

Budget 2022

Analysis & Critique

OCTOBER 2021

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Social Justice Ireland
1-3 Burton Hall Road
Sandyford, Dublin 18

ISSN: 1649-4954

Phone: 01 2903597
www.socialjustice.ie

Government failing as choices leave those on low incomes behind

The fundamental test for every Government is whether, when it leaves office, those with the least in our society are in a better position than when it entered office.

Budget 2022 shows that Government policy is not yet focused on achieving the objectives of reducing poverty and promoting social inclusion. The choices that Government has made in Budget 2022 will see the number of people in poverty grow.

There are a number of reasons for this outcome.

- Firstly, as a result of this Government's failure to focus on low to middle income households with jobs, a couple with one earner at €30,000 has received an additional €0.39 per week from these two budgets combined. Even more devastating is the outcome for a household of four, two adults and two children, one income at €30,000 who also have benefitted by only €0.39 over this Government's two Budgets.
- Secondly, the failure to raise core social welfare rates by €10 a week means that many of the people who depend on these payments will fall further behind the rest of society.
- Thirdly, the adjustments in tax bands will benefit middle and higher income people but many on low incomes will see little or no gain. A much fairer way of using the money available for income tax reductions would have been to make tax credits refundable which would have ensured the benefits went to the low paid and the working poor.

Income gains from Budget 2022

As a result of Budget 2022 single people depending on social welfare will see their incomes increase by €5.00 a week while a similar person with an income of €50,000 a year will take home an additional €7.96 a week. Couples with the same incomes will receive an increase of €8.30 and €8.92 a week. While many of those with jobs will also receive a welcome pay increase in the coming year, that will mean that many of those depending on social welfare payments will fall further behind the rest of society (pp. 6,7,8).

Budget 2022 is the second budget produced by this Government and demonstrates a disappointing and worrying trajectory, revealing a Government that is not focused on protecting Ireland's most vulnerable. Those on the lowest incomes (welfare and low pay) are being let fall further behind.

Continued on page 2

Welcome

- An effective minimum corporate tax rate
- The allocation of more than €1bn for Overseas Development Assistance
- Investment in Community Care
- Increased investment in education
- Allocation for a Basic Income pilot programme but we await details.

Regret

- Failure to increase core welfare rates by €10.
- Total ignoring of low-paid employees
- Inadequate investment in housing
- Total tax-take remains inadequate

Welcome investment but on insufficient scale



While there are some benefits for people who are poor and vulnerable, these are not of sufficient scale to even allow the weakest to stand still. Instead, Ireland's 630,000 people living in poverty, more than a quarter of whom are children, will be worse off in real terms.

No real strategy to tackle poverty and exclusion

Government's initiatives to begin addressing the climate crisis, the housing shortage and reverse a decade of under-investment in our capital stock are welcome. However, there is no clear, comprehensive strategy to tackle poverty, social exclusion and vulnerability. While Government can itemise which individual national roads are to be built or upgraded, it has not even tried to outline a real and effective pathway towards reducing poverty and social exclusion. Its actions clearly show Government has failed, to date, to commit to leaving nobody behind. This is most regrettable.

Government's claim that an increase of €5 in the fuel allowance makes up for the low increase in welfare rates ignores the fact that large numbers of poor people do not have access to the fuel allowance.

Pretending that, by addressing a little of the needs of these groups they are addressing poverty, is patently untrue. Benchmarking core welfare rates to average earnings is the key to reducing poverty and ultimately, income inequality. Failing to do this is an insult to Ireland's most vulnerable people.

Bad for business, society, environment

Deeply divided two-tier societies are bad for business, for society and for the environment. Budget 2022 fails to address these deep divisions in Irish society and leaves the poorest and weakest behind.

Never just income, always about income

Social Justice Ireland recognises that poverty is never just about income. But it is always about income. Failure to increase core social welfare rates by at least €10 a week will have profoundly negative impacts on some of Ireland's most vulnerable people. As a result of Budget 2022 inequality will increase in Ireland, the rich/poor gap will widen and Ireland will continue its journey towards becoming a deeply divided, two-tier society.

Plans but not Priorities

The allocations set out in Budget 2022 reflect Government commitments including those presented in the recent National Development Plan 2021-2030. This new plan includes some welcome aspects, such as increased investment for public transport, the prioritisation of energy efficiency measures and an overdue investment in water infrastructure. However, *Social Justice Ireland* regrets that it, and the recent Housing for All plan, have not adequately confronted the scale and severity of current housing needs. While there are new targets (for new builds and social housing), these seem divorced from the severity of current needs and pent-up demand (see p5).

Ireland now has many plans to achieve progress: the NDP, Housing for All, Sláintecare and shortly the new Climate Action Plan. Plans while welcome need to be better aligned to the challenges our society faces and adequately resourced to resolve these.

Housing response is inadequate

While the allocation for housing is rising, Government's decision to renew the help-to-buy scheme is regressive, expensive and helping to maintain high house prices for newly constructed homes (cf. page 5).

Limited progress on climate

There are some welcome initiatives in the area of sustainability, environment and climate. However, there was no progress on tackling environmentally damaging subsidies highlighted by the CSO (see p.9)

Regressive choices on tax

Budget 2022 failed to expand the tax base or the total revenue from all sources on the scale required. On income tax the choices made were very regressive as low income workers were again ignored.

Wellbeing not prioritised

The Government's paper on wellbeing indicators was published last year, yet there is no evidence of the transformational change required to how Government makes policy. Failure on this front is consistent with leaving the weak behind.

Why is Government hiding facts, again?

The documentation produced on Budget Day this year contains less information than was available in pre-digital days twenty years ago. For example, the key table, setting out the impact of all Budget changes has again been removed in Budget 2022 documentation. We wonder why?

Conclusion

Drafting a Budget involves Government in major decision-making about the direction of society and of how the available resources can best be used to address the challenges currently being faced by society while moving towards a desirable and just future.

Budget 2022 included a number of welcome initiatives. However, its choices leave those on lower incomes behind which is most disappointing.

Poverty is never just about income. But it is always about income.

Those on the lowest incomes (welfare and low pay) are being let fall further behind.

Regret on Welfare Package

Welfare payments target those most in need within Irish society. They also play a central role in alleviating poverty. Without the social welfare system four in every ten of the Irish population would have been living in poverty. However, welfare payments reduced the poverty rate by almost 29 percentage points to 12.8 per cent. Thus, when Budget resources are focused on the welfare system they assist those who need most help. Conversely, when a Budget provides limited resources to the welfare system it undermines the living standards and needs of the weakest in our society.

Social Justice Ireland regrets that Budget 2022 only provided an increase of €5 per week to core welfare payments. In our pre-Budget document, *Budget Choices*, we called for an increase of €10 per week in all weekly minimum welfare payments to ensure that their value was benchmarked to movements that have already occurred in average earnings. We believe that over this and the next budget a benchmark equivalent to 27.5 per cent of average earnings could be achieved.

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. If divides open up, as in the late 1990s, poverty for this group will rise. We regret that progress towards this benchmark was not delivered as part of Budget 2022. Despite challenges, we believe that the resources were available to deliver this increase. Other Budget measures, including increases to the living alone and fuel allowances and to the qualified child increase are welcome. These assist low income vulnerable groups in our society.

Minimum Corporate Tax Rate: overdue & welcome

Social Justice Ireland has long argued for the adoption of a minimum rate of corporation tax. We believe that the issue of corporate tax contributions is principally one of fairness. Profitable firms with substantial income should make a contribution to society rather than pursue various schemes and methods to avoid such contributions.

Budget 2022's decision to embrace the OECD's agreement for a minimum corporate tax rate of 15 per cent for large firms is welcome and long overdue. It represents the first major change to Ireland's corpo-

rate tax regime for some time, and it is likely to be the first of a number which will evolve from the ongoing OECD BEPS process. Although Ireland has been an unexpected beneficiary of windfall corporate tax gains in recent years, it is clear that the domestic and international corporate tax systems and structures are unsustainable and riddled with unfair and unacceptable outcomes impacting on many of our European and North American neighbours as well as the developing world.

While a higher headline rate for the largest firms, many of whom have been aggressive

tax planners, is welcome we have also called for the adoption of a minimum effective corporate tax rate which should be applicable to all firms. Policy should move towards embracing this measure over the next few years - we believe it should be set at a rate of 10 per cent.

Transparency must also be an important aspect of these ongoing reforms. Consequently, we encourage the Oireachtas Budgetary Oversight Committee to request ongoing updates to the 2017 corporate tax analysis by the C&AG.

Pandemic Uncertainty & Recovery

The past 19 months have been among the most uncertain and challenging for Irish society. The upheaval to people's lives and livelihoods has been immense, most of all for those families who have lost members due to Covid-19. The period has also underscored the relevance of the welfare state and the importance of well resourced and accessible public services operating with the objective of societal wellbeing.

As the Minister for Finance indicated in his Budget speech, although the public health outlook is positive, Ireland still remains in a period of significant socio-economic uncertainty. *Social Justice Ireland* has long ar-

gued for the adoption of counter-cyclical fiscal policies and consequently we welcome that Budget 2022 is based on a large fiscal deficit with those resources used to prop up the economy and society in what would otherwise be a period of extensive austerity. The pandemic has highlighted key issues that have been a focus of our work for many years, including:

- The importance of the welfare system in providing a safety net for all;
- The inadequacy of most rates of core welfare payments;
- The challenges faced by low paid workers and their families;
- The opening divides between those in

stable employment and those with precarious jobs; and

- The underfunding of our health and social care systems.

While recovery is underway, *Social Justice Ireland* believes that there is the potential for the recovery to unfold in different ways for different groups and different parts of our country. Policy must be better focused on addressing and minimising these divisions. Issues of youth unemployment, long-term unemployment, regional stagnation, and neglected public services need increased attention. In the year ahead, we should work to avoid or minimise these and other pandemic scarring effects.

Healthcare Reform as the Pandemic Recedes

As the Minister for Finance acknowledged in his Budget speech, the past 19 months has been a period of major challenge for the healthcare system with staff, facilities and patients put under enormous strain. However, the successful delivery of the Covid-19 vaccination programme illustrates the ability of that system to respond in a coordinated way, adapt as challenges emerge and successfully implement a complex programme across the state.

While recognising the significant additional resources provided in response to the Covid-19 pandemic, understandably, the pandemic has meant that many of the developments and reforms planned for healthcare were delayed. However, as the scale of the pandemic's impact on the health system slowly recedes, the period ahead is one where there is a unique opportunity to implement significant reform of Ireland's healthcare system.

As we outline in our annual Socio Economic Review, *Social Justice Matters*, healthcare has been approached for some time in an unsustainable way that requires comprehensive reform of health policy. The model of healthcare used in Ireland contributes to these issues, including an overemphasis on hospitals and acute care rather than primary and social care being more central. International experience demonstrates that countries with a strong primary care sector have demonstrably better health outcomes, lower mortality rates, and lower overall costs of healthcare.

Underpinning *Social Justice Ireland's* approach to healthcare policy is a core policy object 'to provide an adequate healthcare service focused on enabling people to attain the World Health Organisation's definition of health as a state of complete physical, mental and social wellbeing and not merely the absence of disease or infirmity'.

However, reform will not happen without a commitment to multi-annual investment. Reflecting this, we believe that Government must now prioritise two key

areas:

- Ensuring that the c.€4bn additional resources committed for the development of the healthcare system in 2021 are retained and now fully rolled out in 2022 to implement *Sláintecare*; and

- Enabling the rollout of the major strategic initiatives that must be addressed to move the system towards an effective one-tier healthcare system.

The latter requires the prioritisation of five key strategic areas:

- **Enhanced Community Care** including the funding and provision of Community Health Networks, Community Specialist Teams and Home Support Services;

- addressing and reducing **waiting lists** and waiting times for acute hospital, OPD, inpatient and day cases (scheduled care);
- addressing the recurring problems of hospital capacity and the problem of **trolleys in Emergency departments** (unscheduled care);

- prioritising early interventions and improved access to person centred **mental health services**; and

- resourcing the implementation of a suite of **disability supports** given Ireland's signing of the UN convention on the rights of people with disabilities.

Budget 2022 rightly acknowledged the huge contribution of the healthcare sector over the past year and a half. However, it should have done more to facilitate the reforms needed in healthcare in the years to come. (see also p16 & p9)

The period ahead is one where there is a unique opportunity to implement significant reform of the healthcare system

Managing Ireland's Debt

Ireland, like all other European countries and most other developed world states, has relied on large scale borrowing to cope with the reduction in tax revenue and pay for the various welfare and enterprise supports necessitated by the Covid-19 pandemic. Fortunately, the accommodative approach of the European Central Bank has allowed Government to easily access funds and at historically low interest rates.

Figures from the documents accompanying Budget 2022 reveal the current and expected levels of debt, and debt financing costs, that Ireland is facing - see Charts 4.1 and 4.2. The pandemic has resulted in the net national debt climbing from 82% of national income (as measured by GNI*) in 2019 (Budget 2020) to reach an expected level of 90% this year and 86% by 2023. Fortunately, interest costs remain low with these costs expected to be €3,395m in 2022 - a reduction on the costs faced in 2020 (€3,830m). However, although debt costs are low, the scale of debt remains an issue and a strategic risk to the state in the longer term.

To minimise future debt financing challenges, and to avoid the adoption of unnecessary austerity measures in the years to come, *Social Justice Ireland* believes that Government should prioritise the development of a European-wide debt warehousing strategy for the additional debt brought on by the pandemic. This debt should be separated from the existing national debt and financed by a 100 year ECB bond with a near-zero interest rate.

Chart 4.1 Net Debt as % GNI*

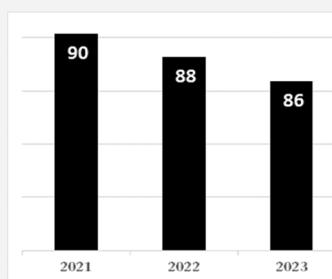
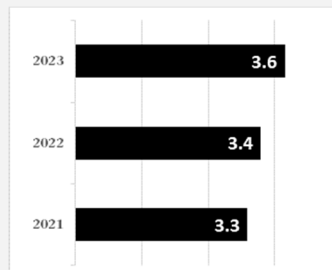


Chart 4.2 Debt Interest Cost €b



Budget 2022 will not answer real housing need

The Government's *Housing for All* plan preceded Budget 2022. Our analysis of this plan shows that it fails to recognise the true scale of the housing crisis and Budget 2022 seems to fall even further behind. The commitment in the plan is to build 33,000 new homes every year, including 90,000 social homes over the period 2021 to 2030. A look behind this data indicates that these targets are insufficient to meet the real needs.

Housing Need and Demand

The Government based this target on its Housing Need and Demand Assessments (HNDA) and research conducted by the ESRI. The difficulty is that these projections are based on the new household formations and do not take account of the years of under investment in the sector.

Budget 2022 commits to ensuring that people have access to home ownership and views the provision of housing as a priority. This will prove difficult if the build and acquisition targets are not based on or linked to the real needs being experienced.

In 2014, the ESRI projected an ongoing need for at least 25,000 new dwellings a year over the following 15 years. This estimate was revised the following year to approximately 27,000 new dwellings each year between 2016 and 2018, increasing year-on-year from 2018 to reach over 30,000 in 2024. It is important to note that this and subsequent ESRI research in this area does not factor into its account the full extent of housing delivery or the 90,500 households in 'pent up demand' and could therefore be considered a conservative estimate. By only looking at future demand and not taking into account current and unmet requirements, these 90,500 households are not being considered.

Homelessness not tackled

Housing for All commits to "working towards" eliminating homelessness by 2030 while simultaneously committing to increase resources for emergency homeless accommodation. A commitment to actually ending homelessness and an increase in funding to actively prevent it would have been far better.

Budget 2022 commits €194 million to the delivery of homeless services, for the provision of emergency accommodation, other services homeless households may require and the supports needed to exit homelessness as quickly as possible. No mention is made in Budget 2022 of any prevention measures. A further €10 million in Covid-19 funding is earmarked in Budget 2022 to consolidate improvements in health services for people who are homeless. €6 million has been allocated to the expansion of the Housing First programme under the National Drugs strategy which seems to presume that only those with addictions require these extra supports. *Social Justice Ireland* advocates expanding Housing First to families, providing wraparound supports and services.

Budget 2022 contained nothing in support of those in the private rental sector. In recent years, it is from this sector that households enter homelessness. Much could be done to prevent loss of housing by the introduction of increased tenant protections.

Housing Delivery

Budget 2022 reaffirms the *Housing for All* commitment to an average of 9,500 new build social homes per year. Added to this are 4,000 affordable purchase homes and 2,000 affordable cost rental homes out as far as 2025. If delivered over this time span, there will be 62,000 homes built which is to be welcomed but realistically meets neither current nor built up demands.

Budget 2022 commits to increase the current spend by an additional €168 million or 7 per cent. This will support an extra 14,000 tenancies through the Housing Assistance Payment (HAP) support, bringing the total to 66,000 households. HAP, delivered via the private rental sector, ultimately does not deliver secure, stable housing and highlights the difference between social housing and social housing supports. It is a temporary housing support and many of these 66,000 households will most likely still require social housing should their HAP tenancy expire.

Ensuring an adequate supply of affordable land is available to build on is key. Budget 2022 does not make any reference or commitment to advancing the Land Value Sharing measures discussed in *Housing for All*.

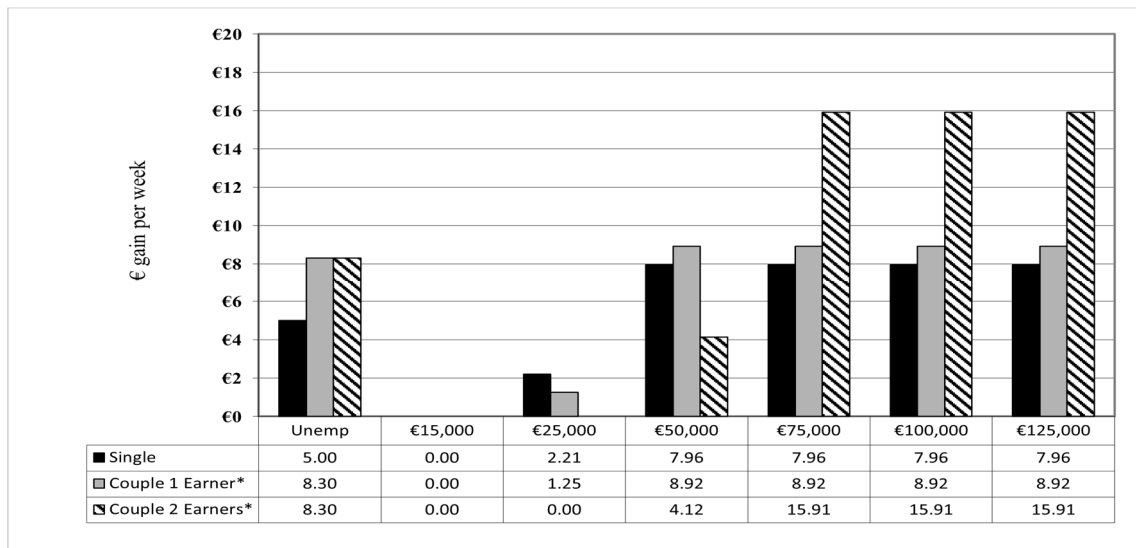
Budget 2022 does introduce a Zoned Land Tax, the aim of which is to increase the supply of land suitable for the building of residential accommodation. The lead-in time of two years for land zoned prior to January 2022 and three years for land zoned after this date is too long and it is possible to have suitable land rezoned which means this may not be the initiative that is needed to really meet the scale of the challenge.

Affordability not tackled

Social Justice Ireland has advocated against the Help to Buy scheme since it was introduced in Budget 2017 as we believed that it would artificially maintain high house prices. Our recent analysis shows that not only has Help to Buy disproportionately benefitted purchasers buying higher value properties since its introduction, but that this support is contributing to the affordability crisis. It was due to expire at the end of 2021 and it is regrettable that this core housing policy, which reinforces rather than reduces inequalities in the housing sector is to be continued through 2022.

Social Justice Ireland is of the view that this policy is regressive, expensive and is artificially maintaining high house prices for newly constructed homes. Help to Buy is driving purchasers towards higher value homes as the scheme artificially increases their purchasing capacity. If Government really wants to provide Homes for All, they need to address supply side issues and make house prices truly affordable. This should begin as soon as possible with the establishment of a construction procurement working group and the winding down of these demand side schemes. The removal of the Help to Buy scheme would have saved the Exchequer €144m in 2022, money which could have been better spent on delivering truly affordable housing.

Chart 6.1: Impact of Income Tax and Headline Welfare Payment Changes from Budget 2022



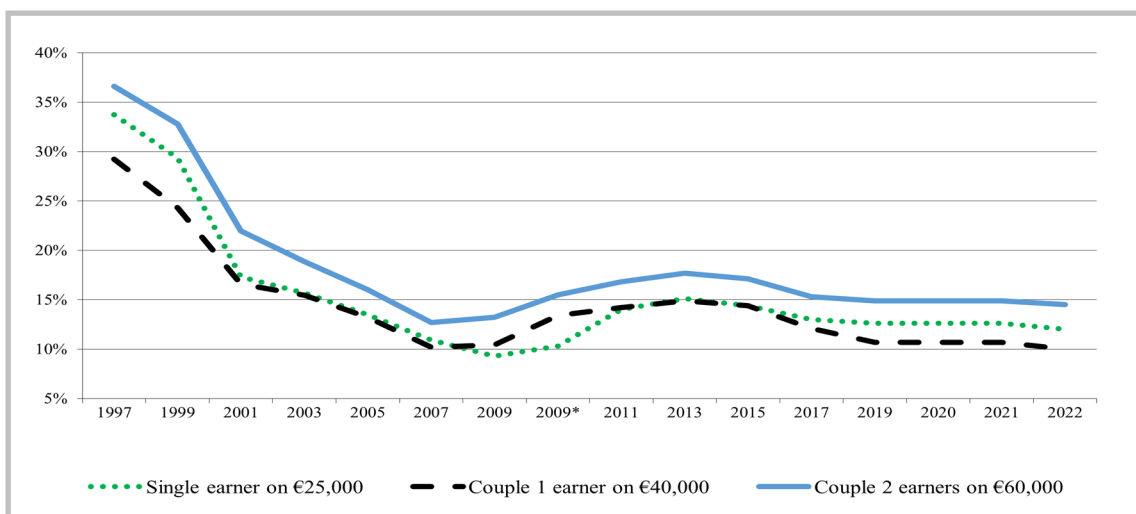
Notes: * Except in case of the unemployed where there is no earner. Unemployed aged 26 years plus. All other earners have PAYE income. Couple with 2 earners are assumed to have a 65%/35% income division. Lower income earners may also benefit from an increase in the minimum wage.

Table 6.1: Effective Tax Rates following Budgets 2002/ 2012/ 2022

Income Level	Single Person	Couple 1 Earner	Couple 2 Earners
€15,000	7.7% / 2.7% / 0.8%	2.2% / 2.7% / 0.8%	0.0% / 2.0% / 0.0%
€20,000	13.8% / 9.8% / 6.4%	4.7% / 6.3% / 3.4%	0.0% / 2.3% / 0.0%
€25,000	16.2% / 14.0% / 12.0%	7.1% / 7.2% / 5.6%	4.1% / 2.5% / 0.6%
€30,000	19.3% / 16.8% / 14.8%	10.2% / 8.6% / 6.1%	8.5% / 4.7% / 1.9%
€40,000	26.4% / 24.2% / 19.8%	15.7% / 14.2% / 10.0%	12.3% / 9.2% / 7.0%
€60,000	32.4% / 33.4% / 29.4%	25.3% / 26.2% / 20.9%	19.3% / 16.8% / 14.5%
€100,000	37.1% / 40.9% / 38.1%	32.8% / 36.5% / 33.0%	29.9% / 29.7% / 25.6%
€120,000	38.3% / 42.7% / 40.4%	34.7% / 39.1% / 36.1%	32.4% / 33.4% / 29.6%

Notes: Total of income tax, levies and PRSI as a % total income. Couples assume: 65%/35% income division. PAYE earners.

Chart 6.2: Effective Income Tax Rates in Ireland, 1997-2022



Notes: Total of income tax (including USC), levies and PRSI as a % total income. Couples assume a 65%/35% income division. PAYE earners. 2009* refers to a supplementary Budget in that year.

Income Gains from Budget 2022

When assessing the change in people's incomes following any Budget, it is important that tax changes be included as well as changes to basic welfare payments. In our calculations we have not included any changes to other welfare allowances and secondary benefits as these payments do not flow to all households. Similarly, we have not included changes to other taxes (including indirect taxes and property taxes) as these are also experienced differently by households. Chart 6.1 (page 6) sets out the implications of the Budget announcements on various households in 2022.

Single people who are unemployed will benefit from the weekly increase from March and the Christmas bonus increase which equates to €5.00 a week (€260 a year). Those on €25,000 a year will see an increase of €2.21 a week (€115 a year) in their take-home pay while those on €50,000 will be €7.96 a week (€415 a year) better off in the coming year and those on €75,000 a year will be €7.96 a week (€415 a year) better-off.

Couples with one income on €25,000 a year will be €1.25 a week (€65 a year) better-off while those on €50,000 will be

€8.92 a week (€465 a year) better off. **Couples with two incomes** on €75,000 a year will be €15.91 a week (€830 a year) better off while those on €100,000 will be €15.91 a week (€830 a year) better-off in the coming year.

Some **lower income earners** may also benefit from the increase in the minimum wage. This is not factored into these calculations as most lower income earners earn more than the minimum wage albeit for a limited number of hours per week and the income may not definitely benefit from the 30c per hour

Effective Tax Rates after Budget 2022

Central to a thorough understanding of income taxation in Ireland are effective tax rates. These rates are calculated by comparing the total amount of income tax a person pays with their pre-tax income. For example, a person earning €50,000 who pays €10,000 in taxation (after all their credits and allowances) will have an effective tax rate of 20 per cent. Calculating income taxation in this way provides a more accurate reflection of the scale of income taxation faced by earners.

Following Budget 2022 we have calculated effective tax rates for a single person, a single income couple and a couple with two earners. Table 6.1 (p6) presents the results of this analysis. For comparative purposes, it also presents the effective tax rates which existed for people with the same income levels in 2002 and 2012.

In 2022, for a single person with an income of €25,000 the effective tax rate will be 12.0%, rising to 19.8% at an income of €40,000 and 40.4% at an income

of €120,000. A single income couple will have an effective tax rate of 5.3% at an income of €25,000, rising to 10.0% at an income of €40,000, 20.9% at an income of €60,000 and 36.1% at an income of €120,000. In the case of a couple where both are earning and their combined income is €40,000 their effective tax rate is 7.0%, rising to 29.6% for combined earnings of €120,000. As chart 6.2 (p6) shows, despite increases during the recent economic crisis, these effective tax rates have decreased considerably over the past two decades for all earners.

Ireland's Overall Tax Take Remains Inadequate

Data accompanying Budget 2022 outlines Government's plans for taxation and spending over the next 4 years (to 2025). Over that period, assuming the policies signalled by Government are followed, overall tax and PRSI receipts will climb from €81.7bn in 2021 to €97.9bn in 2025.

While the impact of the pandemic means that Budget 2022 has been framed in a period of continued uncertainty, it is a regret that it did not provide a more strategic perspective on the long-term direction of fiscal policy; particularly as policy begins to consider how our society will look post-pandemic.

Social Justice Ireland believes that over the next few years policy should focus on increasing Ireland's tax take. Simply, an increase in Ireland's overall level of taxation is unavoidable in the years to come; even to maintain pre-pandemic levels of public services and supports more revenue will need to be collected. Consequently, an increase in the tax take is a question of how, rather than if, and we believe it should be of a scale appropriate to maintain current public service provisions while providing the resources to build a better society. In other publications we have outlined the details of our proposal for a national tax take target set

on a per-capita basis; an approach which minimises some of the distortionary effects that have emerged in recent years. 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*.

As a policy objective, Ireland should remain a low-tax economy, but not one incapable of adequately supporting necessary economic, social and infrastructural requirements. We regret that Budget 2022 made limited progress on this issue.

Impact of Tax & Benefit Changes, 2020-2022

Budget 2022 marks the second Budget of the current Government. On this page we track the cumulative impact of changes to income taxation and welfare over the Government's two Budgets.

At the outset it is important to stress that our analysis does not take account of other budgetary changes, most

particularly to indirect taxes (VAT and excise), other charges (such as prescription charges) and property taxes. Similarly, it does not capture the impact of changes to the provision of public services. As the impact of these measures differs between households it is impossible to quantify precise household impacts and include them here. However, as we have demonstrated in previous editions of our *Budget Analysis and Critique*, these changes impact hardest on households with the lowest incomes.

The households we examine are spread across all areas of society and capture those with a job, families with children, those unemployed and pensioner households. Within those households that have income from a job, we include workers on the minimum wage, on the living wage, workers on average earnings and earners with incomes ranging from €30,000 to €200,000. In the case of working households, the analysis is focused on PAYE earners only and therefore does not capture the Budget 2021 measures targeted at the self-employed. The analysis complements our assessments of the current Budget on pages 6 and 7.

As there were limited changes in income after

Budget 2021, most changes reflect measures from this year's Budget. Among households with jobs (see chart 8.2), the gains experienced range from a mere 39 cent per week (for low income couples on

p9). The analysis highlights how low income families, those with incomes below the standard rate income tax threshold gain least from the budget measures over the past two years.

Our analysis highlights how low income families are being left behind - the do not benefit from welfare increases or income tax reductions

Among households dependent on welfare, the gains have ranged from €5

€30,000) to €16.11 per week for couples with incomes over €80,000. Earners on the living wage gain more on account of the increase in the level of that payment (see

per week for single unemployed individuals to €24.65 per week for unemployed couples with 2 children over 12 years of age.

Chart 8.1 Overall Impact 2020-2022 on Welfare Dependent Households

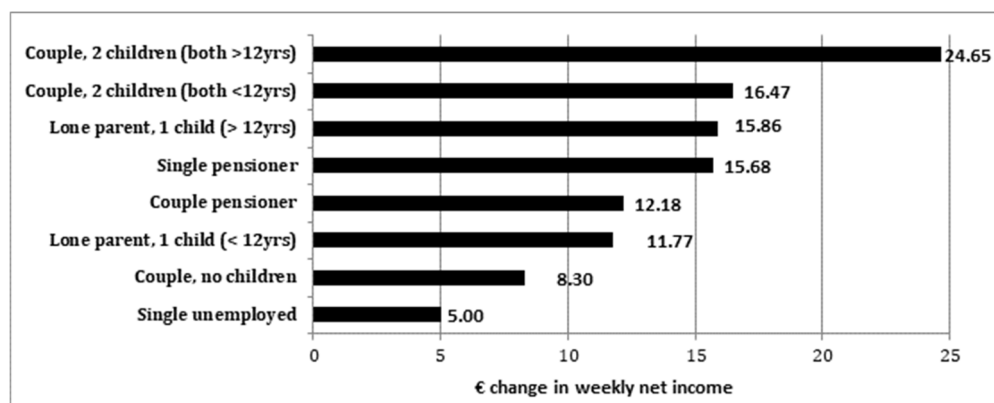
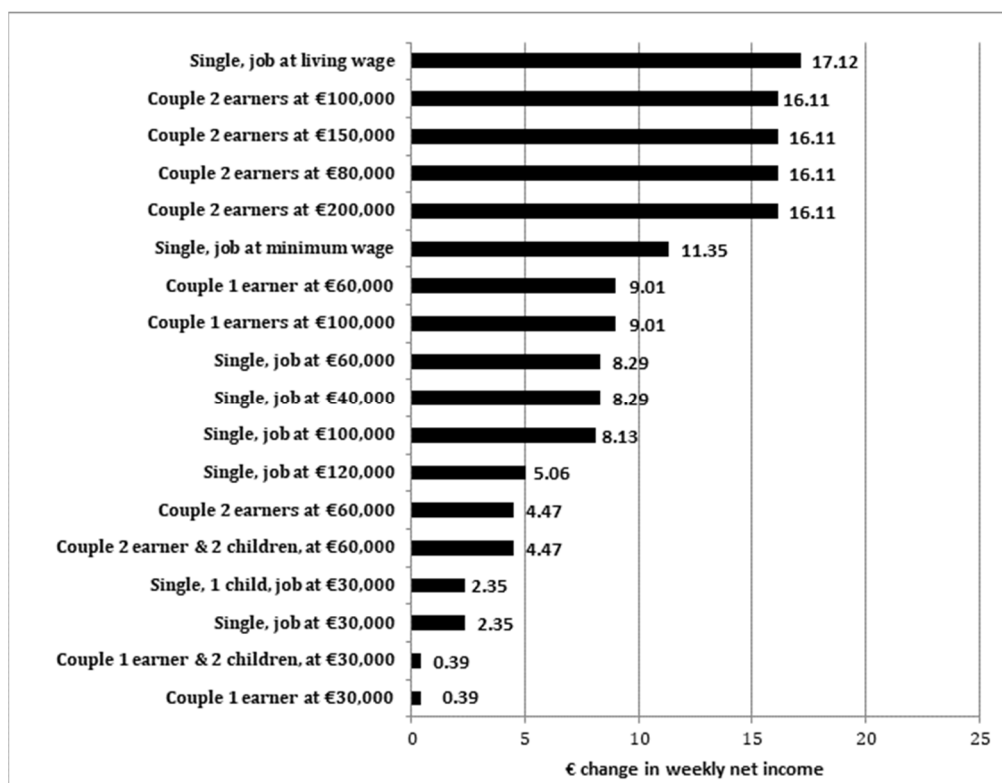


Chart 8.2 Overall Impact 2020-2022 on Households with Jobs



Source: Social Justice Ireland Income Distribution Model. Note: Living Wage increases are assumed and are not a Budget policy.

Minimum Wage & Low Pay

Social Justice Ireland regrets that Budget 2022 only increased the minimum wage by 30c per hour. Although this increase was as recommended by the Low Pay Commission, it contrasts with recent increases in pay across many other parts of the labour force. The Covid-19 crisis has highlighted how much we as a society rely on the work of those on the lowest earnings. Addressing low pay, which is experienced by at least 1 in 5 workers, remains a key challenge for Irish society. In 2022 the hourly minimum wage will be €2.40 below the living wage. The Living Wage provides a benchmark for minimum living standards for workers.

Chart 9.1 The Low Pay Gap



Older People

In 2019, more than 10 per cent of people aged 65 and over lived below the poverty line (74,500 people) while almost 80,000 were identified as experiencing enforced deprivation. In order to age at home, the home must be secure and fit for purpose. At 11 per cent, the population of older people living in a dwelling with a leaking roof, damp walls, floors or foundations, or rot in window frames or floor was higher than the EU average.

Although Budget 2022 has made some moves, such as increasing the fuel allowance and increasing the Social Welfare Pension, it has taken limited steps to begin planning for the future health and care needs of this group (see p16). An opportunity to resource and implement the long-awaited statutory right to home care was regrettably missed, so too was the restoration of Home Adaptation Grants to 2010 levels and a substantial increase in funding for the HSE National Safeguarding Teams. Ireland's older population is growing. Policy needs to keep up.

Basic Income for Artists

Social Justice Ireland welcomes the Budget 2022 announcement of an allocation of €25 million to fund a pilot basic income guarantee scheme for artists. We do, however, question if what is proposed is a *real* Universal Basic Income (UBI), and look forward to engaging with Government as this scheme is designed and rolled out. Our recent study showing how the Government could honour its commitment to pilot a UBI found that if the pilot is to have real impact it should be run for a minimum of four years. Such a timeframe would allow Government to assess the impact of a basic income on areas such as market income, ability to develop skills and plan ahead, health, wellbeing, likely impact on labour supply, distributional consequences and the exchequer implications of extending UBI across society. It would also allow Government the opportunity to develop and adjust the UBI model, learn lessons from this and potentially extend the pilot across society.

Disability: limited progress

According to the most recent Census, one in every seven people in Ireland lives with a disability (643,131 people). People with a disability are more likely to finish school at an earlier age and are less likely to be in employment than those without a disability. Consequently, rates of poverty among this group are higher. In 2019, over 41 per cent of people living with a disability were living on an income below the poverty line, compared to 12.8 per cent of the general population.

Disability services, including respite and personal assistant services, have not recovered from cuts made during the last economic crash. Regrettably, to date the ratification of the UNCRPD has meant little in real policy terms. While we welcome €65m for disability health services in Budget 2022, and some small increases in welfare supports, it is regrettable that the Budget failed to: fund the restoration of services; introduce a cost of disability payment; and adequately increase carers' allowance.

Sustainability, the Environment & Just Transition

While Budget 2022 contains some welcome measures on the environment it could have been more ambitious in implementing the policies and reforms required to meet our climate targets. *Social Justice Ireland* welcomes the reduced public transport fares for young people, the use of carbon tax revenue to fund residential and community retrofit schemes, in particular the €109m allocation for households in, or at risk of energy poverty and the €85m allocation to the Local Authority Retrofit Programme. The allocation of €98m to the Circular Economy and Protecting Natural Resources must be used to embed the principles of the circular economy into our economy. We regret that the opportunity for ambitious reform was missed. There was no move to introduce a levy on single use coffee cups, no progress on establishing a deposit and return scheme for sealed beverage containers

and no attempt to reorganise the PSO levy according to average demand to begin to address the impact of data centres on energy consumption.

Government also failed to take the opportunity to introduce a commercial air transport tax. All sectors must play a part as we transition our economy and society to meet our national climate targets. Budget 2022 has allowed the aviation sector a free pass yet again. It is also regrettable that there was no progress on examining subsidies that the CSO has highlighted as potentially environmentally damaging. These not-insignificant resources (€2.4bn revenue foregone in 2018) could make a real difference if invested in renewable energy, retrofitting and addressing energy poverty. At the very least in Budget 2022 Government should have committed to reporting to the Oireachtas on this.

Taxation

The Context

- Taxation plays a key role in shaping Irish society through funding public services, supporting economic activity and redistributing resources to enhance the fairness of society.
- Having 'Just Taxation' is a key component of *Social Justice Ireland's* guiding vision and policy framework.
- Budget 2022 offered the opportunity to Government to make real reforms to the tax system in the interest of fairness and sustainability.
- Ireland's overall tax take is significantly below the tax take of most of our peer countries. *Social Justice Ireland* has argued consistently that the tax take per capita should be increased, while still leaving Ireland in the bottom half in relation to our EU-15 peers.
- Broadening the tax base will form an important part of this process. This can be done through limiting the availability of tax expenditures for both individuals and corporations, and reforming land, capital and environmental taxes.
- Among our headline taxation asks in Budget 2022 were:
 - ⇒ A Minimum Effective Rate of Corporation Tax of 6 per cent;
 - ⇒ A Windfall Gains Tax on re-zoned land, restoration of the NPPR charge on second homes, implementation of a Site Value Tax on under developed land and a levy on empty houses;
 - ⇒ The standard-rating of all discretionary tax expenditures;
 - ⇒ An increase from 33% to 35% of both CGT and CAT;
 - ⇒ Reform of the R&D Tax Credit;
 - ⇒ A Refundable Tax Credit.

The Budget

Income Tax

- Increased Personal Tax Credit; PAYE Tax Credit and Earned Income Tax Credit by €50 to €1,700.
- Increased Standard Rate Band by €1,500 to €36,800 (single) and €45,800 (married).
- Allowed relief for 30% of certain vouched expenses.

Full-year cost of Income Tax changes: €608m.

USC

- Increased in 2% ceiling band to €21,295.

Full-year cost of USC changes: €26m.

Employers PRSI

- Increased weekly income threshold for

higher rate to €410.

Full-year cost: €12.5m.

Housing:

- Extended the Help to Buy Scheme for 2022.
- Extended the relief for pre-letting expenses for landlords for three years.

Full-year cost of housing measures: €86m.

Climate and Environment

- Confirmed increase in Carbon Tax of €7.50 per tonne to €41.
- Revised table of VRT for vehicles.
- Extended relief for electric vehicles for two years;
- Introduced a tax disregard for income from microgeneration of electricity.

Full-year yield from Climate measures: €229m.

Enterprise/SMEs/Agri-sector

- Amended taxation for international flight crew.
- Extended Employment Investment Incentive.
- Extended Stock Relief to 2024.
- Decreased farmers Flat Rate Addition for VAT.
- Extended Young Trained Farmer Stamp Duty Relief for 2022.

Full-year cost: €61m.

Cigarettes and Tobacco Products

- Increased of 50c on pack of 20.

Full-year cost: €56m.

- **Bank Levy continued for 2022**

Our Response

Social Justice Ireland welcomes:

- The increases in tax credits;
- The adjustment to the 2% ceiling band to accommodate the increase in the National Minimum Wage;
- Confirmation that the Carbon Tax increase is going ahead in 2022;
- Confirmation that Ireland will join with

many other countries and increase the Corporate Tax rate to 15% for large companies;

- The increase in tax on cigarettes and tobacco products.

However *Social Justice Ireland* regrets that the Budget did not:

- Acknowledge that Ireland's tax rate remains too low to support our long-

term economic and social requirements. It can be increased while still leaving Ireland in the bottom half in relation to our EU-15 peers;

- Extend the 15% rate to all companies — instead most companies will continue with the 12.5% rate; what is the justification for this?
- Phase in a requirement that all companies pay a minimum effective tax of 6%

Taxation

Our Response

en route to reaching 10% over time. (It has been established that many companies pay an effective tax rate well below 12.5%);

- Reform the R&D Tax Credit;
- Standard-rate all tax expenditures;
- Introduce Refundable Tax Credits for low-paid workers. This would benefit low-paid workers who do not benefit from increases to Tax Credits and increases to the Standard Rate bands because their incomes are too low.

Many opportunities were missed in this Budget which are relevant to the accelerated provision of additional housing. These opportunities include:

- The early implementation of a Site Value Tax on under developed land;
- The imposition of a levy on empty houses;
- The introduction of a Windfall Gains Tax on re-zoned land;
- The restoration of the Non-Principal Private Residence tax on second

homes;

- The introduction of the proposed Zoned Land Tax will be very slow. Even when it is introduced, it will be at the very low rate of 3%.
- The proposed abolition of the Vacant Site levy now creates the unusual position that owners of vacant, un-zoned land which is suitable for residential development will not be subject to any tax-based incentive to develop their lands.

Education



The Context

- Ireland is facing significant demographic pressures at all levels of the education system. This will require significant and sustainable capital and current expenditure on education at all levels in the medium and long term.
- This increased investment must be focused on protecting and promoting quality services for those in the education system.
- Mitigating the impact of COVID-19 interruption to learning at all levels will require ongoing resources, with a specific focus on educational disadvantage.
- Lifelong learning and skills development are crucial to support people as we meet the challenges of climate transition and digitisation.

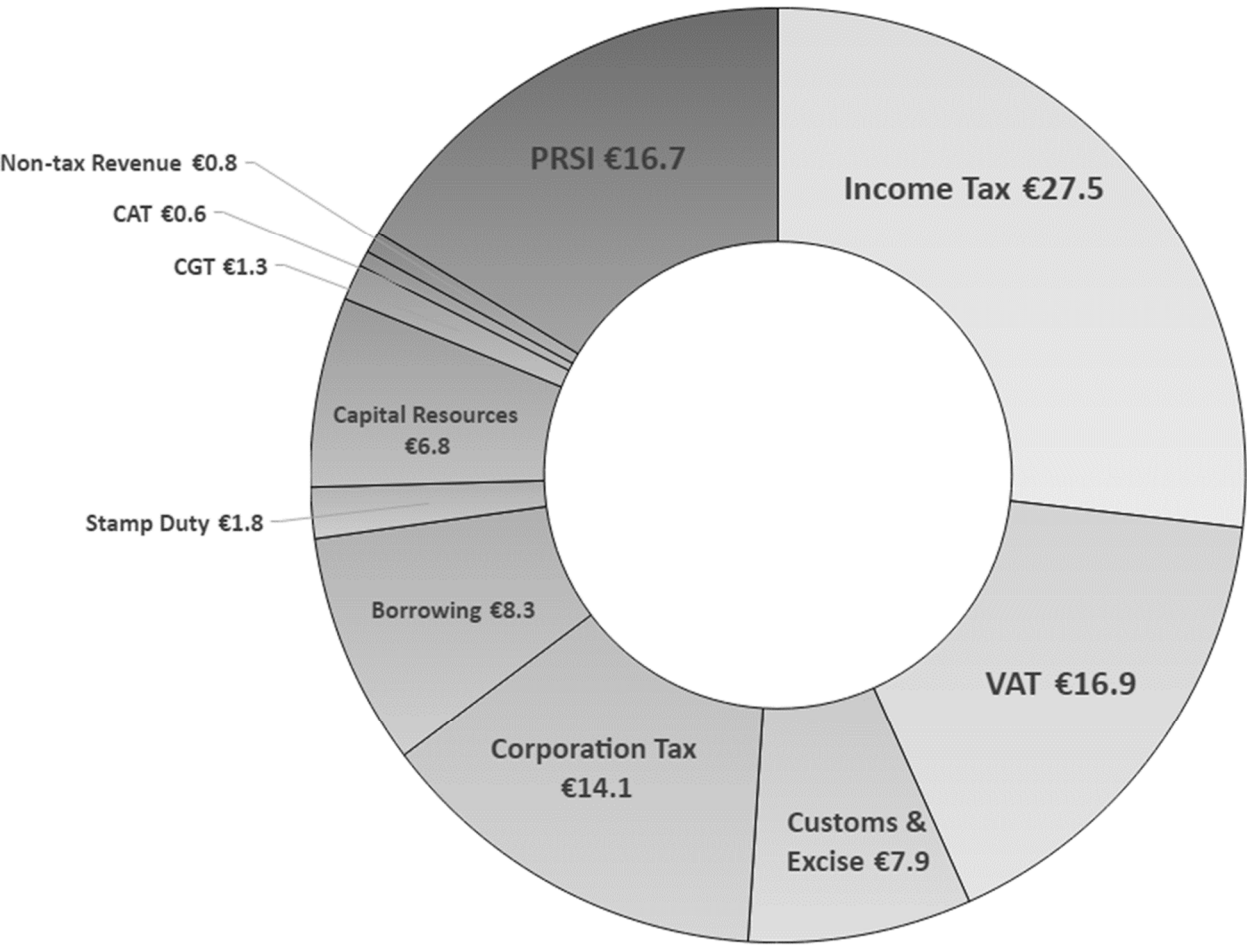
The Budget

- An additional 350 teachers to reduce primary school staffing schedules by 1 point.
- 1,165 additional SNAs and 980 additional special education teachers.
- An expansion of the numbers of schools and children under the DEIS programme.
- Supports for higher education including:
 - ⇒ A €200 increase in the maintenance grant.
 - ⇒ €5m funding for pilot initiatives for equity and inclusion in the Programme for Access to Higher Education.
- Supports for skills development including:
 - ⇒ 6,000 Skillnet places, green skills modules for 35,000 learners
 - ⇒ 3,000 additional payments under Apprenticeship incentivisation scheme.
 - ⇒ Abolition of the €200 PLC levy.

Our Response

- *Social Justice Ireland* welcomes the additional funding announced to provide 1,165 additional SNAs and 980 additional special education teachers. It is important that this additional allocation provides for the increases required due to demographic change and addresses the challenges families face in finding appropriate school places for their children.
- We welcome the expansion of the DEIS scheme to additional schools and children. This is something that *Social Justice Ireland* has advocated for over many years.
- We welcome the additional 350 teachers to reduce the staffing schedule at primary level. It is important that additional posts meet the requirements of demographic projections, but reduce class sizes overall.
- We regret that Budget 2022 did not increase capitation grants at primary and second level.
- While we welcome the increase of €200 in the maintenance grant and the changes to qualifying criteria, an increase of €1,000 would have been more appropriate given the challenges third level students face.
- We welcome the additional funding for skills development and training and additional supports for apprenticeships, however we regret that the age profile was not expanded.
- We welcome the focus on green skills however regret that a more targeted regional approach was not part of Budget 2022.
- We welcome the commitment to fund 'Adult Literacy for Life', an allocation of at least €25m per annum until 2027 is required to ensure successful delivery.

Main Sources of Government Revenue - Budget 2022 €bn



Source: Data on pages 12 and 13 of this document are from various Budget documents published by the Department of Finance and the Department of Public Expenditure and Reform. The diagrams outline the main areas of income and expenditure for the coming year.

Year-to-year Revenue Changes, €bn

Here we compare the expected revenue from last years Budget to that proposed on this occasion. The comparison is not perfect as it does not capture unexpected increases or decreases in revenue during the current year or during next year. However it does provide an insight into the direction of policy choices and their outcomes.

Income Tax	↑ €4.8bn
VAT	↑ €3bn
Corporation Tax	↑ €1.1bn
PRSI	↑ €1.3bn

Key Government Revenue Sources in 2022

Income tax = 27% of all revenue

VAT = 16% of all revenue

Corporation tax = 14% of all revenue

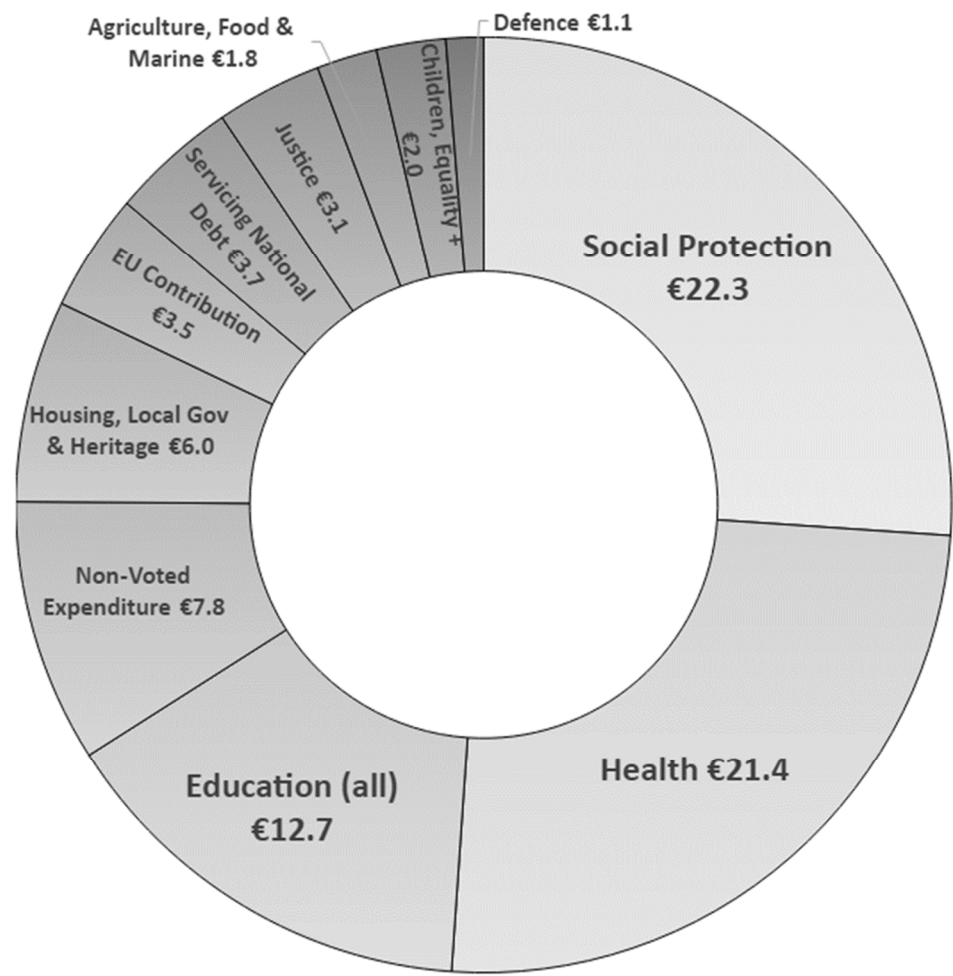
Social Insurance = 16% of all revenue

Main Revenue Changes for 2022

- Increased Personal Tax Credit; PAYE Tax Credit and Earned Income Tax Credit by €50 to €1,700.
- Extended the relief for pre-letting expenses for landlords for three years.
- Confirmed increase in Carbon Tax of €7.50 per tonne to €41.

See pages 10 and 11 for further details and our response

Main Sources of Government Expenditure - Budget 2022 €bn



Education (all) includes: Department of Education €9,141bn and the Department of Further and Higher Education, Research, Innovation and Science €3,572bn.

Year-to-year Expenditure Changes €bn

Here we compare the current expenditure allocations from last years Budget to those proposed for a number of the main areas of expenditure on this occasion. The comparison is not perfect as there may be overspends and underspends within various Budgets during the current year or during next year.

Social Protection	↑ €0.4bn
Health	↑ €1.2bn
Education	↑ €1bn
Debt Servicing	↑ €0.1bn

Notable Expenditure Developments for 2022

- The **Social Protection** budget includes an increase in core social welfare rates and the fuel allowance of €5 per week from January 2022.
- The **Health** budget in 2022 includes investment of €250m to reduce waiting lists, €55m for disabilities services and free GP care for children aged 6/7.
- The **Education** budget in 2022 includes increased funding for 1,165 additional Special Needs Assistants and an increase in the maintenance grant of €200.
- Although interest rates are low, **debt servicing** costs will amount to €3.7bn in 2022.

Each of these areas of expenditure, and others, are analysed in more details throughout this document.

The Context

- The persistence of high rates of poverty and income inequality in Ireland requires greater attention than it receives. Data on Ireland's income distribution show that:
 - ⇒ 12.8% of the population, approximately 630,000 people, were 'at risk of poverty' in 2019;
 - ⇒ Children are the age group most likely to be poor, with 15.3% of children (190,000 children) 'at risk of poverty' in 2019;
 - ⇒ 17.8% of the population was experiencing deprivation in 2019.
- Without the social welfare system 41.4 per cent of the Irish population would have been living in poverty in 2019. This suggests a deeply unequal distribution of direct/market income.
- National Reform Programme targets to reduce consistent poverty to 2 per cent and lift 70,000+ children from consistent poverty by 2020 failed by wide margins.
- *Social Justice Ireland* welcomed the reduction in poverty rates in recent years, brought about by policies which prioritised society's poorest. However we fear that the previous two Budgets will have reversed some of this progress.
- There has been a sharp increase in poverty among older people and people living with illness or disability.
- The past two Budgets ignored social welfare recipients. *Social Justice Ireland* called for Government to benchmark social welfare rates to 27.5 of average weekly earnings, and suggests increasing core social welfare rates by €10 per week over the next 2 years.

The Budget

- Increased weekly primary social welfare rates, for the first time in two years, by €5. Proportional increases for qualified adults and those on reduced rates.
 - ⇒ Full €5 weekly increase for jobseekers aged 18-24yrs.
 - ⇒ Adjusted weekly rates of the Qualified Child Increase by €2 for children under 12yrs and €3 for children aged 12yrs and over.
- Increased Pension rates by €5 per week.
 - ⇒ Increased the Living Alone Allowance by €3 to €22 per week.
 - ⇒ 28 week Fuel Allowance payment increased by €140.
- Increased the income thresholds for the Working Family Payment by €10 for all families regardless of size.
- Extended Parents' Benefit for those on parental leave to 7 weeks and increased the weekly rate by €5.
- Increased the Back to School Clothing and Footwear Allowance by €10 to €160 for children aged 4-11yrs and €285 for children aged 12-22yrs.
- ⇒ Equalised the income limits for the for one and two parent households.
- ⇒ Extended the Hot School Meals Programme to additional DEIS schools.
- Free GP care extended to include children aged 6 and 7.
- Christmas bonus maintained for social welfare recipients.
- Extension of the National Childcare Scheme to include all children under 15yrs.
- Increased the earnings limit for the Disability Allowance.

Our Response

- *Social Justice Ireland* (SJI) welcomes the €5 increase to primary social welfare rates but regrets that rates were not increased by €10 to improve the proportional relationship with Gross Average Industrial Earnings (GAIE).
 - ⇒ We acknowledge the full €5 increase for young jobseekers but regret that rates were not equalised.
- It is regrettable that no progress was made towards a single-rate Universal State Social Welfare Pension. Disparities remain between the Contributory and Non-Contributory payments.
 - ⇒ The increase to the Living-Alone Allowance is welcomed to help address poverty and deprivation experienced by older people living alone.
 - We welcome measures to address educational inequalities but despite the increase to the Back to School Clothing and Footwear Allowance it remains €20 and €40 below pre-recession rates in 2011.
 - We welcome the immediate implementation of the increase to the Fuel Allowance, to help address energy poverty, and measures to ensure more quality for the payment.
- We regret that a Cost of Disability payment was not introduced in Budget 2022 but welcome the increase in the earnings limit for Disability Allowance.
 - ⇒ We welcome the increase in the earning (and capital) disregard to qualify for the Carer's Allowance.
- We note that no progress was made towards replacing the Direct Provision System. SJI proposed an increase in payments for children in Direct Provision and regrets this was not implemented.

Work, Unemployment, Job Creation



The Context

- While Ireland's headline employment trends over the last few years have been broadly positive, Covid-19 has changed everything.
- CSO data indicates that 21% of people whose employment was affected by Covid-19 do not expect to return to the same job after the pandemic. In the absence of other employment opportunities, this suggests the potential for a transfer of these individuals from these schemes to jobseekers payments.
- A large increase in unemployment numbers seems inevitable; with rates of between 12% and 16% of the labour force possible. Furthermore, the pandemic is also likely to reveal a large youth unemployment problem.
- Pre-Covid, Ireland had low labour market participation rates and unacceptably high instances of low paid employment. More than 100,000 people are living in poverty despite having jobs.
- The Minimum Wage is 20.9% below the Living Wage.
- *Social Justice Ireland* called for the following in Budget 2022:
 - Resource the upskilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes.
 - Adopt policies to address the worrying issue of youth unemployment. In particular, these should include education and literacy initiatives as well as re-training schemes.
 - Expand the age profile for apprenticeships and training programmes to include older workers who may need to re-skill.

The Budget

- Extended the Employment Wage Subsidy Scheme until 30 April 2022, which will remain open to new employers until 1 January 2022.
- Committed to increasing the National Minimum Wage by €0.30 per hour to €10.50.
- Created a new work placement scheme.
- Made an additional €34 million for apprenticeships, including off-the-job training places for 7,000 apprentices.
- Introduced a new Employer Grant for apprentices.
- Expanded and extended the Employment Investment Initiative by €10 million to invest in early stage companies and high-potential start-ups.
- Expanded the Warehousing of tax liabilities to allow self-assessed income taxpayers with employment income who have a material interest in their employer company to warehouse income tax liabilities.
- Extension of reliefs for certain start-up companies at a rate of 32 per cent, at a full year cost of €6 million. The timeframe to avail of this relief has also been extended to 5 years from 3 years.
- Made no move to make tax credits refundable for those on lowest incomes and the Working Poor.
- Increased the weekly income threshold for employer's PRSI from €398 to €410 per week to support the implementation of the increase in the National Minimum Wage.
- Increased the allocation to the Innovation Equity Fund by €30 million.

Our Response

- *Social Justice Ireland* welcomes the increase to the National Minimum Wage, however we regret that the increase did not match the increase in the Living Wage for 2021/22 of 50c per hour.
- We further welcome the increase in apprenticeships and on-the-job training places as a move to support those 115,000 employees announced in the Budget who have moved from the Pandemic Unemployment Payment to a different sector from their previous employment.
- We welcome the improvements made in the childcare sector to support parents, particularly women, returning to work, however we regret that the level of investment required was not allocated.
- We regret that the Budget did not:
 - ⇒ resource the upskilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes.
 - ⇒ adopt sufficient policies to address the worrying issue of youth unemployment.
- In particular, these should include education and literacy initiatives as well as retraining schemes.
- ⇒ explicitly expand the age profile for apprenticeships and training programmes to include older workers who may need to re-skill.
- ⇒ recognise the challenges of long-term unemployment and of precarious employment and adopt targeted policies to address these.
- ⇒ resource policies to address the obstacles that face women as they return to the labour market.

The Context

- The pandemic highlighted the structured weaknesses in Ireland's health system, in particular capacity deficits and inequality in access.
- Older people and people in disadvantaged communities were disproportionately affected.
- Ireland's health system ranked 22nd out of 35 countries in the 2019 Health Consumer Powerhouse report and on the issue of accessibility, ranked *worst*.
- People with low incomes are less likely to see a doctor because access to preventative services is concentrated among the better off.
- The occupancy rate for acute care, hospital beds is 20 pps higher than the OECD average.
- By comparison with OECD countries, the share of the Irish population delaying or going without care is comparatively high (> 30%).
- Nearly 1 million people are on waiting lists for OPD, inpatient or day appointments in our acute hospitals, with over 2 years wait many specialties.
- Ireland is the only EU health system that doesn't offer universal coverage of primary care.
- Mental Health has been persistently underfunded, this is a particular concern for children and adolescents, with 2,112 children on the waiting list for CAMHS in September 2020. Of these, one in 10 were waiting for treatment for 12 months or more.
- Ireland has signed the UN convention on the rights of people with disabilities but no plan or resources have been put in place to deliver these.

The Budget

- Allocated €22.2bn (current & capital) with a further €0.2bn. held in reserve.
- An additional €1bn. in core funding with €0.8bn. for Covid related spending plus €200m in Covid contingency.
- The allocation for current expenditure was €21.1bn including
 - ⇒ €177m Demographic changes
 - ⇒ €344m Carryover and other ELS pressures plus €196m Central Pay.
 - ⇒ €750m Additional Covid –19 including €500m for testing and tracing, vaccination programme and for PPE and additional €200m to HSE and €50m to National Treatment Purchase Fund to address waiting lists to fund additional activity in the public and private sectors, including expanding access for General Practitioners to diagnostics.
- ⇒ €311m Additional Resources
 - **Details include**
 - ⇒ €31m for Women's Health Investments incl. free contraception for women 17-25 years, and funding for the national maternity strategy.
 - ⇒ €30m for National Strategies-
 - ⇒ €55m for Disability Services to expand progressing 'Disability services for children and young people programme', tackling waiting lists in therapy services, funding services for 1,700 School Leavers in 2022, increasing respite houses and progressing decongregation for people living in nursing homes
 - ⇒ once-off Covid allocation of €10m.
 - ⇒ €16m increased funding for Social Inclusion, Healthy Ireland and the National Drugs Strategy.
- €24m Mental Health measures including providing 216 new staff, progressing "Sharing the Vision", model of care and 2 new CAHMS hubs .

Our Response

- *Social Justice Ireland* welcomes many of these initiatives, including the commitment to implement the Sláintecare Implementation Strategy and Action Plan 2021-2023.
- We welcome the continuing commitment to expanding the Health Service workforce.
- We welcome the €55m for Disability Service including the focus on the inappropriate placing of children with disabilities in nursing homes and the investments in residential, respite and personal assistance services. However, we note that this is a significant drop from the €100m provided in 2021 and are disappointed that no specific provision has been made for a multiannual funded plan to meet the State's Commitments under the UN Convention on the rights of people with Disability.
- We also welcome the additional €24m for mental health measures and the development of 2 new CAHMS hubs. However, this is an area that has been persistently underfunded and there are 2,112 children on the waiting list for CAMHS in September 2022
- We welcome the reduced Drugs Repayment Scheme Threshold.
- We have long argued for a more community based approach and acknowledge the commitment to progressing Community Healthcare Networks and enhancing community care, however we are concerned specific funding has not been identified.
- The emphasis on safety of staff and their patients through adequate PPE is welcome.
- Recognition of the needs of vulnerable Homeless people and those with addiction problems is welcomed.

Public Finances 2020 — 2022

Below we outline the government finances for 2022 and the preceding two years. The current budget comprises the income (or receipts) and expenditure associated with the day-to-day running of the country. Income includes revenue from taxation and flows of funds to the government from other sources. Collectively these give a figure for the total income expected by the government. Expenditure includes interest payments on the national debt, contributions to the European Union, and the costs associated with the day-to-day running of Ireland's economic and social services.

When transfers to the social insurance fund (PRSI) and unspent resources from previous years are excluded, a figure for **net current expenditure** planned for next year is reached. The **current budget balance** indicates by how much day-to-day income exceeds (if positive), or falls short of (if negative), day-to-day spending. The capital budget captures government investment. Collectively the current budget balance and capital budget balance combine to give the Exchequer Balance. Finally, the General Government Balance measures the fiscal performance of all arms of Government, thus providing an accurate assessment of the fiscal performance of a more complete "government" sector. This measure is used by the European Central Bank and other institutions when assessing compliance with the Stability & Growth Pact.

<i>Rounding may impact on totals</i>	2020	2021	2022
	€m	€m	€m
CURRENT BUDGET			
Expenditure			
Gross Voted Current Expenditure	75,635	78,800	75,880
Non-Voted (Central Fund) Expenditure	7,585	7,555	7,805
Gross Current Expenditure	83,215	86,355	83,685
less Receipts and Balances	17,400	15,605	14,845
Net Current Expenditure	65,815	70,750	68,840
Receipts			
Tax Revenue	57,165	66,110	70,195
Non-Tax Revenue	4,650	2,420	1,910
Net Current Revenue	61,815	68,530	72,105
CURRENT BUDGET BALANCE	-4,005	-2,220	3,265
CAPITAL BUDGET			
Expenditure			
Gross Voted Capital Expenditure	9,650	10,450	11,710
Non-Voted Capital Expenditure	1,910	10,695	6,120
Gross Capital Expenditure	11,560	21,145	17,830
less Capital Receipts	35	50	50
Net Capital Expenditure	11,525	21,095	17,780
Capital Resources	3,215	11,190	6,775
CAPITAL BUDGET BALANCE	-8,310	-9,905	-11,005
EXCHEQUER BALANCE	-12,315	-12,125	-7,740
GENERAL GOVT BALANCE	-18,415	-13,255	-8,260
<i>% of GNI*</i>	-8.8	-5.9	-3.4

Overseas Aid



Budget 2022 allocated €1.044bn to Ireland's Official Development Assistance (ODA) programme; an increase of €140m overall including an increase of €33.9m in the allocation from the Department of Foreign Affairs.

Approximately €922m was allocated through the Department of Foreign Affairs. In our *Budget Choices 2022* briefing, *Social Justice Ireland* urged Government to make a commitment to increase the aid budget in order to reach 0.70 per cent of national income. We estimate that the increase in ODA in Budget 2022 will bring the total ODA allocation to 0.43 per cent of projected GNI* in 2022, up from approximately 0.42 per cent in 2021.

Though Ireland faces a number of significant challenges, it is important to remember that those in much poorer countries face a far worse situation. Many in the Global South are without vaccines, while almost all developed countries, including Ireland, have fallen well below their climate finance targets. While Budget 2022 renewed Government's commitment to doubling the Irish Aid commitment to climate action by 2030, this increase will only provide 26 per cent of our share to climate finance.

This is not good enough.

At uncertain economic times, it is important that policymakers remember to protect the vulnerable and ODA plays a major role in this. This is particularly so given that the recipients of Irish ODA tend to live in some of the countries who experience the worst effects of climate change—an area in which Ireland is a prime offender.

It is worth pointing out that many other countries have taken a leadership role in moving towards the UN-agreed 0.7 per cent target for developed countries, and Ireland's record in this regard has historically been very poor. Our pre-recession peak (reached in 2008) was 0.59 per cent.

Ireland is regularly commended by the OECD Development Assistance Committee Peer Review for the effectiveness of our aid programme. We can be justifiably proud of our record of providing high quality, untied, grant-based aid. However, we still lack a strategy for reaching the 0.7 per cent target and *Social Justice Ireland* calls on government to develop such a roadmap with a view to reaching this target.

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

Ireland should use its considerable international influence to ensure this debt cancellation happens.

SOCIAL WELFARE: Social Insurance weekly rates in 2022

PERSONAL AND QUALIFIED ADULT RATES	Present Rate	New Rate	Change
	€	€	€
<u>Jobseekers Benefit</u>			
Personal rate	203.00	208.00	5.00
Person with qualified adult	337.70	346.00	8.30
<u>State Pension (Contributory)</u>			
Personal rate	248.30	253.30	5.00
Person with qualified adult (under 66)	413.70	422.00	8.30
Person with qualified adult (66 or over)	470.80	480.30	9.50
Personal rate (aged 80 or over)	258.30	263.30	5.00
Person (aged 80 or over) with qualified adult (under 66)	423.70	432.03	8.30
Person (aged 80 or over) with qualified adult (66 or over)	480.80	490.28	9.50
<u>Widow's/Widower's Contributory Pension</u>			
Personal rate (under 66)	208.50	213.50	5.00
Personal rate (66 - 79)	248.30	253.30	5.00
Personal rate (80 or over)	258.30	263.30	5.00
<u>Invalidity Pension:</u>			
Personal rate	208.50	213.50	5.00
Person with qualified adult	357.40	366.00	8.60
<u>Carer's Benefit</u>			
Personal rate (caring for one person)	220.00	225.00	5.00
<u>Maternity Benefit</u>			
Personal rate	245.00	250.00	5.00
<u>Occupational Injuries Benefit - Death Benefit Pension</u>			
Personal rate (under 66)	233.50	238.50	5.00
Personal rate (66 - 79)	252.70	257.70	5.00
Personal rate (80 or over)	262.70	267.70	5.00
<u>Occupational Injuries Benefit - Disablement Benefit</u>			
Personal rate (maximum)	234.00	239.00	5.00
<u>Illness Benefit</u>			
Personal rate	203.00	208.00	5.00
Person with qualified adult	337.70	346.00	8.30
<u>Injury Benefit/Health and Safety Benefit</u>			
Personal rate	203.00	208.00	5.00
Person with qualified adult	337.70	346.00	8.30
<u>Guardian's Payment (Contributory)</u>			
Personal rate	186.00	191.00	5.00
<u>Increases for a qualified child</u>			
All schemes in respect of children under 12	38.00	40.00	2.00
All schemes in respect of children over 12	45.00	48.00	3.00
<u>Child Benefit</u>			
Rate per child (all children)	140.00	140.00	0.00
<u>Living Alone Allowance (All Relevant Schemes)</u>	19.00	22.00	3.00

SOCIAL WELFARE: Social Assistance weekly rates in 2022

	Present Rate	New Rate	Change
	€	€	€
<u>Jobseeker's Allowance</u>			
Personal rate (18 to 24 years)	112.70	117.70	5.00
Person with qualified adult	225.40	235.40	10.00
Personal rate (25 years and over)	203.00	208.00	5.00
Person with qualified adult	337.70	346.00	8.30
<u>State Pension (Non-Contributory)</u>			
Personal rate	237.00	242.00	5.00
Person with qualified adult (under 66)	393.60	401.90	8.30
Personal rate (aged 80 or over)	247.00	252.00	5.00
Person (aged 80 or over) with qualified adult (under 66)	403.60	411.90	8.30
<u>Widow(er)'s Non-Contributory Pension</u>	203.00	208.00	5.00
<u>Carer's Allowance</u>			
Aged under 66 (caring for one person)	219.00	224.00	5.00
Aged 66 or over (caring for one person)	257.00	262.00	5.00
<u>Disability Allowance</u>			
Personal rate	203.00	208.00	5.00
Person with qualified adult	337.70	346.00	8.30
<u>Farm Assist</u>			
Personal rate	203.00	208.00	5.00
Person with qualified adult	337.70	246.00	8.30
<u>Guardian's Payment (Non-Contributory)</u>	186.00	191.00	5.00
<u>Living Alone Allowance (All Relevant Schemes)</u>	19.00	22.00	3.00
<u>One-Parent Family Payment</u>			
Personal rate with one qualified child (up to age 18)	241.00	248.00	7.00
<u>Increases for a qualified child</u>			
All schemes in respect of children under 12	38.00	40.00	2.00
All schemes in respect of children over 12	45.00	48.00	3.00

Budget 2022 and the 630,000 Living in Poverty

The Covid-19 pandemic has highlighted many of the long standing vulnerabilities and challenges facing Irish society. Lockdown, temporary layoffs and associated emergency state income support introduced many families to the reality and challenges of life on a low income; albeit that these incomes are above the poverty line and core welfare support payment values. The challenges of making ends meet with limited resources, coupled with the uncertainty of future income opportunities and ongoing uncertainties, has been new, and understandably challenging, territory for large proportions of the Irish population.

Yet, life on a low income is the norm for a large proportion of our society. One in every eight people in Ireland lives with an income below the poverty line (12.8% of the population). As highlighted in our most recent *Poverty Focus* briefing, this corresponds to approximately 630,000 people with the highest risks among people with

disabilities, the unemployed and children.

Poverty impacts hardest on those experiencing it in their day-to-day lives. It limits their options and opportunities and narrows their focus to week-to-week survival and the unavoidable trade-offs of living on inadequate incomes. However, as a recent report by UCD academic Dr Micheál Collins for the SVP showed, poverty also imposes costs on society. The report found that each year the state spends €4.5bn dealing with the causes and consequences of poverty; money that could be used in many other ways if we succeeded in targeting and eliminating poverty.

Although Budget 2022 includes some measures to address the challenges faced by those living below the poverty line, it lacked any serious initiatives to begin to significantly reduce poverty. It remains a concern that post-covid, gaps will open up between various groups in our society and poverty numbers will rise.

The Socio-Economic Context of Budget 2022

Table 20.1: Ireland's Social and Economic Context - Budget 2022

Population		Housing and Homelessness	
Population (April 2011 / 2021)	4.47/ 5.01 million	Current Social Housing Waiting List	61,880 households
% of population older than 65 in 2016/2036	13.3% / 20.6%	Approximate number of households in need of sustainable housing	122,000
% of population older than 80 in 2016/2036	1.5% / 3.2%	Homeless adults (Dec 2014 / August 2021)	2,858 / 6,023
Net migration (year to April 2020/ year to April 2021)	28,900 / 11,200	Homeless children (Dec 2014 / August 2021)	880 / 2,189
Net migration (year to April 2019 / year to April 2020) of Irish nationals	500 / 7,300	Adult/child homelessness (% change since December 2014)	+111% / +149%
Income, Poverty and Inequality (all 2019 figures are from CSO SILC. All 2021 numbers are calculations by Social Justice Ireland)		Labour Market (all figures Q2 2021, unless otherwise stated)	
Average Equivalised Disposable Income in 2019	€27,941	Labour Force (Number / change in previous 12 months)	2.53mill / +274,000
Median Equivalised Disposable Income in 2019	€23,979	Employment (Number / % change in previous 12 months)	2.35mill / +211,000
Poverty line 2019, based on 60% of the Median Disposable Income (week/year)	€275.73 / €14,387	Unemployment (Number / %)	184,100 / 7.3%
Projected 2021 poverty line, 1 Adult (week/year)	€286.48 / €14,949	Covid-19 adjusted Unemployment (Number / Rate)	413,687 / 16.2%
Projected 2021 poverty line, 2 Adults (week/year)	€475.56 / €24,815	Youth Unemployment Rate (2020 / 2021)	17.8% / 21%
Projected 2021 poverty line, 1 Adult + 1 Child (week/year)	€381.02 / €19,882	workers earning the Minimum Wage (or less) (Q4 2019) (Number / %)	122,800 / 6.4%
Projected 2021 poverty line, 2 Adults + 2 Children (wk/yr)	€664.63 / €34,681	National Minimum Wage 2021 (per hour / 39 hr week)	€10.20/ €397.80
Living in poverty in 2019 (% / people)	12.8% / 630,000	Living Wage 21/22 (per hour / 39 hr week)	€12.90 / €503.10
Children in poverty in 2019 (% / people)	15.3% / 190,000	Social Welfare	
Experiencing deprivation in 2019 (%/people)	17.8% / 875,000	Jobseekers Benefit: Personal rate / Increase for qualified adult	€208 / €138
Poverty rate in 2019 (Urban vs Rural)	13.2% vs 11.8%	Jobseekers Allowance: Maximum Personal Rate / Rate for those aged 18-24	€208 / €117.70
Deprivation rate in 2019 (Urban vs Rural)	19.8% vs 13.5%	State Pension: contributory / non-contrib	€253.30 / €242.00
Ratio of bottom 20% to top 20% in income share (2009/2019)	4.3 / 4.1	Child Benefit (flat rate for all children)	€140 per month
Gini coefficient 2010 / 2014 / 2019	31.4 / 32.1 / 28.8	Minimum Social Welfare Payment (1 adult)	€208.00
At risk of poverty rate (2019) Border / South-East / South-West / Mid-East	22.4 / 21.8 / 8.6 / 7.4	Minimum Essential Standard of Living (MESL) amount—working age adult living alone (urban/ rural)	€252 / €285 per week

Sources: CSO population projections; CSO SILC data; CSO Labour Force Survey; Department of Housing, Planning and Local Government; Housing Agency; NERI; Budget 2022 Comprehensive Expenditure Report; Central Bank; ESRI; Various other Government Departments and Agencies

Notes: * = projection; ** = CSO SILC data; ^ = latest available figure

Budget 2022 — Key Numbers, Data & Trends

To accompany Budget 2022, the Departments of Finance and Public Expenditure and Reform have published a series of documents detailing the changes announced in the Budget. Throughout this *Analysis and Critique*, we have examined various aspects of these changes.

The table below presents the Department of Finance's expectations of National Income

this year and next year. It outlines the Exchequer Budgetary Position in a number of areas, and outlines the projected Exchequer Budgetary Position over that period.

Expectations of future changes to employment, unemployment and inflation are also detailed. Also included is information on the taxation system following the implementation of Budgetary changes (albeit

there were very few this year), and details Government projections in inflation, the labour market, and the size of budgetary adjustments.

The table also outlines the size of the Department of Finance's budgetary changes, and examines the situation in relation to the size and burden of the national debt.

Table 21.1: The Budget in Numbers - Key Data from Budget 2022			
National Income		Inflation and the Labour Market	
Nominal GDP/GNI* in 2020 (€ billion)	372.9 / 208.2	Inflation in 2021 / 2022 (%) (HICP)	2.3 / 2.2
Nominal GDP/GNI* in 2021 (€ billion)	428.7 / 222.9	Total Employment (millions) (2020/201/22)	1.932 / 2.082 /
Nominal GDP/GNI* in 2022 (€ billion)	460.0 / 240.6	Unemployment rate (%) (2020/21/22)	19.2 / 16.8 / 7.2
Real GDP growth (%) 2020 / 2021 / 2022	5.9 / 15.6 / 5.0	Proj. employment growth (%) (2020/21/22)	-16.7 / 7.8 / 13.2
Real GNI* growth (%) 2020 / 2021 / 2022	-3.5 / 4.7 / 5.2	Taxation	
Exchequer Budgetary Position		Income Taxation - lower rate / higher rate	20% / 40%
Current Budget Balance, 2022 (€m)	3,265	Employer PRSI / Employee PRSI	11.05% / 4%
Capital Budget Balance, 2022 (€m)	-11,005	USC on incomes of €13,000 or less:	Exempt
Net Capital Expenditure, 2022 (€m)	17,780	USC, €0 - €12,012	0.5%
Government Expenditure Ceiling 2022 (€m)	87,590	USC, €12,012.01 - €21,295	2%
Government Expenditure Ceiling 2021 (€m)	89,250	USC, €21,296 - €70,044	4.5%
General Government Balance 2021 (€m)	-13,255	USC, €70,045 +	8%
General Government Balance 2022 (€m)	-8,260	USC, €100,000.01+ (Self employed)	3% surcharge
General Govt Balance 2021/22 (% GNI*)	-5.9 / -3.4	Capital Gains Tax Rate	10%* / 33%
Change in personal consumption (2021/22)	6.8 / 9.6	Size of Budgetary Changes in 2022	
Change in modified domestic demand (2021 / 22)	5.2 / 6.5	Tax Reductions (€m)	-700.8
Gross Debt Ratio as % of GNI* in 2022	99.2	Revenue Increases (€m)	339.8
Interest on National Debt 2020 (€m / % GNI*)	4,515 / 1.8	Exchequer Balance (€bn)	-7.740
Interest on National Debt 2021 (€m / % GNI*)	3,635 / 1.6	Gross Voted Expenditure (€m)	87,593
Interest on National Debt 2022 (€m / % GNI*)	3,730 / 1.6	Change in Total Gross Expenditure (Core)	5.5%

Sources: Various tables throughout Budgetary publications, and our own calculations. *This special CGT rate applies to new start-ups with a €10m cap on gains. **If you are aged 70 or over or a medical card holder aged under 70 and your aggregate income for the year is €60,000 or less you pay a reduced rate of USC.

Acknowledging progress on policy proposals



We have been analysing and critiquing the Government's annual budget since 1988, outlining proposals in advance and providing detailed analysis when the Budget is announced. Since 2011 *Social Justice Ireland* has been presenting fully costed budgetary proposals which would help to deliver a fair and just society. We have strongly advocated on economic and social issues and consistently highlighted fair and progressive options that are available to Government within the Budgetary process. Below we draw attention to some of the policy areas we have consistently highlighted in our budgetary proposals and where progress has been made. It is important to acknowledge progress on policy issues. It is equally important to highlight those policy areas that are not seeing adequate progress or investment. We will continue to present fully costed, fair and progressive budgetary proposals to Government.

Corporate Taxation

Social Justice Ireland has consistently advocated for the adoption of a minimum effective corporate tax rate. We welcome the fact that Government has signed up to the OECD proposals on a minimum rate of corporation tax. We also welcome the acknowledgement that public services and infrastructure are crucial to competitiveness.

Carbon tax

We proposed a €7.50 increase in carbon tax with the resulting revenue to be ringfenced for a Just Transition fund addressing areas such as fuel poverty and retrofitting. We welcome progress in Budget 2022, although we are still a considerable distance from a Just Transition.

Expansion of DEIS

We welcome the expansion of the number of schools and students who will benefit from the DEIS programme in Budget 2022. We have consistently proposed increased funding for DEIS to address the challenges that Ireland faces in terms of educational disadvantage. Despite progress over the past decade, there remains a considerable gap which has been exacerbated by the pandemic.

Progress on pupil-teacher ratio

We welcome the progress on reducing the pupil teacher ratio at primary level in recent Budgets. Budget 2022 further increased the number of teachers at primary level to reduce the staffing schedule by 1 point. *Social Justice Ireland* has consistently advocated for reduced pupil teacher ratios and reduced class sizes, particularly at primary level.

Maintenance Grants

We have consistently proposed an increase of €1,000 in the third level maintenance grant. While €200 is a lot lower than we proposed, we welcome it as a first step and we will continue to highlight the need to increase the maintenance grant to appropriate levels and to expand it to part-time students.

Rural Programme

There has been some increased funding for rural programmes in recent Budgets which we welcome. We welcome the additional funding for the National Broadband Plan in Budget 2022. We

continue to highlight the need for significant and ongoing public investment in rural Ireland.

Retrofitting

We welcome the investment in retrofitting in Budget 2022 and the particular focus on social housing. And energy upgrades for people who are in, or at risk of energy poverty. We have consistently highlighted the need for our energy efficiency policies to focus on those in energy poverty, and that retrofitting social housing is one of the key elements of both meeting our emissions targets and addressing energy poverty. We look forward to seeing this policy being further resourced, developed and scaled up.

Basic Income

Social Justice Ireland has long advocated for a universal basic income and we have produced decades of research on the cost of a basic income and how it might be implemented. We welcome the Budget 2022 announcement of an allocation of €25 million to fund a pilot basic income guarantee scheme for artists. We do, however, question if what is proposed is a real Universal Basic Income (UBI), and look forward to engaging with Government as this scheme is designed and rolled out.

Overseas Development Assistance

We welcome that Government continues to fund Overseas Development Assistance. We welcome the amount of ODA exceeding €1 billion this year, including an increase of €140m in Budget 2022. In these very difficult times it is vital that Ireland continues to play such an important role in assisting those in the developing world.

Sláintecare

Given *Social Justice Ireland's* promotion of primary care in recent decades we welcome the commitment to implement the Sláintecare Implementation Strategy and Action Plan 2021-2023. We welcome the continuing commitment to expanding the Health Service workforce.

Budget 2022: PPNs and Communities

In a broader community context, the Budget lines gathered in the table below may be of interest to those involved in their communities. There are also key initiatives which deliver important services to disadvantaged areas, such as social networks and education, meals on wheels, community childcare, supports for people with disabilities, community centres and so on. While these additional allocations are welcome, they represent a fraction of what is needed to sustain these community supports. While *Social Justice Ireland* welcomes the increases in many of these areas, these are mostly small to moderate increases which will struggle to meet demand, especially in a post-Covid world.

The Public Participation Networks (PPNs) are a touchstone for Governmental initiatives requiring community engagement and notably were ideally placed in communities all across Ireland to respond to local needs that arose due to the Covid-19 pandemic.

We note that in Budget 2022, there is a commitment to strengthen local participation through the provision of supports for the PPNs and Local Community Development Committees but there is a lack of further detail. Of interest to PPNs, their members, and to the wider communities in which they operate, are the additional allocations to programmes such as €4 million for the Social Inclusion and Community Activation Programme (SICAP), €5 million allocated for small capital grants for the upgrade of local community centres with a further €0.8 million allocated for the Community and Voluntary sector.

Budget Line	Allocation 2022 (,000)	Change 2021/2022	Budget Line	Allocation 2022(,000)	Change 2021/2022
Health (Physical and Mental)			Participation, Democracy and Good Governance		
Healthy Ireland Fund	24,180	8%	Local Government	266,658	18%
Drugs Initiative	16,928	-	Standards in Public Office Commission	1,992	1%
Primary Care Reimbursement Services and Community Demand led schemes	3,720,099	6%	Charities Regulatory Authority	4,606	-
Economy and Resources			Gardaí (Working with Communities to Protect and Serve)	2,062,342	6%
Jobs and Enterprise Development	555,360	-33%	Values, Culture and Meaning		
Innovation	236,773	8%	Human Rights and Equality Commission	7,614	9%
Skills Development	660,760	6%	Arts and Culture	346,485	2%
Higher Education	2,069,313	8%	Heritage	165,802	19%
Social and Community Development			Gaeltacht	85,651	9%
Rural Development, Regional Affairs and Islands	202,090	14%	Support System for International Protection Seekers	273,995	19%
Community Development	169,687	1%	Work on Poverty and Hunger Reduction (ODA)	604,932	6%
Sports and Recreation Services	181,183	6%	Environment and Sustainability		
Children and Family Support Programmes	935,142	5%	Circular Economy Development	97,879	-
Sectoral Programmes for Children and Young People	813,037	11%	Climate Action Leadership Programme	151,508	21%

Sustainability



Agenda 2030 for Sustainable Development sets ambitious targets across the three dimensions of sustainable development: economic development, social inclusion and environmental sustainability. Budget 2022 brings us one year closer to the deadline.

The 17 Sustainable Development Goals (SDGs), 174 targets and over 230 indicators provide a coherent policy platform and are designed to refocus efforts towards policies that directly help people and communities in the long run. They aim to provide both a pathway out of poverty for about a billion people in the world and a pathway to a sustainable future for all countries and peoples.

In the 2021 edition of *Social Justice Ireland's* Sustainable Progress Index, Ireland ranked 11th of the EU15 in terms of progress towards the SDGs. Ireland scores well on SDGs relating to Life on Land (SDG15), Quality Education (SDG4) and Peace and Justice and

Strong Institutions (SDG16). However, Affordable and Clean Energy (SDG7); Responsible Consumption and Production (SDG12); Industry, Innovation and Infrastructure (SDG9); Climate Action (SDG13); and No Hunger (SDG2) all score in the bottom third and Ireland faces significant challenges in achieving the objectives of these SDGs. The remaining SDGs are all in the middle (ranked 6-10), implying there is still scope to improve. Of particular concern is the low score for many of the SDGs linked to the environment.

Also, *Social Justice Ireland* notes the publication of the *First Report on a Wellbeing Framework for Ireland* as a vital step towards the creation of wellbeing indicators for Ireland but regrets that there has been no real progress since. Ireland needs to move away from solely economic indicators focused on growth.

Young people, families and the regions forgotten

Appropriate and sufficient investment is vital to a balanced and fair post-Covid recovery where no-one is left behind. Unfortunately Budget 2022 has failed to deliver the necessary investment in social infrastructure for such a recovery

The challenges **young people** face were not given sufficient attention in Budget 2022. Government chose not to complete the equalisation of Jobseekers rates for all those **under 25** to the rate for those 25 and over. The amount required for an unemployed young adult, living in the family home, to achieve the Minimum Essential Standard of Living (MESL) is €153 per week. This is almost 1.5 times the Jobseekers Allowance payment to an 18-24 year old at present.

Young people have already been priced out of the housing market and the budget contained no measures that will alleviate the pressures on students and their families as they try to find student accommodation.

Families struggling with the high cost of **childcare** will find little comfort from the measures announced in the Budget. Whilst

additional funding is welcome in a sector that is severely underfunded, the measures provided for will not reduce fees for families, deliver a living wage for childcare workers, will not support service providers to deliver additional childcare places, and won't ensure the availability of quality, accessible and affordable childcare for families.

Budget 2022 also failed to provide the targeted resources for a **regional recovery**. Budget 2022 did not provide the necessary resources to support rural areas and the regions to deal with the challenges of Brexit, COVID-19, and our climate crisis. Neither did it address the challenges that predate the pandemic; higher rates of part-time employment, lower median incomes, poverty rates above the national average and greater distance from everyday services.

Remote working presents an opportunity to reinvigorate **rural communities**, but in order for Government strategies 'Our Rural Future' and 'Making Remote Work' to be successful, the supporting infrastructure must be put in place. While we welcome the €225m to con-

tinue the rollout of the National Broadband Plan, a focus on the shared services and infrastructure that remote working hubs require was missing. *Social Justice Ireland* proposed a regional recovery investment package of €529m focused on seven priority areas which would help to build sustainable, thriving rural communities.

Our proposals targeted improving and expanding public services, the rollout of remote working hubs, regional economic development, and skills development. Overall the measures in Budget 2022 are insufficient to meet the challenges that rural areas face. We regret that Budget 2022 did not resource a major regional development and transition programme focused on adapting not only to Covid-19 and the impact of Brexit, but also on the challenges to rural and regional economies of reducing our emissions and adapting to new technologies. Such a programme would have ensured that sufficient investment was made in public services and in particular broadband which is crucial to support diversifying the rural economy.

Some recent Publications from Social Justice Ireland

Budget Choices 2022 (September 2021)

Ireland and the Europe 2020 Strategy (July 2021)

National Social Monitor: Focus on Delivery (June 2021)

Education and Covid-19 (May 2021)

Poverty Focus 2021 (April 2021)

Social Justice Matters 2021 (March 2021)

Measuring Progress: The Sustainable Progress Index 2021 (February 2021)

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

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Department of Rural and
Community Development



An Roinn Forbartha
Tuzithe agus Pobail



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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.

Social Justice Ireland

Email: secretary@socialjustice.ie

Registered Charity Number: 20076481

CHY number 19486

www.socialjustice.ie