SOCIAL JUSTICE IRELAND
working to build a just society

Social Justice Ireland
Policy Briefing
September 2020

Budget Choices

Budget 2021 should be socially progressive and promote wellbeing. While developing a thriving economy is essential, it cannot be delivered without ***simultaneously*** working to provide decent services and infrastructure, just taxation, good governance, and sustainability.

All budgets are value-based documents. They represent how a government intends to meet their objectives. For Budget 2021 to be socially progressive it must ensure that nobody is left behind.

In this post-Covid world, Government now has a unique opportunity to address Ireland's growing inequality and failure to reduce poverty, its inadequate infrastructure and services, and the degradation of its environment. Promoting economic growth in the hope that other positive developments will follow is not enough.

As it makes choices concerning Budget 2021, Government must recognise and acknowledge three imperatives:

1) That the primary focus should be on increasing employment and delivering infrastructure and services, NOT on deficit reduction;

2) That a huge amount of borrowing will be needed in the next three years, and probably more again after that;

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

Over the next three years we must not only restore the demand for labour, but also address social and infrastructure deficits, to strengthen the economy, and to protect the environment. Over the longer term, Ireland should engage with the EU Commission, who acknowledged in February that the fiscal rules are not transparent or predictable. The rules should be revised so that people, the environment and the economy are given priority.

This does not mean that we borrow over the long-term to avoid broadening the tax base and increasing the total tax-take. We need to do both of these, but not simply to reduce the deficit or the debt. Rather, we should see the present situation as a welcome opportunity to refocus on preparing Ireland for a post-carbon world. On page 3 of this Briefing we set out in more detail the fiscal stance we believe Government should take.

The national effort to address the pandemic has cast a sudden spotlight on many aspects of Ireland's social and environmental fabric that have been neglected in the past. Those most vulnerable to the pandemic have been those with least power and influence in society. Many on the frontline carrying out essential work have been those who are often paid the least for work which matters the most.

That neglect may have been unintended. But now that it has been revealed, there is no excuse for leaving it unaddressed. Despite significant economic growth over most of the past decade our financial system has been protected and reinforced even as our housing system has failed and homelessness has grown; poverty and inequalities in wealth, power and income have not been reduced sufficiently or effectively; and our natural environment has been seriously degraded while we failed to address the climate crisis.

In confronting the impact of Covid-19 we must not only tackle the immediate consequences of the measures necessary to suppress the virus – record unemployment, a collapse in domestic and foreign demand, and a subsequent collapse in income and expenditure – but must take the steps necessary to reform all those structural features of our economy and society that perpetuate poverty and destroy the environment.

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Comments, observations and suggestions on this briefing are welcome.

Promoting Wellbeing and Social Progress

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To do so, Budget 2021 must:

- Outline a three-year stabilisation programme targeted at supporting incomes, restoring demand for labour, and sustaining strategic firms and institutions; and,
- Commence the major economic and social reforms that we need to meet the United Nations' Sustainable Development Goals and address the deep structural challenges of poverty and inequality that confront us.

Do not fear debt and borrowing

The approach we are proposing will require Ireland to borrow, which will see the national debt grow. Less important than the absolute level of debt, however, is the ratio of debt to the size of the economy and the cost of servicing that debt. Competent investment of borrowed money should see debt ratios maintained or even falling. The additional servicing costs would be negligible, as Ireland's borrowing costs remain at historic lows.

Social Justice Ireland's message on Budget 2021 is simple: Lock in this cheap money for as long a timeframe as possible; do what already needed to be done on poverty and social exclusion, housing and health, Just Transition, and other infrastructure investment; and park the costs as cheap borrowing to be run down over several decades.

Borrowing cheaply for investment *always* makes good fiscal sense, but it makes sense now more than ever. If we look at the current economic crisis as being a situation to be managed over several years, or maybe even several decades, competent management of the stabilisation phase over the short term will ultimately minimise the long-term economic damage, and therefore minimise any overall fiscal adjustment that might be needed.

Don't repeat past mistakes

There should be no repeat of mistakes made in 2010 in the aftermath of the last financial crisis, when the Eurozone and UK adopted an austerity-first fiscal strategy that led to inadequate investment, higher unemployment, and the growth in homelessness, child poverty and social exclusion.

A moment of opportunity

Budget 2021 must not only focus on stabilisation measures but must also outline the reforms required to:

- Build a stable and sustainable economy for all;
- Provide a broad and equitable tax-base capable of supporting increased public expenditure;
- Create a universal healthcare system free at the point of use, and place primary care and community healthcare networks at its core;
- Ensure sufficient provision of social housing and the elimination of homelessness;
- Recognise the changing nature of work and address it effectively;
- Take substantial steps to eliminate poverty, including the benchmarking of social welfare rates;
- Develop a universal, affordable childcare system;
- Tackle the urban/rural and regional divides;
- Restore the funding taken from the Community and Voluntary Sector following the crash of 2008/9;
- Put sustainability - environmental, economic and social - at the core of all decisions made.

> ***Borrowing cheaply for investment always makes good fiscal sense, but now more so than ever. It is essential if we are to minimise long-term economic damage and minimise the fiscal adjustment.***

Have a clear vision and framework

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

- A vibrant economy;
- Decent services and infrastructure;
- Just taxation;
- Good governance; and
- 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 2020 and beyond set out in this publication are focused on delivering these five outcomes simultaneously and in as short a timeframe as possible.

Realise major investment is essential

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.

Fiscal Stance

The measures necessary to slow the spread of Covid-19 have induced an extraordinary contraction in economic activity globally.

The Spring 2020 Economic Forecast issued by the European Commission projects that EU GDP will contract by a record 7.75 per cent in 2020 as a central scenario, and projects a contraction of 11 per cent in face of a 'second-wave', and 16 per cent if containment measures continue for longer.

Modified Domestic Demand, an indicator that excludes the impact of aircraft leasing and trade in R&D-related IPP imports, decreased by 16.4 per cent in Q2 2020, driven by falls in personal consumption and domestic capital formation of 19.6 per cent and 28.2 per cent respectively.

The European Commission has noted that the EU-wide collapse in consumer spending and investment by households and companies has contributed to an unprecedented shock to economic activity, with a concomitant disruption to the circular flow of income between households and firms.

As household incomes contract, expenditure on goods and services contract, threatening families with poverty and firms with insolvency.

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

Extraordinary measures required

Given the scale of disruption, it must be recognised that extraordinary Government expenditure will be required to sustain demand and to support incomes through the immediate crisis and emergence from the public health restrictions, through the recovery period, and through the return to a new, sustainable, long-term trajectory for the economy.

In Ireland, over the past decade and more, we have become accustomed to being guided by an overall budget target that has adjusted to changing realities over time. After the crash of 2008 the focus was on reducing borrowing. Then it moved on to focusing on balancing income and expenditure. More recently, as we were more or less paying our way, the focus had been shifting towards reducing the national debt. The post-Covid-19 world changes all that.

In the years ahead, as we move through the public health restrictions and into a recovery period, the fiscal stance adopted by Ireland must have a different focus. The objective must be to support demand by:

[a] supporting the incomes of citizen; and

[b] through Government capital expenditure

rather than achieving some arbitrary deficit target.

Support economic recovery, don't prevent it

It is vital that the fiscal stance adopted by Ireland in response to the Covid-19 crisis supports an economic recovery, rather than preventing one and causing permanent damage to our long-term economic capacity and, more importantly, to the well-being of our citizens.

This has been recognised by the Irish Fiscal Advisory Council who have noted that 'the appropriate fiscal stance for the coming years will depend on how the crisis evolves'.

> ***Austerity with the simple objective of reducing the debt and deficit would be a serious mistake. Over time it would undermine the very objective it seeks to achieve by permanently destroying the economic capacity of the country.***

The importance of supporting economic activity has been recognised by the European Commission; in their proposals for the EU MFF 2021-2027, the Commission have recognised both that additional fiscal resources are necessary and that they should be frontloaded to 2020-2022.

Social Justice Ireland's proposed stance

There will, we acknowledge, be significant differences in the criteria used to determine the country's fiscal stance as we emerge from the Covid-19 public health restrictions.

Social Justice Ireland proposes that:

- For the years 2020-2022, or until Ireland reaches full employment (if earlier than 2022), 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.

It is acknowledged that the adoption of an unemployment rate target for 2020-2022 would represent a shift in the fiscal policy framework, and a temporary departure from the EU fiscal rules.

It is also acknowledged that this policy depends on the ongoing accommodating stance adopted by the ECB.

However, at present it is clear the Commission are willing to suspend the fiscal rules and the ECB are willing to do what is required to support economic recovery.

As the increase in unemployment in Ireland has been entirely caused by a temporary collapse in demand for labour, the adoption of a short-term demand management policy represents the most effective means to restore economic activity. The goal is not to allow a potentially temporary situation develop into a long-term crisis.

In particular, in the face of a potential second wave of Covid-19, Government should be prepared to re-introduce all public health restrictions required and to take all fiscal measures required to support demand and incomes.

Austerity with the simple objective of reducing the debt and deficit would be a serious mistake, and would, over time, undermine the very objective it seeks to achieve by permanently destroying the economic capacity of the country.

Distribution of Tax and Benefit Changes, 2017-2020

Over the past few years *Social Justice Ireland* has developed its ability to track the distributive impact of annual budgets on households across Irish society. As different priorities can be articulated for each Budget, it is useful to bring together the cumulative effect of policy changes on various household types across a number of years.

On this page we consider the combined effects of all Budgets delivered over the period from October 2016 to October 2019 covering the four Budgets of the last Government (Budget 2017, Budget 2018, Budget 2019 and Budget 2020). The results give an insight into the distribution of resources and policy priorities over recent years.

The households we examine are spread across all areas of society and capture those with a job, families with children (under 12 years), 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 multiples of this benchmark, and families with incomes ranging from €25,000 to €200,000.

At the outset it is important to stress that our analysis does not take account of other budgetary changes, most particularly to indirect taxes (VAT and excise), other charges (such as prescription charges) and property taxes. Similarly, it does not capture the impact of changes to the provision of public services or the welfare and employment supports introduced in 2020 as part of the response to Covid-19. As the impact of these measures differs between households it is impossible to quantify precise household impacts and include them.

Over the years examined all household types record an increase in disposable income. Among households with jobs (see chart 2), the gains experienced range from €4.22 per week (for single workers on €25,000) to almost nine times as much, €37.19 per week, for a couple with two earners on €200,000. Overall, across these households the main gains have flowed to those on the highest incomes. In particular the chart highlights that low to middle income earners, those earning at or below €30,000 a year, are being left out – beneficiaries of neither welfare increases nor the income tax reductions which have, in general, favoured higher earners.

Among households dependent on welfare, the gains have ranged from €16.19 per week (to single unemployed individuals) to €38.58 per week to unemployed couples with two children (see chart 1).

Our analysis points towards the choices and priorities made over these years. Overall, these choices have given least to single welfare-dependent households and those on the lowest earnings.

Chart 1 Overall Impact 2017-2020 on Welfare Dependent Households

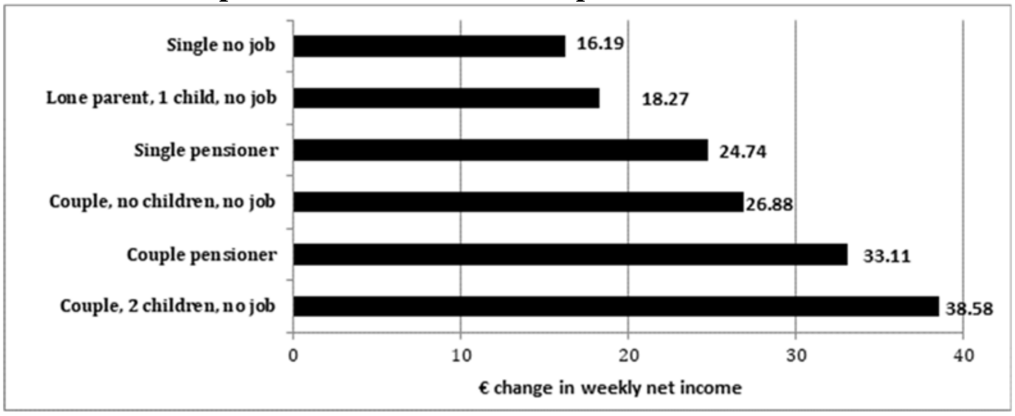
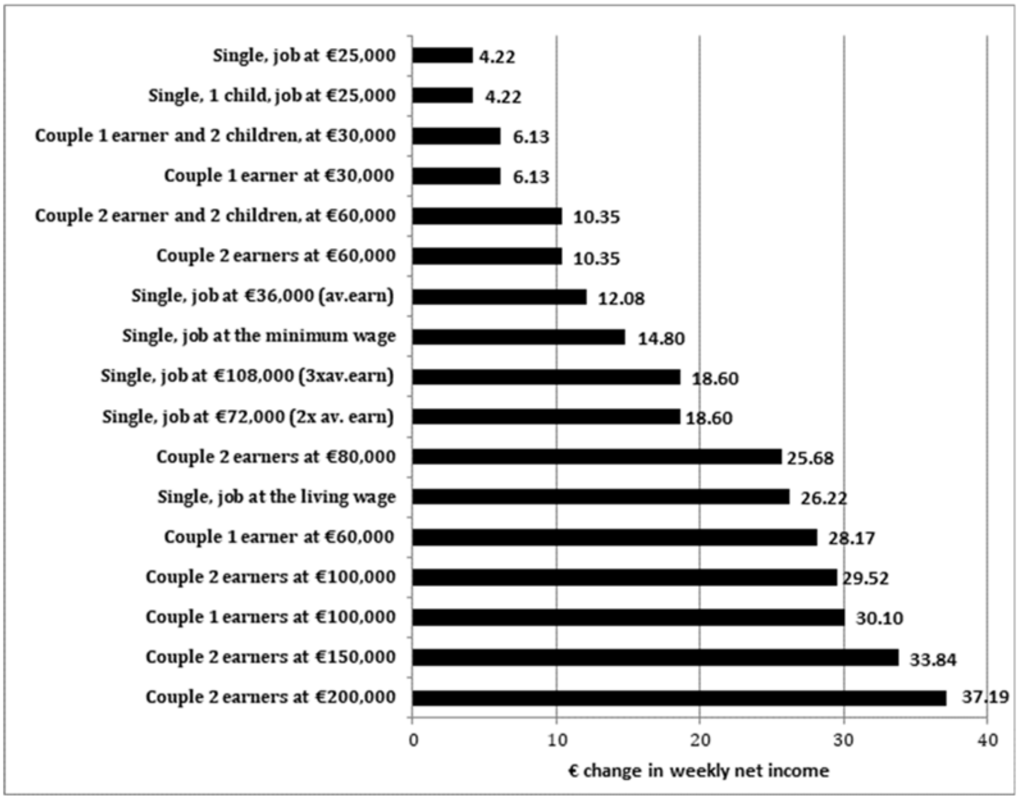


Chart 2 Overall Impact 2017-2020 on Households with Jobs



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

Source: Social Justice Ireland *Socio-Economic Review 2020* (p66-68)

Taxation - Choices for Budget 2021

Budget 2021 offers an opportunity for Government to reform some aspects of the current taxation system in the interests of enhancing fairness and sustainability. While 2021 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. On this page we outline a series of reforms for Budget 2021 while on the next page (p6) we present a more extensive agenda for reforming the taxation system given the probability of a new Commission on Welfare and Taxation.

Carbon Tax and Fairness

Following the 2019 all-party report on climate change, Budget 2020 increased the carbon tax to €26 per tonne and signalled the ambition to bring the tax to €80 a tonne by 2030. The Programme for Government has since revised this target to €100 a tonne. **We believe that Budget 2021 should continue to increase the carbon tax, by another €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; a policy priority that should be emphasised over just raising revenue. This proposal would generate **an additional €159m in a full-year** to re-invest in accompanying measures.

Taxing Empty Houses / Underdeveloped Land

Budget 2021 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 2021 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 2021 reducing the central fund allocation to local authorities by same.

Limit the ability to carry losses forward

Social Justice Ireland believes that in Budget 2021 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 2021 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 2021 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 2021**.

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 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 2021. 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 €20m** in 2021.

Invest in Compliance

Budget 2021 should commit additional funds to the Revenue Commissioners so that they can further invest in compliance processes and methods. 2021 is an opportune moment to make such a structural investment in this area. We propose an investment of €45m in 2021 and again in 2022. 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 2021);
- increase from 30% to 35% the **minimum effective tax rate for people earning more than €400,000** per annum (+€15m);
- **restore the Non Principal Private Residence (NPPR)** charge on second homes at a rate of €500 per yr (+€125m);
- increase **Capital Gains Tax from 33% to 35%** (+€65m);
- increase **Capital Acquisitions Tax from 33% to 35%** (+€28m);
- Increase from **7.5% to 8% the stamp duty on non-residential property** (+€31m);
- Increase **stamp duty on residential property transfers** (amounts in excess of €1m) to 5% (+€29m).
- **Reform pension-related tax reliefs**: all contributors to private pension plans should get relief at the standard rate (20 per cent) rather than the marginal rate (40 per cent). This would save €414m in 2021;
- **Standard rate discretionary (non-pension) tax expenditures,** saving €480m in 2021;
- Implement a system of **Refundable Tax Credits** (for the two main income tax credits) at a cost of €140m.

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 earlier in this document, having 'Just Taxation' is a key component of *Social Justice Ireland's* guiding vision and policy framework. Budget 2021 is an opportunity for Government to commit to pursuing this objective over the next few years. Furthermore, the proposed Commission on Welfare and Taxation offers the potential to design this system and 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 2020* (available on our website, socialjustice.ie) 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. We look forward to a more comprehensive engagement with any Commission once established.

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 current levels of public services and supports, more revenue will need to be collected. 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 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 which highlight areas we consider a priority including: taxing of second homes; the replacement of the Local Property Tax with a Site Value Tax; taxing empty houses and underdeveloped land; taxing Windfall Gains from re-zoned land; and supporting a Financial Transactions Tax at an international level.

Calls for new tax breaks, or the return of old-ones, are a feature of most periods of economic and social recovery. However, 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 2021 should commit to not introducing any new tax breaks and further commit to undertake detailed cost-benefit studies of any proposed new measures in advance of future budgets.

A Minimum Effective Rate of Corporation Tax

As noted above, reform of Ireland's corporation tax structure should be a priority for the new Government.

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. This would help ensure that all firms based in Ireland would make a fair contribution. 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 almost four decades ago. 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) provides details of these proposals which highlight the following areas we consider a priority, as well as others (including refundable tax credits, and standard rating tax breaks) mentioned on page 5:

- Favouring Fair Changes to Income Taxes
- Reforming Individualisation
- Making the Taxation System Simpler

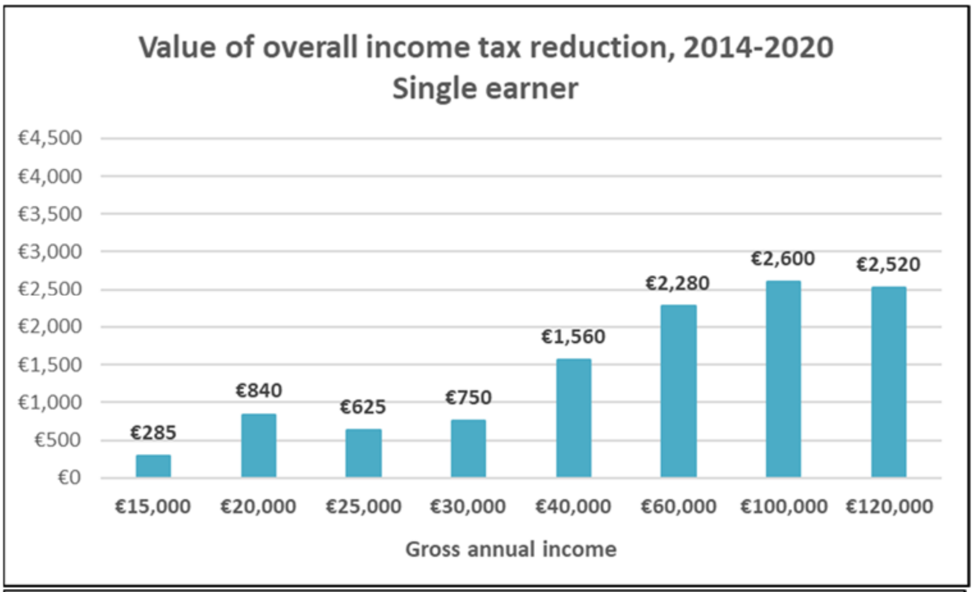
Income Tax Changes since 2014

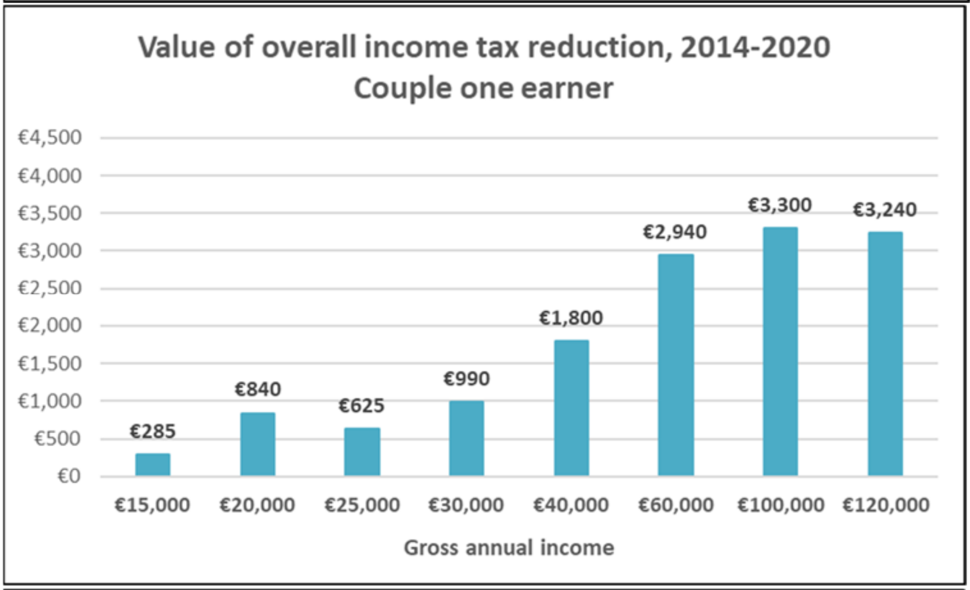
Budget 2021 follows a series of budgets over recent years that have frequently given emphasis to providing reductions in income taxation. Looking back over the past two decades, data from the Department of Finance's income tax reports, which accompany each year's Budget, demonstrate that the proportion 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.

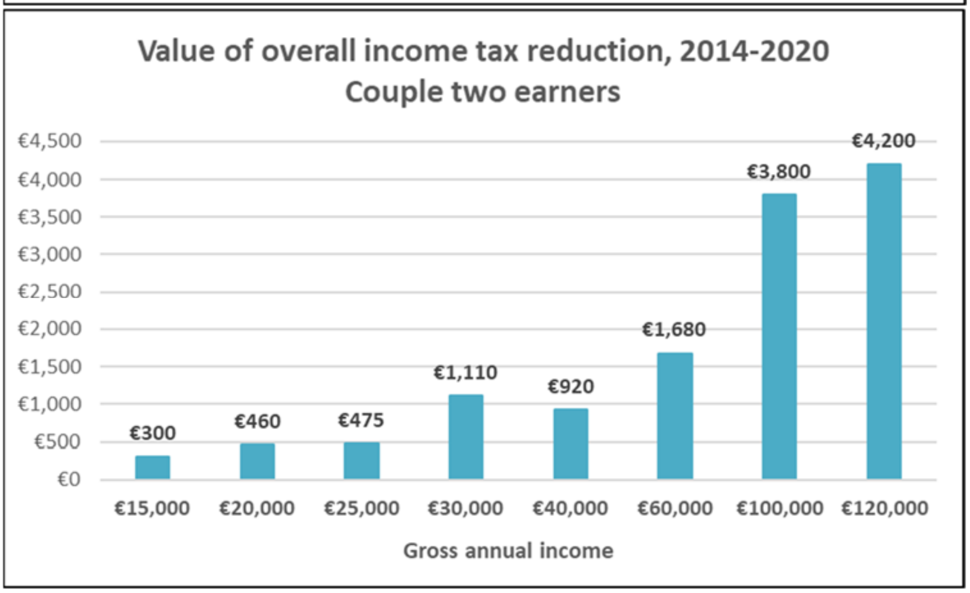
Since 2014 budgetary policy has provided recurring decreases in income taxes. Over three diagrams we compare the total annual value of these reductions between 2014 and 2020. The analysis captures changes to income tax rates, USC rates, social insurance rates and structures, and income tax credits. For 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 €8,360 in 2020; a reduction of €1,560 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 highlighted in our annual budget documents the gains have been skewed to higher income earners and households.

We provide a more comprehensive picture of income changes, including changes to the value of welfare payments and the statutory minimum wage, on page 4 of this document.







Source: *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%.

Investment—Housing and Homelessness

The provision of adequate and appropriate accommodation should be a key element of a new Social Contract. The current pandemic has highlighted both the spectacular failure of successive Governments to address the challenge of housing and the need to think beyond privatisation to more sustainable housing. As part of a new housing strategy, Government must:

Move to Eradicate Homelessness

8,728 people accessed emergency homeless accommodation in the reporting week in July 2020. This includes 1,142 families with 2,651 children. And this is just the official data. The real number would likely be significantly higher without the “statistical obfuscation, if not corruption” described in a recent report commissioned by the European Commission (Daly, 2019). A lack of investment in homelessness prevention and the institutionalisation of vulnerable households in family hubs and emergency accommodation is not the solution. *Social Justice Ireland* welcomed the publication of the Housing First National Implementation Plan 2018-2021, however the action to implement it is not keeping pace with the homelessness crisis. Housing First has been used successfully in Finland to almost eradicate homelessness in its entirety. In addition to scaling up the provision of Housing First, the Government must also:

- Align data collection on homelessness to the **ETHOS typology** to avoid further obfuscation;
- Increase **investment in prevention and supports;**
- Hold a **referendum on the Constitutional Right to Housing;**
- Revise the insolvency legislation and Mortgage to Rent criteria for households in mortgage arrears;
- **Set a time limit on the use of Family Hubs** and emergency accommodation centres.

Proposal: Terminate the Help to Buy Scheme, with an average spend of €75m per year, and use these funds to invest in Housing First and homelessness prevention programmes.

Stop Privatising Public Housing

There are currently 68,693 *households* on social housing waiting lists, and with the inclusion of households in receipt of the Housing Assistance Payment (HAP), households in Direct Provision, families in overcrowded Traveller Accommodation, and women and children in domestic violence situations, the real number of *households* in need of long-term, sustainable social housing is closer to 133,000. The Government’s build targets under *Rebuilding Ireland* displayed a startling lack of urgency, and the pandemic has seen a year-on-year decrease in new dwelling completions of almost 32 per cent to Q2 2020. A continued reliance on the private rented sector has seen an exponential rise in current expenditure, with Local Authority spending on HAP, RAS and Leasing projected to reach €1.015 billion this year. Government should seek to emulate best practice in other European countries and increase social housing to 20 per cent of all housing stock. (It is currently 9 per cent). To do this, Government must:

- **Retain State ownership of State land** suitable for residential development for social housing provision;
- Where State land is scarce, **rezone suitable commercial spaces** for the provision of social housing in towns and urban centres;
- Scale down private rented subsidies and **replace with long-term Local Authority** or **Approved Housing Body tenancies.**

Rethink Construction

Ensuring a stable construction sector means changing the way we think about capital projects. Rather than spending hundreds of millions of euro in large-scale capital projects, the benefits of which will not be felt for three years (if then) we should be looking at smaller-scale, socially advantageous construction projects with higher work intensity. Local projects inject much-needed revenue into towns and cities and support regional development. Because they are small-scale, there is greater flexibility to scale up or down, depending on available funding; and that funding is more readily available at low interest through EU Green Deal mechanisms.

Proposal: Invest €1bn in social and affordable housing projects.

Develop a functioning Private Rented Sector

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:

- Enforce HAP **anti-discrimination laws** and align HAP rates to market rents;
- Invest in rental property **inspections**;
- Legislate to increase **tenants’ rights**;
- Introduce long-term tenancies;
- Scale up **Cost Rental**.

Proposal: Allocate an additional €5 million to the Residential Tenancies Board and €2 million to the Workplace Relations Commission.

Bring Vacant Housing back into use

Property owners and Local Authorities must be incentivised to bring vacant homes and sites into use. **The introduction of a Site Value Tax and the clarification and implementation of the Vacant Site Levy** would disincentivise land-hoarding; and the provision of financial incentives could encourage home owners to sell vacant properties or provide them for long-term rental.

Proposal: Introduce taxes on empty houses and a site value tax on underdeveloped land. These measures would yield €75m in 2021.

Investment - Work, Jobs and Welfare

Ireland's headline employment trends over the last few years have been broadly positive. Unemployment as traditionally measured dipped below 5 per cent in February 2020, and 2019 saw a net increase of almost 80,000 in the number of people employed in the country. Total employment in Ireland was 2.36 million at the end of last year, the highest level ever.

Covid-19 and the resultant lockdown have changed the employment landscape beyond recognition. The Covid-19 Adjusted Unemployment Rate was 28.2 per cent in April, and had fallen to 16.1 per cent by July. The equivalent Youth Unemployment Rate was 52.8 per cent in April, though this has also fallen. While most of this unprecedented growth in unemployment is temporary, many tens of thousands of jobs will be lost permanently, presenting a huge challenge for government.

As noted on page 1, the primary focus of the next few Budgets should be on increasing employment and delivering infrastructure and services, NOT on reducing the deficit.

While many of the lost jobs will return by the end of 2020, it is expected that the long-term impact on employment numbers will have industry, regional and age-related dimensions. This will need to be taken into account when crafting targeted economic stimulus to ensure that young people and areas of Ireland that were already falling behind economically do not suffer disproportionately. With a need for investment to tackle Ireland's infrastructure deficits - particularly in housing, transport, and in meeting our climate-related objectives - and promote employment, the rationale for borrowing to invest is overwhelming.

It is also important to remember that even pre-pandemic, Ireland's labour market was experiencing problems that were not reflected in the positive headline numbers. For example, though Ireland had surpassed its previous peak in employment numbers, this was in the context of a much lower participation rate. The participation rate for the country as a whole was 62 per cent at the end of 2019, compared with 67.4 per cent in Q3 2007, which was the previous peak of Ireland's employment performance.

There was also a relatively high instance of under-employment, where people are working part-time hours but would take full-time work if it were available. There were an estimated 108,000 under-employed people at the end of 2019, representing 22 per cent of all those in part-time employment. Under-employment implies that thousands may be struggling financially as they are unable to work as much as they need.

In advance of Budget 2021, *Social Justice Ireland* proposes **a number of jobs-boosting measures**, including:

- A number of measures to assist employment creation in rural Ireland (see page 10) and increased infrastructure investment in healthcare and housing over the coming years (see pages 8 and 11).
- Expanded higher education funding (see page 12), which will help prepare the Irish labour force to fill the employment needs of coming years, particularly in the construction sector.
- Investment in meeting Ireland's climate and sustainability-related targets (see page 14), including a retrofitting programme.

Government should also move the National Minimum Wage (NMW) in the direction of the living wage, which currently stands at €12.30 per hour. Recent increases in the NMW have been welcome, but the rate (€10.10 per hour) remains significantly below what is necessary for a single adult to achieve a socially acceptable standard of living working a 39 hour week.

Benchmarking Social Welfare Rates

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.

Poverty data from the CSO, released in December 2019, demonstrated how adequate social welfare payments are required to prevent and address poverty. Without the social welfare system 40.9 per cent of the Irish population would have been living in poverty in 2018. Such an underlying poverty rate suggests a deeply unequal distribution of direct (or 'market') income. In 2018 social welfare payments reduced the poverty rate by almost 27 percentage points to 14 per cent.

Yet, even after the provision of social welfare payments, in 2018 there were almost 680,000 people in Ireland living below the poverty line. Of these almost 200,000 were aged under 18. A lesson from past experiences of economic recovery and growth is that the weakest in our society get left behind unless welfare increases keep track with increases elsewhere in the economy. Benchmarking minimum rates of social welfare payments to movements in average earnings is therefore an important policy priority.

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. Applying this benchmark using CSO data for 2019 and ESRI projections for wage growth in 2020 allows us to compare this benchmark with current welfare rates.

In 2020 the updated value of 27.5 per cent of average weekly earnings equals €221, implying a shortfall of €18 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 deficit highlights a need for the new Government, and Budget 2021, to further increase minimum social welfare rates and **commit to converging on a benchmark equivalent to 27.5 per cent of average weekly earnings**.

Social Justice Ireland suggests increasing core social welfare rates by €7 per annum over the next three years, in order to meet this benchmark (accounting for likely earnings increases) by 2023.

Alternatively, government can increase core rates by €10 per annum over the next two years to meet this target by 2022.

Investment - Rural Ireland, the Regions and Communities

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, distance from everyday services and higher poverty rates than the national average. In addition new challenges have emerged, not least the impact of a potentially prolonged period of unemployment on areas that were already struggling.

Rural and regional economies

In addition to the immediate unemployment crisis, 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 Rural Development Policy, Regional employment plans, Future Jobs Ireland, the All of Government Climate Plan and post-Covid recovery package 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 2021. 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 who have been most impacted by Covid-19 and those who will be most impacted by Brexit. 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, safe-guarding 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

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. ***Social Justice Ireland*** **proposes a €300m investment to support REDZ and LEO's to develop remote working hubs and Smart Villages and our Digital Agenda for Europe targets.**

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.

The sector is set to lose an estimated €500m in fundraising, as donations plummet. 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.

Budget 2021 should start addressing the current funding gap as the sector faces a likely rise in demand for services.

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 2021 to **support capacity building and meaningful participation at local level.**

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.

Budget 2021 should allocate **€1.5m** towards resourcing the ***National Social Enterprise Strategy,*** aimed particularly at those social enterprises meeting deficit demand.

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 with an **additional allocation of €2m in Budget 2021**.

Investment—Health and Disability

People should be assured of the required treatment and care in their times of illness and 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, however the systemic issues and overreliance on acute services which dominated the Irish healthcare infrastructure pre-Covid only served to exacerbate the problem. Spending on the Health Vote to the end of May 2020 stood at €8.3 billion, €1.1 billion above profile and almost exclusively due to current spending in response to the pandemic. While some reductions can be expected over the coming months, ongoing current expenditure should be anticipated with appropriate allocations made. These allocations must be ring-fenced to address ongoing Covid-19 requirements.

Access to Care

Ireland ranked 21st out of 35 countries in 2016 in a report by Health Consumer Powerhouse published in 2017, but on the issue of accessibility, Ireland ranked among the three worst countries. 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.

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 86,343 people were waiting for treatment as an in-patient or day case at the end of April 2020, with 5,844 of them waiting for 18+ Months.

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

Before the Covid-19 pandemic ever reached these shores Irish hospitals were already 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. This is about 20 percentage points higher than the OECD average (which was 75.2 per cent) 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

In its report on the Irish Healthcare system in 2019 the OECD found it to be hospital-centric, with significant capacity constraints in primary and secondary care, and concluded that the current health infrastructure is simply not adequate for current demand and unable to cope with the projected increases due to population ageing. And that was before a global pandemic.

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

- **Invest the €500m infrastructure allocation set out in Sláintecare.**
- **Invest €50m in Community Nursing Facilities.**
- **Invest €150m in the roll-out of primary care networks to alleviate pressure on acute services and ensure treatment is provided at the appropriate level of need.**
- **Reduce prescription charges for medical card holders from €2.00 to €1.50.**

Mental Health

Young people are especially susceptible to mental health issues and early intervention is key. In 2016 the UN Committee on the Rights of the Child raised concerns about children's mental health services, including children being admitted to adult psychiatric wards, long waiting lists for access to mental health support, and insufficient out-of-hours services. The report also expressed concern about the high number of suicides among adolescents and stated that Ireland should adopt all-inclusive legislation that addresses the health needs of children.

Covid-19 has also had a predictable impact. The College of Psychiatrists of Ireland are currently working on a study based on a survey of 615 consultants, with early indications finding an increase in adverse mental health conditions, suicidal ideation and self-harm, with specific concerns expressed about younger people with existing mental health issues and older people forced to cocoon.

Proposal: Invest in the full implementation of the *Vision for Change* policy at a cost of €35m and increase funding for programmes dealing with alcoholism and addictions at a cost of €50m.

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 €150m in Budget 2021.**
- **Increase investment in disability services, including respite and personal assistant services (cost of €35m).**
- **Allocate €5m for implementation of the UNCRPD.**
- **Increase the Domiciliary Care Allowance from €309.50 to €330 at a cost of €10.3m.**
- **Expand the Free Travel scheme to include people in receipt of Domiciliary Care Allowance (cost of €4m).**
- **Increase the annual Carer's Support Grant from €1,700 to €2,000 (at a cost of €39m).**

Investment - Education, Children and Families

Investment in education at all levels is essential in Budget 2021. The Covid-19 crisis has generated the greatest disruption in educational opportunity worldwide in a generation and has exacerbated existing inequalities within our education system. Without sufficient levels of investment this impact will be felt for generations.

Early Childhood Care and Education (ECCE)

Ireland performs poorly when it comes to investing in early years and ECCE, spending 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. ***Social Justice Ireland*** **proposes that Government allocate €65m in Budget 2021,** to bring spending in this area to 0.3 per cent of GNI*, and build on this investment each year to meet the OECD average by 2023. 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 2021 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. **€13.5m should be allocated in Budget 2021 as a first step towards this target.**

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 a €15m expansion of the Student Support Scheme Pilot in Budget 2021.**

We also recommend the **restoration of the Back to School Clothing and Footwear Allowance** to 2011 levels (cost €18m), **a 10 per cent increase in funding for the Schools Meals Programme** (cost €4m), and €5m to fund home tuition packages for all medically compromised children who are currently unable to return to school as a result of Covid-19. Finally, Budget 2021 should see **a 10 per cent increase in capitation grants at both primary and secondary level** (cost €28m).

Further and Higher Education and Training

In this area, *Social Justice Ireland* proposes:

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.

An additional €40m in State funding in higher education as a first step towards meeting the core funding requirements identified in the Cassells Report.

Social Justice Ireland also proposes that Government **allocate €107m in Budget 2021 to extend the maintenance grant to part-time students** at both under- and post-graduate levels, increase the maintenance grant for full-time students by €1,000, and extend the fee grant to part-time students. **We also propose an increased allocation of €1m to the Fund for Students with a Disability** in Budget 2021.

We propose **a €2m investment in additional apprenticeship and traineeship places** for Traveller students.

We propose that **€10m be invested in a Transition Skills Fund.** Young people not engaged in education or training and people employed in sectors whose jobs are at high risk of automation should be key target groups.

Lifelong Learning and Adult Literacy

Social Justice Ireland **proposes an investment of €30m to expand the Human Capital Initiative in Budget 2021** to (i) encompass digital literacy, an inclusion of courses at levels 4 and 5, and the targeting of the groups identified as under-represented in the National Access Plan and (ii) improve Ireland's performance on lifelong learning and digital skills.

Social Justice Ireland proposes **an additional €30m in Budget 2021 to implement the 'Upskilling Pathways Plan—New Opportunities for Adults'.** We also propose an additional **investment of €5m in Community Education** with a focus on meeting the needs of learners at all levels.

Children and Families

Investment in Children and Families is an essential investment in our social and human capital now and into the future. To assist with the delivery of the European Pillar of Social Rights *Work-Life-Balance* directive we are proposing **an additional two weeks paternity leave in Budget 2021 at a cost of €12m and an additional two weeks of paid parental leave at a cost of €22m.**

The provision of quality, affordable, accessible childcare for working parents is essential. ***Social Justice Ireland*** **proposes that Government invest €85m in Budget 2021 to develop 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.

Budget 2021 should also allocate **additional funding to Tusla of €50m for increased social provision for children and families,** while increasing the resources available for the **regulation of childminders by €2m.**

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 move to abolish direct provision and move 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. **€2m should be allocated to support education needs of young people in direct provision in Budget 2021.**

Older People

Covid-19 disproportionately affects older people, particularly those accommodated in congregated settings. People aged 65+ accounted for 25 per cent of all Covid-19 cases, 55 per cent of all hospitalised cases, and 93 per cent of all confirmed Covid-19 related deaths. 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 Housing Aid for Older People plummeted from €30.8m in 2010 to just €13.9m in 2018, while Housing Aid for People with a Disability reduced from €39.8m to €29.7m in the same period. The number of grants across both schemes fell from 11,552 in 2010 to 7,262 in 2018. To provide for a standard of living into older age, **Budget 2021 should allocate an additional €85m towards restoring the cuts to Housing Aid for Older People and Housing Aid for People with a Disability.**

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 545 delayed discharges of older people in December 2019, an increase of 14.5 per cent on the previous year, and 7,819 older people awaiting home care packages.

The Government committed to the introduction of a statutory right to home care in 2021, however we are no further along as to what this might entail. *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 2019 was just over 6.5 hours per week. The number of older people in receipt of home care supports by the end of December 2019 decreased by 1,671 compared to the same period in 2018. **Budget 2021 must include an allocation of €125m 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 recent additional revenue supports to frontline Community and Voluntary organisations dealing with the Covid-19 emergency were welcome, **however Government must formally recognise the need for multi-annual funding for these supports at an initial cost of €36m in Budget 2021.**

Nursing Homes

Approximately 3.7 per cent of all people aged 65+ reside in nursing homes. 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. This was notably absent in the response to the pandemic, as the number of clusters grew in nursing homes. *Social Justice Ireland* welcome the inclusion of measures to safeguard nursing home residents in the Programme for Government. This must be adequately funded. To this end, **Budget 2021 should include an additional €32m for nursing homes.** This allocation should ensure that care is provided in consultation with nursing home providers, residents, families and carers, and take account of the recently published 'Ethical considerations relating to long-term residential care facilities in the context of Covid-19'.

In addition, 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 11,780 safeguarding reports made to the HSE National Safeguarding Office in 2018, over 27 per cent (3,218) were made by people aged 65+, with 11.6 per cent (1,378) made by people aged 80+. The most prevalent types of abuse reported were psychological (1,261), physical (1,012) and financial (811). Immediate family members were most likely to be reported as alleged abusers (964). More is needed to support adult safeguarding in Ireland with an increase in safeguarding supports at local and national level. **Budget 2021 should contain an additional €2 million to increase the capacity of the HSE Safeguarding Teams and develop a public awareness programme to support older people experiencing abuse.**

Adequate Income

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 these very lucrative pension-related tax reliefs accrue to individuals in the top income quintile).

***Social Justice Ireland* proposes a single-rate universal state social welfare pension from January 2021 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.

Environment and Sustainability

As we look towards the future and rebuilding our society and our economy, Budget 2021 provides an opportunity to ensure that our investment strategy supports a just transition, reduces emissions, and builds a vibrant society and economy. It is vital that the recovery and stimulus package greens the economy and reduces emissions. Any sector-specific financial measures or bailout packages must be accompanied by sector-specific measures for emissions reductions and improved environmental performance.

Commercial Air Transport Tax

Jet kerosene is not subject to Mineral Oil Tax at present, yet it is well-known that air travel is a significant polluter. In a first step to address this anomaly, and as part of a comprehensive carbon policy to meet our national targets for 2030 out to 2050, *Social Justice Ireland* proposes the introduction of a **Commercial Air Transport Tax in Budget 2021. This would yield €210m** in normal circumstance. This is in line with the 'Polluter Pays' Principle and the Environment Liability Directive. Airlines and business air charter companies operating in Ireland would pay a per-passenger charge of between €5 and €30, depending on destination, on all commercial flights with a seating capacity greater than 10 people departing Irish airports.

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 2021. This would generate an estimated yield of €75m in normal circumstances.

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 €75m be allocated in Budget 2021 for a retrofitting programme** modelled on the Energiesprong programme in the Netherlands. In addition, **€75m should be invested in the development of renewable energy sources** and the move to a low-carbon power system by 2050. €2m 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 who would benefit most from energy upgrades.

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 the introduction of a **15c levy on single use coffee cups** and an investment of **€5m in a deposit and return scheme for sealed beverage containers** in Budget 2021. This would boost recycling and yield an economic return of approximately €96m per annum under normal circumstances.

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. Budget 2021 should invest **€10m in the National Parks and Wildlife Service and in the National Biodiversity Centre** to scale up policies to support biodiversity, develop and implement an ambitious and effective Post-2020 Global Biodiversity Framework, and mainstream biodiversity into economic decision-making.

Investing in the Future—the Circular Economy

Moving 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. *Social Justice Ireland* proposes an allocation of **€10m in Budget 2021 to begin implementation of a Circular Economy Package** concentrating on areas such as sustainable agriculture, bio-economy, and recognition of the interconnectivity between the economy, environment and society.

Fossil fuel subsidies and tax expenditures

In Budget 2021 Government should begin the process of **ending fossil fuel subsidies and environmentally harmful tax expenditures**. These not-insignificant resources should be invested in in renewable energy, addressing energy poverty and a deep retrofitting programme for homes and community facilities.

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*, and 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.

Investment must be underpinned by a **Just Transition Strategy**. 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.

Ireland: Some Key Diagrams and Tables

Chart 6: National Debt per person, 2000-2020 *pre-Covid*

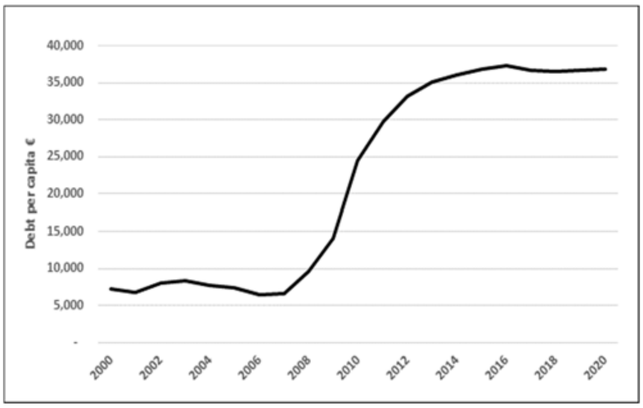


Chart 7: Jobseekers Benefit (% of Avg Weekly Earnings)

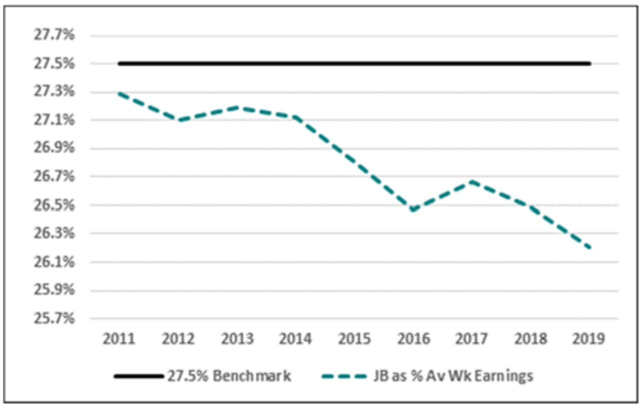


Chart 8: Poverty and Deprivation, 2005-2018

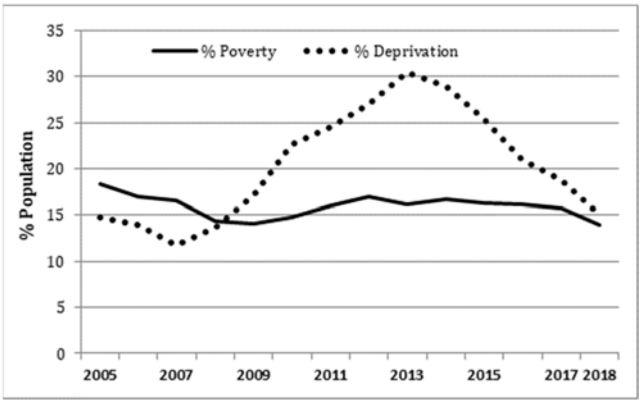


Chart 9: Unemployment 2007-2020 *pre-Covid* (000s)

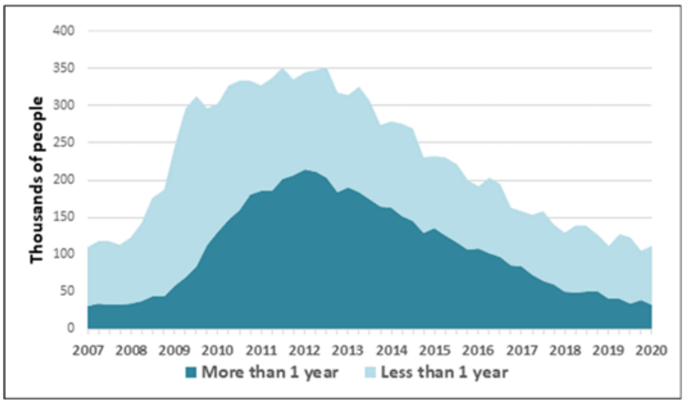


Table 1: The Minimum Disposable Income Required to Avoid Poverty in 2020, by Household Types

Household containing:	Weekly poverty line	Annual poverty line
1 adult	€284.46	€14,843
1 adult + 1 child	€378.33	€19,741
1 adult + 2 children	€472.20	€24,639
1 adult + 3 children	€566.07	€29,538
2 adults	€472.20	€24,639
2 adults + 1 child	€566.07	€29,538
2 adults + 2 children	€659.94	€34,436
2 adults + 3 children	€753.81	€39,334
3 adults	€659.94	€34,436

Table 2: Effective Taxation Rates for selected household types, 2000 / 2008 / 2020

	2000	2008	2020
Single earner			
Gross Income €25,000	24.0%	8.3%	12.6%
Gross Income €60,000	37.7%	27.5%	30.1%
Couple 1 earner			
Gross Income €40,000	20.2%	9.4%	10.7%
Gross Income €60,000	29.0%	19.8%	21.9%
Couple 2 earners			
Gross Income €40,000	17.5%	3.6%	7.6%
Gross Income €100,000	35.9%	23.8%	26.4%

Data on this page is from: OECD *Economic Outlook*; CSO *National Income and Expenditure Annual Results*; CSO *Quarterly National Accounts*; Department of Finance *Stability Programme Update*; IMF *World Economic Outlook*; CSO *LFS*; CSO *SILC*, Social Justice Ireland *Budget Analysis and Critique* and *Socio-Economic Review*.

Direct Provision, ODA, and Domestic Abuse

Direct Provision

By the end of 2018 there were 6,252 applicants for International Protection living in Direct Provision centres across the State, with centres reaching almost full capacity by December 2018. 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.

Three reports published in December 2019 highlighted the conditions experienced by residents in Direct Provision. The living conditions described in these reports are grossly inadequate and create health, safeguarding and child protection issues. Among the recommendations of one report (Doras) was the abolition of Direct Provision and its replacement with own-door, self-catering accommodation; increased allowances; increased access to transport; and increased access to health supports. The report of the Joint Oireachtas Committee on Justice and Equality called for a move away from private operators towards the provision of accommodation and wraparound services through Approved Housing Bodies.

Covid-19 has presented a particular issue for people in communal settings who were unable to socially distance or self-isolate. The allocation of funding for self-isolation facilities lacked the necessary oversight to ensure it was properly implemented and failed to take account of the fact that the disease has an incubation period and can be asymptomatic.

The Spending Review of Direct Provision, conducted by IGEES in 2019, estimated an approximate expenditure of €66m per year to replace the current system with a social welfare payments model. While operationally difficult to implement, this would treat asylum seekers with a greater level of dignity than the current system. *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.

To address the immediate risk of poverty, Budget 2021 should **increase the adult weekly allowance by €6 and extend child benefit to all children living in Direct Provision. This would cost a total of €4m in Budget 2021.**

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 2020 allocated €837m in overseas aid. At the time, we estimated that this would bring Ireland's ODA allocation to 0.41 per cent of projected GNI* in 2020. However, the Covid-19 lockdown and the resultant economic contraction means that GNI* for 2020, while difficult to project, is certain to fall. This means that ODA for 2020 will be a much higher proportion of national income.

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 2020, 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.

Last year, *Social Justice Ireland* projected an increase of approximately €154m in Ireland's ODA budget in Budget 2021 would be required to keep Ireland on track to meet the 0.7 per cent target by 2025. The contraction in GNI* makes this goal more achievable and is an opportunity to recover lost ground in relation to our ODA commitments.

Despite the fall in GNI*, *Social Justice Ireland* recommends a substantial increase in ODA in Budget 2021, to ensure that progress on Ireland's ODA to national income ratio is not temporary—to be erased following an economic recovery. Government should also make a commitment to increase the aid budget over the following four years to reach 0.7 per cent of GNI* by 2025. 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.

Domestic Abuse

Statistics produced by Safe Ireland indicate that 1,138 women and 1,667 children were accommodated in a refuge in 2018. Some 9,971 individual women and 2,572 individual children received some supports from domestic violence refuges in that year and services were unable to provide accommodation for 3,256 requests because they were full.

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. Safe spaces with wraparound supports are needed for the c.10 per cent of women experiencing domestic abuse who need them, and additional service-level supports are needed for the remaining 90 per cent. If Government is serious about addressing this epidemic, **Budget 2021 must contain a capital allocation of €15m for refuge supports and a current allocation of €30m for service provision, training and legal supports.**

Tax Expenditures - Capital Spending

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 don't increase direct government expenditure. So it is sometimes forgotten or overlooked that they represent revenue to the government that is being foregone, so there is always a cost attached.

In 2016, tax expenditures amounted to approximately 10 per cent of total tax revenue and 9 per cent of government expenditure. This is very significant. However, unlike direct government expenditure, tax expenditures are not subject to annual assessment as part of the budgetary process. *Social Justice Ireland* considers it extraordinary that this is the case given the costs 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 lower earners.

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.

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. 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.

This has obvious implications for *Ireland 2040* (the National Development Plan). Renewable energy and clean energy infrastructure are job-intensive and offer high potential returns on investment. 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. Aligning the short-term emergency responses to the achievement of long-term economic, social and environmental objectives is the big challenge for the new government.

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 of €5 million in allocation for Civil Legal Aid in Budget 2021** 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. Insolvency options may be a solution for some, however the legislation remains deficient, particularly in respect of low income debtors. A reported 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. **Budget 2021 should commit to a comprehensive cost-benefit analysis of the Abhaile scheme, with savings ring-fenced for the provision of financial literacy programmes.**

Summary of Key Policy Goals and Investment Packages

Health, Disability and Carers - €1,062m

- Frontload initial investment for Sláintecare - €500m
- Improve Community nursing facilities - €50m
- Increase funding for Primary Care Networks - €150m
- Implement the *Vision for Change* mental health strategy - €35m
- Restore cuts to disability services in full.
- Introduce a Cost of Disability Payment - €150m
- Increase investment in disability services, including respite and PA services - €35m
- Allocate for full implementation of the UNCRPD - €5m
- Increase Domiciliary Care Allowance - €10m
- Expand Free Travel Scheme to DCA recipients - €4m
- Increase the Carer's Support Grant - €39m
- Reduced prescription charge - €34m
- Additional investment in addiction services - €50m

Sustainability - €539m

- Integrate a Sustainable Development Framework into economic policy.
- Develop a new National Index of Progress.
- Ensure adequate funding is provided for a Just Transition.
- Ensure that tax-based incentives do not lead to negative environmental outcomes.
- Continue to increase the Carbon Tax - €159m
- Commercial Air Transport Tax - €210m
- Aggregate levy - €75m
- Adequate funding for retro-fitting programmes - €75m
- Invest in National Parks, Wildlife and Biodiversity - €10m
- Implement a Circular Economy Package - €10m

Housing - €1.15bn

- Increase investment in social and affordable housing - €1bn
- End the *Help to Buy Scheme*, and invest in *Housing First* and homelessness prevention - €75m
- Allocate additional funding to the RTB - €5m
- Allocate additional funding to the WRC - €2m
- Introduce taxes on empty homes and underdeveloped land - €75m
- Set a time limit on the use of Family Hubs and emergency accommodation centres.
- Replace the current Local Property Tax with a Site Value Tax.
- Scale up Cost Rental.
- Retain State ownership of State land for social housing.

Rural, Regional and Community - €514

- Allocate funding to Regional Development and Transition - €100m
- Extra funding for Enterprise Ireland - €25m
- Extra funding for Failte Ireland - €25m
- Ensure the speedy roll-out of rural broadband - €300m
- Increase funding for rural transport - €50m
- Additional investment in walking and cycling infrastructure - €10m
- Adequately resource the National Social Enterprise Strategy - €1.5m
- Increase funding for the Community and Voluntary sector
- Increase funding for PPNs - €2m

Education - €344m

- Improve the Pupil/Teacher Ratio in youngest classes - €13.5m
- Expand the Student Support Scheme - €15m
- Restore the Back to School Clothing and Footwear Allowance - €18m
- Increase the School Meals Programme - €4m
- Increase capitation grants by 10% at primary and secondary level - €28m
- Continue support for DEIS schools.
- Create a sustainable funding strategy for Higher Education, with immediate increase in funding - €40m
- Invest in Further Education and Training, and expand apprenticeships - €40m
- Broaden access to maintenance grant - €107m
- Expand the Human Capital Initiative - €30m
- Implement the 'Upskilling Pathways Plan - New Opportunities for Adults - €30m
- Miscellaneous education spending - €18m

Children and Families - 241m

- Move investment in ECCE towards OECD average - €65m
- Develop new state-funded model of childcare provision - €85m
- Increase and improve paternity and parental leave - €34m
- Increased funding to Tusla - €50m
- Integrate arts and cultural learning into the ECCE framework - €5m
- Improve education funding for children in direct provision - €2m

Pensions and Older People - €1.24bn

- Implement Universal State Social Welfare Pension - approx. €1bn
- Invest in social care, including Home Care Packages - €125m
- Restore cuts to Housing Aid for Older People and People with Disabilities - €85m
- Additional funding for nursing homes - €32m

Other taxation and revenue-raising - €2.6bn, including:

- Minimum Effective Rate of Corporation Tax - €1bn
- Standard rate pension-related tax reliefs - €414m
- Standard rate discretionary non-pension tax expenditures - €480m
- Increase stamp duty on non-residential property - €31m
- Increase stamp dump on residential property transfers (in excess of €1m) to 5% - €29m
- Increase both CGT and CAT from 33% to 35% - €93m
- Increase the in-shop and online betting tax to 3% - €46m
- **See pages 4-7 for more proposals, more detail, and a breakdown of the overall package number.**

Miscellaneous

- Make provision to fund and administer a Basic Income pilot scheme, beginning in 2021.
- Maintain progress on ODA towards the 0.7% target.
- Improve monitoring of tax expenditures.
- Implement a minimum effective rate of corporation tax.
- Abolish Direct Provision and replace with a fairer system.
- Make the two main income tax credits refundable.

The Social and Economic position framing Budget 2021

Table 9 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 2021.

COVID-19 and the economic lockdown it precipitated has changed the Budget context completely from 12 months ago. Where once Ireland had the fastest growing economy in Europe, now we are in recession. Where once we were on the verge of full employment, now employment seems likely to remain in the range of 10 to 15 per cent well into next year at least.

At the same time, all of the significant challenges facing Ireland prior to the pandemic remain, including growing pressure on public services, a sustained problem with poverty, homelessness at all-time high levels, and slow movement towards meeting our climate obligations. An ageing population and lengthy social housing waiting lists are among the other challenges faced.

Ireland's low tax-take as a proportion of national income has contributed to significant infrastructure deficits. 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 9: Ireland's Social and Economic Position ahead of Budget 2021

Projected Government deficit in 2020 (ESRI)	€27.5 billion	Minimum Wage (per hour / 39hr week)	€10.10 / €393.90
Projected Government deficit in 2020, % of GDP	9%	Living Wage (per hour / 39 hr week)	€12.30 / €479.70
Gross Govt Debt, % of GDP / GNI*, 2020, original forecasts from Department of Finance	56.5% / 97.4%	Employees earning the minimum wage (or less)	122,800 / 6.4%
Gross Govt Debt, % of GDP / GNI*, 2020, post COVID-19 revision by ESRI	76% / 127%	Minimum Social Welfare Payment (1 adult)	€203 per week
Change in consumption in 2020, based on benign / baseline / severe scenarios from the ESRI	-12% / -13% / -20%	Minimum Essential Standard of Living amount for working-age adult living alone (urban/rural)	€245 / €284 per week
Projected change in exports / imports in 2020 (ESRI baseline scenario)	-8% / - 12%	Poverty line for 1 Adult (week / year) in 2020	€284 / €14,843
Projected change in GDP, based on benign / baseline / severe scenarios from the ESRI (%)	-8.6 / -12.4 / -17.1	Poverty line for 2 Adults (week / year) in 2020	€472 / €24,639
Voted Government expenditure exceed pre-pandemic projections by	€7.83 billion (end-August)	Poverty line for 1 Adult + 1 Child (week / year)	€378 / €19,741
Unemployment (July 2020)	114,600 / 5.5%	Poverty line, 2 Adults + 2 Children (week / year)	€660 / €34,436
COVID-19 Adjusted Unemployment rate (July)	16.7%	Population living in poverty (% / numbers)	14% / 680,000
Youth Unemployment (Traditional / COVID-19 Adjusted) (May 2020)	16% / 41.2%	Children living in poverty (% / numbers)	15.9% / 200,000
Inflation rate (CPI/HICP) year to July 2020	-0.6% / -0.4%	People in employment living in poverty (% / numbers)	5.1% / 110,000
% Tax on single person earning €25,000	24 / 12.6 (2000/20)	% of population experiencing deprivation (2+ basic items) (2007/2013/2019)	11.8% / 30.5% / 17.8%
% Tax on single person earning €60,000	37.7 / 30.1 (2000/20)	Number in need of long-term sustainable homes	c. 133,000 households
% Tax on single person earning €100,000	41.1 / 38.5 (2000/20)	Homeless adults in Ireland (May 2020)	6,089
% Tax on 2-earner couple earning €25,000	11 / 0.6 (2000/20)	Homeless children in Ireland (May 2020)	2,787
% Tax on 2-earner couple earning €60,000	28 / 14.9 (2000/20)	Population of Ireland (April 2020)	4,9277,400
% Tax on 2-earner couple earning €100,000	35.9 / 26.4 (2000/20)	Net migration (year to Apr 2020)	28,900
Corporation Tax rate	12.5%	Net migration Irish Nationals (year to Apr 2020)	+500
Capital Gains Tax rate	33%	% of population older than 65 in 2016 / 2036*	13.3% / 20.6%
VAT rates—Standard / Reduced / Agricultural	23% / 13.5% / 4.8%	% of population older than 80 in 2016 / 2036*	1.5% / 3.2%

Sources: Department of Finance *Economic Bulletin* and *Economic and Fiscal Outlook2019,* Revenue Commissioners, various Parliamentary Budget Office publications, ESRI's Quartlerly Economic Commentary, Summer 2020, CSO Labour Force Survey, CSO *Population and Migration Estimates,* CSO *SILC*, CSO *Census 2016*, CSO *Population and Labour Force Projections (assumption M2F1)*, VPSJ's MESL data, *Summary of Social Housing Assessments 2018*, and Social Justice Ireland's *Budget 2020 Analysis & Critique* and *Poverty Focus 2020*. **Note:** numbers for future years are projections.

A Framework for a Fairer Ireland

Vibrant economy	Decent services and infrastructure	Just taxation	Good governance	Sustainability
Fiscal and financial stability and sustainable economic growth	Secure, well-funded public services and social infrastructure	A tax-take closer to the EU average	Deliberative democracy & PPNs	Increased environmental protection and climate justice
Reduced precarious work and under-employment	Adequate public investment	Increased equity in taxation and reduced income inequality	Social dialogue – all sectors in deliberative process	Balanced regional development
A more just economic structure	Seven social, economic and cultural rights to be achieved	A fair share of corporate profits for the State	Reformed policy and budgetary evaluation	New indicators of progress and Satellite National Accounts

This Briefing, like all of *Social Justice Ireland's* work, is informed by a vision of a fairer Ireland where human rights are respected, human dignity is protected, human development is facilitated, and the environment is respected and protected.

In order to create such a society we have, for the last few years, been calling for a New Social Contract. The five pillar framework above identifies five key policy outcomes for that Social Contract and sets out three key areas for action within each. Each of these five key policy outcomes must be achieved if the vision set out in our writings is to be realised.

It is not enough to have three or even four of the five, while neglecting other areas. It is also not enough to focus on creating a vibrant economy and hope that the other outcomes will automatically follow.

To deal with the challenges Ireland faces, we must create a vibrant economy, with decent services and infrastructure, funded by just taxation. There must be good governance structures in place, and the whole model must be sustainable—not just environmentally, but socially and economically too. This Briefing outlines a number of policy measures that will assist in achieving these goals.

Recent Publications and Research from *Social Justice Ireland*

Building A New Social Contract — (September 2020)

A Rising Tide Failing to Lift All Boats - European Research Series (June 2020)

Poverty Focus (May 2020)

Policy Briefing—Ireland's Taxation System post-Covid-19 - (April 2020)

National Social Monitor—Spring Edition - (March 2020)

Social Justice Matters—Socio-Economic Review - (March 2020)

All of these are available on our website at www.socialjustice.ie
Printed copies can be purchased from the Social Justice Ireland offices.

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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