

The proposed measure is at odds with the current growth targets set by the Department of Agriculture, Food and the Marine for the year 2020. A tax of this nature would give a negative signal internationally, where Ireland's reputation as the "food island" would be diminished.

Using carbon revenues to alleviate energy costs
From 2013 Government will receive revenue from two sources linked to CO_2 emissions, the carbon tax and revenue related to the auctioning of EU Emission Trading Scheme (ETS) allowances. In total the estimated annual yield from these will be about €800 million.

The International Energy Agency (IEA) in July 2012 noted that revenue from Ireland's carbon tax provides a potential means of funding our complementary

policies i.e. CO_2 and cost reduction. Technological alternatives or initiatives that reduce carbon emissions may require protection from market forces and may not develop in the presence of a carbon price alone (Dieter Helm, 2011). IBEC has long argued that carbon-linked revenues should be used to support energy efficiency in business. Imposing a price on carbon is on its own not a strong enough market signal to effect the kind of behavioural change needed to meet Ireland's climate change targets; additional supports for energy efficiency and renewable energy initiatives are required. Using the carbon revenues to improve energy efficiency would also help alleviate the impact of high energy costs that Irish business face, and which in particular harms the cost-competitiveness of exporting firms.

The following policies can ease the high burden of energy costs on business:

- At its current level of €20 per tonne, the carbon tax is about triple the EU ETS carbon price. The carbon tax should not be increased further; this would further distort prices in the ETS and non-ETS sectors, drive up energy costs and erode competitiveness. Revenues should be directed towards energy efficiency projects. There should also be equitable application of the carbon tax on all fuels, subject to sufficiently addressing concerns around fuel tourism.
- Several energy supply companies in Ireland have recently signed voluntary agreements with the Sustainable Energy Authority of Ireland (SEAI) in order to deliver efficiency savings to consumers in the commercial, community and public sectors. We anticipate that State-funded supports for energy efficiency investment will be progressively replaced by voluntary agreements over the coming years. Irish industry already ranks well in Europe in terms of energy efficiency. However it is important that Irish businesses are not adversely impacted in terms of relative energy costs. To ensure that energy prices do not rise as a result of the supplier obligations, carbon revenues should be used to extend loans to businesses undertaking energy efficiency projects.
- Government should extend the large energy users' rebate until at least December 2012 and use up all the funds raised through the carbon revenue levy.

4. Innovation and enterprise growth

4.1 Supporting the knowledge economy

4.1.1 R&D tax credit scheme

The R&D tax credit is an essential component of Ireland's tax offering for mobile innovation based activity. Since its introduction in 2004, business spend on R&D activity has increased substantially and the scheme compares favourably to offerings in other tax jurisdictions. IBEC members have identified the following limitations in the scheme, however, which if adequately addressed could greatly improve its effectiveness:

- The outsourcing cap is excessively restrictive
- There is a growing lack of certainty around the eligibility criteria for the scheme
- A small number of companies with a particularly large R&D spend in 2003 base year are not incentivised to increase their R&D spend.

Outsourcing cap

Both the 5% cap on outsourcing to third level institutions and the 10% cap on outsourcing to other third parties are excessively restrictive and limit the

effectiveness of the scheme. A particular difficultly is the ineligibility of spend on R&D activity through the use of contract employees. Given the irregular nature of R&D projects, business typically needs to upscale and downscale its R&D functions. This means that R&D managers rely on the use of contract employees to undertake a proportion of work on dedicated R&D projects. This is normal business practice and is not viewed by business managers as an outsourced activity. The cost of contract staff used solely for the purpose of R&D project activity should therefore be classified as eligible expenditure. This change to the scheme would better align it with normal business practice.

Certainty on eligible activity
The legislation governing the eligibility of activity for the scheme is relatively broad and this has led to a lack of certainty for business. In particular, numerous difficulties have arisen for business in relation to the technical assessments of R&D claims by Revenue appointed external experts. In many cases these external experts have ruled that R&D activity undertaken by specialist R&D staff is not eligible for the credit. This growing uncertainty over the eligibility of activity is now damaging the reputation of the scheme.

IBEC recommends that the Department of Finance and Revenue should address this uncertainty problem by providing improved guidance on technical definitions and a streamlined technical appeals process.

Base year restrictions
The R&D tax credit is provided on incremental R&D spend over that recorded in the designated base year of 2003. For a number of companies which had exceptionally high R&D investment in 2003, the scheme therefore provides no incentive for R&D activity. By allowing companies the flexibility to choose their base period from a number of years i.e. 2003 to 2005 or to use their average annual R&D spend over the 2003 to 2005 period, this problem could be easily addressed at very low cost.

4.1.2 IP regime

Improving Ireland's IP taxation offering
The creation, ownership and management of intellectual property (IP) is one of the key value drivers of many businesses, not just in the technology and healthcare industries, but also sectors such as retail and consumer goods. It is also a very mobile part of those businesses, and therefore one for which countries aggressively compete. From an Irish perspective the benefits are primarily the 'pull effect' of locating senior management roles and related activities such as research and development in Ireland, and most importantly helping to either deepen existing roots or lay down new roots.

When one looks at Ireland's tax regime in this respect, the most relevant pieces of legislation are those covering the tax credit for research and development (R&D regime) and the amortisation regime for acquired intangible assets (IA regime). Currently, Ireland's IA regime takes the form of an amortisation regime, i.e. the capital cost of acquiring certain intangibles can be amortised for tax purposes over a defined period and up to a limit of 80% of related income. There are a lot of conditions to be satisfied, and the mechanics, which are complex, can require financial results for a business to be artificially separated in order to separate the IP activity/income from the rest of the business. When the amortisation period has expired, the full IP income is taxed at a rate of 12.5%. In certain cases, while the cash tax rate using the IA regime is relatively low, when deferred tax is taken into account, the book tax figure can be significantly higher. It is also important to recognise that the benefit is only available over the

amortisation period and is not a permanent factor which influences IP location decisions.

One of the key drivers in considering IP projects is rate of return which is typically measured by net present value (NPV) calculations. Clearly an IA regime that spreads benefits over a longer period of time will suffer in NPV terms relative to others.

Other countries have taken a different approach, introducing IP box regimes in which the IP income is simply taxed at a single low rate. The benefit here is certainty of rate, and that amortisation does not influence that rate. The most recent example is the UK which has announced proposals to introduce an IP box with a tax rate on IP income of 10%. While the UK has always been a competitor for inward investment for many commercial reasons, it has never traditionally competed with Ireland on taxation; as such, the introduction of the IP box represents a real threat to the future ability of Ireland to attract future IP-driven projects.

In the context of other UK proposals to introduce full participation exemption on dividends, reform controlled foreign company (CFC) rules, and reduce its corporate tax rate positions, the UK very strongly plans to compete with Ireland for mobile investment. At a time when the standard rate of corporate tax is continually in the news, which, despite best efforts, maintains ongoing uncertainty about its future, it is critical that Ireland continues to refine its tax offering in order to allow us to compete effectively internationally.

In summary, the following changes should be made in order to enhance Ireland's IP offering:

- The existing IA regime should be improved so that the amortisation period is reduced from 15 to 10 years, and that the 80% cap be increased to 90%. This will have the effects of improving the cash tax benefits and improving NPV calculations
- A separate innovation box regime should be introduced such that profits from ownership, development and exploitation of innovation be taxed at a single low rate of 5%. An innovation regime is broader than a patent box regime, as it has the potential to be much more active in nature and is more likely to attract higher value operations such as R&D as a consequence.

4.2 Access to funding

4.2.1 Funding for business growth

State-backed enterprise/investment bank

Access to funding remains problematic for Irish businesses, particularly SMEs seeking to expand and grow. To remedy the situation requires a range of initiatives, including strengthening of the existing commercial banks and the introduction of new capital funds. However, there is also a gap in the Irish market for a state-backed enterprise or investment bank. A market failure in credit provision for growth-oriented smaller enterprises has been well recognised in the literature. While the forthcoming SME loan guarantee scheme will go some distance in bridging the gap, more needs to be done.

The model of a state-backed enterprise/investment bank is an established one, used in Canada, the US and Germany. It would provide the certainty of source needed to fund growing and high potential businesses and would act as a catalyst to leverage funding from other equity and debt sources. The bank would be financed by the European Investment Bank and the National Pensions Reserve

Fund. Investments should be made efficiently without huge friction cost by using information already available from existing state agencies and the banking network.

4.2.2 Tax incentives for investment

Roll-over relief

The Irish tax system currently provides no incentive for entrepreneurs selling a business to reinvest proceeds in start-ups or other ventures. Roll-over relief is available in the UK whereby proceeds from a business sale are not subject to capital gains tax if they are reinvested in an approved enterprise. The scheme encourages reinvestment of such proceeds within the State and supports funding for start-ups and growth SMEs. The relief should be introduced in Ireland for non-property-based enterprises in order to encourage enterprise investment.

Employment and Investment Incentive Scheme

The level of investment in the new Employment and Investment Incentive Scheme (EIIS) has been disappointing. This is primarily due to its overly restrictive nature, lack of promotion and challenging investment climate. The model itself is nonetheless good and the scheme should be extended beyond 2013 but with enhancements to improve its effectiveness.

The EIIS needs to be accompanied by effective communication and branding techniques in order to tap into a wider pool of potential investors and to inform SMEs of the scheme. Many alternative household investors who had a tendency to over-invest in housing are likely to have difficulties in finding suitable information and advice on investing in SMEs.

Relief for individual investors should not be treated as a specified relief and should therefore be excluded from the existing cap on reliefs. As such, the EIIS should be removed from the list of specified relief for high earners. Investors should also receive the full value of the tax relief upfront. This type of tax relief is available under similar UK schemes and is perceived as more valuable and is likely to encourage further investment.

Traditional investors in the EIIS have been affected strongly by the downturn and the scheme would benefit if targeted to include non-traditional investors. Such investors have a different risk profile and are currently not sufficiently encouraged to make investments in SMEs due to relatively low value returns and relatively high investment risk.

A number of methods, including guarantees against a proportion of losses have been successfully used to promote investment schemes similar to the EIIS in other countries. The Netherlands and Austria have introduced such guarantees aimed at mitigating risk and attracting capital. Investment from non-traditional alternative investors would be encouraged by Government sharing a proportion of the downside risk.

Review of Section 481 relief for the film industry

The specific incentives for the film industry contained in Section 481 of the Taxes Consolidation Act are due to remain until 31 December 2015. However, the Department of Finance has issued a public consultation to obtain views on the continuation or amendment of the incentives beyond 2015. Cost-benefit analysis by Indecon, on behalf of IBEC’s Audio-visual Federation, shows that the economic benefits outweigh the cost to the Exchequer arising from the tax relief. Section 481 incentives are of net benefit to the Irish economy and should be extended to end-2020 to preserve employment and inward investment in the sector.

4.2.3 Investment finance

Real estate investment trusts

Ireland has introduced QIFs (Qualifying Investor Funds) in an effort to attract international funding into property investments such as apartment blocks, but to unlock international investments requires internationally recognised models, such as real estate investment trusts (REITs). REITs are a funding vehicle for property investment, offering investors a liquid, dividend-paying way of investing in the real estate market without having to hold a direct stake in a physical piece of property. Typically, a REIT is required to have most of its assets connected to property investments and must distribute the bulk of its taxable income to shareholders through dividends. Most REITs specialise is one particular type of property, such as apartments, offices or retail.

A number of countries such as Australia, Canada, Finland, France, the UK and the US recognise REITs. Their introduction in Ireland would facilitate investment into the Irish property sector by international players and provide an important source of funding. Moreover, it is clear that a trend towards long-term renting is emerging in the Irish housing market; the long-term stake that REITs typically hold on their properties would also help transition the Irish residential rental market towards more mature, European norms.

Submission 20: Community Platform

Introduction

The Community Platform welcomes the opportunity to make a Pre-Budget Submission.

Since the beginning of the current crisis Community Platform members have witnessed the deterioration in the quality of life of the people and communities we represent. This includes lone-parents, people with disabilities, people who are unemployed, women, homeless people, older people, migrants, Travellers and people in more marginalised urban communities and people living in poverty and exclusion in rural communities. These people and communities have experienced severe reductions to their incomes and in their access to public services. This impact is felt both by those mainly dependent on the social protection system and by people who are working on low incomes. Most people have experienced the impact of multiple cuts.

Our vision is an Ireland that is inclusive, sustainable and equal. We are very concerned that the negative impact of the crisis have been compounded by Government policies and have led to increases in poverty and inequality. We are also concerned at the longer-term social and economic cost of this approach and the type of society we will have in the future if it continues to be pursued.

Between 2008 and 2010, the numbers in consistent poverty grew from 186,000 to 277,000 people. The gap between the incomes of those at the top and those at the bottom widened between 2009 and 2010. The ESRI analysis of budget 2012 is that it was regressive.

The Community Platform members are keenly aware of the challenges that face the Government in closing the budget deficit. We support and encourage then in their efforts to remove private banking debt from the shoulders of Irish people.

The Government is operating within the confines of a Programme with the Troika members. However, the Troika have made it clear that this programme still provides Ireland with a lot of flexibility in terms of actual tax and spending decisions within the overall target reductions to the budget deficit.

At this stage in the Troika programme, if Ireland is to emerge from the economic downturn as a prosperous and inclusive economy and society, we need to prioritise increasing overall tax revenue to support essential services and income supports. The emphasis to date on cutting spending has been shown to be and must be rebalanced in favour of tax increases which are progressive and have least negative impact on those on the lowest incomes.

This submission covers three broad areas of concern to Community Platform members:

1. Public service reforms
2. Tax reform
3. Impact assessment.

1. Reform of Public Service

The aim of public service reform should be to make public services more efficient and effective in meeting the needs of all those who depend on them. This emphasis is in danger of being lost in the drive to make across-the-board cuts in spending, regardless of impact.

In the view of the Community Platform, many of the cuts to date have increased poverty, isolation and inequality by reducing access to vital public services, particularly housing, health, education, care and similar services. People on lower incomes and belonging to disadvantaged groups have a greater dependence on these public services and therefore suffer more as a result of these cuts.

The cuts to these services have a great personal and social impact, much of which will have to be addressed in the future, but in many cases also create false savings. One recent widely discussed example is the ways in which cuts to home care supports result in extra cost in hospital care.

Proposal

Reforms of public services must be decided in terms of whether they increase access to quality services for those who need them and contribute to the creation of a more equitable and inclusive society.

2. Tax Reform

Taxes are essential to providing vital public services and funding economic investment. There is room to increase overall tax income without increasing the burden on lower and middle income groups. Ireland has traditionally been a low tax economy with relatively low levels of investment in social supports and services compared to those EU Member States who have survived the economic downturn best, remained the most competitive economies and remained relatively inclusive and equal. Therefore if we want the quality of our public services and economic investment to be at European levels we need to move to the levels of taxation Typical of advanced European economies.

Updated figures for 2010 show that, while average tax revenue in the EU-27 was 39.6% of GDP, the tax take for Ireland was at only at 29.8%. The Government's own projection for increased taxation will result in tax revenue of just over 32% of GDP by 2015. Therefore, even by these projections Ireland will remain a low tax economy.

In October 2011 the Community Platform published ***Paying Our Way – Progressive proposals for reforming the Irish tax system***. This paper recommends that over the next decade Ireland increase its tax take to the EU average in a progressive manner.

Ireland spends over 3 times the EU norm on various tax expenditures (commonly known as tax breaks/reliefs). In 2009 the State lost €7.4 billion on tax expenditures. The Commission on Taxation identified over 100 tax expenditures costing over €8 billion. Those on higher incomes benefit most from this situation which allows them to reduce the level of actual taxes they pay and leads to inequality in the tax system.

A tax on property should include all assets (equities, bonds, commercial lettings, foreign assets, etc.) and should not be limited to family homes. For lower and middle income earners, the family home generally represents the greatest proportion of property owned. However, 33% of financial property and assets are owned by the top 1% of households. Many other countries have taxes on high wealth or assets (France, Switzerland, and Norway, with Spain introducing the tax shortly). Initially, only those earning over €100,000 should be eligible. Liabilities (e.g. mortgages) should not be liable to the tax.

A substantial amount of income is exempt from PRSI and the Universal Social Charge income levies. This costs the government hundreds of millions of euro annually. Income from capital, investments and rents should be treated the same as PAYE income – and should all be subjected to the PRSI and the Universal Social Charge. This would raise substantial income for the government and create a more progressive tax and social insurance system.

Proposals

Introduce a programme of reform which will move the Irish tax take towards the EU norm over the next ten years. For Budget 2013:

- Begin to phase in the introduction of a refundable tax credits system to ensure that all those in the tax system fully benefit from tax credits.
- Begin a programme to reduce tax expenditures to the EU average over a 3 year period – with the burden of that reduction to be borne by high income groups.
- Introduce a Comprehensive Property (Wealth) Tax to be levied on all assets including global assets. This tax should be applied, in the first instance, to income earners above €100,000. All tax expenditures must be fully quantified and subject to a comprehensive cost-benefit analysis. This would include distributional, equality and economic impact analyses.
- End Tax Exile loopholes by making citizenship the basis for taxation of high earners.
- Apply PRSI and the Universal Social Charge to all income including capital income, investment rents etc.

3. Impact Assessment

Measures introduced in recent budgets have contributed to an increase in poverty, social exclusion and inequality and the ESRI analysis of Budget 2012 has also shown that it was regressive.

TASC analysis of the impact of Budget 2012 highlighted the unequal impact of measures across different income and social groups. They propose that "*...all budgetary measures under consideration be subjected to an equality audit, whereby a full distributional analysis is undertaken to identify how different groups in society are likely to be affected. This would inform a process of equality-proofing and gender-proofing the budget*".

The Irish Government has clear guidelines for carrying out Poverty Impact Assessment. These have developed from the poverty proofing' mechanisms introduced by the "Rainbow Government" in the 1995 National Anti-Poverty Strategy. However, considering the negative impact of many policy measures on poverty it is clear that these Guidelines are not being effectively integrated into policy making. The Guidelines appear to be used only in a limited number of policy areas. It is essential that they be applied to all policies which have an impact on poverty. In addition, while some information on poverty impact assessments is published, it is not usually clear what information the assessments are based on, if and how they have influenced policy decisions and choices and why other areas were not assessed.

Proposal
In advance of finalising Budget 2012 the Departments of Finance and Public Expenditure and Reform need to carry out comprehensive poverty, equality and gender impact assessment of all measures and publish details of the process in a transparent manner.

Submission 21: Citizens Information Board

1. Introduction
This Submission is based on feedback from the Citizens Information Board (CIB) delivery partners – Citizens Information Services (CISs), the Citizens Information Phone Service (CIPS), the Money Advice and Budgeting Service (MABS) and the National Advocacy Service (NAS). Queries to CISs, CIPS and MABS reflect the challenges facing low income households and the position of those who require additional support from the State. Many are reliant fully or partly on social welfare. The cumulative effect of budget cutbacks in recent years is emerging as a significant issue for many households.

In 2011, Citizens Information Services nationally dealt with almost 700,000 clients and one million queries from members of the public. The Citizens Information Phone Service responded to 166,619 requests for information and advice from the public. The total active MABS caseload at the end of 2011 was over 26,000 clients and the MABS National Helpline received almost 30,000 calls in 2011.

Queries from the public to CISs and CIPS cover a wide range of areas including social welfare entitlements, disability-related matters, housing, education and health services. MABS provides assistance to people who are over-indebted and need help and advice in coping with debt problems

Approximately half of the queries to CISs and CIPS refer to social welfare matters and, as might be expected, many of these relate to accessing social welfare payments, including payments under the Supplementary Welfare Allowance (SWA) scheme, in particular Rent Supplement. Queries related to training, education and work options also feature consistently.

Many of the queries from the public point to difficulties and challenges faced by low-income households, many of whom are experiencing indebtedness.

This CIB Submission sets out the Board's priorities for Budget 2013 based on a consideration of the difficulties reported by citizens using information, advice and advocacy services. The Board recognises the current unprecedented constraints on public finances and the need to further reduce the budget deficit and,

therefore, acknowledges that additional resources or investment is not a realistic option. The challenge is to achieve better value for money and outcomes through better targeting and more efficiencies within and between Departments and agencies and the elimination of blockages in the administrative system

In our Pre-budget Submission last year, the CIB highlighted a number of factors identified from delivery partner feedback, including, in particular, problems arising from over-indebtedness, benefit traps at the welfare to work interface, costs of schooling and fuel poverty. The Submission also referred to difficulties for households on low income arising from administrative delays in the processing of benefit claims for people who are reliant on such income to meet their daily living needs. A need for a comprehensive review of the role of secondary benefits in enhancing or hindering unemployed people's return to work and training was also identified. A CIB social policy report on the self-employed published earlier this year highlighted specific difficulties experienced by self-employed people whose business had failed or experiencing significantly reduced trading. Reference was made in that report to the problems that arise where there is no distinction between business finance and family finance as is the case with many sole traders. The report identified a need to for additional supports for small businesses.

Many of the issues identified last year remain. Growing indebtedness and an inability to meet the costs of daily living are concerns that are being increasingly reflected in queries from the public to CIB delivery partners. Welfare to work benefit traps are a recurrent theme in queries. Cross-cutting issues arising from the experience of users of CIB delivery partner services during the past year include:

- The cumulative impact on households of cutbacks in recent budgets
- The significant difficulties experienced by low-income and reduced households with children
- How to move from welfare to work without loss of income
- Difficulties with Rent Supplement
- Impact of administrative delays in processing benefit applications on people's lives
- Difficulties in accessing long-term care (especially, community-based) supports

2. CIB Priorities for Budget 2013

The priorities for Budget 2013 should be as follows:

- *Reduce delays in the processing of claims and appeals for social welfare payments*
- *Maintain current levels of income support for children in low income households*
- *Provide further supports to meet the educational costs for low-income families and reduce these costs where possible*
- *Develop a stronger focus on localised responses to social housing need through better maximising existing local housing stock and more interaction between local authorities and private landlords*
- *Address the issue of fuel poverty in low-income households.*
- *Enhance employment initiatives and skills acquisition programmes*
- *Explore additional ways of eliminating ongoing welfare to work*
- *Continue to enhance the linkages between appropriate activation measures and social welfare payments*
- *Stimulate entrepreneurship through incentives and improved social protection measures for the self-employed*
- *Apply the concept and principles of the 'Fair Deal' to community care services (after inequities in the current scheme have been addressed)*
- *Consolidate current levels of funding for core community care services*

3. Challenges Facing Low-Income Families

A significant and increasingly common feature of the lives of citizens who use CIS, CIPS and MABS services is their core income support needs. These citizens are typically trying to manage on low or significantly reduced household income which is a combination of income from available work (very often part-time and atypical) and social welfare supports. In many instances, the information, advice and advocacy support sought is around helping them to identify and access work/welfare options. For some, the most favourable financial option is clearly full-time social welfare payments even where there is a possibility of work.

Low and reduced income families frequently experience multi-faceted challenges relating not only to income but, also, to quality of health, housing and adequate nutrition. All of these factors contribute to the personal and psychological well-being of individuals and families. Research shows that the income which some people have available to them makes a healthy diet difficult if not impossible.

In 2009 one-in-five households (317,000) in Ireland were likely to have experienced some form of energy poverty, while one-in-ten (83,000) were likely to have experienced severe energy poverty. These numbers are likely to have increased in the last three years.

- The issue of fuel poverty in low-income households should be addressed on an ongoing basis. In particular, investment in the SEAI energy efficiency and retrofitting schemes should be continued with a specific targeting of low income homeowners and social housing tenants.

Difficulties in accessing benefits and services to which people have an entitlement inevitably exacerbate the difficulties experienced by low-income families. Delays in the processing of claims for services and income supports are thus likely to put additional pressure on families, some of which will undoubtedly already be experiencing some form of indebtedness. Whilst acknowledging the improvements in waiting times for some payments such as jobseekers, delays still apply to certain key benefits and to income and support needed by many households for daily living, including Family Income Supplement (FIS); Carer's Allowance and Rent Supplement.

4. Income Supports for Families with Children

In 2010 almost one-fifth of households with children were at risk of poverty. The income levels of households with children fell almost five times more than childless households between 2009 and 2010. There was also a significant rise in the percentage of households with children reporting difficulty in making ends meet – 19% in 2010 compared with 6% in 2009.

One of the goals for children in the National Action Plan for Social Inclusion, and stated in *Towards 2016,* is that "every child should grow up in a family with access to sufficient resources, supports and services, to nurture and care for the child, and foster the child's development and full and equal participation in society (*Towards 2016,* p.30). A 2010 UNICEF Report noted that a country's real economic and social progress is gauged by how well it cares for its children, including, in particular, their health and safety, material security, education and socialization, and inclusion in society. The UNICEF report noted that while children in the wealthiest countries (including Ireland) enjoy a relatively high standard of living, not all benefit equally from the relative prosperity.

- Budget 2013 should maintain current levels of income support for children in low income households.

Costs of Schooling

The cost of education is a concern for a growing number of families. It is widely acknowledged that frequent changes to schoolbooks, the cost of extra-curricular activities, photocopying charges, exam fees and voluntary contributions are putting parents under financial pressure. An increasing number of families seek information and advice from CISs and CIPS about how to get additional assistance with schooling costs. In a recent Barnardos Survey of parents, 80% said they were struggling to meet the costs involved in sending their child to school, with 10% claiming they were unable to pay bills and were forced to choose between getting a loan or getting into debt. Although the findings indicate some reductions in the average costs of schooling since 2011, these are offset by reductions in overall household income. Also, the rates of the Back to School Clothing and Footwear Allowance were reduced in 2012. Additional schooling costs arise for households because of the reliance on parents by some schools to make up shortfalls arising from lower capitation grants from the Department of Education and Skills. While the Barnardos survey did not include transport costs, the report noted that transport costs were reported as still disproportionately affecting children in rural areas. The findings of the Barnardos survey mirror the findings of the Vincentian Partnership for Social Justice 2012 report which found that expenditure on necessities for children rises with age, notwithstanding childcare costs for younger children.

- The cost of sending a child to school puts severe strain on household finances and every effort should be made to reduce costs, through mandatory book schemes and other initiatives.
- Mechanisms for the provision of additional supports to meet the costs of schooling for low-income families should be explored.

5. Work, Training and Welfare Issues

There is a range of policies and programmes in place designed to provide pathways into work, through training, education and workplace-based schemes that will enhance employability. A second component of encouraging and enabling access to sustainable employment is the provision of welfare benefits (and tax incentives) to support those who wish to re-enter or remain in the workforce but who would struggle to adequately support themselves and their families on the income from employment, These include, in particular, Family Income Supplement (FIS), the Part-Time Job Incentive Scheme and Revenue Job Assist. There are, additionally, some supports available (such as the Employer Job (PRSI) Incentive Scheme) to employers who create jobs for people who have previously been unemployed.

Despite these supports, evidence from CISs points to some critical anomalies and gaps in the welfare system that undermine the principle of 'making work pay'. In particular, qualifying conditions for benefits such as FIS and Rent Supplement appear to impact negatively on people's participation in the workforce. The fact that Rent Supplement (RS) is not generally payable to those in full-time employment (defined as 30 hours or more per week) irrespective of level of income is identified by many people as a barrier to employment. This rule also applies to Mortgage Interest Supplement (MIS).

A major policy concern regularly identified in the feedback from CIB delivery partners refers to people's perception that they would be worse off on taking up work opportunities. Two scenarios are regularly cited by the public. One is that part-time work opportunities generally available do not pay enough to make up for the loss of corresponding benefits particularly where the employee has to meet childcare expenses. While part-time work opportunities are reported as being available in parts of the country, the low rates of pay result not only in some families being less well off than they would be on social welfare full-time

but, also, in a situation that is not financially sustainable for the families concerned. This is particularly the case where the family is not eligible for FIS and/or for Jobseeker's Allowance. The issue of jobseeker's payments for part-time workers being calculated according to hours rather than days worked continues to be problematic. The 38-hour per fortnight eligibility rule for FIS also continues to be reported as poverty trap issue as does the fact that self-employed people are not eligible for FIS.

A related ongoing issue reported by CIB delivery partners refers to people who have the opportunity to work full-time, either on a low-paid employee basis, or on a temporary self-employed basis, but do not feel able to take up such opportunities because of loss of benefits. The lengthy waiting time for the processing of claims for FIS (currently several months) has also been identified as a barrier to taking up low-paid employment. The point is repeatedly made that FIS is a 'lifeline' for low income working families. A further barrier identified to taking up temporary or casual employment, particularly on a self-employment basis, is the loss of Jobseeker's Allowance or SWA payments (including, in particular, Mortgage Interest Supplement). Some of this arises because of the fear of a difficulty and time delay in having such payments reinstated if the employment ceases or reduces significantly.

The rationale for the retention of secondary benefits was to provide a smoother transition from welfare to work. However, there has not been any systematic analysis of the long-term effects of the various incentive measures. It is clear that the retention of benefits has short-term effects but the extent to which the short-term retention of secondary benefits has facilitated people returning to work has not been evaluated. Indeed, a 2011 NESC Report noted that it was surprising that there is still such concern that social welfare payments currently constitute a disincentive to work given that only a small proportion of those on the Live Register, *viz*. people with a dependent spouse/partner and several children, face the most evident employment trap,

A key issue is how to make the social welfare system more responsive to casual and atypical working and to facilitate people to take up part-time or temporary employment opportunities as they arise and to help to ease moves from welfare to work. The NESC (2011) report concluded that "it is clear that the social welfare system needs regular review to ensure that it is providing appropriate support for people to move from part-time to full-time work as well as to begin earning something in the first place" (p. 125).

- Pending the introduction of quicker access to the Rental Accommodation Scheme (RAS) and the introduction of a Housing Assistance payment and transfer of administrative responsibility for Rent Supplement to housing authorities, the eligibility criteria for Rent Supplement should be amended to allow for greater flexibility for retention in return-to-work situations.
- The recommendation in the Report of the Mortgage Arrears and Personal Debt Group and the DSP internal review of the Mortgage Interest Supplement Scheme for an amendment to the provision which excludes people working more than 29 hours per week from rent supplement and MIS should be implemented.
- An analysis of the long-term effects of the various incentive measures and retention of secondary benefits should be carried out, taking into account the findings of the NESC 2011 Report, *Supports and Services for Unemployed Jobseekers: Challenges and Opportunities in a Time of Recession*.
- Child care provision should be examined in the context of work incentives with a possible extension to the early childhood care and education scheme and after school provision.

- FIS income limits and working hours threshold should be kept under regular review taking account of trends in earnings, social welfare rates and poverty lines. Any administrative blockages to people accessing FIS should be identified and addressed.

6. Social Housing: Rent Supplement Issues

The shortage of local authority and social housing accommodation puts the private rental sector in a strong position in terms of controlling the cost of rented housing. The relative position of the private rental sector is strengthened in current circumstances where very few people are able to buy homes and the supply/demand mechanism is thus imbalanced. The fact that private sector tenants are in a weak position as regards negotiation of rent has significant implications for Rent Supplement tenants. The evidence from CIB delivery partners shows that people are finding it increasingly difficult to find accommodation under current rent caps and, as a result, are becoming more vulnerable to homelessness, having to live unsuitable/substandard accommodation, and experiencing high levels of stress/distress arising from being forced to negotiate from a position of weakness. The fact that many landlords bought properties with large mortgages under buy-to-let schemes and are not in a position to reduce rents and maintain their own mortgage payments contributes to the difficulty generally for private sector tenants and, more specifically for Rent Supplement tenants. The general problem of availability of private rented accommodation within the current rent caps appears to be compounded in some areas (Dublin, Wicklow and Kildare) by the centralisation of rent supplement applications processing and a related lessening of the local discretionary aspects of the scheme. The current situation relating to the lack of availability of accommodation within the rent caps transfers the total burden of accessing housing to those with a housing need without appearing to significantly impact on the rental market, as envisaged in the reduction of rent caps.

The need to ensure that the Rent Supplement funding is fully targeted to those in need of social housing support, rather than acting as a significant subsidy to private landlords, is generally acknowledged. In order to ensure that the position of those relying on Rent Supplement in the private rented sector is not further eroded, there is a need to:

- Review the current rates of tenants' contribution to Rent Supplement and the maximum Rent Supplement levels
- Explore the possibility of paying Rent Supplement directly to registered and compliant landlords, as is already the case for Rental Accommodation Scheme (RAS) tenancies
- Reduce the time a person must be on Rent Supplement for eligibility for RAS (currently 18 months)
- Develop innovative ways of reducing social housing waiting lists by exploring the creation of greater synergies by Local Authorities between RAS and voluntary and co-operative housing groups and by tapping into the potential of using existing unoccupied housing stock for social housing

These initiatives would be in keeping with Government's 2011 Housing Policy Statement "to implement an accelerated rate of transfer of households from rent supplement to RAS and the sourcing of increased rental stock".

Another issue relating to Rent Supplement which has been highlighted by the National Advocacy Service (NAS) is the difficulty people deemed to have reduced capacity (and, therefore, in need of supports with independent living) experience in accessing the payment. There appear to be different practices in different parts of the country and, while, the problem may be resolved in the case of individuals through the intervention of a NAS advocate, there appears to be no overall

mechanism or guidance that applies nationally. Under current provisions, approval for the long-term Rental Assistance Scheme (RAS) is dependent on a person already been in receipt of Rent Supplement. Improving the link between Rent Supplement and RAS is particularly important in the context of the current policy emphasis on moving all people with disabilities out of congregated residential settings.

- There is a need for a more collaborative approach between housing authorities (at local and national level), the DSP and the HSE in facilitating people with reduced capacity who need assistance with independent living to access social housing in the community.

7. Older People in Need of Care and Community-based Services

The need to ration the availability of scarce resources must be balanced with transparency and equality in the delivery of community care services. The CIB welcomes the review of the system for allocating community care services currently under way and believes that a modified version of the 'Fair Deal' scheme has significant potential for application to community care services once issues and inequalities relating to its current implementation have been addressed.

The urgent need for meaningful planning for and investment in the social protection and care of increasing numbers of frail and chronically ill older people and those at end of life is widely acknowledged. However, the ongoing cutbacks in home care supports, such as home help or respite hours, can leave families with little choice but to consider residential care options despite home care being the preferred option.

The statutory provision of *Fair Deal*, in tandem with the 'discretionary' basis of home care supports, has inadvertently prioritised long term residential care over home and community care of older people. Because the provision of community care supports are at the discretion of the health service, many families have no choice but place a loved one in residential care prematurely, when home help, day care or respite services are withdrawn, reduced or not provided at all. There is widespread agreement that community support services for people with high level care needs and their carers are underdeveloped and fragmented There are gaps, mostly due to budget constraints and staff shortages, in the availability of many services, including: public health nursing, specialist services, for example dementia services, day care, respite beds, night sitting services, home help, meals service, laundry service, chiropody. A recent Seanad report on the rights of older people recommends that homecare entitlements should be clarified and put on a statutory footing, similar to that of Fair Deal.

- The concept and principles of the 'Fair Deal' scheme should be applied to community care services once inequities in the current scheme have been addressed

Role of Family Carers

There are a number of factors which relate to the ability of people to remain living in the community, including, in particular, the extent of disability and functional impairment; the availability of family-based care; and the availability and accessibility of relevant community services. While the balance of care between the community and residential care is very sensitive to marginal changes in any of these factors, the availability of family care is critical for people with high level needs (e.g., people with dementia) living at home. Such care imposes significant financial and emotional costs on carers. The Irish Longitudinal Study on Ageing(TILDA) findings show that the relative contribution of

support from non-family (20%) was far out weighted by the support received from family (67%). The relatively low numbers in this 'non-family' category was seen as emphasising the heavy reliance on informal sources and in particular spouses and children in providing care for older people.

- Funding for long-term care in the community must include a full assessment of the role and contribution of family carers and mechanisms for ensuring that such care is maximised thorough the provision of adequate supports to carers

8. Overview

The cumulative impact on low-income households of cutbacks in services and benefits in recent years is a matter of concern and should be carefully considered in the deliberations around Budget 2013. In particular, the costs of schooling, fuel costs and the impact of growing indebtedness should be key considerations.

The need to keep all children out of poverty must continue to be a budget priority in the short and medium-term as well as in the longer term. Identifying mechanisms for targeted child income supports for low income families, whether on social welfare or in low income work, should thus be a central concern for Government in social welfare considerations in respect of Budget 2013. The CIB takes the view that targeted child income supports and services are required on an ongoing basis to supplement the universal Child Benefit provisions.

The need to ensure that all people have access to good quality housing must be reflected in the way housing supports are provided. The current difficulties being experienced by some Rent Supplement private sector tenants must be kept under careful review.

The respective care responsibilities of the State and the family and a clear statement of intent in this regard must be at the core of any new integrated 'fair deal' system. The State's responsibility to work in partnership with families in the provision of adequate support services for a relatively small but very vulnerable section of people (5% of older population) must remain central to budgetary considerations relating to health and community care. Funding structures for long-term care in the community must include a full assessment of the role and contribution of family carers and mechanisms for ensuring that such care is maximised thorough the provision of adequate supports to carers.

Easy and equitable access to the support systems provided by the State is a core component of citizenship. Budget 2013 should, therefore, ensure that provision is made for eliminating existing administrative logjams in the benefits application and appeals processing systems.

Submission 22: National Women's Council

Since the foundation of the National Women's Council of Ireland (NWCI) in 1973, Ireland has made significant progress in relation to women's equality. Despite this, full gender quality in Irish society has yet to be achieved. Irish women continue to work fewer hours, earn less and are under-represented in the Oireachtas and in local and regional authorities than men.Women are far less likely to be in the Labour Force and are almost 25 times more likely to looking after home/family than men.In 2009 women's income was around 73% of men's income and even after adjusting for the fact that men work longer hours, a

woman's hourly earnings were around 94% of men's. Disposable income for households headed by a male continue to be significantly higher than those for households headed by a female and deprivation rates are higher for women and households headed by a woman than men or households headed by a man.

Evidence of the significant impact of the recession on women is now emerging. Women's unemployment is now growing at a far faster rate than men's. Evidence from the Trade Unions is showing that abuse of women's rights in the workplace has escalated in the recession. As primary care givers, women are struggling to manage the constantly reducing household budget and debts to provide for their families. To that end, the NWCI wish to restate the necessity for *gender proofing* all measures contained in Budget 2013, a measure reinforced by TASC proposals that all budgetary measures under consideration be subjected to an equality audit, whereby a full distributional analysis is undertaken to identify how different groups in society are likely to be affected, to inform a process of gender-proofing the budget.

Budget 2013 will be framed against a continuing deterioration of the country's finances and within the context of Government commitments to budget adjustment of at least €3.5billion in its Memorandum of Understanding for financial support with the EU/ECB/IMF. Notwithstanding these obligations, the NWCI would like to remind Government of its ongoing commitment to protect the most vulnerable in Irish society and its national and international obligations to achieving equality between men and women.

Recent ESRI research confirms that contrary to previous budgets (2008 to 2011), Budget 2012's combination of Indirect tax increases and welfare cuts imposed greater percentage losses on those with low incomes - reductions of about 2 to 2½ per cent for those as against losses of about ¾ of a per cent for those on the highest incomes. The NWCI would reiterate this in light of the impacts that recent budgets have had on women. Cuts to child benefit, earnings and indiscriminate increases in taxes, as well as cuts to public services on which women and their families rely, have significantly impacted on the incomes and lives of many women. Simultaneously women are experiencing reduced support in their communities as locally based women's organisations, domestic violence services, frontline services and advocacy organisations have all curtailed their services and in many cases have been forced to close, due to cuts in their funding, at a time when the demand for these services is increasing considerably. Further cuts to the income and services will have a devastating effect on the lives of women, their families and their communities.

National Context

Women & employment

In the second quarter of 2012, the female labour force participation rate was 52.7% compared to a male labour force participation rate of 67.9%.Women represented 44.7% of the labour force in 2011. Half of the labour force in the age group 20-24 was female, the highest proportion across all age groups.

Latest figures indicate that the employment rate for men is now 62.9% and the employment rate for women is 55.4%, significantly lower than the EU 2020 targets, even allowing for the reduced Irish target. Women's employment rates continue to decline. The EU Lisbon target rate for women in employment was 60%, a target that was met by Ireland in 2007 and 2008, but not in 2009, 2010 or 2011, when the rate had fallen to 56%. Information from the Quarterly National Household Survey indicates that women's employment rate is currently 54.9%, a rate not seen since 2001. The new employment target set by Europe

2020 is to raise the employment rate for men and women to75%. Ireland has a reduced target as a result of being a Programme country of between 69-71%. Without a comprehensive strategy for employment, particularly women's employment, Ireland is at risk of failing to reach this target.

Women's employment is more likely to be part-time and lower paid than men's employment. The Mandate Trade Union report *Decent Work? The Impact of the Recession on Low Paid Workers* describes precarious work as "uncertain, unpredictable, and risky from the point of view of the worker" and states that women are over-represented in the 'precariat', which has suffered an above average rate of job loss since the onset of the recession, with female employment being worst hit. The Behaviour and Attitudes survey carried out as part of the report reports on the fall in pay of approximately 40% of these workers over the last year and demonstrates what it describes the "*extraordinary level of working time flexibility demanded by retail employers"* (p. 4).The report cites Turner & O'Sullivan's (2012) paper on employees working for pay rates determined by Joint Labour Committees (JLCs), finding that they are twice as likely to be women as men.

Companies seeking cost saving measures are increasingly targeting supports for women, such as supports to statutory maternity payments. The Unite Trade Union has stated that it is dealing with abuse of women's rights in the workplace more than ever during these difficult economic times.

Crosscutting Recommendation

Gender proof all measures contained in Budget 2013

In its Annual Report for 2011 the Equality Authority stated that gender continued to be the most frequent ground for employment related queries and the third most frequent ground under the Equal Status Acts to its Information Centre. Gender (along with disability) continued to account for the largest share of case files under the Employment Equality Act. This will put continued pressure on women to leave the workforce, with serious personal and social consequences.

Women are still earning substantially less than men in Ireland despite efforts to promote equality in the workplace. According to a study by the European Commission, women here earn on average 17.1 per cent less than men and twice as many men compared to women earn over €50,000 a year. Discrimination against women, undervaluing of women's skills and the low number of women in senior and leadership positions, as well as women's continuing role as primary care givers were all suggested as reasons for this gender pay gap.

Women & unemployment

In the first quarter of 2012, there were 309,000 persons unemployed, an unemployment rate of 14.7%, the second highest ever recorded. The unemployment rate for women, which stood at about 4% over the last few years, increased sharply in 2009 to 8.1% and has risen over the last two years to 10.4% in 2011. The recession is having increasingly harsh effects on women's employment. For example figures from the Quarterly National Household Survey show that while male unemployment increased by 1.8 per cent, female unemployment increased by 10.4 per cent in the year to the end of March 2012. Figures just released for Quarter 2 2012 show a continuation of this trend. In that period, that there was an increase of 4,000 unemployed people, 3,600 of whom were female – for every man newly unemployed there were nine women.

Though not designed to measure unemployment as it includes part-time, seasonal and casual workers who are entitled to Jobseeker's Benefit or Allowance,

the latest figures from the Live Register estimates that in the past year the number of men on the register fell by almost 9,500 but the amount of women claiming jumped by nearly 3,500.

Reductions in public sector jobs are disproportionately affecting women, as women are disproportionately represented in areas of work such as health and education, sectors that are experiencing severe cuts, redundancies and job losses.

Women & income

In general terms income inequality grew between 2010 and 2011 and the Gini coefficient now stands at 33.9% and the income distribution (quintile share ratio) at 5.5%. Women's income continues to decrease both in real terms and when compared to men. In 2010, there was a difference of over €10,000 for households headed by a male in compared to households headed by a woman. In all cases the households headed by a male had disposable incomes above the average for the State and the households headed by a female had disposable incomes lower than the State average. Lone parents households (87% of which are headed by a female) had significantly lower levels of disposable incomes. Except for the first and last decile along the income distribution, women tend to be over-represented in the lower income deciles and men over-represented in the higher income deciles.

Women & poverty

In general terms, poverty increased across all measurements between 2009 and 2010. Households are finding it more and more difficult to manage finances and make ends meet. As the primary managers of households and household finances, women are disproportionately bearing the brunt of this responsibility.

At risk of poverty: The *at risk of poverty* rate increased from 14.1% to 15.8%. The rate for children was significantly higher than the average for the State at 20.5%. Households with one adult and children had the second highest rate amongst all household types at 20.5%.

Deprivation: Rates of deprivation continue to increase. Those reporting enforced deprivation of two or more items increased from 13.8% in 2008 to 17.1% in 2009 and 22.5% in 2010. The rates were higher for women (23.4%) than for men (21.6%) and significantly higher for households headed by a female (26.7%) and for lone parent households (49.8%).

Consistent poverty: The consistent poverty rate is also increasing. In 2008 the consistent poverty rate was 4.2%. It increased to 5.5% in 2009 and to 6.2% in 2010, a figure not seen since 2006. The figure is slightly higher for women than men but significantly higher for lone parent households (9.3%), children (8.1%) and households headed by a female (8.2%), which are significantly more likely to be in consistent poverty than households headed by a male (8 4.9%).

Debt: In 2010, over 22% of households were in arrears with at least one bill or loan, similar to the figure for 2009 of 24.2% of households, and a significant increase on the figures for 2008 (10.2%). One third of households (33%) that were at risk of poverty in 2010 were in arrears with at least one loan or bill. Over 11% of households stated that they had to go into debt in the last 12 months to meet ordinary household expenses and over half (50.9%) of households stated that the household did not have the ability to pay an unexpected expense of about €1,100 without borrowing. In 2012, over 65% of households stated that they had some degree of difficulty in making ends meet.

Particularly vulnerable groups of women
Lone Parents: Though the lowering of the poverty threshold in 2010 combined with a slightly higher equivalised income shows a slight improvement in terms of at risk of poverty and consistent poverty rates amongst households with one adult and children, lone parent households, 86.5% of which are headed by a woman, continue to be amongst the poorest households in the country. In 2010, the*at risk of poverty rate* for households composed of one adult with children remained high at 20.5%. In the same year, almost 70% of lone parent households stated they had experienced deprivation compared to the State average of 36% and significantly higher than any other category. Research undertaken by TASC found that single parent households (the vast majority of which are headed by a woman) lost proportionately more of their income compared to other households, as a result of the budgetary measures introduced in Budget 2011.

Older Women: There are 115,120 women aged 75 years and over in Ireland. There are 51,063 women aged 75 years and older living alone and 14,098 women aged 85 years and older living alone in the State. They account for almost 70% of all older people living alone. While the NWCI recognises that pension payments to older people have been largely protected in recent years, it is also important to note that the income of older people is amongst the lowest in the State and the income of households where the head of household was aged 65 years and over experienced a further decrease of €1,601 in income between 2009 and 2010, resulting in average income being reduced from €29,711 to €28,110 (from €30,137 in 2008). The invisibility of the reality of older women's lives has increased as a result of the withdrawal of funding from the Older Women's Network, (OWN).

Women Headed Households: As can be seen from the information above, households headed by a female and households where there is a high likelihood that the head of household is a woman (such as lone parent households) experienced some of the worst levels of poverty and deprivation in the State.

Deprivation for households headed by a female increased from 17.7% in 2009 to 26.7% in 2012, the highest increase across all households and significantly higher than the increase for the State. Households headed by a female also saw one of the biggest increases in rates of consistent poverty (from 7.0% in 2009 to 8.2% in 2010).

International Context
Notwithstanding the economic difficulties that Ireland continues to face, the State has a number of national and international commitments that it is obliged to fulfil.

EU Women's Charter: In an acknowledgement that gender inequalities have direct consequences on economic and social cohesion, on sustainable growth and competitiveness, as well as on demographic changes, the EU Commission adopted a Women's Charter in 2010 to strengthen the commitment of member states to equality between women and men. The Charter highlights the necessity to take gender equality into account in relation to five areas, including economic independence, equal pay, the representation of women in decision-making and positions of power, and respect for women's dignity and integrity and an end to gender-based violence

European Pact for Gender Equality: The European Pact for Gender Equality 2011-2020 reaffirms the importance of integrating a gender perspective into all policies and particularly urges member states to:

- eliminate gender stereotypes, ensure equal pay for equal work and promote the equal participation of women in decision-making;
- improve the supply of affordable and high-quality childcare services and promote flexible working arrangements;
- strengthen the prevention of violence against women and the protection of victims, and focus on the role of men and boys in order to eradicate violence.

EU Strategy for equality between women and men 2010-2015: Building on the Roadmap for equality between women and men 2006-2010, as well as the European Pact for Gender Equality, this Strategy spells out actions under five priority areas defined in the Women's Charter, and one area addressing cross-cutting issues

National Reform Programme (Europe2020 Strategy): In order to achieve the targets established by the Europe 2020 Strategy, Ireland has committed itself to raising to 69-71% the employment rate for women and men aged 20-64**.** Ireland has also revised its poverty target to reducing the number experiencing consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.2%, which will lift at least 200,000 people out of the risk of poverty and exclusion between 2012 and 2020.

EU Commission Advisory Committee on Equal Opportunities for Women and Men: the EU Commission Advisory Committee on Equal Opportunities for Women and Menhas acknowledged that women have been severely affected by the crisis, particularly in terms of their working conditions, their access to employment, their place in society as a whole and gender equality and have stressed the need for a targeted response addressing the real effects of the crisis on women. In their latest annual report on gender equality, the Committee has stated that improving equality between women and men is essential to the EU's response to the current economic crisis. The report, *inter alia*, emphasis the economic and business case for gender equality, the consequences of the crisis and recovery measures for women and gender equality, the advantage of tackling the gender pay gap at EU level, both for economic growth and meeting poverty targets, the economic case for promoting a balanced representation of women and men in economic decision-making, and the human and economic costs of violence. The Committee calls on EU countries, "to get more women into the labour market if they are to meet the EU's overall objective of 75% employment rate for all adults by 2020".

1. Protecting All Our Children

1.1 Child Benefit

For families, particularly women and children, Child Benefit is one of the most important features of the Irish economic landscape. It is a universal payment that made directly to all mothers, unless otherwise stipulated. The universality of child benefit is based on an understanding that those with children have higher costs than those without and therefore income is distributed from those who do not have children to those who do. It acknowledges that children are key to society and necessary economically and will be the ones to pay for the pensions of those now paying their Child Benefit. It is also part of an overall package of Child Income Supports that target child-related assistance to families who are at risk of poverty. Child poverty remains a consistent challenge in Ireland

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Child Benefit recognises the role that is played by women as care givers and that fact that income may not be distributed equally within the home. Research in the UK shows that the vast majority of child benefit is spent either directly (on childcare, clothing, nappies, etc.) or indirectly (on household bills that support the

household in which the child lives) on children. in the Irish context, child benefit is also seen and used as a key mechanism to counteract the lack of investment and availability of affordable childcare where costs for full-time care for one child can be as much as €220 per week, a fact acknowledged by the Government when they introduced the series of increases to the Child Benefit payment to account for 'increasing childcare costs'.

Child Benefit has been consistently reduced in recent budgets. It is no longer paid to for those over 18 years of age but in fulltime education. As part of the last budget, rates for third and subsequent children were cut in January 2012 (by €19 for the third child and by €17 for the fourth and subsequent children). From January 2013, the rate will be standardised at the rate of the first child (currently €140 per month). Grants paid at 4 and 12 years of age to mothers of twins and triplets have also been withdrawn. These changes have resulted in significant losses to families, particular families with more than two children. A family with five children, for example, will see this will mean a drop in Child Benefit from €801 a month in 2011 to €700 a month from January 2013, a fall of €1212 a year.

The universality of Child Benefit has been coming under increasing attack. Arguments against universality focus on the fact that some higher income families may not need Child Benefit payments and it should become part of the system that targets lower income families. The NWCI has consistently stated that it is neither effective nor appropriate to use Child Benefit as a mechanism for redistribution of wealth in Ireland. The NWCI restates its view that taxation of earned income and assets provides a much more appropriate mechanism for the redistribution of wealth and should be used as such in these recessionary times and calls for Child Benefit payments to remain universal and maintained at current rates with no further restrictions.

Recommendation

1.1 Child Benefit remains universal and payment levels are maintained at current rates.

1.2 Early Childhood Care and Education (ECCE)

The importance of good quality Early Childhood Care and Education is twofold. It is crucial for the future development of children *and* it is a key economic consideration because it facilitates parents, particularly mothers, to up paid. The importance of investment in early intervention and prevention was emphasised in the OECD 2009 report, *Doing Better for Children.* It argued that public spending on services for children should be front-loaded on children's early years (0-6):

> *"Countries should invest more resources early when outcomes are more malleable and foundations for future success are laid. Well designed, universal interventions concentrated early in the life cycle can enhance both social efficiency and social equity. Concentrating investment early means that it is also most likely to be effective in breaking the dependence of children's outcomes on those of their parents –inter-generational inequality."*

In relation to its economic importance, according to the OECD, for example, childcare supports are a key factor in the determination of maternal employment behaviour during the early years (p. 141). In its report *Going for Growth: Economic Policy Reforms*, the OECD highlights the fact that, in Ireland, women's labour market participation rates are well below those of best-performing OECD economies, especially for mothers, and high childcare costs and limited supply are major obstacles to participation.

Childcare costs in Ireland are amongst the most expensive anywhere. In their Gender Brief, the OECD estimate the childcare cost in Ireland is 29% of family net income, more than double the OECD average of 13% and the third most expensive behind the UK and Switzerland. The National Consumer Agency (nationwide survey of childcare facilities found that the average cost of full-time care for one child was €181 per week and the price ranged from €220 to €145, a difference of 52%. The NWCI welcomed the introduction of a year's free childcare for pre-school children. The introduction of the ECCE pre-school year is critical for child development and also for the development of quality ECCE infrastructure in Ireland. However, it is insufficient – both the perspective of a child's developmental needs and from the perspective of a working parent in need of affordable childcare.

General childcare provision is also insufficient, particularly in the context of changes to the One Parent Family Payment and the activation measures being targeted at those in receipt of the payment. The NWCI welcomes the statement from the Minister for Social Protection, Joan Burton TD, outlining the fact that she believes that enhanced childcare provision needs to be in place before the age limit of the child is reduced to seven. The NWCI recommendations to build a quality ECCE infrastructure from infancy to school going years remain relevant. It is crucial that childcare does not provide a barrier to women accessing or maintaining work.

Recommendations

1.2.1 Introduce a second universal free pre-school year.

1.2.2 Introduce a publicly subsidised system of out of school hour's care using existing school infrastructure.

2. Women – employment & unemployment

A real issue of concern for the NWCI is the fact that while up to now, women in employment have been less affected by the recession than men, latest indications are that women's unemployment levels are increasing at a significantly faster pace than those of men. The Gender Pay Gap also remains a key concern for the NWCI, with women earning significant less than their male counterparts. There have been consistent calls on the Irish government to put a strategic response to the levels of unemployment in place. Despite some efforts the levels of unemployment are continuing to increase and it is vital that the Government concentrate on efforts to encourage more people, particularly women, into employment.

2.1 Welfare to Work

In order to address the continuing decline in employment figures and the rise in unemployment, particularly in relation to women's unemployment levels, Budget 2013 must provide a clear strategy to sustain current levels of employment *and* stimulate new employment opportunities. Putting the supports, including affordable childcare, in place to sustain women workers to remain in their jobs is central to this strategy. Supporting women through the provision of appropriate education, training and relevant labour market experience to move from welfare to work is also crucial to enable women to play their rightful part in economic recovery. Ensuring that the work of SOLAS under the Department of Education and Skills and the National Employment and Entitlements Service develops and includes clear gender equality strategy to the provisions and measures under each body will be crucial, and will also contribute to realising Irish commitments under the EU pact for Gender Equality 2011-2020.

Recommendations

2.1.1 Adoption of a Gender Equality Strategy within SOLAS and National Employment and Entitlements Services that will;
  - Introduce innovative welfare to work strategies which have specific gender dimension and account for women's work patterns.
  - Introduce flexible education and training provision on high skill training programmes
  - Provide supports to women, particularly women with care responsibilities to enable them to access the full range of education and training options.

2.2 Supporting Part-Time & Low-Paid Workers

In work poverty is a considerable concern for the NWCI. Between 2009 and 2010, in work poverty increased from 1.1% to 1.8%, and 17.3% of those at-risk of poverty were in work. Many women are engaged in shift work and atypical employment, and they are more likely to be low paid and on reduced hours. The Mandate Trade Union report demonstrates that women are over represented in what it terms precarious work – work that is uncertain, unpredictable, and risky from the point of view of the worker, as well as part-time and casual work that requires significant levels of flexibility.

The NWCI welcomes the decision by Government to reverse the cut in the National Minimum Wage and to increase the threshold for payment of the Universal Social Charge to €10,036. However, the NWCI notes that considerably more employment in many of the 'precarious' sectors such as retail, cleaning, catering, hotel and security is governed by Joint Labour Committees (JLCs) or Registered Employment Agreements (REAs). Reforms introduced by the new legislation reduce the powers of JLCs, and companies may now seek exemption from paying ERO and REA rates due to financial difficulty. This raises concerns for the NWCI as work covered by JLCs is in the lower paid sectors and the majority of workers covered by JLCs are women, many of whom depend on the additional payments, such as those available for Sunday working, etc., to make ends meet.

In addition, the Irish social protection system is poorly equipped to address current labour market challenges such as increasing casual employment, greater demand for flexibility and in work poverty. The NWCI has long campaigned for a modern social protection system that supports women to remain engaged with the labour market, despite their sometimes atypical work patterns. Provision for systematic short time workers is extremely complex and rigid, excluding more workers than it covers. Under the current system, part time workers can only qualify for jobseekers' payments (Jobseekers Benefit and Jobseekers Allowance) if their hours are worked within three days or less in a week. Many low paid part-time workers in, for example the retail and services sectors, work hours that are organised around the busiest parts of the day and so may be working limited numbers of hours but spread over more than the three day threshold, thus making them ineligible for social welfare support (and unable to take up another part-time job).

At a time when the OECD is calling for work incentives for women to be strengthened, the Social Welfare Act 2011 changed the basis on which social protection is calculated for those working on a casual basis, many of whom are women, from a six to a five day week, a cut of 20% for part-time/casual workers in receipt of these benefits. Presented as a measure to encourage people to take up work by making it a more attractive alternative, the NWCI regards it a regressive measure that will discourage many women from taking up or remaining in casual or part-time employment.

Family Income Supplement (FIS) plays an important role in supplementing the income of low paid workers. To be eligible for FIS a person must be employed for at least 19 hours a week, which is intended to promote a minimum level of labour market attachment. However, many people have had their hours cut and are no longer in a position to reach the 19 hours limit. Sixty per cent of FIS claimants in 2010 were women, and over half of claimants are lone parents, a group with an exceptionally high poverty rate. It is undoubtedly better to keep these workers in employment, and the social welfare system has a crucial role to play in this regard. Introducing greater flexibility with regard to the hour's threshold as a temporary measure would play a valuable role in promoting much needed job retention.

Recommendations

2.2.1 Protect pay rates of employment governed by JLCs and REAs at current levels;

2.2.2 The Department of Social Protection recognise atypical work patterns by calculating unemployment on the basis of hours rather than days per week.

2.2.3 Reverse the basis on which a working week is calculated from a five to a six day week.

2.2.4 As a temporary provision, reduce the hour's threshold for FIS to support job retention during the recession.

2.3 Social Welfare Rates

The Social Protection system is of crucial importance to women vulnerable to, or living in, poverty. The majority of social welfare claimants are women, and women have a greater reliance on means-tested payments than men. Changes implemented after Budget 2012 have seen the real incomes of women reduced. As pointed out above, changes to Child Benefit have and will continue to affect incomes of women. Restricting eligibility for new claimants to the One-Parent Family Payment to those with children under the age of 12 in 2012, with further reductions to an eventual seven years on a phased basis, will have a significant impact on a very vulnerable part of Irish society. Eligibility for additional social protection payments for those on Community Employment Schemes (a pathway to work used by many women) have been withdrawn, removing incentives for many women to enter the workforce. Other reductions in, for example, Back to School Clothing and Footwear Allowances are also having a very real affect on the ability of women to cope.

It is crucial that these cuts, the cumulative effects of which are profound on many women, particularly those that are already vulnerable to or living in poverty, are stopped. Social protection rates must be maintained at current levels. Stealth cuts must also stop.

Recommendation

2.3.1 Maintain social protection payments at current levels

2.4 Qualified Adults

The status of Qualified Adult is assigned to a person who is not registered as unemployed independently and is considered to be a dependant of their partner for their income. With the exception of Jobseeker's Allowance, the value of a Qualified Adult payment is 'limited' to a proportion of the full rate, even where the dependant partner meets the unemployment criteria.

There are 95,045 Qualified Adults across all job seeker payments, the majority of whom are women. Treatment of them in this way acts as a disincentive to many signing on the Live Register, and if not registered as unemployed, women may

not get access to labour market supports to support them return to work. It also reinforces female dependency and makes women vulnerable to poverty and exploitation. In the context of the current crisis, this is a short-sighted policy. As unemployment continues to rise, it is crucial that every opportunity is taken to address joblessness in households. Women are a vital resource in this regard. Independent, direct and full payment to *both* adults in a household will contribute to addressing women's poverty, support their economic independence and increase their personal autonomy.

Recommendations

2.4.1 Abolish the limitation rule.

2.4.2 All qualified adults to be paid the same rate as main claimant and paid directly to the individual.

2.4.3 Fund a short qualitative study of adult dependants be completed as a matter of urgency in the next 6 months which would give vital information to inform the development of a single payment and the accompanying activation of adult dependants.

3. Protecting the most vulnerable women

Despite ongoing commitments that the most vulnerable would be protected from the effects of the recession, increasing evidence is emerging that the recession is having a significant impact on women in vulnerable situations.

3.1 Lone Parents

Households headed by a lone parent continue to be amongst the poorest in the country. The vast majority of lone parents in Ireland are women. Though between 48% and 60% of lone parents on social welfare are in employment, education or training, many, though not all, lone parents rely on social welfare to some extent.

The One-Parent Family Payment (OFP) is a means-tested payment those bringing children up without the support of a partner. Recent changes and restriction to the OFP have resulted in increased hardship for many lone parents. The upper age limit of the youngest child for new claimants, for example, has been reduced to 12 years of age and it will be reduced further to 7 years of age on a phased basis in following years. New participants on Community Employment schemes cannot claim OFP at the same time. Other earning disregards have also been affected with a reduction in the amount that can be earned from €146.50 to €130 per week from January 2012 and further incremental reductions planed to €60 per week by 2015. By 2015, a lone parent will lose his/her payment when their youngest child reaches 7 years of age and unemployed lone parents will move on to a Jobseekers payment and have to meet 'Genuinely Seeking Work' requirements.

OPEN, the One Parent Family Network have expressed concerns that, 'working lone parents will have to make a difficult choice between full-time work or full-time welfare'. The NWCI, OPEN and Barnardos have combined to campaign against the age limit being reduced to seven (for the youngest child) for eligibility for the OPFA citing, *inter alia,* the lack of childcare, the lack of job opportunities, lack of supports for those working in a part-time capacity, lack of education and training places, and the likelihood of increasing child poverty rates.

It is vital that lone parents, already a very vulnerable group of mainly women, are constructively supported to enter or re-enter training and/or employment.

Recommendations

3.1.1 Reverse the reduction in the youngest age of the child from 7 years to 14 years.

3.1.2 Halt any further reduction in the earnings disregard of the OPFP

3.2 Women with disabilities

According to Census 2011, 13% of the population has one or more disabilities and according to the CSO special disability survey, 18.5% of the population has one or more disabilities. Since 2008 people with disabilities have been suffering cumulative reductions in essential income and service supports. The disability-specific services they need have been reduced and freezes imposed that ignore the ever-increasing demand that comes with an ageing population.

At the same time, generally available or universal services, such as social housing, health services, leisure and dental services, which disabled people also use, have been eroded. Legislative entitlements in the Education for Persons with Special Educational Needs Act 2004, the Disability Act 2005 and the Citizens Information Act 2007 have been stalled. Huge cutbacks have been announced in capital funds for social housing appropriate to people with special needs and funds for housing adaptation grants have been reduced. Recent job creation and training initiatives have done little to enable access for people with disabilities who seek work.

Cuts of up to €1.7million in funding of Home Care Packages and €10.5 million to Home Help will have a severe impact on the quality of life of people with disabilities and directly affect their ability to live independently.

Little attention however, has been paid to the specific experiences and needs of women with disabilities in Ireland. There is an unspoken assumption that policies and practices towards people with disabilities are gender neutral and a lack of understanding of the ways in which gender and disability issues interact. In practice, gender inequalities that permeate the structures of our society combine with disadvantages experienced by disabled women to create particular forms of exclusion and discrimination.

Recommendations

3.2.1 Government immediately reverse cuts to Homecare Packages and Home Help.

3.2.2 Organisations supporting and advocating for the rights of people with disability be allocated with the necessary resources to function effectively.

3.3 Traveller and Roma Women

The situation of the Traveller Community in Ireland remains characterised by profound disadvantage. The economic downturn, austerity measures and cut backs in essential services and in positive actions measures to promote equality, have had a particular impact on Traveller women who persistently experience deeply rooted levels of oppression, discrimination and social exclusion. Findings from the recent Traveller Health study, *Our Gaels,* reveal startling statistics and the persistently poor health status of Traveller women.

The gap between life expectancy for Traveller women and settled women is 11 years and Traveller women have three times the mortality rate of the general population Published in 2010; the *All Ireland Traveller Health Study* paints a grim picture of the reality of Travellers lives. According to the survey, Traveller infant mortality (12 per 1,000) remains almost four times that of the general population, while Traveller women's life expectancy is equivalent to the life expectancy of the general population in the early 1960s and is 11.5 years less

than that of settled women. The survey shows that in the Republic 62% of Travellers experienced discrimination, 55% of Travellers experienced discrimination in getting work, 61% of Travellers experienced discrimination in shops, pubs and restaurants, and 52% of Travellers experienced discrimination in dealing with police and the courts system. For Traveller women, it is often argued the experience of discrimination is more severe.

Cut backs in the Back to Education Initiative and in FAS supports are significantly impacting on the ability of Traveller women to access programmes which aim to tackle educational disadvantage and provide opportunities for further education and employment. Traveller organisations state that approximately 50% of the budget allocated to implement the National Traveller Health Strategy has been cut or reallocated. On the other hand, there is clear evidence of the value of Primary Health Care for Traveller projects, with proportionally more Traveller women than settled women accessing breast screening and smear tests.

In line with the general trend in immigration which characterised Ireland's years of prosperity, there has been an increase in the number of Roma women migrating to Ireland from, in particular, Central and Eastern Europe. Roma women experience many of the issues and difficulties faced by Traveller women. The Commissioner for Human Rights for the Council of Europe, Thomas Hammarberg, has stated that "*Europe has a shameful history of discrimination and severe repression of the Roma. There are still widespread prejudices against them in country after country on our continent*". The European Union Fundamental Rights Agency documented the experience of minorities in an EU wide survey in 2008. They found that "on average – every second Roma respondent was discriminated against at least once in the previous 12 months". In the Irish case Roma women and the particular issues that they face have largely been excluded from policy developments in relation to women and social exclusion.

Recommendations

3.3.1 Government centralise, ring-fence and protect the Traveller health budget.

3.3.2 Maintain at least at existing levels funding of Traveller projects.

3.3.3 That a specific additional budget be allocated to the Local and Community Development Programme through the National Traveller Partnership and to funding lines for national Traveller organisations to undertake work with Roma women to be undertaken in partnership with the Roma community.

3.4 Migration and Integration

Ireland has become an increasingly diverse country. According to Census 2011, almost 17% of the population were born outside of Ireland and there were 544,400 non-Irish nationals representing 196 different nationalities living in Ireland. Among the total non-Irish community the number of women increased by 76,500 or 39% between 2006 and 2011. This compares with an increase of 48,200 or 21.5% in non-Irish men. The number of Polish women increased by 36,200 between 2006 and 2011, accounting for nearly half (47.3 per cent) of the total increase in non-Irish women.

Racial discrimination, both in terms of everyday abuse and discrimination and exclusion within Irish institutions, continues to persist. A report by the EU's Fundamental Rights Agency found that Ireland was among the top five countries in the EU when it came to racial discrimination and abuse. 73% of those surveyed from Sub-Saharan Africa stated they had experienced racism in Ireland, as did 25% of those from Central and Eastern Europe.

Exploitation of migrant workers in the workplace is another core issue of concern. This includes the exploitation of domestic workers the vast majority of whom are women working in the private home experiencing excessive working hours, pay below the minimum wage, intimidation, disrespect and illegal deductions being taken from their pay.

The Irish Government has not, as yet, ratified the ILO Convention no.189 on decent work for domestic workers.

The current long term system of direct provision for asylum seekers is inhumane and coupled with an allowance of €19 per week, makes the lives of most asylum seeking women difficult to bear "***Living in direct provision puts us at a mental health risk... we feel isolated, depressed and sad***

Recommendations

3.4.1 Increase the level of weekly payment to asylum seekers

3.4.2 Ring fence funding for local organisations working to address racism, promote integration and address the needs of women from minority ethnic communities

3.4.3 Allocate funding for the development of a comprehensive national framework for addressing racism in the Scheme of Grants to Support National Organisations

3.5 Habitual Residence Condition

Habitual residence is a condition (HRC) which must be satisfied in order to qualify for some social welfare assistance payments. It was introduced on 1st May 2004 and affects all applicants regardless of nationality. To demonstrate that you are 'habitually resident' in Ireland, you must you have a proven close link to Ireland or other parts of the Common Travel area.

Pavee Point, the Migrants Rights Centre Ireland and other organisations have highlighted the difficulties faced by nomadic Travellers, Roma, migrant workers and asylum seekers in relation to the HRC. These communities can face restrictions to social welfare, health and other services if they do not satisfy the HRC. In particular, women from these communities who experience domestic violence and who fail to satisfy the HRC have experienced difficulties in accessing supports.

Recommendation

3.5.1 In the medium-term abolish the HRC as a regressive policy.

3.5.2 In the short-term:

- Carry out a gender and equality impact assessment of the HRC;
- Remove the HRC as a condition for access to child benefit;
- Provide an exemption from the HRC for women who are experiencing domestic violence and for women who need to access health services on health grounds.
- Provide an exemption from the HRC for Traveller and Roma women in recognition of their nomadic tradition.

4. Pensions

Older people have the lowest levels of disposable income and are heavily reliant on social transfers to keep them out of poverty.

Women's work patterns have significant implications for their pension entitlements in their later years. The OECD report on gender equality in education, employment and entrepreneurship stated that though part-time or temporary work may sound attractive in the short-term to help juggle work and

family commitments, it this can be a costly long-term choice for women in terms, not just of salary, but also pension entitlements and savings and job security (p. 5).

While over 80% of male pensioners are entitled to a State Contributory Pension based on their social insurance entitlements, less than 60% of female pensioners qualify for this payment. Women significantly rely on the state pension system as a result of not being in a financial position to invest in a private pension. Even amongst women in employment, in 2009 51% of women had no pension provision (neither occupational nor personal). The NWCI has recently expressed real concern at the new pension measures being introduced by the Department of Social Protection. The measures cut contributory payments to many from September 2012 by between €977 and €1,500 per year depending on their average annual reckonable contributions.

The thrust of Government policy regarding pensions has been to encourage people to invest in private pensions and the state has supported people to take out pensions by providing tax reliefs of €2.9 billion per annum. The near collapse of the private pension system raises considerable questions about this policy direction and means that there will be an increase in the reliance on the state pension for all people in their older years. This makes the need for reform of the state system more urgent.

Clearly a new direction is urgently required to ensure that all people have a decent standard of living in their older years. The NWCI has documented the discrimination against women in the state system and has developed a women friendly model of pensions in *Pensions: What Women Want – a model of pensions that guarantees independence,* (NWCI 2008).

Recommendations

4.1 Maintain the rate of the Contributory and Non Contributory Pensions
4.2 Introduction of a universal pension for all, funded through the removal of tax reliefs for private pensions.

5. Taxation reform

It is clear that the impact of narrowing the tax base in previous budgets has contributed significantly to the current fiscal crisis. The NWCI has consistently advocated for a wider tax base so that a high level of public services can be delivered and maintained. In reforming the taxation system, basic principles of redistribution must apply where those who have the highest levels of income and accumulated wealth must contribute most to the state finances. The Community Platform paper has demonstrated how, in contrast to these principles, the overwhelming majority of tax breaks benefit high income groups the current tax system. It recommends a three to four year programme of phasing the number and cost of tax expenditures down to EU levels would save an estimated €1.5 billion a year. The NWCI as an active member of the Community Platform concurs with the recommendations of the report.

Recommendations

Income Tax

5.1 Introduce a refundable tax credits system to ensure that all those in the tax system fully benefit from tax credits.

Taxing Wealth

5.2 Introduce a third tax band for high earners (over €100,000 per annum).
5.3 The cost of tax expenditures be reduced to the EU average over the medium-term – with the burden of that reduction to be borne by high income groups.

5.4 All tax expenditures must be fully quantified and subject to a comprehensive cost-benefit analysis. This would include distributional, equality and economic impact analyses.

6. Women and Health

Health Service Reform

The NWCI welcomes the government's plans for a radical reform of our health services which includes the introduction of universal health insurance and a new governance and organisational structure. However NWCI is concerned how reforms to improve access to healthcare can be introduced in the light of growing deficits and cuts in services. An inequitable two-tier and gender blind healthcare system coupled with draconian funding cuts are already resulting in wider health inequalities and poorer access to essential services. This is particularly affecting women living in poverty and disadvantaged communities, lone parents, older women, women with disabilities and people living in rural and isolated communities. Further cuts to our health services will have a detrimental impact on essential frontline services and seriously undermine the possibility of the reform programme being implemented in the foreseeable future in particular in the area of primary care and mental health. While the necessary resources need to be ring fenced to achieve the reform goals government has set for itself, the NWCI makes four recommendations on health services in the context of Budget 2013.

6.1 Resourcing Gender Mainstreaming Initiatives

Gender is a key determinant of health. Gender Mainstreaming is a globally recognised approach for achieving gender equality which can be implemented through an assessment of gender inequalities and by integrating a gender sensitive approach into health care policy planning and service delivery. The Irish government has made firm commitments both nationally and internationally to integrate a gender perspective into the planning, delivery, implementation and monitoring of health care (e.g. National Women's Strategy 2007-2016)

A Gender Mainstreaming Framework has been developed under the auspices of the HSE Gender Mainstreaming Steering Group. This Framework provides a strategic and operational plan for uncovering and tackling entrenched gender inequalities and gender differences in health and addresses the complex interaction between gender and other social determinants of health for example socio-economic status, poverty, ethnicity, disability and age.

Budget 2013 represents an opportunity to provide the required resources to ensure that the development of the radically transformed health service promised in the Programme for Government builds in gender mainstreaming across the full complement of health services.

Recommendations

6.1.1 Establish a gender mainstreaming unit within the Department of Health as recommended by the National Women's Strategy to oversee and implement the HSE Gender Mainstreaming Framework document

6.1.2 Provide a specific budget line to implement the HSE Gender Mainstreaming Strategy

6.2 BreastCheck

The NWCI welcomes the national roll-out of BreastCheck, and notes that the National Cancer Screening Service (NCSS) has committed to addressing anomalies in access to services. To bring the BreastCheck service into line with international best practice, the NCSS proposal to extend the age bracket to 69 years should be implemented as a matter of priority. Ireland has an aging female

population and the over 64 age group has the second highest incidence rate of breast cancer in Ireland. The Government has also committed in its Programme to extend screening to women aged 69yrs.

Raising awareness among GPs and women of breast cancer risk for women up to age 50yrs is also an important part of encouraging early detection amongst younger women.

Recommendations

6.2.1 Deliver on commitments in the Programme for Government and extend the eligible age bracket for Breastcheck to cover women aged 65-69

6.2.2 Awareness raising programmes amongst GPs and women for early detection of breast cancer particularly in the 40-49 age group

6.2.3 Maintain supports for community based women organisations that are assisting the National Cancer Support Service in improving uptake rates in disadvantaged or isolated areas.

6.3 Women and Smoking

Lung Cancer has now become the main cause of cancer death in women, outnumbering breast cancer deaths. Lung Cancer is the biggest cancer killer in Ireland for both men and women with 1,708 people dying in 2010 (1,006 men and 702 women). Breast cancer deaths for the same period amounted to 634. New cases of lung cancer in women have increased by 17.6 percent in 2010 whereas breast cancer cases are increasing at a much lower rate.

Smoking is the principal cause of lung cancer with 9 in 10 lung cancer cases attributable to smoking. In Ireland, women in the lower socioeconomic groups have a higher rate of smoking than the rest of the population. Women aged 18-29 in this group have a rate of smoking which is twice that of women from more affluent groups in the same age group (56%). Women in the lower social groups are also less likely to quit smoking. More people in higher social groups reported attempting to quit in last 12 months compared with other social class groups (SC1-2:21%; SC3-4: 15%; SC 5-6:15%).

There is a strong relationship between levels of deprivation and incidence of lung cancer in women with women living in the most deprived circumstances having 1.7 times the rate of lung cancer incidence as women in least deprived areas (NCRI, Annual Report 2011). Graham et al, 2005 found that early motherhood, non-cohabitation, and lone motherhood increased the odds of smoking. 87% of single parent families are headed by women.

Recommendation

6.3.1 Develop and resource community based smoking cessation services for women, with a particular focus on disadvantaged communities. Services should be designed to meet the specific health needs of each target group and take into account health literacy levels and attitudes towards smoking.

7. Violence against Women

7.1 Domestic and sexual violence

Domestic and sexual violence remains prevalent in Irish society. Addressing domestic and sexual violence in terms of prevention and ensuring an appropriate response for survivors involves many different agencies, statutory and non-statutory, playing their part in a co-ordinated way to ensure effective responses to the complexity of issues involved. The NWCI acknowledges that COSC the National Office for the Prevention of Domestic, Sexual and Gender Based Violence has been in place since 2007 and a National Strategy on Domestic, Sexual and

Gender Based Violence 2010-2014 is being implemented. However progress is very slow. In the four years since the establishment of COSC, the effect on the ground for victims has been limited and the lack of a co-ordinated agency response to the issue of domestic and sexual violence is having a negative impact on women's and child's safety.

NGOs providing services to women experiencing domestic and sexual violence are witnessing an unprecedented growth in demand for their services. According to Rape Crisis Network Ireland, Rape Crisis Centres have seen a relentless year on year increase in demand on their services. In 2011 there was an 11% increase from 2010 in survivors and others seeking counselling and support from their specialist services. This is on top of a 9% increase from the previous year. SAFE Ireland recorded that in 2010 more than 7,235 individual women and 2,850 individual children received support from domestic violence support services. This represents over 40% increase in demand for these support services over three years with some services experiencing up to 35% cut to their funding during this period. At the launch of their statistics for 2011, the Dublin Rape Crisis Centre reported calls to the National 24 hour helpline operated by the centre increased by nearly 10% in 2011, an overall increase of 25% since 2008. This increase coincided with a further reduction in the statutory funding received from the HSE.

Services for violence against women have been chronically underfunded for years. This situation has reached crisis point as there have been additional cuts to funding in the last three years so more and more women are not being accommodated in refuges or are on waiting lists for support services. Services have been forced to cut positions, programmes or hours of operation.

It is essential that services that assist women in this situation are adequately funded to be able to respond appropriately. Refuge provision remains inadequate and many women and children are unable to access refuge accommodation each year. Safe Ireland report that on over 3,236 occasions in 2010 services were unable to accommodate women and their children because the refuge was full or there was no refuge in their area. The Council of Europe recommends that there should be a target by member states of at least 1 refuge place per 10,000 of population and Ireland seriously lags behind this modest target.

The National Strategy on Domestic, Sexual and Gender Based Violence 2010-2014 describes how the economic cost of domestic violence to the Irish economy is estimated to be in the region of 2.2 billion annually when based on studies in other countries. There has been no study into the extent of the costs of domestic violence across public services, opportunity costs and loss in productivity and longer term recurring impacts for children who are directly impacted by domestic violence. Taking the health impact of domestic violence alone it is critical that preventative and recovery programmes are resourced. It makes no economic sense to reduce funding to tackle domestic violence in Ireland. In fact it should be prioritised by the government to address the extreme enormity of human rights violations experienced by thousands of women each year. Cuts to preventative and crisis support programmes, such as domestic violence support services, is a false economy.

The NWCI welcomes the recent public awareness campaigns on the issue of sexual and domestic violence. However the NWCI notes that the baseline prevalence study on sexual violence, the Sexual Abuse and Violence in Ireland (SAVI) Report was published in 2002 and though has since acted as a key informant of Irish policy in relation to sexual violence, it is considerably out of date. The NWCI further notes that the National Strategy does not make a commitment to the publication of a SAVI II Report. In order to develop clear

comparative analysis a SAVI II Report is required to evaluate changes over the past decade and provide an evidence base to inform responses to the issue of sexual violence. The NWCI calls for this research to be commissioned and resourced.

Recommendations

7.2.1 Increase funding to organisations providing front-line services and supports to survivors of violence against women by 10% to offset budgets cuts in recent years.

7.2.2 Increase funding to advocacy organisations working at a representative, policy and support level by 10% to offset budgets cuts in recent years.

7.2.3 To ensure access to safe, emergency accommodation for women experiencing male violence, a target of at least 1 refuge place per 10,000 of population should be agreed and resources ring fenced to make progress towards that target

7.2.4 Allocate resources to fund a SAVI 2 Report in relation to the nature and extent of sexual abuse and violence in Ireland and research into the economic cost of domestic violence in Ireland

7.2 Female genital mutilation

Female genital mutilation (FGM) is a harmful practice that violates the human rights of women and girls, in particular the right to the highest attainable standard of health, the right to be free from all forms of gender discrimination, the right to life, the right to bodily integrity and children's rights to special protections. The practice perpetuates negative gender based stereotypes and has serious social, health and psychological consequences. FGM continues to affect the lives of many women in Ireland. Research undertaken by AKIDWA in September 2010 found that the number of women that had been subjected to FGM had increased from 2,585 to 3,170 within four years.

The NWCI acknowledges and welcomes the recent passing of the Criminal Justice (Female Genital Mutilation) Act 2012 that explicitly prohibits the practice of FGM in Ireland and looks forward the Act's commencement. The NWCI, however, does not consider that legislation by itself is sufficient to prevent FGM. Immediate inter agency action is required in implementing this legislation, to take place as a matter of priority.

Recommendations

7.2.1 Allocate resources for the establishment of an inter-departmental committee on FGM who would be tasked with the role of drawing up a National Action Plan to Combat FGM. Provide resources for a nationwide information awareness campaign on the new legislation

8. Protecting the Voice of Women

At the European and the national level, we witness how the crisis is used to cut funding for women's rights and gender equality-related activities and institutions and how these issues are losing visibility and focus. These cuts also threaten the very existence of women´s organisations. In Ireland, cuts to the National Women's Strategy, cuts to the NWCI of Ireland of 35%, and cuts of up to 20% to grass roots women's groups working to provide education, training, childcare, a range of services and a voice to women who are most marginalised, all echo this European trend.

The economic crisis, and the severe impact of this crisis on women, is leading to increasing demands on women's organisations at grass roots and national levels to respond to the immediately pressing needs and concerns of women. At this

time, in particular, it is crucial that the voice of women is represented and their experience reflected in the development of policies that affect their lives. Funding cuts serve to reduce the capacity of women's organisations to effectively represent the voice of women.

Women's NGOs are needed for the development of quality democracy, growth and welfare. This trend not only risks jeopardising recent progress; it also risks creating serious backlashes regarding for example the support and prevention of violence against women, the promotion of women's economic independence or fighting against negative gender stereotypes.

As the Irish Presidency of the European Union draws near, we call on the Irish Government to show leadership and to act as a driving force for women's rights despite the economic and social crisis.

Recommendations

8.1 Ensure that there is no further degradation of funding for women's rights and gender equality

8.2 Increase funding to the NWCI by 10% to offset recent budget cuts

8.3 Increase funding to the National Collective of Community Based Women's Networks through the Local and Community Development Programme by 10% to offset recent budget cuts – to be distributed to the local women's' organisations

Submission 23: The Consultative Committee of Accountancy Bodies – Ireland (CCAB-I)

The Consultative Committee of Accountancy Bodies – Ireland (CCAB-I) is the representative committee for the main accountancy bodies in Ireland. It comprises Chartered Accountants Ireland, the Association of Chartered Certified Accountants, the Institute of Certified Public Accountants in Ireland, and the Chartered Institute of Management Accountants.

The focus of its Pre-Budget Submission for Budget 2013 is centred on practical amendments to current tax reliefs which will have a significant impact on the domestic economy for the purposes of jobs creation and is informed by the Government's Action Plan for Jobs 2012. In the light of the current Economic position, CCAB-I has taken care to ensure that the suggestions are either revenue neutral or revenue positive. Despite the bad press which taxation policy has received in some quarters, reliefs and incentives remain powerful and effective tools in the management of the Irish economy.
The suggestions made include:

- Both the Seed Capital relief and the Enterprise and Investment Incentive Scheme have an important role to play in providing capital for Irish business. The tax benefit of 30% under the Enterprise and Investment Incentive Scheme for rewarding the investor to make a high risk investment is inadequate. The relief should be removed from the list of restricted tax reliefs to make it a worthwhile use of an investor's limited resources.
- Seed Capital Relief should be amended to allow for a mix of loan and equity investment which can be structured to ensure that the relief is not abused while still allowing the entrepreneur to make a commercially viable investment.
- The option for employers to transfer an element of Research and Development (R&D) relief to employees as introduced in Finance Act 2012

is a positive development but requires a broader application to lower paid employees and companies in the loss making phase of business development if the relief is to have any real benefit for domestic businesses.

- A special Income Tax rate of 12.5% on bonuses paid to employees and inventors directly involved in the innovation process is proposed.
- The 2003 "base year" R&D system should be replaced with a full volume based system to ensure the fair treatment of companies who have shown long-term commitment to R&D investment.
- The Special Assignee Relief Programme in Ireland is designed to attract senior executives and decision makers into the country. However it is still uncompetitive in comparison with other jurisdictions with whom Ireland competes with for Foreign Direct Investment and further amendments are required to ensure that this relief is optimised in Ireland's favour.
- The Foreign Earnings Deduction designed to promote marketing efforts by Irish business in Brazil, Russia, India and China should be extended to include countries such as the US, Saudi Arabia, Switzerland, Singapore, Japan and Australia.
- The seven-year CGT exemption for certain property purchases introduced last year should be extended to include shares which derive their value from property to bring about a sustainable and real stimulus to the property sector.
- It is time that some policy consideration be given to the use of pensions savings to address mortgage debt issues. While there are legitimate concerns over the use of pensions savings to relieve property debt, equally there should be concern over unsustainable levels of mortgage repayment while adequate pensions savings are in place to relieve the debt burden.

Submission 24: Irish Congress of Trade Unions

10 Key Recommendations for Budget 2013

1. Undertake an investment stimulus of €3bn a year for three years to create some 100,000 new jobs overall and boost GDP by 2% per annum.
2. Introduce a new 48% tax rate for individual incomes over €100,000, along with a 1% Wealth Tax. Profitable corporates must contribute more (by restricting write-offs) abolish SARP, tackle tax fugitives and clamp down on evasion and avoidance.
3. Introduce the Financial Transaction Tax - 10 EU countries have already agreed to do. The tax could raise €500 million annually for Ireland.
4. The EU must mutualise Ireland's bank debts, which were run up by private banks.
5. Deal effectively with the Irish Pension crisis with policies that boost pension take-up and phase in the reform of state pensions (raising the age for pension take-up) to allow workers time to adjust and prepare.
6. Extend the period of adjustment to 2017 and reverse the planned ratio of spending cuts to tax rises.
7. Congress supports Labour Market Activation but it must be fair and focused on encouraging people into the workforce and not just a way of managing expenditure cuts. Broaden the apprenticeship system and introduce a Youth Guarantee to help link young people to skills training and the workplace. Increase the effectiveness of monitoring of employment standards to staunch the haemorrhage of tax revenue being lost because of misguided public procurement practices.
8. Effective policies are needed to address poverty traps and fuel poverty. There must be far greater efforts to tackle inequality. The new eligibility

criteria for the state pension, for example, impacts most severely on women. The level of cutbacks in disability funding to date – 14% over the past four years has gone too far and must be reversed.

9. There must be no privatisation of major indigenous enterprises to repay the debts of failed Irish banks. Indigenous enterprise should be developed under NewEra and become an engine of the recovery, not eviscerated.
10. The focus on public sector reform has detracted from the necessity to radically reform corporate governance in the private sector, where obsessive secrecy and perverse incentives abounded and the emphasis was on deal making rather than creating value. This must become a priority to stop the mistakes of the past being repeated.

Ireland remains under the Troika *programme (of assistance)*. Fiscal targets are being met but there is no recovery. The IMF now admits that programmes of austerity are bound to fail unless accompanied by measures that support economic growth: *"The first lesson is that fiscal consolidation efforts need to be complemented by measures that support growth: structural issues need to be addressed and monetary conditions need to be as supportive as possible."* This study is based on the IMF's analysis of 100 years of public debt deficits.

Portugal reversed its plan for an internal devaluation through wage cuts and instead is increasing taxes. Ireland is in the fifth year of recession. Policy is clearly failing. The best solution is to change policy, not try harder. Ireland needs to plot a new direction, under a new economic and social plan.

Congress repeatedly warned that the period of adjustment – in which to reduce the deficit to 3% of GDP - was too short and would inflict damage. Initially, the adjustment period was to be only three years, then it was extended to four and it is now five. But given the prolonged economic and political crisis in Europe and no prospects of economic growth, we believe it now needs to be extended to at least seven years, to 2017.

As Nobel Prize-winning economist Amarya Sen has observed: "The moral appeal of austerity is deceptively high - *'if it hurts, it must be doing some good'* " - but its economic ineffectiveness has been clear at least since Keynes's debunking of 'the remedy of austerity' in the Great Depression of the 1930s, with unemployment and idle capacity due to a lack of effective demand.

"It is also self-defeating in reducing public deficits, because austerity tends to depress economic growth, so reducing a government's revenue. Much of the Eurozone has been shrinking rather than expanding since the inception of these policies."

These wrong–headed policies have hit many people hard. **There are 358,000 (-6.7%) less people at work now, than in 2007.**

Policy has been counterproductive, with falling incomes, high unemployment and disappearing public services. In addition, we saw net emigration of 35,000, to April 2012. It can be seen that GDP has fallen by almost 17 per cent and GNP has fallen by an even greater amount, since 2007 - a fall of some 22%. Domestic demand - central to jobs and living standard - was down by a massive 26%, by Spring 2012 and it is still falling. Nominal economic growth figures are at 2004 levels. There are few green shoots, regrettably.

The only target being met is on deficit reduction. Two-thirds of the 'adjustment' of €24bn to end 2012 has been in cuts in public services and only one third has been in increased taxation, largely the less progressive taxes. It is planned to

maintain this imbalance in the adjustment to 2015, even though it is not working. Congress reiterates that the cuts should be greatly scaled down, with much more raised in taxation.

Cuts hurt the vulnerable most and some €16 billion has already been extracted from the economy in cuts, since the crisis began. This is the equivalent of 13% of GNP. This has had a devastating impact on the more vulnerable sections on society, on domestic demand and confidence.

There will be a carry-forward of agreed savings on the public sector pay bill, under Croke Park. There is room for greater efficiencies, through tighter control and cuts in the cost of public contracts and public procurement. Both are huge spending programmes, covering consultants, accountant, lawyers and medicines etc.

The balance in the adjustment should be made up of increased taxes on those who are very well off (see Appendix 3). The level of cuts proposed by Government - at the ratio of 2:1 - is much more deflationary on the economy than say, the reverse of that ratio. We need to transform this vicious circle into a virtuous one, with a plan to create 50,000 net new jobs by end 2014. 4 SIPTU has set out a plan to achieve this in a manner which challenges the orthodoxy that has clearly failed over the last five years.

In short, we are setting out a viable new course that is capable of bringing employment, growth and confidence back to Ireland.

2. The European Context

Since the early months of 2012, we have seen a shift in opinion among most, but not all economists. The majority now recognise the importance of promoting growth. Even advocates of austerity - including the IMF - now call for a simultaneous growth/stimulus package.

2.1 The European Social Model

The defining characteristic of European society is the European Social Model. Congress recognises that the Irish Government is struggling to maintain what has been a relatively underdeveloped Irish social model (relative to Europe) in very tough times. Congress supports the position of the European Trade Union Confederation, which has proposed the adoption of a Social Compact for Europe.

We believe the Irish Government should make the introduction of a Social Compact a priority of its EU Presidency in 2013, as a means of countering the dominance of unstable markets and the excessive power of corporations in Europe. The Social Compact comprises a number of key elements, including:

- Enhancement of the role of the European Central Bank as lender of last resort enabling it to issue Eurobonds.
- Growth and investment programmes adapted to each country.
- Regulation to secure a transparent financial sector at the service of the real economy.
- Introduction of a Financial Transaction Tax.
- A youth employment or Training Guarantee for all young people.
- Measures to improve the quality of jobs and the pursuit of active labour market policies.
- Redistributive and graduated taxation on income and wealth.
  - The end of tax havens, tax evasion, 'tax competition', tax fraud, corruption and undeclared work.
- Policies to end the pay gap between women and men – all wage floors should respect Council of Europe standards on fair wages.

There must be greater cooperation and coordination of economic policies and investments that promote a greener economy, in Europe. There must be reform of corporate governance in the private sector, shifting from 'shareholder value' to the values of all *stakeholders*: workers, consumers, community and the environment. It must be part of a clear political and institutional framework that reflects this common destiny, in particular through the creation of Eurobonds, a stronger role for the European Central Bank in managing the crisis, convergence and coordination of tax policies (corporate tax bases and rates of taxation), rapid implementation of the Financial Transaction Tax and a much more determined fight against tax havens.

To remain true to the goal laid down in the EU Treaties, of "improved living and working conditions, so as to make possible their harmonisation" this new European governance must also ensure quality employment, fair wages, equal treatment and good social protection. The Decent Work agenda must become a priority across Europe, both as a means of driving recovery and as the basis of a more equitable and sustainable society.

2.2 The Social Model in Ireland

Ireland must move towards the wider EU model in terms of greater revenue from taxation. With low taxes and low public spending relative to other EU states, the quality and capacity of Irish public services will remain below European standards. Ireland's total government revenue is the lowest of the 15 EU countries. In the middle of a deep crisis, this is incomprehensible, other than in terms of 'small-state' Tea Party-inspired ideology.

3. The Economic Background

The economic crisis has lasted a long five years. There are few green shoots – just exports and the reduction in interest on 10 year bonds. All other economic fundamentals are performing poorly. The Irish Crash of 2008 was caused by the banking sector which lent far too much to the wrong people and sectors. The leadership of the European elite at all levels is clearly incapable of bringing stability to the Union and especially to the Euro, which is still under threat. It is known that when there is a deep recession on top of a major financial crisis, it takes much longer to recover. The level of austerity is too harsh. The recovery period is too short. The mix of cuts and taxes is exacerbating the crisis.

3.1 Extending the Timeframe for Adjustment

Those who rejected our calls for a longer period of adjustment to reduce the deficit may have genuinely believed that their target could be met and growth restored. The target for the deficit reduction may still be roughly on course - but at what social and economic cost? It is not good enough to blame the prolonged recession in Europe for our ills. The impact of the huge *adjustment* of cuts in Irish public spending combined with often regressive tax increases (€24bn or equivalent to 19% of 2012 GNP) has devastated domestic demand, employment and confidence.

The cost of higher interest payments on borrowing over a longer period would not impact adversely as they would be more than offset by economic growth.

At an assumed average borrowing rate of 5% an extension of the timeframe to 2017 would cost an additional €430m in 2016, based on static calculations.

However, in the real economy, the impact will be significantly affected by the quality and composition of changes to both government revenue and expenditure

through its positive impact on growth in GDP, employment and thus tax revenues. Congress has proposed an investment stimulus of €10 billion over three years which would boost the level of GDP by 2%, i.e. by over €3,200m annually.

3.2 Write-Off or Mutualisation of Ireland's Private Bank Debts

Congress demands the mutualisation of Ireland's bank debts which were run up by private banks - borrowing from willing banks in Germany, Britain, France, Belgium and the rest of Europe. The last government foolishly agreed to repay all of these debts, in full, with interest and without knowing how staggering they were. The socialisation of the private sector bank debts by a small economy like Ireland will hang over Irish citizens for generations, unless and until the European Union assists in this mutual problem.

As economist Micheal Hudson has said: *"Debts that can't be paid won't be. Postponing the day of reckoning imposes a needlessly destructive interregnum of austerity in which the financial sector extracts as much revenue as it can."* The solution is some kind of bank debt write-off or mutualisation.

3.3 A Different Adjustment

Congress accepts the reality of next year's budgetary targets for the deficit. However, it is important that we:

- Limit the devastating impact of fiscal austerity on domestic demand, growth and employment in a far greater way than has been attempted to date.
- Signal a firm intention to gradually reduce the government deficit and debt through prudent fiscal adjustments and growth-enhancing investment.
- Alter the composition of fiscal adjustment over time to move Ireland up closer to European norms of taxation and revenue, to ensure the rich pay a fairer share.

Ireland remains a low-tax economy. Congress is not proposing to move to a high-tax economy. Rather, we propose a balanced and gradual increase in revenue as the economy begins to grow again and as those on high incomes pay their share of adjustment.

The average effective tax rates on high-income individuals could be significantly increased. The effective rate of income tax is less than 20 per cent for 593 high income earners (up to €400,000 a year) who were sheltered by property tax breaks in 2010. They at least pay a minimum tax under the high income earners' restriction, which generated €81m in that year 2010 which would otherwise not have been paid by these wealthy people. It is sometimes claimed that cutting expenditure is a more efficient way of reducing Government deficits than raising taxes. This view is not confirmed by a review of the relevant literature9.

4. Delivering Jobs and Growth

The biggest obstacle to creating employment is the depressed state of domestic demand in the Irish economy. It fell by a staggering 25.7% from peak by Q2 of 2012 and is forecast to fall further in 201310. The solution is economic growth, investment and job creation which can generate new revenue and save on public spending by getting people back to work. Domestic demand was a major component of the high growth achieved in the real Celtic Tiger years. In short, exports are important, but they alone are insufficient to generate sustainable growth and jobs in sufficient numbers.

The Government's state-led stimulus plan announced in July 2012 was a good start, and Congress believes that if it is implemented well, it will boost private sector confidence, leading to further growth investment stimulus. Congress has

long warned that recovery would take far longer as this recession came on top of a deep financial crisis. This synchronised recession in Europe, along with problems in the US was made worse with simultaneous deflationary policies in many countries. Congress has proposed a targeted, frontloaded, strategic investment of an average of €3bn each year over the next three years, in addition to the committed public capital programme; an annual boost worth almost 2% as a share of GDP, to the Irish economy.

Our plan is much more ambitious than the government's, but the July 2012 announcement was a step in the right direction. In this Budget, we call for more ambition and for focused ideas for investment to be set out. The investment stimulus proposed is only one part of a long-term strategy to achieve economic recovery, sustainable development and greater equality. Our objective is to deliver much needed strategic infrastructure at a fair cost that, where possible, would be kept off the State's balance sheet. This would expect to generate in the order of 30,000 jobs per annum. It would begin to offset the deflationary impact of fiscal austerity, which has already taken €24.4bn out of the economy over the past four years to end 2012:

The investment stimulus would:

(a) Help to restart domestic economic activity;
(b) Meet vital long-term infrastructure needs and reduce the deficit;
(c) Boosting private investors' confidence and give people greater hope;
(d) Reduce long-term, structural unemployment, and;
(e) Boost long-term growth and competitiveness.

It is Congress' view that Ireland has no choice but to put in place a *sustainable growth strategy.* The ESRI12 has claimed that any stimulus programme would be futile, as the openness of the Irish economy would imply high leakage of any fiscal boost and that access to funding would prove too difficult. Yet compared with other sectors, construction has a relatively low import content at 20%13 and while this will vary according to different civil engineering and building projects, the important point is that the rolling out of much needed infrastructure projects can be prioritised according to their import content and labour intensity.

For the ESRI and others, it is simply not good enough to dismiss any attempt to kick-start the domestic economy by fleeting reference to previous chapters in Ireland's economic history. There are important lessons to be taken from the experiences of the 1950's, 1970's and 1980's, but abandoning any hope of reviving the economy is certainly not one of them.

In *Delivering Growth & Jobs Congress* pointed out that Ireland's investment record over the eleven years until the Crash averaged a very strong 5.7% of GNP pa. This was one of the highest levels of public investment in the world because we were attempting to catch-up with Europe. However, with the exception of our intercity road network, we are still well-short of the European levels of education, health and telecommunications facilities. Ireland's infrastructure has not reached continental European standards.

Too many of our children are still being taught in prefabs and public health facilities and public transport linkages, particularly in the west, remain inadequate. We were catching up with Europe, but were stopped short. Nor is it even the view of business that we attained European levels of public infrastructure from the eleven year investment boost. In a World Economic Forum Study (2011), business executives ranked Ireland a low 24 out of 28 countries for our quality of infrastructure and significantly below the OECD average. The National Competitiveness Council (2011) has said "deficiencies remain."

With domestic demand now back at the levels of ten years ago in 2003, and still falling, as Figure 2 shows, (aside from a blip in early 2012, due to imports of machinery), jobs should be the number one economic priority.

The Jobs Crisis
The scale of the jobs problem is illustrated by Figure 5. There has been a fall of 358,000 jobs since peak in 2007 to Q2, 2012. This is almost a fall of 17%. This means we have almost one in five less people at work than just five years ago. According to official data from the CSO when those who are willing to work and who are staying in the home or in education are included in the figures, the rate of unemployment rises to 25%.

5. Taxation

5.1 Increasing Revenue through Taxation
Much more revenue can be raised by increasing taxes on unearned income/wealth. This can be done by tackling tax shelters; pursuing tax fugitives with vigour; clamping down hard on the Shadow Economy; imposing a wealth tax; ensuring the largest corporations contribute more, given that the crisis was generated by some of their largest indigenous members, the banks and property speculators.

To date, over three out of every five euros raised in new tax measures since 2009 has been from working people. Just 20% of tax changes have been targeted at the better off.

The alternatives to the current failing economic policy are set out in this submission, in SIPTU's *Towards a New Course* and in the Nevin Institute's *Quarterly Economic Observer*.

5.2 Income Tax
The stated position of this government is not to increase income tax. This is not sustainable, nor is it equitable. Income tax is the most progressive tax and needs to rise to increase revenue. Congress rejects the growing right wing tendency to describe income tax as the job destructive tax, when especially regressive taxes like VAT are promoted as the alternative. Only 40% of tax revenue raised this year will come from income tax. For example, for every €100 raised in income tax, citizens will pay an additional €107 in taxes on consumption like VAT.

This elitist ideology is hurting the economy and undermining social cohesion. Further, the economic impact of increased income tax on high incomes would be positive, shifting inert savings to public expenditure. We are modestly proposing a new top rate of income tax of 48% for individual incomes over €100,000 a year. Thus a couple with an income of €210,000 will only pay the rate on the top €10,000. An alternative to a rate of 48% on these incomes of over €100,000 (as government insists it will not raise income taxes) is to put on a Social Solidarity Charge at a similar level.

Further, USC and PRSI should apply to income from all sources. Those on low pay should be protected – they already pay proportionately high direct taxes. In France, the government introduced a top rate of 75% on very high incomes in July 2012. Even in the UK, where the Tories reduced the top rate, it is still above our own top rate (from 50% to 45%). In Sweden, the rate is 57% and in Belgium it is 50%. France moved to raise €7.2bn extra from the wealthy and companies in July 2012. The *"contribution exceptionelle sur la fortune"* is a one-time surcharge on wealthy individuals' assets.

This wealth tax will raise €5.2bn in additional taxes in 2012. Another €898 million will be reaped by ending a payroll tax holiday. Other steps include surcharges for oil and financial companies, each raising an additional €550 million, and a levy on dividends and stock options. There is an extra 5% tax on big companies. France is at least ensuring that tax is applied fairly by taxing the wealthy and highly profitable corporations.

On childcare, Irish governments made a policy error. They decided, in line with liberal economic thinking, to give the money directly to parents, instead of investing in childcare infrastructure. Thus Ireland has one of the most expensive models of early childhood care in Europe. Childcare costs impose a significant burden to those families who need to use them. Furthermore, Benefit in Kind is now charged on workplace crèches and this should be removed. According to recent research (*Durkan & O'Hanlon 2012*) childcare costs amount to 20-25% of income for those aged 24-45.

Thus the taxation of **Child Benefit** is a very difficult issue. Congress has stated that there is a strong case in equity for such a tax, with this state benefit - which is costly - going to the highest earners. However, we concluded that in the absence of a properly supported and 16 Sarkozy had cut wealth taxes and eliminated the payroll tax on overtime hours. Companies will pay a 30 per cent tax on stock options, up from 14 per cent. Executives receiving the options will be levied at 10 per cent, up from 8 per cent, resourced childcare system in Ireland - local crèches, early education, etc. – along with the fact that the payment is made directly to women, Congress could not support the taxation of Child Benefit and also opposes cutting it.

However, if, as it has been rumoured, those earning over €100,000 a year may be taxed on Child Benefit, Congress would not disagree. The funds should go to fund a properly resourced childcare system in this country. In the medium term the most sustainable solution may lie in the concept of a refundable tax credit for each child, but this requires further study.

5.3 SARP – Undermining Public Trust in the Tax System.

A key principle of taxation is that all incomes are taxed equally. The introduction of a two-tier income tax system – the Special Assignee Relief Programme (SARP) - in last year's Budget, undermines this principle. It allows certain high income earners – €75,000 to €500,000 a year - to pay one-third less income tax than all others. The timing of this tax subsidy for high earners was extraordinary, occurring at a time when:

a) *Government is attempting to introduce a property tax and /or water charges;*
b) *we know how tax exemptions (tax shelters) for the very rich contributed to the crisis, and*
c) *the country is in the midst of its deepest fiscal crisis ever.*

Government should not be undermining its own tax system. Establishing a tax scheme to facilitate tax avoidance by certain highly paid foreign executives is divisive and ideological. SARP also contradicts the principle of horizontal equity and narrows the tax base. Nobody, except corporate apologists in the accounting and legal firms, believes that these people are so valuable that we have to corrupt the tax system to get them to work in Ireland.

The role of accounting firms in this successful lobbying during this crisis is worth examining as an example of how Ireland is governed (see Appendix 1). In this context, Congress is pleased that the Government, which promised to improve the FOI legislation which enabled the public to view this kind of activity, will

implement the FOI reforms in full. In this context, Congress also welcomes reports that the government is to review the secretive and overly influential IFSC Clearing House Group, an insiders' group which has undue influence on many aspects of public policy including taxation, the success of its opposition to the FTT being a case in point.

5.4 The Minimum Income Tax

The minimum income tax for high earners – aimed at those rich people still using avoidance schemes - should be increased to 35% and the threshold reduced to €100,000.

5.5 Tax Fugitives

The Commission on Taxation recommended that where a tax fugitive/exile's main centre of vital interest is in Ireland or if they are assessed on a permanent home test, then they should be obliged to pay tax here. The 183 day test for tax residency purposes should be reduced to at least 90 days, as obtains in the UK but it should preferably be cut to 45 days. Alternatively, there might be a broader definition of residence to include the persons 'centre of vital interests' or their 'place of abode.' It is galling to see tax fugitives maintaining mansions in Ireland in which they purportedly do not live.

5.6 Property-Based Tax Subsidies

Congress is deeply disappointed that these tax subsidies are still continuing. They benefited high income earners, investors in non-productive assets and contributed much to the 2008 Crash. Congress has repeatedly called for objective Cost Benefit analyses of all tax breaks to assess whether they generate positive results in terms of jobs, income and value added. It is disappointing that the report undertaken by the Department of Finance on these tax subsidies18 appears to be largely subjective, to justify the continuation of these tax subsidies, on somewhat tenuous grounds.

Congress calls on the Department to undertake these studies in future with more academic rigour, setting out its assumptions and prejudices in advance and also the political constraints under which the study is being undertaken. We believe these property based tax reliefs will not survive proper scrutiny.

5.7 Pensions

The Irish Occupational Pension system is going through a crisis which could mean it will collapse entirely over the next few months. The announcement by a number of very large Defined Benefit (DB) schemes that they intend to wind-up may cause a domino effect as other schemes facing severe difficulties will simply follow suit. The problems faced by occupational pension schemes are due to the European financial crises and the failure of the Irish Pension regulatory system.

These problems have been made worse by the Social Welfare & Pension Act 2012 which has signalled to trustees that neither the regulator nor the government are willing to help schemes to weather the current storm. Revenue and budgetary policy must also take some of the blame for what has happened. In the past in boom years, the Revenue's policy severely weakened schemes by forcing trustees to eliminate so-called 'surpluses' which could have acted as a hedge in the downturn. Furthermore, the opportunist raiding of the schemes by the Government Pension Levy has undermined predictability, which is crucial for long term pension planning. Trustees, employers and workers are fast losing confidence that pension savings will be safe. The government appears to believe that these funds do not belong to the people who earned them and paid into them but rather can be levied/raided at any rate the government decides. This

has had the effect of undermining confidence at the very time when workers are being asked to accept smaller pensions at greater cost.

When trustees are fixing contribution rates they need to know in the long term how contribution rates will be treated for taxation purposes. Levies, while unfair and unjust, are preferable to taxing contributions because the pain can be passed on to deferred members and pensioners. If it is intended to significantly change the tax treatment of contributions which will fall only on the active members of schemes it will hasten the collapse of the pension system.

Congress again calls for the rebating of the levy for those schemes which invest in Ireland.

The government should not make any decisions on to how it can increase the tax take from pensions – except for those on high pensions i.e. generating pensions above €60,000 (as per the Programme for Government), until they have a clear understanding of whether the whole Irish Pension system has a long-term future. Confidence in pensions has taken a battering and workers are becoming more and more reluctant to 'save' their money for little or no return. Therefore, it is important to tread very carefully around the issue of pensions in this budget, at his most uncertain time for pension schemes. It is quite possible that in a few years there may be few if any pension contributions to tax, at all. This will leave the state to provide for a larger number of older people in the future.

Congress believes there should be auto-enrolment in pensions. The annual earnings limit for the maximum pension contribution should be reduced from €115,000 to €80,000.

State Pensions

Pension reform must take place over a long period to allow workers to adjust. The speed at which our state pension age is to change takes no account of the legitimate expectations of workers, who have paid significant amounts of PRSI over many years. Neither does it allow them time to alter their pension arrangements to cope with up to three years where they are likely to have no work and no income. The current plan is that state pension entitlements will be delayed until age 67 by 2021 and 68 by 2028.

Upon retirement at age 65, it seems that many will have to claim unemployment benefit. There is little gain in this for the state and it adds to insecurity for older citizens.

Our discussions with IBEC and the CIF lead us to believe that most employers will not retain workers beyond their contract age. This could lead to serious industrial unrest as workers will resist being sacked into poverty. It is utterly wrong that people who have worked for 40 and 50 years and paid PRSI should be forced onto 'job seekers allowance' at the end of their working life. Furthermore, the reduction in annual pension entitlements due to longer qualifying periods will impact adversely on many. This cut is particularly unfair to women, particularly those who took time out to mind children. Thus, workers with an average of 29 annual contributions stand to lose €1,500 each year, for life. Congress therefore proposes a much longer phasing in of all the new retirement age provisions and associated benefit changes.

5.8 Employees Outstanding Entitlements

The Protection of Employees (Employers' Insolvency) Acts 1984 – 2004, protect certain outstanding entitlements relating to the pay of employees in the event of their employer becoming 'insolvent'. Currently, the Insolvency Payment Scheme

will pay out to an employee if they have been paying full PRSI and if their employer is insolvent (defined as being in liquidation, receivership or legally bankrupt). However in circumstances where the employer simply ceases trading and walks away, the workers have no right to a payment from the Insolvency Scheme. These contrasts with the Redundancy Payment Scheme which operates in a different manner to the Insolvency Payment Scheme, in that on production of a letter from the employer's accountant to the effect that the employer cannot afford to pay redundancy, the Department can pay it. The debt transfers to the Department, who can recover it from the employer. We want the Insolvency Fund to operate in a manner similar to the Redundancy Payment Scheme i.e.

1) that on production of a letter from the employers accountant (or similar authority) the Insolvency Fund can pay out to the employees
2) that the Minister can recover the debt from the employer.

5.9 Corporation Tax

Irish policymakers are not engaging in debate on Corporation Tax (CT). As Europe moves towards greater fiscal union, taxation is a major part of such a fiscal accord. Some Irish policymakers adhere to what is essentially a nationalistic 'beggar thy neighbour' policy on the low Corporation Tax. Curiously this attitude is held by persons who believe themselves to be 'enthusiastic Europeans.'

This view is deeply resented by our partner states in Europe. It is time to negotiate on the issue and not let events determine the ultimate outcome. While Congress agrees that Ireland has been well served by its 'first mover advantage' on this tax, it is not the 'cornerstone' of industrial policy. The global 'race to the bottom' with regard to taxing corporations is diminishing its effectiveness and impact of our policy. Ultimately, the beneficiaries are the big multinational corporations that pay less and less tax by playing off sovereign states against each other.

It is time that Ireland negotiated with our European partners on tax coordination – not tax harmonisation. This excerpt from a New York Times report does nothing to enhance Ireland's reputation: *"Apple was a pioneer of an accounting technique known as the 'Double Irish With a Dutch Sandwich,' which reduces taxes by routing profits through Irish subsidiaries and the Netherlands and then to the Caribbean. Today, that tactic is used by hundreds of other corporations — some of which directly imitated Apple's methods, say accountants at those companies."*

Furthermore, those who are opposed to any additional tax contribution from the corporate sector in this time of crisis cite the fact that the proportion of Corporation Tax paid in Ireland is approximately the same as that paid in many other countries. It is argued that our low rate does not detract from revenue. However, it is the large impact of transfer pricing which artificially boosts Irish CT revenue. As soon as there is a change in the US tax policy, or more countries follow the race to the bottom, we will lose this manufactured advantage. This is a major risk which should be faced up to. When the Government decided to reduce the rate of CT from 35% in 1996/7, to just 12.5% by 2001, Congress argued that the new rate was too low. We agreed that it should be reduced to 20%, provided the many exemptions were restricted to bring the nominal and effective rates closer together.

Some write-offs were eliminated initially but then other tax breaks were added, such as R&D credits, exemptions for start-ups etc. Most deductions against Corporation Tax are eminently justifiable incentives such as wear and tear on plant and machinery but some should be eliminated and others reduced. There should be a review of the CT base: that is, the basis on which the tax is levied.

There are too many deductions against the nominal rate of 12.5%, which have the effect of reducing it to zero, in some instances.

In addition, some 60% of Irish companies do not pay any CT because many do not make sufficient profits. The effective rate of Corporation Tax is, of course, far lower than the nominal rate. Stewart explored the area of effective tax payments and warns that it is complex and dependent on definition and interpretation. Using US data on firms in Ireland, he found that "US firms typically paid an effective rate of tax of between 4.2 and 5.3%", in the study period, but he also found that some pay even less – as do many Irish firms.

There has been an abuse of some published data by apologists for the low tax rate. For example one regularly cited study carried out by a firm of accountants declared there was an effective rate of 8% in France against over 11% here. On closer examination, the French firms were 'small companies' whose nominal rate was only 15%. This is far lower than the normal nominal rate of 33.3% that obtains. In addition the rate of Irish firms was boosted by including investment income. Such dishonesty in debate does not bring clarity. Regrettably, many media commentators were taken in by this propaganda. It is time for Ireland to debate this issue in a mature way and to negotiate on the issue with Europe, as it moves to greater fiscal union. The alternative, being pursued today, is essentially to let events determine the ultimate outcome.

5.10 Avoidance: Losses Forward

One area which the Government must examine is the treatment of losses. We need to stop the repayment of many taxes on profits which have been paid already by offsetting today's losses against earlier profits. This is depleting tax revenue. Companies have the facility to take a corporate loss back to the previous year of trading; to move losses in a company between trades, while there is also a facility for Terminal Losses which allows a loss to move back for three years when a company ceases. These generate repayments of tax in many cases. This is unacceptable as they are of dubious economic impact, particularly in these straitened times. Undistributed Reserves can sit on the balance sheet, having contributed only 12.5% to the state, until the directors reach age 55. The directors then 'retire' with a lump sum taken out of the reserves (which is individualised for husband and wife at €500,000 each); tax free under CGT rules and does not attract income tax or USC.

This is unacceptable. If the Government cannot find the courage to eliminate this, then it should at least attract Capital Acquisitions Tax or at least a Capital Acquisitions type penalty similar to that on distributable trusts that are left sitting. The area of deduction of interest must be examined. In previous Budget submissions, Congress suggested a limit on interest paid by companies as a percentage of a company's assets or say EBITDA. This would prevent corporate raiders loading the targeted company with debt, which is then subsidised by the taxpayers, while simultaneously taking out dividends, even when lossmaking. This occurred with Eircom, which was a well-run company when in state ownership. The practice of allowing interest charged but not paid as a deduction against tax should be terminated forthwith. This practice is common. The interest is allowed for tax purposes, despite the fact it has not been paid, and in cases will not be paid.

This generates a larger loss, which can be sent back against a profitable year in a terminal situation. It is totally wrong that the Irish taxpayer rewards the owners of a corporate entity with a repayment of tax. It should be noted that none of the above affects foreign companies as, in general, they make profits, pay their banks and distribute their reserves back home!

In the current budgetary situation, it is imperative and incumbent that Government closes the many loopholes still are being exploited to reduce the effective rate of CT by the owners of profitable companies. Finally, Congress is concerned about many of the tax write offs around so-called R&D. The total R&D tax credit subsidy was a massive €800m between 2004 and 2009. We suspect that there may be some dubious practices and many of the R&D tax credits should be terminated if they do not give good value to this country. These tax subsidies must be reviewed and subject to a proper, professional cost benefit analysis. We object to the raiding of the depleted Social Insurance Fund by allowing companies to offset PRSI against R&D. We welcome the cost benefit analysis promised by the Government but insist that it is carried professionally, perhaps by international consultants.

An effective way to assist in reducing the deficit is a wealth tax

TAXES ON UNEARNED INCOME

5.11 Capital Gain Tax (CGT)

Capital Gains should be taxed as income, with lower discounted rates for long-term gains. After many years of campaigning by Congress, economic events forced the Government to address these unfair taxes on gains and inheritances and savings. Tax on work had been far higher than tax on unearned income, although some progress has been made.

In the past taxes on gains were progressive, being as high as 60% on short term assets and at 40/30% for years until they were cut in 1997 to 20%, with development land being taxed at 50%. The recent increase from 20% to 30% is welcome. If the **Kenny Report** recommendations on re-zoned land are not introduced, the rate on this land should be increased to 60%. Specific protections might be required in cases of people living in inherited property, where these beneficiaries are on low incomes.

However, the capital gains inequity, which must now be addressed, is the 90% reduction in CGT liability on the transfer of businesses or farms to a child. This is far too high an exemption especially in an economy with so many out of work and so many others struggling to make ends meet. This deduction from tax, favouring those born with a golden spoon in their mouth, means that viable businesses which might be sold on to real entrepreneurs, instead pass, untaxed to those who may let them fail.

5.12 Inheritance or Capital Acquisitions Tax (CAT)

Similarly, it is not the job of the state to facilitate the adult children of the wealthy in retaining inherited businesses. However, to facilitate transfers to the able, the tax deduction should be reduced from the extraordinarily high 90% to 30%, with an extended period for payment. The threshold for inheritance (CAT) from parents to children has been reduced progressively from a peak of €542,544 in 2009 to €250,000. This is most welcome. Congress would like further progressive changes in this tax, like rate increases and tightening up on Family Trusts. There was a progressivity in this tax with rates rising on slices of assets from nil to 40%. In the crisis, there is a strong case for a nil rate on assets up to say €100,000, 20% on the next €25,000 and so on rising to 40% on those assets over say, €225,000.

5.13 A Wealth Tax

Ireland has had a fiscal crisis for five years. It will last for many more. An effective way to assist in reducing the deficit is a wealth tax, as many other countries have. Congress believes there should be an annual 1% tax on wealth

above €2 million, this being defined as the current value of all assets, including the excess of €1m in the value of private houses.

France legislated to raise €7.2bn extra from the wealthy and companies in July 2012. Wealth taxes are imposed on fortunes over €1.3m and as it is progressive those with over €4 million will pay more than double what they had expected to pay on their wealth. In Norway, 17% of the adult population pay a 1.1% wealth tax on assets exceeding NOK 750,000 (€100,000).

Other Taxes

5.14 Royalties on Mineral Resources

Congress has long argued that the 12.5% oil, gas and other mineral royalty tax on production above a certain threshold should be reintroduced. This should be in addition to the existing Corporation Tax regime. It is inadequate because, in the event of a very large oil gas or mineral find, those resources - owned by the people of Ireland - will be untaxed. What is taxed today are only the profits on the business of extraction. All developmental losses from other exploration costs can be offset against these taxable profits, reducing them dramatically, sometimes to zero. There are too many exemptions under the current CT regime which can and are manipulated by the accounting profession to reduce this tax to negligible rates.

Production taxes are much more difficult to manipulate. That is why oil and gas companies do not like them. If a major oil or gas field is found off the coast of Ireland – increasingly likely with rising prices and innovative technology - this resource of the Irish people will be given away without appropriate compensation.

5.15 The Property Tax

The Property Tax will be introduced in this Budget. This new Property Tax must be fair and progressive. The fiasco that was the introduction of the household charge is a salutary lesson for policymakers. Congress wants this tax to be introduced in tandem with the key provisions of the Kenny Report of 1974. Instead of a landowner or farmer selling land which has been re-zoned by the public authority for development at a massive premium, he or she must sell it to the state or local authority. They then gain a substantial premium of 25%. If the state makes more from resale to a developer, the gain will be used for community services like water, roads, schools. Political legitimacy for a new property tax in Ireland rests on two factors:

a) *In a progressive and fair manner it must target the varying degrees of housing wealth that exist across this country. The tax should be low on small houses and progressive thereafter.*
b) *The property tax liability must factor in a household's ability to pay. Failure to address these two main issues risks low degrees of compliance and threatens to undermine other revenue raising measures introduced by the Government.*

There should be a mechanism which could adjust the property tax liability to factor in household income, including an adjustment for dependents. There must also be equitable relief to buyers who paid stamp duty between 2004 and 2007. Another approach would be a Site Valuation Tax (SVT) which would be levied on all land zoned for development – including residential sites and land banks held by property speculators.

5.16 Financial Transaction Tax (FTT)

We support the introduction of a Financial Transaction Tax (FTT) which could raise €500 million a year in Ireland. The Crash of 2008 was largely caused by banker

greed. Ireland's bank collapses were, proportionately, the largest in the world. Recent events in the UK with the Libor and HSBC scandals demonstrate the *culture of entitlement* is still alive and well in banking. All of Ireland's banks would have failed without vast state subsidies. It is unacceptable that this government should hide behind the British in opposing the FTT in Europe after the pain inflicted on citizens by our banks. The FTT would impose a tiny tax on transactions and deter speculation. The Government should cease to cover for the bankers, drop its uncritical attitude to the IFSC and finally act in our citizens' interests.

5.17 Car Taxes

With the move to lower emission cars and other vehicles by manufacturers, it may be time to revert to imposing higher taxes on expensive cars, especially large SUV-type vehicles.

5.18 Public Transport & Fuel Taxes

The cost of fuel for public transport operators is now at a prohibitive level. A scheme did exist where a rebate could be claimed, but it was abolished as a result of an EU Directive. Yet the UK has in place a scheme known as the Bus Service Operators Grant which refunds some of the Fuel Duty incurred by operators of registered local bus services. The duty and the rebate payable per litre for diesel, biodiesel, bioethanol and unleaded petrol is 34.57p per litre, with rebates of 18.88p per kilo for natural gas used as a road fuel and fuels other than natural gas, in 2012. Congress proposes that a scheme similar to that operating in the UK be examined as part of the budgetary process to assist public transport.

5.19 Tax Administration & Tax Cheats

It is galling for tax compliant workers to see billionaires sending the bill for extravagant wedding cakes to their company for payment. These revelations demand a tough approach to the Irish corporate and self-employed 'enterprise' sector. We are in a deep crisis and this must be stamped out.

In this crisis, zero tolerance should be shown by Revenue to tax cheats and even small payments 'in cash'. To this end, there should be many more audits of the self-employed and of companies with tracing back of invoices to small suppliers, particularly in the hard hit construction industry. The recession has encouraged the growth of the Black Economy and compliant taxpayers – usually the better employers - are at a disadvantage. Our income tax system allows some self-employed persons to pay less income tax than they should. The PAYE allowance tacitly redresses the imbalance, somewhat, between employees and those on Schedule D. It must not be cut.

Audits by Revenue not only have the capacity to raise vast sums of underpaid taxes every year, they also give confidence to compliant tax payers that the system is as fair as it can be. That is not the feeling in Ireland. There should be far more audits of taxation of self-employed farmers, incorporated entities and of partnerships, particularly law firms. The EU has been soft on the Swiss tax evaders and far too tolerant on the tax havens within the broad geographical area of the EU. The rich or High Net Worth Individuals (HNWIs) as they prefer to be called, reside in tax havens like Monaco, Andorra and Jersey, and commute easily into the EU to make their money and take it 'home' to be lightly taxed or untaxed.

This new, super rich elite pay no tax anywhere. They have no loyalty to place or person. They should be marginalised. But first they should be taxed. The Irish government should take a much stronger position on offshore tax havens. Tax havens cause poverty.

The Tax Justice Network says: "Tax havens offer not only low or zero taxes, but something more. What they do is to provide facilities for people or entities to get around the rules, laws and regulations of other jurisdictions, using secrecy as their prime tool."

It argues that this "corrupted international infrastructure, allowing élites to escape tax and regulation, is also widely used by criminals and terrorists. As a result, tax havens are heightening inequality and poverty, corroding democracy, distorting markets, undermining financial and other regulation and curbing economic growth, accelerating capital flight from poor countries, and promoting corruption and crime around the world." Recent IMF research shows major discrepancies between portfolio assets and liabilities in selected offshore centres. The data shows portfolio assets held by foreigners in Luxembourg to be worth US$1.5 trillion at the end of 2008, while portfolio investment liabilities reported by the government stood at US$2.5 trillion – a US$1 trillion, or 40% difference. The Cayman Islands reports $750 billion in portfolio assets but $2.2 trillion in liabilities.

"The fact that many undeclared funds in offshore accounts are held in cash deposits, not in portfolio investments, means the sum is likely to be much higher." The IMF believes the sum of the external assets and liabilities of what it calls small international financial centres – only a part of the offshore picture and excluding offshore centres such as Switzerland and the City of London – is $18 trillion.

The Government must also take tough action on evasion through offshore accounts in Switzerland and other states. The UK did a deal with Switzerland which is similar to one done by Germany in August 2011 which allows evaders to escape, but which was to bring in around £5bn (a little less than 4 per cent of the UK's 2011 fiscal deficit). The Swiss banks will pay the taxes anonymously and in bulk. Thus the tax evaders will largely escape. Europe needs to act if faith in the tax system and thus in the democratic system is not to be further undermined.

It is totally unacceptable in a deep fiscal crisis that the Government and public bodies award any contracts to offshore companies which avoid paying tax on tax funded public services, whether these be for by Dublin City to offshore company Greyhound Waste or the HSE, to its offshore based corporatised advisors. Congress calls on the Government - through the Department of Public Expenditure & Reform (DPER) – to eliminate such contracts forthwith and to end the hire of any of the accounting and legal firms which establish major tax avoidance schemes. We also call on the DPER to expand on its 2011 paper - *Enterprise Supports* – to comprehensively quantify all the billions of euro in direct and indirect public subsidies to the Irish and foreign enterprise sector in Ireland.

Government should be the primary agent for the promotion and practice of ethical business. The Department must set up a unit to supervise all public contracts to ensure the law is being adhered to on safety, tax compliance and reduce leakage from the Irish economy.

5.20 Procurement

Congress has been made aware of cases where there is significant loss of tax revenue through a misguided approach to public procurement. This is most prevalent in construction and areas of facilities management such as cleaning and security. What is happening is that tendering is so tight that only those companies willing to ignore labour standards, such as Registered Employment Agreements, will get contracts. Compliance monitoring is not adequate to prevent this. So what happens in many cases is that the work goes outside the State. In

the process workers are disadvantaged, reputable employers cannot survive and the Exchequer loses revenue. What starts out as an effort to get better value from the State becomes a self-defeating ordinance. The only way to counter this is to involve employers and unions in a joint team effort with the National Employments Rights Body to ensure labour standards compliance. Such cooperation was envisaged when the Body was first established.

6. Work, Activation & Welfare

Congress welcomed the government commitment regarding no further cuts to social welfare rates. This is important for the many dependent on social welfare and in maintaining domestic demand, which has collapsed since 2007. The EU-Social Inclusion Living Conditions (SILC) survey of 2010 published in March 2012 found that the disposable income of poorest households fell by 18.6% in a single year, while the income of the richest rose by 4.1%.

It is unacceptable that the top 10% of the Irish population has nearly 14 times more disposable income than the poorest 10% receive (28.5% compared to 2.06%). This gap was eight times more back in 1980. It is regrettable that government policy is partly to blame for driving the widening gap. This Budget must be framed in such a way as to ascertain its impact on the vulnerable. Poverty proofing is essential. All budgetary measures must now be subject to an equality audit, where a full distributional analysis is undertaken to identify how different groups in society are likely to be affected.

6.1 The Assault on Secondary Social Welfare Benefits

In the 2002 Budget, Charlie McCreevy took €635m out of the Social Fund **(which had A surplus of €1.4bn)** at the end of 2001 this money belonged to Irish workers, as did the €30bn in the National Pension Reserve Fund, most of which has been wasted on propping up the private banks. Congress is greatly disturbed by the reduction in secondary social welfare benefits. While it is understandable that the gap between revenue and public spending must be reduced, the ‘adjustment’ focus on cuts as opposed to taxation means reductions in public services. The cuts in dental treatment provision specifically paid for by workers’ and employers’ PRSI - has hit working class people hardest. Many are now avoiding preventative treatment as they are uncertain of the cost. The reductions in free preventative care treatments must be reversed as a priority. If the government will not do this in Budget 2013, it should announce that it will be a priority when the recovery comes. This is a small part of defending Social Europe.

As its contribution to cut public spending further, the IMF has suggested cutting some universal social benefits. The case for ending universal benefits can be made intellectually, but the strongest defence is that such payments reinforce social solidarity. The importance of social solidarity in these trying times cannot be underestimated. It is therefore vital that a number of universal social benefits for all be maintained even in trying times. Higher income taxes on high incomes can make up shortfalls. In particular, Congress calls for the retention of free travel for old age pensioners who have legitimate expectations that what they paid for will be there for them later. Means-testing is expensive and the cost of its application to what are currently universal benefits must be factored in too.

Submission 25: Barnardos

Children's Budget 2013 – Children at the Centre

Introduction

In spite of the harshness of previous Budgets, Barnardos is aware of how difficult Budget 2013 will be in order to achieve the objective of generating savings worth €3.5bn in order to manage the country's debt and provide stability to the economy. However, the cumulative effect of previous Budgets has already adversely affected low income families leading many of them to breaking point. It is the combination of lower wages, reductions in welfare and public services coupled with the imposition of taxes means that the children of the recession are experiencing levels of poverty not seen in decades. In 2010 just over 200,000 children lived in households experiencing poverty.

Barnardos is unsurprised by the findings of the Irish League of Credit Unions 'What's Left' Tracker for 2012 which found that 1.8m people are left with €100 or less each month after their bills are paid and a further 602,000 adults had no disposable income at all at the end of the month after all their bills were paid. Furthermore, 40% of people have borrowed to pay their household bills in the past 12 months – 10% using moneylenders.

In our work with children and families we are seeing more children presenting hungry and under developed as parents struggle to meet daily costs such as food, heating and housing. Subsequently, children's health is affected as they are living in damp and cold homes. They have poorer concentration levels in school due to hunger which impacts on their ability to learn and as a result they continue to have poor literacy skills. Numerous alternatives to austerity have now been put forward by credible parties and Barnardos recommends that Government consider these in the interests of protecting children and families most at risk of poverty and deprivation.

Social Protection

Introduction

While all household incomes have reduced during this recession, there continues to be stark income inequality in Ireland. Current policies to resolving the economic crisis are exacerbating this. Strikingly, comparing the impact of economic policies adopted in Ireland with Iceland which also suffered an economic collapse demonstrates how inequitable Irish economic policies are. The impact of these policy choices is very evident. For instance, the poorest tenth of earners in Iceland suffered a drop of 9%, whereas in Ireland the drop was 26%. In contrast, the richest 10% in Iceland experienced a drop in earnings of 38%, but in Ireland the top 10% showed an increase of 8%. The CSO also found that families with children are suffering the worst consequences of the recession - many are now going without essentials such as electricity, clothing and food.

The costs of raising children are well documented. The Vincentian Partnership for Social Justice has found that the average weekly cost for an infant is €91.13, for a pre-schooler it's €48.29, a primary school pupil it's €78.66 and a secondary school pupil it's €144.92. However, the costs are much higher for younger children when childcare costs are factored in. The high costs facing families with children make State support crucial, especially for those families on low incomes. Recent CSO SILC figures showed that excluding family allowances from analysis for 2010 would increase the at risk of poverty rate for people living in households with children from 18.7% to 38.6%.

Child Income Supports
Reform of current child income supports is long overdue to ensure a more equitable system for all parents. A universal payment for all children must remain at the core of any reform, in recognition of the costs associated with raising children. While targeting the limited resources at low income families is more equitable, reform must not put more families at risk of poverty, especially lone parent families, who are already facing reductions in their incomes due to changes made to the One Parent Family Payment. Families reliant on social welfare have already disproportionately borne the cost of this recession. It is totally unacceptable that reform is made purely on the basis of generating exchequer savings. Families' ability to provide adequately for their children is at stake.

Reform must include in-work supports such as Family Income Supplement (FIS) to avoid reinforcing poverty traps and instead encourage the take up of employment. FIS has already proven to be beneficial in offsetting the impact of poverty. Reform must be coupled with investment in public services for children as these are an essential form of assistance to families who face the loss of income supports. To conclude, Barnardos believes that reform to child income supports must be phased in over time and any reductions in the universal rate must be countered by an increase in income and service supports for low income families.

Recommendations:
- Reform Child Income Supports in an equitable way. Ensure particularly at risk families, including lone parent families, are not pushed further into poverty by reforms.
- Phase any reduction to Child Benefit in over 3-4 year period to ensure families already under financial pressure are not unduly burdened.
- Retain adult social welfare rates at the present level.
- Ensure in-work supports are expanded to encourage the take up of low paid employment.
- Ring-fence the funding saved from cuts to income supports for reinvestment in public services for children especially childcare and afterschool care.

Back to School Clothing and Footwear Allowance (BSCFA)
The costs associated with sending children to school continue to be a significant burden on parents often sending families into debt or having to forgo paying other bills. The reduced rates applicable to the BSCFA in 2012 meant that there was a greater shortfall for parents reliant on social welfare to pay out of their own meagre resources. The income guidelines applicable are very low and there continues to be a distinction between one parent and two parent families, resulting in many low income families being ineligible and leaving parents to turn to alternative sources such as money lenders to ensure their children have all they need for school.

Recommendation:
- No further cut to the BSCFA rates. Synchronise the income thresholds applied with those applicable to FIS so that all family types and all those in receipt of FIS are eligible.

One Parent Families
Budget 2012 brought about significant changes to the One Parent Family Payment, to be phased in over time. These include ending the payment when the youngest child reaches the age of seven in 2015 and reducing the income disregard allowing lone parents to combine low paid employment whilst also

receiving a portion of the payment. The impact of these changes means it is increasingly difficult for parents to meet the costs of raising a family alone. The majority of lone parents are already in work or want to work but the ongoing lack of supports such as reliable and affordable childcare and afterschool care present impossible challenges for parents to juggle employment with their parenting responsibilities. Barnardos as part of the 7 is Too Young campaign has strongly opposed these changes as it is likely to increase welfare dependency among one parent families and increase poverty in families who are already at a much higher risk of poverty than other family types. This reform was also opposed by the Joint Oireachtas Committee on Jobs, Social Protection and Education on the grounds that supports such as comprehensive afterschool provision to assist these families are unlikely to be put in place in the short term. Minister Burton's commitment that these changes would not be progressed until a 'Scandinavian Model' of childcare is in place must be honoured.

Recommendation:

- Efforts to achieve a 'Scandinavian Model' of comprehensive childcare and afterschool care system must be rolled out, but in its absence, the One Parent Family Payment must continue to be available to lone parents until their youngest child reaches secondary school.

Rent Supplement

Reform of the Rent Supplement is long overdue, especially given the property collapse households are renting for longer periods of time. Yet the changes made in recent Budgets such as lowering the thresholds at which the payment can be made have made finding suitable accommodation impossible for some, leading to greater incidences of homelessness. These reduced thresholds are often not reflective of market rental prices and places a significant burden on low income families to make up the deficits. Structural reform to the system is needed by transferring the administration of the scheme to the local authorities who would negotiate rents with landlords directly.

Recommendation:

- Transfer administration of the rent supplement scheme to the Department of Environment.

Education

Introduction

The education sector, like other areas, has experienced wide ranging cutbacks in spending and subsequent withdrawal of supports to families. However, if Ireland is to recover from this recession, further cuts to educational services and supports are counterproductive. The future of the country depends on our ability to provide children and young people with the tools they need to innovate, create and achieve in a global economy.

Early Childhood Care and Education (ECCE)

The benefits of ECCE are well proven and documented, leading to better outcomes for children educationally and socially, whilst also yielding long term savings to the exchequer as ECCE can help break the cycle of poverty. However in Ireland, with the exception of the Free Pre-School Year for 3-4year olds, service provision across the sector is expensive and issues around quality and staff development remain outstanding. Barnardos has long called for a public subsidised model to be developed offering a child centred, high quality accessible service. This would be a departure from the current system of provision which has largely evolved to meet the needs of working parents rather than the emotional and educational needs of the child.

Recommendation:

- As a step towards establishing a 'Scandinavian Model' of public subsidised model of ECCE, maintain funding to ensure the continuation of the Free Pre School Year but also extend this for a second year.
- Improve adherence to SIOLTA (quality standards) and AISTEAR (curriculum framework) and maintain the higher capitation grant for those services offering the Free Pre School Year that employ staff with graduate qualifications, to incentivise professionalisation.

After School Care

The investment in the afterschool care sector has been historically underdeveloped in Ireland, with the result that there is no national policy or legislative framework and subsequently service provision is ad hoc, expensive, unregulated and varying in quality standards. There is significant diversity within the services presently offered. The benefits of participating in quality afterschool services are significant including the ability to modify impact of poverty, act as a protective factor against early school leaving and are a space to foster social skills and social support for positive mental health. Barnardos believes that the development of a public subsidised model of ECCE must also include after school care, thus creating a comprehensive child centred system for 0-12 year olds, comparable to that in Scandinavian countries. Such a system would meet the dual purpose of being directly beneficial to the child but also enabling parents to re-enter or remain in the labour market. As highlighted in the 7 is Too Young campaign, any plans or schemes introduced to address afterschool care provisions based solely on pushing lone parents into the labour market would be regressive and not result in high quality services that best meet the needs of children.

Recommendation:

- Develop an afterschool services national policy that would oversee the roll out of subsidised afterschool services across the country. An emphasis must be placed on regulation of services to ensure quality standards and greater professionalization of the sector.
- No further cuts to the community after school service sector to protect a sector already seriously damaged by previous budget cuts – a sector vital to working with some of the most marginalized children in communities.

Educational Supports

Frontline educational supports have been particularly hit in previous Budgets. There has been an overall reduction in teacher numbers and specific cuts to Resource Teachers, Language Support Teachers, Special Needs Assistants, Visiting Teachers for Travellers and Guidance Teachers. Our children deserve to reach their educational potential and the continual withdrawal of supports prevents many children from reaching that potential. The impact of cuts is felt more deeply by those students from disadvantaged backgrounds. While DEIS schools have been somewhat protected the majority of students from disadvantage backgrounds do not attend DEIS schools.

Recommendation:

- No further cuts to frontline educational supports in all schools.

School Book Costs

The cost of education places a significant burden on poor families particularly the costs of uniforms and school books. Barnardos 2012 School Costs Survey found that as children age and progress through the educational system, the costs associated rise with significant increases for those in secondary school. The

majority of parents are spending on average between €76-€100 for books for a primary school pupil and over €250 for a secondary school pupil. School book rental schemes are effective in reducing costs and ensuring all pupils have the required textbooks. However, they are more frequently used in primary schools than secondary school leaving parents to bear the full costs of books. Barnardos proposal is for each school to provide the books directly to the children as operates in other countries. This system, phased in over time, would be funded by the annual School Book Grant given to each school together with a small contribution from parents. Parental contribution must be capped for all schools to ensure savings to parents.

Recommendation:

- Adopt a national policy, led by the Department of Education and Skills, under which schools will use their School Book Grant to incrementally build up a set of textbooks for all their pupils.

Class Size

The issue of large class sizes remains a constant feature of our education system. It will become even more pertinent given the significant rise in pupil numbers expected in the next few years. Already in 2012, there are 112,821 pupils in classes of at least 30 -- up from 97,000 a year earlier. The combination of having more pupils enrolling coupled with fewer non-class teachers puts greater pressure on the teachers to be able to meet the diverse needs of their students especially those who are at risk of falling behind. Large class sizes can particularly affect children from disadvantaged backgrounds.

Recommendation:

- Do not increase class size in DEIS schools.

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National Education Welfare Board

The National Education Welfare Board continues to plays a vital role in preventing and combating absenteeism from school. The incorporation of the Home/School/Community/Liaison Scheme and the School Completion Programme into its remit has been a positive development. Non-attendance at school is an early warning system and a strong indicator of overall child welfare and failure to address it has serious long term implications on the child and society as a whole. About 12% (approximately 58,000) of primary school students and 18% (approximately 53,000) of post-primary students were absent for 20 days or more during the school year combating the issues underlying poor attendance requires concerted action and close collaboration among schools, school support services and other stakeholders involved with children, young people and their families. It is for this reason that Barnardos would recommend the incorporation of the NEWB into the Child and Family Support Agency as it is a natural fit when dealing with vulnerable children.

Recommendation:

- Transfer the NEWB into the Child and Family Support Agency
- Extend the remit of the NEWB to incorporate children from age of four.

Health

Introduction

Barnardos strongly welcomed the commitment in the Programme for Government to introduce a Universal Health Insurance system providing equal access for all based on need rather than ability to pay. The present two tier system adversely affects those reliant on the public health system which is under-resourced leading to lengthy delays in accessing appropriate healthcare. Delays in diagnosing and

treating illnesses or developmental delays have a significant impact on children given the speed of a child's growth and development in childhood.

Roll out of Universal Health System

The introduction of this new system has been slow, meaning the crises within the current system remain, not helped by the recruitment embargo in place leaving many vacancies unfilled. As a result the health of some children is deteriorating particularly for those whose parents do not have a medical card or GP only card as they are unable to afford to bring them to the GP. Barnardos has long called for the introduction of free medical care for all children under 18 years as access to quality healthcare plays a crucial role in breaking the intergenerational cycle of poverty. The new equitable system should be expedited and children must be among the first beneficiaries of this system. However, during this transition phase children's health should not suffer because of the inefficiencies in the public health system. It is imperative that Budget 2013 enables the Department of Health to ensure greater access to affordable frontline health services especially for those moving from welfare to low paid work.

Recommendation:

- Expedite the roll out of the new Universal Health Insurance system and ensure that children will be among the first groups of beneficiaries.
- Ensure medical card guidelines and disregards are in line with social welfare rates, and allow all those moving from welfare to low paid employment to keep their medical card for three years.

Mental Health

Emphasis on care within the community instead of a hospital setting is the focus of the *A Vision for Change (2006)* strategy and the Primary Care Strategy (2001). However, progress towards this aim remains well behind target. Both the availability of primary care teams and Child and Adolescent Mental Health teams are patchy with many teams not having full staff complement. Despite €35m being allocated in 2012 to build up the CAMHS teams, there are up 1,500 vacant posts – many of them being allied health professional posts. This means that the service being delivered is very medical in focus and not the interdisciplinary approach as was originally planned. This dilutes the ability to engage in interagency work with vulnerable young people to prevent issues escalating, given the strong correlation between mental health difficulties, child protection and juvenile justice. In 2012, there are 56 CAMHS teams in operation in comparison to 61 in 2010. Barnardos endorses the recommendation of the Taskforce on the Child and Family Support Agency which calls for the incorporation of CAMHs into the Child and Family Support Agency. To retain child and adolescent mental health services within the HSE system would be a significant missed opportunity to try and think holistically towards treating and protecting children.

Recommendation:

- Invest in CAMHs teams nationally and bring it within the remit of the Child and Family Support Agency.

Child Welfare and Protection

Barnardos believes Ireland is on the cusp of significant change in how we treat and protect our children. Political and legislative developments that have occurred recently will hopefully be further strengthened by the passing of the Children's Referendum on November 10th. This is a once in a generation chance to reform our child welfare and protection systems to reduce the scale and impact of abuse and neglect on children.

Child and Family Support Agency
Barnardos has always been a strong advocate for prevention and early intervention initiatives and believes that the reformed child welfare and protection system underpinned by the work of the Child and Family Support Agency must have a greater emphasis on such services. The benefits of prevention and early intervention services are well documented, leading to greater outcomes for the child, their family and wider society.

Essentially, Barnardos' vision, to be led by this Agency, is to ensure every child has local access to universal or prevention services and interventions like quality health services, education including pre-school and social amenities. Children facing additional challenges such as developmental delays should also have easy access to early intervention services like educational supports, life skills supports and family support programmes. And when prevention and early intervention isn't enough, children should have local access to a range of crisis welfare and protection services including social work, fostering and residential care; aftercare and homeless services; juvenile justice supports and addiction programmes. The child should move along a continuum of supports, increasing if and when the needs of the child become greater.

In order to achieve this vision, Barnardos believes that the Child and Family Support Agency which will become operational in 2013 and have a staff of around 4,000 staff must be fully resourced in order to focus on preventative and intervention work. The work of the National Educational Welfare Board, CAMHs and Speech and Language therapists must be subsumed into this agency as recommended by the Taskforce on the Child and Family Support Agency. It is crucial that the Agency is sufficiently resourced from the outset, particularly if the people of Ireland vote Yes in the Children's Referendum. This great opportunity must not be wasted by the failure to adequately resource and prioritize the Child and Family Support Agency from the beginning of its existence.

Recommendation:

- Incorporate key agencies such as NEWB and CAMHs into the Child and Family Support Agency to ensure the emphasis on preventative work with vulnerable children is underpinned from the outset.
- Ensure sufficient financial resources are allocated to enable the Agency achieve its objectives of reforming the delivery of child welfare and protection services in Ireland.

Conclusion
Successive budgets have disproportionately affected those families with children most at risk of or already living in poverty. It is essential that the current approach to austerity is adapted in Budget 2013 to ensure that those on low incomes are protected from further deprivation and disadvantage. While Barnardos recognises the severity of the challenges facing the Government, we believe that we have reached a stage where further targeting of low income families will put children at significant risk. Alternatives to this must now be found to ensure the protection of vulnerable children and their families.

Submission 26: MABS National Development Limited

1. Introduction:
The Money Advice and Budgeting Service (MABS) was established in 1992 to help people on a low income to cope with debts and take control of their own finances. It is a free, confidential and independent service. It currently comprises 53 MABS

Services, located in over 60 offices nationwide. MABS is funded and supported by the Citizens Information Board.

MABS National Development Limited (MABSndl) was established in 2004 to further develop the MABS Service in Ireland. It provides training and technical support to MABS staff nationally. MABSndl also assists the MABS service in providing educational and informational supports as well as assisting in highlighting policy issues that arise in the course of the money advice work on behalf of clients. MABSndl has responsibility for the on-going development of the MABS website www.mabs.ie, and for providing the MABS National Helpline service.

MABS Statistics:
An analysis of MABS statistical data for the period 2008 to 2011, and first half of 2012 indicates the following:

- The demographic profile of MABS clients has remained relatively stable. Almost 70% of MABS clients are in receipt of a social welfare payment (growing from approximately 63% in 2007).
- The majority is aged between 26 and 40 and female, and over 60% have children.
- The number of mortgaged clients has grown and is continuing to grow as a percentage of the total caseload and now amounts to almost 45% of the client base where accommodation status is known.

Context for MABS Pre-Budget Submission
MABS is an important component of the State's overall response to assist people to manage on a reduced income and to address debt issues in the current economic climate. In keeping with MABS founding ethic, our on-going concern is to ensure that the State continues to afford protection to those who are most vulnerable. While acknowledging the changed context, the impact of successive recent budgets on low income families and the 'working poor' run counter to decades of work by policymakers across the political spectrum to help families work their way out of poverty. As a result of welfare cuts, cuts in public services and extra household charges it is necessary, in framing Budget 2013, for policy makers to establish and think-through the cumulative effect on welfare recipients and the working poor and, where possible, to innovate to ensure that the impacts are minimised.

In developing this pre-budget submission we therefore first identify those areas of income and expenditure of most significance to our target group which, in our view, should be protected or enhanced. We then identify a range of pragmatic and low-cost measures that could be taken to complement Budget 2013 and assist and support those amongst the MABS target group who have been most affected by a loss of income. While recognising that such measures do not 'fit' with the traditional fiscal focus of the 'pre-budget process', we propose these measures here as we believe they could assist in ameliorating the potential impact of Budget 2013 on the MABS target group.

As such, the MABS Pre-Budget Submission is presented in two parts. The first, focusing on the core issues of Housing, Utilities, Access to Healthcare and Supports for Children, and the second, presenting a set of innovative complementary measures which could be taken to assist more people to avoid problematic debt or to better assist people on a low income to make their repayments.

2. Part 1: Housing, Utilities, Health and Children Mortgages

We have previously identified the need for sustainable solutions to the mortgage debt crisis and enhanced supports for those experiencing difficulty maintaining their repayments on their family home. In this regard, we welcome the recent initiatives introduced by the Central Bank of Ireland and relevant Government Departments to deal with this sensitive issue.

Mortgage to Rent Scheme

While we welcome the introduction of the Mortgage to Rent Scheme (MTR) as a means for some qualifying families to remain in their homes, we are concerned that the process may be unduly onerous and confusing for the borrower, and cost ineffective for the other stakeholders involved.

Issue 1 – the Standard Financial Statement and Unsustainable Mortgages

As currently drafted, the MTR Scheme is initiated by the lender upon determination that the borrower's current mortgage is unsustainable into the long term. This determination is based on an assessment of the content of the borrower's Standard Financial Statement (SFS), their payment capacity, their previous payment history, their overall indebtedness and their individual circumstances. If borrowers are not given sufficient time and support when completing the SFS, it will not be capable of providing a true and accurate reflection of the borrower's financial circumstances and over-indebtedness. It is the MABS' experience that the quality of SFS' completed by borrowers on their own behalf, or by telephone with their lenders, can be quite poor and, accordingly, we would be concerned that a determination of unsustainability, resulting in a change of tenure over a borrower's property, would be made without due regard to a robust process.

Issue 2 – Application to the Local Authority and the Approved Housing Body

Where the SFS has been completed correctly and the borrower's mortgage is accurately determined as unsustainable, the borrower must then apply separately to both their local authority and the Approved Housing Body to determine if their property is suitable for inclusion in the MTR Scheme. While we understand that the lender will have previously engaged with the Housing Agency, local authority and Approved Housing Body before offering a MTR Scheme to the borrower, a significant period of time elapses from the time the borrower receives the first letter of offer until the process has completed, affording the stakeholders ample time to withdraw. Accordingly, this raises a number of issues, namely:

a) The borrower may not be sufficiently aware that i) their lender does not make the ultimate decision on their participation in the MTR Scheme and, ii) where this is presented as the borrower's only option, it may still be unavailable to them. Thereby creating a false hope for those who wish to engage with the MTR Scheme.

b) The application criteria applied by the local authority provides that the borrowers' combined household income must not exceed €25,000 or €35,000, depending on the borrowers' location. Where joint borrowers obtained a mortgage on the basis of two mid-level incomes and one subsequently loses his/her job, they may find themselves in the position of having their mortgage deemed unsustainable by their lender, but having too high an income to be suitable for the MTR Scheme.

c) There is a public perception that those who have successfully applied for the MTR Scheme have, in some way, by-passed those currently on the housing list. It would be preferable if the application process within the local authorities was streamlined to align better with the lenders' MARP

process, thereby creating a distinction between those families availing of the MTR Scheme and those on the housing list.

Issue 3 – Location
We are aware that at least one mainstream lender will not consider a MTR Scheme for properties in rural areas. While we can understand the rationale for a local authority not wishing to take ownership of a remote property, this leaves many rural homeowners, unable to maintain their mortgage payments, with no option but to try to sell in a greatly deflated market, thereby incurring increasing costs and pressure from lenders and their agents.

Issue 4 – Barriers to the MTR Scheme
Where the MTR Scheme is a suitable long-term solution for the borrower, they will still be precluded from entry if there is a judgment mortgage registered on the property as a voluntary surrender will not result in the judgment mortgage being cleared from the title, as is the case with repossessions by the lender. While we are conscious that one State body (Housing Agency / local authority / Approved Housing Body) would have difficulty seeking the automatic discharge of a charge registered on foot of an order of another State institution (the courts), without some mechanism for dealing with judgment mortgages, many borrowers could be denied access to the MTR Scheme, enabling them to remain in their family home and their lenders will have no other option but to engage in repossession proceedings.

Recommendation 1: Department of the Environment, Community and Local Government
a) Place a greater focus on implementing a robust process for the completion of the SFS;
b) Streamlining the authorisation process to avoid delays and confusion for the borrowers;
c) A review of the eligibility criteria to take account of the borrower's realistic household income, distinguish between the MTR Scheme and the local authority housing list, and provide support to borrowers in rural areas; and
d) Devise a mechanism for setting aside judgment mortgages on voluntary surrender associated with a MTR Scheme.

Energy Utilities
Data published by the Commission for Energy Regulation (CER) indicates that the level of disconnections for non-payment of domestic supply had increased in Q.1 of 2012 compared to the same period in 2011. This trend is a concern and is one which MABS had sought to address via the introduction in October 2011 of the Energy Utilities/MABS Operational Protocol aimed at preventing the disconnection of essential energy utilities.

We are concerned that the outsourcing of energy utility debt to third party debt collection operatives has resulted in a commercial, target-driven approach, rather than one which takes into account the circumstances of the household. In addition to the lack of an adequate definition of "vulnerable consumer", currently restricted to **customers** who are *"critically dependent on electricity powered equipment, which shall include but is not limited to life protecting devices, assistive technologies to support independent living and medical equipment, or particularly vulnerable to disconnection during the winter months for reasons of advanced age or physical, sensory, intellectual or mental health"* who self-register such vulnerability with their supplier, increasingly vigorous collections methods

which do not take account of the individual circumstances of the household, act to deprive the most vulnerable of an essential utility.

We would welcome the introduction of the approach taken by the Energy Retail Association in the UK, which expands the definition to include financial vulnerability and places the onus on the supplier to determine if their customer, or members of their customer's household, come within this definition and to make contact with the customer and any support agencies who may be able to assist the customer. This, coupled with a statutory debt management process which uses disconnection only as a last resort, would enhance the quality of life of those consumers who, by virtue of their financial vulnerability, are struggling to maintain their payments.

Recommendation 2: Commission for Energy Regulation/Data Protection Commission

a) Expand the definition of "vulnerable consumer" and place it on a statutory footing as an addendum to the Data Protection legislation; and
b) Place the principles of the Energy Supplier/MABS Operational Protocol on a statutory footing to ensure a consistent approach to debt management across this sector.

GP Visit Cards/Access to necessary medical care

At current income thresholds those in low paid employment sometimes do not qualify for a GP Visit Card. Debt can contribute to a wide range of physical and psychological health issues and we know that many amongst our client group are so-affected. '*The interaction between debt and health may aggravate the poverty trap, by pushing heavily-indebted low-income people into ill-health, which then makes it difficult for them to acquire or hold on to the steady jobs needed to ease their debt problems'*. There are those amongst our client group who have been affected by a reduction in income, are trying to repay their debts and sometimes cannot afford the cost of necessary GP care and as a result, in some instances, suffer a further deterioration in their well-being and associated capacity to repay their debts. While we fully understand the constraints and costs involved, the GP Visit Card income threshold needs to be examined or some supplementary measure introduced, to facilitate greater access to GP care and thus safeguard the well-being of over-indebted consumers who are living on a low-income.

Recommendation 3: Department of Health

Review the income threshold and eligibility criteria for the GP Visit Card and promote its availability more widely.

Child benefit

Child benefit is a very important support to the MABS client group and in combating child poverty generally. Recent research indicates that many Irish children are at risk of poverty (18.7% of households with children are at risk of poverty compared with 11.8% for those in households without children). Within the MABS Standard Financial Statement child benefit is an income line which is not utilised to repay debts and, (as is its purpose) is expended on necessary expenditure for children. Where clients' income is low relative to the size of their commitments it is often the only income line that can be ring-fenced for the well-being and development of children. While the report of the Tax and Social Welfare Advisory Group has not yet been published, it is speculated that the universality of the payment will be maintained but at a lower rate, and that there will be additional redistributive measures to assist some families. North Cork MABS has, in the past, conducted research on the educational costs associated with children of school-going age, and it is evident that at existing levels child benefit does not cover the relevant costs for many families. The impact of this is that there is a

risk that parents will borrow to pay for necessary costs associated with the education and social development of their children. Any reform of child benefit must be based on a realistic appraisal of the costs of food, clothing, education and medical care related to children.

Recommendation 4: Department of Social Protection
Ensure that, in so far as possible, levels of Child Benefit are preserved and that distribution of Child Benefit is made on an equitable basis in accordance with the needs of the household. In the event that the universality of Child Benefit cannot be maintained, and it becomes an application-based payment, that the Department introduce alternative methods of assessment to ensure that those with literacy/numeracy difficulties can access this essential payment.

3. Part 2: Complementary Measures

Helping Over-indebted people
MABS and the Citizens Information Board made two submissions on the content of the proposed Personal Insolvency legislation, the first in February 2012 following the publication of the Heads of Bill, and the second in September 2012 for consideration during Committee Stage discussion. It is hoped that the new mechanisms will alleviate the difficulties faced by many who are struggling to repay their debts.

Greater focus on Basic Budgeting
In these difficult economic times everyone needs to manage their money carefully. However, the task is more difficult for families that have little or no money to spare. Reduction in income levels means that household budgeting has become fundamentally important. While we are of the view that when incomes fall below a reasonable threshold and where people are living in poverty (see definition below), there is limited scope for budgeting, we also firmly believe that there is insufficient attention paid to the development of this core skill across society. In MABS' experience, this basic task is presenting individuals and families with real challenges in deciding on ways to reduce the cost of living and stretch a reduced income to meet basic needs. Coping on a reduced income means that many have to make very considerable lifestyle changes and learn to budget accordingly.

There is considerable anecdotal evidence, (most worryingly in regard to the completion of the Standard Financial Statement under the Mortgage Arrears Resolution Process (MARP)), that the ability to construct an accurate and realistic budget is a challenge for many. Decisions made by creditors as to the affordability and the sustainability of debt repayment arrangements are informed by the values provided in financial statements based on budgets that must accurately reflect the individual/family circumstance. Incorrect/ inappropriate decisions can be made about the sustainability of a mortgage or other forbearance measures if the basic budgeting exercise is fundamentally flawed.

MABS supports the development of core budgeting skills through its work with clients and also through its work on money management education. We would wish to see the MABS approach, which focuses on the development of realistic, affordable and sustainable family budgets, endorsed and promoted much more widely within relevant policy and institutional contexts. From experience we see too many people attempting to budget when their financial situation has deteriorated drastically or when they are required by their lender to produce a financial statement. It is MABS view that a budget should be prepared and associated expenditure reduction and income maximisation measures should be taken in ***anticipation*** of a financial difficulty and consumers should have a deep

understanding of their own budgetary requirements ***before*** they engage with their creditors.

Recommendation 1: Relevant Government Departments and Agencies & Financial Institutions.
Wider support for MABS approach to Budgeting and Money Management Education with an emphasis on prevention in the first instance rather than resolution of money management /debt difficulties.

Support for voluntary arrangements
MABS are concerned that voluntary arrangements are not given sufficient weight in the proposed new personal insolvency regime and submit that same be reinforced as recommended by the Law Reform Commission in their Report on Personal Debt Management and Debt Enforcement released on the 16th December 2010 (p.152). Such voluntary arrangements would follow a robust process to ensure the most sustainable outcome for both parties and, in this regard, we would submit that the *'IBF / MABS Operational Protocol – Working Together to Manage Debt'* (2009) could, with minor alterations to ensure clarity of priority / secondary debts, be placed on a regulatory footing and included as part of the Arrears provisions in the Central Bank's Consumer Protection Code.

A voluntary arrangement of this nature, if limited in duration, would benefit both the debtor and the creditor as a completely non-judicial process is less time-consuming and less costly (to the State, the debtor and the creditor) than the arrangements currently proposed by the Personal Insolvency Bill due to the absence of any court involvement or statutory fees to an approved intermediary or Personal Insolvency Practitioner.

In this regard MABS is supportive of recent commentary by the Minister for Social Protection and others in relation to the work which needs to be undertaken by banks to support their customers at this difficult time.

Recommendation 2: Central Bank
Endorsement within primary legislation, or failing that, in relevant guidelines, or Codes of an enhanced approach to voluntary arrangements

Agreed levels of reasonable expenditure
The Government's definition of poverty, adopted in 1997, states that:
"People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources people may be excluded and marginalised from participating in activities which are considered the norm for other people in society."

These are the guiding principles which, in our view, should inform any income retention or approved expenditure levels.

We are of the view that within both the new legislative arrangements and in arriving at voluntary debt management agreements, a pre-agreed level of expenditure for certain areas of discretionary household expenditure should be arrived at and we support, in this regard, the work carried out by the Vincentian Partnership and others. Agreed trigger figures, based on the work mentioned above, would provide levels of income retention for which no explanation or comment was needed and would identify levels of expenditure which would be accepted as reasonable. In other jurisdictions these basic budgeting figures are often confined to a list of essential items and include figures for telephone, travel,

housekeeping and 'other' costs. Having agreed income retention and 'reasonable' expenditure figures as part of a debt management process would improve efficiency and effectiveness and bring about consensus on a number of issues that are currently highly subjective.

Since 1999, there has been considerable research in establishing Minimum Essential Budgets for both urban and rural households in Ireland. In our view this research should inform the establishment of national standards and guidelines in this regard.

Recommendation 3: Department of Justice/Insolvency Service/Credit industry
Recognition within national standards and guidelines supplementing the Personal Insolvency Legislation of agreed levels of reasonable expenditure and income retention. This would support the sustainability of agreements, and increase the efficiency with which voluntary and statutory arrangements could be arrived at.

Availability of Credit/Social lending
"Social lending has a social purpose rather than merely a financial/profit purpose and has assumed greater importance in anti-poverty policy with the increased difficulties faced by low-income groups and communities in accessing mainline financial services. Social lending is different to other forms of lending in that it is generally local, personal, simple and transparent. Perhaps as a result, loss rates on such loans have been shown to be lower than in the commercial sector which indicates that the risk factor perceived in lending to low income families is much overstated - further it indicates the viability of social lending"

Borrowers turn to money lenders (legal and illegal) and other forms of high cost credit (catalogue) etc. when conventional credit is no longer available. Increasing debt default has a subsequently negative effect on a consumer's credit history, which in turn precludes them from accessing mainstream credit facilities. In considering loan applications, lenders must be cognisant of the changed economic circumstances in Ireland and be able to provide appropriate alternative facilities to consumers. "Low income households have, by necessity, a strong appetite for credit use. Six out of ten households in the low income quintile..... Feel the need to borrow in any twelve month period. They have few options to raise money other than by borrowing".

Research carried out in 2005 by Sharon Collard and Elaine Kempson identified sources of credit available to low-income households as comprising of small, short-term cash loans (e.g. licensed and unlicensed moneylenders) and loans tied to the purchase of goods (e.g. pawnbrokers, mail order catalogues). These sources offer loans at often exorbitant interest rates and, in some cases, far more serious consequences.

These findings were put in an Irish context by the Combat Poverty Agency in 2006 which identified the main sources of credit for low income households as the credit unions, banks (albeit a small percentage), informal networks (e.g. family/friends) and sub-prime lenders (e.g. moneylenders). MABS is concerned that due to the reduction in credit availability, credit union and mainstream banking loans are far less available to the low-income demographic than heretofore, leaving many on a low income with no other alternative but to turn to high interest credit in cases of need.

The structures best placed to offer social lending are:
- Department of Social Protection,
- Credit Union Movement and

- Private Funders of Micro-Finance.

For the purpose of this submission, we concentrate on the potential for the Department of Social Protection to provide leadership in this area.

Department of Social Protection
It is acknowledged that the Department provides Exceptional Needs and Urgent Needs Payments under the Supplementary Welfare Scheme on a discretionary basis to those who meet certain criteria (e.g. they have an essential exceptional expenditure, such as funeral costs, or an emergency expense, such as those incurred in the event of flood or fire). In 2010 the Department spent €69.4 million on these payments, with provisional figures for 2011 showing a decrease to €62.2 million. However, while these payments are an invaluable support to those whose income is inadequate, in order for them to be utilised to assist the most in need, they should, in MABS view, exist alongside a social lending mechanism aimed at those who have capacity to repay. As such, the UK model provides a useful basis on which to build in the Irish context:

The UK Model
While payments for emergency and exceptional needs are provided through the Social Fund in the UK, the Social Fund also operates to provide 'Budgeting' Loans and Crisis Loans to those on low income for specified purposes.

> Budgeting Loans
> The UK Government have introduced "Budgeting Loans" to provide funds to low income borrowers for essential expenses.
>
> Eligibility is based on the borrower being in receipt of a social welfare payment for at least 26 weeks and is assessed on the basis of an application form1 submitted to Jobcentre Plus (a government funded employment and benefits agency), as well as the borrower's marital status, dependents, existing loans with the Social Fund, ability to repay and savings (which will be taken to reduce the amount of the loan granted).
>
> The purpose of the loan is limited to certain circumstances, and amounts range from STG£100 to STG£1,500, paid into an account of the borrower's choosing. Where a borrower repays some of the loan, the portion repaid is once more available should it be required (e.g. if X borrows STG£1,500 and repays STG£500, he may access that STG£500 if required for a future expense).
>
> Repayment capacity is assessed on the basis of the application form and the repayments are deducted either from the borrower's social welfare payment at source or in some other manner agreed between the borrower and Jobcentre Plus. The usual repayment term is 104 weeks.
>
> Crisis Loans
> Crisis loan are available, interest free, to those who have suffered an emergency expense due to a crisis or disaster.
>
> Borrowers may avail of a crisis loan in respect of the same item or service once every 12 months, unless their circumstances have changed. In some circumstances, borrowers are limited to three crisis loans in any 12 month period. Borrowers may only receive a crisis loan for the avoidance of a health and safety risk to them or a member of their family.

Certain persons are excluded from obtaining a crisis loan and the lending decision is based on what is available to the Regional Social Fund and the circumstances of the borrower (i.e. the emergency need). Similar to the Budgeting Loan, the maximum amount borrowed is STG£1,500 (although there is no minimum amount) or the reasonable cost of the service needed, and loans are normally repaid within 2 years.

Recommendation 4: Department of Social Protection:
Investigate potential to provide Budgeting and Crisis loans in addition to Exceptional Needs and Urgent Needs payments in conjunction with other stakeholders.

Rehabilitate Credit Histories:
We are of the view that a mechanism needs to be found to "rehabilitate" the credit histories of those consumers who are unable to maintain their debt repayment commitments in full because of the change in their economic circumstances. While it is essential that factual and accurate records are held, it may be necessary to consider augmenting categorizations to reflect the changed economic environment. An arrangement similar to that introduced for MABS participants in the "MABS/IBF Debt Settlement Pilot", whereby a special entry was introduced to the Irish Credit Bureau (ICB) records to indicate compliance with the agreements, should be considered.

Recommendation 5: Central Bank/ICB/Institutions
Formally give appropriate recognition to those maintaining part-payments in recording credit histories.

Establishing a Business Debt Line
In several Pre-Budget submissions over the last number of years we have called for the establishment of a Small Business Debt line. The rationale for same still exists. Micro-entrepreneurs do not have adequate advisory support when their businesses get into difficulty. MABS can assist with personal debts and can play a limited role in advising with business debt where there is a cross-over with personal debt. However, the absence of a dedicated resource in this area means 1) that potentially viable businesses may fail and 2) that the debts owed by failed business can be excessive. The UK's business debt line has been very successful. (Business Debt line (http://www.bdl.org.uk).

We see a potential role for pro-bono professional advice or philanthropic support for such an initiative as part of the national recovery programme. Such an initiative could perhaps complement the Citizens Information website, www. selfemployedsupports.ie

Recommendation 6: Department of Enterprise, Trade and Employment
Establish a working group to:
1) Examine the potential to set–up a low- cost business-debt line
2) Estimate associated costs/resources
3) Identify potential pro-bono and philanthropic sources for same.

Mental Health Guidelines
While MABS does not retain information on clients' mental health, due to data protection obligations, we are aware of an increase in clients suffering from debt/money related mental health issues seeking the support of MABS Services. The Samaritans' Impact Report (November 2010 to October 2011) reported five main issues arising on their Helpline as follows (p.16 – emphasis added):
1. Depression and mental health issues
2. Relationship problems, ***often exacerbated by financial difficulties***

3. ***Anxiety about the future***
4. Loneliness
5. Stress

While it may be the case that all five issues are caused/compounded by financial difficulties, it is clear that two of the top three most certainly are.

This is supported by the Mental Health Commission's 2011 Report, *The Human Cost, An overview of the evidence on economic adversity and mental health and recommendations for action*, which referenced actions taken in the UK to address debt-related mental health issues (e.g. the Good Practice Mental Health Guidelines produced by the Money Advice Liaison Group; the Debt and Mental Health Evidence Form, approved by the UK Information Commissioner's Office) and made a series of recommendations, some of which explicitly reference the use of MABS resources.

MABS made a workshop presentation at the Irish College of General Practitioners (ICGP) Summer School which focused on issues of mental health. Most GPs in attendance at the MABS workshop expressed concern at the increase in debt-related mental health issues arising in their patients and indicated that they too would welcome a national response to dealing with this growing problem.

We would welcome the introduction of robust Mental Health Guidelines such as those introduced in the UK which would provide all services, creditors and advocacy services alike, with an appropriate mechanism for supporting clients/customers in difficulty.

Recommendation 7: Mental Health Commission;
Establish a working group in conjunction with MABS, the ICGP, the main lending institutions/utility providers (or their representative bodies) and the relevant regulators to develop and agree Mental Health Guidelines.

Submission 27: TASC

TASC is an independent think-tank dedicated to promoting equality, democracy and sustainability through evidence-based policy recommendations.

During the 'Celtic Tiger' years, TASC was concerned with Ireland's persistently high levels of economic inequality. During the recent austerity years, TASC's concern with inequality has increased, as many budget decisions have worsened the lives of vulnerable groups and Ireland's income/wealth gap persists.

TASC's analysis is that maintaining the Government's 'triple lock' of no increases in income tax, no reductions in social welfare payments and no changes in public pay and pensions is not tenable. We argue that social transfers to, and services for, low income and other vulnerable groups should be immune from cuts in Budget 2013.

It is a mistake to think that the worst of austerity is behind us. The experience of other countries shows that the most politically difficult decisions are often taken at the end of an austerity programme. The remaining decisions about how to raise taxation or cut spending to close the deficit by a further €8.6 billion will be qualitatively different from what has gone on before. It will not be possible to close the deficit to this extent unless major changes are made – in other words,

entire Government programmes may cease unless revenue is raised to fund them, and the relative income/wealth position of different sections of society may shift significantly, depending where the burden of adjustment is placed.

The Deficit
Ireland has a major 'structural' deficit in the public finances; that is, an excess of spending over revenue that will not go away even if economic growth returns to normal. Estimates of the structural deficit vary, but the Department of Finance estimates that it is 7.5 per cent of GDP (€11.9 billion) and the IMF estimates that it is 6.3 per cent of GDP (€10 billion). TASC argues that the bulk of the deficit should be closed by rebuilding Ireland's tax system, which collapsed in 2008.

Economic Equality
Michael Kumhof and Romain Ranciere (2011) identify increasing levels of income inequality in the years leading up to both the current global crisis and the Great Depression as having a key causal role in the two crises.

The IMF's research department have shown that over the long-term a trade-off between equality and growth does not exist. They argue: *"equality appears to be an important ingredient in promoting and sustaining growth. The difference between countries that can sustain rapid growth for many years...and others that see growth spurts fade quickly, may be the level of inequality. Improving equality may also improve efficiency, understood as more sustainable long-run growth".*

Speaking at the TASC/FEPS Autumn Conference in October 2012, Michael Förster, senior economist in the OECD Social Policy Division and the main author of the 2011 publication *Divided We Stand: Why Inequality Keeps Rising*, emphasised that inequality is a sign of economic inefficiency.

TASC argues that the major changes required in the Irish economy are an opportunity to bring about both a more equal society and more prosperity. TASC's budget proposals are chosen on the basis of the evidence for what measures will have least damage to job growth and sustainable development, while also narrowing Ireland's income/wealth gap.

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Irish Fiscal and Economic Imbalances
Ireland's bank bailout was the most expensive in the Western world at 40 per cent of GDP. Because Ireland officially accounted for much of the cost of the bailout in 2010, Ireland's general government expenditure was the highest in the EU in that year (at 66.1 per cent of GDP).

Yet Ireland's general government expenditure over the ten-year period before the 2010 bank bailout (2000-2009) was the second lowest in the EU, averaging at only 36.1 per cent of GDP, nearly 11 percentage points below the EU-27 average for that period (46.9 per cent of GDP). In other words, Irish public spending was only three quarters of the EU average. Average expenditure levels across the EU in this period ranged from 35.9 per cent to 53.9 per cent of GDP.

Similarly, Irish total general government revenue was the fifth lowest in the EU over the last ten years (2002-2011) at 35.2 per cent of GDP. This is over nine

percentage points lower that the EU-27 average of 44.3 per cent of GDP. Average EU tax levels have ranged from 32.9 per cent to 55.7 per cent of GDP.

Ireland's level of social insurance (5.8 per cent of GDP in 2010) is the second lowest in the EU, less than half of the weighed EU average (12.7 per cent).

Ireland is the only EU country with single digit investment (gross fixed capital formation in 2012) forecast at 9.5 per cent of GDP, approximately half of the EU-27 average level of 18.6 per cent of GDP.

Ireland's use of 'tax expenditure' (tax breaks, reliefs, schemes, credits) is among the highest in the EU.

TASC's analysis is that Ireland's 'special growth model' of the last ten years was unsustainable and led to the major property crash and much of the subsequent harm to Irish society, in terms of indebtedness and loss of employment. As such, there is a need to examine Ireland's fiscal and economy policy anew, to construct a more sustainable and socially beneficial model of development.

TASC's Proposed Fiscal Adjustments for Budget 2013
TASC proposes the following measures for Budget 2013. These will achieve the Government's target of €3.5 billion of measures, but were chosen on the basis of the economic evidence about what measures are least damaging to economic growth and employment and what measures would be most likely to increase economic equality.

Defending and Rebuilding Public Expenditure
Social transfers to, and services for, low income and other vulnerable groups should be immune from cuts in Budget 2013. Beyond that no other spending items should be exempt from consideration.

In the medium term, TASC reiterates the view that Western European standards of public services and supports for the vulnerable can only be achieved if we as a society are willing to maintain Western European levels of public spending. Redistributive tax policies and the social programmes underpinning the welfare state mitigate the inequalities of risk and wealth generated by the market. Government spending can also propel economic development, not only through investments in human and physical capital but also through investments in the social cohesion required for a healthy economic and social environment. Guarantees of a basic and sufficient minimum income, of quality housing, and of free healthcare and education are all important pillars supporting this social cohesion. Although the depth of Ireland's crisis requires many undesirable short-term measures, this should not prevent a planned development of public services over time to reach Western European standards.

Property tax and 'ability to pay' deferral
One in five Irish households are not homeowners, most of them on the lowest incomes. As such, there is a progressive redistribution of wealth from the imposition of residential property tax on the c.80 per cent who are homeowners. For this reason, TASC argues strongly against the introduction of any waivers to property tax (other than for non-homeowners, such as tenants in social housing). Instead, recognising that many homeowners have low incomes (not least due to recent unemployment), TASC proposes that many households should be permitted to defer payment until sale of their residence or decease. The accumulated property tax would eventually accrue to the State, but would be a lesser charge in almost all cases than the old stamp duty regime used to be.

A deferred payment system would also allow the State to be generous about granting deferrals, for example to middle/higher income householders with very high mortgage and/or childcare costs at this time. Conversely, waiver systems can be abused and are very hard to remove once introduced for a given section of society. As such, waivers would undermine the base of taxpayers paying property tax.

Investment
In addition to the above measures, TASC argues that reducing the Government's deficit cannot be the only goal. It is also necessary to act now to prepare the conditions for maximum employment growth and sustainable economic development in future.

TASC proposes that €4.5 billion be taken from the National Pension Reserve Fund over the next four years to fund targeted strategic investment in specific projects identified for their high potential to contribute to the economy's ability to generate long-term growth. Examples of schemes include investment in next generation broadband infrastructure in collaboration with the private sector, as well as investment in human capital through the funding of education and training schemes targeted at the long-term unemployed.

Submission 28: Irish National Organisation of the Unemployed

The INOU is keenly aware of the obligations facing Ireland under the Troika agreement but we are also aware that their main focus is on the bottom line and that how Ireland reaches these targets is very much in Ireland's domain. It is absolutely vital that the State's reform agenda is underpinned by the values articulated in the following quote from the Programme for Government: "*By the end of our term in Government Ireland will be recognised as a modern, fair, socially inclusive and equal society supported by a productive and prosperous economy."* (p3)

The INOU is strongly of the view that the depth of the economic and social crisis facing Ireland is further exacerbated by the prioritisation given to addressing the fiscal crisis: a priority that sees a significant employer within this state, the State itself, reducing its own employment while long-term unemployment continues unabated. Indeed according to the latest Quarterly National Household Survey two thirds of decline in employment is accounted for by the reduction in public sector employment.

If Ireland is serious about addressing long-term unemployment than the State must start to view itself not just as an enabler of employment creation by others but as a potential creator of employment as well. This is particularly important in areas where FDI jobs will not be forthcoming and were indigenous employment will be vital. To that end the state, the for-profit private sector and the non-for-profit community and voluntary sector all have a role to play in supporting unemployed people to access paid employment and to participate in their local community and its development.

INCOME ADEQUACY
According to the EU SILC 2010 report, the at-risk-of-poverty rate for unemployed people increased from 24.8% to 26.1%. The only other group with a higher at-risk-of-poverty rate were households that have no-one at work and were the at-risk-of-poverty rate stood at 27.4%, a group that would include unemployed people and others of working age distant from the labour market. The national

rate was 15.8%. The consistent poverty rate is the measure more commonly cited by Government and according to the EU SILC the overall consistent poverty rate had increased to 6.2% in 2010. Again the rate for unemployed people was considerably higher than the national rate and stood at 15.2% - the only other group with a higher rate would also include unemployed people, and that is the group living in accommodation 'rented at below the market rate or rent free' and their rate stood at 16%.

The INOU is keenly aware from feedback from affiliated organizations, individual members and callers to our Welfare Rights Section that the daily struggle of managing on a jobseekers payment is not easy; that the cost of job seeking is not just financial but also takes its toll on an individual's self-belief; that unemployed people who have sought to do the right thing and participate in an education and training course too often find themselves no nearer a job than they were originally; and that this cumulative experience can be very disheartening for the unemployed person and the families and communities in which they live.

The organization is also keenly aware of the negative impact on unemployed people of the regular public discourse that is informed by perceptions rather than reality. These perceptions have been further skewed by reports and comments from the OECD, IMF and others that have taken possible family types and their potential welfare supports and presented them as typical. As the Department's own statistics highlight many of these examples are anything but typical. The most recent ESRI report which looked at a representative sample of Jobseekers demonstrated that the vast majority of unemployed people would be better off in work and that Irish social welfare rates were not as out of line with other countries when the impact of Rent Supplement was factored in correctly.

Given the lack of jobs, given the rising cost of living, given the growing reality of poverty, it is absolutely critical that the Government show their solidarity with unemployed people and stand by the commitment made in the Programme for Government that *"We will maintain social welfare rates"* (p52).

The UNOU is calling on the Government to maintain social welfare rates and supports

QUALITY SERVICES
The INOU has called for the development and provision of quality employment, social protection, education and training services for unemployed people. We have sought and will continue to seek the provision of well informed and professional services that have at their heart meeting the needs and entitlements of their users and seeks to enable unemployed people to participate fully in Irish society. At present the system is in a state of flux as the:

- Department of Social Protection absorbs staff formerly employed by FAS providing employment and community services; and staff formerly employed by the HSE as Community Welfare Officers providing supplementary welfare supports and services; and,
- Department of Education and Skills revamp the Further Education and Training sector through the establishment of SOLAS and the re-configuration of the VEC and FAS Training Centres into the Local Education and Training Boards.

In this Pre-Budget Submission the INOU is calling on the Government to ensure that public service reform has at its core a focus on improving services for users that not only seeks *"to promote active participation in society"* but facilitates such participation.

Training for Frontline Staff

Feedback from our affiliates, individual members, users of our Welfare Rights Section highlights how difficult this integration will be given current experiences; and how challenging it will be to develop and roll-out an integrated services delivery model through Intreo. A key overall and interagency question to be addressed is: who is best placed to provide an adult guidance service to unemployed people? Different types of knowledge and expertise are required if the guidance relates to employment; education; training or social protection. To what extent can Intreo provide this advice or should SOLAS take over if the advice sought relates to FET? And should the unemployed person wish to access a higher education course: who is best place to provide such advice? What role will local providers like the Local Employment Service play in developing and rolling out a comprehensive service? In many respects Intreo is the mainstreaming of the LES approach and should be acknowledged as such.

On a more immediate issue, the INOU is dealing with a considerable number of complaints against the provision of current services: in particular, if the claimant does not fit in easily to existing criteria. For example, unemployed people attempting to follow the advice of re-skilling themselves are running into a brick wall when they seek to access the Back to Education Allowance as they are being disqualified as they have an existing qualification in an unrelated area. Other claimants are finding themselves disqualified or not gaining access to payments they presumed they had an entitlement to without adequate explanation as to the grounds on which they are being refused. Unemployed people who were previously self-employed are still being asked to de-register their companies even though www.welfare.ie states clearly that they do not have to so do. These issues have brought into stark relief an issue the INOU has raised over many years: the lack of consistency across the provision of social protection and related services which are so much dependent on the capacities, interest and commitment of frontline staff.

To effectively address these issues it is critical investment is made in up-skilling frontline staff; that each agency / department has an understanding and appreciation of the other's role and how improved interagency working can get people back to work sooner rather than later. Management systems must be developed and maintained to ensure that unemployed people, potential trainees, potential business people receive the right information, guidance and advice in an appropriate manner and time. Investment in such frontline services is not only critical but vital if we are to get Ireland back to work and would result in savings e.g. fewer social welfare appeals, shorter time on the Live Register, and would support increased economic activity as services would be streamlined and obstacles removed that currently slow down development. Structures must be put in place to facilitate cross departmental working at local level so that the Departments of Jobs, Enterprise and Innovation / Education and Skills / Department of Social Protection work closely together and ensure that there is a good flow of information between national job and other announcements and local implementation.

The INOU is calling on the Government to invest in the reform of public services and ensure that staff have the appropriate training and supports to deliver on a first class person centred service

WELFARE TO WORK

Part-time work

A severe shortage of jobs is the single biggest welfare to work challenge facing Ireland: in the past when Ireland was creating jobs unemployment fell dramatically with long-term unemployment at less than 2%. Given this scenario it

is critical that the employment and entitlement service seeks to support unemployed people to be able to take up work. At present the system is good at facilitating people to take-up work if such work fits into a certain pattern. However, the reality is that much of the employment on offer does not fit such patterns anymore. The INOU has called for a system that is based on hours worked rather than days which is the basis of the current system. In May of this year the Joint Committee on Jobs, Social Protection and Education looked at this issue and made a number of recommendations including moving to an hours based system; that "*The Part Time Jobs Incentive Scheme should be more widely advertised and eligibility for same reduced from 15 months to 11 months"* (p29); and "*that a concerted effort is made from governmental level to inform unemployed people of their entitlements if they re-enter the workforce and reassure the public that their financial circumstances may not be adversely affected by returning to part-time work." (p30)* This is absolutely critical and should be core to the reform of public services in this area. Given that over 70% of those in receipt of a Jobseekers payment are on JA it would be important that any developments in this area apply to all unemployed people. NESC also noted in their Report No 123 that "*The opportunity of occasional or temporary work can be particularly valuable to JA recipients. A thorough simplification and modernisation of the rules governing receipt of JA/JB and part-time working is overdue." (p142)*

One interesting development that the Department of Social Protection has introduced is the fast-track system for unemployed people who acquire up to four weeks work that allows them to keep their claim open: so that they are in effect not joining the end of the welfare queue when their employment comes to an end. It would be important to build on this development to ensure that unemployed people are fully informed of it and so facilitate them to establish and maintain their own links to the labour market. Many unemployed people feel that it is hard to hear about work unless one is already in a job as so much information about employment is past around by word-of-mouth. Facilitating the increased take-up of part-time and flexible working may be the most useful activation measure the Government could develop.

- **The INOU is calling on the Government to introduce an hours based social welfare system and to further expand on the fast-track system to support unemployed people take up part-time work.**
- **The INOU is also calling on the Government to streamline administrative systems to ensure that they do not act as a disincentive to taking up work**

Employment Programmes

The Department of Social Protection is now responsible for a range of employment programmes including Community Employment; Community Services Programme; TUS; JobBridge and the Back to Work Enterprise Allowance. CE, TUS and CSP play a dual role of offering unemployed people an opportunity to participate and work in their community while providing a resource to local and national community and voluntary sector organisations to undertake and develop their work. Indeed in many areas employment programmes and CE in particular are an integral part of the infrastructure that underpins public services delivered through the CVS. Progression from these programmes has been disappointing and questions have been raised about their contribution to active labour market policy. The INOU is keenly aware of these issues and the need for them to be addressed: the organisation is also keenly aware of the important opportunity these programmes provide for unemployed people to participate and to develop their skills. It is absolutely critical that employment services seek to improve the

progression options for CE participants and that as the new employment and entitlement service develops and relationships are built with a broader range of employers that better outcomes are sought and achieved.

With regard to the TUS programme, the organisation remains concerned at key design and implementation aspects of this programme. Amongst these concerns is the lack of opt-in for unemployed people given the random selection process; and the overly restricted use of the Live Register (LR) requirement for applications to the Team Leader positions. The latter issue has left some unemployed people in a Catch 22 as they were effectively made ineligible for an employment option targeting unemployed people because their participation in an education or training course took them off the LR. As with the Back to Education Allowance issue raised on p3 if the increased focus on activation is to produce positive outcomes for unemployed people then it is essential that these bureaucratic anomalies are properly addressed. A system that really strives to provide a person centred and interactive service is imperative if public sector reform is to be meaningful.

On all of these programmes opportunities to re-train and re-skill are critical and the Department of Social Protection must work with the Department of Education and Skills to ensure that participants are supported to access the right option for them – to maximise their involvement in the employment programme and increase their chances of securing paid employment.

The INOU is calling on the Government to ensure that:
- **Participation on employment programmes is productive for unemployed people;**
- **Where necessary education and training options are built in; and**
- **Progression into paid employment is actively supported by employment services.**

Feedback from unemployed people on JobBridge remains mixed: for some people it was a positive and fruitful experience and helped to connect the participant with job opportunities in the labour market; for others it has been a negative experience with strong feelings of exploitation; while for others, in particular well qualified and experienced unemployed people, there is a strong sense that jobs for which they should able to apply are now being filled through JobBridge and are effectively no longer jobs. To these issues the INOU is making two proposals. Firstly, build on the experience of quality internships in the private sector where there are properly structured internship programmes with decent pay and conditions. Secondly, address the concerns of exploitation and the difficulties of going to work on a welfare payment + €50 by re-introducing a revised Back to Work Allowance: this would facilitate the employers to make a contribution to the participants payment and over time support the position would turn into a paid job for which the employer would ultimately be responsible.

The INOU is calling on the Government to introduce a properly structured internship programme and to introduce a revised Back to Work Allowance.

With regard to the Back to Work Enterprise Allowance it is important that the Department of Social Protection work with the Department of Jobs, Enterprise and Innovation, Enterprise Ireland, the City and Country Enterprise Boards and the Local Development Companies to ensure that unemployed people seeking to create their own job gain access to the widest range of supports as possible including the new Micro-enterprise Fund. Feedback from affiliates working on the ground on these issues have noted the importance of extending current supports

as it takes a number of years to build up a business and make it viable. This is particularly relevant in areas where there is little other job creation emerging. To that end making the most of new technologies and ICT to support unemployed people to create and expand business ideas should be promoted and realised.

With regard to reform on the ground there is a need for clarity as to who is and will be responsible for what i.e. the City and County Enterprise Boards as a unit within Enterprise Ireland vis-à-vis the proposed new network of Local Enterprise Offices delivers for unemployed people.

It will also be important for DSP to resolve the lack of access to Jobseekers Benefit for self-employed people who lose their work and become unemployed. It should be feasible for the system to allow self-employed people to opt-in to the social insurance related benefit by allowing them to pay for themselves as both the employee and the employer. Clearly this would not address the issues facing unemployed people who were previously self-employed now but it would allow this issue to be addressed over time and should be part of the Government's reform agenda.

The INOU is calling on the Government to:

- **Pro-actively support unemployed people seeking to become self-employed by re-instating the BTWEA to 4 years;**
- **Provide earlier access to the full scheme for unemployed people with viable business ideas; and**
- **Facilitate self-employed to insure against their own employment.**

JOBS

It is self-evident that without adequate job creation Ireland's unemployment crisis will remain unaddressed. To that end it is important that the Government not only builds on its own July announcement of an initial stimulus package but also builds on proposals coming from ICTU and others. As noted in the opening remarks to this submission, unless all elements of the labour market work together, Ireland will not create enough jobs to give real hope to unemployed people and young people leaving education over the foreseeable future.

Another critical element that needs to be addressed as a matter of urgency is how to encourage and incentivise employers to recruit from the live register. This is absolutely essential to give hope to unemployed people that jobs that come on stream will be accessible to them; to address the negative stereotypes prevailing in the public domain about unemployed people; and to ensure that an important source of human capital is used to maximum effect. To that end there must be:

- Wider dissemination of information on Employer Incentives Schemes like Revenue Job Assist and the Employer Job (PRSI) Incentive Scheme;
- The setting and pursuit of ambitious targets for take-up of these schemes;
- Greater inter-agency collaboration on the ground when job announcements are made: this should happen as a matter of course and not be reliant on the personal relationships of key staff on the ground;
- Development of enhanced communications between agencies, employers and unemployed people – key role for the Department of Social Protection's new integrated service Intreo.

The INOU is calling on the Government to promote supports for employers to employ unemployed people.

EDUCATION AND TRAINING

It is absolutely vital that the Government ensures that education and training courses offered to unemployed people provide them with the required skills to

secure paid employment and address Ireland's current and future skills gaps. To that end it would be important to build on the Springboard initiative in order that unemployed people can secure the right skill sets to be able access jobs where there are currently vacancies and where there are likely to be vacancies into the future. It would be important to ensure that frontline services engaging with unemployed people are aware of initiatives like Springboard, what is happening in their area, and that clear targets are set to ensure that there is a full take up of these opportunities.

The development of SOLAS presents an opportunity to develop the important role of further education and training in responding both to the needs of unemployed people, others distant from the labour market and in addressing a range of labour market skills requirements not met through the formal education system. Again good management and planning information, well informed frontline staff with the capacity to assess an unemployed person's current skills levels and work experience will be critical if this development is to provide Ireland with the economic and social dividend so badly needed. A good working relationship and interaction between DSP, SOLAS and the LETB will be critical in this regard.

On a practical front it will be important to address the current anomalies in the Back to Education Allowance which does not permit someone to start off a new course at a lower FETAC level than their existing qualifications even if it is in a completely different field of learning. In an era when some many commentators note that less and less people will be doing the same job for life, a flexible and responsive system is vital if unemployed people are to be facilitated and encouraged to engage meaningfully in lifelong learning.

DEVELOPING EMPLOYMENT INITIATIVES WITHIN THE COMMUNITY

In many areas the local community organisation is a key provider of services, developer of local economic and social activity and a key employer. Many community organisations are facing challenges as funding has been cut yet demand for their services has increased and more people, including the unemployed, are looking to them for support and employment. Local community organisations also provide an important opportunity for unemployed people to participate in their local area and make a valuable contribution. Local and national community and voluntary sector organisations have played a key role in the delivery of active labour market programmes. In the current climate many communities are exploring ways of building on their local strengths to address the range of social and economic issues facing them including the issues of un- and under-employment.

It will be important for the Government to explore the scope and realise the potential of social enterprise development by implementing the following recommendations from the Social Enterprise Task Force Report, *"ADDING VALUE DELIVERING CHANGE The Role of Social Enterprise in National Recovery": "The development of an enabling policy framework, which would see the social enterprise agenda adopted and driven by the department with responsibility for enterprise;*

- *Incorporating social enterprise into the economic, planning and development strategies of local authorities;*
- *Including a social enterprise remit within existing enterprise funding mechanisms;*
- *Enhancing the existing support structures for the business sector so that they are accessible and capable of also providing support to social enterprise. The key agency for providing support to social enterprise at local level should be the County & City Enterprise Boards (CEBs);*

- *Developing the use of social clauses in public and local authority procurement policy and supporting social enterprises to build consortia and to tender for public contracts; and*
- *Developing a range of flexible finance options including equity-type instruments."*

It will also be important to ensure that equality and inclusivity are integral elements of actions to develop initiatives within the community - in many cases employment in community based initiatives has been the only route open to the labour market for those particularly distant from it and it is imperative that any plan to provide jobs does not lose sight of this reality. And to ensure that the Community Investment Fund has mechanisms in place to support community based projects that target those particularly marginalised from the labour market to participate in and build community businesses.

- **Community and voluntary organisations to develop local responses to the unemployment crisis; and**
- **The realisation to the full potential of the co-operative and social enterprise models.**

TAX

INOU is calling on the Government to reconsider the tax to cuts ratio: relentless austerity and dampening down of domestic demand will not get people back to work. A more ambitious and innovative investment programme is required if long-term unemployment is to be actually addressed. Ireland needs a vision of the type of society we want and the nature of the economic activity essential to its realisation. A broader, sustainable and equitable tax base is a key element in securing a better future and it is important that Budget 2013 starts to build this: informed by the principle that those who can are those who pay.

To that end the INOU is calling on the Government to ensure that all tax expenditures are fully quantified, subject to a comprehensive cost-benefit analysis: and that the Department of Finance publishes an annual report on their economic, distributional and equality impact of these expenditures. Billions in income is foregone by the State annually and it is unclear what if any benefit the State enjoys. It would also be important for the State to give serious consideration to a wealth tax. The INOU is a member of the Community Platform which published "*Paying Our Way Progressive proposals for reforming the Irish tax system"* which amongst its recommendations called on the Government to "*Introduce a Comprehensive Property (Wealth) Tax, to be levied on all assets including global assets. This tax should be applied, in the first instance, to income earners above €100,000."* (p9)

IN CONCLUSION

If Ireland is indeed to *"be recognised as a modern, fair, socially inclusive and equal society supported by a productive and prosperous economy"*; if Ireland is serious about addressing long-term unemployment than an alternative approach to austerity must not only be explored but pursued. To that end Ireland must start to invest in tomorrow; to support the state, the for-profit private sector and the not-for-profit community and voluntary sector to play their part; and to give real hope to unemployed people of all ages of securing decent work.

Submission 29: Respond!

When devising Budget 2013, Respond! Housing Association is calling on the Government to protect the needs of the most vulnerable. While understanding the need to make difficult decisions, Respond! Housing Association believes that recent budgets have adversely affected the incomes of those who can least afford it, resulting in increased hardship and suffering. The gap between those on higher incomes and those on lower incomes has grown with the overall impact of previous budgets being regressive.

- 15.8% of Ireland's population is at risk of poverty with incomes below €10,842 for a single person or €25,154 for a household of four.
- 29% of all households at risk of poverty are headed by a person in employment while 41% of households at risk of poverty are headed by a person outside of the labour force.
- More than 700,000 persons (including more than 200,000 children) are living in poverty.
- Local Authority housing waiting lists currently stand at 98,318 households or approximately 250,000 persons.
- 435,200 persons are currently on the Live Register (September 2012).
- The total number of persons unemployed currently stands at 308,500, an increase of more than 300% in just 5 years.
- Housing policy persists in operating a scheme of letting priorities which, despite sentiments to the contrary, continues to house dependent households in segregated estates to their cumulative disadvantage and that of the wider community.

It is within this context that Respond! is calling on the Government to consider the following:

SUMMARY OF RECOMMENDATIONS:

1. Housing

- Respond! Housing Association believes the provision of funding for a sustainable programme of social housing should be prioritised, including the development of a National Housing Plan.
- Reform of the Rental Supplement Scheme and transfer of responsibility for a new Housing Assistance Payment (HAP) administered by the Department of the Environment, Community and Local Government, needs to take place without further delay.
- Approved Housing Bodies (AHBs) should be exempt from any proposed property tax.
- The Management and Maintenance Allowance should be maintained at current levels.
- 5% of the capital costs of new build and regeneration programmes should be allocated for social supports, capacity building, community development and family support work, for each of the first 5 years of the development.
- Stronger action needs to be taken to urge banks to progress the Mortgage to Rent initiative to assist families with unsustainable mortgages
- Longer term reliance on AHB investment in social housing will need sustainable and increased funding for the Capital Assistance Scheme (CAS), Capital Advance Leasing Facility (CALF) and the Social Housing Leasing Initiative (SHLI).
- New-found dependency upon not-for-profit Approved Housing Bodies needs to be more carefully studied and discussed by key stakeholders than what has transpired since the downturn in housing development and provision.

2. Social Welfare and Social Support Systems

- Uphold the commitment made in the Programme for Government to maintain social welfare rates at their current levels and do not impose any further limitations on access to welfare supports or other benefits.
- The Social Welfare system should facilitate people to move between welfare and work by being responsive and adaptable. Without this, our welfare system will simply continue to create poverty traps.
- The Better Energy Programme should be expanded in order to reduce increasing levels of fuel poverty amongst low income families
- The Personal Insolvency Bill 2012 should be amended to remove the imbalance of power between financial institutions and debtors

3. Mental Health and Community Services

- Additional funding to be allocated to mental health and the implementation of *A Vision for Change.*
- Support the recommendation contained in the Interim Report of the Steering Group on the Review of the Mental Health Act that staffing of community services must be prioritised over staffing acute settings.
- Support the pilot programmes of ***Better Being: Improving Mental Health in Low-income estates,*** which Respond! Housing Association is pioneering in its estates and for which submissions have already been made to both Ministers Kathleen Lynch and Jan O'Sullivan and also to the Health Service Executive. No support has been forthcoming.

HOUSING:

Recommendation 1:

- Respond! believes the provision of funding for a sustainable programme of social housing should be prioritised, including the development of a National Housing Plan.

Currently there is no national housing plan that provides a strategic vision for the housing sector in Ireland for the medium to long term. Respond! Housing Association welcomed the Housing Policy Statement released in June 2011 by the former Minister for Housing and Planning Willie Penrose that outlined the vision of the new Government for a housing sector that was based on choice, fairness, equity across tenures and delivering quality outcomes for resources invested. While the statement outlined the damage caused by the Irish housing sector to the overall economy, it did not provide sufficient detail on how the current crisis in private and social housing in Ireland would be resolved.

Respond! Housing Association has continuously called on the Government to research, publish and implement a National Housing Plan. This was the theme of our National Housing Conference held in Dublin recently and supported by leading researchers and others. We believe this new national housing plan should be comprehensive and consistent and bring together the many different elements required for any housing policy. These elements to include, among others:

- Private housing (rental and purchase, as well as unfinished developments)
- Social housing (rental and purchase)
- Affordable housing (rental and purchase)
- Planning, zoning and public policy
- The National Development Plan
- The National Spatial Strategy
- The Four Year Plan
- Housing related fiscal policies

The lack of a national housing plan by previous Governments has clearly contributed to the crisis we are now in. Previous Governments failed to control the property market through fiscal and planning measures. There was never a

joined-up policy that brought together the many different areas that contribute to the provision of housing in Ireland. Respond! Housing Association maintains that any national housing plan should cater to a wide range of income groups, be equitable, fair, sustainable and should be in the common good. Social housing should be a viable, long-term, securely managed and well-resourced source of accommodation: it needs to be developed and promoted as 'housing of first choice' rather than what is often articulated as 'housing of last resort'.

Recommendation 2:

- Reform of the Rent Supplement Scheme and transfer of responsibility for a new Housing Assistance Payment (HAP) administered by the Department of the Environment, Community and Local Government and Local Authorities, needs to take place without further delay

Rent supplement was introduced in 1999 as a short term income support but it has now turned into a de facto housing support. Respond! Housing Association believes rent supplement is a poorly designed system which creates poverty traps for those in receipt of the payment. Recipients of rent supplement are prevented from taking up full-time employment as working 30 hours or more means automatic disqualification unless they are on a waiting list for the Rental Accommodation Scheme (RAS) or satisfy other exceptional conditions. This effectively creates a poverty trap as the majority of recipients would be better off on welfare rather than returning to full employment. Respond! Housing Association believes that the rent supplement system needs to be completely reformed and redesigned so that it does not inhibit the take-up of employment. This reform can only be achieved when the payment is replaced by a Housing Assistance Payment (HAP) and responsibility for its design and administration is transferred to the Department of the Environment, Community and Local Government and Local Authorities.

Recommendation 3:

- Approved Housing Bodies (AHBs) should be exempt from any proposed property tax

Respond! Housing Association believes that in line with the exemption from the Household Charge, Approved Housing Bodies should be exempt from any proposed property tax. Along with Local Authorities, Approved Housing Bodies provide housing for those unable to do so from their own resources. Respond! Housing Association believes that the exemption of non-governmental organisations is acceptable on the grounds that they provide socially worthwhile services that the State might otherwise struggle to provide. It is common in many European Countries with property tax systems to exempt charitable organisations, for example Germany, Sweden, Austria, Switzerland, Austria, Poland and the Czech Republic amongst others.

Recommendation 4:

- The Management and Maintenance Allowance should be maintained at least at current levels.

The management and maintenance of social housing stock within the remit of the local authority sector was found to have a shortfall of some 30% in respect of its corresponding income from rental payments. It cannot be assumed by government that such a cost shortfall can be overcome in the AHB sector simply by transferring provision or/and management functions to that sector. The Housing Benefit system in the UK supports housing association housing functions in a very secure financial model, coupled with rents from tenants and other substantial social support funding from the Exchequer. In Ireland, we neither have a secure system such as the Housing Benefit nor the social support funding available in the UK: nor can we be solely reliant on the security of differential rent funding from low-income tenants. False comparisons with other jurisdictions can

be injurious to the ongoing success of the AHB sector in terms of its continuing management/maintenance systems.

Recommendation 5:

- 5% of the capital costs of new build and regeneration programmes should be allocated for social supports, capacity building, community development and family support work, for each of the first 5 years of the development.

Respond! Housing Association strongly believes that creating communities is more than simply bricks and mortar. We believe that the correct social infrastructure and supports need to be in place in order to ensure communities can grow and prosper and is calling on the Government to ensure that 5% of the capital costs of new build or regeneration programmes are allocated to this social infrastructure.

Recommendation 6:

- Stronger action needs to be taken to urge banks to progress the Mortgage to Rent Initiative to assist families with unsustainable mortgages

The Mortgage to Rent Scheme was announced by Minister for Housing and Planning Jan O' Sullivan in July 2012 as a support for families with unsustainable mortgages that would allow them to remain in their home.

Recommendation 7:

- Longer term reliance on AHB investment in social housing will need sustainable and increased Funding for the Capital Assistance Scheme (CAS), Capital Advance Leasing Facility (CALF) and the Social Housing Leasing Initiative (SHLI) ;

In order to continue to provide housing to those who cannot do so through their own resources, Respond! Housing Association is calling on the Government to increase CAS, CALF, and SHLI funding. The funding of social housing in Ireland has changed dramatically in recent years with the almost total withdrawal of capital funding for family social housing. Respond! Housing Association believes the supply of new social housing will virtually stop if further cuts are made to the remaining funding mechanisms.

Respond! Housing Association believes that the Department of the Environment, Community and Local Government has not made a realistic assessment of the balance-sheet capability of the AHB sector in relation to their ability to sustain substantial borrowings to meet the significant funding requirements of housing provision in the short term and in the long term. Apart from the obvious risk factors associated with long-term borrowings, charities also must and do contend with the prescriptions of the Charities Act which forbid any such risks to the assets of charities, and holds directors both personally and corporately liable in the event of such risks coming to fruition.

Recommendation 8:

- New-found dependency upon not-for-profit Approved Housing Bodies needs to be more carefully studied and discussed by key stakeholders than what has transpired since the downturn in housing development and provision;

It is assumed that AHBs (Approved Housing Bodies) can take up the slack created in the provision and management of social housing by the withdrawal of local authorities from these responsibilities. The roles and understandings of local authorities and of housing associations have not been fully assessed in relation to these tasks. A further assumption is being made that the systems and economies of housing management can be easily transferable from other jurisdictions without paying corresponding attention to the income and cost parameters within

which these jurisdictions operate. More attention needs to be given to the quite substantial legislation which now underpins AHBs as charities. The increasing interrelationship between the various housing sectors – the local authority sector, AHB sector, the private owner occupier and private rented sectors – all of these need to be more fully explicated. These considerations, among many more, can only be truly assessed in a **Housing Green Paper.**

While Respond! conforms to best-practise Governance and Over-sight proposals, at the same time we are concerned that regulations will control rather than of support and may well stultify the sector within which we operate. Greater and well-researched creativity based upon agreed housing policies and programmes is essential if we are to move our national housing systems forward. To that end Respond! Housing Association proposes that the Government sets aside an adequate budget to engage Independent Housing Consultants to compose a Housing Green Paper wherein all the substantial issues facing us currently can be addressed.

SOCIAL WELFARE and SOCIAL SUPPORT SYSTEMS:

Recommendation 7:

- Uphold the commitment made in the Programme for Government to maintain social welfare rates at their current levels and do not impose any further limitations on access to welfare supports or other benefits

In order to deliver on the commitment to protect the most vulnerable, social welfare rates need to be maintained at current levels. The basic social welfare rate currently stands at €188 which is almost €20 less than the adult poverty line (€207.94). While the Government maintained basic social welfare rates in Budget 2012, cuts to other benefits and secondary supports and changes to certain eligibility criteria have had a damaging effect on low income families. Cuts made in Budget 2012 include cuts made to child benefit, rent supplement, fuel allowance and the domiciliary care allowance amongst others. Those in receipt of social welfare, out of necessity, spend all their income in the local economy so reducing social payments also has a negative economic impact on local businesses.

Recommendation 8:

- The Social Welfare system should facilitate people to move between welfare and work by being responsive and adaptable. Without this, our welfare system will simply continue to create poverty traps.

Recommendation 9:

- The Better Energy Programme should be expanded in order to reduce increasing levels of fuel poverty amongst low income families

Respond! Housing Association is concerned at increasing levels of fuel poverty in Ireland, particularly among vulnerable and low income households. The cost of fuel has increased dramatically over the past number of years and approximately 400,000 payment plans were entered into in 2011 by households who were struggling to meet the rising cost of energy. We are calling on the Government to increase funding for the Better Energy Programme – Ireland's national upgrade programme to retrofit building stock to high standards of energy efficiency. Respond! Housing Association is calling for an additional €3 million to be allocated to the Better Energy Programme with the ultimate aim of reducing fossil fuel use, running cost and Greenhouse gas emissions.

Recommendation 10:

- The Personal Insolvency Bill 2012 should be amended to remove the imbalance of power between financial institutions and debtors.

There is an increasing mortgage arrears crisis in this country with almost 130,000 households in some form of arrears and a further 40,000 households who have had to restructure their mortgage due to financial difficulty. However, mortgage arrears is not the only personal debt people are currently coping with as credit card debt, hire purchase debt, overdrawn accounts and personal loans are also contributing to high levels of personal indebtedness in Ireland. While welcoming the publication of the Personal Insolvency Bill 2012 and seeking its swift introduction, Respond! Housing Association believes the Bill needs to be amended as it currently relies too much upon the financial institutions to behave in a fair and rational manner. The Bill leaves the ultimate decision making in the hands of creditors through the use of veto and Respond! Housing Association believes a rebalancing of power needs to take place.

However, it is vital that the Personal Insolvency Bill is amended and enacted without further delay in order to assist struggling families living under the cloud of debt. Only in doing so can they return to full economic activity.

MENTAL HEALTH AND COMMUNITY SERVICES

Recommendation 10:

- Additional funding to be allocated to mental health and the implementation of *A Vision for Change*

While mental health problems can affect anyone across every section of society, if you live in poverty or are on a low income, you are more likely to experience difficulties. Research has indicated that common mental illnesses are twice as frequent among the lowest income groups compared to the highest. The vicious circle of mental health means that poverty is both a major cause of poor mental health and a potential consequence of it.

A Vision for Change advocated a community based framework for mental health services, incorporating the recovery model. The community based services envisaged in *A Vision for Change* included offering a holistic range of supports and included staff from a range of specialist disciplines including clinical psychology, mental health nursing, occupational therapy, psychiatry and social work. However, since *A Vision for Change* was launched 6 years ago, implementation has been slow and the level of funding allocated has been insufficient. It is ironic that at a time of increasing stress and anxiety for families, there are fewer resources to tackle the problem. In 1986, 13% of the health budget was allocated to mental; in 2010 this figure stood at just 5%. While welcoming the additional allocation of €35 million in Budget 2012, Respond! Housing Association believes a higher percentage of the health budget needs to be allocated to assist those with poor mental health.

Recommendation 11:

- Support the recommendation contained in the Interim Report of the Steering Group on the Review of the Mental Health Act that staffing of community services must be prioritised over staffing acute settings

Recommendation 12:

- Support the pilot programmes of ***Better Being: Improving Mental Health in Low-income estates,*** which Respond! is pioneering in its estates and for which submissions have already been made to both Ministers Kathleen Lynch and Jan O'Sullivan and also to the Health Service Executive (HSE). No support has been forthcoming to date.

Respond! Housing Association in its McKeown Survey of 2008 discovered that up to 30% of lone parent mothers on our estates were suffering from significant

mental health problems. Among their children there was an incidence of some 23% suffering also from mental health difficulties.

Confirmation of this phenomenon regarding lone-parent mothers was provided in the national Slán Survey of 2007, by the Department of Health. This found that women in the lower socio-economic classifications (SC 5-6), with no earned income and educational attainment are more liable to suffer from mental illness than most of the population. Respond! Housing Associations, like all social housing organisations, takes most of its residents from the local authority housing lists on the basis of the Scheme of Letting Priorities: this fundamentally dictates that most of our residents will tend to be lone-parent mothers of this cohort. Currently, we have some 60-70% of lone parent mothers as heads of households in our estates.

Subsequently, by direct befriending action in the South East, and trained and overseen by a Clinical Psychologist, Respond! was able to identify those families with mental health difficulties in seven of our pilot estates. We found that, in fact, the number corresponded to 34% of the residents.

We have presented a programme to Ministers Kathleen Lynch and Jan O'Sullivan and to the HSE setting out how we are ready and able assist in the implementation of the *Vision for Change* within our communities. Recently, in a National Conference in Cork, we launched our Mental Health programme called ***Better Being: Improving Mental Health in Low-income estates.***

We are seeking assistance and support from the Ministers and the HSE in regard to two initiatives:

- A further indepth study to be undertaken in two local authority areas in respect of the mental health of their residents. Dublin City Council and Laois County Council have agreed to assist us in this regard, provided we receive funding and support from the respective Minister: neither of the Ministers have indicated that it is their department which is responsible! The figures that we have shown give a clear indication that we might expect local authority households to show evidence of mental illness in some 17,000 to 20,000 families. In the light of increasing anti-social behaviour reports and the blight of drug abuse in social housing estates, it is likely that mental health issues are a widesprad under-lying phenomena. Leaving them unknown and unattended to will build up a longer term and more intractable problem.
- That the Ministers, from whatever Department which takes ownership of the social housing mental health problem, support Respond! in its befriending and community therapeutic model of mental health under its ***Better Being*** remit: a full and detailed programme is available to the reader on request.

CONCLUSION:
Respond! is making this submission at a very difficult time for all people residing in Ireland. We are aware of the difficult decisions facing our elected representatives but we ask that the poor, the vulnerable and those suffering hardship are not unfairly affected.

Submission 30: National Off-Licence Association (NOffLA)

INTRODUCTION

The National Off-Licence Association (NOffLA), which works to promote the responsible sale, marketing and consumption of alcohol, represents 315 independent specialist off-licences. NOffLA's members are specialist or pure off-licences and tend to be owner-operated, located in the heart of their communities and employ expertise in responsibly retailing many unique products. In total, 5,300 people are employed in the independent off-trade sector across Ireland. NOffLA welcomes the opportunity to submit this short paper to the Department of Finance ahead of Budget 2013, and invites comment from the Minister.

CHALLENGES FACING THE SECTOR

Independent off-licences make a significant contribution to both economic activity and the Exchequer in Ireland. However, this contribution is declining significantly as a result of business closures and job losses. Since 2008, there have been 2,800 job losses in the independent off-trade sector across Ireland. This in addition to reduced staffing levels represents 75 closures in four years, with seven closures since July 2012 alone.

The Association expects this situation to worsen in 2013 with further business closures and job losses. Based on the current rate of closures, NOffLA expects a further 25 – 30 businesses will cease trading in 2013. The principal reason for these closures is the irresponsible promotion and sale of cheap alcohol which is being used as a driver of footfall into mixed trading outlets. This practice is ultimately making the survival of small, family-owned independent off-licences in this country extremely difficult.

Overall, the off-licence market is growing, but this is solely confined to the multiples sector, much to the detriment of the indigenous, independent owner off-licences. Multiple retailers can afford to sell alcohol at below-cost selling levels, which poses a severe threat to the commercial viability of NOffLA's members and the independent off-licence sector as a whole. Likewise, many multiples can afford to absorb increases in excise duty because firstly, they sell other products and can therefore off-set the cost and secondly, they can continue to promote alcohol to drive footfall to sell other dearer household products.

If steps are not taken urgently, the independent off-licence sector will disappear entirely – with a loss of jobs and revenue for the State. This will not be replaced by any other group as the multiples will continue to squeeze margins and engage in irresponsible selling practices.

RECOMMENTATIONS

1. Retain the Current Level of Alcohol Excise Duty

In 2008, wine was singled out for an excise increase. This was a key factor in the dramatic increase in cross border shopping throughout 2009. This situation was reversed when excise duty on alcohol was reduced by 20% in Budget 2010 and this succeeded in stemming the flow of cross-border shopping activity.

However, the VAT increase of 2%, applied on 1 January 2012 has been a key factor in the reduction of alcohol sales; particularly wine sales. The level of wine sales in 2012 has dropped by 4% and wine excise receipts are down 4.8%, partly driven by the increase in VAT.1 These significant drops have caused damage to the industry as a large portion of sales within independent off-licences comes from wine.

- Currently in Ireland, taxes on alcohol are amongst the highest in Europe – all of which encourages out-of-State retailing.
- Ireland's wine excise is the third highest in the EU. 15 other EU member states have no excise on wine at all;
- Irish beer tax is the fourth highest in the EU and is almost eight times higher than the level of Germany;
- Cider tax is very high by other European standards (second highest in Europe) and is 40% higher than the UK for example;
- Spirits tax is the fourth highest across the EU, and 3.8 times the level in Spain.

It is critical that excise duty is not increased in Budget 2013. To do so, would put a fragile industry, which is already facing unparalleled challenges, under even more pressure.

At a time when creating and sustaining employment is of critical importance to Government policy, an increase in excise duty will result in further business closures and job losses.

2. Reduce Independent Off-Trade Licencing Fees
Currently, the average excise paid by the on-trade (€778) is much lower than the combined fees paid by the off-trade (€1,500). Turnover in the independent off-licence sector is down 25-50% and is now on par with that of the on-trade; given that the sales in both sectors have declined significantly in recent years. It is the perception, that the turnover of large multiple retailers is much greater than that of the independent off-trade sector. Therefore, a higher fee can be sustained by this sector. In addition, it was announced as part of Budget 2011 that a full review of Ireland's alcohol licencing regime would take place. To date, this review has not taken place and NOffLA calls on Government to include this action as part of Budget 2013.

3. Introduce a Ban on Below Cost Selling
Prior to the abolition of the Groceries Order in 2006, it was not possible to sell alcohol at below cost. Since its abolition, retailers can reclaim VAT on the losses they incur on products chosen to be sold below cost. The Exchequer loses out significantly because of this practice. VAT is refunded on the higher bought in value and paid on the lower "below cost" selling value.

Banning the retailing of alcohol at below invoice cost price will ensure that retailers cannot reclaim 23% of the cost of the loss leader in their VAT return; saving the State an average of €21m each year.

Introducing a ban on below cost selling would also eliminate deals promoting heavily discounted branded alcohol such as, *'buy two 20 packs of premium branded beer for €25'* thus aiding Ireland's ongoing fight against an unhealthy relationship with alcohol – particularly amongst our young people.

CONCLUSION
NOffLA is committed to working with Government to identify and implement the most effective measures to ensure 1) the responsible retailing of alcohol in this country and 2) protection of the jobs and revenue that the independent off-licence industry drives.

The simple measures identified above would, we believe, go some way towards supporting this industry and also increasing revenue to the Exchequer; both aligned and essential objectives in this difficult economic environment.

Submission 31: FOCUS Ireland

As we enter the fourth year of recession, many communities, families and individuals are reaching a tipping point. People on the margins are suffering the most. Rising unemployment, cuts to vital services and a failure to provide social housing are pushing more households to the brink of homelessness.

Many more people now feel at risk of losing their homes as they struggle to pay their rent or mortgage. Meanwhile, people who are homeless are often trapped, with no route out.

The stark reality is that another austerity budget without specific action to help people on the edge will mean things continue to get worse. We know this will be a harsh budget, but its 'fairness' will be judged by what care it takes to protect those who have the least resources and already suffer most.

Action now to avoid a deepening crisis

Ireland is at risk of a deepening housing and homeless crisis in the immediate future unless we take action now. The truth is that despite promises to 'protect the most vulnerable' those with least are being asked to carry the heaviest burden. Many are becoming more isolated from society and further entrenched in desperate situations.

In an Ireland which aims to protect the 'rights of the child' in its constitution, it is totally unacceptable that one in seven people who are homeless in Ireland is a child under 18 years of age. In such a climate Focus Ireland believes that the forthcoming budget must protect funding to homeless services and start to invest in practical solutions. Homeless support services are already struggling to cope with rising demand as more people find themselves out of home every week.

Focus Ireland has repeatedly argued that there is scope to make savings on homeless services, if we first reduce the need for emergency accommodation by helping people move on to mainstream housing. But the failure of government policy to provide homes for people who are homeless to move on to, means those saving cannot yet be made.

Funding cannot be redirected away from emergency services until the rising flow of people into these services is reduced. Firm action also must be taken to provide access to housing for those trapped as long-term homeless.

It is still possible to end long-term homelessness

The good news is that, even in the current recession, we can work to end to long-term homelessness (that is, people remaining homeless for more than six months). The most recent detailed statistics show that eight out of ten people who are homeless have been homeless for more than six months.

Focus Ireland services already prevent people from becoming homeless and also help others, particularly families, to move on from homelessness. But to put an end to long term homelessness, government action to improve access to housing is urgently needed. This will help to both stem the flow of people becoming homeless, and help people who are homeless the longest secure a real home, thereby reducing the need for emergency services and accommodation.

This is right thing to do on a moral level: to help people in society who need support, to really protect the vulnerable. It is also the right thing to do economically as the state actually saves money by funding prevention services and improving access to housing.

1. Ending homelessness by providing homes

Focus Ireland believes Budget 2013 must include specific measures to help everyone access decent, affordable housing on a secure basis. These measures will help government to honour its commitment to end long-term homelessness. It will also support all the good work carried out in recent years towards a 'Housing First' approach to combating and preventing homelessness.

Even in the current recession, it is possible to end long-term homelessness, with positive action in Budget 2013 in support of existing government policy on housing and homelessness. Focus Ireland firmly believes the following actions are required.

Help end long-term homelessness by establishing a Housing First Supplement

Many people are trapped in long-term homelessness simply because they cannot access housing. Lack of investment means there is an extremely limited supply of social housing from local authorities and approved housing bodies; consequently the private rented sector is now the main source of housing for people trying to find a route out homelessness. Focus Ireland's experience shows that people who have been homeless settle very successfully in private rented accommodation – with the right support when required – but only if they can afford the rent in the first place.

Because of repeated cutbacks, the existing schemes which should help people who are homeless access private rented accommodation are just not working. Focus Ireland sees first-hand the terrible damage long-term homelessness causes to men, women and children.

People who are homeless need an escape route now. Focus Ireland is calling for the government to establish a Housing First Supplement (HFS) that will help people take this route out of homelessness. The HFS would allow people to rent homes in the private sector at market rates.

People who are homeless cannot currently access decent accommodation because the Department of Social Protection refuses to recognise the real level of rents. There is also reluctance by many landlords to accept as tenants people who were previously homeless, particularly at below market rents. This is acting to entrench families and single people in long-term homelessness. The new HFS would be a once off initiative to help tackle the scale of the problem we have allowed to build up over the years. It would only be available to people currently homeless on a long-term basis (i.e. over six months). It would actually save the state money by moving people on from expensive emergency accommodation to more stable, secure and less costly accommodation. To enable people secure a tenancy under the proposed HFS, the scheme would also provide a deposit, paid up-front. Local authorities, who have primary responsibility for responding to homelessness and pay the bill for expensive private emergency accommodation, should administer the scheme so that they can realise the savings.

Increase the capital budget for social housing to €400m in Budget 2013, as part of the stimulus package to create jobs and meet social needs

In order to stand any chance of meeting the social housing need, we must build at least 9,000 new social housing units each year for the next number of years. At present, the number of new units provided is around 4,000 per year.

Home building is always a core component of any successful government economic stimulus package designed to overcome recession, yet the €2.25bn

stimulus package announced in July did not include any measures to increase social housing stock – even though nearly 100,000 households need social housing and many others are trapped in homelessness.

People may question investment in building social housing when Ireland has so many empty units. However, it is now clear that much of this empty housing and 'ghost estates' were built to a low standard and in areas with no infrastructure. This makes it very unsuitable for housing vulnerable households.

NAMA has also yet to contribute a significant supply of social housing: less than 60 homes in three years. A new company – set up to improve the social housing pipeline from NAMA – aims to supply 2,500 properties by the end of 2013. We hope that, after years of promises, this target is achieved, but it must be highlighted that this only amounts to 2.5% of total social housing need.

2. Preventing homelessness

Any programme to reduce existing homelessness only makes sense if we are also working to prevent people becoming homeless in the first place. Providing more housing will help, but we also need to ensure that people who are at risk of losing their homes are not pushed over the edge.

In this, Ireland would be following the policy direction taken in many other states. At a recent Focus Ireland conference, experts from the USA, Scotland, Germany and Australia spoke about the success of preventative approaches. For example, in Scotland, a prevention-oriented system has been funded since 2003: a 50% decline in homelessness was recorded between 2003–6. Similarly in Australia, prevention now takes a central role in policy, with half of all new funding for homelessness between 2008–12 being directed toward prevention.

Adopting a preventative approach in Ireland requires us to support people to hold on to their homes and to more effectively support groups who are particularly vulnerable to homelessness. Focus Ireland believes the following two areas must be targeted in Budget 2013 to support prevention.

Focus Ireland calls for no further cuts to Rent Supplement limits in Budget 2013

Over 97,000 households relied on Rent Supplement (RS) to keep a roof over their heads in 2010, half of these for more than a year. The cuts implemented to the scheme over the last number of budgets were meant to drive rents down, however data clearly shows RS thresholds have at all times been considerably lower than market rents.

The impact of the cuts to rent supplement has not been to drive rents down but rather to force tenants – already struggling on welfare or low incomes – to make under-the- counter payments from their own meagre resources in order to keep a roof over their heads.

People receiving rent supplement are now required to pay more of the rent than ever before, for example, the minimum contribution required of a single person has increased 130% since 2008. Maximum rent thresholds have also been cut on three occasions.

The current situation is that many landlords still refuse to accept RS tenants. Many of those who do are charging rents in excess of the RS thresholds. People on low incomes are caught between a rock and a hard place. Where tenants are forced to pay a 'top up' they can't really afford they end up in debt and in rent arrears, and often end up losing their home.

Maintaining current rates of rent supplement in this budget is only a first step. We need a robust and transparent method for determining appropriate rent thresholds that reflects the real market rents tenants have to pay. In order to protect the most vulnerable from being forced into indebtedness that could see them made homeless this system must be implemented as a matter of urgency, and a review of current thresholds undertaken.

Other Rent Supplement reforms are also needed:

- The guidelines should be amended so that where applicants can prove that there is no accommodation available within the limits, that RS must be paid at the lowest market rent available.
- The rule that denies Rent Supplement to people working 30 or more hours a week should be abolished; entitlement should be determined on the basis of household needs and income, removing unemployment traps from the scheme.

Focus Ireland calls for Section 10 funding for homeless services to be protected in Budget 2013 – and for a change in the terms of the funding to allow it to fund preventative work

In Ireland, the main source of funding for organisations working with people who are out of home is provided under Section 10 of the Housing Act 1988. However, Section 10 does not allow that funding to be directed towards services that *prevent* people becoming homeless. To achieve more coherent and integrated work on homelessness, Focus Ireland calls for an amendment in legislation to allow organisations working on this issue to engage in preventative strategies.

Focus Ireland welcomes the fact that total funding for homeless services has broadly been maintained at 2008 levels. We stress the importance of continuing to protect this funding line. Working with people who have lost their homes is not a 'discretionary' expenditure that can be held over until things improve. Cuts in funding now will result in a return to the situation of the early 1990s of large numbers of people forced to sleep rough in Irish cities.

Aftercare funding to be provided and ring-fenced for the National Aftercare Strategy Implementation Plan

Focus Ireland welcomes the fact that government has developed a National Aftercare Strategy, and that there is, we understand, now a clearly defined budget line for the provision of aftercare services within the Department of Children and Youth Affairs. The National Aftercare Strategy will however be meaningless unless sufficient funds are allocated for its implementation. Some young people leaving care are vulnerable and at great risk of becoming homeless unless they get the support they need. The deaths of children in care report sadly recorded the many tragedies that occurred due to a failure by the State to protect our most vulnerable young people. There have been some improvements since then and Focus Ireland works in partnership with the HSE and government to provide vital aftercare support and accommodation across Dublin and Waterford. However, in 2010 the then Minister for Children, Barry Andrews, admitted to the Seanad that provision of aftercare support was a 'postcode lottery'. That provision of such vital supports to an extremely vulnerable group of young people should owe so much to chance is clearly unacceptable. This is why we are calling for ring-fenced funding to implement the National Aftercare Strategy Plan.

3. **Protecting incomes**

Focus Ireland also believes that the incomes of people on very low pay or reliant on social welfare must be protected to help reduce the risk of more people becoming homeless due to economic reasons.

Maintain all basic social welfare payments

On taking office, this government committed itself to maintaining basic social welfare rates. In 2010, deprivation among people of working age increased from 16% to 21.5%, highlighting the importance of this commitment. People who are homeless are already suffering extreme deprivation – they have no place to call home. Weekly social welfare payments are a vital defence against further deprivation.

Focus Ireland is part of The Poor Can't Pay Campaign that expects government to honour its commitment to these most vulnerable people and maintain social welfare payments to people of working age in Budget 2013.

Maintain the current level of family and child income supports for low income families, both in and out of employment

In the context of media reports, it is clear that further cuts to child income supports are being considered. The cuts announced in last year's budget hit the poorest families most: the previous government put in place compensatory measures to protect the low income families from Child Benefit cuts, last year, this government did not.

Focus Ireland stresses that in any reform of child income supports, it is critical that families relying on social welfare do not suffer any loss of income. This also applies to those in low paid jobs who rely on family income supplement.

APPENDIX 1

List of Members of the Joint Oireachtas Committee on Finance, Public Expenditure and Reform

Chairman: Ciarán Lynch (LAB)********

Deputies:
Richard Boyd-Barrett (IND)
Michael Creed (FG)
Jim Daly (FG)
Pearse Doherty (SF)
Stephen Donnelly (IND)
Timmy Dooley (FF)*
Sean Fleming (FF)
Joe Higgins (IND)
Heather Humphreys (FG)
Kevin Humphreys (LAB)
Peter Mathews (FG)
Mary Lou McDonald (SF)
Michael McGrath (FF)
Michael McNamara (LAB)**
Dara Murphy (FG)******
Kieran O'Donnell (FG)
Arthur Spring (LAB)
Brian Stanley (SF)*******
Billy Timmins (FG)
Liam Twomey (FG) (Vice-Chair)

Senators:
Sean D. Barrett (IND)
Thomas Byrne (FF)
Paul Coghlan (FG)*****
Michael D'Arcy (FG)
Aideen Hayden (LAB)
Tom Sheahan (FG)

Notes:
1. Deputies appointed to the Committee by order of the Dáil on 9 June 2011
2. Senators appointed to the Committee by order of the Seanad on 16 June 2011
3. *Deputy Timmy Dooley appointed on 21 June 2011 in place of Deputy Seán O' Fearghaíl
4. Deputy Alex White elected as Chairman on 23 June 2011
5. Deputy Liam Twomey elected as Vice Chairperson on 23 June 2011
6. **Deputy Michael McNamara appointed on 8 December 2011 in place of Deputy Thomas P. Broughan
7. ***Deputy Pádraig Mac Lochlainn appointed on 14 December 2011 in place of Deputy Jonathan O'Brien
8. ****Senator Denis O'Donovan appointed on 10 May 2012 in place of Senator Katherine Zappone
9. *****Senator Paul Coghlan appointed on 14 June 2012 in place of Senator Denis O'Donovan
10. ******Deputy Dara Murphy appointed on 19 July 2012 in place of Deputy Olivia Mitchell
11. *******Deputy Brian Stanley appointed on 25 September 2012 in place of Deputy Pádraig Mac Lochlainn
12. ********Deputy Alex White appointed Minister of State 2 October 2012, Deputy Ciarán Lynch replaced Deputy White by order of the Dáil on 10 October 2012 and was elected Chairman on 10 October 2012

APPENDIX 2

Orders of Reference of the Joint Committee on Finance, Public Expenditure and Reform

a. Functions of the Committee – derived from Standing Orders [DSO 82A; SSO 70A]

(1) The Select Committee shall consider and report to the Dáil on—

(a) such aspects of the expenditure, administration and policy of the relevant Government Department or Departments and associated public bodies as the Committee may select, and

(b) European Union matters within the remit of the relevant Department or Departments.

(2) The Select Committee may be joined with a Select Committee appointed by Seanad Éireann to form a Joint Committee for the purposes of the functions set out below, other than at paragraph (3), and to report thereon to both Houses of the Oireachtas.

(3) Without prejudice to the generality of paragraph (1), the Select Committee shall consider, in respect of the relevant Department or Departments, such—

(a) Bills,

(b) proposals contained in any motion, including any motion within the meaning of Standing Order 164,

(c) Estimates for Public Services, and

(d) other matters

as shall be referred to the Select Committee by the Dáil, and

(e) Annual Output Statements, and

(f) such Value for Money and Policy Reviews as the Select Committee may select.

(4) The Joint Committee may consider the following matters in respect of the relevant Department or Departments and associated public bodies, and report thereon to both Houses of the Oireachtas:

(a) matters of policy for which the Minister is officially responsible,

(b) public affairs administered by the Department,

(c) policy issues arising from Value for Money and Policy Reviews conducted or commissioned by the Department,

(d) Government policy in respect of bodies under the aegis of the Department,

(e) policy issues concerning bodies which are partly or wholly funded by the State or which are established or appointed by a member of the Government or the Oireachtas,

(f) the general scheme or draft heads of any Bill published by the Minister,

(g) statutory instruments, including those laid or laid in draft before either House or both Houses and those made under the European Communities Acts 1972 to 2009,

(h) strategy statements laid before either or both Houses of the Oireachtas pursuant to the Public Service Management Act 1997,

(i) annual reports or annual reports and accounts, required by law, and laid before either or both Houses of the Oireachtas, of the Department or bodies referred to in paragraph (4)(*d*) and (*e*) and the overall operational results, statements of strategy and corporate plans of such bodies, and

(*j*) such other matters as may be referred to it by the Dáil and/or Seanad from time to time.

(5) Without prejudice to the generality of paragraph (1), the Joint Committee shall consider, in respect of the relevant Department or Departments—

(a) EU draft legislative acts standing referred to the Select Committee under Standing Order 105, including the compliance of such acts with the principle of subsidiarity,

(b) other proposals for EU legislation and related policy issues, including programmes and guidelines prepared by the European Commission as a basis of possible legislative action,

(c) non-legislative documents published by any EU institution in relation to EU policy matters, and

(d) matters listed for consideration on the agenda for meetings of the relevant EU Council of Ministers and the outcome of such meetings.

(6) A sub-Committee stands established in respect of each Department within the remit of the Select Committee to consider the matters outlined in paragraph (3), and the following arrangements apply to such sub-Committees:

(*a*) the matters outlined in paragraph (3) which require referral to the Select Committee by the Dáil may be referred directly to such sub-Committees, and

(*b*) each such sub-Committee has the powers defined in Standing Order 83(1) and (2) and may report directly to the Dáil, including by way of Message under Standing Order 87.

(7) The Chairman of the Joint Committee, who shall be a member of Dáil Éireann, shall also be the Chairman of the Select Committee and of any sub-Committee or Committees standing established in respect of the Select Committee.

(8) The following may attend meetings of the Select or Joint Committee, for the purposes of the functions set out in paragraph (5) and may take part in proceedings without having a right to vote or to move motions and amendments:

(*a*) Members of the European Parliament elected from constituencies in Ireland, including Northern Ireland,

(*b*) Members of the Irish delegation to the Parliamentary Assembly of the Council of Europe, and

(*c*) at the invitation of the Committee, other Members of the European Parliament.

b. Scope and Context of Activities of Committees (as derived from Standing Orders [DSO 82; SSO 70]

(1) The Joint Committee may only consider such matters, engage in such activities, exercise such powers and discharge such functions as are specifically authorised under its orders of reference and under Standing Orders.

(2) Such matters, activities, powers and functions shall be relevant to, and shall arise only in the context of, the preparation of a report to the Dáil and/or Seanad.

(3) It shall be an instruction to all Select Committees to which Bills are referred that they shall ensure that not more than two Select Committees shall meet to consider a Bill on any given day, unless the Dáil, after due notice given by the Chairman of the Select Committee, waives this instruction on motion made by the Taoiseach pursuant to Dáil Standing Order 26. The Chairmen of Select Committees shall have responsibility for compliance with this instruction.

(4) The Joint Committee shall not consider any matter which is being considered, or of which notice has been given of a proposal to consider, by the Committee of Public Accounts pursuant to Dáil Standing Order 163 and/or the Comptroller and Auditor General (Amendment) Act 1993.

(5) The Joint Committee shall refrain from inquiring into in public session or publishing confidential information regarding any matter if so requested, for stated reasons given in writing, by—

(a) a member of the Government or a Minister of State, or

(b) the principal office-holder of a body under the aegis of a Department or which is partly or wholly funded by the State or established or appointed by a member of the Government or by the Oireachtas:

Provided that the Chairman may appeal any such request made to the Ceann Comhairle / Cathaoirleach whose decision shall be final.

Appendix 3

List of Organisations who made Pre-budget Submissions; Budget 2013

Submission 1:	Drinks Industry Group of Ireland (DIGI).
Submission 2:	Joint Submission; Irish Heart Foundation and Irish Cancer Society.
Submission 3:	Charles Stanley-Smith – Smart Taxes Network - introduction of a Site Value Tax.
Submission 4:	Disability Federation of Ireland.
Submission 5:	Retail Excellence Ireland.
Submission 6:	Social Justice Ireland.
Submission 7:	Irish Farmers' Association.
Submission 8:	Society of Chartered Surveyors Ireland (SCSI).
Submission 9:	Mental Health Reform.
Submission 10:	The Carers Association's.
Submission 11:	The Small Firms Association.
Submission 12:	ICMSA.
Submission 13:	Irish Exporters Association.
Submission 14:	Retailers against Smuggling.
Submission 15:	Society of St. Vincent de Paul.
Submission 16:	Irish Medical Organisation.
Submission 17:	Threshold.
Submission 18:	The Alzheimer Society of Ireland.
Submission 19:	IBEC.
Submission 20:	Community Platform.
Submission 21:	Citizens Information Board.
Submission 22:	National Women's Council.
Submission 23:	The Consultative Committee of Accountancy Bodies – Ireland (CCAB-I).
Submission 24:	Irish Congress of Trade Unions.
Submission 25:	Barnardos.
Submission 26:	MABS National Development Limited.
Submission 27:	TASC.
Submission 28:	Irish National Organisation of the Unemployed.
Submission 29:	Respond!
Submission 30:	National Off-Licence Association (NOffLA).
Submission 31:	FOCUS Ireland.

APPENDIX 4

List of Witnesses - Public hearings: Pre-budget Submissions; Budget 2013

Drinks Industry Group of Ireland (DIGI):
Mr. Donall O'Keeffe, Board member
Mr. Peter O'Brien, Board member
Mr. Tony Foley, Economist

National Off-Licence Association (NOffLA):
Ms. Evelyn Jones, Chairperson

Irish Heart Foundation (IHF):
Mr. Chris Macey, Head of Advocacy, IHF

Irish Cancer Society (ICS):
Ms. Kathleen O'Meara, Head of Advocacy and Communications, ICS

Smart Taxes Network:
Mr. Ronan Lyons

Retail Excellence Ireland (REI):
Mr. David Fitzsimons
Ms. Aoife Sweeney

Small Firms Association (SFA):
Ms. Patricia Callan

Social Justice Ireland (SJI):
Dr. Seán Healy

TASC:
Mr. Tom McDonnell, Economist

Irish Business and Employers' Confederation (IBEC):
Mr. Fergal O'Brien, Chief Economist

Irish Congress of Trade Unions (ICTU):
Mr. Paul Sweeney, ICTU
Mr. Tom Geraghty, PSEU

Society of Chartered Surveyors Ireland (SCSI):
Mr. Roland O'Connell, President

Disability Federation of Ireland (DFI):
Mr. John Dolan

Mental Health Reform (MHR):
Dr. Shari McDaid

The Carers Association:
Mr. John Dunne

Society of St. Vincent de Paul (SVP):
Mr. John-Mark McCafferty

The Alzheimer Society of Ireland:
Mr. Maurice O'Connell

Irish Medical Organisation (IMO):
Professor Sean Tierney, former President

Barnardos:
Ms. Catherine Joyce, Head of Advocacy

Respond! Housing Association:
Mr. Ned Brennan, Chief Operations Officer

Focus Ireland:
Mr. Mike Allen, Director of Advocacy

Threshold National Housing Charity:
Mr. Bob Jordan

Community Platform:
Mr. Paul Ginnell

National Women's Council of Ireland (NWCI):
Ms. Orla O'Connor

Irish National Organisation of the Unemployed (INOU):
Ms. Bríd O'Brien, Head of Policy and Media
Mr. Brendan Sherlock, National Executive Committee member