Budget Priorities post-Covid-19

Submission to the Select Committee on Budgetary Oversight

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Presentation to the Select Committee on Budgetary Oversight

Social Justice Ireland welcomes the opportunity to make a submission to the Select Committee on Budgetary Oversight on Budget Priorities post-Covid-19. How we plan our finances, and what we choose to prioritise, post-Covid-19, will have profound implications for the future of our economy and society.

Covid-19 has exposed and exacerbated weaknesses that already existed in Irish society: a totally inadequate supply of social housing; a two-tier healthcare system; climate change; growing inequality; homelessness; environmental goals not being met, to name but a few. But this past year has shown us that change is possible.

Overall approach

During the last economic crisis Ireland's austerity approach led to insufficient investment in social services, such as childcare and education, and in infrastructure such as social housing, public transport and rural broadband. Investment is essential for a number of reasons: a) to secure economic development; b) to protect communities (with initiatives such as Community Healthcare Networks); c) to keep unemployment as low as possible (with initiatives such as a substantial state-led childcare programme); d) to ensure critical infrastructure deficits are addressed; and e) to tackle climate change at the level required, and ensure that the transition to a low-carbon economy is just and fair.

A New Social Contract

Ireland needs a new and fairer social contract. To promote human wellbeing and address current challenges, *Social Justice Ireland* proposes that such a new Social Contract should be based on a guiding vision and policy framework focused on producing five key outcomes:

a. A vibrant economy;
b. Decent services and infrastructure;
c. Just taxation;
d. Good governance; and
e. Sustainability

It is essential that these five outcomes be pursued simultaneously - not in sequence. They are interdependent. Ireland needs good services and infrastructure to deliver a vibrant economy. Just taxation and good governance are required to deliver any or all of these outcomes. Sustainability is required in the economy, on the environment, and in society itself for these outcomes to be achieved.

All the choices for Budget 2022 and beyond set out in our presentation today, and the supplementary analyses contained in our written submission to the Committee, are focused on delivering these five outcomes simultaneously and in as short a timeframe as possible[1].

Fiscal Stance

Dealing with the deficit

As Government deliberates on Budget 2022, it must recognise and acknowledge four imperatives:

1) That the primary focus should be on increasing employment and delivering infrastructure and services, NOT on reducing the deficit;
2) That a high level of borrowing will be needed in the next few years If Ireland is to increase employment and deliver the infrastructure and services required;

[1] More detail on the Social Contract is contained in our publication from September 2020, available on our website at Building a New Social Contract - Policy Recommendations | Social Justice Ireland

3) That this borrowing is affordable and is the correct thing to do for the future of the economy and society.

4) That action is required to increase the overall tax-take and to adopt policies to broaden the tax-take.

Framing the Budget

Social Justice Ireland proposes that:

- For 2022 and 2023, or until Ireland reaches full employment (if earlier than 2023), the fiscal stance adopted by Ireland should be determined by an unemployment target, rather than a deficit target, in recognition of the role domestic demand plays in sustaining domestic employment; and,
- The State should begin to plan now for the additional tax measures necessary, over the long-term, to finance the Government expenditure required to finance universal services and income supports for our citizens.

Budget Priorities

1. Social Welfare / Poverty Reduction

Without the social welfare system 41.4 per cent of the Irish population would have been living in poverty in 2019. Such an underlying poverty rate suggests a deeply unequal distribution of market income. In 2019 social welfare payments reduced the poverty rate by over 28 percentage points to 12.8 per cent. Since then, however, we've had two Budgets where core social welfare rates were NOT increased. This is retrogressive and will lead to Ireland losing the gains it has made in tackling poverty in recent years.

Core Social Welfare rates should be benchmarked.

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 new average earnings data being collected by the CSO. In 2021 this would equate to €222.08 implying a shortfall of €19 between current minimum social welfare rates (€203) 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 gap highlights a need for Budget 2022, to close this gap. Core Social Welfare rates should be increased by €19 per week over the next two years, starting with an increase of €10 per week in Budget 2022.

2. Housing

The pandemic highlighted both the spectacular failure of successive Governments to address the challenge of housing, particularly for the most vulnerable, and the need to think beyond privatisation to more sustainable housing. In our recently published 10 Point Plan to Deliver Housing for All, we called on Government to implement a series of measures which would address the scale of the current challenge with the scale of response required. Among the initiatives we believe should be contained in Budget 2022 are:

a. Expand Housing First to families, providing wraparound services and supports for children and parents.

b. Acquire an equity stake in properties in mortgage distress, leaving families in situ and increasing the State's housing stock.

c. Build 14,341 social homes each year for the next 10 years at an annual investment of €3.3 billion.

d. Prohibit the sale of State lands suitable for residential development and use this land to build social housing.
e. Address housing affordability on the supply-side rather than investing in demand-side schemes that artificially maintain high house prices.
f. Close all tax loopholes for large-scale investment vehicles purchasing residential properties.

3. Unemployment / Youth Unemployment

We highlighted in our recent Employment Monitor[2] that 21% of people whose employment was affected by Covid-19 do not expect to return to the same job after the pandemic. In the absence of other employment opportunities, this suggests the potential for a transfer of these individuals from these schemes to jobseekers payments. A large increase in unemployment numbers seems inevitable; with rates of between 12% and 16% of the labour force possible. Furthermore, the pandemic is also likely to reveal a large youth unemployment problem.

Budget 2022 needs to allocate resources to address these challenges and minimise the scale of the increase in unemployment and the growth of long-term unemployment. Specifically, we believe the Budget should:

- resource the upskilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes.
- adopt policies to address the worrying issue of youth unemployment. In particular, these should include education and literacy initiatives as well as retraining schemes.
- expand the age profile for apprenticeships and training programmes to include older workers who may need to re-skill.
- recognise the challenges of long-term unemployment and of precarious employment and adopt targeted policies to address these.
- resource policies to address the obstacles that face women as they return to the labour market.

4. Taxation

Budget 2022 offers an opportunity for Government to reform some aspects of the current taxation system in the interests of enhancing fairness and sustainability. While 2022 is unlikely to be a year of major taxation initiatives, it is an opportunity to make some overdue changes which will also provide some additional revenue, particularly in the area of Tax Expenditures.

There are a number of approaches available to Government in reforming the tax base. The proposals we consider a priority are

a. Reforming Tax Expenditures
b. Minimum Effective Tax Rates for Higher Earners
c. Reforming Corporation Tax including a new Minimum Effective Corporate Tax Rate
d. Introducing a Site Value Tax
e. Taxing of Second Homes
f. Taxing Empty Houses and Underdeveloped Land
g. Taxing Windfall Gains

[2] https://www.socialjustice.ie/content/publications/employment-monitor-issue-9-post-pandemic-unemployment

5. Supporting a Universal Basic Income (UBI) Pilot

Given our long-standing advocacy in this area, we welcomed the inclusion in the Programme for Government of a commitment to examine Basic Income and run a pilot in Ireland during the lifetime of the current Government. In May 2021 we hosted a seminar, and published a document, outlining a proposal for such a pilot. The proposal also outlined a timeline for the development, introduction and evaluation of the pilot[3].

While there are limited cost implications associated with the pilot we have proposed, Budget 2022 should commit to introducing this pilot and funding the evaluation process to accompany it. Ultimately, there are important lesson to learn from this UBI pilot which can inform longer term developments in this area.

Proposal to this Committee – Additional Oversight

Social Justice Ireland believes that this Committee plays a key role in the Budget process, however the need for Budgetary oversight does not end when the Budget is announced. We believe that the Committee should play a greater role post-Budget to provide oversight of how the allocations are spent and to review the adequacy and efficacy of Budget allocations. This would provide valuable information in advance of subsequent Budgets and allow for greater clarity and focus.

Conclusion

Social Justice Ireland believes that fundamental changes are required if Ireland is to address these challenges. A new Social Contract is needed and it can be developed and delivered. In responding to Covid-19, Government made the changes required to protect both society and the economy. Changes, some of which were dramatic, were delivered. The common good featured prominently in planning and delivery. The State, the only institution with the required capacity to address the pandemic, expanded to meet the challenge. This was very welcome and is in stark contrast to the approach taken after the crash of 2008. Yes, mistakes were made in responding to Covid. But lessons were learned; protecting jobs, services and a minimum standard of living were priorities. Now is the time to build on this progress

[3] The document, and presentations from the launch event, are available on our website https://www.socialjustice.ie/content/publications/delivering-basic-income-pilot-videos-and-presentations

Written Submission – Additional Analyses and Areas for Consideration

Despite significant progress over the past few months, Ireland remains in a period of enormous uncertainty. Optimistic assumptions point towards a rebound in economic activity and employment from late 2021 or early 2022. Conversely, pessimistic assumptions fear ongoing public health related disruptions and a slow emergence from the Covid-19 crisis. Most likely, the reality lies somewhere in between - but there are limited clues as to where.

Budget 2022 is being framed in the context of this ongoing uncertainty. Like Budget 2021, it will have to include a provision for possible additional public expenditure that may or may not be needed in the months ahead. It will also have to include plans to boost economic activity and support people, families, businesses and communities when the public health environment allows.

To date, the efforts to support household income in Ireland by Government through the Pandemic Unemployment Payment and Employee Wage Subsidy Scheme have played a key role in sustaining households and businesses.

As we outline in the additional materials submitted with our presentation, the Covid-19 pandemic has the potential to leave significant scars on the labour market, on young people, women and health services. It has also revealed the role of the state as the provider of an economic and social safety net to all people and sectors in society; an aspect of the social contract implicit in welfare states such as ours by overlooked for some time. Its revelation highlights a need for new thinking on how public services are funded, provided and distributed.

Welfare and Poverty Reduction

The Covid-19 crisis has highlighted a number of aspects of the welfare state and the importance of properly provided and funded public services in countries across the world. Among the many lessons in this country, the crisis has highlighted the importance of the social safety net that is our social welfare system. For many, the experience has also illustrated the substantial challenges of life on a low income; even when that income is considerably higher than the value of core social welfare payments that many unemployed people, pensioners and people with long-standing illness and disabilities struggle with persistently.

Social welfare and poverty reduction

Poverty data from the CSO, released in October 2020, demonstrated how adequate social welfare payments are required to prevent and address poverty. Without the social welfare system 41.4 per cent of the Irish population would have been living in poverty in 2019. Such an underlying poverty rate suggests a deeply unequal distribution of direct (or 'market') income. In 2019 social welfare payments reduced the poverty rate by over 28 percentage points to 12.8 per cent. Yet, even after the provision of social welfare payments, in 2019 there were almost 630,000 people in Ireland living below the poverty line. Of these almost 200,000 were aged under 18.

Budget 2021 failed to deliver an increase to the minimum social welfare payment. *Social Justice Ireland* regrets this decision. One of the key tools at Government's disposal to reduce poverty is social welfare. Our research shows that prioritising low-income welfare dependent families in Budgetary policy works, and leads to reductions in poverty. There has been a welcome decline in the level of poverty risk since 2016. Looking at the period from 2017 to 2021, budgetary policy resulted in all household types recording an increase in their disposable income. The larger gains experienced by welfare dependent households explain much of the reasons why poverty and income inequality have fallen in recent years. *Social Justice Ireland* warmly welcomes this progress. Our consistent message in advance of these Budgets was to reverse previous regressive policy choices and to prioritise those households with the least resources and the most needs. Worryingly, the two most recent Budgets have shifted away from this approach. Much recent progress will be reversed unless Government reasserts a focus on welfare increases and supports for those households on the lowest incomes.

Maintaining adequately levels of welfare

Prior to the current public health crisis, one in every eight people in Ireland lived with an income below the poverty line. Looking ahead, these numbers look set to rise as the very uneven impact of the Covid-19 crisis unfolds. Lockdown, temporary layoffs and associated emergency state income support have introduced many families to the reality and challenges of life on a low income; even though these incomes are above the poverty line and core welfare support payment values.

Many now face the prospect of moving to a substantially lower level of income support when the Pandemic Unemployment Payment (PUP) and the Emergency Wage Subsidy Scheme (EWSS) are wound down. To date, the COVID-19 income supports have meant there has been little or no discussion about the adequacy of social welfare rates. This will surely change as a significant number of people move onto a weekly income well below the poverty line, with potentially very limited opportunities for alternative employment available to them.

Maintaining adequate levels of welfare is essential. Rather than focusing on reducing the PUP to the basic unemployment payment which is more than €80 below the poverty line, Government should take this opportunity to reform the social welfare system and benchmark core welfare rates to wage rates.

Benchmark core social welfare rates

Just over a decade ago Budget 2007 benchmarked the minimum social welfare rate at 30 per cent of Gross Average Industrial Earnings. This led to reductions in poverty rates. Updating this benchmark to 2021, to income statistics for a broader set of Irish employment sectors, it is equivalent to **27.5 per cent of the average weekly earnings**, €222.08 per week (see table 1). This is the appropriate benchmark for minimum social welfare payments at this point.

Table 1: Benchmarking Social Welfare Payments for 2021 (€)

Year	Average Weekly Earnings	27.5% of Average Weekly Earnings
2019*	774.68	213.04
2020**	807.57	222.08
2021**	807.57	222.08

Notes: * actual data from CSO average earnings.
** simulated value based on CSO data/trends and an assumed 0% growth rate in 2021.

There is a shortfall of €19 between the current core social welfare rate of €203 per week and this benchmark. Given the importance of this benchmark to the living standards of many in Irish society, its relevance to anti-poverty commitments, and a potential post-pandemic unemployment rate of 16 per cent, *Social Justice Ireland* proposes that Government should commit to increasing the minimum social welfare rate over one or, at most, two budgetary cycles to meet this benchmark.

Once this benchmark has been met Government should set a pathway for social welfare rates to rise over time until it reaches the Minimum Essential Budget Standard as produced by the Vincentian Partnership for Social Justice

We estimate that more than 12,000 working age adults would have been raised out of poverty in 2016 had minimum social welfare payments been benchmarked at 27.5 per cent of average earnings. 28,000 would have been raised out of poverty had the benchmark been 28.5 per cent. By moving this benchmark gradually towards the Vincentian Partnership's Minimum Standard, poverty among households without children would gradually be eliminated completely.

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 2022 to further increase minimum social welfare rates and commit to converging on a benchmark equivalent to 27.5 per cent of average weekly earnings. We hope the new Commission on Taxation and Welfare can establish a pathway to achieving this important policy objective. As a start **Budget 2022 should increase minimum social welfare rates by €10 per week.**

Supporting a Universal Basic Income (UBI) Pilot

Social Justice Ireland has a long history of advocating for a system of Universal Basic Income to be implemented in Ireland. We therefore welcomed the inclusion in the Programme for Government of a commitment to examine Basic Income and run a pilot in Ireland during the lifetime of the current Government.

In May 2021 we hosted a seminar, and published a document, outlining a proposal for a UBI pilot to be applied to artists and arts workers. The proposal builds on a recommendation of the Arts and Culture Recovery Task Force Report and detailed a four year pilot paid at the current rate of jobseekers benefit. The proposal also outlined a timeline for the development, introduction and evaluation of the pilot. The document, and presentations from the launch event, are available on our website[4].

While there are limited cost implications associated with the pilot we have proposed, Budget 2022 should commit to introducing this pilot and funding the evaluation process to accompany it. Ultimately, there are important lesson to learn from this UBI pilot which can inform longer term developments in this area.

Taxation

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.

The need for a broad, stable tax base that can collect the revenue required to support our social, economic and environmental goals has never been more apparent. In Budget 2022 Government has an opportunity to reform and broaden our tax base and lay the foundations to increase our total tax take now to ensure we are well prepared to meet any future shocks.

Budget 2022 offers an opportunity for Government to reform some aspects of the current taxation system in the interests of enhancing fairness and sustainability. While 2022 is unlikely to be a year of major taxation initiatives, it is an opportunity to make some overdue changes which will also provide some additional revenue. Government must plan with an eye towards Ireland's future taxation needs. This does not necessarily mean major increases in taxation levels, but it does require major reform of that current taxation system. Budget 2022 should begin this process so that in the coming years we are in a position to generate sufficient revenue to maintain adequate levels of public service provision and provide the resources to build a better society.

[4] https://www.socialjustice.ie/content/publications/delivering-basic-income-pilot-videos-and-presentations

An increase in Ireland's overall level of taxation is unavoidable, as more revenue will need to be collected simply to maintain current levels of public services and supports. The question is therefore not if but how this is achieved.

Social Justice Ireland believes that, over the next few years, policy should focus on increasing Ireland's tax-take. An increase in Ireland's overall level of taxation is unavoidable, as more revenue will need to be collected simply to maintain current levels of public services and supports. The question is therefore not if but how this is achieved. 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 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, 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 in reforming the tax base. Our recent edition of Social Justice Matters (see ch 4) provides details of these proposals and highlight the following areas we consider a priority.

In terms of this submission to the Select Committee on Budgetary Oversight we would like to highlight two particular areas for reform; corporation taxes and tax expenditures.

A Minimum Effective Rate of Corporation Tax

As noted above, reform of Ireland's corporation tax structure should be a priority for Government. Over the past few years there has been a growing international focus on the way multi-national corporations (MNCs) manage their tax affairs. Despite a low headline rate (12.5%), to date there has been limited data on the effective rate of corporate taxation in Ireland. A report from the Comptroller & Auditor General[5] (C&AG) provides a more detailed assessment. Using the approach used by the Revenue Commissioners to calculate the effective tax rate, tax due as a proportion of taxable income, they found an overall effective corporation tax rate of 9.8 per cent in 2016. The C&AG findings for the effective rate among the top 100 corporate taxpayers, who account for 70 per cent of tax revenue, is summarised in Table 2.

[5] https://www.audit.gov.ie/en/Find-Report/Publications/2017/Chapter20-Corporation-Tax-Receipts.pdf

Table 2: Effective Corporate Tax Rates of the Top 100 Taxpayers, 2016

Effective Rate	Number of Companies
0% or less	8
Between 0% and 1%	5
Between 1% and 5%	1
Between 5% and 10%	7
Between 10% and 12%	14
More than 12%	65
Total	**100**

Source: C&AG (2017: 299)

Overall the C&AG report points towards a concentration of corporation tax among a small group of multi-national firms and highlights that it is a small number of these firms who are aggressively minimising their tax liabilities.

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 many firms pay is considerably lower.

Social Justice Ireland has for years been highlighting this fact, and calling for a Minimum Effective Rate of Corporation Tax of 6 per cent per annum with a view to reaching 10 per cent. This would help ensure that all firms based in Ireland would make a fair contribution.

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.

Tax expenditures

Given the current state of government finances, a review of Ireland's approach to tax expenditures is urgently needed.

Tax expenditures - or tax reliefs, as they are often known - are policy tools for reducing an individual's or firm's tax liability, usually with the goal of encouraging certain behaviours. They are often politically appealing as they do not increase direct government expenditure. Consequently, it is sometimes forgotten or overlooked that they represent revenue to the government that is being foregone.

An examination of the most recent comprehensive tax expenditure data published by the Revenue Commissioners, which is for the tax year 2016, is informative. In total it provides data for 120 tax breaks ranging from those associated with tax credits for earners (Personal, PAYE, Couple, Single Parent etc.) to reliefs on capital investment and films. Thirty-one per cent of tax breaks did not report any cost data either on account of delays, non-collection or discontinuation. These include the tax breaks for some pension reliefs which are only available for earlier years. Overall, the tax breaks with available data involve revenue forgone of €32bn.

While there have been notable improvements in the publication of tax expenditure details since the 2008-09 Commission on Taxation report, it remains the case that, unlike direct government expenditure, tax expenditures are not subject to annual assessment as part of the budgetary process. *Social Justice Ireland* welcomes the annual report on tax expenditure included as part of the annual Budget documents, but this receives limited attention despite the scale of resources involved.

Additionally problematic is the fact that, by their very nature, tax expenditures are regressive. Because government revenue is being foregone, this funding needs to be made up elsewhere to maintain the same level of service provision. The cost of tax expenditures is spread among all tax payers, but not everyone can benefit from them, and it is almost always those with the greatest income that are best placed to avail of them.

For this reason, tax expenditures represent a departure from the equity principle of taxation, as they typically benefit higher earners to a much greater extent than those with lower incomes.

Tax expenditures have even been acknowledged to be regressive by the government's own Commission on Taxation, which has commented that 'in general, direct Exchequer expenditure should be used instead of tax expenditures' and asserted that 'to the extent that the beneficiaries of tax expenditures are those with higher incomes or substantial capital, this results in a transfer of financial resources to these beneficiaries by the rest of the taxpaying community, including those on low income'.

For these reasons it is important that tax reliefs - particularly the most costly ones - undergo proper administrative scrutiny and parliamentary debate to ensure they remain fit for purpose and cost-effective. *Social Justice Ireland* believes that as part of the budgetary process, the cost of tax expenditures (by type) for each past year should be published, as should the estimated cost of tax expenditures for the year ahead.

Furthermore, when considering whether to implement a proposed tax expenditure, government should be obliged to state publicly: the objective it aims to achieve; the other options considered, and why the tax expenditure is deemed to be the best approach; the likely economic impact of the tax expenditure; and the estimated cost.

There should also be, at the very least, scope for automatic periodic review of each expenditure. The preferable option would be for a sunset clause on each expenditure so that each must be reviewed and judged on its merits.

Budget 2022: no new tax breaks

Calls for new tax breaks, or the return of old-ones, are a feature of most periods of economic and social recovery. However, as outlined above, their provision involves great cost to the state and the unequal allocation of these resources to small groups of beneficiaries. Few of these initiatives have proven to be worthwhile in the past; in particular the opportunity cost of using the revenue in a better way is frequently overlooked.

In the context of renewed calls for income tax cuts, VAT reductions for certain sectors, long tax holidays and exemptions etc, Budget 2022 should commit to not introducing any new tax breaks.

Additional Taxation Measures

Limit the ability to carry losses forward

Social Justice Ireland believes that in Budget 2022 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. While there is merit in having some period available to carry losses, to reflect the choices and operating decisions of business and other short-term effects, there is no merit in these continuing indefinitely as is currently the case. We suggest introducing **a rolling limit of 5 years on these losses** commencing from midnight of the day Budget 2022 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 2022 would also amend the current banking levy, reducing it by 50 per cent, as a means of partially offsetting this effect for banks. Together this proposal would yield €100m in 2022.

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 – that is 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 over recent years. A reform to this refund structure is overdue and it should **be removed from the structure of this tax break** in Budget 2022. 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 2022.

Invest in Compliance

Budget 2022 should commit additional funds to the Revenue Commissioners so that they can further invest in compliance processes and methods. 2022 is an opportune moment to make such a structural investment in this area. We propose an investment of €45m in 2022 and again in 2023. This initiative will likely be revenue-neutral over 3 to 4 years and yield substantial additional revenue to the state in the longer term.

Other Tax Reform Measures

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

- increase the in-shop and online betting tax to 3% (+€46m in 2022);
- increase from 30% to 32% the minimum effective tax rate for people earning more than €400,000 per annum (+€98m) and commit to increasing this to 35% over the next three years;
- restore the Non Principal Private Residence (NPPR) charge on second homes at €500 a year (+€125m);
- increase Capital Gains Tax and Capital Acquisitions Tax from 33% to 35% (+€66m and + €26m);
- Increase from 7.5% to 8% the stamp duty on non-residential property (+€30m);
- Increase stamp duty on residential property transfers (amounts in excess of €1m) to 5% (+€30m).

- Standard rate all pension-related tax reliefs, saving €423m in 2022;
- Standard rate discretionary (non-pension) tax expenditures cost €10m+, saving €146m in 2022;
- Implement a system of Refundable Tax Credits (for the two main income tax credits) at a cost of €140m.

Housing

The provision of adequate and appropriate accommodation should be a key element of a new Social Contract. The pandemic highlighted both the spectacular failure of successive Governments to address the challenge of housing, particularly for the most vulnerable, and the need to think beyond privatisation to more sustainable housing. In our recently published *10 Point Plan to Deliver Housing for All,* we called on Government to implement the following measures[6]:

1. Expand Housing First to families, providing wraparound services and supports for children and parents.
2. Acquire an equity stake in properties in mortgage distress, leaving families in situ and increasing the State's housing stock.
3. Build 14,341 social homes each year for the next 10 years at an annual investment of €3.3 billion.
4. Prohibit the sale of State lands suitable for residential development and use this land to build social housing.
5. Ensure that AHBs (Approved Housing Bodies) retain their housing stock as social housing and prohibit their sale on the private market by AHBs.
6. Address housing affordability on the supply-side rather than investing in demand-side schemes that artificially maintain high house prices.
7. Close all tax loopholes for large-scale investment vehicles purchasing residential properties.
8. Invest in Property Inspections and enforcements.
9. Legislate to increase tenant protections and introduce long-term leases.
10. Invest in the services and infrastructure to support housing developments, with particular focus on social housing developments.

Taxing Empty Houses / Underdeveloped Land

Budget 2022 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 on the edges of urban areas. 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. The objective of the tax should be to encourage land owners to utilise the land they possess and prevent speculation and land hoarding.

In the context of an ongoing shortage of housing stock, building new units is not the entire solution. There remains a large number of empty units across the country. We propose that Budget 2022 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 2022 and should reduce the central fund allocation to local authorities by the same amount.

[6] More detail is available at https://www.socialjustice.ie/sites/default/files/attach/policy-issue-article/6497/2021-05-06tenpointplantodeliverhousingforall-finaldocx.pdf

Work, Unemployment and Job Creation

Ireland's headline employment trends over the last number of years have been broadly positive. However, as we highlighted in our recent Employment Monitor[7] CSO data demonstrates that 21% of people whose employment was affected by Covid-19 do not expect to return to the same job after the pandemic. In the absence of other employment opportunities, this suggests the potential for a transfer of these individuals from these schemes to jobseekers payments. A large increase in unemployment numbers seems inevitable; with rates of between 12% and 16% of the labour force possible. Furthermore, the pandemic is also likely to reveal a large youth unemployment problem.

Budget 2022 needs to allocate resources to address these challenges and minimise the scale of the increase in unemployment and the growth of long-term unemployment. Specifically, we believe the Budget should:

- resource the upskilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes.
- adopt policies to address the worrying issue of youth unemployment. In particular, these should include education and literacy initiatives as well as retraining schemes.
- expand the age profile for apprenticeships and training programmes to include older workers who may need to re-skill.
- recognise the challenges of long-term unemployment and of precarious employment and adopt targeted policies to address these.
- resource policies to address the obstacles that face women as they return to the labour market.

Environment

Meeting our national and international climate commitments will be challenging. Resourcing and implementation will be key to progressing towards a carbon neutral future. As we look towards the future and rebuilding our society and our economy we have the opportunity to ensure that our investment strategy reduces carbon emissions, creates a vibrant society and economy, and supports a just transition. It is vital that any recovery and stimulus packages help create a greener economy, and all support provided to companies and industries should be accompanied by stronger environmental standards.

Just Transition

The challenge of climate change remains a key issue for Ireland. *Social Justice Ireland* has highlighted the importance of investing in a just transition using the additional resources generated from these carbon tax increases. In today's terms the additional tax revenue will total more than €1 billion per annum by 2030. This revenue should be invested in a comprehensive mitigation and transition strategy. At a minimum such a programme should contain:

i. retraining and support for those communities who will be most impacted by the loss of employment;
ii. support and investment in the circular economy and bio-economy with regional strategies and targets;
iii. investment in the deep retrofitting of homes and community facilities;
iv. investment in renewable energy schemes and in community energy advisors and community energy programmes;

[7] https://www.socialjustice.ie/content/publications/employment-monitor-issue-9-post-pandemic-unemployment

v. policies to eliminate energy poverty; and
vi. investment in a quality, accessible and well-connected public transport network.

One of the fundamental principles of a Just Transition it to leave no people, communities, economic sectors or regions behind. Budget 2022 must build on the measures contained in Budget 2021 to do more to invest in a mitigation and transition strategy. Our public investment must also be underpinned by a **Just Transition Strategy**. 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 is this social investment that will support those people, communities, sectors and regions as we transform how our economy and society operates.

Tax policy and environmental goals

If a government is setting policy goals, it is important that its taxation system supports these goals. This is just as important for environmental goals as it is for economic and social ones. Any programme for sustainable development has implications for public spending. In addressing this issue, it must be understood that public expenditure programmes and taxes provide a framework which help to shape market prices, as well as rewarding certain activities and penalising others.

Social Justice Ireland has long been highlighting the need to broaden the tax base. Environmental taxation can pay a key role. Eco-taxes, which put a price on the full costs of resource extraction and pollution, would assist the transition towards a resource-efficient, low carbon economy.

It is important that the taxation system reflect the environmental and social costs of goods and services, as well as the cost of production. With this in mind, the time has come to look at the aviation sector and the policy levers that are available to ensure that it makes a contribution to our climate targets. Jet kerosene is currently not subject to Mineral Oil Tax, yet air travel is a significant polluter. In a first step to address this anomaly *Social Justice Ireland* proposes the introduction of a Commercial Air Transport Tax.

When considering environmental taxation measures to support sustainable development and the environment, and to broaden the tax base, the **Government should ensure that such taxes are structured in ways that are equitable and effective and do not place a disproportionate burden on rural communities or lower socio-economic groups**.

The **carbon tax** is probably the most high profile environmental tax of the last few years. Whilst we are supportive of a carbon tax we have consistently proposed that revenues from carbon taxes are used to support households in energy poverty to improve energy efficiency, and invested in low carbon technologies to improve the energy efficiency of the housing stock. It is vital that any carbon tax is well-designed and accompanied by the necessary measures to assist people and communities to transition to low-carbon alternatives.

Another aspect of the environmental tax code that should be reviewed is the way in which elements of the code subsidise activity that is harmful to the environment. There are several tax-based subsidies within the Irish tax-code that create positive incentives, but unfortunately many more that produce negative outcomes, costing the Irish taxpayers billions of euros in the process.

Retrofitting and Energy Efficiency

Investment in retrofitting and energy efficiency should be frontloaded in the stimulus plan and Budget 2021 to promote the development of renewable energy sources and the move to a low-carbon power system by 2050. One of the most cost-effective measures of moving towards our Europe 2020 energy targets is to increase **building energy efficiency**. Investment in clean energy technologies creates jobs, and makes economies and societies cleaner and more resilient.

Biodiversity and Nature

Natural capital spending in areas such as rural ecosystems, biodiversity and expanding parkland are identified as fast-acting climate friendly policies that will have an immediate impact and long-term returns. We must invest **in the National Parks and Wildlife Service and in the National Biodiversity Centre.**

Investing in the Future—the Circular Economy

Changing to a circular economy 'where the value of products, materials and resources is maintained in the economy for as long as possible, and the generation of waste minimised' presents a challenge across all sectors, but bears rewards from an economic, environmental and social standpoint. We welcome the development of Ireland's first circular economy strategy. Appropriate resourcing is required to make this strategy a success, and to achieve the ambitions set out in the Climate Action Bill. **Policies and action concentrating on areas such as sustainable agriculture, bio-economy and recognition of the interconnectivity between the economic, environmental and social goals should be appropriately resourced**.

Ensuring a Sustainable Recovery and a Just Transition

Integrate a **Sustainable Development Framework** into economic policy. This would ensure that policies are socially, economically and environmentally sustainable. A sustainable development framework integrates environment, society and the economy in a balanced manner, with consideration for the needs of future generations. Maintaining this balance is crucial to the long-term development of a sustainable resource-efficient future for Ireland.

Develop a new **National Index of Progress**. Government should develop a new National Index of Progress encompassing environmental and social indicators of progress as well as economic ones. This would involve moving beyond simply measuring GPD, GNI and GNI* to including 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.

Sustainable Capital Spending

The OECD has called on governments to systematically evaluate the environmental implications of support and recovery measures to businesses and industries and their alignment with longer-term decarbonisation plans and environmental objectives. They note that "whilst Covid-19 has caused a severe international health and economic crisis, failure to tackle climate change may threaten human well-being, ecosystems and economies for centuries".

It is therefore vital that any post-Covid-19 stimulus packages help the economy 'grow back greener', with lower emissions, and that any sector-specific financial supports or 'bailouts' are given in exchange for concessions and commitments on emissions reductions and improved environmental performance.

Recovery and stimulus packages in the aftermath of the Covid-19 lockdown will help to shape the economy for the long-term. Consequently, Government must steer investments towards productive and sustainable investment in physical, social and human capital, whilst also addressing existing concerns about poverty, inequality and social inclusion.

Pursuing this approach has obvious implications for Ireland 2040 (the National Development Plan) and the aforementioned unemployment challenges about to emerge (see p9). Renewable energy and clean energy infrastructure are job-intensive and offer high potential returns on investment. Similarly, residential and commercial retrofitting are also areas worth focusing on.

The investment plans associated with post-pandemic recovery will be critical in setting the environmental pathway for the next few decades, and crucial for Ireland's climate ambitions and targets. Budget 2022 should commit to aligning all post-pandemic capital spending commitments to the achievement of long-term economic, social and environmental objectives.

Carbon Tax and Fairness

Social Justice Ireland welcomed the Budget 2021 decision to increase the carbon tax from €26 per tonne to €33.50 per tonne and that Government signalled the pathway to a carbon tax of €100 per tonne by 2030 and enshrined this into the Finance Bill. Furthermore we welcomed the commitment to invest the carbon tax revenue into residential and community energy efficiency, limited social protection measures and sustainable agriculture programmes. Collectively, these developments reflected an overdue engagement by Government with the unsustainability of our current systems, one reflected in the wide gap between today's levels of greenhouse gas emissions and the much lower target Ireland had committed to achieve by this year.

Despite progress made in Budget 2021 there remain significant areas of concern. Issues around renewable energy subsidies and energy poverty were not sufficiently addressed in Budget 2021 and must be targeted this year. Government must also commit to review the subsidising of fossil fuels by the Exchequer and to phase out those tax breaks and subsidies which are environmentally damaging. An estimated €4 billion per annum in taxation was forgone through potentially environmentally damaging subsidies between 2012-2016. These subsidies undermine much of the impact of other environmental taxation measures. A far more productive use of these funds would be to invest them in the people, households, communities and regions that will be most affected by climate adaptation.

Healthcare

People should be assured of the required treatment and healthcare in their times of illness and vulnerability. The standard of care available 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, however the systemic issues and overreliance on acute services which dominated the Irish healthcare infrastructure pre-Covid only served to exacerbate the problem.

Access to Care

Our complex two-tier system for access to public hospital care means that private patients have speedier access to both diagnostics and treatment, while those in the public system can spend lengthy periods waiting for a first appointment. National Treatment Purchase Fund figures indicate that 628,756 people were awaiting appointments for outpatient treatment in March 2021, with 28 per cent (178,064) waiting 18 months or more.

Government needs to **urgently address these inequalities in the health service** and implement a programme that provides access on the basis of need.

Acute Care

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. This is almost 20 percentage points higher than the OECD average (which was 72.5 per cent in 2018) and the highest in the EU-28. The Covid-19 crisis has seen a policy concentration on acute care, however **having appropriate primary care and step-down facilities in place would alleviate the strain on hospitals.**

Primary Care

Social Justice Ireland welcomed the additional resources for primary care allocated in Budget 2021 and the recent announcement by the Minister of €3.69 billion for the Sláintecare Implementation Strategy and Action Plan 2021-2023 over the next three years. The infrastructure for Sláintecare alone required a €3 billion investment over 6 years - €500 million per year – we would therefore be concerned that the Action Plan does not go far enough to ensure the delivery of these services.

Mental Health

The **implementation of the *Vision for Change*** strategy is long overdue. There is an urgent need for effective community services including effective outreach and follow-up programmes for people who have been in-patients in institutions upon their discharge into the wider community. These should provide sheltered housing (high, medium and low supported housing); monitoring of medication; retraining and rehabilitation; and assistance with integration into community.

Education

Education is widely recognised as crucial to the achievement of our national objectives of economic competitiveness, social inclusion, and active citizenship. It benefits not just the individual, but society as a whole and the returns to the economy and society are a multiple of the levels of investment. However, the levels of public funding for education in Ireland are out of step with these aspirations.

Early Childhood Care and Education (ECCE)

The most striking feature of investment in education in Ireland relative to other OECD countries is its under-investment in early childhood education.

Ireland spends just under 0.2 per cent of GDP (0.25 per cent of GNI*) on pre-primary education compared to an OECD average of 0.8 per cent of GDP. Early childhood is the stage where education can most effectively influence the development of children and help reverse disadvantage. Government should increase investment in ECCE to meet the OECD average by 2025.

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). As smaller class sizes make the biggest difference to the youngest classes, Government policy must ensure that the Pupil/Teacher Ratio (PTR) in the youngest classes in primary school is at a level which allows teachers to provide early interventions without disruption. This is vital to ensure the best educational outcomes for all children and a smooth transition from early years settings to the formal education system.

DEIS Schools at Primary and Post-Primary level

Ireland already has an educational divide with outcomes for students in DEIS schools significantly below those of their peers, notwithstanding the progress made in recent years. Add to this the intergenerational transmission of low skills in Ireland, and it is evident that the move to online learning as a result of Covid-19 will negatively impact outcomes for students in disadvantaged schools.

Continued support for DEIS schools must be a policy priority with a suite of policy measures to address educational disadvantage including a class size below 20, reduced PTR, and sufficient ongoing resourcing available to support new ambitious literacy and numeracy targets.

Further and Higher Education and Training

Ireland requires a sustainable funding strategy for higher education and investment in further and higher education will have to increase significantly over the next decade simply to cope with demand. Government should develop a framework to deliver sustainable funding revenues for higher education over the next five years with a roadmap to 2028. This framework should have clear medium and long-term targets. A broadening of access routes to higher education must form part of any new funding strategy. If higher education is to integrate into lifelong learning and play the leading role it can play in climate transition, a broadening of access routes is imperative, particularly as the nature of work and employment changes.

Skills

An education and training strategy focussed on preparing people for the impact of digitalisation, and the transitions within the workforce that this transformation will mean, should be developed. This strategy must be flexible enough to adapt to regional needs, and should be fully funded and linked to the National Skills Strategy, the Human Capital Initiative, and Ireland 2040. People with low skill levels in particular must be a focus of this strategy.

Lifelong Learning and Adult Literacy

Ireland has a persistent problem with adult literacy and adult skills in general. A very significant proportion of Ireland's adult population possesses only very basic literacy, numeracy and information-processing skills, insufficient to compete in a market where the skillsets of even highly-skilled workers are likely to be obsolete in a matter of years.

We must develop an education and training system that can support adults throughout their lives as they acquire skills and navigate the transitions that will occur as a result of the digital transformation of the economy.

Children

Investment in children and families is an essential investment in our social and human capital now and into the future. Government must increase investment in paternity and parental leave entitlements to meet the commitment in First Five to enable children to be cared for at home by fathers and mothers during their first year through more generous parental leave, and to deliver on the European Pillar of Social Rights Work Life Balance initiative.

The provision of quality, affordable, accessible childcare for working parents is essential. Social Justice Ireland proposes that Government develop and allocate sufficient resources to a new funding model for childcare provision. It should be based on elements of the ECCE scheme, separating affordability for families from wages and the professionalisation of the sector, thereby improving quality services for children and affordability for families. This model would allow providers to focus on improving and expanding the provision of high quality services for families. Resources must also be invested in childminding to facilitate parental choice in finding the most appropriate childcare options for their family.

Arts and Cultural Participation

Arts and cultural participation is an integral part of learning and development and therefore should be integrated into 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

We welcomed the White Paper on Ending Direct Provision and the Government's commitment to implementing its recommendations. This must start with Budget 2022, and the movement of those seeking asylum into more appropriate accommodation. In the interim children and young people in direct provision must be entitled to the same opportunities as their peers. This applies to social welfare supports for their families, and financial support to access further education. Increased educational access in particular is not expensive, and should be considered an investment in improving immigrant integration.

Rural Development

As we emerge from the global crisis caused by Covid-19, it is clear that our communities, rural areas and regions will bear a significant social and economic impact over the long-term. The challenges that faced rural Ireland prior to the current pandemic remain, including an older population, higher rates of part-time employment, lower median incomes, greater distance from everyday services, and higher poverty rates than the national average. Now, new challenges have emerged, not least the impact of a potentially prolonged period of unemployment on areas that are already struggling.

Rural and regional economies

Rural Ireland is a valuable resource with much to contribute to Ireland's future social, environmental and economic development. In order to ensure we have thriving communities and towns throughout Ireland a step-change in how we invest in and develop policy for rural areas is required.

Low density rural economies are fundamentally different to urban economies and as such require different polices to meet a different set of challenges and opportunities. It is important that rural and regional development is integrated to support sustainable local economies and to ensure that local services are utilised most effectively to address the specific needs of a particular region and the rural communities within it.

Policies such as increased investment in healthcare and other services, and ensuring affordable and accessible quality public services for all regardless of urban or rural location must be part of the response. Improved and expanded public services could contribute to regional attractiveness in remote and rural areas, while also supporting the transition to a low carbon economy.

Priorities to guides regional investment

Public investment choices should be linked to a development strategy based on assessment of regional or local characteristics, competitive advantages, growth, innovation, and job creation potential, and considerations of equity and environmental sustainability. Regional Economic Development Zones (REDZ) can play a key role here. It will be vital to engage with all stakeholders (public, private sector, trade union, environment, farming and civil society) in the design and implementation of public investment strategies to enhance social and economic value, and to ensure accountability.

Policies should be implemented at different scales that match with regional and local characteristics, for example; local services, labour supply, and food chains, and adapting them based on current and future needs. This would see collaboration between local agencies, employers, the community and voluntary sector, trade unions, and local and regional academic facilities in collaboration with the REDZ.

Services and infrastructure in the regions

Government policy must encourage the efficient and effective provision of public services and infrastructure to maintain quality and accessibility, address market failures, and respond to emerging needs, especially in under-served rural communities. The rollout of rural proofing is vital in this regard.

Increased funding is required for rural public transport and the nationwide expansion of cycling infrastructure and greenways. We must invest to increase the range of public transport options available and to ensure the rural public transport options and fleet are in line with our climate commitments.

The increase in remote working is an opportunity for rural areas, yet according to Census 2016 only 61 per cent of rural households had broadband access. Strategies and plans to promote rural and regional economies are heavily reliant on the provision of reliable, quality, high-speed broadband. A significant investment in the expedited rollout of broadband and in Smart Villages and remote working hubs is required.

Investing in the Community and Voluntary Sector

The cuts to funding for the Community and Voluntary sector made during the last recession have yet to be restored. Covid-19 has again highlighted the importance of communities. This support must now be formally recognised with investment in programmes that support community engagement; deal with deficit demand; tackle social exclusion; and sustain communities. In addition, increased administrative and regulatory duties imposed upon this sector mean that resources that would otherwise be dedicated to frontline and core services are diverted to administration. This must be streamlined with recognition given to the size and capacity of the range of organisations within the sector.

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.

Social Enterprises and Deficit Demand

There is a diverse range of organisations within the social enterprise arena, ranging from those responding to 'deficit demand', particularly in under-represented and disadvantaged areas, to social entrepreneurs whose business model is most closely aligned to the commercial sector. The National Social Enterprise Strategy, published last year, must be adequately resourced and resources allocated to take account of the diverse range of services provided.

Community Development Programmes

The importance of community has been highlighted in the aftermath of the Covid-19 crisis. This importance must now be formally recognised through an increase in funding to support community development, especially in rural areas and areas of high disadvantage. 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.

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.

Housing Supports

According to Eurostat, 9.9 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, and that's before accounting for illness or disability which requires further home adaptations. That's almost 69,000 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. The number of grants across both schemes fell from 11,552 in 2010 to 6,455 in 2020. 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.**

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 417 delayed discharges of older people up to the end of September 2020, and 2,964 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.

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 2020 was 6.3 hours per week. While the number of people in receipt of home support increased by 649 on the same period in 2019, 158,050 fewer hours were delivered.

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.**

Nursing Homes

The impact of Covid-19 on nursing home residents is well-documented. 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.

The Government is yet to publish the nursing home pricing review, promised last year, which would provide much-needed clarity to this area. **Funding for nursing homes should be aligned to the needs of the residents; and to resource staffing and safeguarding reforms in nursing home care to ensure the safety of residents.**

Safeguarding

Of the 11,929 safeguarding reports made to the HSE National Safeguarding Office in 2019, almost 28 per cent (3,337) were made by people aged 65+, with 11.7 per cent (1,392) made by people aged 80+. The most prevalent types of abuse reported were psychological (1,356), physical (1,046) and financial (875). Immediate family members were most likely to be reported as alleged abusers (1,235 – an increase of 28 per cent on the previous year). More is needed to support adult safeguarding in Ireland with an increase in safeguarding supports at local and national level.

Adequate Income in retirement

The objective of a pension system is to provide citizens and residents with an income that removes them from the risk of poverty in old age, yet the Irish pension system is characterised by incomplete coverage and a generous system of tax reliefs that disproportionately benefit the better-off in society. (More than 70 per cent of pension tax reliefs accrue to individuals in the top income quintile).

***Social Justice Ireland* proposes a single-rate universal state social welfare pension from January 2022 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, as detailed in our report on the Universal Pension from March 2018[8]. This would involve standard-rating the tax break on all private pension contributions.

Supporting the vulnerable

Direct Provision

As of April 2020, there were approximately 7,400 people in Direct Provision and emergency accommodation. Since 2002, occupancy has consistently been over 70 per cent of capacity in Ireland's reception centres. As at the end of November 2018, it was at 95.5 per cent. The largest centre, at Mosney in County Meath, has capacity for 600 people. In November 2018 it held 619, an over-occupancy rate of 3 per cent. Overcrowding also featured in six other centres, with one centre in Dublin over-occupied by 25 people.

Social Justice Ireland welcomes the recommendations in the White Paper to End Direct Provision and the stated commitment of Government to implement these recommendations. This includes moving away from the for-profit model. The capital and current allocation required must begin with this Budget, and look to move the c.4,000 households to safer accommodation with wraparound supports.

Domestic Abuse

Statistics produced by Safe Ireland indicate that during, September to December 2020, an average of 2,018 women and 550 children received support from a domestic abuse service every month, with 2,445 women and 496 children accessing these services for the first time during this period.

Between March and August 2020, 33,941 helpline calls were answered by the service and 23,336 calls were answered between September and December 2020.

Following our ratification of the Istanbul Convention, Ireland is obligated to have 472 places for victims of domestic violence, but has only 141. The current crisis highlights the need to protect women in communal spaces from infection and cross-contamination. The need for social distancing, requiring extended periods in the home, also highlights the need for thousands of women to find a safe space. The Programme for Government describes an "epidemic of domestic, sexual and gender-based violence" but contains few substantive actions to address it. Government must meet our

[8] universalstatesocialwelfarepension.pdf (socialjustice.ie)

commitments under the Istanbul Convention and provide a further 331 refuge spaces for victims of domestic abuse from within State resources.

Civil Legal Aid

In order to achieve equality of access to justice, there must be a balance of power on both sides. In a legal context, the balance of power almost always rests with those who can afford counsel. Redressing this balance requires the availability of free and low-cost legal services to those who need it, as the costs can be prohibitive.

Cuts in both staffing levels and funding for the Legal Aid Board and the decision to raise costs for legal services has had the inevitable effect of both deterring and denying access to justice. An increase in allocation for Civil Legal Aid is required to allow the Legal Aid Board to deal with its caseload and undertake the necessary review of the eligibility criteria.

Household Debt and Financial Literacy

Many households who experienced a recent drop in income will find themselves unable to make ends meet. Reports of an increase in the use of high-cost credit such as moneylenders (both legal and illegal) is also a concern. While insolvency options may be a solution for some, deficiencies in that legislation have not been addressed, particularly in respect of low income debtors.

A reported lack of understanding of financial terms and lack of financial capacity means that many of these households will struggle to make sustainable arrangements. A whole-person approach is needed to address personal over-indebtedness to include financial literacy, mental health, insolvency and debt advice reform.

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Official Development Assistance (ODA)

Though Ireland faces a number of significant challenges, it is important to remember that those in much poorer countries face a far worse situation.

Budget 2021 allocated €867m in overseas aid. At the time, we estimated that this would bring Ireland's ODA allocation to 0.42 per cent of projected GNI* in 2021. The United Nations-agreed target is for developed countries like Ireland to provide 0.7 per cent of national income in development aid. Since 2008, when Ireland's ODA reached a peak of 0.59 per cent of GNP, expenditure as a proportion of national income, regardless of how that is measured, has decreased significantly. This limits the resources available for tackling extreme poverty, hunger, and human rights abuses. This funding is needed now more than ever, as developing countries attempt to get to grips with Covid-19 and the resultant economic disruption. This crisis will expose afresh the depth of the inequalities within and between countries.

We also support the call for the permanent cancellation of all external debt payments due from developing countries in 2021, with no penalties, and the provision of additional emergency finance that does not create more debt. Currently, more than 60 countries spend more on debt financing than they do on healthcare.

In our Socio-Economic Review, *Social Justice Matters: a 2021 guide to a fairer Irish society,* we included projections to reach the UN target by 2030, with €864m required again in Budget 2022 to keep Ireland on track. The contraction in GNI* makes this goal more achievable and is an opportunity to recover lost ground in relation to our ODA commitments.

We acknowledge the difficulty of making projections in national income at present, but once the economic situation has stabilised, the new Government should publish a roadmap towards this target.

Social Justice Ireland is an independent think-tank and justice advocacy organisation of 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.

Acknowledgement

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Support *Social Justice Ireland*

If you wish to become a member of *Social Justice Ireland* or make a donation to support our work you may do so through our website **www.socialjustice.ie/mem**