

# Budget Choices

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**B**udgets come and go. Often they are dismissed as irrelevant. Yet it is important to realise that Budgets are about choices. In making these choices Government is shaping the society of the future. It is putting in place the various components of what it considers to be a good society, the infrastructure and services that will decide how the people of Ireland will experience the future.

In the annual Budget Government has a very significant tool to give concrete expression to its vision of what the future should be. The accumulation of their decisions and allocations result in dramatic and divergent outcomes for different sections of society.

It is ultimately the momentum of successive budgets that counts. The damage done through the economic and budgetary crises of the last decade is still being felt by Ireland's most vulnerable. Despite the phoenix like recovery of the economy - now growing at least twice as fast as our European counterparts - we still have almost 800,000 people living in poverty, the largest proportion of which are children; we still have a housing crisis which has removed the most basic of social nets from those living on the edge; and we still haven't found the political courage to say that Ireland is a low revenue economy that needs to raise new taxes to fund vital social infrastructure.

### **Is the time ever right?**

These huge policy failures are often explained or excused by claiming that the resources to address them didn't exist or the time wasn't right to spend that money. In the years of plenty we were warned not to use the available resources to address these challenges because any change of approach might result in destabilisation of the record levels of growth the country was experiencing.

With the coming of the economic crash and the subsequent bailout the time was not right because "the resources don't exist" and "we must fix the economy first".

Now that the economy is thriving and resources are plentiful we are being told that we must be careful not to spend money addressing these challenges because they might over-heat the economy or result in us not honouring the fiscal parameters imposed as a political solution to an economic problem during the economic turbulence at the start of this decade.

It seems as though there is never a right time for a Government to make substantial social investment commitments. When things are bad, we don't have the resources; whereas when things are good, the mantra is that we shouldn't squander them or over-heat the economy. This paradoxical thinking means that the momentum of recent successive budgets has been in the direction of exacerbating inequality and providing inadequate resources for infrastructure and social services.

### **Now is the time**

*Social Justice Ireland's* budget choices for 2019 are based on the belief that now is the time. Ireland now has the resources and capacity to build a fairer future for all.

*Social Justice Ireland* believes that over the next few years new taxes need to be raised to the tune of €3bn to fund a fairer society. The key areas of focus for the Government should be on lifting people out of poverty, providing decent services in areas such as healthcare and education and delivering appropriate infrastructure in areas such as social housing and public transport on the scale required to meet the current level of need. The resources exist. Now is the appropriate time to address these challenges.

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# Budgetary Stance and Proposals



Continued from Page 1

## A Guiding Vision and a Policy Framework

*Social Justice Ireland* has long advocated a guiding vision for Irish society based on the values of human dignity, equality, human rights, solidarity, sustainability and pursuit of the common good. These values are central to the vision of 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. We believe these are the aspirations of the majority of Irish people. We also believe they are achievable.

To move towards such a future it is essential that policy decisions not just focus on the economy and assume everything else will follow. Instead there is a need to recognise the importance of an integrated approach that seeks to deliver five outcomes simultaneously. These outcomes are:

- a vibrant economy;
- just taxation;
- decent services and infrastructure;
- good governance and
- sustainability.

These five policy areas are interdependent. All must be focused on in tandem if Ireland is to achieve its long-term economic, social and environmental policy goals. In Table 1 on page 3 we set out some details of what this approach would entail in Ireland in the years immediately ahead.

## Economically Sound and Socially Fair

Budget 2019 should be designed so that it is both economically sound and socially fair. These twin objectives are both realistic and achievable. However, they need to be underpinned by a clear policy commitment and by Budget decisions aimed at achieving both.

On page 4 we set out the parameters *Social Justice Ireland* believes should guide fiscal policy in Budget 2019. The overall scale of the available resources is particularly large as the budget moves to be classified as ‘technically balanced’. The once-off shift to this status implies that there are some resources available on this occasion that should be prudently considered as one-off and used strategically in the long-term interest of building a better and fairer Ireland.

## EU's Country Specific Recommendations

*Social Justice Ireland* welcomes the European Commission's recommendations that Budget 2019 should limit the scope and number of tax expenditures, broaden the tax base and prepare for the age-related expenditure increases which Ireland faces in the coming years. This Briefing contains specific proposals to deliver on each of these.

*Social Justice Ireland* also welcomes the Commission's emphasis on the need to improve infrastructure and skills. We specially welcome the focus on developing digital skills. However, we don't believe that the Commission is sufficiently emphatic on the need to address issues such as poverty, social housing and healthcare on the scale required to produce a fairer society for all.

*The Sustainable Development Goals (SDGs) should be at the core of policy-making in the years ahead. All Government initiatives should identify the particular SDG to which they relate.*

## Sustainable Development Goals

The Global Goals for Sustainable Development were adopted at the UN General Assembly on 25th September 2015 and came into effect on 1st January 2016. These goals make up the 2030 Sustainable Development Agenda which is defined as a ‘plan of action for people, planet and prosperity’. In this process world leaders have committed to seventeen Global Goals (also known as Sustainable Development Goals (SDGs)) containing 169 targets to achieve three distinct aims: to end poverty, fight inequality and tackle climate change over the next fifteen years.

*Social Justice Ireland* believes these goals should be at the core of Government policy-making in the years ahead. The Government's National Implementation Plan 2018 - 2020 for the SDGs lacks the scale and the urgency required to make these Goals the priority they require. One initiative *Social Justice Ireland* has proposed is that all Government initiatives should identify the particular SDG to which they relate. In this Briefing we have put this into practice and on each page that contains proposals we have also identified the particular SDGs to which these apply.

## Investment Proposals

In this Policy Briefing our proposals include:

**Social Housing:** €1,250m in addition to what's already committed in Government plans towards increasing the resources needed to provide an additional 90,000 social housing units. (p. 8)

**Rural/Regional Development:** €505m to help complete the rollout of high quality rural broadband, as well as additional investment in rural transport, a rural enterprise, retrofitting houses and community supports. (p. 10)

**Education:** €448m investment in areas such as adult literacy, DEIS, skills development and digital ed. (p. 12)

**Healthcare and disability:** €1,112m investment prioritising social and community care, disability, mental health and Slainte Care. (p. 11)

**Pensions:** A universal pension financed mostly by reducing tax-breaks that currently favour the better-off. (p. 13)

**Social Welfare:** €331m which includes an increase of €6.50 a week on social welfare payments and an increase in direct provision payments. (p. 9)

**Children:** €180m focused on Early Childhood Care and Education, paternity leave and affordable childcare. (p. 12)

**ODA:** An additional €136m as a contribution towards increasing the aid budget over the next seven years to the UN target of 0.7 per cent of GNI\*. (p. 13)

## Guiding vision and policy framework



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
Adequate public investment	Reduced unemployment & underemployment	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

More detail on this chart available in *Social Justice Ireland's Socio-Economic Review: Social Justice Matters* (2018)

## An Adequate Tax Take Target for Ireland



To achieve the objectives outlined above, *Social Justice Ireland* believes that, over the next few years, policy should focus on increasing Ireland's tax-take.

Previous benchmarks, set relative to the overall proportion of national income collected in taxation, have become redundant following recent revisions to Ireland's GDP and GNP levels as a result of the tax-minimising operations of a small number of large multinational firms. Consequently, an alternative benchmark is required.

Over the past year we have researched and proposed a new tax take target set on a per-capita (or per-person) 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.

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\*.***

Table 1 compares our target to the expectations of the Department of Finance as published in the documentation accompanying Budget 2018. We also calculate the overall tax gap for the economy; the difference between the level of taxation that is proposed to be collected and that which would be collected if the *Social Justice Ireland* target was achieved. In 2019 the overall tax gap is projected to be €2.5 billion and the average gap over the period 2017-2019 will be €2.6 billion per annum.

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. We outline some such changes for implementation in Budget 2019 later (see pages 5-7). However, increasing overall taxation revenue to meet this new target would represent a small overall increase in taxation levels and one which is unlikely to have any significant negative impact on the economy. It would also not alter Ireland's status as among the lowest taxed economies in Europe.

As a policy objective, Ireland can remain a low-tax economy, but it should not be incapable of adequately supporting the economic, social and infrastructural requirements necessary to support our society and complete our convergence with the rest of Europe.

**Table 1: Ireland's Tax Gap, 2017-2019**

	2017	2018	2019
<b>Tax-take € per capita</b>			
Budget 2018 projection	€14,402	€14,979	€15,448
<i>Social Justice Ireland</i> target	€15,000	€15,495	€15,960
Difference	€598	€516	€512
<b>Overall Tax-take €m</b>			
Budget 2018 projection	€68,806m	€72,136m	€74,988m
<i>Social Justice Ireland</i> target	€71,663m	€74,620m	€77,473m
<b>Tax Gap</b>	<b>€2,857m</b>	<b>€2,484m</b>	<b>€2,485m</b>

**Sources:** See Chapter 2 of our 2018 Socio-Economic Review, *Social Justice Matters*, for complete set of sources

# Macro-Economic Stability - Fiscal Policy



## Sound & Fair Fiscal Policy

**B**udget 2019 should be designed so that it is both economically sound and socially fair. These twin objectives are both realistic and achievable. However, they need to be underpinned by a clear policy commitment to achieving both.

The design of the overall Budget package is influenced by EU-wide Stability and Growth Pact rules and the Fiscal Compact. Under this procedure the net size of the Budget package is limited by the available 'fiscal space' - simply the money available for Budget decisions after account is taken of demographic pressures on public spending, capital plans, the indexation of income taxation structures, and other pre-committed policies.

As the fiscal space measure is a net one, Government has the freedom in Budget 2019, and in any future Budget, to generate additional taxation revenue, from raising taxes in one area, and then spending or investing this money elsewhere. Similarly, it has the ability to ignore some of the assumptions involved in the calculation of the fiscal space and, for example, decide not to index the income taxation system.

This is particularly relevant as the calculations for Budget 2019 assume this will happen at an estimated cost of €600 million. Deciding not to do this, as has been the case in all other Budgets, increases the size of the possible 2019 Budget package.

The overall scale of the available resources is particularly large on this occasion as the budget moves to be classified as 'technically balanced'. The once-off shift to this status implies that there are some resources available on this occasion that should be prudently considered as one-off and used strategically in the long-term interest of building a better and fairer Ireland.

Irrespective of the scale of the final Budget package announced by Government for the forthcoming Budget, this document clearly highlights that fairer choices are feasible and possible in Budget 2019.

*The overall scale of the available resources is particularly large on this occasion as the budget moves to be classified as 'technically balanced'.*

*Budget 2019 should be designed so that it is both economically sound and socially fair...we show throughout this document that fairer choices are feasible and possible*

## Assessing the Fairness of Recent Budgets

**O**ver the past few years *Social Justice Ireland* has developed its ability to track the distributive impact of annual Budgets on households across Irish society.

The households we examine are spread across all areas of society and capture those with a job, families with children, those unemployed, and pensioner households. (See charts below). 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.

Following Budget 2018, we assessed the cumulative impact of changes to income taxation and welfare over the two Budgets of the current Government (Budget 2017 and 2018). As different policy priorities can be articulated for each Budget, it is useful to bring together the cumulative effect of policy changes.

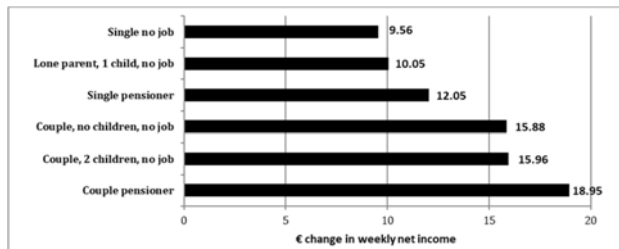
At the outset it is important to stress that our analysis does not take account of other budgetary changes, most particularly to indirect taxes (VAT), other charges (such as prescription charges), and property taxes. Similarly, it does not capture the impact of changes to the provision of public services. As the impact of these measures differs between households it is impossible to quantify precise household impacts and include them. However, as we have demonstrated in previous publications, these changes impact greatest upon those living on the lowest incomes in Irish society.

Among households with jobs (see Chart 2), the net income gains experienced range from €3.71 per week (for a single worker on €25,000) to over seven times as much, €26.11 per week, for a couple with 2 earners and an income of €200,000. Overall, across these households the main gains have flowed to those earning the highest incomes.

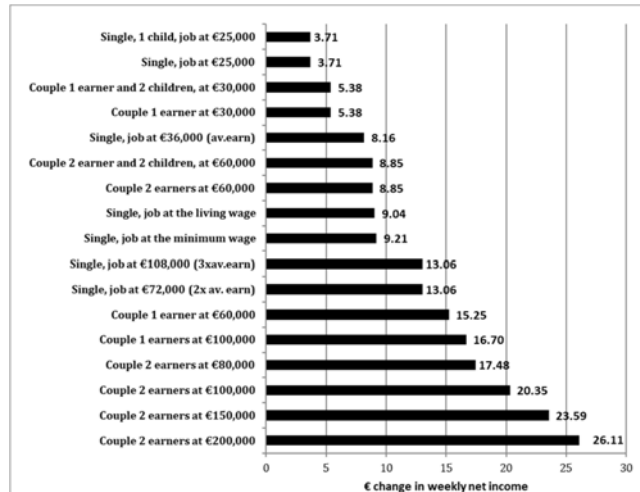
Among households dependent on welfare, the gains have ranged from €9.56 per week (to single unemployed individuals) to €18.95 per week to pensioner couples - see Chart 1.

Over these two Budgets all household types recorded increases in their disposable income - an outcome we have welcomed. However, the gains have been skewed towards those with the highest incomes.

**Chart 1: Welfare Dependent Households, 2017 & 2018**



**Chart 2: Households with Jobs, 2017 & 2018**



Source: Social Justice Ireland Socio-Economic Review 2018 (p54-56).

# Taxation - Choices



## Low Overall Tax Take is Unsustainable

**S**ocial 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.

On page 3 we have outlined an appropriate overall tax-take target for Ireland. Over the remainder of this page and page 6 we outline a series of taxation proposals for inclusion in Budget 2019. Each proposal concludes with an estimated cost of the reform - cost figures which are reflected in the costed summary of all our proposals on pages 16 and 17. The overall thrust of our proposals is the development of a fairer taxation system and a broader and more sustainable taxation base.

## Tax Choices

### Reforming Income Taxes

#### Increase the PAYE and Earned Income tax credit

Those earning income as employees or as self-employed are entitled to a PAYE or Earned Income tax credit. At present the PAYE tax credit is €1,650 per annum while the Earned Income credit is €1,150. In this *Policy Briefing* we recommend that social welfare rates be increased by €6.50 a week. To ensure that this increase will not lead to the creation of any disincentive to take up paid employment we are also recommending that these tax credits be increased by the same amount; €6.50 a week (€340 a year).

In distributing the available resources through the tax credit system we are also ensuring that they are distributed in a progressive manner. While everyone receives the same amount of cash benefit, the increase is proportionately much larger for those with lower earnings.

**Proposal: Increase the PAYE and Earned Income tax credit by €6.50 a week (€340 a year). This would cost €711m in 2019.**

#### Introduce Refundable Tax Credits

*Social Justice Ireland's* proposal to make tax credits refundable would make Ireland's tax system fairer, address part of the working poor problem, and improve the living standards of a substantial number of people in Ireland. This system would also result in all future changes to tax credits being equally experienced by all employees in Irish society.

According to the most recent data 13.3 per cent of all those in poverty are at work. Our detailed study on refundable tax credits in 2010, *Building a Fairer Tax System: The Working Poor and the Cost of Refundable Tax Credits*, identified 113,000 low-income individuals who would benefit in an efficient and cost effective manner from making tax credits refundable. The proposal only applies to the unused portions of the Personal and PAYE tax credits. The cost of refunding unused tax credits to individuals satisfying all of the criteria outlined in the study would be €140 million.

**Proposal: Make the PAYE and Personal Tax Credits refundable. This would cost €140 million in 2019.**

### Reforming Tax Breaks

#### Standard Rating

Making all discretionary tax reliefs/expenditures only available at the standard 20 per cent rate would represent a crucial step towards achieving a fairer tax system. If there is a legitimate case for making a tax relief/expenditure available, then it should be made available in the same way to all. It is inequitable that people on higher incomes should be able to claim certain tax reliefs at the top marginal income tax rate while people with less income are restricted to claim benefit for the same relief at the lower standard rate of 20 per cent.

Budget 2019 should also standard rate the tax break on all pension contributions to fund a universal state social welfare pension and standard rate all other discretionary tax reliefs costing more than €10m per annum in revenue forgone.

**Proposal: Standard rate non-pension discretionary tax breaks costing more than €10m per annum. This would yield €480m in 2019.**

#### 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 tax to cover the refund amount. The use of this scheme has allowed a number of profitable firms to record zero or negative (refund) 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 2019.

**Proposal: Remove the tax refund element for unused R&D tax credits. This would yield €168m in 2019.**

### Reforming Corporate Taxation and Subsidies

#### Introduce a Minimum Effective Corporate Tax Rate

The adequacy and fairness of corporate tax payments has been a recurring issues for a number of years. Despite a low headline rate (12.5%), there is limited data on the effective rate of corporate taxation in Ireland.

However, during the last year a report from the Comptroller and Auditor General (C&AG) shed new light on this sector. Using the approach used by the Revenue Commissioners to calculate the effective tax rate (tax due as a % of taxable income) they found an overall effective corporation tax rate of 9.8% in 2016. Among the top 100 corporate tax payers, who account for 70% of tax paid, 8 had a 0% or less rate, 5 paid between 0% and 1%, 1 paid between 1% and 5%, 7 paid between 5% and 10%, while the remainder (79 firms) paid more than 10%. It is clear that a small number of very large firms are at the core of the tax adequacy issues in this sector.

*Social Justice Ireland* believes that the issue of corporate tax contributions is principally one of fairness. Profitable firms with substantial income should make a contribution to society rather than pursue various schemes and methods to avoid these contributions.

**Proposal: Introduce an effective corporation tax rate of 6%. This would yield in excess of €1,000m in 2019.**

## Taxation - Choices



### **Abolish the 9% VAT rate for accommodation sector**

During the recession an additional (reduced) rate of VAT of 9 per cent was introduced for specific sectors of the economy. In particular, this reform was targeted at the hospitality sector and was a response to a downturn in activity and visitor numbers.

Irrespective of the merits of this policy at the time, the argument that the accommodation sector continues to need fiscal support is limited. *Social Justice Ireland* proposed that this 13.5% VAT rate should be restored for the accommodation sector in Budget 2019 as part of a two year process to phase out this reduced VAT rate for the hospitality sector.

**Proposal: Restore the VAT rate to 13.5% for accommodation only. This would yield €220m in 2019.**

### **Abolish the SARP subsidy**

The Special Assignee Relief Programme (SARP) was introduced in 2014 to provide a tax reduction to high earning individuals who locate to Ireland for work purposes (generally in MNCs working in the IT and financial sector). Recipients must earn between €75,000 and €500,000. 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. Abolishing this scheme would also make the tax system fairer.

**Proposal: Abolish SARP. This would yield €10m in 2019.**

### **Increase the National Training Fund Levy**

A recommendation of the Cassells Report on the future funding of higher education was that employers should make greater contributions to the cost of the higher education sector - given the benefits they receive from those educated by that sector. The report recommended that the National Training Fund Levy paid by employers be gradually increased and that the fund be reformed to provide greater support for programmes in higher education. Budget 2018 commenced this process with a 0.1% increase (from 0.7% to 0.8%) and we recommend that Budget 2019 continues with these planned increases to reach 1% by 2020.

**Proposal: Increase the National Training Fund Levy to 0.9%. This would yield €58m in 2019.**

## **Reforming Land, Capital and Environmental Taxes**

### **Taxing Empty Houses / Underdeveloped Land**

Budget 2019 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. The objective of the tax should be to encourage land owners to utilise the land they possess and prevent speculation and land banking.

In the context of a shortage of housing stock, building new units is not the entire solution. There remains a large number of empty units across the country. Policy should be designed to reduce the number of these units and penalise those who own units and leave them vacant for more than a six month period. We propose that Budget 2019 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 should reduce the central fund allocation to local authorities by €75m per annum.

**Proposal: Introduce taxes on empty houses and a site value tax on underdeveloped land. These measures would yield €75m in 2019.**

### **Stamp Duty on Non-Residential Property**

Budget 2018 increased stamp duty on non-residential property from 2% to 6%; a welcome initiative that had no negative impact on that sector. *Social Justice Ireland* believes that the current 6% stamp duty remains generous relative to other states, and to past rates, and should increase to 8% for all transfers of non-residential property in excess of €500,000, except for transfers of stocks, shares and insurance policies - where other stamp duty regimes apply. Such an increase, like that of Budget 2018, is likely to have limited, if any, impact on the commercial property market.

**Proposal: Increase by 2% points the stamp duty on non-residential property transfers on all amounts in excess of €500,000, yielding €150m in 2019.**

### **Stamp Duty on Residential Property**

Budget 2019 should use stamp duty on residential property as a means of slowing down the current rates of unsustainable growth in the residential property market. These increases are bad for living standards, the generation of sustainable employment opportunities, and society in general. As an initial measure we propose an increase in the stamp duty for residential property on any excess above €1m.

**Proposal: Increase to 5% the stamp duty on residential property transfers on all amounts in excess of €1,000,000. This would yield €12m in 2019.**

### **Equalise Petrol and Diesel Excise Duty**

A report from the ESRI recommended that, for environmental reasons, Government should equalise the excise duty on petrol and diesel. We propose a decrease of 6c per litre for petrol (from 59c to 53c) and a simultaneous increase of 6c per litre for diesel (from 47c to 53c). This would yield a total of €88m in 2019 and we propose that €30m of this be used in year one to assist in various transition measures for those diesel users most impacted.

**Proposal: Equalise the excise duty on petrol and diesel to 53c per litre. Provide a €20m one-off transition fund in 2019. This would yield €68m in 2019.**

### **Other Tax Reform Measures**

*Social Justice Ireland* proposes five further taxation reforms aimed at broadening the tax base:

- an increase in the in-shop and online betting tax to 3% (raising €150m in 2019);
- an increase from 30% to 35% in the minimum effective tax rate of people earning more than €400,000 per annum;
- restore the Non Principal Private Residence (NPPR) charge on second homes at a rate of €500 per annum (+€125m in 2019);
- restoration of the Windfall Gain Tax on rezoned land (abolished in Budget 2015); and
- support the adoption of current European plans for a Financial Transactions Tax (FTT).

# Taxation - Fairness



## Fairness in Changing Income Taxes

Possible changes to income taxation levels have been highlighted as a potential policy reform in Budget 2019. *Social Justice Ireland* believes that the best reform to the income taxation system would be to make tax credits refundable. Such a reform would mean that the full value of tax credits goes to everybody who has an earned income - we outline our proposal on this issue on page 5.

Broader reforms to income taxes are not a central priority for *Social Justice Ireland* either in the forthcoming Budget or in any future plans for taxation policy reform. We believe that any available money should be used to improve Ireland's social services and infrastructure, reduce poverty and social exclusion, and increase the number of jobs - policy priorities highlighted throughout this publication.

However, as discussion and policy considerations often focuses on income taxation reductions we have undertaken a study which examines, from the perspective of fairness, various reform choices. As a minimum, the analysis highlights the distributive impact taxation policy choices can have and the potential policy has to pursue both fair and unfair outcomes.

Table 2 presents this comparison. In all cases the policy examined would carry a full year cost of between 1.1% and 1.5% of the total income taxation yield (€238m-€322m).

The reforms examined are for changes to the 2018 income taxation system and are:

- a decrease in the top tax rate from 40% to 39%
- a decrease in the standard rate of tax from 20% to 19.5%
- an increase in the personal tax credit of €100 with commensurate increases in couple, widowed parents and the single person child carer credit
- an increase in the standard rate band (20% tax band) of €1,500
- the abolition of the 0.5% USC rate - that applies to income below €12,012 and a 1% point decrease in the 2% USC rate - that applies to income between €12,012 and €19,372

- a 0.75% point decrease in the 4.75% USC rate - that applies to income between €19,372 and €70,044
- a 1.5% point decrease in the 8% USC rate - that applies to income above €70,044

Although all of the income taxation options have similar costs (1.1%-1.5% of the income taxation yield), they each carry different effects on the income distribution.

Overall, two of the changes would produce a fair outcome:

- increasing the personal tax credit; and
- reducing the 0.5% and 2.5% USC rates.

The other five changes produce an unfair outcome where the benefits are skewed towards those with higher incomes.

*...the analysis highlights the distributive impact taxation policy choices can have and the potential policy has to pursue both fair and unfair outcomes.*

**Table 2: Comparing gains under seven possible income tax reforms (€ per annum)**

Gross Income	€15,000	€25,000	€50,000	€75,000	€100,000	€125,000
<b>Decrease in the top tax rate from 40% to 39% (full year cost €322m)</b>						
Single earner	0.00	0.00	154.50	404.50	654.50	904.50
Couple 1 earner	0.00	0.00	64.50	314.50	564.50	814.50
Couple 2 earners	0.00	0.00	0.00	59.00	309.00	559.00
<b>Decrease in the standard tax rate from 20% to 19.5% (full year cost €308m)</b>						
Single earner	0.00	125.00	172.75	172.75	172.75	172.75
Couple 1 earner	0.00	50.00	217.75	217.75	217.75	217.75
Couple 2 earners	0.00	0.00	250.00	345.50	345.50	345.50
<b>Increase in the personal tax credit of €100 (full year cost €238 million)</b>						
Single earner	0	100	100	100	100	100
Couple 1 earner	0	50	200	200	200	200
Couple 2 earners	0	0	200	200	200	200
<b>Increase in the standard rate band of €1,500 (full year cost €289 million)</b>						
Single earner	0	0	300	300	300	300
Couple 1 earner	0	0	300	300	300	300
Couple 2 earners	0	0	0	600	600	600
<b>Abolish 0.5% USC rate and a 1% point decrease in the 2% rate (full year cost €303m)</b>						
Single earner	89.94	133.66	133.66	133.66	133.66	133.66
Couple 1 earner	89.94	133.66	133.66	133.66	133.66	133.66
Couple 2 earners	0.00	102.44	248.6	267.32	267.32	267.32
<b>A 0.75% point decrease in the 4.75% USC rate (full year cost €286m)</b>						
Single earner	0.00	42.21	229.71	380.04	380.04	380.04
Couple 1 earner	0.00	42.21	229.71	380.04	380.04	380.04
Couple 2 earners	0.00	0.00	98.46	271.92	459.42	562.88
<b>A 1.5% point decrease in the 8% USC rate (full year cost €265m)</b>						
Single earner	0.00	0.00	0.00	74.34	449.34	824.34
Couple 1 earner	0.00	0.00	0.00	74.34	449.34	824.34
Couple 2 earners	0.00	0.00	0.00	0.00	0.00	168.09

**Source:** *Social Justice Ireland* Occasional Paper (2018) **Notes:** All workers are assumed to be PAYE workers. For couples with 2 earners the income is assumed to be split 65%/35%. Cost estimates are based on the latest available Revenue Commissioners taxation ready reckoner.

## Investment - Housing



The housing crisis in Ireland is showing no sign of abating. The reported number of households in need of social housing is unacceptably high, there are unprecedented levels of homelessness, including family homelessness, pervasive late-stage mortgage arrears threatens to expand these numbers exponentially, and double-digit rent inflation persists.

The *Summary of Social Housing Needs Assessments*, published in January 2018, indicated there were 85,799 households in need of social housing. While this figure represents a decrease of over 6 per cent on the previous figures published, the reality is that half this reduction is attributable to transfers of households from Rent Supplement payments to Housing Assistance Payment (HAP) and Rental Accommodation Scheme (RAS) - households whose actual circumstances have not changed, who remain accommodated within the private rented sector, but whose accommodation subsidy is not counted for the purpose of the Social Housing Needs Assessment. By Q3 of 2017 there were almost 30,000 households in receipt of HAP. Added together, there are at least 115,667 households in need of sustainable, affordable, long-term housing.

**Increased supply of affordable, sustainable housing is urgently required. A new model of housing provision is needed, making effective use of both public and private investment to generate construction to scale.**

Figures released for March 2018 show 9,681 people accessed emergency accommodation in the counting period that month, including 1,720 families and 3,646 children. The accuracy of these figures is, however, disputed, with up to 600 people reportedly removed from the statistics who, local authorities state, were residing in temporary homeless accommodation. If these 600 were to be included, the number of homeless people accessing temporary accommodation exceeds 10,000.

Latest figures from Daft, published in May 2018 (Lyons, 2018), indicate year-on-year rent inflation of 11.5 per cent. Average rents nationally are reported as €1,261 per month, with a range of between €594 in Donegal to €2,052 in South Dublin.

The latest mortgage arrears figures show 70,488 home mortgages in arrears at the end of 2017 with Central Bank regulated lenders, with 48,433 in arrears of more than 90 days. While the number of mortgages in arrears has been decreasing for the past 17 consecutive quarters, the actual amount of arrears continued to rise, reaching a high of €2.76 billion in Q3 2017, before decreasing to €2.5 billion by the end of the year. Research published by the Central Bank of Ireland shows that 44 percent of mortgages in late stage mortgage arrears, some 13,000 households, are now more than five years in arrears.

*Social Justice Ireland* welcomed the vacant site levy announced in Budget 2018 and looks forward to it fulfilling its intended purpose of generating construction activity on development land.

**We now propose an additional investment of €1.25bn in Budget 2019 to deliver a housing package that provides accommodation on the scale required to address this urgent need.** This package should include:

- **Cost rental.** Introduce a cost rental system, whereby rent is set to cover the cost of provision and management of housing, subsidised on a sliding scale for those experiencing affordability issues.
- **Increase supply of social housing.** Allow local authorities and AHBs to combine their property portfolios for the purpose of leveraging finance to increase their capacity to build and manage social housing.
- **Utilise existing dwellings.** Make additional loans available to owners of vacant properties in need of repair, particularly in Rent Pressure Zones, to return these properties to tenable condition.
- **Enhance homeless services.** Provide increased resources for homeless services, focusing on preventative measures and information for persons at risk of homelessness, and an increase in adequate social housing supply prioritised for those who are homeless or at risk of homelessness with appropriate supports to ensure a reasonable standard and an expansion of Housing First.

### Fiscal Rules

Ireland's fiscal commitments under the Fiscal Compact and the Stability and Growth Pact (SGP) should not inhibit Ireland's investment strategy. Government should work at European level to deliver flexibility within the fiscal rules so that public investment in social infrastructure (in areas such as health, education, social housing and childcare) is excluded from the 3 per cent public deficit threshold in the SGP.

### Costing Cost Rental

Cost renting is defined as 'all rental housing, irrespective of ownership, the rents of which cover only actual incurred costs of a stock of dwellings'. The cost rent is calculated to take account of the cost of land, finance, construction and management of the dwellings. Any subsidy available on the supply side would be factored into the cost-rent calculation, and demand-side subsidies (e.g. Housing Assistance Payment) would be available to eligible, low-income households.

*Social Justice Ireland* has proposed a cost-rental model which seeks to make effective use of both public and private financing to deliver affordable, sustainable housing solutions to scale. The Housing SPV (Special Purpose Vehicle) would be established as a joint venture with public and private investment, with a Governing Board, but no golden share vesting in any one party. The constitution of the Governing Board would be reflective of the respective public / private investment. The Chairperson of the Governing Board would have a deciding vote, and would be nominated for election by the members of the Governing Board. Voting rights would carry pari passu with the value of the investment, subject to the consideration by Government of housing legislation similar to that recently introduced in the UK which limits local government control and decision-making powers of housing bodies of which they form part of the governance structure.



## Investment - Work, Jobs and Unemployment



Ireland's headline employment trends over the last number of years have been broadly positive. Unemployment was at 5.9 per cent in April 2018, dipping below 6 per cent for the first time in ten years, and 2017 saw a net increase in jobs of approximately 67,000.

The long-term unemployment rate decreased from 3.7 per cent to 2.5 per cent over 2017. Long-term unemployment accounted for 40 per cent of total unemployment at the end of the year, having been steadily above half of all unemployment for most of the preceding eight years.

Employment numbers have been perhaps the most significant "good news story" of Ireland's economic recovery. But there is still much room for improvement.

For example, though Ireland is getting close to matching its previous peak in employment numbers, this is in the context of a much lower participation rate.

The participation rate for the country as a whole is 62.2 per cent, compared with 67.4 per cent in Q3 2007, which was the peak of Ireland's employment performance.

*While regional disparities are smaller than in the past, it is still very much the case that people are less likely to have a job the further they are from Dublin and the east of the country.*

All parts of Ireland have a notably lower participation rate than in 2007, but the regions with the most notable decreases are the Midlands (8.2%), the Mid-East (7%), the West (6.3%) and the South-West (6.1%).

While by many measures the regional disparities in employment are smaller now than on previous occasions since the recovery began, it is *still* very much the case that people are less likely to have a job the further they are from Dublin and the east of the country.

The most likely reason for lower participation rates is discouragement. A high number of discouraged workers – people who may have given up searching for employment after a long time out of a job – highlights a challenge for policy-makers.

Also requiring attention is a relatively high instance of underemployment, where people are working part-time hours but would take full-time work if it were available.

There are also increased instances of precarious work in the Irish labour market. Nearly 160,000 people – or 8 per cent of the workforce in Ireland – have significant variations in their hours of work, from week to week or month to month. Over half of that number were in temporary employment because they could not find permanent work – a 179 per cent increase since 2008.

Ireland also has a rate of low-paid employment well above the EU average.

As employment numbers continue to improve, issues like the quality of employment, adequacy of income, and a fairer spread of economic gains amongst people and regions must figure more prominently in the policy discussion.

### Social Welfare Rates

Adequate social welfare payments are required to prevent and address poverty. Without the social welfare system, 44.9 per cent of the Irish population would have been living in poverty in 2016. Such an underlying poverty rate suggests a deeply unequal distribution of direct income. In 2016 social welfare payments reduced the poverty rate by almost 30 percentage points to 16.5 per cent.

In 2016 there were a little over 780,000 people in Ireland living below the poverty line. Of these almost 248,000 were aged under 18. (See Chart 5 and Table 4 on page 15).

#### Jobseekers Benefit

Budget 2018 delivered a welcome increase to the minimum social welfare payment. From March 2018 onwards it increased by €5 per week (to €198), complementing a similar increase in Budget 2017, the first increase to this payment since 2011.

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.

Just 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. (See Chart 4 on page 15). Applying this benchmark using CSO data for 2016 and ESRI projections for wage growth in 2017 (2.5 per cent) and 2018 (3 per cent) allows us to compare this benchmark with current welfare rates.

In 2018 the updated value of 27.5 per cent of average weekly earnings equals €204.50, implying a shortfall of €6.50 between current minimum social welfare rates (€198) and this threshold. Minimum social welfare rates should increase by this much in Budget 2019.

#### Old Age Pensions

The new national pensions "roadmap" notes an ambition to set the State Pension (Contributory) payment 'at approximately 34/35% of average earnings' (p5). Taking a similar approach to that outlined above, in 2018 the updated value of 34/35 per cent of average weekly earnings equals €252.83/€260.27, implying a shortfall of between €9.53 and €16.97 (average €13.25) between the current pension rate (€243.30) and this threshold.

In the event of Budget 2019 not providing for the implementation of a universal social welfare pension (see page 13), it should move to close this gap over the next two to three years, increasing pension rates by €6.50 in Budget 2019.

#### Other Social Welfare Payments

We believe Budget 2019 should also:

- equalise Jobseekers rates, bringing under 26s in line with other age groups at a new rate of €204.50 per week;
- increase direct provision payments for adults from €21.60 to €39 per week and for children from €21.60 to €30 per week;
- increase the Living Alone Allowance by €5 per week and the Fuel Allowances by €6.50 per week; and
- introduce and fund a new €30m per annum scheme targeted at low income and vulnerable elderly people who have limited means to assist themselves when faced with hardship.

## Investment - Rural Ireland, the Regions and Communities



Over 3 million people live in rural Ireland as defined to be outside the administrative boundaries of the 5 main cities of Dublin, Waterford, Galway, Cork and Limerick. This is over 60 per cent of the population of Ireland, and yet the bulk of investment continues to be concentrated within urban centres. To this end, *Social Justice Ireland* welcomed the creation of a Department for Rural and Community Development. For this Department to be effective it will be essential that adequate resources are deployed immediately for the implementation of policy, and that a full Inter-Departmental commitment to rural Ireland is secured.

### Employment

Much of the regional divergence in employment trends that emerged during the early part of the economic recovery has decreased over the past 24 months – something that is very welcome. However, there is still significant variation between different regions of Ireland in many areas, particularly so in labour force participation rates. While Dublin and the Mid-East have more jobs now than they did at Ireland's peak employment in Q3 2007, the Midland region is 5.8 per cent off this peak, with the West 4.8 per cent away. The most likely reason for lower participation rates is discouragement. A high number of discouraged workers – people who may have given up searching for employment after a long time out of a job – highlights a challenge for policymakers. The *Action Plan for Rural Development* published in 2017 aims to support 135,000 new jobs by 2020. ***Social Justice Ireland* argues that employment and enterprise policy should have a dedicated budget line, with regional and national enterprise policy being better aligned to include a Rural Entrepreneurship Programme costing €100m to support indigenous enterprises.**

### Rural Transport

For people living in rural communities to access employment opportunities, the provision of decent public transport links, and the expansion of the Local Link service is required.

The use of public transport is greater in densely populated areas (at 7.9 per cent of all journeys) than thinly populated areas (at 2.7 per cent), with use in Dublin (at 14.5 per cent) being almost six times higher than the rest of the country (at 2.5 per cent). Increased funding is required for rural public transport, yet the National Development Plan commits €8.6 billion to public transport focusing primarily on Metro North, DART expansion and BusConnects in Dublin, Galway and Cork.

***Social Justice Ireland* calls on Government to invest an additional €50m to the Rural Transport Programme, increasing the range of public transport options, safe-guarding communities from isolation, and incentivising greater public transport usage.**

### Broadband

As part of the Digital Agenda for Europe, the European Commission has set targets of a minimum of 30Mbps broadband for all citizens, with 50 per cent subscribing to 100Mbps by 2020. According to ComReg (2017) 70.5 per cent of fixed broadband subscriptions had speeds of 30Mbps or more in Q3 2017, almost 30 per cent behind

target. Only 24.8 per cent of connections reached the 100Mbps target. The areas most disadvantaged by inadequate broadband are remote rural areas, leading to social isolation in addition to the negative impact on businesses and social enterprises. According to Census 2016, only 61 per cent of rural households had broadband access as opposed to 76 per cent in urban areas. The employment commitments in Government's *Action Plan for Rural Development—Realising our Rural Potential* are heavily reliant on the provision of reliable, quality, high-speed broadband.

***Social Justice Ireland* proposes that €300m be made available for Digital Agenda for Europe targets.**

### Local and Community Development Committees and Civil Society

Local and Community Development Committees (LCDCs) have primary responsibility for coordinating, planning and overseeing local and community development funding. To fully implement the vision of the *Action Plan for Rural Development—Realising our Rural Potential*, resources are required to further the capacity to empower disadvantaged communities and areas to develop projects for funding. ***Social Justice Ireland* proposes an additional investment of €1m in LCDCs in Budget 2019.**

Civil society organisations and the Community and Voluntary Sector have a key role to play in national dialogue, particularly in social and environmental issues. This role deserves greater recognition with the establishment of a civil society forum and an examination of how it might connect to the growing debate at European level around civil society issues. ***Social Justice Ireland* proposes a total additional allocation of €47m to support this engagement, and the sector more generally, including through SSNO.**

### Community Capacity Building Programme

In 2014, Government committed to build capacity throughout communities to engage in public policy at local and national level with the establishment of Public Participation Networks (PPNs). The PPNs are well-placed to deliver a programme in support of socially sustainable communities, promoting skills development, peer-to-peer learning, and project support and resources. ***Social Justice Ireland* proposes a €2m investment in PPNs to deliver this Capacity Building Programme.**

### Legal Supports and Access to Justice

The regressive nature of most of the changes to the state-funded civil legal aid scheme during the economic downturn disproportionately impacted on vulnerable and marginalised groups. Cuts in both staffing levels and funding for the Legal Aid Board and the decision to raise costs for legal services had the inevitable effect of both to deter and to deny access to justice. While *Social Justice Ireland* welcomed the increased allocation to the Legal Aid Board in Budget 2018, and the abolition of fees for victims of domestic violence in the District Court, concerns persist about the viability of quality support for vulnerable persons engaged in the court system. ***Social Justice Ireland* calls on Government to provide an additional allocation of €5m to the Legal Aid Board for civil legal aid and in support of the review of legal protections offered to complainants in abuse and sexual assault cases.**

## Investment - Healthcare and Disability Services



**H**ealthcare services are fundamental to wellbeing. They are important in themselves and important to economic success in a range of ways, including improving work participation and productivity. Good healthcare services are one of the top priorities constantly identified by Irish people. Ireland's total expenditure on healthcare equals that of many developed countries. Yet many feel they are not getting the service that is required.

We welcome the Government commitment to enhance primary care. We welcome the integration of care by Government between primary and secondary care and we welcome the commitment to publish a detailed long-term budget for healthcare.

Cutbacks in the 2008-2014 period (e.g. increased prescription charges, higher thresholds for the Drug Repayment Scheme etc.) adversely affected people, especially those on low incomes. Very long waiting times have a greater impact on poorer people and those without private health insurance.

Demographic changes are also impacting on healthcare as the number of older people and people with disabilities accessing services rise. Those over 65 are increasing in number annually by approximately 20,000. Those over 85 years are growing by some 4% annually and will double in number within the next 15 years.

This ageing of the population is the most dramatic anticipated change in the future structure of the Irish population. The Slainte Care Report has cross-party support and emphasises that community-based health and social services require a model of care that:

- Is accessible and acceptable to the communities being served;
- Is responsive to the particular needs and requirements of local communities;
- Is supportive of local communities in their efforts to build social cohesion;
- Accepts primary care as the key component of the model of care, affording it priority over acute services as the place where health and social care options are accessed by the community; and
- Provides adequate resources across the full continuum of care.

Consequently ***Social Justice Ireland*** proposes that Government commence implementation of the Slainte Care Report, with these initiatives:

- Give first 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 - €50m in Budget 2019.
- Roll out 96 primary care networks (average population 50,000) intended, inter alia, to support primary care teams with an initial investment of €150m from the planned transitional fund to fund the following priorities:

- ⇒ €50m for General Practitioners leading the development of network services linked to a new GP contract
- ⇒ €50m to develop nursing services including Practice Nurses, PHNs and RGNs in the community.
- ⇒ €50m for Allied Health Professionals and Case Managers at network level
- A €250m capital investment over a 5-year period enabling 7-8 community nursing facilities with about 50 beds each to be developed to provide additional capacity each year in priority locations to meet the needs of local communities. Allocate €50m of this in Budget 2019.
- Invest €75m in a programme aiming to prevent obesity and chronic disease (financed by the tax on sugar sweetened drinks).
- Provide an additional €65m to support provision of additional services to meet demographic pressures through the provision of:
  - ⇒ €30m for Disability Services including residential, Respite, and PA services
  - ⇒ €35m to improve mental health services through implementation of *Vision for Change*, with a particular focus on suicide prevention and child and adolescent mental health (CAMS).

Budget 2019 should also make a once-off allocation of €500m to the implementation of the Slainte Care Report.

### People with a Disability

**T**he latest Census figures showed 13.5 per cent of the population in Ireland, some 643,121 people, live with a disability. 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. Many disabled people depend on social welfare payments. People with disabilities are one of the groups in Irish society at greatest risk of poverty. They experience higher everyday costs of living because of disability, with one study suggesting that the estimated long-term cost of disability is about one third of an average weekly income. ***Social Justice Ireland* proposes a €20 per week cost of disability payment as an interim measure to achieving an adequate income for people with a disability, in recognition of these additional costs. Initial funding of €142m should be allocated in Budget 2019 for this purpose.**

Ireland recently ratified the UN Convention on the Rights of People with Disabilities (UNCRPD). The stated purpose of the UNCRPD is 'to promote, protect and ensure the full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities, and to promote respect for their inherent dignity', and it enumerates specific obligations on State Parties in respect of participation by people with disabilities in society, the workplace, public office and so on. ***Social Justice Ireland* proposes an allocation of €30m to establish a UNCRPD Implementation Working Group and Oversight Committee to ensure that the swift implementation and integration of the UNCRPD is prioritised.**

## Investment - Education and Childcare



The impact of education, particularly to improve the lives of the most disadvantaged, cannot be overstated. Investment in education at all levels and throughout the life cycle can deliver a more equal society and prepare citizens to participate in a democracy.

### Early Childhood Care and Education (ECCE)

Early childhood education and care has a profound and long-lasting impact on individual lives and on societies. In consecutive studies, Ireland has spent just 0.1 per cent of GDP (0.14 per cent of GNI\*) on pre-primary education compared to an OECD average which has increased from 0.5 to 0.8 per cent of GDP. **Social Justice Ireland proposes that Government allocate €113m in Budget 2019, to bring spending in this area to 0.2 per cent of GNI\***, and build on this investment each year to meet the European Commission's Country Specific Recommendations of achieving investment of 1 per cent of GDP), this investment to include non-contact ECCE time.

### Primary Schools in Disadvantaged Areas

The Education Research Centre (ERC) recently published two reports on the impact of DEIS schools in addressing educational disadvantage. While improvements in reading and mathematics were found to result from the introduction of the DEIS programme, students from schools in the most disadvantaged areas (DEIS Band 1 schools) were found to perform worse than their counterparts in DEIS Band 2 schools. **Social Justice Ireland** welcomed the commitment in the *Action Plan for Education 2018* to increasing literacy and numeracy levels, however the targets set are not ambitious enough to effect change and are undermined by reports of over 250 schools in disadvantaged areas being excluded from funding in 2017. **Social Justice Ireland proposes an increase in funding for DEIS schools, including the expansion of the Student Support Scheme Pilot, of €25m in Budget 2019.**

### Early School Leaving and NEETs

The early leaving rate in DEIS schools is 15.6 per cent. In addition, Ireland's NEET (Not in Employment, Education or Training) rate for young people aged 18-24 was 15.9 per cent in 2016. We ranked 20th out of the EU28, and above the EU28 average of 15.2 per cent. This is a serious issue for Government to address, with just under one in six young people having limited prospects for future meaningful participation in society. This is particularly a problem for males, where there rate increases to 16.3 per cent. Clearly something needs to be done to tackle educational disadvantage and support retention. **Social Justice Ireland proposes the allocation of €10m to increase capitation grants at both primary and secondary level by 10 per cent. We also call for greater investment in skills development and training, particularly among young people, to be funded by an increase to the Employer Contribution to the National Training Fund of 0.1 percent, yielding €58m.**

### Further and Higher Education

Full-time enrolment in higher education has increased by 26 per cent in the last decade, however public funding for higher education in Ireland has been decreasing since 2009. **Social Justice Ireland calls on Government to allocate €150m for the implementation of the**

**funding provisions contained in the Strategy for Funding Higher Education** to include the publication of a multi-annual budget for further and higher education and the design of an income-contingent student loan scheme.

### Maintenance Grants for Full- and Part-Time Students

**Social Justice Ireland proposes that Government allocate €107m in Budget 2019** to extend the maintenance grant to part-time students at both under- and post-graduate levels, increase the maintenance grant for FT students by €1,000, and extend the fee grant to PT students.

### Community Education

Those furthest from the labour market could be encouraged by participation in non-formal, community-based educational programmes in order to gain both the skills and confidence necessary to take advantage of employment opportunities and to act as a gateway to participation in more formal learning and training settings. **Social Justice Ireland proposes an increase in funding for the expansion of community education programmes at a cost of €20m in Budget 2019.**

### Lifelong Learning

The lifelong opportunities of those who are educationally disadvantaged are in sharp contrast to the opportunities afforded to those who have completed a second or third-level education. The lifelong participation rate in Ireland is 6.5 per cent, considerably below the EU28 average of 10.7 per cent, almost half the target set in the EU Lisbon strategy of 12.5 per cent, and less than half the Europe 2020 target of 15 per cent. **Social Justice Ireland proposes an additional €40m investment in lifelong learning and digital education in Budget 2019.**

### Adult Literacy

A significant proportion of Ireland's adults have only very basic literacy and numeracy levels. **Social Justice Ireland** welcomed the development of an *'Upskilling Pathways Plan - New Opportunities for Adults'* included in the *Action Plan for Education 2018* and **proposes an additional €30m in Budget 2019 for its implementation.**

## Childcare

The provision of quality, affordable, accessible childcare for working parents is essential, particularly for families who have moved away from their home towns and counties, and familial support structures, to take up employment. The average cost of childcare in Ireland is 35 per cent of a family's income. As a percentage of wages, net childcare costs are the highest in the EU. High childcare costs present a barrier to employment, particularly among young women with children. **Social Justice Ireland proposes that Government formulate a children's package to:**

- invest €2m to support the regulation of childminders.
- increase paternity leave by 2 weeks at a cost of €11m.
- increase the Community Childcare Subvention (Universal) Scheme for under 3s by €1 per hour at a cost to the Exchequer of €34m.
- Increase funding for Tusla by €20m.

## Pensions and Overseas Development



The state pension is, by some distance, the greatest poverty reliever among older people in Ireland. Yet access to a payment is closely linked with labour market participation, with individuals qualifying for payment based on their PRSI contribution history.

This results in incomplete coverage and anomalies where many individuals with irregular work histories are penalised and do not receive the full amount. Where elderly people do not qualify for a payment as individuals, they may do so as qualified adults based on their spouse's contribution record, or based on a means-test.

Changes made to the eligibility criteria in 2012 created additional anomalies where many new recipients, a disproportionate number of whom are women, receive further-reduced benefits due to their having postponed their retirement, or having taken extended leave from the workplace in order to care for their families.

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

**Social Justice Ireland proposes that Ireland move to a single-rate universal state pension payment of at the level of the State Pension (Contributory) in January 2019.** We recently published a report outlining how Ireland can move to such a payment, using money that is already in the current pension system.

It is estimated that €727m extra would be required in 2019. This can be raised by standard-rating the tax relief on contributions to private pensions, and through a small increase in the rate of Employer PRSI.

It is estimated that more than €400m can be saved annually by granting tax relief on private pension contributions at the standard rate, rather than at the marginal rate. This would also mean that all employees, regardless of income, would receive relief at the same rate; much fairer than the current system.

The earnings contribution cap should be reduced from €115,000 to €72,000, and the Standard Fund Threshold on private pension arrangements should be reduced from €2m to €500,000—an amount capable of funding a pension of €20,000 per annum. Any excess over the €727m, approximately €222m, should be ring-fenced to deal with any anomalies remaining, and to fund future liabilities.

**Social Justice Ireland also proposes an increase of €120m to the budget for home adaptation grants for the elderly,** as well as the increases to the Living Alone Allowance and Fuel Allowance discussed on page 9.

Individuals should be encouraged to save for their retirement so they do not rely solely on the State Pension for their post-retirement income. However, this should not be done at the expense of leaving tens of thousands without any payment from the State in old age. Similarly, there is no justification for the State to subsidise private pensions that provide retirees a lifestyle in retirement that most cannot aspire to even while in employment.

### Overseas Development Assistance (ODA)

While Ireland faces a number of challenges, including deficits in our public services and infrastructure, unacceptable rates of poverty, and high levels of national debt, it is important to remember that many people in the world face a far worse situation.

Budget 2018 allocated €707m in overseas aid; an amount approximately equivalent to 0.36 per cent of GNI\*.

The United Nations-agreed target is for developed countries like Ireland to provide 0.7 per cent of GNP in aid. Since 2008, when Ireland's ODA reached a peak of 0.59 per cent of GNP, expenditure as a proportion of national income, however measured, has decreased significantly. This limits the resources available for tackling extreme poverty, hunger, and human rights abuses.

Ireland's improving economic situation is an opportunity to recover lost ground in relation to our ODA commitments. **Social Justice Ireland strongly urges Government to provide an additional €136m in Budget 2019** and make a commitment to increase the aid budget over the next four years to 0.59 per cent of GNI\*. Table 3 (below) shows how Government can reach this 0.59 per cent target in 2022, as a staging-post to reaching the UN target of 0.70 per cent by 2025.

**Table 3: Pathway to UN target of 0.70% of GNI\* by 2025**

Year	GNI* (€m)	% of GNI* to achieve 0.7% target by 2025	Required budget for ODA in each year (€m)	Increase in Budget allocation for ODA (€m)
2018	198,850	0.36	707	-
2019	207,725	0.42	843	136
2020	216,000	0.48	982	139
2021	224,550	0.53	1,125	143
2022	233,532	0.59	1,271	146
2023	242,873	0.63	1,379	108
2024	252,588	0.66	1,490	111
2025	262,692	0.70	1,605	115

Using GNI\* as a proxy for GNP, this would return the aid budget to pre-recession levels, allowing coherent forward planning for aid recipients which would maximise the impact of that aid.

Government should recognise the mutual benefits in stability and trade - that translate into security and prosperity - with developing nations, and should provide international leadership, honouring its commitments.

It should also be noted that Ireland had previously led on hitting the UN target of 0.15 per cent of GNI to Least Developed Countries (LDCs), consistently exceeding it between 2011 and 2014. This very positive run has ended. Seven donors gave more than 0.15 per cent of GNI as ODA to LDCs in 2016 and Ireland was not among them.

## Sustainability



Financial, environmental, economic and social sustainability are all key objectives for protecting our future. While growth and economic competitiveness are important, they should be considered in the context of sustainability, using a framework for sustainable development which gives equal consideration to the environmental, social and economic pillars.

### Climate Change and Emissions Targets

2016 was the hottest year on record, followed by 2015 and 2017, with six of the 10 warmest years on record occurring since 1990. Ireland's emissions profile continues to be dominated by the Agriculture, Energy and Transport sectors, which together accounted for 72.6 per cent of all greenhouse gas emissions in 2016. Ireland's greenhouse gas emissions continue to grow in line with employment growth in these sectors. The potential financial cost of missing Ireland's *Europe 2020* targets ranges from €140m to €600m. The environmental cost of missing Ireland's *Europe 2020* targets include increased heavy rain fall in winter and autumn, increases in the intensity of storms and increased risk of damage from these storms. **Social Justice Ireland proposes an increase to the rate of carbon tax of €5 per tonne of CO<sub>2</sub> emitted, to generate €110m in Budget 2019.**

### Energy Efficiency and Retrofitting

Under the *Europe 2020* targets, Ireland committed to generating 40 per cent of its electricity requirements from renewable sources. **Social Justice Ireland proposes that the PSO levy for peat be removed at a saving of €118m million, and that these funds be diverted to the development of renewable energy sources and the move to a low-carbon power system by 2050.**

One of the most cost-effective measures of moving towards our *Europe 2020* energy targets is to increase building energy efficiency. **Social Justice Ireland proposes that €80m be allocated in Budget 2019 to retrofit houses and community buildings.**

### Shadow Accounts

The UN recommends that the international community measure development beyond GDP and that national accounts should measure and cost social exclusion, unemployment, and social inequality, as well as the environmental costs of growth and market failures. Some governments and international agencies have picked up on these issues, especially in the environmental area and have begun to develop 'satellite' or 'shadow' national accounts that include items not traditionally measured. **Social Justice Ireland urges Government to develop a set of**

**satellite accounts for Ireland as a key initiative to adequately reflect the economic value of Ireland and support the development of more robust economic, social and environmentally sustainable policies.**

### Environmental Taxation

#### *Excise Duty on Diesel*

The diesel-powered private passenger car now contributes the highest amount of CO<sub>2</sub> emissions of any category of vehicle in road transport in Ireland. These emissions contribute to air pollution which is harmful to the nation's health. **Social Justice Ireland proposes a 6 cent increase in the excise duty on a litre of diesel in Budget 2019 and a decrease of the same amount on petrol.** We further propose an increase to the **commercial diesel rebate scheme by 6 cent per litre** to offset any negative impacts on road haulage.

#### *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 2019 at an estimated yield of €75m.**

#### *Single-use Plastics Levy*

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 single-use plastics levy in Budget 2019, to yield an estimated €25m per annum.**

#### *Environmental Subsidies*

Government should publish the costs to the State of environmental subsidies and undertake an annual review of these measures to ensure that the State is not subsidising harmful environmental practices.

### Investing in the Future—the Circular Economy

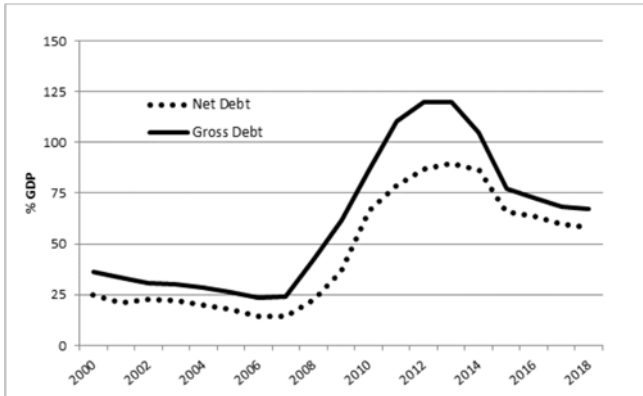
In December 2015 the European Commission published an action plan which describes the circular economy as 'where the value of products, materials and resources is maintained in the economy for as long as possible, and the generation of waste minimised'. The 2018 Circular Economy Package includes a Europe-wide Strategy for Plastics in the Circular Economy. It is important that Ireland now moves to embrace the circular economy and to implement the monitoring framework provided in this package. **Social Justice Ireland proposes an allocation of €10m in Budget 2019 to begin implementation of the 2018 Circular Economy Package.**

## Social Justice Ireland's Sustainable Progress Index

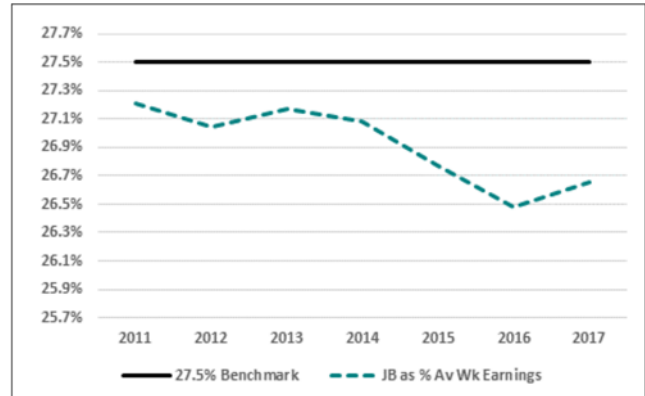
To support Ireland's achievement of the Sustainable Development Goals (SDGs), *Social Justice Ireland* publishes an annual *Sustainable Progress Index*, measuring Ireland's progress on foot of 53 indicators and benchmarking this progress against our EU15 peers. In our most recent iteration, published in February 2018, Ireland ranked 10th of the EU15. *Social Justice Ireland* recently welcomed the Government's commitment, as part of the Sustainable Development Goals National Development Plan 2018-2020, to documenting the Sustainable Development Goal (SDG) to which each Government policy relates and the development of a Matrix of Lead and Stakeholder Departments as a move towards greater accountability by Government for the SDGs. In the course of our work in compiling the *Sustainable Progress Index*, we identified a series of data gaps across each of the 17 SDGs and provided these findings to Minister Denis Naughten. **Social Justice Ireland proposes the allocation of €10m to the CSO to develop new indicators of progress through shadow national accounts and to measure Ireland's progress towards our SDG targets.**

# Ireland: Some Key Diagrams and Tables

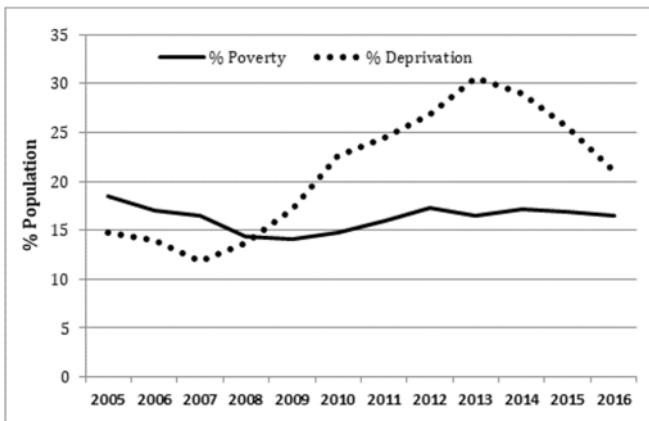
**Chart 3: National Debt as % GDP, 2000-2018**



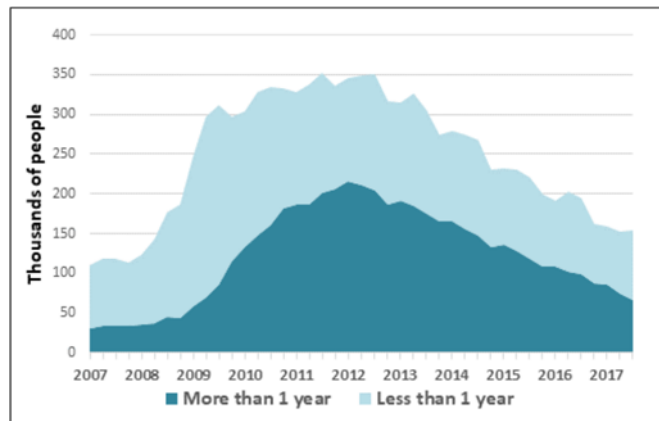
**Chart 4: Jobseekers Benefit (% of Avg Weekly Earnings)**



**Chart 5: Poverty and Deprivation, 2005-2016**



**Chart 6: Unemployment 2007-2017 (000s)**



**Table 4: The Minimum Weekly Disposable Income Required to Avoid Poverty in 2018, by Household Types**

Household containing:	Weekly poverty line	Annual poverty line
1 adult	€249.55	€13,022
1 adult + 1 child	€331.90	€17,319
1 adult + 2 children	€414.25	€21,616
1 adult + 3 children	€496.60	€25,913
2 adults	€414.25	€21,616
2 adults + 1 child	€496.60	€25,913
2 adults + 2 children	€578.96	€30,210
2 adults + 3 children	€661.31	€34,507
3 adults	€578.96	€30,210

**Table 5: Effective Taxation Rates for selected household types, 2000 / 2008 / 2018**

	2000	2008	2018
<b>Single earner</b>			
Gross Income €25,000	24.0%	8.3%	12.7%
Gross Income €60,000	37.7%	27.5%	30.5%
<b>Couple 1 earner</b>			
Gross Income €40,000	20.2%	9.4%	11.6%
Gross Income €60,000	29.0%	19.8%	22.8%
<b>Couple 2 earners</b>			
Gross Income €40,000	17.5%	3.6%	7.7%
Gross Income €100,000	35.9%	23.8%	26.9%

**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.

**Table 6: Taxation: Social Justice Ireland's key Budget Initiatives for Budget 2019**

Area	Proposal	Increase in Exchequer Income	Decrease in Exchequer Income	Balance
	<b>Tax decreases</b>			
<b>PAYE</b>	Increase PAYE and Earned Income Tax Credits by €6.50 p/w		€711m	
<b>Tax Credits</b>	Make the two main Income tax credits refundable		€140m	
	<b>Tax reform</b>			
<b>Tax Breaks</b>	Standard rate discretionary non-pension related tax reliefs above an annual cost of €10m	€480m		
<b>Pensions</b>	Standard-rate the tax-break on all private pension contributions (including the public sector PRD)	€483m		
	Reduce Earnings Cap for contributions to private pensions to fund Universal Pension	€44m		
<b>Corporate Tax Credits</b>	Reform R&D Tax credit by removing tax refund element for unused credits	€168m		
<b>Corporate Sector</b>	Minimum Effective Rate of Corporation Tax - 6%	€1,000m		
	Abolish the Special Assignee Relief Programme (SARP)	€10m		
	<b>Tax increases</b>			
<b>Capital Taxes</b>	Increase Capital Gains Tax from 33% to 35%	€69m		
	Increase Capital Acquisitions Tax from 33% to 35%	€28m		
<b>Land Taxes</b>	Levy on underdeveloped sites and empty homes	€75m		
	Increase to 5% the stamp duty on residential property in excess of €1m	€12m		
	Restore NPPR charge on second homes at rate of €500 p/a	€125m		
<b>Gambling</b>	Increase tax on in-shop and online betting to 3%	€150m		
<b>VAT</b>	Remove the special 9% VAT rate in the tourism sector for accommodation <b>only</b>	€220m		
<b>Stamp Duty</b>	Increase stamp duty from 6% to 8% (non-residential property in excess of €500k)	€150m		
<b>Excise Duty</b>	Equalise the Excise Duty on Diesel and Petrol	€68m		
	Increase commercial diesel rebate by 6 cents per litre		€30m	
	Increase Excise Duty on beer by 5 cents per pint	€33m		
	Increase Excise Duty on spirits by 5 cents per half glass	€18m		
	Increase Excise Duty on cider by 5 cents per pint	€4m		
	Increase Excise Duty on wine by 25 cents per 75cl	€14m		
<b>High Earners</b>	Increase from 30% to 35% the minimum effective tax rate of people earning €400,000+ pa	€12m		
<b>PRSI</b>	Amend Employers PRSI to Fund Universal Pension	€422m		
	Increase employer's contribution to National Training Fund Levy by 0.1%	€58m		
<b>Sustainability</b>	Plastic levy (packaging, cups, etc.)	€25m		
	Introduce an Aggregate Levy of €2.50 per tonne	€75m		
	Increase carbon tax by €5 per tonne of CO <sup>2</sup> emitted	€110m		
<b>Total</b>		<b>€3,853m</b>	<b>€881m</b>	<b>€2,972</b>



**Table 7: Expenditure: Social Justice Ireland's key Budget Initiatives for Budget 2019**

<b>Area</b>	<b>Proposal</b>	<b>Decrease in Exchequer Expenditure</b>	<b>Increase in Exchequer Expenditure</b>	<b>Balance</b>
<b>Older People</b>	Increase the Living Alone Allowance by €5 per week		€52m	
	Introduce a Universal State Social Welfare Pension		€727m	
	Increase Fuel Allowance rates by €6.50 per week		€65m	
	Increase funding for home adaptation grants for elderly		€120m	
	Targeted scheme for low income and vulnerable elderly people		€30m	
	Fund to deal with pension anomalies and future liabilities		€222m	
<b>Young People</b>	Equalise Jobseekers rates for under 26s		€92m	
	Increase ECCE provision		€113m	
<b>Children</b>	Invest in supports for regulation of childminders		€2m	
	Increase paternity leave by 2 weeks		€11m	
	Increase to the CCSU Scheme subsidy		€34m	
	Increase funding for Tusla		€20m	
	Implementation of Higher Education Funding Strategy		€150m	
<b>Education</b>	Increase funding for adult literacy		€30m	
	Increase funding for life-long learning and digital education		€40m	
	Increase community education budget		€20m	
	Broadening and increasing 3rd level maintenance and fee grants		€107m	
	Increase primary and second level capitation grants by 10%		€20m	
	Increase funding for Skills Development and Training		€58m	
	Increase funding for DEIS schools		€25m	
	Increase non-pension welfare rates by €6.50 per week		€235m	
<b>Welfare</b>	Increase direct provision payment		€4m	
	Investment in Community Nursing Facilities		€50m	
<b>Health</b>	Investment in Primary Care Networks		€150m	
	Increase social provision for children and families		€50m	
	Obesity prevention programme		€75m	
	Increase funding for anti-alcoholism programmes		€69m	
	Implementation of <i>Vision for Change</i> (mental health)		€35m	
	Investment in social care, including Home Care Packages		€50m	
	Once-off allocation towards implementation of Slainte Care		€500m	
	Disability services, including residential respite and PA services		€30m	
<b>Disability</b>	Introduce a cost of disability payment (€20 p/w)		€142m	
	Implementation of the UNCRPD		€30m	
<b>Sustainability</b>	Retrofitting programme and Community Energy Advisors		€80m	
	Remove the PSO subsidy for peat	€118m		
	Increase funding for renewable energy schemes		€118m	
	Circular Economy Package		€10m	
<b>Governance</b>	Central Statistics Office - Sustainable Development Goals		€10m	
	Increase funding for Independent Budget Office		€10m	
<b>ODA</b>	Increase Aid Budget towards UN target		€136m	
<b>Housing</b>	Increase provision for social housing		€1,250m	
<b>Rural</b>	Rural Enterprise and Training Programme		€100m	
	Rural Transport Programme		€50m	
	Rollout of Rural Broadband		€300m	
<b>Community</b>	Increase funding for Community & Voluntary sector, incl SSNO		€45m	
	Community programmes and Legal Aid		€10m	
<b>Total</b>		<b>€118m</b>	<b>€5,476</b>	<b>€5,358</b>

**Table 8: Fiscal impact of Social Justice Ireland's proposals for Budget 2019**

	<b>Impact on Govt Balance</b>
Projected "Fiscal Space" (or money available in the event of no changes)	€3,200m
Carryover from Budget 2018	-€314m
Public Sector Pay increases, and other commitments	-€600m
Proposed Increase to Government's Rainy Day Fund	-€500m
Non-indexation of the income tax system	€600m
<b>Total funding available</b>	<b>€2,386m</b>
Proposed revenue-raising measures	€3,853m
Proposed measures to decrease revenue	-€881m
<i>Overall change in Government Revenue from Social Justice Ireland proposals</i>	<i>€2,972m</i>
Proposed increases in expenditure	-€5,476m
Proposed measures to decrease expenditure	€118m
<i>Overall change in Government Expenditure from Social Justice Ireland proposals</i>	<i>-€5,358m</i>
<b>Impact on Government Balance of Social Justice Ireland's proposals</b>	<b>-€2,386m</b>

## Summary of Areas for Investment and Key Proposals

### Pensions and Older People

Universal State Social Welfare Pension: €727m  
 To deal with pension anomalies and future liabilities: €222m  
 Increase the Living Alone Allowance by €5: €52m  
 Increase Fuel Allowance Rates by €6.50: €65m  
 Targeted scheme for low income/vulnerable elderly people: €30m  
 Increase funding for home adaptation grants: €120m  
**Total investment: €1,216m**

### Children

Increase ECCE provision: €113m  
 Invest in supports for childminders: €2m  
 Increase paternity leave by 2 weeks: €11m  
 Increase funding for Tusla: €20m  
 Increase CCSU Scheme Subsidy: €34m  
**Total investment: €180m**

### Social Welfare

Increase Social Welfare Rates by €6.50 per week: €235m  
 Equalise Jobseekers Rates for Under 26s: €92m  
 Increase Direct Provision Payment: €4m  
**Total investment: €331m**

### Rural, Regional and Community

Enterprise and Training: €100m  
 Rural Transport Programme: €50m  
 Rollout of Broadband: €300m  
 Increase funding for C&V Sector, including SSNO: €45m  
 Community Capacity Building: €2m  
 LCDC funding: €1m  
 Increase funding for PPNs: €2m  
 Increase Legal Aid funding: €5m  
**Total investment: €505m**

### Environment

Retrofitting Programme and Community Energy Advisors: €80m  
 Implementing Sustainable Development Goals: €10m  
 Circular Economy Package: €10m  
 Increase funding for renewable energy schemes: €118m  
**Total investment: €218m**

### Education

Implementation of Higher Education Funding Strategy: €150m  
 Extension of maintenance and fee grants at 3<sup>rd</sup> level: €107m  
 Increase capital grants at 1<sup>st</sup> and 2<sup>nd</sup> level by 5%: €20m  
 Increase funding for DEIS schools: €25m  
 Increase funding for adult literacy: €30m  
 Increase funding for lifelong learning and digital ed: €40m  
 Increase funding for community education: €18m  
 Increase funding for skills development and training: €58m  
**Total investment: €448m**

### Housing

Increase provision for social housing: €1,250m  
**Total investment: €1,250m**

### Employment

Make tax credits refundable: €140m  
 Increase PAYE and Earned Income credit by €6.50 p/w: €711m  
**Total investment: €851m**

### Health and Disability

One-off allocation for the implementation of Slainte Care: €500m  
 Community nursing facilities: €50m  
 Primary Care Networks: €150m  
 Social provision for children and families €50m  
 Obesity prevention programme: €75m  
 Mental Health: €35m  
 Social care and home care packages: €50m  
 Disability services: €30m  
 Implementation of UNCRPD: €30m  
 Cost of disability payment: €142m  
**Total investment: €1,112m**

### Key Taxation Proposals

Standard rate all discretionary tax expenditures: €480m  
 Remove tax refund element for R & D tax credits: €168m  
 Introduce a minimum effective corporate tax rate: €1,000m  
 Equalise Excise Duty on diesel and petrol: €€68m  
 Increase accommodation sector VAT rate to 13.5%: €220m

## The Social and Economic Position Framing Budget 2019

Table 10 brings together a range of relevant data and indicators which reflects various aspects of Ireland's social and economic reality today. These data frame the context of Budget 2019.

Some of the indicators are positive and much improved on recent years. GDP is growing. Unemployment is falling. The number of people in employment is growing. Government debt to national income ratios are improving, and Ireland's credit rating is back on favourable terms.

At the same time there are a number of significant challenges facing Ireland. Despite improving debt to national income ratios, gross debt is still very high. There is growing

pressure on public services, as well as a sustained problem with poverty. Ireland has a low tax-take as a proportion of national income, which leads inevitably to significant infrastructure deficits. An ageing population and lengthy social housing waiting lists are among the other challenges faced.

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.

This is necessary to provide the investment required for the public services and social infrastructure most Irish people aspire to having.

**Table 9: Ireland's Social and Economic Position in 2018**

Nominal GDP in 2018 / 2019 / 2020 (€ billion)	301.8 / 315.1 / 328	Minimum Wage (per hour / 39hr week)	€9.55 / €372.45
Nominal GNI* in 2018 / 2019 / 2020 (€ billion)	198.9 / 207.7 / 216	Living Wage (per hour / 39 hr week)	€11.70 / €456.30
Projected GDP growth in 2018 / 2019 / 2020	3.5% / 3.2% / 2.8%	Minimum Social Welfare Payment (1 adult)	€198 per week
Project export growth in 2018 / 2019 / 2020	4.8% / 4.3% / 4%	Median equivalised disposable income (2016) (South & East / Border, Midlands and West)	€21,455 / €17,369
Gross Debt in 2016 / 2018 / 2021 (€ billion)	200.6 / 208.2 / 209	Poverty line 1 Adult (week / year)	€249 / €13,022
Debt to GDP / GNI* ratio in 2016	72.8% / 106%	Poverty line 2 Adults (week / year)	€414 / €21,616
Debt to GDP / GNI* ratio in 2018	69% / 104%	Poverty line 1 Adult + 1 Child (week / year)	€331 / €17,319
Debt to GDP / GNI* ratio in 2021	61.2% / 93%	Poverty line 2 Adults + 2 Children (week / year)	€578 / €30,210
Ireland's Credit Rating (S&P / Moody's / Fitch)	A+ / A2 / A (long-term)	% of population living in poverty (numbers)	16.5% / 790,000
Ireland's total revenue as % of GDP 2018	26.1%	Children living in poverty (% / numbers)	20% / 250,000
Revenue as % of GDP for low-tax economy (as per Eurostat)	34.9%	% of population experiencing deprivation (2+ basic items) (2007/2013/2016)	11.8% / 30.5% / 21%
Ireland's Gini coefficient (2012 / 2016)	31.8 / 30.6	Local Authority Housing waiting list	85,799 households
% Tax on €25,000 income (single / 2 earners)	12.7% / 0.6%	On the waiting list more than 7 years (% / num)	24.2% / (20,803)
% Tax on €60,000 income (single / 2 earners)	30.5% / 15.1%	Homelessness (Feb 2018)	9,807
% Tax on €100,000 income (single / 2 earners)	38.8% / 26.9%	Homeless children (Feb 2018)	3,755
Corporation Tax rate	12.5%	12 month increase in child homelessness	47% (to Feb 2018)
Capital Gains Tax rate	33%	Population of Ireland (April 2017)	4,792,500
Value of costed tax reliefs in Ireland	€26.6 bn	Net migration (year to Apr 2017)	19,800
Employment (Q4, 2017) total / 12mth increase	2,231,000 / +66,800	Net migration Irish Nationals (year to Apr 2017)	-3,400
Labour Force (Q4, 2017) total / 12mth increase	2,375,200 / +43,400	% of population older than 65 in 2016 / 2036*	13.3% / 20.6%
Unemployment (April 2018) numbers / rate	140,300 / 5.9%	% of population older than 80 in 2016 / 2036*	1.5% / 3.2%
Unemployment (April 2017) numbers / rate	157,000 / 6.8%	Inflation rate (CPI/HICP) to March 2018	0.2% / 0.5%
Youth Unemployment (Q4, 2017)	12.2%	Extent to which CPI underestimates the rising cost of a Minimum Essential Standard of Living	8.3% (2017)

**Sources:** Department of Finance *Economic Bulletin* and *Economic and Fiscal Outlook 2018*, Revenue Commissioners, CSO Labour Force Survey, CSO *Population and Migration Estimates*, CSO *SILC*, CSO *Census 2011* and *Census 2016*, OECD *PIAAC 2013*, CSO *Population and Labour Force Projections (assumption M2F1)*, VPSJ's MESL data, *Summary of Social Housing Assessments 2017*, CSO *Measuring Ireland's Progress 2016*, and Social Justice Ireland's *Socio-Economic Review and Budget 2018 Analysis & Critique*. **Note:** \* = projection;

## From here to where?

The last decade has been a trying one for Ireland. After the spectacular economic growth of the so-called “Celtic Tiger years”, Ireland experienced other equally spectacular though entirely unwanted “highs”. Unemployment climbed to over 15 per cent, with almost 330,000 people jobless; Ireland’s debt levels reached 120 per cent of GDP; homelessness hit record levels; and at one point the deprivation rate stood at over 30 per cent.

While much of the last decade have been very hard for most Irish people, both economically and socially, things have improved significantly on many fronts, and most of Ireland’s economic fundamentals are currently on a positive trend. Consumer spending is up, employment trends are positive and the export growth of recent times is expected to continue, though at a slower pace. Indeed, Ireland’s economy, regardless of unbelievable growth rates and so-called “leprechaun economics”, has been the fastest growing economy in Europe for several years now.

But such statistics only tell a part of the story of where Ireland as a society has come from and where it is headed. Many of the issues that *Social Justice Ireland* highlighted in its Budget Choices Briefing 12 months ago have seen little improvement or indeed have dis-improved.

Almost 800,000 people live in poverty and more than a quarter of these are children. 1.2 million people experience poverty and/or deprivation. There is a social housing crisis and close to 10,000 people are homelessness. The two-tier healthcare system has long waiting lists and a recurring A+E crisis with people waiting on trolleys.

While employment growth is very welcome there are many precarious jobs with young people, women and migrants being most vulnerable. The unavailability of quality broadband in rural Ireland is a major drawback and undermines efforts at balanced regional development. The lack of appropriate action on climate change will have very negative consequences.

*In this Policy Briefing Social Justice Ireland sets out a policy framework to deliver five outcomes: a thriving economy, decent infrastructure and services, just taxation, good governance and sustainability .*

We could add to this list of challenges Ireland currently faces. The key point that needs to be recognised and action taken on is that Ireland needs a medium-to-long-term approach from Government on the scale required to address these issues. The latest National Development Plan lacks coherence and is not on the scale required.

In this Briefing *Social Justice Ireland* sets out a policy framework to deliver five outcomes: a thriving economy, decent infrastructure and services, just taxation, good governance and sustainability (p. 3). We present fully costed proposals across the complete policy spectrum for Budget 2019. We also show how these can be financed. Our approach is economically sound and socially fair and it would move Ireland towards delivering a fairer, sustainable future for all.

## Recent Publications and Research from *Social Justice Ireland*

**Social Justice Matters - 2018 Guide to a fairer Irish Society** - (April 2018)

**Measuring Progress: Economy, Society and Environment in Ireland** - (February 2018)

**Employment Monitor** - (March 2018)

**Ireland and the Europe 2020 Strategy** - (March 2018)

**Society Matters – Reconnecting People and the State** - (November 2017)

**Fairness in Changing Income Taxes (October 2017)** - (October 2017)

All of these are available on our website at [www.socialjustice.ie](http://www.socialjustice.ie)  
Printed copies can be purchased from the Social Justice Ireland offices.

### Acknowledgement

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*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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