SOCIAL JUSTICE IRELAND

working to build a just society

Social Justice Ireland

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Budget Choices

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Inside this issue

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Uncertainty dominates Ireland's social and economic outlook as Government frames Budget 2023. Choices being made must respond to the current cost of living challenges while recognising uncertainties arising from Covid-19 and the geopolitical instability from Russia's invasion of Ukraine.

The current rise in the cost of living could well be combined with extensive inflation and recession which would have serious implications for Government Budgets in the next few years. These developments could well coincide with a reduction in the windfall corporate taxes Ireland has been benefitting from in recent years.

Proposed Stance

Consequently, *Social Justice Ireland* believes Budget 2023 should be guided by one core principal, that the measures adopted prioritise the protection of the poorest in Irish society.

The Budget should also signal the measures Government will adopt during 2023 should there be a sudden and deep economic recession. We believe this should be reflected in a Budget 2023 commitment to pursue a targeted economic stimulus where the state commits to borrowing additional resources and uses these to invest in long-term infrastructural projects focused on social housing and measures to accelerate Ireland achieving our climate change targets.

While Ireland has an already high national debt and borrowing costs are currently increasing, the cost of funding these measures remains historically low and well below the return these projects will provide to the state across their lifetime. State borrowing for prudent investment makes sense at all times, including if there is a sudden economic contraction.

Ireland is likely to be poorer in the period immediately ahead. Many will be impacted by this changing reality. Some people will continue to thrive but others will find their income is not sufficient to maintain a minimum standard of living.

Major and difficult choices lie ahead. If Government gets these choices wrong, a great many vulnerable people in Ireland could find their already precarious situation worsened substantially.

Poverty

581,334 people in Ireland are living in poverty, of which 163,936 are children. A closer look shows that more than 90,000 of these have jobs.

Looking back over the past three decades since national poverty assessments commenced we see that poverty rates have fluctuated. In general, decreases have occurred in periods where national budgets have given greater attention to improving minimum welfare payments or prioritising welfare dependent households or setting the Pandemic Unemployment Payment rate (PUP) above welfare rates .

Conversely, poverty has increased in periods where welfare payments were less of a policy priority and therefore gaps opened between those benefiting from tax and earnings changes and those households dependent on support from the social transfer system. Without COVID-19 income supports, for example, the at risk of poverty rate would have been almost 20%, one in five people in Ireland.

The sheer scale of the numbers of people living in poverty is worrying, particularly when we consider the sudden and persistent rise in the cost of living which impacts most seriously on those with the lowest incomes - the working poor, single

Policy Briefing is a regular publication issued by Social Justice Ireland. It addresses a wide range of current policy issues from the perspective of the common good.
Comments, observations and suggestions on this briefing are welcome.

Budgetary Stance and Proposals

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parent households, people who are unemployed and people with long standing illness or disabilities.

Welfare & the Rising Cost of Living

The standard of living that social welfare payments can provide is dramatically reduced when the cost of living rises. The impact of inflation is greatest for those households in the bottom twenty percent of the income distribution. They spend a greater proportion of their income, compared to better off households, they are more exposed to price increases; they also spend a greater proportion of their income on food and energy.

A recent study from *Social Justice Ireland* highlights how significantly housing costs impact on the living standards of renters and in particular low income families who live in accommodation provided by local authorities or receive social housing supports. Post housing costs, one in every two of these low income households have an income below the poverty line; this compares to one in five for the whole population and one in twelve for households who are owner occupiers.

Budget 2023 must protect those in low and middle-income households who are most seriously impacted by the current crisis. If Government fails to do this it will have failed in its most fundamental obligation—to protect those who are poor and deprived.

Challenges and Resources

But this is not the whole story. Additional resources will be required on other fronts as well - to provide more social housing, to tackle the climate crisis, to cover the cost of rising public sector pay, to develop comprehensive public transport and really effective childcare and to promote the just transition that is essential if Ireland is to avoid serious divisions in the coming decade.

Each of these is focused on addressing challenges that existed prior to Covid's arrival. They will require additional resources, perhaps even more than currently proposed, if these required initiatives are to achieve their goals. *Social Justice Ireland* has, for example, calculated that major additional investment beyond what's included in the housing plan will be necessary if we're to really get close to achieving housing for all as set out in the goals of that plan.

The choices Government makes must be focused on building a future that is prosperous, sustainable and fair. They should be socially progressive, promote wellbeing and be focused on building a future where nobody is left behind.

It is vital that the fiscal stance adopted by Ireland at this challenging moment protects those on low and middle incomes, addresses the other major challenges we are currently facing and provides the resources necessary to reduce division and improve wellbeing in Irish society.

Taxation

Budget 2023 also offers an opportunity for Government to reform some aspects of the current taxation system in the interest of enhancing fairness and sustainability. It is an opportunity to make

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some overdue changes which will also provide additional revenue. Tackling tax expenditures is one such area. Introducing a site value tax is another. Securing a minimum effective corporate tax rate is a third. While Ireland has a progressive income tax system it has some way to go before the overall system is fair.

A New Social Contract

Proceeding as we have done in recent years will not address the challenges Ireland faces, challenges that existed before the arrival of COVID-19. A new Social Contract is needed. This new Social Contract should be focused on building a sustainable and resilient economy that delivers for everyone. To achieve this outcome, a new Social Contract should have five core goals: to deliver a vibrant economy, decent services and infrastructure, just taxation, good governance and sustainability.

Crucially, however, these five outcomes must be addressed simultaneously. It is not sufficient to prioritise economic development with the argument that this will produce the resources to achieve the other four outcomes.

Budget 2023 needs to have this new Social Contract at its core. All five Pillars of Social Dialogue (employers, trade unions, farmers, community/voluntary and environmental) should be involved in its development and implementation.

Nothing less will do if we are to succeed in effectively addressing the third major economic upheaval of the twenty first century.

Packages Proposed for Budget 2023

In the following pages *Social Justice Ireland* sets out a series of proposals (and costings) to address all the issues identified here. A summary of all the proposals is set out on page 17. These are the choices we believe Government should make in Budget 2023.

The major packages proposed are:

- Housing - €1,442.3m
- Just Transition - €562m
- Health, Disability and Carers - €1,436m
- Pensions and Older People - €1,025.7m
- Rural, Regional and Community - €477m
- Education - €412.9m
- Children and Families, incl. Direct Provision - €749.7m
- Other taxation and revenue-raising - €2,605.2m

Fiscal Stance

Uncertainty once again dominates Ireland's social and economic outlook and frames the context for Budget 2023. The Budget must respond to the current cost of living challenges but also recognise uncertainties that arise in four ways and which combined make the fiscal context for Budget 2023 one of the most difficult in some time.

First, there is uncertainty regarding the Covid-19 pandemic and the future direction and impact of the disease in late 2022 and early 2023. Despite a welcome reduction in infection levels, hospitalisations and deaths, the pandemic is not yet over and the possibility of further waves with associated disruption to day-to-day life remains. Like Budget 2021 and 2022, Budget 2023 will have to include a provision for possible additional public expenditure that may or may not be needed in the months ahead should new pandemic related challenges arise.

Second, the legacy effects of the most severe period of the pandemic continue to impact the supply of goods with the associated increases in prices representing one component of the current cost of living crisis. It remains uncertain as to if, and how fast, these supply issues will dissipate. Should they persist they will further add to the challenges households across the income distribution face in making ends meet in 2023.

Third, the geopolitical instability triggered by Russia's invasion of Ukraine continues to unfold and is likely to have a notable and negative impact on economic activity, living costs and living standards across 2023. Again, the scale of these effects are unknown. However, it seems likely that these effects will trigger an economic contraction later in 2022 and for at least part of 2023. Responding to any recession, and protecting the weakest in society from its impacts, will be key. Like Budget 2021 and 2022, Budget 2023 will have to include a provision for possible additional public expenditure in the months ahead so that there is an available and credible fiscal response available to Government.

Finally, Budget 2023 will be framed in the context of the ongoing cost of living crisis which continues to undermine the living conditions of all in our society. As we note throughout this document, there are pronounced impacts on those with the least resources to absorb these cost increases. While it is expected that living costs will continue to increase across the rest of 2022 and into 2023, the scale of these increases remain difficult to predict. They are linked to the aforementioned supply issues, the energy cost effects of the Ukraine invasion, and broader cost and wage increases nationally and internationally. Inflation in 2023 could range anywhere between 5% and 20%; very different fiscal responses would be required for outcomes at either end of this range.

Social Justice Ireland's proposed stance

Social Justice Ireland believes that Budget 2023 should be guided by one core principal, that the measures adopted prioritise the protection of the most vulnerable groups in our society.

This focus should also be articulated as the basis of the approach Government will take during 2023 if it becomes necessary to use additional resources, beyond those directly announced as Budget measures, to respond to the implications of the uncertainties outlined earlier.

The Budget must respond to the current cost of living challenges but also recognise the range of uncertainties that Ireland faces...

...combined these make the fiscal context for Budget 2023 one of the most difficult in some time.

The Budget should also signal the measures Government will adopt during 2023 should one or more of these uncertainties result in a sudden and deep economic recession. We believe that this should be reflected in a Budget 2023 commitment to pursue a targeted economic stimulus where the state commits to borrowing additional resources and uses these to invest in long-term infrastructural projects focused on social housing provision and measures to accelerate Ireland achieving our committed climate change targets.

While Ireland has an already high national debt (see p19) and borrowing costs are currently increasing, the cost of funding these measures remains historically low and well below the return that these projects will provide to the state across their lifetime. State borrowing for prudent investment make sense at the best of times, but even more so should there be a sudden economic contraction.

Should a sudden economic slow down emerge during 2023, it should not become another missed opportunity for fiscal action to respond and simultaneously stimulate the economy and address Ireland's infrastructural deficits.

Reflecting this approach, *Social Justice Ireland* proposes that:

- Budget 2023 prioritises welfare and public expenditure measures designed to protect the most vulnerable groups in our society from the current cost of living challenges; and
- Budget 2023 outlines a large scale and targeted fiscal stimulus plan, focused on additional investment in long-term infrastructure, which can be introduced during 2023 if a sudden and severe economic downturn emerges.

Social Justice Ireland believes that Budget 2023 should be guided by one core principal, that the measures adopted prioritise the protection of the most vulnerable groups in our society.

Living Costs and Living Wages

If Budget 2023 is to be a successful Cost of Living Budget it will need to focus its attention on those in society who need the greatest assistance with making ends meet given the significant and ongoing challenges we face. On this page we focus on two such groups, those most exposed to price rises and those on the lowest hourly earnings. The box, below, takes a longer term view on investing in addressing and preventing poverty, an approach that carries significant individual and societal benefits.

Inflation and those on the Lowest Incomes

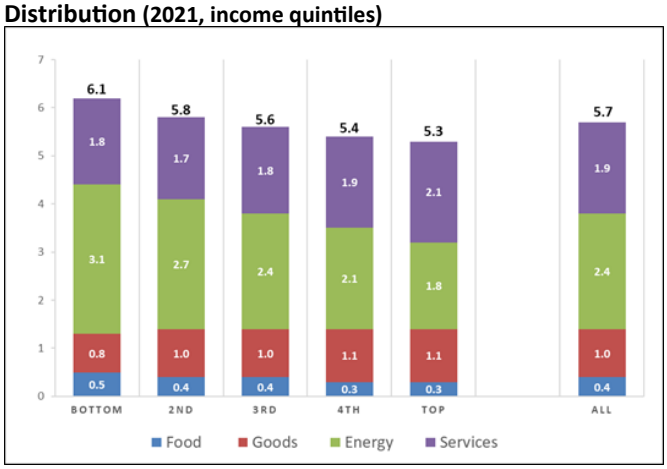
The rapid increase in prices that emerged from mid 2021 poses particular challenges for low-income households throughout Ireland. A Central Bank *Economic Letter* published in February 2022 provides an estimate of the distributive effect of this recent, and ongoing, inflation (Lydon, 2022).

Using data from the Household Budget Survey the study found that the impact of inflation is greatest for those households in the bottom twenty percent (bottom quintile) of the income distribution – see Chart 4.1. Given that these lower income households spend a greater proportion of their income, compared to better off households, they are more exposed to price increases; and they also spend a greater proportion of their income on food and energy.

While the study finds that all households are experiencing significant price increased (5.7 per cent in the year to December 2021), the effect of this inflation impacts the living standards of those on the lowest incomes the hardest. As inflation persists, policy will need to more impactfully target these low income households and assist with the growing living cost challenges they face.

Elsewhere, CSO SILC data highlights the concentration of individuals who are unemployed, long-term ill or disabled, living alone, and single parents in the bottom two deciles of the income distribution. Targeted measures to support these welfare dependent households needs to be an essential part of the evolving policy response to the current experience of inflation and should form a core part of the policy measures adopted as part of, Budget 2023.

Chart 4.1: Composition of Inflation Across the Income Distribution (2021, income quintiles)



Source: Central Bank Economic Letter, February 2022

Paying a Living Wage

Over the past decade *Social Justice Ireland* and a number of other organisations have come together to form a technical group which researched and developed a Living Wage for Ireland. In July 2014 the group launched a website (www.livingwage.ie) and a technical paper outlining how the concept is calculated. The latest update to the figure was published in September 2021 and reported a Living Wage rate of €12.90 per hour for 2021/22.

A recent report from the Low Pay Commission to Government has suggested the adoption of a living wage as a new and higher version of the minimum wage. We welcome this proposal, which sets the threshold at 60% of median hourly earnings, €12.17 per hour. While this is below the living costs based estimate, it is a welcome step forward. The new hourly payment will be phased in between now and 2026.

Social Justice Ireland believes that the Living Wage has an important role to play in addressing the persistent income inequality and poverty levels in our society. Budget 2023 should endorse this initiative and underscore Governments commitment to introducing it.

Investing to Address Poverty

A 2020 report commissioned by the Society of St Vincent DePaul, and authored by Micheál Collins of UCD, examined *The Hidden Cost of Poverty* by estimating the public service cost of poverty in Ireland. It identified the additional public service costs that Irish society carries as a result of current and past experiences of poverty. The main estimate presented by the report found that the annual public service cost of poverty to Ireland is almost €4.5bn. Expressed in per capita terms this finding implies that poverty imposes a public service cost equivalent to a sum of €913 per person in the state each year (€2,600 per household). The report also noted that this additional public sector expenditure is equivalent to 5.1% of total General Government Revenue and 5% of total General Government Expenditure. Put another way, €1 in every €20 collected by the state from taxes, social insurance and charges ends up being allocated by the state to make up for the way that poverty damages people's lives.

Social Justice Ireland welcomed this report, it provides a heretofore absent benchmark for the recurring annual costs to the state of poverty, and highlights for all members of society, whether they are above or below the poverty line, the costs incurred by society as a result of poverty. It also highlights the importance of Government adopting increased measures to address the extent of poverty in our society and to also to prevent the emergence of poverty, or its transmission across generations. Judged over time, there are significant benefits to society from a targeted anti-poverty programme, delivering major benefits to individuals and communities in poverty, or at risk of being in poverty, but also delivering substantial long term savings to the State. Budget 2023 should embrace this approach and commit to investing more to address, reduce and prevent poverty in Irish society.

Investment—Housing and Homelessness

Housing affordability continues to present a serious issue in Ireland. Prospective homeowners have faced increases in house prices of 15.2 per cent in the year to March 2022; asking rents advertised on Daft.ie increased by 11.7 per cent annually to Q1 2022; and the Residential Tenancies Board (RTB) Rent Index indicated an annual growth in new rents in new tenancies of 9 per cent to Q4 2021.

This is despite the publication of the Government's housing strategy *Housing for All* in September 2021, which promised to demonstrate the Government's "commitment to build the required amount of housing, of different tenures, to a high standard, and in the right location, for people of all circumstances.". In addition to the affordability crisis, we also have a persistent homelessness crisis, with the number of people accessing emergency homeless accommodation exceeding 10,000 in April 2022. Despite the impact of inflation on the construction industry, the Government could address the housing and homeless crises by:

Double social housing stock by 2030

Other European countries which we would like to emulate have a social housing stock that is 20 per cent of their overall housing stock compared to 9 per cent in Ireland. The real need for social housing is under reported as those in HAP tenancies, DSGBV refuges, Direct Provision and many at risk of losing their home due to mortgage arrears are not included. We estimate the real numbers in housing need are closer to 133,000. To achieve the target of 20 per cent by 2030, Government must double its Housing for All targets **at an additional cost of €1.4bn,** meaning the overall construction budget would be closer to €3bn in 2023**.** This investment will require a skilled workforce. Inclusion of a new construction apprenticeship programme whereby one in every fifteen is required to be an apprentice earning at least the Living Wage must form part of any rebuilding scheme. This would also result in an additional 60,000 properties, currently being used as social housing, entering the private rented sector for use by private tenants.

The process of addressing housing affordability on the supply side should also begin as soon as possible with the establishment of a construction procurement working group and the winding down of demand side schemes that artificially maintain high house prices. **The removal of the Help to Buy Scheme would save the Exchequer €200m in 2023.**

In order to deliver cost effective social and affordable homes and keep costs at a minimum, the land costs must be kept as low as possible. Building on land already owned by the State makes this feasible. According to a 2014 Residential Land Availability Survey, there was sufficient land in the ownership of the State to provide for the construction of 414,000 dwellings. Using less than half of this land would meet the 20 per cent target we propose. Once the houses are built, it is vital that they remain social.

Government should adopt legislation to prohibit the sale of State lands suitable for residential development and use this land to build social housing.

Legislation should also be introduced to ensure that Approved Housing Bodies retain their social housing stock as social housing and prohibit its sale on the private market.

To ensure the sustainability of social lettings, the services and infrastructure communities require must be in place. Community health networks, social care supports, community policing, safe spaces should be a priority. **This regeneration would require an initial investment of €100m in Budget 2023.**

Homelessness and Homelessness Prevention

Protections introduced during the pandemic resulted in monthly decreases in homelessness during 2020/21. Notwithstanding commitments in *Housing for All* to eradicate homelessness by 2030, Government lifted these protections and, in May 2022, 10,325 men, women and children were officially counted as homeless. Increasing social housing provision, winding down the use of Family Hubs and investing in Housing First for families experiencing homelessness should be a priority for Government. ***Social Justice Ireland* propose an investment in Housing First for Families of €200m in Budget 2023 funded from the cessation of the failed Help to Buy scheme.**

As at December 2021, the latest data available, there were 5,406 mortgages in arrears over 10 years, with an arrears value of €865 million and a total balance outstanding of €1.5 billion. Government could prevent these households becoming homeless by acquiring an equity stake in properties in mortgage distress leaving families in situ and increasing the State's social housing stock**.** ***Social Justice Ireland* propose a pilot scheme for those mortgages in arrears of more than 10 years, at a cost of €100m in 2023.**

Finally, housing strategy going forward must be evidence based. Setting and then failing to meet targets that seriously fall short of need will not solve the problem. We can only hope to meet the needs of citizens once their need has been recognised. We can begin this process by ensuring accurate data capture on homelessness. **Government needs to align data collection with the ETHOS methodology and resource the necessary ICT infrastructure at an initial cost of €3m in Budget 2023.**

Develop a functioning Private Rented Sector

Our *Housing Costs and Poverty 2022* briefing showed how renters in the private rented sector are hardest hit by the current affordability crisis. Security of tenure must be a vital component of a private rental market that households are accessing for longer periods of time. The rate of Local Authority inspections of private rented property has been consistently low, while the rate of non-compliance with basic health and safety regulations among those properties that are inspected has been high. Regulation of the private rented market must reflect its increasing importance as a housing provider, as reliance on the private rented sector increases across all socio-demographic profiles. To do this, Government must **invest in increased rental property inspections, doubling the budget to €13m** and implement the Deposit Protection Scheme set out in legislation in 2015. **Legislate to increase tenants' rights and introduce long-term tenancies.**

Just Transition

Budget 2023 provides an opportunity to ensure that our investment strategy supports the ambition of the climate action plan, a just transition to a green economy, emission reductions, and builds a vibrant society and economy.

Transport

Social Justice Ireland proposes the removal of the exemption of Jet Kerosene from excise and carbon taxes **in Budget 2023 to yield €634m**. Air travel is a significant contributor to transport emissions, this would ensure that air travel makes a contribution to carbon budgets for the transport sector and implement the recommendation of the Report on the Impact of Aviation Taxation.

Aggregate Levy

To promote the recycling of aggregates (rocks, sand and gravel) in the building industry, and the re-use of old buildings, *Social Justice Ireland* proposes the introduction of an **aggregate levy of €2.50 per tonne** in Budget 2023. This would generate an estimated yield of €75m.

Retrofitting and Energy Efficiency

One of the most cost-effective measures for meeting our emission and energy targets is to increase building energy efficiency. ***Social Justice Ireland* proposes that €85m be allocated in Budget 2023 for a retrofitting programme** modelled on the Energiesprong programme in the Netherlands with €10m targeted for improving ventilation in public buildings.

Investment in our renewable energy generation capacity is a key priority to reduce our reliance on fossil fuels and meet our 2030 targets. **€100m should be invested in the development of renewable energy sources**, €2m of which should be ringfenced to establish a network of community energy advisors to engage with and inform people and households in energy poverty and hard-to-reach energy users.

We propose **an initial allocation of €30m to upgrading the national grid and a reform of the RESS auction** to make it more accessible for communities, individuals and farmers. **€15m** should be invested in expanding the charging infrastructure for electric vehicles. **The PSO levy should be reorganised according to average demand.** This would ensure that each sector is responsible for the proportion of renewable electricity that it gives rise to. This is a first step to ensure that Data Centres make an appropriate contribution to Ireland's renewable energy targets.

Reducing Waste

To reduce the level of municipal waste going to landfill and promote the use of re-usable, biodegradable and compostable products, *Social Justice Ireland* proposes an investment of **€82m to support the rollout of the proposed deposit and return scheme for sealed beverage containers** in Budget 2023. This would boost recycling and yield an economic return of approximately €96m per annum.

Biodiversity and Nature

Budget 2023 should invest **€10m in the National Parks and Wildlife Service and in the National Biodiversity Centre** to scale up policies to support biodiversity, mainstream biodiversity into economic decision-making and support community led projects.

Investing in the Future—the Circular Economy

Social Justice Ireland proposes an allocation of **€10m in Budget 2023 to begin the rollout of the Circular Economy Strategy** concentrating on areas such as sustainable agriculture, bio-economy, and recognition of the interconnectivity between the economy, environment and society.

Agriculture

Government should reorganise the CAP system to provide an enabling environmental pathway to new entrants. Incentives within current agricultural policy must be redirected to support those farmers who are engaged in environmentally friendly practices and who are engaged in sustainable agricultural methods. Behaviour change, reduced input costs, and reduced herd and soil emissions should all be incentivised.

Fossil fuel subsidies and tax expenditures

In Budget 2023 Government should begin the process of **ending fossil fuel subsidies and environmentally harmful tax expenditures**. These not-insignificant resources (€2.2bn in revenue foregone in 2020) should be invested in in renewable energy, addressing energy poverty and a deep retrofitting programme for homes and community facilities. As a first step Government should review all fossil fuel and environmentally harmful subsidies, introduce sunset clauses where necessary and divert these funds to renewable energy programmes, reforming and expanding the fuel allowance as recommended in by the OECD in 2021, and additional investment in Just Transition Programmes beyond the expected €174m investment from carbon tax.

Ensuring a Sustainable Recovery and a Just Transition

One of the fundamental principles of a Just Transition is to leave no people, communities, economic sectors or regions behind as we transition to a low carbon future. Transition is not just about reducing emissions. It is also about transforming our society and our economy, and investing in effective and integrated social protection systems, education, training and lifelong learning, childcare, out of school care, health care, long term care and other quality services. Social investment must be a top priority of transition because it will support those people, communities, sectors and regions who will be most impacted as we transform how our economy and society operates. The proposed **Climate Dialogue** must be built on the principle of social investment and just transition.

Government must embed a **Sustainable Development Framework** into economic policy. This would ensure that policies are socially, economically and environmentally sustainable. Existing work on **Wellbeing Indicators** must be progressed so that we can move beyond simply measuring GPD, GNI and GNI*, and include other indicators of environmental and social progress such as the value of unpaid work to the economy and the cost of depletion of our finite natural resources.

Rural Ireland, the Regions and Communities

Investment in the regions is vital to a Just Transition. Rural Ireland faces many challenges, including an older population, higher rates of part-time employment, lower median incomes, distance from everyday services and higher poverty rates than the national average. In addition new challenges have emerged, the impact of Brexit, increasing energy costs, digitisation and adapting to meet climate targets.

Rural and regional economies

There is a need to consider the sustainability of some of the employment across Ireland. In some regions many of the jobs currently available will be transformed or indeed made redundant in the medium term either by disruptive technology or by the need to adapt to a low carbon economy. Regions dependent on tourism face an uncertain future.

Social Justice Ireland proposes the establishment of a regional development and transition programme. This programme would have the task of aligning 'Our Rural Future', Regional employment plans, Making Remote Work, the Climate Action Plan and economic policies with the principles of just transition and developing sustainable local economies and livelihoods for our communities.

€100m should be allocated to Regional Development and Transition in Budget 2023. This funding should be used to invest in (i) Smart Villages to support remote working; (ii) education for the current and future generation of farmers to move to more sustainable agricultural methods; (iii) developing local cooperatives and regional 'Farm to Fork' strategies, and (iv) improving and expanding public services to promote and support rural living.

In addition, an additional **€25m** to **Enterprise Ireland** to develop and support indigenous enterprises and job creation across the regions, particularly those areas with employment which will be most impacted by the green and digital transitions. We also propose an additional **€25m for Fáilte Ireland** to promote local and regional tourism initiatives.

Rural Transport

Increased funding is required for rural public transport and the nationwide expansion of cycling infrastructure and greenways.

Social Justice Ireland calls on Government to invest **an additional €50m to the Rural Transport Programme,** increasing the range of public transport options and ensuring the rural public transport options and fleet are in line with our climate commitments, safeguarding communities from isolation, and incentivising greater public transport usage. In addition we propose an initial investment of **€10m in our cycling and walking infrastructure.**

Broadband

Strategies and plans to promote rural and regional economies are heavily reliant on the provision of reliable, quality, high-speed broadband. ***Social Justice Ireland* proposes a €200m investment** to continue the rollout the network of 400 Remote Working Hubs, supporting infrastructure and shared services, of which €5m should be ringfenced for upgrading existing remote working hubs and meeting our Digital Agenda for Europe targets**.**

Community and Voluntary Sector

The funding challenges faced by the sector since 2008 have never been resolved and are further exacerbated by the ongoing Covid-19 pandemic coupled with rising costs of basic good and utilities and the arrival of thousands of refugees from the Ukraine. The sector has responded to these extra demands whilst dealing with a loss of fundraising. It is essential that Government resource this sector into the future and that it remains committed to the principle of providing multi-annual statutory funding.

***Social Justice Ireland* proposes an increase of €30m to the Community and Voluntary sector** to ensure the continuation of the provision of key supports and services in our communities.

Public Participation Networks (PPNs)

The PPNs are the primary mechanism for Local Authority engagement with communities. While this is an important step in fostering a more democratic local government structure, there is some way to go to build real participation and partnership in local government decision-making. Investment in community engagement is needed to support capacity building and the establishment of local dialogue forums to support participation in the development of the Local Economic and Community Plans, and the Local Authority budgets. To this end, an additional allocation of **€2 million** should be made in Budget 2023 to **support capacity building and meaningful participation at local level.**

Local Authority Participation Structures Review

Investment in community engagement across Local Authorities is needed to ensure that the participative structures set up, such as Strategic Policy Committees, Local Community Development Committees and so on, are fit for purpose. Without this, structures such as the PPNs cannot fully deliver on their mandate. **Budget 2023 should include an allocation of €2m for the review of Local Authority participation structures and to begin the delivery of training and supports**.

Community Services Progamme

The Community Services Programme (CSP) is a vital support for communities with high levels of deprivation and marginalisation. This programme supports community-led initiatives to fill a gap that would otherwise not be filled by the market, and provide employment opportunities to those furthest from the market.

Budget 2023 should allocate **€9m** to bring core funding for staff in all CSP Programmes to the current level of the National Minimum Wage and index this amount to future increases and the Government's stated intention to align the National Minimum Wage to the Living Wage

Community Development Programmes

Government must increase funding allocations to LEADER (the funding programme to support the social and economic development of areas) and SICAP (the Social Inclusion and Community Activation Programme) to support the development of local communities with an **additional allocation of €2m in Budget 2023**.

Investment - Health and Disability

People should be assured of the required treatment and care in times of illness or vulnerability. The standard of care is dependent to a great degree on the resources made available, which in turn are dependent on the expectations of society. Covid-19 put an unprecedented strain on our healthcare system and its workers, with the full cost yet to be reckoned with.

Access to Care

Ireland ranked 22nd out of 35 countries in 2018 in a report by Health Consumer Powerhouse published in 2019, but on the issue of accessibility, Ireland ranked the worst. That report notes that even if the (then) Irish waiting-list target of 18 months were reached, it would still be the worst waiting time situation in Europe. Irish hospitals are working near full capacity.

According to data from the National Treatment Purchase Fund there were 624,444 people waiting for outpatient's treatment in May 2022, with 138,757 patients (including more than 20,000 children) waiting for 18 months or more for treatment. While the pandemic may have contributed to the numbers on the waiting lists in recent times, the numbers have been very high over many years, and well above 400,000 since 2015. The pandemic also limited access to care for people with health conditions not related to COVID-19 and unmet needs for medical care because of delayed or missed consultations are likely to lead to poorer health outcomes in the future. Government needs to urgently address these inequalities in the health service and implement a programme that provides access on the basis of need.

Transforming Acute and Community Care Services

Irish hospitals are working near full capacity. The occupancy rate for acute care beds is among the highest in OECD countries, and while having a high utilisation rate of hospital beds can be a sign of hospital efficiency, it can also mean that too many patients are treated at the secondary care level. In 2019, bed occupancy rates for curative (acute) care were 95 per cent in Ireland, above the capacity considered safe.

Like the governments of other countries, the Irish government made significant additional allocations in 2020 and 2021 to the health sector to deal with the COVID-19 pandemic. These commitments included expanding hospital capacity, developing primary and community-based responses, procurement of medical equipment, and an assistance scheme for private nursing homes. Universal health coverage is a key pre-requisite to improving access to care for vulnerable groups, something, that might be said to be acknowledged in the government's extension of coverage for GP visits for COVID-19 treatment to the entire population.

The model of healthcare used in Ireland is defined by an over-emphasis on hospitals and acute rather than primary and social care being more central. *Social Justice Ireland* welcomed the allocation of €240m in 2022 for the rollout of the 96 Community Healthcare Networks and the 30 Community Specialist Teams for Older People & Chronic Disease. However significant sustained investment in General Practice, Primary Care & Community Based Services is required in conjunction with the implementation of the Regional Health Areas to ensure the transformation of the health service in line with Sláintecare.

Proposals: To address the inequalities in our healthcare system and develop a system that is fit for purpose for all, Government needs to:

- **Invest €100m in the further expansion of the Enhanced Community Care Programme to alleviate pressure on acute services and ensure treatment is provided at the appropriate level of need.**
- **Invest the €500m infrastructure allocation set out in Sláintecare with a particular focus on Enhanced Community Care.**
- **Invest a minimum of €100m annual in providing Universal Access to GP Care while expanding the number of GP and Practice Teams in line with the shift towards Primary Care & Community Based services envisaged in Sláintecare.**
- **Invest €50m in Community Nursing Facilities and rehabilitation beds.**

Mental Health

According to the latest available data, the HSE Management Data Report for March 2021, 2,625 children and young people were awaiting supports from the Child and Adolescent Mental Health Service (CAMHS), with over one in ten waiting for 12 months of more. A mental health crisis is also likely to be a prevailing legacy from Covid-19.

Proposal: Invest in the full implementation of the *Sharing the Vision* policy (including addressing staffing issues) at a cost of €35m and increase funding for programmes dealing with alcoholism and addictions at a cost of €76m.

Persons with a Disability and Carers

People with disabilities were cumulatively affected by a range of decisions introduced as part of successive austerity Budgets. These included cuts to social welfare payments, changes in medical card eligibility, increased prescription charges, and cuts to supports such as respite, home support hours, and housing adaptation grants. The cumulative effect of changes makes it difficult for some people to continue to live in their communities.

Proposal: To support people with disabilities to live fulfilling lives within their communities, Government must:

- **Introduce a cost of disability payment of €20 per week at a cost of €246m in Budget 2023.**
- **Increase investment in disability services, including respite and personal assistant services (cost of €40m).**
- **Allocate €40m for implementation of the UNCRPD.**

Proposal: To acknowledge and support the work of carers in Ireland, at the very minimum in Budget 2023 Government must:

- **Increase the Domiciliary Care Allowance to €330 at a cost of €11.4m.**
- **Expand the Free Travel scheme to include people in receipt of Domiciliary Care Allowance (cost of €6.1m).**
- **Increase the annual Carer's Support Grant to €2,000 (at a cost of €21.5m).**
- **Implement an independent review of Carer's Allowance.**

Education, Children and Families

Investment in education at all levels is essential in Budget 2023. Our education system, already dealing with the fallout from Covid-19, including the worsening of existing inequalities, must also meet the needs of those pupils fleeing war in Ukraine, and begin to provide supports and places at all levels for students with special educational needs.

Early Childhood Care and Education (ECCE)

Ireland performs poorly when it comes to investing in early years and ECCE, spending just under 0.4 per cent of GDP on pre-primary education for 3-5 year olds. ***Social Justice Ireland* proposes that Government allocate €115m in Budget 2023,** to bring spending in this area to 0.5 per cent of GDP, and build on this investment each year to reach 1 per cent of GDP by 2027. This investment must include non-contact ECCE time.

Reducing class sizes and Pupil-Teacher ratios

Ireland's class sizes have long been above the European average, particularly at primary level where the average class size is 25. (The EU average is 20). Budget 2023 should set a target of keeping average class sizes below 20 and reducing the Pupil-Teacher Ratio (PTR) further with a special focus on primary level and DEIS schools. **€29m should be allocated in Budget 2023 to reduce the PTR.**

Supporting newly arrived students

Schools will need additional resources to support students from Ukraine in the education system. ***Social Justice Ireland* proposes that the CLASS scheme be expanded to incorporate the additional requirements of this cohort with an initial investment of €5m in Budget 2023.**

Students with Special Educational Needs

Budget 2020 should invest **€100m** as a first step to commence and implement EPSEN Act in full by 2024.

DEIS Schools at Primary and Post-Primary level

Continued support for DEIS schools must be a policy priority, with a suite of measures to address educational disadvantage including reduced PTR and class sizes, and sufficient ongoing resourcing available to support new ambitious literacy and numeracy targets. ***Social Justice Ireland* proposes €15m to support the continued expansion of the DEIS programme in Budget 2023.**

We also recommend the **restoration of the Back to School Clothing and Footwear Allowance** to 2011 levels (€18m) increase funding for **Schools Meals Programme** by ten per cent (cost €6.5m), and **€15m** to fund school places, programmes and supports for students with **special education needs**. Finally, Budget 2023 should see **a 10 per cent increase in capitation grants at both primary and secondary level** (cost €20.4m).

Further and Higher Education and Training

An additional €40m investment in Further Education and Training to develop and expand apprenticeships and traineeships to meet future skills needs and advance the circular economy, particularly at a regional and community level with €1m to support a skills transfer programme for migrants.

An additional €100m in State funding in higher education as a first step towards meeting the core funding gap of €307m identified in 'Funding the Future' by 2025. *Social Justice Ireland* also proposes that Government **allocate €61m in Budget 2023 to increase the maintenance grant by €1,000.** We also propose an **increased allocation of €1m to the Fund for Students with a Disability** in Budget 2023 and **a €2m investment in additional apprenticeship and traineeship places** for Traveller students.

We propose that **€10m be invested in a Transition Skills Fund** targeted at young people not engaged in education or training (NEETs) and people employed in sectors whose jobs are at high risk of automation. **€5m investment for the newly established Technological Universities** to provide digital and green skills training to address gaps at a regional level

Lifelong Learning and Adult Literacy

Social Justice Ireland proposes an **investment of €5m in Budget 2023 to expand the Human Capital Initiative and improve lifelong learning** across all cohorts of the population. €25m investment per annum until 2028 in **adult literacy -** €20m to rollout the new Adult Literacy, Digital Literacy and Numeracy Strategy and €5m to fund ancillary and support services. We also propose an additional investment of **€1.5m** in Community Education.

Children and Families

Investment in Children and Families is an essential investment in our social and human capital now and into the future. *Social Justice Ireland* proposes **an additional two weeks paternity leave in Budget 2023 at a cost of €14m and an additional two weeks of paid parental leave at a cost of €19m.** *Social Justice Ireland* proposes that Government invest an additional **€30m in Core Funding for the childcare sector in Budget 2023** to support wages in the sector**.** Government should also explore how a National Childcare Fund could be established based on the operation of the National Training Fund.

Budget 2023 should also allocate **additional funding to Tusla of €50m for child protection and increased social provision for children and families,** while increasing the resources available for the **regulation of childminders by €2m. €3.5 million** should be allocated to support the delivery of the National Action Plan for the EU Child Guarantee.

Arts and Cultural Participation

We propose an additional investment of €5m in funding for the Arts Council to embed arts and cultural participation as part of the ECCE framework. This investment would begin to address the large disparities in arts participation between children from different socio-economic backgrounds highlighted in the *Growing up in Ireland* study.

Children and Young People in Direct Provision

Government should fully implement the Day Report recommendations around the introduction of income supports for families seeking asylum and move those seeking asylum into more appropriate accommodation. Government should introduce the **International Protection Child Payment for children in Direct Provision in Budget 2023 at a cost of €2m**.

Financial Literacy

Budget 2023 should allocate **€2m** in a financial literacy programme aimed at school children and their families.

Older People

Ireland has an increasingly ageing population and it is imperative, both from the perspective of the individual and the supporting structures, that ageing in place becomes the default approach.

Adequate Income

Data published by both the Central Bank and the Central Statistics Office indicate that the current increases in the cost of living are disproportionately impacting older households, with those aged 65+ experiencing an increase of 7.2 per cent in the year to March 2022, compared to 6.7 per cent for the general population (the overall inflation rate was 7.8 per cent in May 2022). Our *Housing Costs and Poverty 2022* policy briefing also noted that three out of ten older adults are living in poverty after paying housing costs. As our population ages, and are more likely to be renting for longer, they must have an adequate income.

Social Justice Ireland proposes a **single-rate universal state social welfare pension from January 2023 at the rate of the State Pension (Contributory).** The significant additional expenditure required could be funded through reform of Ireland's system of pension-related tax reliefs, and through a moderate increase in Employer PRSI, as detailed in our report on the Universal Pension from March 2018. This would involve standard-rating the tax break on all private pension contributions.

Housing Supports

According to Eurostat, 13.2 per cent of Ireland's population aged 65+ are living in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames or floor, the highest rate since 2015, and that's before accounting for illness or disability which requires further home adaptations. That equates to 98,000 older people. Research by TILDA puts the rate of people aged 50+ living in substandard accommodation at 57.8 per cent, with the most prevalent housing condition issues relating to damp, mould or moisture.

The expenditure in respect of the Housing Aid for Older People plummeted from €30.8m in 2010 to just €12.8m in 2020, while Housing Aid for People with a Disability reduced from €39.8m to €26.6m in the same period. Building on moderate increases since 2015, the total amount paid in respect of these grants in 2021 was €56.5 million in respect of 10,283 grants. To provide for a standard of living into older age, the cuts to Housing Aid for Older People and Housing Aid for People with a Disability must be restored, starting with an additional **allocation of €85m in Budget 2023.**

Home Care

Being well at home is also about the availability of care supports appropriate to the needs of older people. According to the most recently published HSE Performance Reports there were 474 delayed discharges of older people up to the end of September 2021, an increase on the previous year, and 393 older people awaiting homes support packages. The Government committed to the introduction of a statutory right to home care in 2021, however we are yet to see any detail of this over a year later.

Social Justice Ireland believes that ultimately it should allow for choice on the part of the care recipient from a 'basket of goods' that ranges from healthcare to home care, personal care to social inclusion. In the meantime, an increase in the current provision of home support packages to older people is urgently required. The average number of hours provided by the HSE per older home care recipient for the first nine months of 2021 was 7.2 hours per week. This is insufficient. **Budget 2023 must include an allocation of €90m for additional home care supports and address the most current waiting lists.**

The Community and Voluntary sector provide a range of key supports for older people, from befriending and social inclusion supports, to home care and assistive technologies. These supports are particularly important for those older people living with dementia and their families. The additional revenue supports to frontline Community and Voluntary organisations dealing with the Covid-19 emergency were welcome, however for these supports to be sustainable post-Covid, a multi-annual increase in allocation is required starting with an **allocation of €35m in Budget 2023**.

Nursing Homes

Approximately 3.7 per cent of all people aged 65+ reside in nursing homes, as per Census 2016. While the health focus should be on enabling people to age at home, for those for whom nursing home care is appropriate, nursing home policy must take cognisance of the vulnerability of residents, their advanced medical conditions, and the retention of a quality of life. *Social Justice Ireland* welcome the inclusion of measures to safeguard nursing home residents in the Programme for Government. This must be adequately funded and address both the shortfall in coverage and the disparities of funding between HSE-led and private and voluntary facilities. It must also be provided in consultation with nursing home providers, residents, families and carers. ***Social Justice Ireland* proposes an increase in funding for Nursing Homes to take account of demographic change. This would cost an additional €35m in Budget 2023.**

Safeguarding

The first National Adult Safeguarding Day was held on the 19th November 2021. Of the 10,153 safeguarding reports made to the HSE National Safeguarding Office in 2020, more than a third (3,412) were made by people aged 65. The most prevalent types of abuse reported for this age group were psychological, physical and financial. Half of all allegations made by people aged 65+ in 2020 concerned members of the complainants immediate family, while almost one quarter (23 per cent) of complaints were about another service user or peer, and 15 per cent were against staff. Clearly more is needed to support adult safeguarding in Ireland with an increase in safeguarding supports at local and national level. **Budget 2023 should contain an additional €12.5 million to increase the capacity of the HSE Safeguarding Teams and develop a public awareness programme to support older people experiencing abuse.**

Work, Low Pay & Welfare

Addressing the cost of living crisis must be a key feature of Budget 2023. According to data received from the Central Statistics Office, there are 167,400 employees reporting earning the National Minimum Wage (currently €10.50 per hour) or less. This equates to 7.8 per cent of all employees. The sectors with the highest proportion of employees on low incomes are the Accommodation and food services sector (30.8 per cent as at Q1 2022) and the Wholesale and Retail trade sector (18.9 per cent).

Social Justice Ireland welcomed the recent Government announcement of the introduction of a Living Wage to replace the National Minimum Wage, something we have been calling for for some time. However, we are disappointed that the calculation proposed (60 per cent of Median Income) falls short of what is actually required. The Living Wage Technical Group, of which *Social Justice Ireland* is a member, set the Living Wage for 2021 at €12.90, higher than the €12.17 rate calculated by Government. We are further disappointed that the Living Wage will not be fully implemented until 2026, four years from now. We note that the Low Pay Commission may be given discretion to introduce the Living Wage faster (or slower) that what is proposed and would urge both Government and the Commission to do just that to offset the impact of inflation on low income households.

While low paid employees are waiting for the introduction of the Living Wage, there are other measures Government could take in Budget 2023.

Supporting Low Paid Workers through the Tax Credits System

Social Justice Ireland calls on Government to increase the PAYE credit and Earned Income credit by €5 per week at a **first year cost of €494 million** in 2023.

Supporting Low Paid Workers through Refundable Tax Credits

As we has been pointing out for several years, Ireland has a persistent problem with in-work poverty. Each year, when the Central Statistics Office publishes Ireland's updated poverty numbers, there is little change in the number of people in employment who are at risk of poverty. In 2021 - the latest years for which statistics are available - there were approximately 93,000 people with jobs who were living in poverty. Many people assume that a job is an automatic poverty reliever, and this has been a key driver of Government policy, but this is clearly not the case. The job must also be a well-paid job, and recent trends of precarious working practices must surely contribute to a situation where 4.4 per cent of those in employment are still experiencing poverty.

Specific interventions are required to tackle the problem of the 'working-poor'. Introducing a system of Refundable Tax Credits, **at a cost of €140 million in 2023** would allow low income workers who do not earn enough to use their full credit to have the unused portion "refunded", and support their ability to deal with increasing living costs. Making tax credits refundable would make Ireland's tax system fairer, address part of the working poor problem, and improve the living standards of a substantial number of people in Ireland.

Benchmarking Social Welfare Rates

Recent analysis published by the Central Statistics Office shows that the current cost of living crisis, while impacting all households, has a disproportionate impact on those on the lowest incomes. Poverty data from the CSO, released in May 2022, demonstrated how adequate social welfare payments are required to prevent and address poverty. Without the social welfare system 38.6 per cent of the Irish population would have been living in poverty in 2021. The social welfare system reduced the poverty rate by 27 percentage points to 11.6 per cent. Such an underlying poverty rate suggests a deeply unequal distribution of direct income. In fact, in 2021, the poorest 20 per cent of the population had less than 10 per cent of the country's equivalised disposable income, compared to the wealthiest 20 per cent who shared 36.3 per cent.

Yet, even after the provision of social welfare payments, in 2021 there were almost 580,000 people in Ireland living below the poverty line. Of these almost 164,000 were aged under 18. A social welfare payment must provide an adequate safety net to lift people out of poverty. While the current system is progressive, the payment itself is inadequate.

..there is a need to further increase minimum social welfare rates and commit to converging on a benchmark equivalent to 27.5 per cent of average weekly earnings

Over a decade ago Budget 2007 benchmarked the minimum social welfare rate at 30 per cent of Gross Average Industrial Earnings (GAIE). Today that figure is equivalent to 27.5 per cent of the average weekly earnings data being collected by the CSO. Applying this benchmark using CSO data for 2021 and projections for wage growth in 2022 allows us to compare this benchmark with current welfare rates.

In 2022 the updated value of 27.5 per cent of average weekly earnings equals €235 implying a shortfall of €27 between current minimum social welfare rates (€208) and this threshold.

Given the importance of this benchmark to the living standards of many in Irish society, and its relevance to anti-poverty commitments, the current deficit highlights a need for Budget 2023 to further increase minimum social welfare rates and commit to converging on a benchmark equivalent to 27.5 per cent of average weekly earnings.

This is even more critical in light of increases to essentials such as rent, energy and heating costs, the risks to food security.

We welcomed the establishment of the Commission on Taxation and Welfare and hope that the Commission can establish a pathway to achieving this important policy objective in advance of the Budget.

As a start **Budget 2023 should increase minimum social welfare rates by €20 per week.**

International Protection, ODA and DSGBV

International Protection

As of January 2022, there were 8,582 people living in the Direct Provision system spread across 73 locations, comprising both main centres and emergency accommodation. In contrast and addition to those seeking international protection, by the 22nd May 2022, 33,151 Ukrainian refugees have arrived, being granted automatic temporary protection status, with many more expected.

Neither the Day Report from 2020 and the subsequent White Paper in 2021 which sets out Government policy to replace the Direct Provision system and establish a new International Protection Support Service could have predicted this two tier system for those seeking protection. The significant challenges to the implementation of the white paper that existed prior to the Russian invasion of the Ukraine will be all the more as more refugees arrive.

This new system aims to support those applying for protection to integrate in Ireland from day one with health, education, housing and employment supports along the lines of the response to those from the Ukraine. This new system aims to house applicants in new not for profit Reception and Integration Centres for no more than four months. After the first four months, anyone with a claim still in progress will move to accommodation within the community, families with own door and single people will have own room accommodation. As 1,761 individuals with leave to stay were still living in Direct Provision at the end of December 2021, the issue of accommodation will remain a concern. Other supports such as access to as legal aid and assistance, access to work, education and training, access to driving licences and bank accounts are provided for which are all welcome steps. *Social Justice Ireland* welcomed the commitment in the Programme for Government to abolish the Direct Provision system and move away from the for-profit model.

The development of this new model of delivery was due to begin in February of 2021 in a phased basis until its completion by December 2024 with estimated capital costs of between €446 million and €672 million and current costs of €175 million. **As little progress has been made, this needs investment of €500m in Budget 2023.** Now more than ever, vulnerability assessments must be prioritised. *Social Justice Ireland* recommends the introduction of the vulnerability assessments at **a cost of €2 million**.

Official Development Assistance (ODA)

In April 2022, Irish Aid published its Climate and Environmental Finance Report 2020 detailing the "levels and channels of Ireland's international climate finance". In the opening paragraph of the Executive Summary, the Department confirms "The Programme for Government (2020) sets out a commitment to double the proportion of Official Development Assistance that is climate finance by 2030." and the commitment by the Taoiseach, Micheál Martin T.D., to the provision of €225 million per year of climate finance to developing countries by 2025. However, Official Development Assistance (ODA) and Climate Finance are not the same thing, and by conflating the two Ireland runs the risk of reneging on our international commitments.

The Report further states that "Climate finance represented 10.18% of Ireland's Official Development Assistance (ODA) in 2020 across all channels. Similarly, approximately 10.4% of ODA delivered through bilateral and CSO channels specifically in 2020 was climate finance.". Again, this begs the question as to what Ireland is counting when it comes to ODA.

The UN 2030 Target of 0.7 per cent of national income for ODA, which was agreed as part of the UN 2030 Agenda, is a *separate* commitment to those made at COP 15 in 2009 and in the Paris Agreement in 2015 which related to Climate Finance.

Ireland spent €867.5 million on ODA in 2020, 0.41 per cent of GNI*. If, as the Irish Aid Report suggests, €88.3 million of that was actually climate finance, this reduces our ODA / GNI* to 0.37 per cent. Just over half of the 2030 target.

Social Justice Ireland calls on Government to develop a strategy with a view to reaching the UN target by 2027, beginning with an **additional €207.6m in 2023**. However, this needs to provide clear delineation between ODA and climate finance. Rebuilding our commitment to ODA, honouring the UN target, and developing a comprehensive strategy to meet our ODA and climate finance targets should be important policy paths for Ireland to pursue in the coming years.

Social Justice Ireland also supports the call for the permanent cancellation of all external debt payments due from developing countries in 2022, with no penalties, and the provision of additional emergency finance that does not create more debt. Currently 60 countries spend more on debt servicing than on healthcare.

Domestic, Sexual and Gender-based Violence

A reported 15 per cent of women and 6 per cent of men have experienced "severely abusive behaviour" by a partner in their lifetime. In the year to Q2 2021 3,214 incidents of sexual offences were reported to the Gardaí. Services supported by Safe Ireland answer a reported 50,000 helpline calls each year, and provide direct support to 11,000 women and 3,500 children.

A Council of Europe report provides that there should be one place per 10,000 population for victims of DSGBV. Based on preliminary Census estimates of a population of 5,123,536, this would equate to 512 places. However we are falling far short of this target. The Programme for Government referred to an "epidemic" of domestic abuse. But as like any epidemic, adequate resources are needed to combat it. Government must meet their commitments under the Istanbul Convention and provide a further refuge spaces for victims of DSGBV. **This would cost €123.4 million in Budget 2023.** In addition, further service-level supports are needed for those experiencing domestic abuse who do not require residential spaces. This would require a **current allocation of €33m for service provision, training and legal supports in Budget 2023.**

Taxation - Choices for Budget 2023

Budget 2023 has been flagged by the Taoiseach as a 'cost of living budget' and *Social Justice Ireland* believes that it is important that the Budget should strategically approach taxation issues with the objectives of prudently using the available resources, continuing to build a fairer and more sustainable taxation system, and acknowledging that post-pandemic Ireland will need to raise more recurring tax revenue. On this page we outline a series of reforms for Budget 2023 while on the next page we present a more extensive agenda for reforming the taxation system; this reflects our submission and engagement with the Commission on Welfare and Taxation which is due to report before Budget day.

Taxation, Cost of Living and Fairness

Budget 2023 should avoid using taxation measures as a means of providing short term solutions to the cost of living challenges all of society now faces. Reductions in income taxes, indirect taxes, excise duties and levies represent poorly targeted measures and should be avoided. As we outline elsewhere, the most prudent use of available resources is to target increases in core welfare rates alongside targeted welfare supports for certain groups.

Carbon Tax and Fairness

The 2020 Finance Act included a schedule of annual carbon tax increases so that this rate reaches €100 per tonne in 2030 (€7.50 per tonne per annum for 9 years and €6.50 in the final year). These commitments reflect commitments in the Programme for Government and the recommendations of the 2019 all-party report on climate change. **We believe that Budget 2023 should abide by these commitments and increase the carbon tax, as planned, by €7.50 per tonne.** It should also include a commitment to use the revenue raised to fund a series of targeted accompanying measures to protect those most affected by it, in particular low-income households and rural dwellers. Given the significant climate challenges we now face, a carbon tax is an important tool in encouraging behavioural change. This proposal would generate **an additional €160m in a full-year** to re-invest in accompanying measures.

Post Pandemic Increase to Employers PRSI

The actions of Government during the pandemic has highlighted the importance to individuals and business of the social safety net provided by state. A core aspect of this is the social insurance system. In European terms Ireland collects very low levels of employers PRSI. For most jobs the rate in Ireland is 11.05% compared to a EU average of 21.29%. Budget 2023 should commence a process of **increasing employers PRSI rates by 1% a year for the next five years** (reaching 15.05% by 2028). The initial increase should be delayed to commence from April 2023 and will raise **an additional €500m in 2023.**

Taxing Empty Houses / Underdeveloped Land

Budget 2023 should empower local authorities to collect a **new site value tax on underdeveloped land** - such as abandoned urban centre sites and land-banks of zoned land. This tax should be levied at a rate of €2,000 per hectare (or part thereof) per annum and replace the current vacant sites levy. In the context of an ongoing shortage of housing stock, building new units is not the entire solution as there remains a large number of empty units. We propose that Budget 2023 introduce a levy on empty houses of €200 per month with the revenue from this charge collected and kept by local authorities. Income from both these measures **would yield €75m for local authorities** in 2023 reducing their central fund allocation by the same.

Limit the ability to carry losses forward

Social Justice Ireland believes that in Budget 2023 Government should reform the tax laws so that limits are placed on the ability of individuals and corporations to carry past losses forward and offset these against current profits/income. We suggest introducing **a rolling limit of 5 years on these losses** commencing from midnight of the day Budget 2023 is announced. Losses prior to this period would no longer be available to offset against profits or capital gains. While this initiative would bring greater fairness to the overall taxation system, we note it would have a disproportionate effect on banking institutions who carry significant, self-inflicted, losses from the economic crisis a decade ago. Consequently, we suggest that Budget 2023 would also extend and amend the current banking levy. Together **this proposal would yield an additional €100m in 2023**.

Reform the R&D tax credit

A tax break for companies engaged in research and development was introduced in 1997 and has been revised and reformed on a number of occasions since. A curious component of the current structure is that firms may claim a tax refund on unused R&D credits - i.e. where they have not paid sufficient tax to cover the refund amount. The use of this scheme has allowed a number of profitable firms to record zero or negative (or 'refunded') tax-paid amounts. This measure should **be removed from the structure of this tax break** in Budget 2023. It would yield €150m in a full-year.

Abolish the Special Assignee Relief Programme

The SARP was introduced in 2014 to provide a tax reduction to high earning individuals who locate to Ireland for work purposes (generally in MNCs in IT and the financial sector). Recipients must earn between €75,000 and €1m. Qualifying employees with income above €75,000 receive a reduction in their income tax liability. This subsidy was intended to boost the attractiveness of Ireland for foreign investment; however there is no evidence to suggest the scheme has achieved this or that it has induced any recent investment and relocations that would not have otherwise occurred. **The SARP should be abolished** in order to make the tax system fairer. This **would generate €45m** in 2023.

Other Tax Reform Measures

Below are some other taxation measures aimed at broadening the tax-base, increasing revenue, and creating a fairer system:

- increase **in-shop/online betting duty** to 3% (+€50m);
- increase from 30% to 32% the **minimum effective tax rate for people earning €400,000+** (+€100m);
- **restore the Non Principal Private Residence (NPPR)** charge on second homes at €500 a year (+€115m);
- increase **Capital Gains Tax and Capital Acquisitions Tax from 33% to 35%** (+€84m and + €34m);
- Increase from **7.5% to 8% the stamp duty on non-residential property** (+€38m); Increase **stamp duty on residential property transfers** (amounts in excess of €1m) to 5% (+€50m).
- **Standard rate all pension-related tax reliefs** (+€473m); **Standard rate discretionary (non-pension) tax expenditures costing €5m+** (+€152m in 2023);
- Introduce **Refundable Tax Credits** (for the two main income tax credits) at a cost of €140m.
- Compliance: allocate **+€45m to Revenue**.

Priorities for Taxation Reform

The experience of the last decade has highlighted the centrality of taxation in budget deliberations and to policy development. Taxation plays a key role in shaping Irish society through funding public services, supporting economic activity, and 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.

As outlined elsewhere in this document, having 'Just Taxation' is a key component of *Social Justice Ireland's* guiding vision and policy framework. During the past year we submitted a detailed document to the Commission on Taxation and Welfare outlining how the taxation system should be changed to better achieve this objective (available on our website, socialjustice.ie). We look forward to the publication of the Commission's report and engaging with its proposals.

On this page we present a series of reforms necessary to establish a just taxation system. The accompanying chapter in our annual socio-economic review *Social Justice Matters 2022* (also available on our website) details our belief that Government's key policy priorities in this area should be to:

- increase the overall tax-take;
- adopt policies to broaden the tax base; and
- develop a fairer taxation system.

Overall, our views are driven by principles of fairness, sustainability, and the need for structural reform.

Increasing the overall tax-take

Social Justice Ireland believes that, over the next few years, policy should focus on increasing Ireland's tax-take. We believe that an increase in Ireland's overall level of taxation is unavoidable in the years to come; even to maintain pre-Covid levels of public services and supports, more revenue will need to be collected. The pandemic has also highlighted public service deficits in many area which will necessitate new investment and spending in the years ahead. Consequently, an increase in the tax take is a question of how, rather than if, and we believe it should be of a scale appropriate to maintain current public service provisions while providing the resources to build a better society.

In other publications we have outlined the details of our proposal for a national tax take target set on a per-capita basis; an approach which minimises some of the distortionary effects that have emerged in recent years. Our target is calculated using CSO population data, ESRI population projections, and CSO and Department of Finance data on recent and future nominal overall taxation levels. It also incorporates an adjustment for current windfall corporation tax revenues. The target is as follows:

> ***Ireland's overall level of taxation should reach a level equivalent to €15,000 per capita in 2017 terms. This target should increase each year in line with growth in GNI*.***

Increasing the overall tax take to this level would require a number of changes to the tax base and the current structure of the Irish taxation system. While increasing the overall taxation revenue to meet this new target would represent a small overall increase in taxation levels (about €2,100 per person), it is one that is unlikely to have any significant negative impact on the economy.

Reforming and broadening the tax base

Social Justice Ireland believes that there is merit in developing a tax package which places less emphasis on taxing people and organisations on what they earn by their own useful work and enterprise, or on the value they add, or on what they contribute to the common good. There are a number of approaches available to Government and our recent edition of *Social Justice Matters (*see ch 4) provides details of these proposals which highlight areas we consider a priority including:

- Reforming Tax Expenditure
- A Minimum Effective Tax Rates for Higher Earners
- Reform of Corporation Taxes
- Introduction of a Site Value Tax
- Taxing Second Homes
- Taxing Empty Houses and Underdeveloped Land
- Taxing Windfall Gains
- Supporting a Financial Transactions Tax

A Minimum Effective Rate of Corporation Tax

Social Justice Ireland believes that the issue of corporate tax contributions is principally one of fairness. Profitable firms with substantial income should make a contribution to society rather than pursue various schemes and methods to avoid such contributions. Ireland's headline corporation tax rate of 12.5 per cent has been the subject of increasing controversy in recent years. This is not so much because it is low, but because the effective rate that some large firms pay is considerably lower.

For many years we have called for the adoption of a **Minimum Effective Rate of Corporation Tax** and welcome the growing international acknowledgement of this as the only practical and fair route to address this issue. We have proposed an effective rate of at least 10% and believe Budget 2023 should commence the adjustment to this rate by adopting a rate **of 6 per cent** for 2023/24. Such a rate would raise over €1 billion each year.

Developing a fairer taxation system

The need for fairness in the tax system was clearly recognised in the first report of the Commission on Taxation. It stated:

> *"…in our recommendations the spirit of equity is the first and most important consideration. Departures from equity must be clearly justified by reference to the needs of economic development or to avoid imposing unreasonable compliance costs on individuals or high administrative costs on the Revenue Commissioners." (1982:29)*

The need for fairness is just as obvious today and *Social Justice Ireland* believes that this should be a central objective of any forthcoming reform of the taxation system. Our recent edition of *Social Justice Matters* (see ch 4) highlights these areas of priority (see also p5):

- Standard Rating Discretionary Tax Expenditures
- Favouring Fair Changes to Income Taxes
- Introducing Refundable Tax Credits
- Reforming Individualisation
- Making the Tax System Simpler

Distribution of Tax and Benefit Changes, 2020-2022

Social Justice Ireland's income model tracks the distributive impact of annual budgets on households across Irish society. On this page we consider the cumulative impact of changes to taxation and welfare over the two Budgets delivered by the current Government (Budgets 2021 and 2022). As different policy priorities can be articulated for each Budget, it is useful to bring together the cumulative effect of policy changes on various household types.

welfare increases have driven recent falls in income inequality and poverty - progress we should aim to keep not erode

The households we examine are spread across all areas of society and capture those with a job, families with children, those unemployed and pensioner households. Within those households that have income from a job, we include workers on the minimum wage, on the living wage, workers on average earnings and earners with incomes ranging from €30,000 to €200,000.

In the case of working households, the analysis is focused on PAYE earners only and therefore does not capture the Budget 2021 measures targeted at the self-employed. The analysis is focused on changes to income taxation and non-Covid-19 related welfare measures and does not take account of other budgetary changes in taxation and service provision.

Among households with jobs (see Chart 15.2), the gains experienced range from a mere 39 cent per week (for low income couples on €30,000) to €16.11 per week for couples with incomes over €80,000. Earners on the living wage gain more on account of the increase in the level of that payment. The analysis highlights how low income families, those with incomes below the standard rate income tax threshold gained least from the budget measures over the past two years.

Among households dependent on welfare (see Chart 15.1), the gains have ranged from €5 per week for single unemployed individuals to €24.65 per week for unemployed couples with 2 children over 12 years of age.

The gains experienced by welfare dependent households over recent years explain much of the reason why the levels of income inequality and poverty have fallen in recent years. *Social Justice Ireland* has consistently argued for the prioritisation of low income welfare dependent families in Budgetary policy and welcome these outcomes. However, we are concerned that recent Budgets have shifted away from this approach.

Chart 15.1 Overall Impact 2020-2022 on Welfare Dependent Households

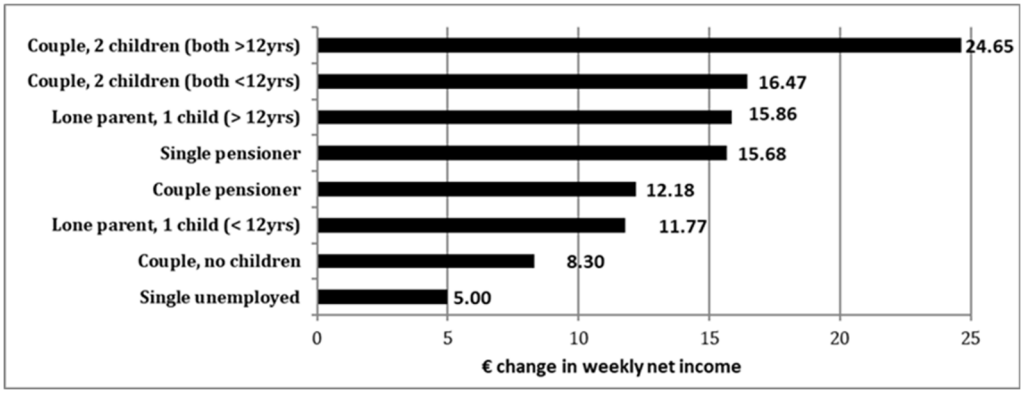
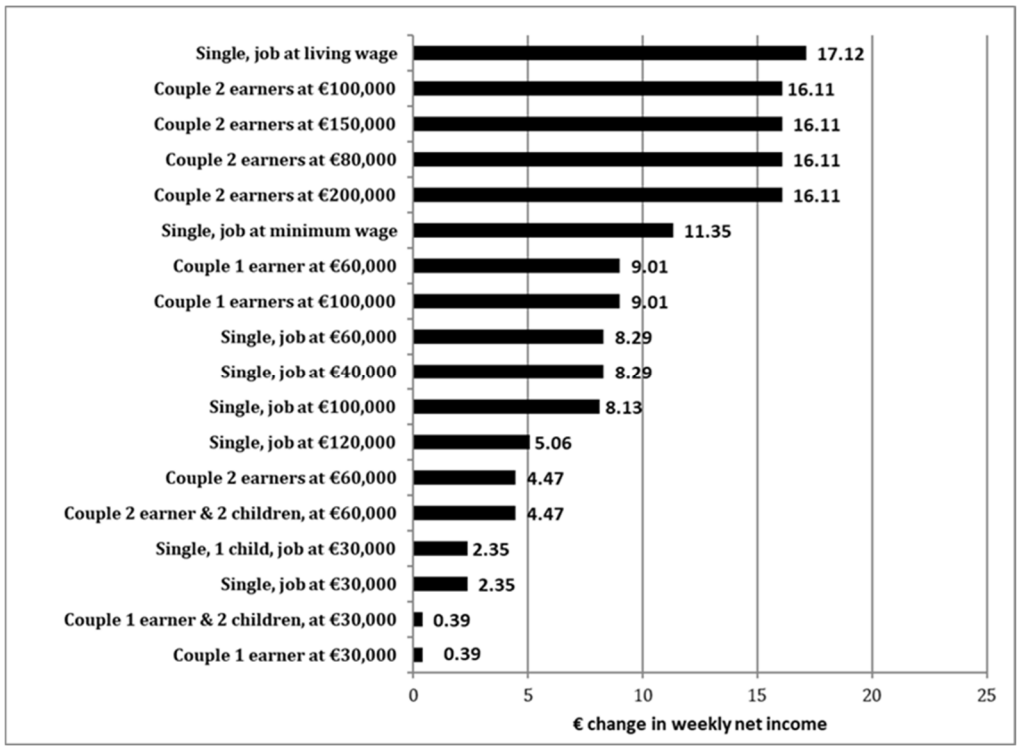


Chart 15.2 Overall Impact 2020-2022 on Households with Jobs



Note: Increases to the Living Wage are included but are not direct policy decisions of Government.

Source: Social Justice Ireland *Social Justice Matters 2022* (p57-59)

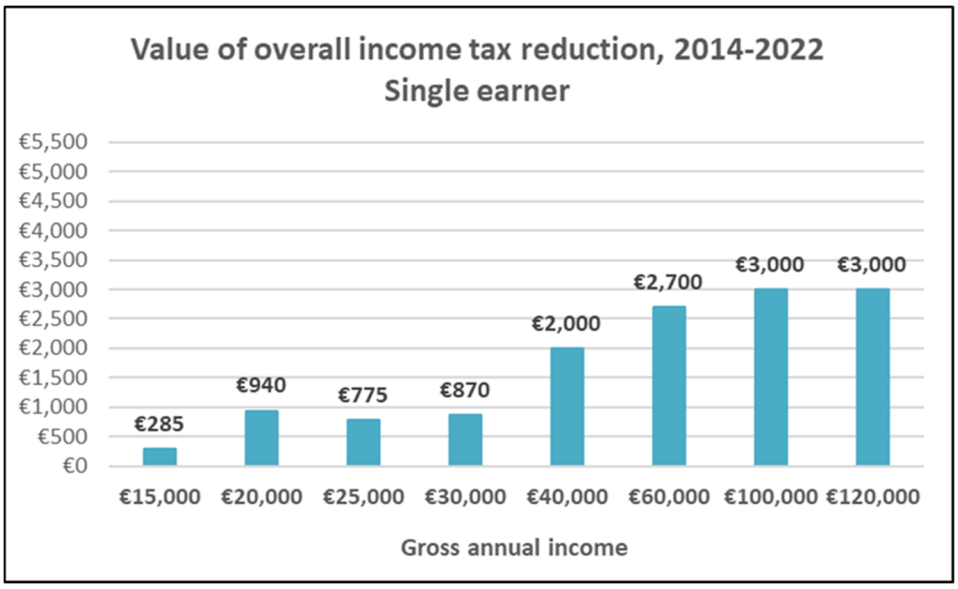
Income Tax Reductions since 2014

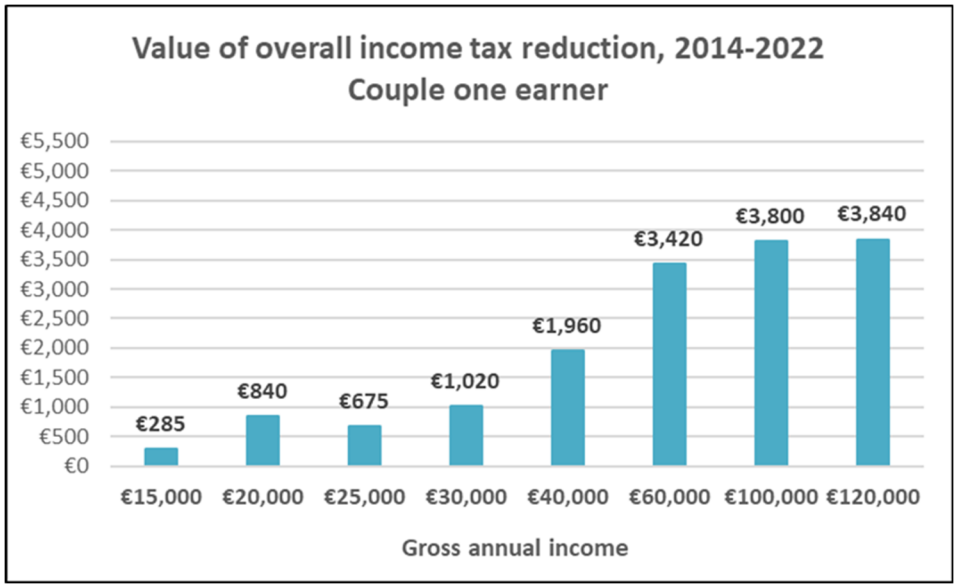
Many of the Budgets since the end of the last economic crisis have given emphasis to providing reductions in income taxation. Some recent commentary has also attempted to suggest that income taxes are abnormally high and that some of the 'burden' of taxation should be reduced through further income tax cuts.

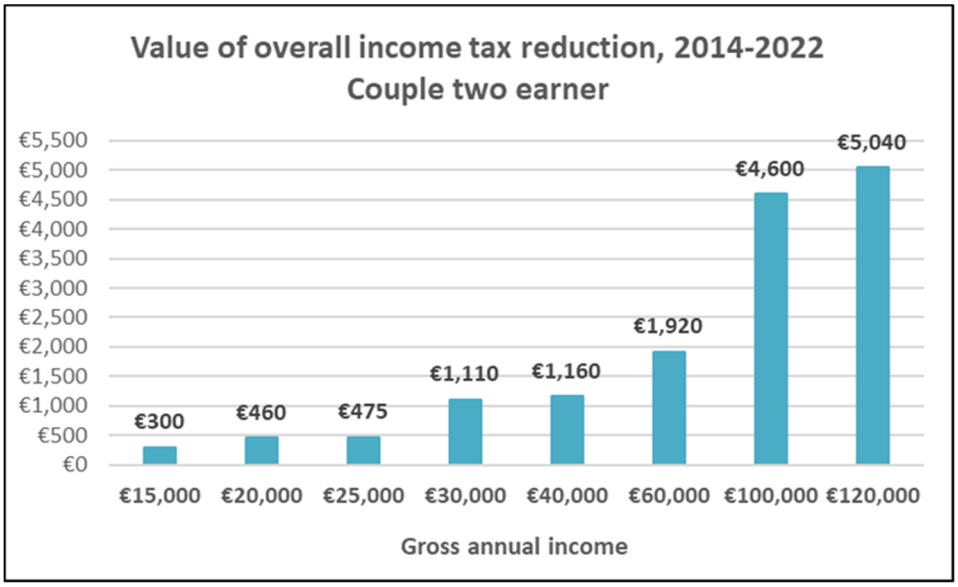
Looking back over the past few decades, data from the Department of Finance's income tax reports, which accompany each year's Budget, demonstrate that the proportion of gross income paid in all forms of income taxes, levies and social insurance payments fell substantially from the late 1990s to their lowest levels in 2008. These effective taxation rates increased from 2008 to 2013, returning to levels equivalent to those that existed in 2003. Rates were unchanged between 2013 and 2014.

Since 2014 budgetary policy has provided recurring decreases in income taxes. Over three diagrams we compare the total annual value of these reductions between 2014 and 2022. The analysis captures changes to income tax rates, USC rates, social insurance rates and structures, and income tax credits. For example a single earner with a gross income of €40,000 paid €9,920 in income taxes, employee PRSI and USC in 2014 and paid €7,920 in 2022; a reduction of €2,000 per annum.

The analysis highlights a number of points. First, it provides evidence of the scale of the income tax reductions delivered over recent years; these are often overlooked, yet are substantial at the individual/household level and at the exchequer level. Second, the charts illustrate the distribution of these income tax decreases. As we have frequently highlighted the gains have been skewed to higher income earners and households.







Source for Charts 16.1, 16.2, and 16.3: *Department of Finance Budget Documents - various years.* **Notes:** All workers are assumed to be PAYE workers. For couples with 2 earners the income is assumed to be split 65%/35%. Couples with one earner are assumed to be entitled to the Home Carer Credit.

Summary of Key Policy Goals and Investment Packages

Housing - €1,442.3m, including:

- Increase investment in social housing - €1,400m
- End the *Help to Buy Scheme*, and invest in *Housing First* and homelessness prevention - €200m
- Allocate additional funding to the RTB - €5m
- Introduce taxes on empty homes and underdeveloped land - €75m
- Take an equity stake in mortgaged properties with arrears in excess of 10 years—€100m
- Increase spending on private rent inspections and increase tenant protections—€13m
- Invest in services and infrastructure to support social housing—€100m
- Increase the Vacant Site Levy to 25% - €99.2m
- Retain State ownership of State land for social housing.
- Increase stamp duty on non-residential property - €38m
- Increase stamp dump on residential property transfers (in excess of €1m) to 5% - €50m

Just Transition - €562m, including:

- Implement recommendations re taxation on aviation fuel—€634m
- Ensure adequate funding is provided for a Just Transition—€174m
- Continue to increase the Carbon Tax - €174m
- Introduce a Windfall Tax on energy suppliers / oil companies—€100m
- Aggregate levy of €2.50 per tonne - €75m
- Adequate funding for renewable energy programmes and Community Advisors - €100m
- Invest in National Biodiversity Centre - €10m
- Implement a Circular Economy Package - €10m
- Integrate a Sustainable Development Framework into economic policy and develop a new National Index of Progress.

Rural, Regional and Community - €477m, including:

- Allocate funding to Regional Development and Transition - €100m
- Extra funding for Enterprise Ireland with a rural focus - €25m
- Extra funding for Failte Ireland - €25m
- Continued roll-out of rural broadband and remote hubs - €200m
- Increase funding for rural transport - €60m
- Adequately resource the Community Services Programme - €9m
- Increase funding for the Community and Voluntary sector—€30m
- Increase funding for PPNs - €2m
- Reinstate funding for Traveller-specific initiatives—€1m
- Increase funding for libraries—€2m
- Develop research on financial literacy and inclusion—€1m

Social Welfare—€1,066.8m, including:

- Increasing core social welfare rates by €20 per week—€878m
- Extend the Fuel Allowance to 32 weeks—€51.6m
- Equalise Jobseekers' rates for under-25s—€77.2m

Pensions and Older People - €1,025.7m, including:

- Implement Universal State Social Welfare Pension - €1,270m
- Invest in social care, including Home Care Packages - €90.2m
- Restore cuts to Housing Aid for Older People and People with Disabilities - €85m
- Additional funding for nursing homes - €35m
- Increase funding to community supports—€50m
- Increase funding to Safeguarding Ireland by 5% —€12.5m

Health, Disability and Carers - €1,436m, including:

- Further investment in Enhanced Community Care —€100m
- Invest the infrastructure allocation set out in Sláintecare —€500m
- Invest in providing Universal Access to GP and Community Health Networks—€100m
- Invest €50m in Community Nursing Facilities and rehabilitation beds.
- Implement the *Sharing the Vision* mental health strategy - €35m
- Restore cuts to disability services in full.
- Introduce a Cost of Disability Payment - €246m
- Increase investment in disability services, including respite and PA services - €40m
- Increase Domiciliary Care Allowance - €11.4m
- Expand Free Travel Scheme to DCA recipients - €6.1m
- Increase the Carer's Support Grant - €21.5m

Education - €412.9m, including:

- Invest in higher education—€140m
- Invest in further education and increase apprenticeships—€40m
- Increase the Maintenance Grant for full-time students at third level—€61m
- Fund apprenticeship programmes focused on Travellers—€2m
- Increase employers' contribution through the National Training Fund Levy—€74m
- Increase funding for training and skills development—€74m
- Restore the Back to School Clothing and Footwear Allowance - €18m
- Increase the School Meals Programme - €6.5m
- Increase capitation grants by 10% at primary and secondary level - €20.4m
- Increase support for DEIS schools—€15m
- Reduce the Pupil-to-Teacher Ratio at primary level—€29m

Children and Families, incl. International Protection—€749.7m, including:

- Move investment in ECCE towards OECD average - €115m
- Introduce a Living Wage for childcare workers - €30m
- Increased funding to Tusla for child protection and social provision for children- €50m
- Introduce the International Protection Child Payment for Children in Direct Provision-€2m
- Begin implementation of the White Paper recommendations on accommodation—€500m
- Begin implementation of the EU Child Guarantee Strategy—€3.5m
- Increase refuge spaces and supports for victims of Domestic, Sexual and Gender-based Violence—€123.4m

Other taxation and revenue-raising - €2,605.2m, including:

- Minimum Effective Rate of Corporation Tax - €1,000m
- Standard rate pension-related tax reliefs - €473m
- Standard rate discretionary non-pension tax expenditures - €152m
- Increase both CGT and CAT from 33% to 35% - €118m
- Increase the in-shop and online betting tax to 3% - €50m
- Reverse the VAT reduction for the hospitality sector—€250m

Miscellaneous:

- Maintain progress on ODA towards the 0.7% target.
- Improve monitoring of tax expenditures.
- Make the two main income tax credits refundable.
- Invest further in compliance and governance on tax issues.

The Social and Economic position framing Budget 2023

Table 18.1 brings together a range of relevant data and indicators which reflect various aspects of Ireland's social and economic situation. These data frame the context of Budget 2023.

The aftermath of COVID-19 and the current situation in Ukraine has had a profound affect on the Budget context. While Government Revenues have rebounded there are increasing demands on those Revenues, particularly in infrastructure projects such as housing, healthcare, education, and childcare. Ireland needs a sustainable, green, public transport system and broadband infrastructure that is fit for purpose in the 21st Century.

In addition to large-scale capital spending on infrastructure, we also need to increase current spending on service provision, salaries, and tackling the ever-increasing cost of living. This will require a broadening of the tax base and an increase in tax take.

Ireland's low tax-take as a proportion of national income has contributed to the significant infrastructure deficits mentioned. Ireland's total tax-take is not just low; it is well below the EU average. It is not possible to address the challenges listed above without increasing taxation, in a fair and equitable manner, towards the EU average.

Table 18.1: Ireland's Social and Economic Position ahead of Budget 2023

Projected Government deficit in 2022 (IFAC)	€2 billion	Minimum Wage (per hour / 39hr week)	€10.50 / €409.50
Projected Government deficit in 2022, % of GNI* (IFAC)	0.8%	Living Wage (per hour / 39 hr week)	€12.90 / €503.10
Gross General Govt Debt, % of GNI* 2022, original forecast from Department of Finance	99.2%	Part-time workers (2007/2014/ Q1 2022) (as % Labour Force)	17% / 20.7% / 20.2%
Net Debt position % of GNI* 2022 original forecast from Department of Finance	88.2%	Minimum Social Welfare Payment (1 adult)	€208 per week
Change in consumption in 2022 (ESRI)	5.6%	Minimum Essential Standard of Living amount for working-age adult living alone (urban/rural)	€251.82 / €285.05 per week
Projected change in exports / imports in 2022 (ESRI baseline scenario)	7%/8%	Poverty line for 1 Adult (week / year) in 2021	€291.51 / €15,158
Projected change in GDP in 2022 (ESRI)	6.2%	Poverty line for 2 Adults (week / year) in 2021	€483.91 / €25,162
Gross Voted Current / Capital Expenditure 2022 (Department of Finance) (€ million)	€75,870 / €11,720	Poverty line for 1 Adult + 1 Child (week / year)	€387.71 / €20,160
Unemployment Q1 2022	126,700 / 4.8%	Poverty line, 2 Adults + 2 Children (week / year)	€676.31 / €35,167
Long-term Unemployment Q1 2022	43,700 / 1.7%	Population living in poverty (% / numbers)	11.6% / 581,334
Youth Unemployment Q1 2022	24,900 / 7.5%	Children living in poverty (% / numbers)	13.6% / 164,257
Inflation rate (CPI/HICP) year to May 2022	7.8% / 8.3%	People in employment living in poverty (% / numbers)	4.4% / 93,000
Tax on single person earning €25,000	12%	% of population experiencing deprivation (2+ basic items) (2007/2014/2021)	11.8% / 29% / 13.8%
Tax on single person earning €60,000	29.4%	Number in need of long-term sustainable homes	c.138,000 households
Tax on single person earning €100,000	38.1%	Homeless adults in Ireland (April 2022)	7,105
Tax on 2-earner couple earning €25,000	0.6%	Homeless children in Ireland (May 2020)	2,944
Tax on 2-earner couple earning €60,000	14.5%	Population of Ireland (April 2021)	5,011,500
Tax on 2-earner couple earning €100,000	25.6%	Net migration (year to Apr 2021)	11,200
Corporation Tax rate	12.5%	Net migration Irish Nationals (year to Apr 2021)	-7,300
Capital Gains Tax rate	33%	% of population older than 65 in 2020 / 2030*	14.5% / 17.7%
VAT rates—Standard / Reduced / Second Reduced Rate / Agricultural	23% / 13.5% / 9% / 4.8%	% of population older than 80 in 2020 / 2030*	3.4% / 5%

Sources: Department of Finance *Economic and Fiscal Outlook2022,* Revenue Commissioners, various Parliamentary Budget Office publications, ESRI's Quartlerly Economic Commentary, Summer 2022, CSO Labour Force Survey, CSO *Population and Migration Estimates,* CSO *SILC*, CSO *Population and Labour Force Projections (assumption M2F1)*, VPSJ's MESL data, *Summary of Social Housing Assessments 2021*, Social Welfare *Annual Statistical Release 2020* and Social Justice Ireland's *Budget 2022 Analysis & Critique* and *Housing Costs and Poverty 2022*. **Note:** numbers for future years

Ireland: Some Key Diagrams and Tables

Chart 19.1: National Debt per person, 2000-2027
(estimates from 2020)

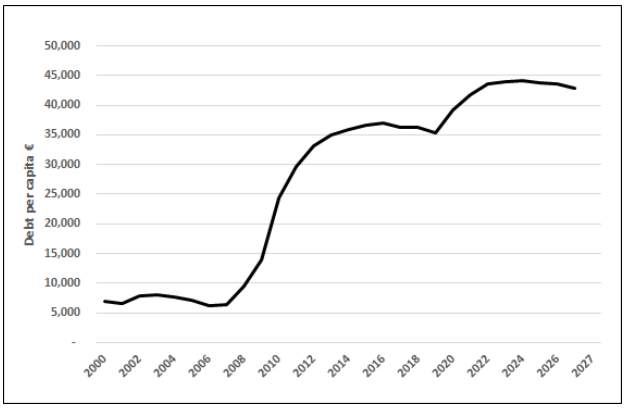


Chart 19.2: Jobseekers Benefit as a % of Average Weekly Earnings, 2011-2021

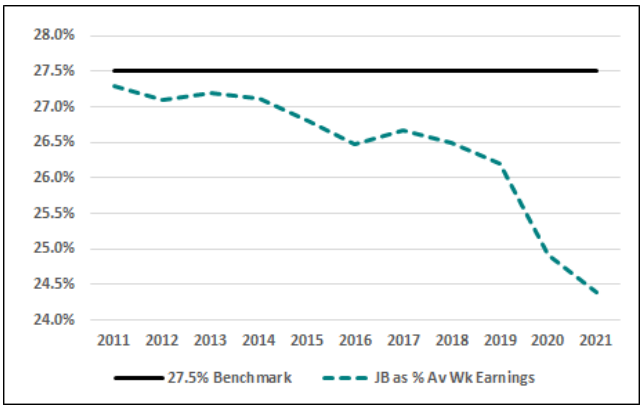


Chart 19.3: Poverty and Deprivation, 2005-2020

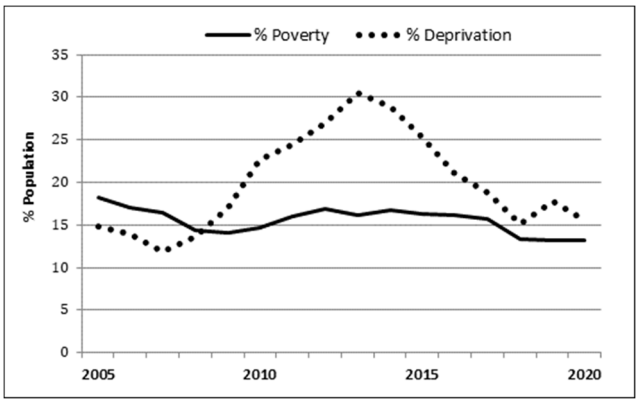


Chart 19.4: Unemployment 2007-2021 (000s)

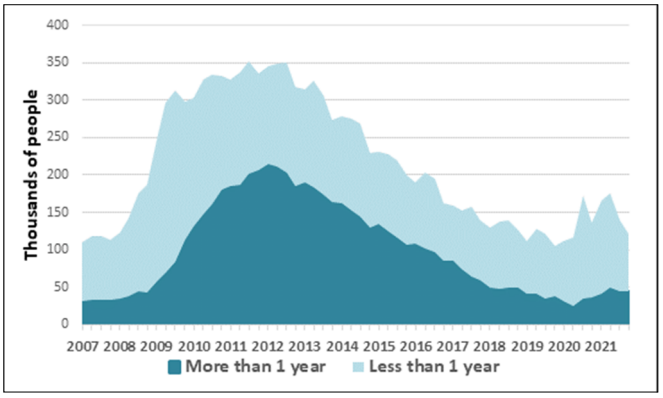


Table 19.1: The Minimum Disposable Income Required to Avoid Poverty in 2022, by Household Types

Household containing:	Weekly poverty line	Annual poverty line
1 adult	€298.64	€15,583
1 adult + 1 child	€397.19	€20,725
1 adult + 2 children	€495.74	€25,868
1 adult + 3 children	€594.29	€31,010
2 adults	€495.74	€25,868
2 adults + 1 child	€594.29	€31,010
2 adults + 2 children	€692.84	€36,152
2 adults + 3 children	€791.39	€41,295
3 adults	€692.84	€36,152

Table 19.2: Effective Taxation Rates for selected household types, 2002 / 2012 / 2022

	2002	2012	2022
Single earner			
Gross Income €25,000	16.2%	14.0%	12.0%
Gross Income €60,000	32.4%	33.4%	29.4%
Couple 1 earner			
Gross Income €40,000	10.2%	8.6%	6.1%
Gross Income €60,000	25.3%	26.2%	20.9%
Couple 2 earners			
Gross Income €40,000	12.3%	9.2%	7.0%
Gross Income €100,000	29.9%	29.7%	25.6%

Data on this page is from: IMF *World Economic Outlook,* CSO Earning and Labour Costs, CSO *SILC*, CSO *LFS*; Social Justice Ireland *Budget Analysis and Critique* and *Social Justice Matters: Annual Socio-Economic Review.*

Social Dialogue process required for progress on key challenges

A robust social dialogue process is urgently required to deal with the many multi-faceted and integrated challenges that Ireland faces. These challenges will not be resolved overnight, but real progress can be made through a social dialogue process where current and future challenges can be addressed in a positive manner, and where all stakeholders are included in the decision-making process.

The cost-of-living crisis and the energy crisis are just two of the post pandemic challenges facing Government, albeit the ones having the most immediate and dramatic impact on peoples everyday lives. There are other huge challenges that Ireland faces in related areas such as low pay, how to deliver housing, healthcare, childcare, and other vital services to everyone including those fleeing war and how to meet our climate targets whilst protecting those most impacted.

Social Justice Ireland has consistently advocated for a robust social dialogue structure involving all stakeholders. This would help Government to make progress in each of these areas and provide a structure where reasoned and evidence-based debate forms the basis for decisions about the most appropriate allocation of limited resources, ensuring that they are targeted at those most in need.

In discussing inflationary pressures, public services and related social welfare and budget issues in the Labour Employer Economic Forum, Government is excluding key stakeholders including, farmers, the community and voluntary pillar and the environmental pillar, who represent many service providers and many of those households most impacted, by this discussion. While employers and trade unions have much to contribute to tackling poverty and social exclusion, investment in social infrastructure and meeting climate targets, this should not be used to justify the exclusion of those who work on these issues as their primary concern.

If Government is serious about our long-term wellbeing, about securing our public finances in a changed world, decarbonising the economy, transforming our energy sector and preparing for digital and technological transformation then it needs a structure that would engage all sectors at a national level.

Government's own commitments on climate require far reaching changes from all sectors if we are to meet the 2030 targets. These changes will impact on everyone. When groups have been involved in shaping decisions, they are far more likely to take responsibility for implementing these decisions, difficult as they may be. Government put a new social contract and a focus on the wellbeing of Irish people at the heart of the Programme for Government. If it is to deliver on this, then a new social dialogue is required to come to a consensus on the standard of living that people want and agree on, and, how this is to be delivered and financed.

In the absence of a real social dialogue at national level, the strongest can fight their corner in the open market or in the political realm, while the weakest will be left behind. In such a scenario inequality, already at unacceptable levels, will continue to grow, the rich-poor gap will widen and the integrated development that is required to address the challenges in housing, childcare, healthcare and meeting our climate targets will not be achieved.

Recent Publications and Research from *Social Justice Ireland*

Social Justice Matters: 2022 guide to a Fairer Ireland

Housing Costs and Poverty 2022

Migrations in Our Common Home: Responding with Care - Ireland's response to the Ukrainian crisis

Tracking Distributive Effects of Budgetary Policy: 2022

National Social Monitor: Just Transition

Measuring Progress: Sustainable Progress Index 2022

All of these are available on our website at www.socialjustice.ie

SOCIAL JUSTICE IRELAND

working to build a just society

Social Justice Ireland is an independent think tank and justice advocacy organisation that advances the lives of people and communities through providing independent social analysis and effective policy development to create a sustainable future for every member of society and for societies as a whole.

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