

**A briefing by the 17 social partners
in the community and voluntary pillar*
of the national social partnership process**

September 14th 2009

**We Must Protect Vulnerable People!
We Must Protect Social Services!**

Our public services - and the people who depend on them – must not be sacrificed to fund a superficial recovery

We need a plan to protect vulnerable people

People who can afford to should contribute more to the cost of recovery.

We need an ***integrated social and economic recovery strategy*** to *share the burden of adjustment fairly*

There is indeed a crisis – but it is not just an economic crisis, it's a social crisis as well!

The seventeen member organisations of the community and voluntary pillar fully accept the gravity of the crisis facing our country and we recognise the current reality of

- severe economic contraction
- high level of job losses and rapidly increasing unemployment
- collapsed tax revenues with a yawning structural deficit
- soaring national debt
- the need for Government to address the near collapse of the banking system
- rapidly increasing levels of poverty and deprivation
- The cumulative impact of cuts to welfare and social services on the most vulnerable
- the highest-ever levels of personal indebtedness
- Growing levels of inequality

We also recognise that vulnerable people and people experiencing discrimination and inequality have already been severely affected by the cutbacks in public expenditure resulting in, for example

- tenants facing an 8% reduction in rent supplement and an average drop in income of 2% in 2009 with the abolition of the Christmas bonus
- cuts in education, health, social welfare, the child benefit payment and to health and social services spending generally
- a rapidly increasing shortfall in social housing provision with over 56,000 approved applicants on local authority waiting lists
- the dismantling of our equality infrastructure while 15.8% of Ireland's population are at risk of poverty - all at a time when inequality of access to services is more of an issue than ever

A recovery strategy is urgently required to which all sectors of society should contribute if they can - but two vital principles must be respected:

- ***People who can afford to should contribute more to the recovery.***
- ***Vulnerable people must not pay the price of recovery.***

Those who are most vulnerable in Irish society - long term unemployed people (and importantly those now at risk of becoming long-term unemployed), vulnerable women, the working poor, children and young people, disabled people, older people, Travellers and members of other ethnic minority groups - must not be sacrificed to budget stabilisation measures.

We have to remember that it was already accepted that there was a high level of deficit in social services for these groups prior to the recession.

If implemented in full, the recommendations of the report of the *Special Group on Public Service Numbers and Expenditure Programmes* will decimate public services and impose a wholly disproportionate share of the burden of adjustment on poor and vulnerable people and on those experiencing discrimination and inequality through not having timely access to the services they need.

While the work of the *Special Group* focused on cutting expenditure within individual Departments, it did not examine the cumulative effect of individual cuts on the portfolio of public services that people use: **many vulnerable people who are dependent on public services will be very severely affected by the cumulative impact of the proposed cuts.**

We need an integrated social and economic recovery strategy to share the burden of adjustment fairly

Instead of adopting the narrow, department-by-department expenditure-cutting approach undertaken by *An Bord Snip*, The Community and Voluntary Pillar supports the National Economic and Social Council's call for *An Integrated National Response* (March 2009) to achieve "a single-minded focus on the social dimensions of the crisis to concentrate, first and foremost, on insulating the most vulnerable against the worst effects of the recession".

While the Minister for Finance has stated that the scope for further income tax increases is limited - and that Government will look to expenditure cuts to achieve the adjustment required - the CV Pillar is adamant that if we are to protect vulnerable people and fund services during the adjustment we require a

five-point integrated recovery strategy (see Appendix below for more detail) consisting of a combination of

1. Increasing the tax take (through broadening and deepening the tax base)
2. Securing better value for money in the delivery of our public services
3. Reforming the public sector
4. Carefully targeting expenditure cuts where required – while ensuring that vulnerable people are protected
5. Focusing expenditure on the common good to provide required infrastructure and public services

Without such an *integrated recovery strategy* that fairly shares the burden of adjustment, vulnerable people will pay the price.

Government must conduct a socio-economic analysis of the effects of the recommendations of the *Special Group's* report on vulnerable people and those experiencing inequality as a part of developing such an *integrated recovery strategy*.

Start by implementing the recommendations of the Commission on Taxation in relation to tax breaks

Implementing the recommendations of the Commission on Taxation's report in relation to the 111 identified tax breaks (which benefit well off people) would make the tax system fairer and would be a good start to delivering an integrated recovery strategy.

We profoundly disagree however with the Commission's position that Ireland's total tax-take should not increase - we must increase the tax take as well as broaden the tax base if we are to protect vulnerable people from paying the price of adjustment

The pillar does not agree with the proposal to tax child benefit

The Pillar also insists that measures to protect vulnerable people must be introduced alongside any carbon or property taxes. In this regard the Pillar is pleased to note that the Commission itself states in their report (p. 329) in relation to environmental taxes that "the revenues can be used to achieve improvement in the situation of the less well off"

Is there an alternative approach?

The answer is yes – if we have the courage to take the decisions outlined above that *put the economy at the service of society*.

We can have a fair and equal society, with an adequate income and meaningful work for all, where everyone has a good standard of living and everyone can participate freely.

We can have a society where efficient and effective services are available to everyone on the basis of need - and not on the basis of their ability to pay.

Most importantly, we can have a society where all this activity is supported by a strong and sustainable economy, where everyone pays their fair share - so that we never face a crisis like this again.

We can achieve all of this if we focus on achieving the goals contained in the framework action plan **Towards 2016**, with its vision of public services tailored individually to each of our unique needs. **Towards 2016 is clear that we can have an Ireland:**

- where children are respected as young citizens with a valued contribution and a voice of their own;
- where all children are cherished and supported by family and the wider society,

- and where they enjoy a fulfilling childhood and realise their potential.
- where all people of working age have sufficient income and the opportunity to participate as fully as possible in economic and social life,
- and where all people and their families are supported by quality public services to enhance their quality of life and well being.

- which provides the supports, where necessary, to enable older people to maintain their health and well being, as well as to live active and full lives, in an independent way in their own homes and communities for as long as possible.
- Where people with disabilities have, to the greatest extent possible, the opportunity to live a full life with their families as part of their local community, free from discrimination

If we do these things, we can create the Ireland that we want to live in, an Ireland where all of us are valued and supported as individuals and members of families and communities, rather than simply as consumers and borrowers.

APPENDIX

While the scope for *income tax* increases may be limited, the CV Pillar is adamant that if we are to protect vulnerable people and fund services during the adjustment we require an *integrated recovery strategy* that should consist of a *combination* of

1. Increasing the tax take (through broadening and deepening the tax base)

The issue of taxation is central to budget deliberations and to policy development at both macro and micro level. It plays a key role in shaping Irish society through: (i) funding public services; (ii) supporting economic activity; and (iii) redistributing resources to enhance the fairness of society. Consequently it is crucial that clarity exist with regard to both the objectives and instruments aimed at achieving these goals.

At present Ireland's total tax-take is low by EU standards despite the fact that those paying income tax have made substantial increases in their contribution to the total tax-take recently. Ireland's total tax-take could be raised while still maintaining it at a low level. This should be done by, for example, broadening the tax base and addressing tax breaks, thus making the tax system fairer. This could be done without raising the income tax rate.

Implementing the recommendations of the Commission on Taxation report in relation to the 111 identified tax breaks (which benefit well off people) would make the tax system fairer and would be a good start to delivering an integrated recovery strategy.

We profoundly disagree however with the Commission's position that Ireland's total tax-take should not increase - we must increase the tax take as well as broaden the tax base if we are to protect vulnerable people from paying the price of adjustment

The pillar does not agree however with the proposal to tax child benefit

The Pillar also insists that measures to protect vulnerable people must be introduced alongside any carbon or property taxes. In this regard the Pillar is pleased to note that the Commission itself states in their report (p. 329) that "any increased revenue from carbon and property taxes should be used to improve the situation of the less well off"

2. Securing better value for money in the delivery of our public services

It is clear that the resources available to Government have fallen dramatically. In this context it is crucial that the best possible value for

money be secured for all public expenditure. In seeking to maximise value it is crucial that Government ensures it maintains a long-term focus. The temptation to take initiatives which may have short term gains but long-term negative consequences should be resisted. Before cutting services, the cost of providing the services, both pay and non-pay, needs to be addressed.

3. Reforming of the public sector

Many of the people represented by C&V Pillar organisations find themselves in situations where they have to engage with a wide range of different government agencies e.g. health, education, welfare, housing etc. to access their entitlements. A more integrated structure is required which puts the person at the centre of its activities. This approach was accepted in the *Towards 2016* national agreement but it needs to be implemented now. In the long run such an approach would lead to savings in public expenditure and increased outcomes

Reform of the public sector has been proposed for some time. Recently the OECD published a detailed study of the Irish public sector ***Towards an Integrated Public Service*** and made detailed recommendations. These recommendations should be acted on immediately to ensure the public sectors efficiency, effectiveness and relevance.

4. Carefully targeting expenditure cuts where required – while ensuring that vulnerable people are protected

Community and Voluntary Pillar members recognise full well that the country's finances are in bad shape and need to be rectified. However, Ireland is in this situation because of the activities of bankers, politicians, speculators, developers and many economists. Who should pay for the misdeeds of these people? The authors of the *Bord Snip* (McCarthy) report provide a clear answer: from their perspective the vulnerable, the disadvantaged and those living in remote communities should be the hardest hit! Cuts in welfare rates and in many services will mean that those who are vulnerable will bear the brunt of Government's attempts to balance its budget.

The CV Pillar rejects this conclusion totally.

In this context it is important to realise that tax 'breaks' are in fact Government expenditure and are recognised as such in the Budget process where these breaks are called tax expenditures. The first expenditure cuts Government should make should be on these tax expenditures. The Report of the Commission on Taxation has produced much detailed material to show Government how it should proceed in this area.

5. Focusing expenditure on the common good to provide required infrastructure and public services

In the present situation it is also important to realise that actions can be taken that could simultaneously *promote the common good* and *assist economic recovery*. Ireland's infrastructure and public services are far from being at the level that could have been achieved if the fruits of the 'Celtic Tiger' had been used more sensibly. They are also far from the level Irish people would desire. It is important that the forthcoming Budget ensure that investment is focused on the common good. One very obvious area where this could be done would be in tackling the social housing problems that Ireland currently faces with 60,000 households on waiting lists. There are many other examples. What is essential is that Government recognises the need for investment in infrastructure and services and that these investments must form an integral part of any credible, integrated recovery strategy.

Without an integrated recovery strategy designed to fairly share the burden of adjustment, vulnerable people will pay the price of adjustment and state investment made to date will be wasted

ENDS

For further information on the content of this briefing paper please contact:

**Ivan Cooper – The Wheel TEL: 01 454 8727, 086 809 3083
Wally Young - Young Communications: 01 6680530, 087 2471520**

Or

**The Secretariat of Community and Voluntary Pillar
C/O DFI, Fumbally Court, Fumbally Lane, Dublin 8
Tel 01 4547978**

*** ABOUT THE COMMUNITY AND VOLUNTARY PILLAR**

The Community and Voluntary Pillar is one of the five pillars of social partnership alongside the Employers Pillar, the Trade Union Pillar, the Farmers Pillar and the Environmental Pillar.

The Pillar consists of seventeen organisations that provide voice and representation for vulnerable people and communities in developing Ireland's social and economic policies. The members of the Pillar are:

Age Action Ireland
The Carers Association
The Children's Rights Alliance
The Community Platform
Congress Centres Network
Disability Federation Ireland
The Irish Council for Social Housing
Irish National Organisation of the Unemployed
The Irish Senior Citizens Parliament
Irish Rural Link
National Association of Building Co-operatives
National Women's Council of Ireland
National Youth Council of Ireland
Protestant Aid
Social Justice Ireland
Society of St. Vincent De Paul
The Wheel