



Social Justice Ireland

National Social Monitor

Winter 2018



Contents

Introduction	3
Housing and Homelessness	5
Housing and Homelessness	6
Healthcare	7
Healthcare	8
Education and Skills	9
Education and Skills	10
Rural Areas	11
Rural Areas	12
Work	13
Work	14
Governance and Participation	15
Income Distribution	17
Income Distribution	18
Taxation	19
Taxation	20
Environment and Sustainability	21
Environment and Sustainability	22
Global Issues	23
Global Issues	23

Introduction

It is important to monitor society's progress. In recent years Government has increased expenditure on infrastructure and social services. Despite the additional investment, however, the situation in crucial areas such as housing and healthcare remains problematic. This raises a serious question concerning what constitutes progress. *Social Justice Ireland* understands progress as being principally about promoting the wellbeing of individuals and society as a whole.

In order to improve the wellbeing of everyone in society, at all stages of the life cycle, it is vital that our policies address the causes of problems rather than their symptoms only. It is through this lens that *Social Justice Ireland* examines the ten policy areas in the National Social Monitor.

For more than a century the belief that economic growth will trickle down to benefit everyone in a fair and just manner has persisted. This mistaken belief has led to successive Governments implementing policies that give priority to economic growth over all other areas.

While many of those policies have been very successful at generating economic growth, they have not succeeded in having those resources transformed into the levels of service and infrastructure, of equality and inclusion, that most Irish people would support or desire. Looking at this situation through the lens of tackling the causes of problems leads us to the conclusion that economic growth is not enough. More is required if we are to have a society which addresses the basic needs and promotes the basic rights of its population.

Despite being one of the richest countries in the world with one of the fastest growing economies, Ireland today has 780,000 people living in poverty a quarter of a million of these are children and over 100,000 of them have a job. There are over 700,000 people on waiting lists for healthcare; over 500,000 homes without broadband. Over 11,000 people are homeless with close to 110,000 households in need of social housing.

In this Winter 2018 edition of our National Social Monitor, *Social Justice Ireland* outlines the present situation on a range of policy issues that impact on people's wellbeing and looks at whether policy is addressing the causes of problems or only their symptoms. The issues presented are:

1. Housing and Homelessness
2. Healthcare
3. Education and Skills
4. Rural Development
5. Work
6. Governance and Participation
7. Income Distribution
8. Taxation
9. Environment and Sustainability

10. Global Challenges

All of these issues have implications for Ireland's economy and how the market performs. However, they also have implications for the wellbeing of all of Ireland's population and for Irish society as a whole.

Society's values guide its decision-making. Its decisions shape how resources are distributed. Its values, decision-making and resource distribution guide how relationships are organised in society.

The policy areas presented in this Monitor are ones that most people would identify as crucially important for their wellbeing. The Monitor also highlights areas which require attention and resources.

Social Justice Ireland has long advocated a new guiding vision for Irish society; one based on the values of human dignity, equality, human rights, solidarity, sustainability and the pursuit of the common good. These values are at the core of the vision for a nation in which all men, women and children have what they require to live life with dignity and to fulfil their potential including: sufficient income; access to the services they need; and active inclusion in a genuinely participatory society.

A prosperous and cohesive society is one which recognises the interdependence of social, economic and environmental priorities.

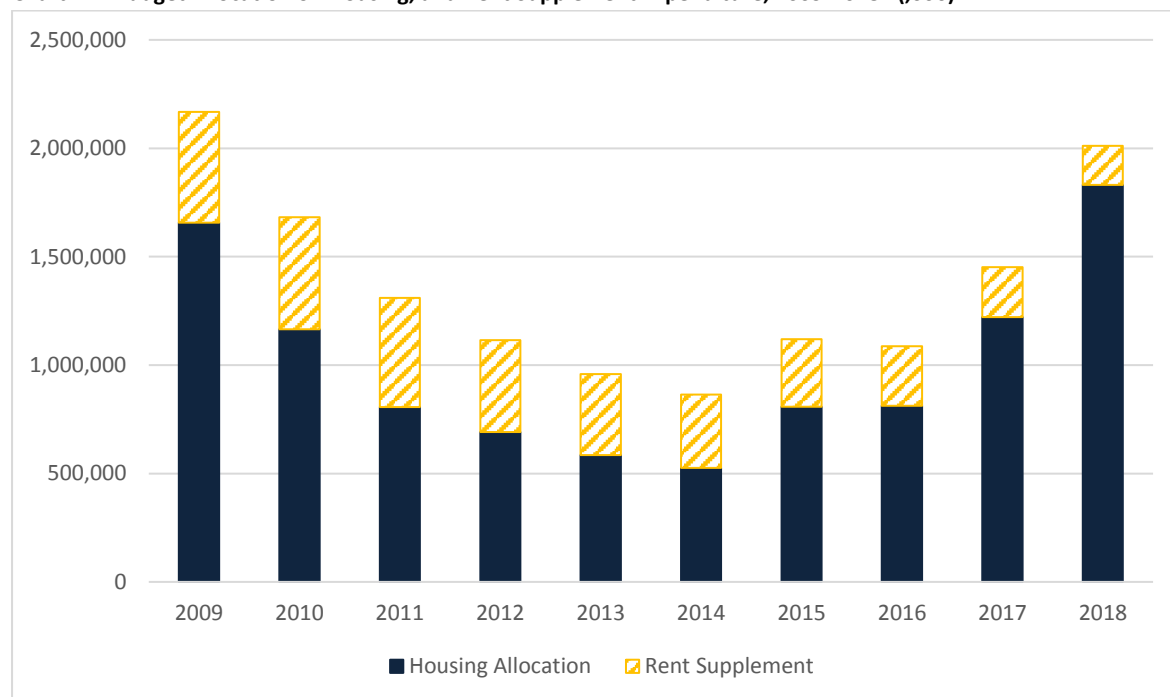
The indicators presented in the following pages show that Ireland has a long way to go to achieve such a vision. But building such a society is possible. It requires recognition of the fact that a future based on the primacy of the market is not likely to be either just or fair and it requires that priority be given to the common good.

Ireland can have a vibrant economy, decent services and infrastructure, just taxation, good governance and sustainability. In order to achieve these outcomes we need to make appropriate decisions regarding the generation and allocation of resources, ensuring that the causes of problems are addressed and not just their symptoms; we need to implement those policies that can deliver the prosperous society and economy that we, as a society, want.

In order to deliver real progress we need to debate and decide what kind of society, served by what kind of economy, we want in Ireland. The National Social Monitor is one of our contributions to this debate.

Housing and Homelessness

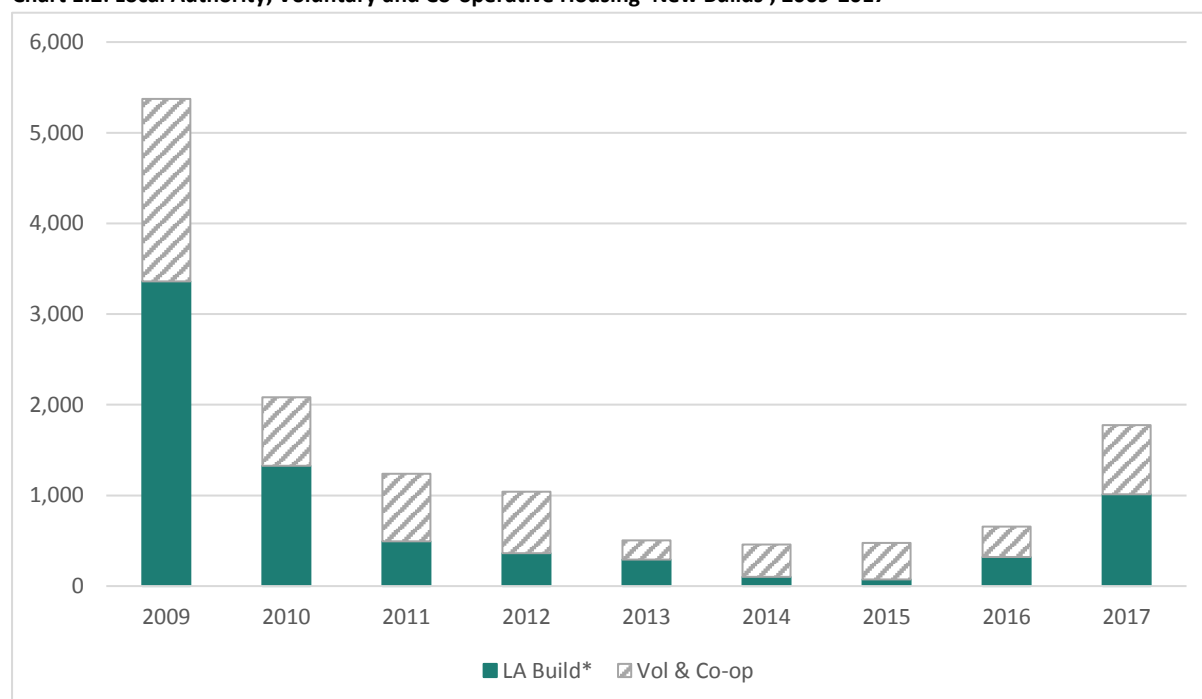
Chart 1.1: Budget Allocation on Housing, and Rent Supplement Expenditure, 2009-2018* (,000)



Source: Budget Estimates, various years; Department of Employment Affairs and Social Welfare Annual Statistical Report 2017

* Rent Supplement for 2018 from Budget Estimates

Chart 1.2: Local Authority, Voluntary and Co-operative Housing 'New Builds', 2009-2017



Source: Department of Housing, Planning and Local Government, Housing Statistics

Housing and Homelessness

Housing



In the years following the bank bailout, Government decimated the housing budget, particularly in the area of capital expenditure. While the Budget allocation to housing has increased since 2014 (Chart 1.1), policy in this area has concentrated on short-term ‘housing solutions’ provided through the private rented sector, rather than investing in long-term capital spending on social housing.

Figures gathered in June of this year show that 71,858 households were assessed as being in need of social housing, compared to 85,799 in 2017. However, while the apparent reduction of 13,941 was heralded as “a positive sign of the success of the Rebuilding Ireland Action Plan so far”, the truth is that the real numbers in need are far greater. The Housing Assistance Payment (HAP) was introduced in 2014 as an alternative for those who would previously have been assessed as eligible for Rent Supplement but were clearly in need of longer-term support. Households in receipt of HAP are deemed to have their social housing need met. This means that households who would, pre-2014, have been given Rent Supplement and included in the social housing waiting list data, are no longer included. While the number in need of social housing is rising, the number of social houses being built by local authorities, housing bodies and co-operatives is grossly inadequate (Chart 1.2).

This shift in policy prioritised those with property portfolios over those without homes. A policy that was further compounded in Budget 2019 by the reinstatement of 100 per cent mortgage interest relief for landlords, a move that will benefit corporate landlords with interest only Buy-to-Let mortgages the most. Government has so-far failed to introduce sufficient protections for tenants facing spiralling rent costs and cramped conditions. In addition to

building social housing, *Social Justice Ireland* has also advocated for investment in an off-balance sheet model for Cost Rental to increase the rental supply and stabilise the rate of rent inflation.

Homelessness

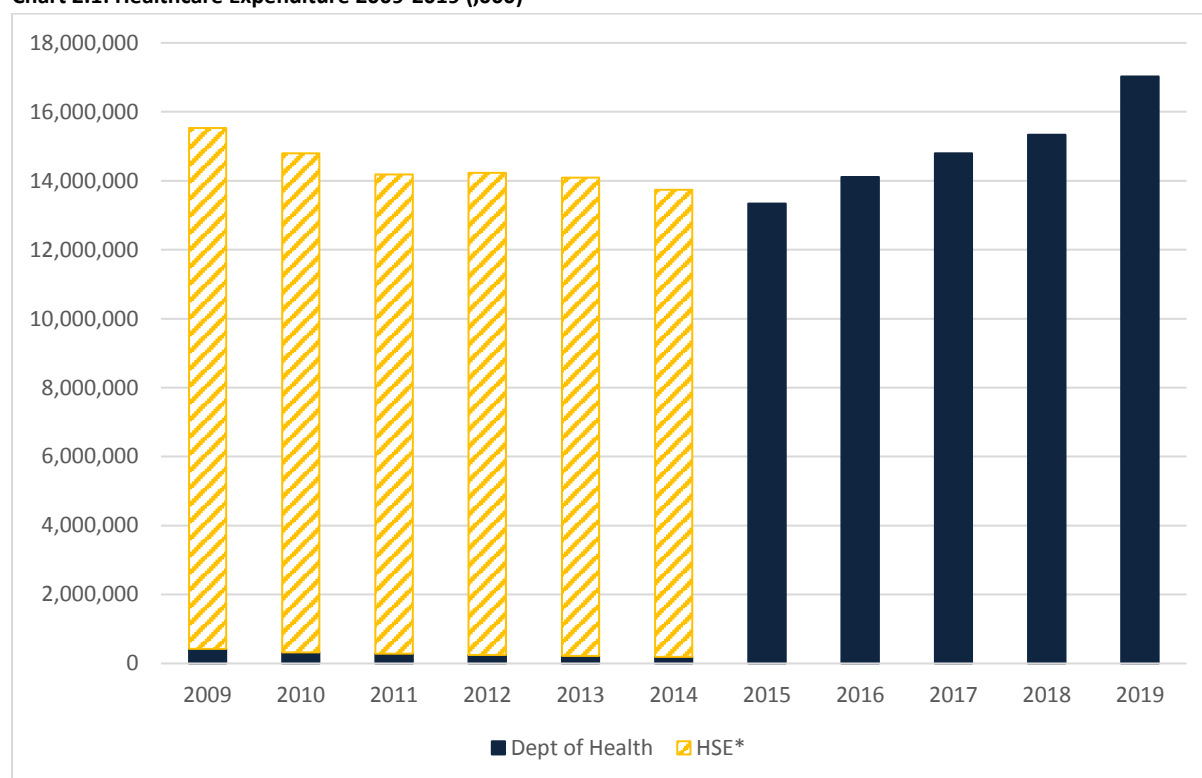
Between September 2014 and September 2018 family homelessness increased by over 350 per cent. In response, Government has issued directives to local authorities to exclude certain families from official figures and to increase the provision of Family Hubs. The Irish Human Rights and Equality Commission, in their report on the provision of emergency accommodation to homeless families, expressed concern at the potential varied experiences of families housed within these hubs throughout the country. They were also concerned that these Family Hubs could normalise family homelessness causing families to be institutionalised and recommended an amendment to section 10 of the Housing Act 1988 to limit the amount of time a family may spend there. This amendment would be in line with legislation introduced in Scotland this year to limit the amount of time families and pregnant women spend in similar hubs to 14 days.

Policy Priorities

- Increase construction of social and low-cost homes.
- Invest in Cost Rental on a substantial scale, utilising off-balance sheet finance.
- Introduce legislation to limit the amount of time families and vulnerable adults spend in hubs.
- Provide greater supports for people experiencing or at risk of experiencing homelessness.

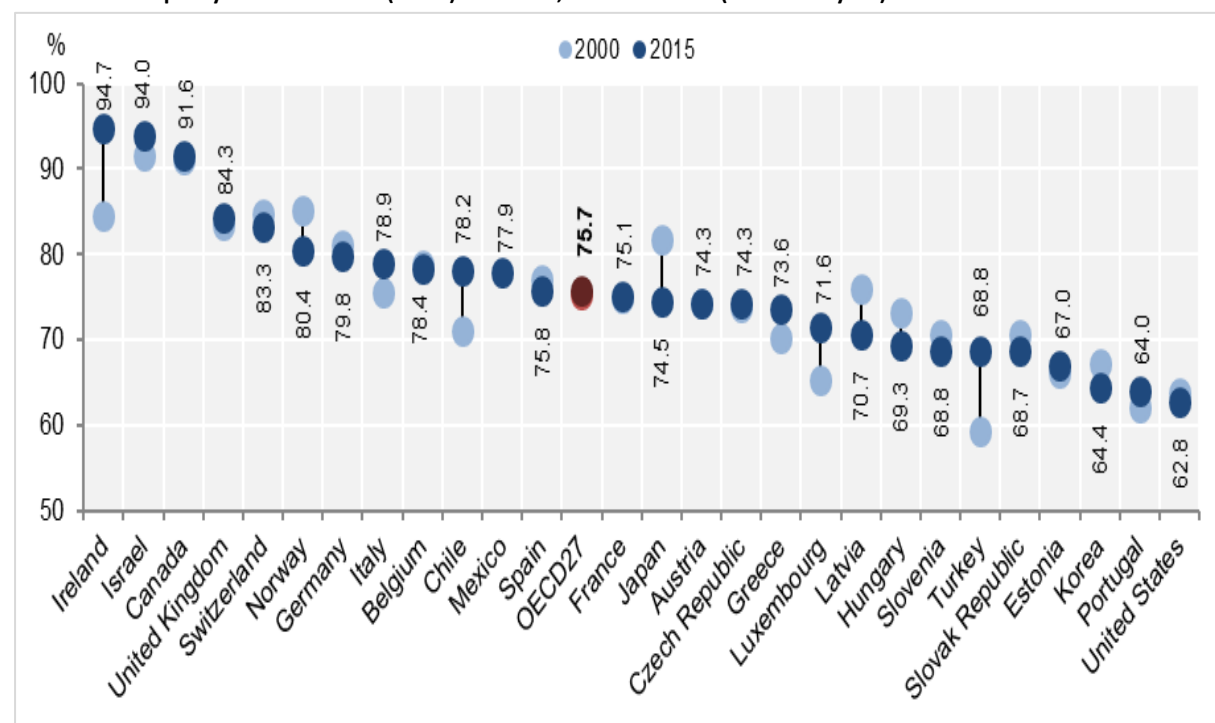
Healthcare

Chart 2.1: Healthcare Expenditure 2009-2019 (,000)



Source: DPER Databank up to 2018; Department of Finance, www.wheremyourmoneygoes.ie re 2019

Chart 2.2: Occupancy rate of curative (acute) care beds, 2000 and 2015 (or nearest year)



Source: OECD Health Statistics 2017

Healthcare



According to the Irish Government Economics and Evaluation Service (IGEES), the Budget 2019 allocation to Health marked the highest allocation to health in the history of the State (IGEES, 2018) (Chart 2.1). While Government now spends more per capita on Health than at the previous peak (€3,364 compared to €3,277 in 2009) the health service is beset by challenges. The numbers of patients on waiting lists for outpatient appointments across the nation's hospitals stand at almost 500,000, we have a two-tiered healthcare system, and, inadequate community-based health services. In addition, the required capital allocation of €500m per year for the first six years to support the infrastructure required to implement SláinteCare has not been made available in any Budget since the programme received cross-party support.

Similar to expenditure on Housing, spending on Healthcare in Ireland is pro-cyclical, making this essential service vulnerable to economic shocks. Rather than develop a service which meets the needs of a growing and ageing population, and takes account of foreseeable pressure points, Government has chosen to make the Health service responsive, always in 'crisis mode', putting vulnerable lives at risk. In the past decade Health annual overspending has increased from €70m in 2008 to almost €700m in 2018. This is unsustainable long-term and requires a large-scale overhaul of Health policy.

Ireland now spends more per capita on Health than the OECD average, yet the number of beds per 1,000 population is less than three-quarters that of the OECD average, and our hospital bed occupancy rate, at 94.7%, is almost 20 percentage points higher than the OECD 27 (OECD Health Statistics, 2017) (Chart 2.2). The Department of Health's own Health Service Capacity Review 2018 (Department of Health, 2018) cites international evidence of high occupancy rates being associated with adverse factors

such as an increase in the risk of healthcare-associated infections (e.g. MRSA), increased mortality, increased probability of an adverse event, risks to staff welfare and reduced efficiency in patient flow. A persistently high occupancy rate coupled with healthcare policies that rely on reactionary measures, rather than strategic planning, means that there is no capacity to adequately respond to unforeseen events, such as the adverse weather conditions earlier this year.

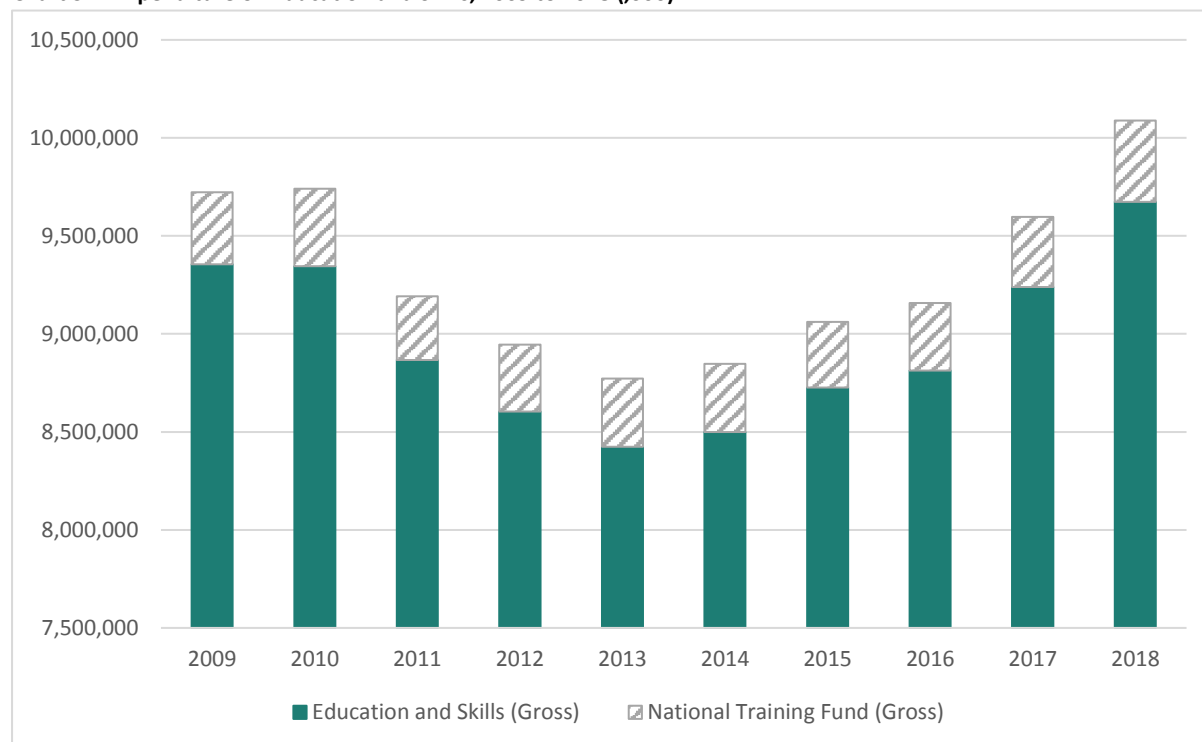
The latest CSO population projections indicates that the number of people aged 60 and over will rise from just over 18 per cent of the total population in 2016 almost one quarter of the population by 2031. With over 118,000 people aged 65+ currently awaiting outpatients appointments, Government must move policy away from reactive acute services to a planned model incorporating primary care networks and community-led healthcare teams across the health system.

Policy Priorities

- Roll out 96 primary care networks (average population 50,000) intended, inter alia, to support primary care teams.
- Fully resource the implementation of the SláinteCare strategy.
- Give priority to the establishment of a statutory scheme for the provision of homecare services for older people, people with disability, mental health needs, and other vulnerable groups.
- Invest in the establishment of community nursing facilities to provide additional capacity each year in priority locations to meet the needs of local communities.

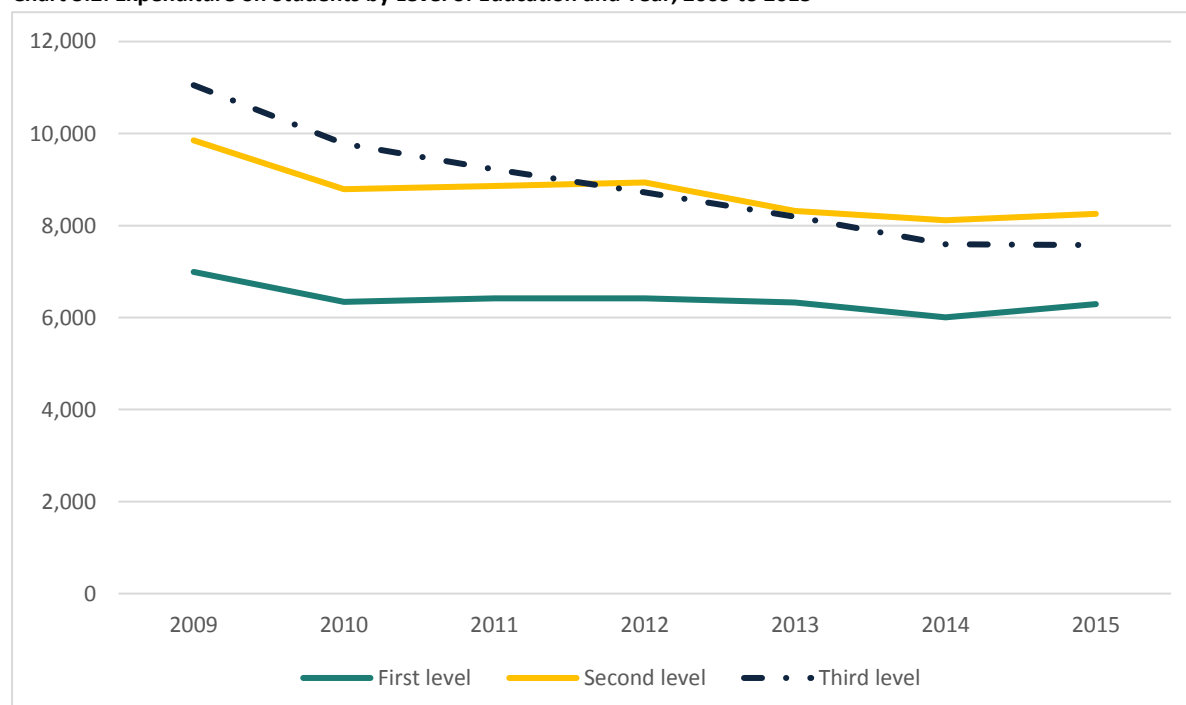
Education and Skills

Chart 3.1: Expenditure on Education and Skills, 2009 to 2018 (,000)



Source: DPER Databank, Gross Expenditure Analysis by Vote

Chart 3.2: Expenditure on Students by Level of Education and Year, 2009 to 2015



Source: Statbank, CSO, 2018

Education and Skills



Continuing the trend seen in Housing and Healthcare, Education budgets suffered during the recession and have been increasing since 2014 (Chart 3.1). Education is transformative and can play a key role in social mobility. It is therefore critical that spending be used strategically. Data released by the CSO show a strong inverse correlation between the highest level of educational attainment and the risk of poverty and rate of deprivation. In 2016, for example, 23.4 per cent of those at risk of poverty had completed primary level education or below, compared to just 4.6 per cent who had completed a third level degree or higher. Similarly, deprivation for these two groups are 29.1 per cent and 5.9 per cent respectively (CSO, SILC 2017).

A study by the OECD, published in March 2018, looked at the link between educational attainment and depression (as defined by the World Health Organisation). Entitled *How is depression related to Education* this report looks at data from 2014 and the correlation between self-reported depression among adults aged 25-64 and the level of education attainment. Ireland had the highest rate of depression among those whose education attainment level was 'below upper secondary education', at over 20 per cent, dropping to just over 10 per cent of those with 'upper secondary or post-secondary non-tertiary education' and almost 10 per cent among those with 'tertiary education'. Ireland is second only to Iceland in terms of the difference in self-reported depression between low-educated and highly educated adults, with a difference of over 15 percentage points among women and about 13 percentage points among men.

The results of this research places an imperative on Government to develop life-long learning programmes to bridge the skills deficits created by educational disadvantage. Not only from an education and poverty perspective, but from a health perspective also.

Social Justice Ireland noted in a previous edition of this Monitor that funding is severely lacking for those in Higher Education and urged Government to implement the recommendations of the Cassels Report in this regard. This need is clearly demonstrated in Chart 3.2 which shows the level of expenditure on students per level of education. While funding for third-level education remains an area for concern, it is also clear that across all levels, expenditure is not sufficient to keep pace with increased demand.

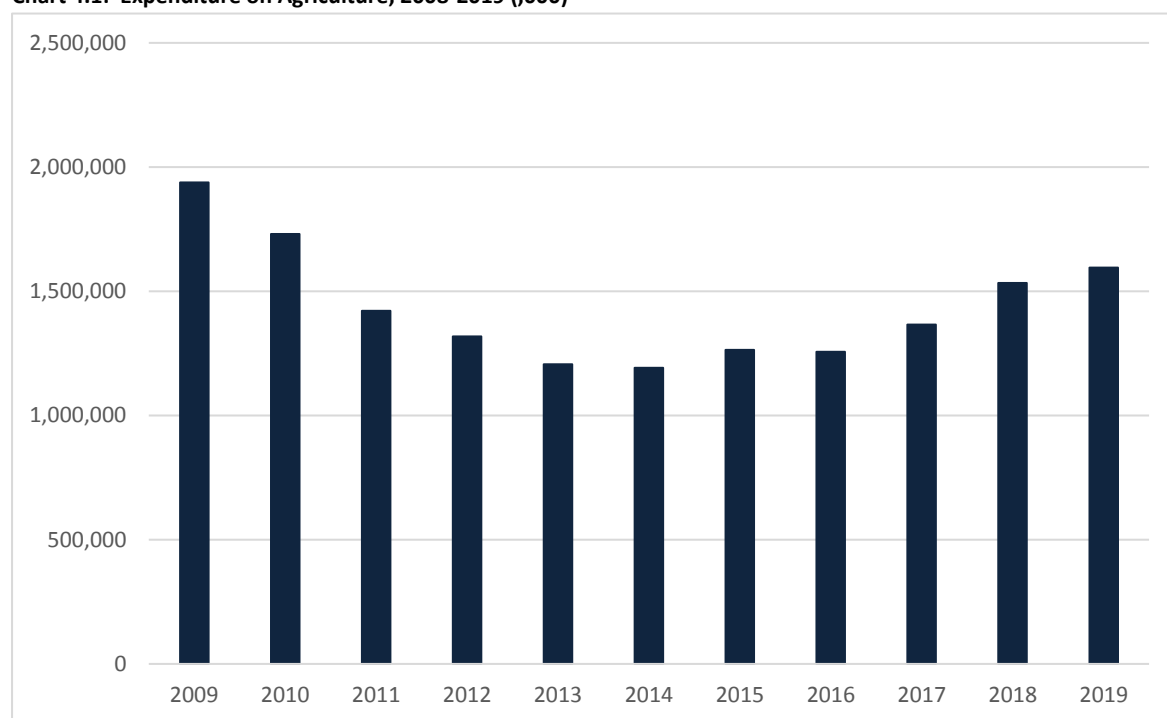
A report published by the OECD *Equity in Education, Breaking down barriers to social mobility* (OECD, 2018) highlighted the need to improve equity in education. It found that, across OECD countries, more than two-thirds of the achievement gap observed at age 15 and about two-thirds of the gap among 25-29 year-olds was already seen among 10-year-olds. There was also a strong link between a school's socio-economic profile and a student's performance, with students in economically advantaged areas performing better in PISA testing. In Ireland, the impact of the socio-economic gap in mathematics achievement was more pronounced between the ages of 10 and 15 years old, as in most OECD countries, demonstrating a real need for targeted responses to educational disadvantage in pre- and early-adolescence.

Policy Priorities

- Develop and commit to a long-term sustainable education strategy that is appropriately resourced.
- Develop targeted programmes for pre- and early-adolescents to address skills gaps.
- Develop supportive life-long learning programmes for adults with low formal educational attainment.

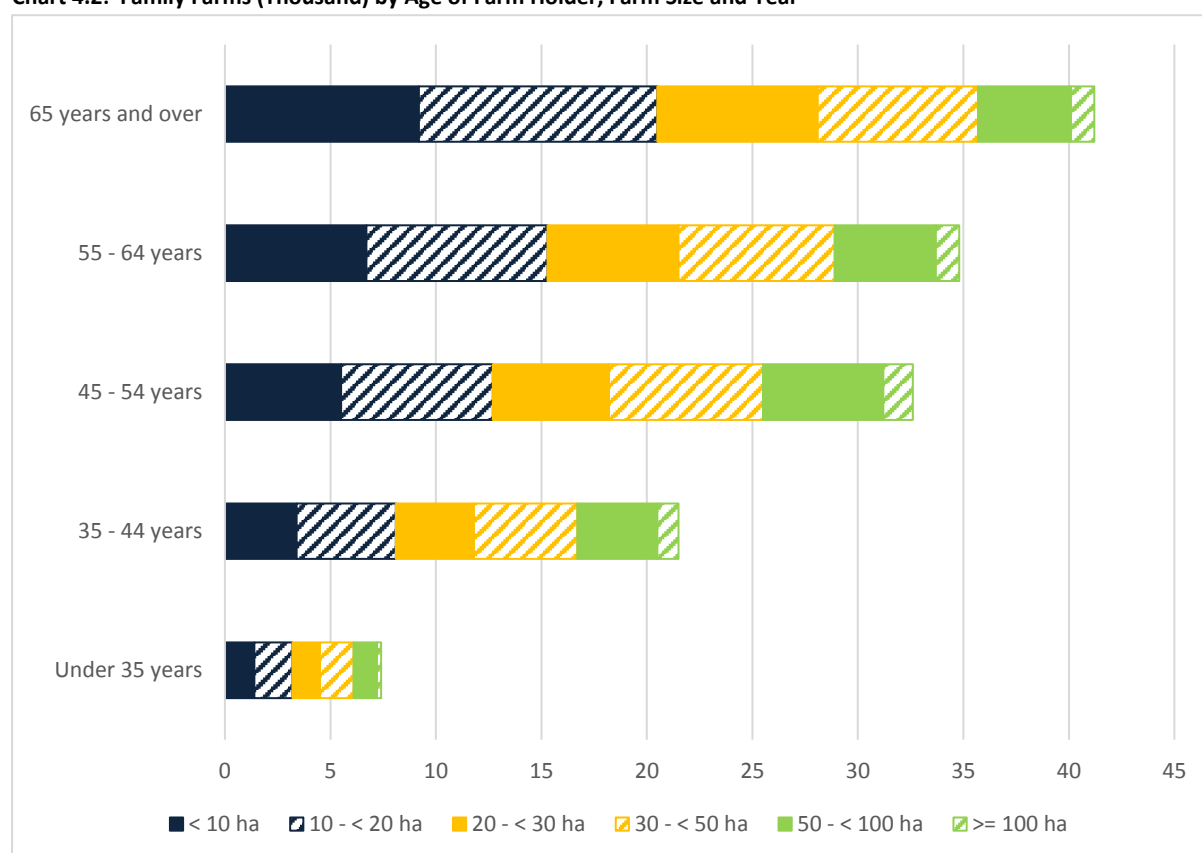
Rural Areas

Chart 4.1: Expenditure on Agriculture, 2008-2019 (,000)



Source: Department of Finance, www.whereyourmoneygoes.ie

Chart 4.2: Family Farms (Thousand) by Age of Farm Holder, Farm Size and Year



Source: CSO, Statbank dataset FSA28

Rural Areas

Agriculture



As with other areas covered in this Monitor, expenditure on Agriculture was reduced during the recession and has been on an upward trajectory since 2014 (Chart 4.1). Unlike other areas, expenditure in Agriculture has not yet reached previous levels despite the need to invest heavily in Agri-environmental Schemes, conservation and bio-fuels and renewable energy to counteract the negative effect of industrial farming on the environment.

The sustainability of Agriculture as a way of life in Ireland is under threat as younger people move out of rural areas. According to the CSO, only 5 per cent of farm holders in 2016 were aged 35 or younger, with 55 per cent aged 55 and older and 30 per cent aged 65 and over. Older farm holders also have a greater share of larger farms than their younger counterparts (Chart 4.2). Of the 265,400 people employed on farms in 2016, 93 per cent were farm holders or their family, with only 7 per cent being a non-family worker. Farming as an economic activity is becoming increasingly precarious with just 12 per cent of land holdings, covering 29 per cent of the total farmed area, accounting for 62 per cent of total output. The remaining 88 per cent of land holdings share just 38 per cent of output. If we are to develop strategies to tackle emissions, to which 32.3 per cent was attributed to Agriculture in 2016 (CSO), we need to invest in attracting young people into sustainable farming practices.

Rural Development

In 2017, the Government launched the Action Plan for Rural Development to support the economic and social development of rural Ireland. The Second Progress Report under this Plan was published in April 2018 and, while progress has been made in many areas, a number of key initiatives fall under the heading 'Delayed Actions' (Department of

Rural and Community Development, 2018:20). These sixteen delayed actions cover areas such as housing, childcare, environmental protection, public transport and the digital landscape. Areas which speak to the very heart of rural development and sustainability. Rural Ireland experiences greater levels of youth migration and has an older population than urban centres. In the absence of decent infrastructure and services, this is set to continue.

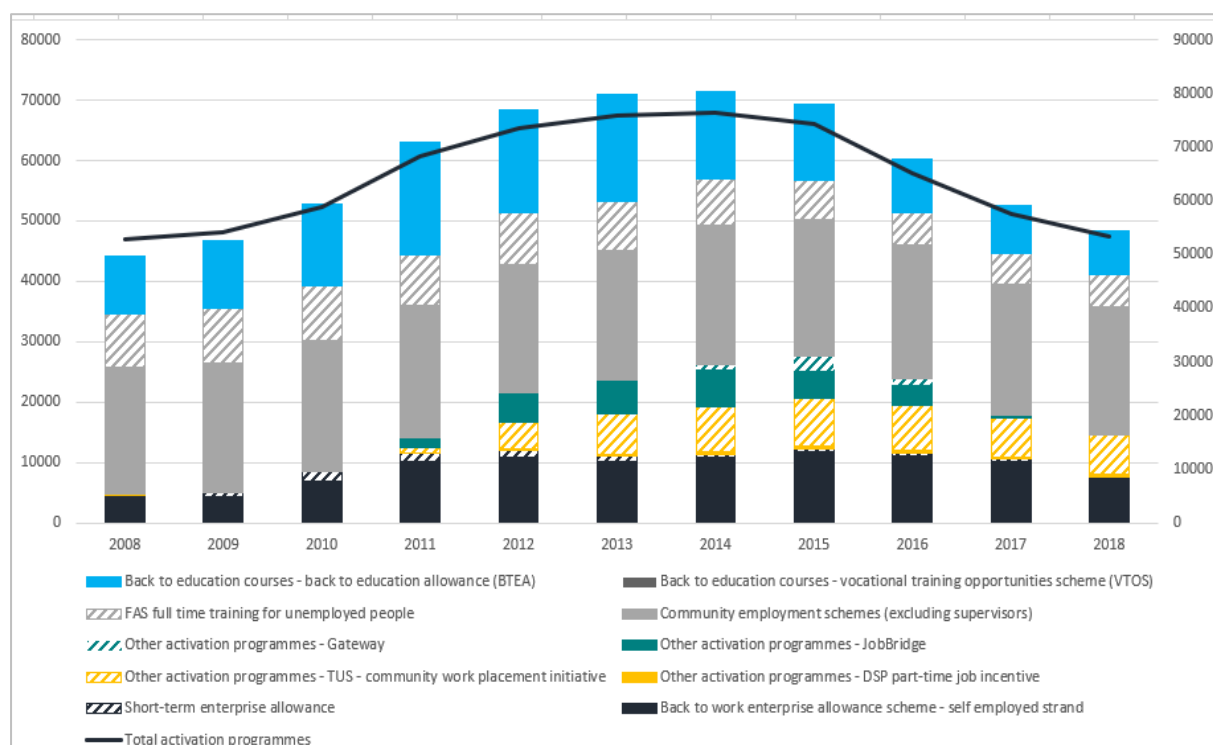
Of particular concern is the lack of movement in respect of the National Broadband Plan. This not only impacts existing households and businesses, but is delaying further development of rural areas. Brexit brings both advantages and disadvantages to rural Ireland, however without the infrastructure required to support indigenous enterprises we cannot expect to attract businesses who may wish to relocate. The most recent issues with the tendering process of the National Broadband Plan must not be used to derail a process that has already been in place for over six years. Increased digitalisation of basic services, particularly financial services, and the likely impact of the upcoming National Digital Strategy will further compound the issues faced by communities in rural areas currently experiencing low levels of service and high instances of social isolation.

Policy Priorities

- Invest in research and development for sustainable, environmentally friendly agricultural practices to inform agricultural policy.
- Expedite the roll-out of the National Broadband Scheme.
- Invest in training programmes and grant schemes in advance of the roll-out of the National Digital Strategy.

Work

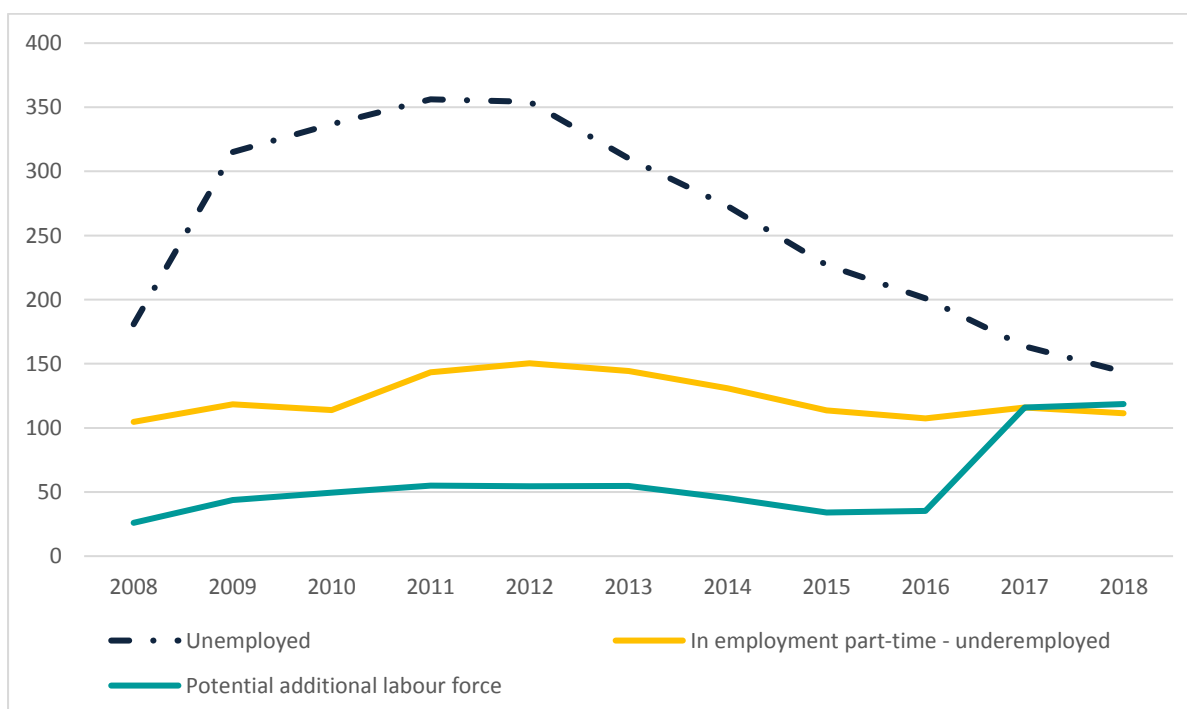
Chart 5.1: Activation Programmes, 2008-2018*



Source: CSO, Statbank LRM14

*September each year

Chart 5.2: Unemployment, Underemployment and Potential Labour Force, 2009 to 2018*



Source: CSO, Statbank QLF01

*Q3 each year

Work



The most recent Labour Force Survey showed employment in Ireland has continued to rise (CSO, 2018). In the year to end Q3 of 2018, employment rose by 3 per cent, or 66,700, to 2,273,200. The annual rate of increase in employment has slowed slightly compared to the previous quarter, when it was 3.4 per cent, but it is still above the previous year which saw an increase of 2.2 per cent. On a seasonally adjusted basis, however, employment increased by 10,700 (0.5 per cent) over the previous quarter, and an increase of 16,500 (0.8 per cent) in Q3 2017.

Of the 66,700 increase in employment, 44,200 is attributed to full-time employment while 22,500 is attributed to part-time employment.

The total number of persons in the labour force in Q3 of 2018 was 2,417,000, representing an increase of 46,900 (2 per cent) over the year. This compares with an annual labour force increase of 11,000 (0.5 per cent) in Q3 2017. The number of persons not in the labour force in Q3 2018 was 1,443,200, an increase of 14,500 (1 per cent) over the year.

As employment has increased, it is unsurprising perhaps that the number of people participating on activation programmes has decreased, with numbers reducing by over 30 per cent between September 2014 and September 2018 (Chart 5.1). It is now time to review these activation programmes to ensure that adequate supports are in place for those furthest from the labour market and new initiatives are developed for those who are in precarious employment and underemployed.

Unemployment, Underemployment and Potential Labour Force



When we look beyond the headline figures, we see that the potential labour force

and the number of people experiencing underemployment increased between Q3 2016 and Q3 2018 (Chart 5.2).

Underemployed people are those who are working part-time but would like more hours if they were available. In Q3 2018 there were 111,500 underemployed people in the State, a decrease on the previous year but still 4,000 more than at the same time in 2016.

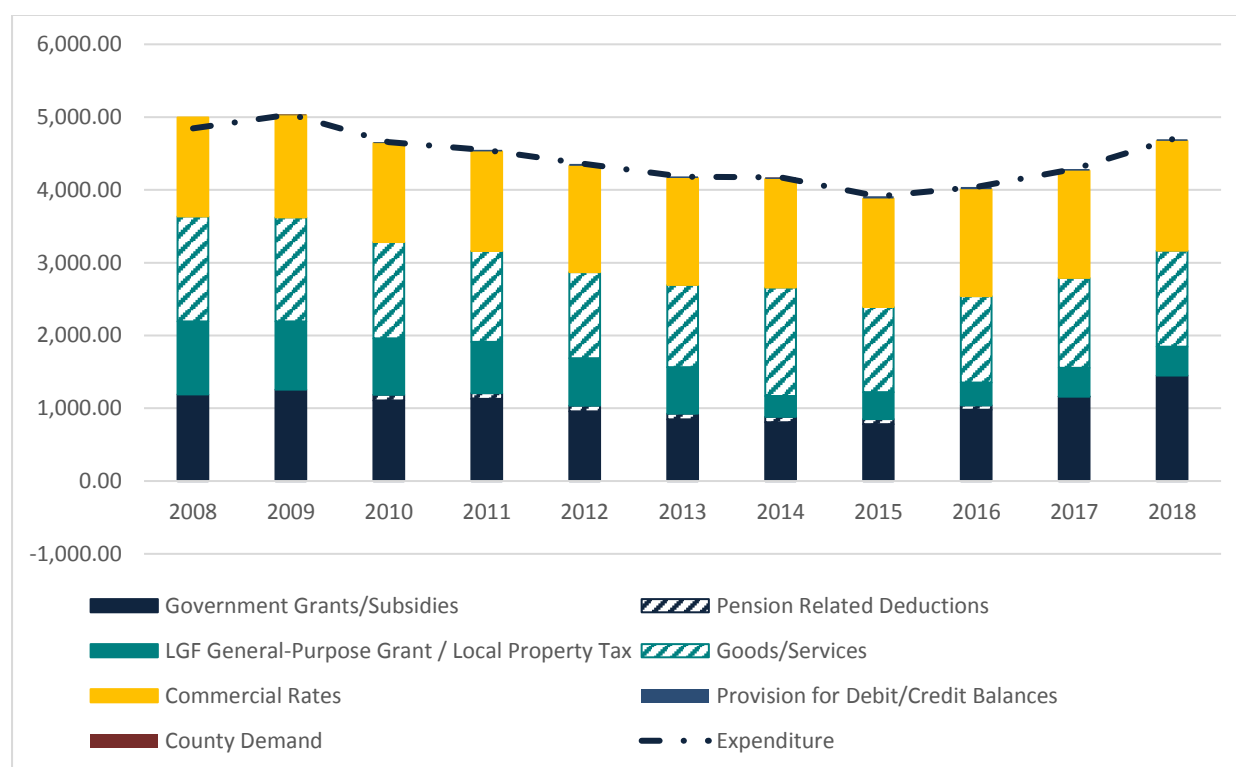
The 'potential additional labour force' is defined by the CSO as the sum of the two groups - 'persons seeking work but not immediately available' and 'persons available for work but not seeking'. This includes students who are applying for work while completing their studies and discouraged jobseekers who would like to work but have given up looking for a job. There was a dramatic rise in the number of people in the potential additional labour force between Q3 2016 and Q3 2017 (an increase of 80,400 people). According to Eurostat data, the percentage of potential additional labour force attributed to discouraged jobseekers was almost 85 per cent. Measures need to be taken to understand the barriers to seeking employment, particularly for long-term unemployed, and to design labour activation measures that focus on facilitating engagement.

Policy Priorities

- Ensure employment provides reasonable rates of pay and secure conditions.
- Make tax credits refundable to help alleviate in-work poverty.
- Engage with discouraged jobseekers to develop appropriate employment activation policies, particularly for long-term unemployed.

Governance and Participation

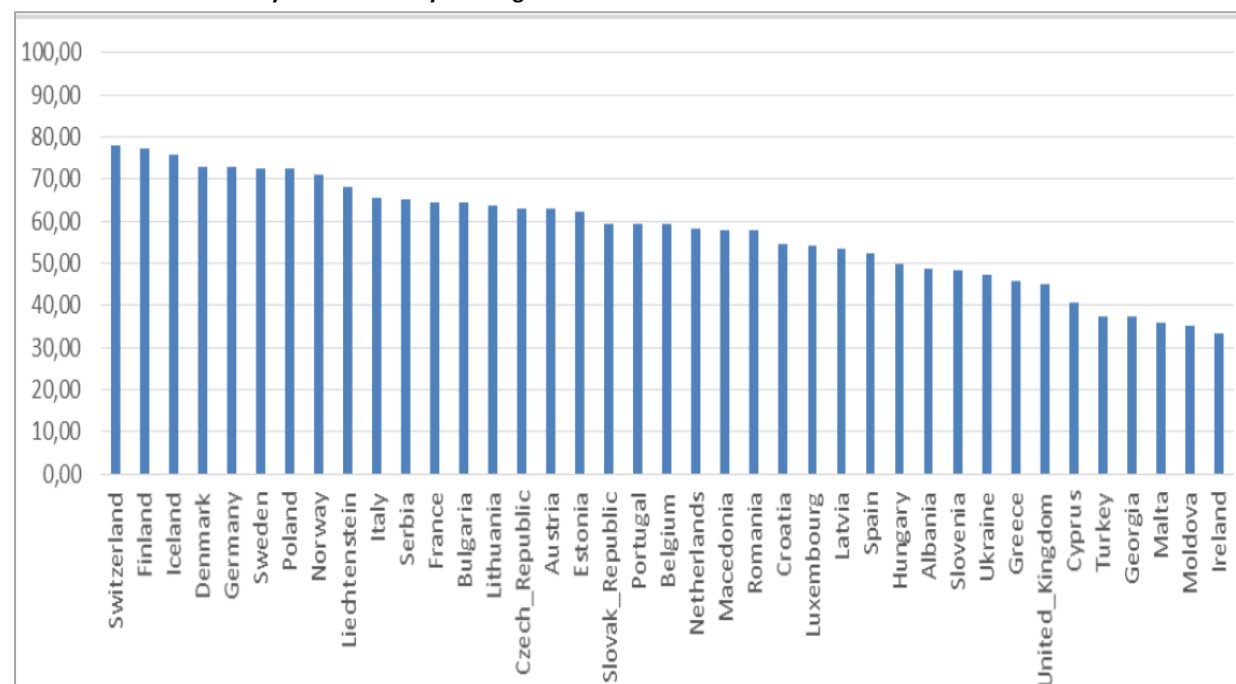
Chart 6.1: Local Government Expenditure and Receipts, 2008-2018 (€m)



Source: Department of Housing, Planning and Local Government, Local Authority Budgets, various years

Note: Total receipts are shown before transfers to the capital account.

Chart 6.2: Local Autonomy Index: Country Ranking 2014



Source: Self-Rule Index for Local Authorities (2015), taken from Reidy, T 'Power Monopoly, Central-local Relations in Ireland', presented at the Social Justice Ireland 31st Annual Social Policy Conference, 2018

Governance and Participation



The largest decrease in Local Authority budgets was in 2015 in the wake of local government reforms of 2014, however the trajectory has been rising since (Chart 6.1). Government Grants and Subsidies hit their lowest point in the last decade in 2014, at €809.6m, before increasing to €1.4bn in 2018. Receipts from Goods and Services, for example rental income; proceeds of sales of local authority housing; planning fees and fire charges, have provided a relatively steady income for Local Authorities, demonstrated by the fact that these receipts were higher in 2014, when overall receipts were lowest, than in 2009 when Local Government receipts were the highest they have been in a decade. This type of increase, while absorbing a rate of mortgage arrears that consistently hovers around 45 per cent and rent arrears of over €72m (2016), points to an increase in local authority property sales which, when taken in conjunction with the low level of local authority construction in recent years, contributes to a different social policy issue, that of lack of social housing.

There is a similar reliance on Commercial Rates, which accounted for over 32 per cent of all Local Government revenue in 2018. At over €1.5bn, this is the highest it has reached in the last decade. Many business interest groups have lobbied for a reduction in commercial rates or at least an overhaul in how rates are calculated. While there is merit in some of these proposals from the perspective of smaller indigenous enterprises, local authorities need to exercise caution in taking any measure that could affect this significant income stream.

Autonomy and Participation

In a paper delivered at the *Social Justice Ireland* 31st Annual Social Policy Conference in November 2018, Dr. Theresa Reidy discussed the centralised nature of government in Ireland. Dr. Reidy points to the level of

taxation collected by central government compared to local government and the share of public spending between the two as evidence of the financial centralisation of government in Ireland. Across the EU countries, only Malta is more fiscally centralised.

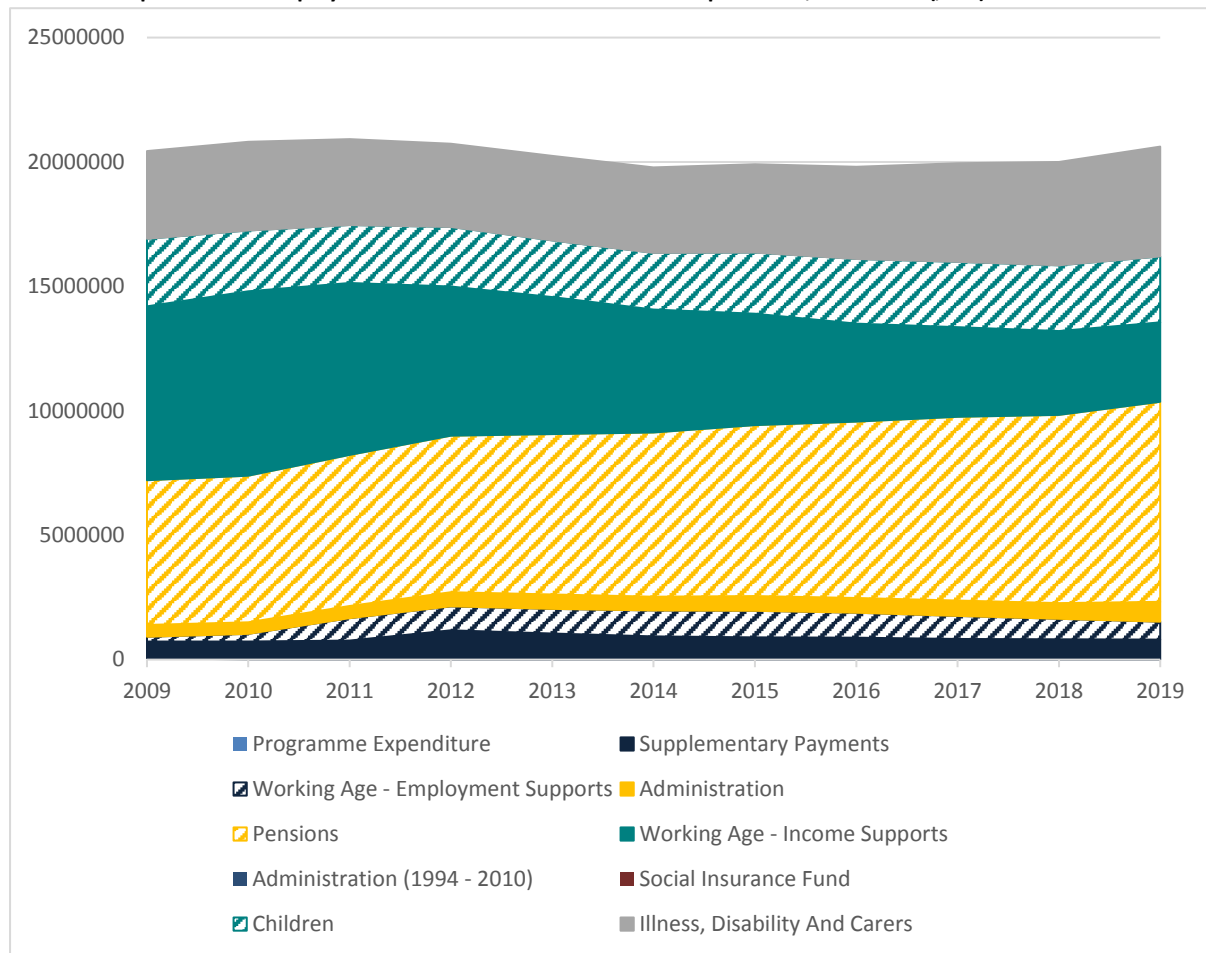
As can be seen in Chart 6.2, Ireland ranked lowest on the Local Autonomy Index 2014, so what does that mean for participative democracy? The 2014 Local Government reforms included the establishment of Public Participation Networks (PPNs) as a mechanism for local and community organisations to input into local government policy. However, this input will only be meaningful if local authorities are sufficiently autonomous to be able to have real impact in their communities. As noted by Dr. Reidy, centralisation does not necessarily lead to more effective service delivery. It also has a distorting effect on regional development, leading to the type of two-tiered recovery we have witnessed in recent years. In order to achieve real and sustainable local government reform, local authorities need to be facilitated, financially and through governing instruments, to develop and implement policies within their communities.

Policy Priorities

- Reinvest 'Goods and Services' revenue in social housing and related infrastructure.
- Conduct a full review of any measures proposed to amend commercial rates to safeguard local authority revenue.
- Implement local government reform and governance that provides for autonomy and facilitates true deliberative democracy.

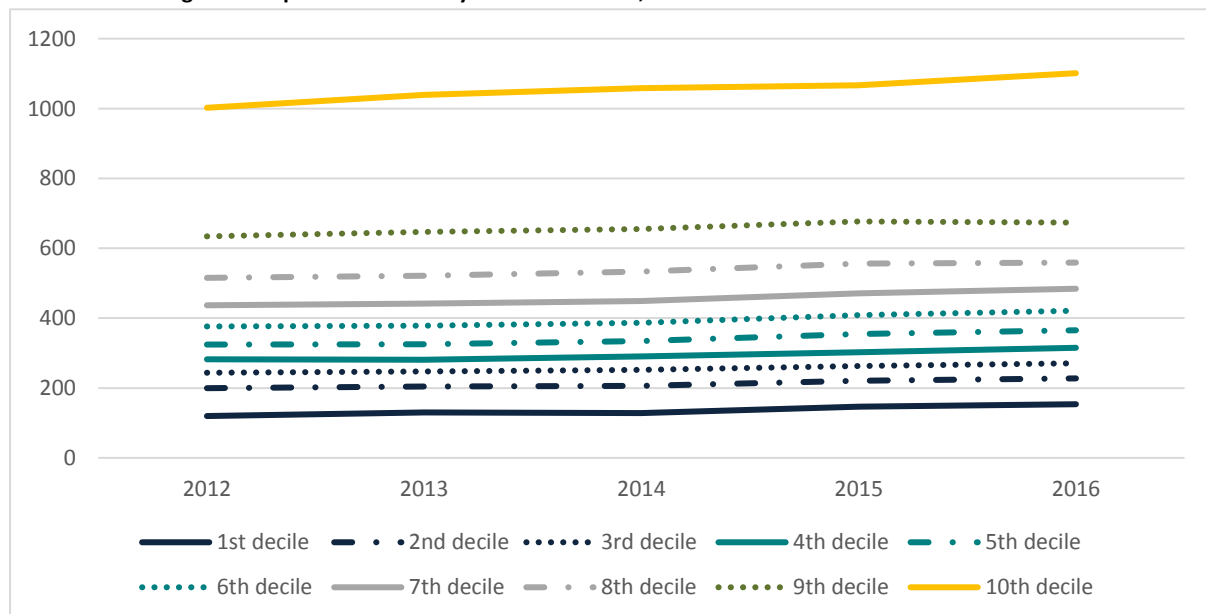
Income Distribution

Chart 7.1: Department of Employment Affairs and Social Protection Expenditure, 2008-2019 (,000)



Source: Department of Finance, www.wheremyourmoneygoes.ie

Chart 7.2: Average Net Disposable Income by Deciles and Year, 2012-2016



Source: CSO, Statbank SIA36

Income Distribution



According to EU SILC data (CSO, 2017), Ireland's poverty rate without social transfers is almost 45 per cent. With social transfers, the poverty rate is 16.5 per cent, equating to over 780,000 people, including 250,000 children. The fact that Ireland's income tax system is progressive, and has lifted over a million people out of poverty, is to be commended. In August 2018, the Tax Strategy Group published its briefing on the Social Protection Package in advance of Budget 2019. In it, the Group stated that 'Welfare payments are essential in supporting wellbeing and reducing inequalities through the redistribution of income, therefore helping to promote social cohesion.'. Recent commentary has suggested that social welfare is a lifestyle choice. However, this is not the case. Data from both the Department of Employment and Social Affairs and the Department of Finance show that expenditure in respect of Working Age Income Supports decreased by 54 per cent between Budget 2009 and Budget 2019, a reduction of over €3.7bn; expenditure in respect of Working Age Employment Supports is almost 20 per cent lower than in 2011; and expenditure on Supplementary Payments is almost 32 per cent lower than in 2012. While some of the reduction in Supplementary Welfare expenditure has effectively been transferred to the Department of Housing, Planning and Local Government in respect of households transferring from Rent Supplement to the Housing Assistance Payment, overall expenditure in respect of payments to working-age adults has seen a marked decrease (Chart 7.1).

Expenditure areas that have increased relate to Pensions, which has increased by over 27 per cent (€2.2bn) between Budget 2009 and Budget 2019; and Illness, Disability and Carers payments, which have seen an increase of almost 32 per cent. These

increases are barely keeping pace with demographic changes. *Social Justice Ireland* has continued to propose a Universal State Social Welfare Pension and a Cost of Disability Allowance, in addition to the provision of adequate payments in respect of children, to support those most at risk of poverty.

Income Inequality

Notwithstanding spending fluctuations in key areas over the past 10 years, income inequality as measured by the Gini Coefficient has remained relatively static. It rose from 29.3 per cent in 2009 to 32 per cent in 2013/14, before decreasing again to 30.6 per cent in 2016. This is reflected in Chart 7.2 which shows an increase in the average net disposable income across all deciles between 2012 and 2016, with those in the top decile receiving an increase of three times that of those at the bottom. In 2016, the net disposable income of those at the top was more than seven times the disposable income of those at the bottom.

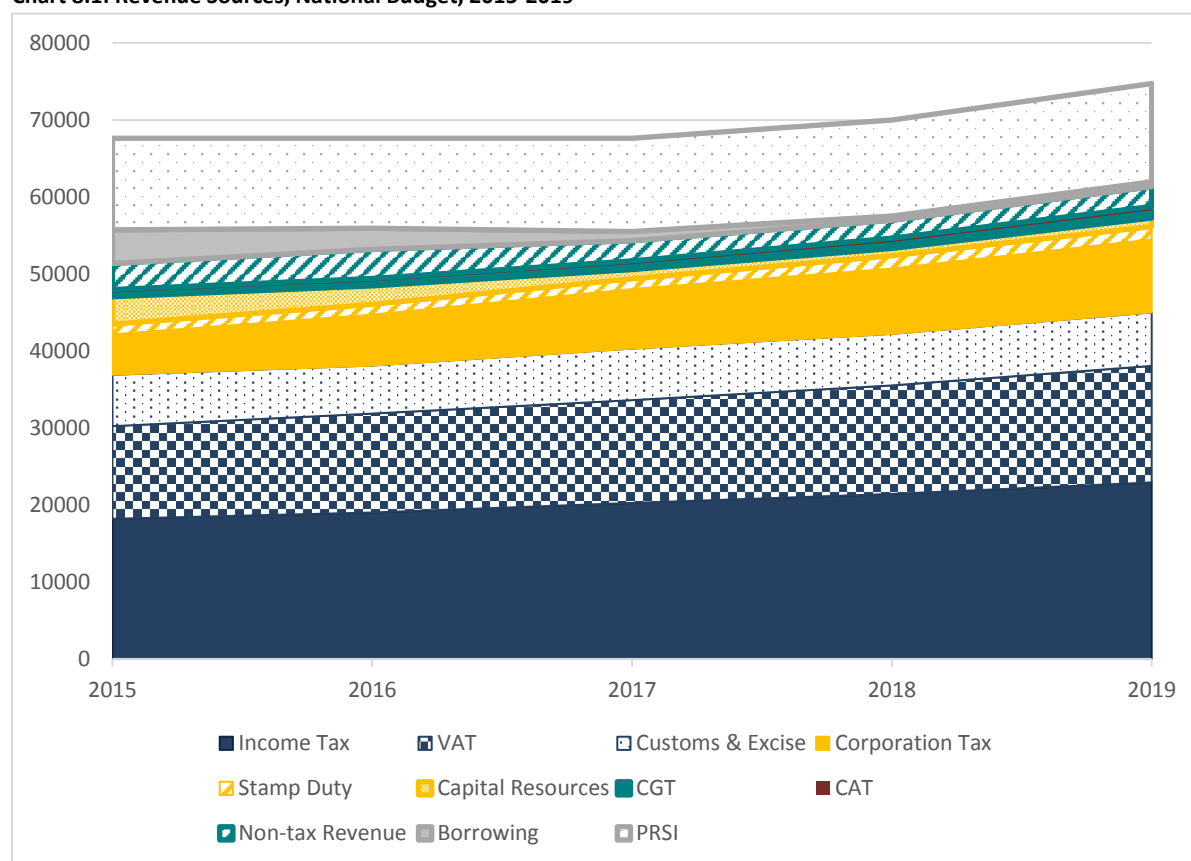
The more unequal a society is, the more social problems it experiences. Income inequality contributes to poorly delivered services, where those who can pay do and those who cannot go without. Government needs to address income inequality by ensuring that everyone has a sufficient income to safeguard a reasonable standard of living and invest in infrastructure development to ensure quality services for all.

Policy Priorities

- Introduce a fully Universal State Social Welfare Pension.
- Introduce a cost of disability payment.
- Ensure adequate payments for children.

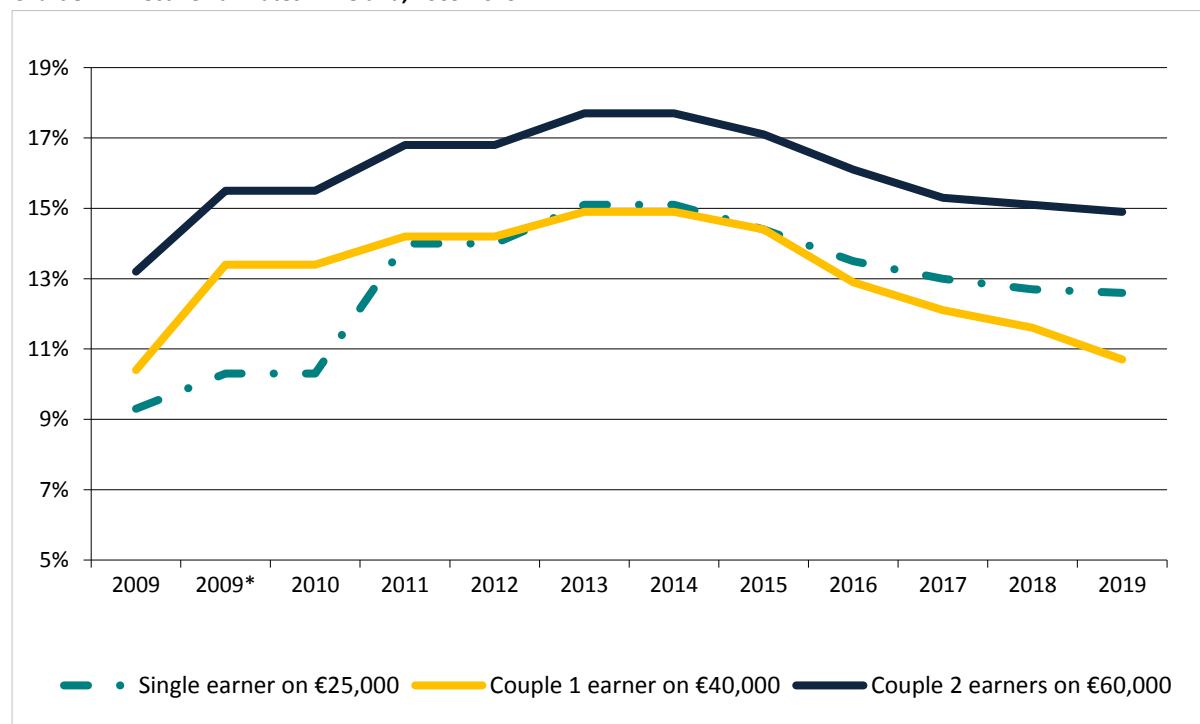
Taxation

Chart 8.1: Revenue Sources, National Budget, 2015-2019



Source: Department of Finance, Economic and Fiscal Outlook, various years

Chart 8.2: Effective Tax Rates in Ireland, 2009-2019



Source: Department of Finance Budget Estimates, calculations by Social Justice Ireland

Note: The cases chosen are illustrative, the Budget documents provide much more information on many case types.

Taxation



Government Revenue in Ireland is categorised by a reliance on a small number of highly-concentrated areas. Income tax, PRSI and VAT provide the main sources of income (see Chart 8.1) and are dependent on an economy which sustains decent employment and consumer confidence. We have already discussed the problems associated with increasing levels of precarious employment at an individual level in this Monitor, however this also has an impact on the viability of Government finances, and its subsequent ability to invest in the type of services and infrastructure necessary to build a sustainable society.

Despite significant increases in the tax take from households (both direct and indirect) over the crisis period, Ireland remains a low tax economy with its tax take among the lowest in the EU. *Social Justice Ireland* believes that over the next few years policy should focus on increasing Ireland's tax take. The European Commission, in their Country Specific Recommendations, published annually, has consistently recommended that Ireland broaden its tax base and reduce its reliance on unstable economic sectors.

Effective Tax Rates

Having discussed the key role income tax plays in Government's overall income, we need now to look at effective rates of income taxation in Ireland. These rates are calculated by comparing the total amount of income tax a person pays with their pre-tax income. For example, a person earning €50,000 who pays €10,000 in taxation (after all their credits and allowances) will have an effective tax rate of 20 per cent. Calculating the scale of income taxation in this way provides a more accurate reflection of the scale of income taxation faced by earners.

Chart 8.2 illustrates our analysis of the effective income tax rates for a single person,

a single income couple and a couple with two earners up to and including measures introduced in Budget 2019.

In 2019, for a single person with an income of €25,000 the effective tax rate will be 12.6 per cent; for a single income couple with an income of €40,000 the effective rate will be 10.7 per cent; and for a dual-earning couple with a combined income of €60,000, the effective rate will be 14.9 per cent. Despite increases during the recent economic crisis, these effective tax rates have decreased considerably over the past two decades for all earners, undermining the stability of this essential revenue stream.

Fairness in Income Tax

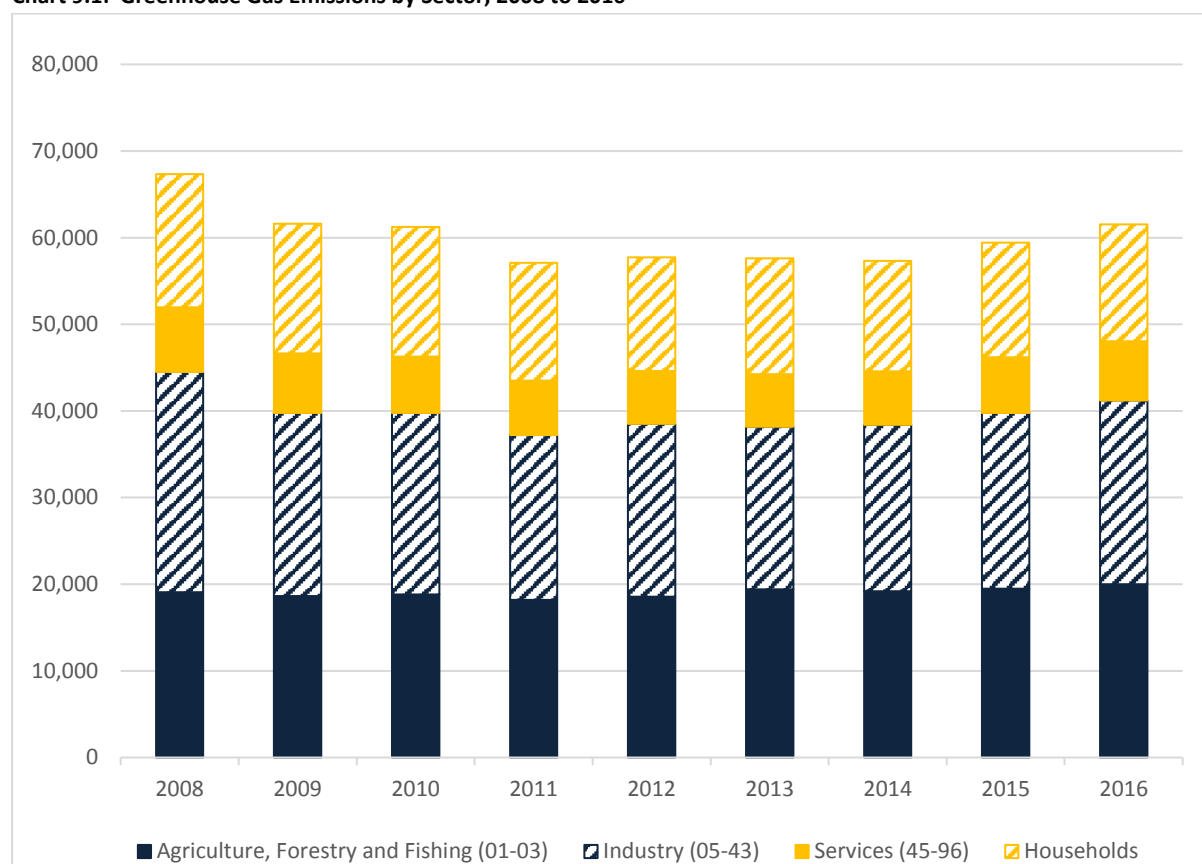
In September 2018 *Social Justice Ireland* published its policy briefing *Fairness and Changing Income Taxes* which considered the fairness of seven possible income tax options for Budget 2019 proposed in advance of the Budget. Of the seven proposals, only two would have had the effect of reducing inequalities: increasing the personal tax credit and reducing the 0.5 per cent and 2.5 per cent rates of USC. Instead, changes introduced by Budget 2019 saw those earning €75,000 per annum benefit more than those on an annual income of €25,000 by a factor of more than ten.

Policy Priorities

- Broaden Ireland's tax base by introducing higher taxes on immovable goods and more secure sectors, e.g. a Site Value Tax.
- Increase the personal tax credit and make tax credits refundable to allow those on low incomes to gain the full benefit of the tax credit system and alleviate some of the burden on the working poor.

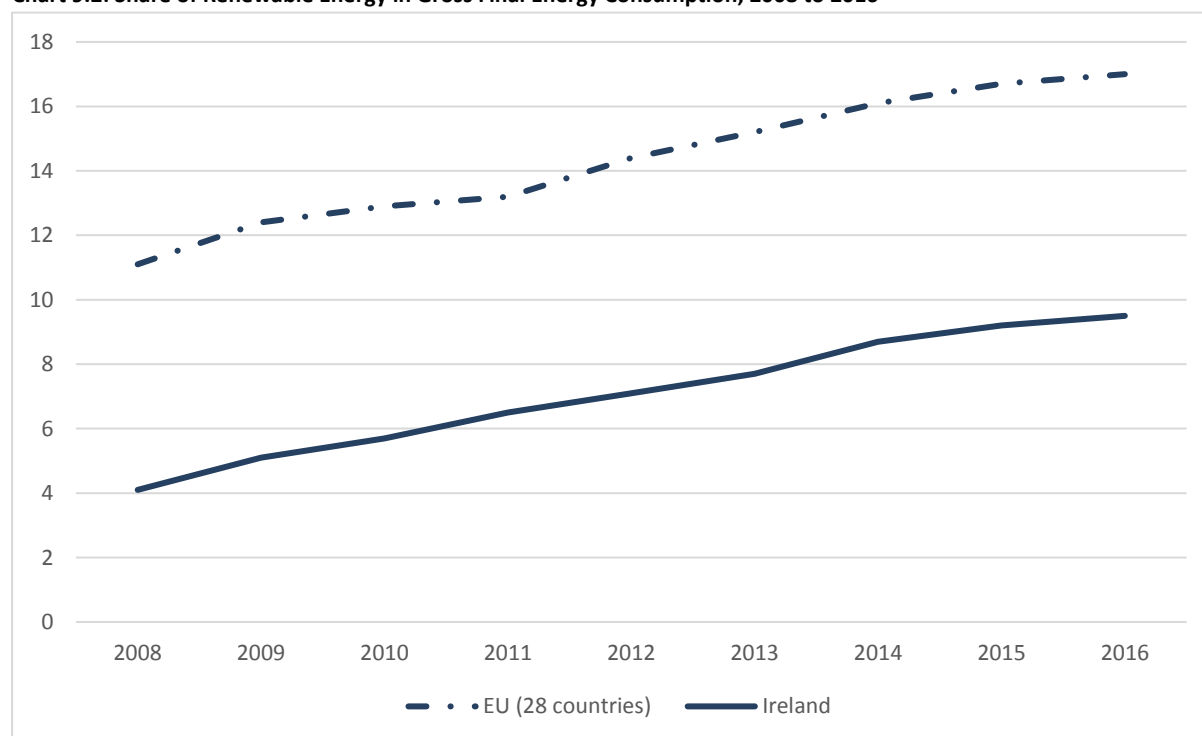
Environment and Sustainability

Chart 9.1: Greenhouse Gas Emissions by Sector, 2008 to 2016



Source: CSO, Environmental Accounts Air Emissions 2016

Chart 9.2: Share of Renewable Energy in Gross Final Energy Consumption, 2008 to 2016



Source: Eurostat Database [sdg_07_40]

Environment and Sustainability



Between 2015 and 2016, total greenhouse gas emissions increased by 3.6 per cent to 61.5 million tonnes of carbon dioxide equivalent (CSO, 2018). Emissions in all sectors increased during this time, with the Services sector experiencing the highest percentage increase (albeit from the lowest base). The Industry sector accounted for the largest share of emissions in 2016 (at 21.1m tonnes of carbon dioxide equivalent), closely followed by Agriculture (at 20m tonnes) (see Chart 9.1).

As detailed in the Autumn edition of this Monitor, Ireland's greenhouse gas emissions in 2016 were the highest they have been since 2010. Our status as 'climate laggard' has been widely criticised, both nationally and internationally, yet Government has not made any significant effort to address it.

In October 2018 the Intergovernmental Panel on Climate Change published a special report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty (IPCC, 2018). This report found that the world is currently 1°C warmer than pre-industrial levels and stated that by 2030, emissions need to be approximately 45 per cent lower than they were in 2010 to stay below the 1.5°C target. This gives just 12 years to overhaul our processes, in particular our Industrial and Agricultural practices, if we are to play our part in avoiding the catastrophic effects of further global warming. It is more than disappointing, therefore, that the day after the IPCC report was published, the Irish Government chose not to increase the carbon tax in Budget 2019.

In her paper entitled *With 12 years left to limit climate catastrophe, Ireland needs to govern the clock*, presented at Social Justice Ireland's 31st Social Policy Conference, *'From Here to Where?'*, Dr. Cara Augustenborg proposed

that one advantage of Ireland's 'laggard' status is that there is no shortage of ways to reduce our greenhouse gas emissions, given our low starting point. Dr. Augustenborg proposes a move to a low carbon economy, which would not only benefit our environment but stimulate 'employment growth and greater social equity through increased energy and food sovereignty and improved public health from discontinuing the burning of fossil fuels'. The Government defended its refusal to increase the carbon tax in Budget 2019 as a way of protecting low-income families reliant on fossil fuels during the winter months, however there were better ways to do this. The Government could have chosen to increase the Fuel Allowance payment by more than 84c per week; or could have invested in retrofitting older homes and community buildings; they could have invested in research and development of more environmentally sustainable agricultural and industrial practices. But they did not.

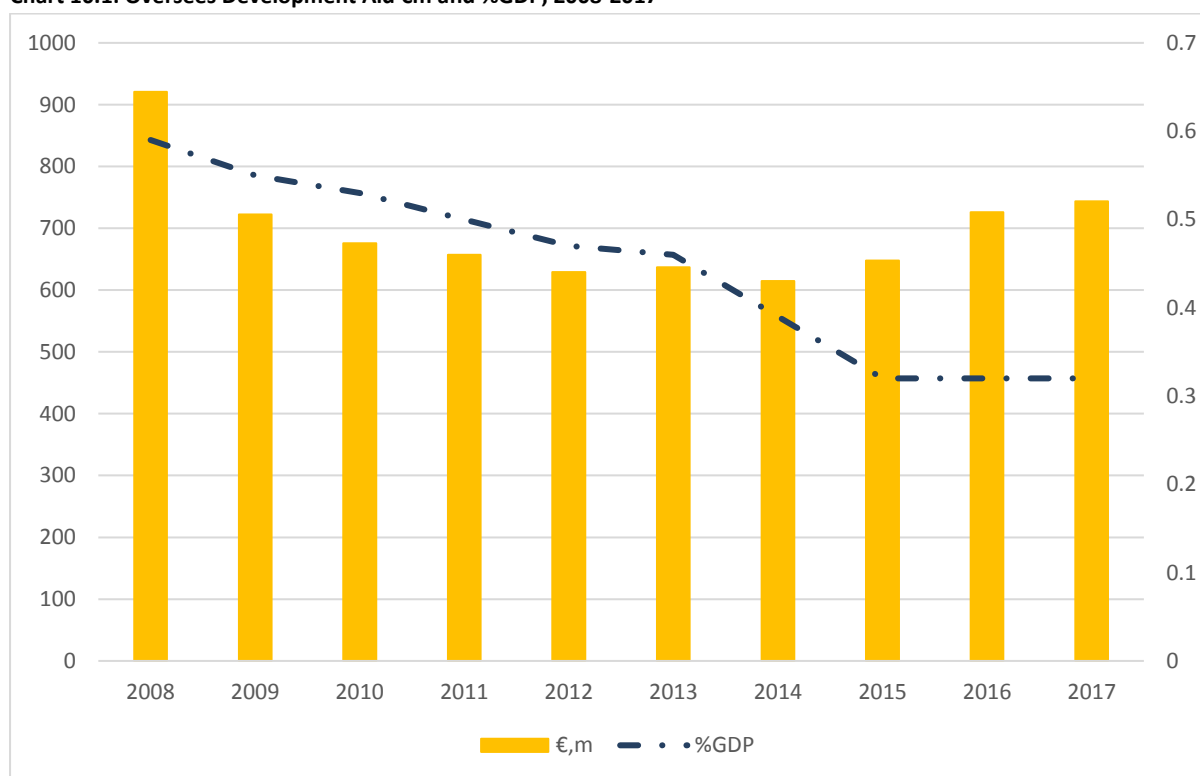
It is time to truly grasp the nettle of climate change before the country is financially and environmentally bankrupted by its own inertia. One way to do this would be to develop our renewable energy sources. While the share of renewable energy as a proportion of Ireland's total gross final energy consumption has more than doubled during the past decade (from 4.1 per cent in 2008 to 9.5 per cent in 2016), we are still below the EU28 average of a decade ago (11.1 per cent in 2008) and almost half the current EU28 average level (17 per cent) (see Chart 9.2).

Policy Priorities

- Increase the rate of carbon tax and develop a transitioning programme for carbon-reliant industries and households.
- Increase the proportion of energy generated by renewables.

Global Issues

Chart 10.1: Overseas Development Aid €m and %GDP, 2008-2017



Source: Department of Foreign Affairs and Trade, Irish Aid Annual Report 2017, Annex Three

Global Issues

Overseas Development Assistance



Ireland is regularly commended by the OECD Development Assistance Committee Peer Review for the effectiveness of our aid programme. We can be justifiably proud of our record of providing high quality, untied, grant-based aid. In monetary terms, our Overseas Development Assistance (ODA) has been increasing since 2014 (Chart 10.1). However, many other countries have taken a leadership role in moving towards the UN-agreed target of 0.7 per cent of national income, and Ireland's record in this regard has historically been very poor. ODA committed in Budget 2018 amounted to approximately 0.36 per cent of new modified GNI (GNI*). *Social Justice Ireland*, in our Budget Choices 2019 briefing, urged Government to make a commitment to increase the aid budget over the four years to 2022 in order to reach 0.59 per cent of national income, matching our pre-recession peak. This would serve as a staging post from which Ireland could then progress to reach

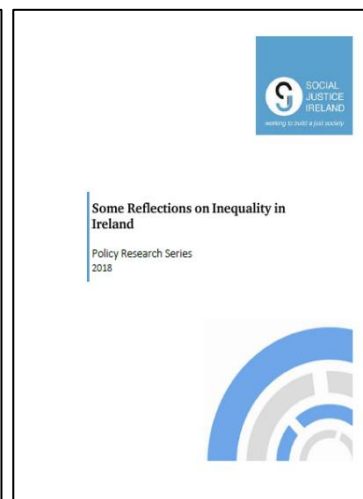
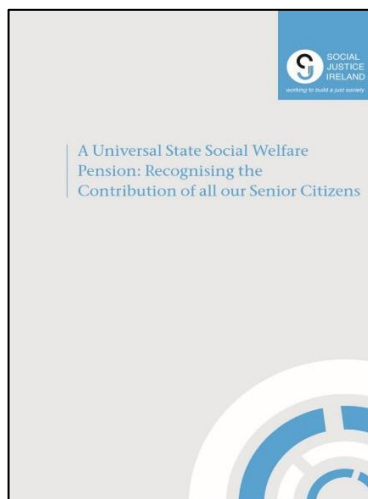
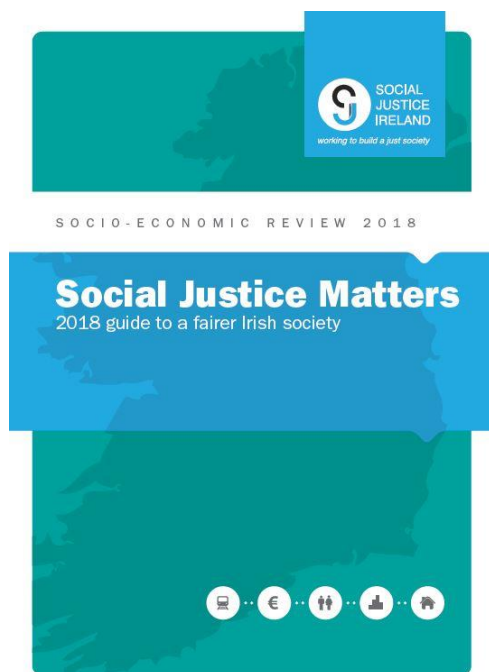
the target of 0.7 per cent by 2025. We estimate that the increase in ODA in Budget 2019 will bring the total ODA allocation to 0.39 per cent of projected GNI* in 2019, which we are hopeful marks a turning point for Ireland.

However, Ireland still lacks a strategy for reaching the 0.7 per cent target. Ireland's improving economic situation should be seen as an opportunity to recover lost ground in relation to our ODA commitments and *Social Justice Ireland* continues to call on Government to develop such a strategy with a view to reaching this target by 2025.

Policy Priorities

- Increase ODA to 0.59 per cent of national income by 2022.
- Develop an ODA strategy to support Ireland to meet its 2025 ODA target of 0.7 per cent.

Other Publications by Social Justice Ireland (see www.socialjustice.ie):

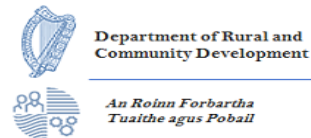


Social Justice Ireland is an independent think-tank and justice advocacy organisation of that advances the lives of people and communities through providing independent social analysis and effective policy development to create a sustainable future for every member of society and for societies as a whole.



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