

Budget 2023

Analysis & Critique

September 2023

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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 widens rich/poor gap Leaves poor further behind

The Government's Budget 2023 widened the rich/poor gap by €199 next year. Despite the welcome temporary measures to address the cost of living and energy crisis, in the long run this Budget will be seen as regressive and unfair. While one-off measures are welcome, when they are gone, they are gone. What we are left with is a skewed distribution of resources that favours those on higher incomes.

The Rich/Poor Barometer measures the gap between those on €100,000 and those depending on core social welfare payments. Policy should be focused on reducing this gap. Instead, the Government chose to widen the crevice and prioritised the better off. Ministers also made a single-income couple on €50,000 a year a further €192 better off than a couple on social welfare. (Details p.9)

The €12 increase in core social welfare rates lags behind anticipated inflation for necessities in the coming year. A €20 boost was the minimum required to set Government on the path to benchmark rates to 27.5% of average weekly earnings over a two-year period. This was the target set by Government in 2007. (cf p. 16)

Key Budget decisions must be changed

Social Justice Ireland does not accept aspects of the Budget that widen income gaps, fail to respect Ireland's most vulnerable people, and leave Ireland's poorest worse off when Budget 2023's one-off measures are discontinued. We call on Government to revisit its decisions in these areas and to make the necessary adjustments in the forthcoming Social Welfare Bill to ensure the most vulnerable are prioritised. In particular, we urge Government to increase core social welfare rates by €20 a week. Anything less is simply abandoning the poor.

One-off payments not the answer

Government's focus on one-off payments cannot conceal that those on the lowest incomes (social welfare and low pay) will fall further down the income ladder, once the one-off elements of the Budget have been worked through. By their nature, one-off supports cannot tackle the embedded low income culture that has prevented our republic from eliminating poverty.

An additional 'double week' payment to those on social welfare is welcome, but is simply a one-off event. It fails to benchmark social welfare rates to ensure they provide a minimally adequate standard of living. It also fails to compensate for the rise in the cost of living particularly in recent months. In reality social welfare recipients will be worse off next year than they are now. Poverty is never simply about income. But it is always about income. The government

Continued on page 2

Welcome

- Temporary supports for low-income households.
- Extension of access to GP-Visit cards.
- Free School Books for primary school students.

Regret

- The failure to raise core social welfare rates by €20 a week
- The widening of the rich/poor gap by €199.
- The direction of income tax priorities

Key Budget decisions must be changed



is continuing to betray the social contract that, at critical times in the past, generated solidarity and social cohesion in this republic.

In addition, the Government's focus on one-off payments assumes that all will be well for low-paid workers and welfare-dependent households next year. This is a huge gamble that may backfire on the least well-off among us. It is gambling with the standard of living of Ireland's poorest and most vulnerable people and is totally unacceptable as a strategy.

Consider, for one, how it will ramp up anxiety levels in low-income households considering sending a young person to college next year, or embarking on a course of private medical care or moving to a larger apartment. For them, after this budget, there remains a fraught present and a bleak future unless Government begins to systematically combat income poverty.

Expecting the impossible of the poor

This is particularly worrying in light of the impact of the pandemic, and then the cost-of-living crisis, on the weakest among us. A total of 595,000 people in Ireland are living in poverty, of which around 164,000 are children.

In 2023 the core rate for Jobseekers Benefit for a single adult (aged 25 +) will be €220 per week. €220 a week to provide for accommodation costs, heat, light, food, clothing, personal care, entertainment, education, transport, tv licence, communications, refuse collection, households goods, health, insurances, bank charges and in an ideal world allow for savings for contingencies. (pp. 16/20/21)

That is an impossible challenge for people on such a low income. Yet Government decided not to increase the core pay-

ments by €20, not to move to benchmark this welfare payment at the required level, not even to protect its true value since last year. Instead they decided to increase the income going to a person with an income of €100,000 by more than €900 a year. The wrong priority. (pp. 6/7)

Not every household in crisis

Every household is experiencing rising prices caused by inflation. But not every household is in crisis. It is well documented that low-income homes suffer most: people on low hourly wages or fixed incomes such as welfare entitlements. Supporting these households requires ongoing targeted measures, not one-off payments.

Failures on taxation policy

€1.26bn was allocated to tax initiatives in this Budget. We regret that 67% of the resources devoted to income tax changes were allocated to benefit higher rate taxpayers. These are permanent changes unlike a major part of the resources allocated to poorer people which are temporary. (pp.14/15)

No evidence of just transition

We welcome the €2.6m to support delivery of the Circular Economy Strategy. However Government missed the opportunity to invest in and secure our energy infrastructure, progress the implementation of the Climate Action Plan and ensure a just transition to a green economy. (p.24)

Housing

The increased capital allocation of €40m for housing means funding is insufficient to meet the current target let alone meet the increase of €1.4bn required to increase the target of 9,000 social homes to the 14,000 required to address the social

housing crisis.(p.5)

Why does Government continue to hide numbers?

The Government documentation produced on Budget day this year contains less essential 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. Why?

Conclusion

Irish people are very worried about the rising cost of living. As a consequence, they are spending less. This means the economy will slow down in the months ahead. It's widely accepted that low incomes households spend heavily within the local economy, supporting indigenous businesses and jobs. Meanwhile, financial top-ups for the rich tend to be spent abroad and on luxury imports. Government's decisions in Budget 2023 will see the rich-poor gap grow and the real value of the core social welfare rates fall. This is a disgraceful outcome. Cabinet Ministers had huge resources available but chose to use them in a way that exposes their lack of a credible anti-poverty strategy.

Gambling with the lives of Ireland's poorest and most vulnerable is totally unacceptable. Government should reverse its decision on core welfare rates and increase these by €20 a week in the upcoming Social Welfare Bill. Anything less would mean that Budget 2023 confirms Government has abandoned those who need its help most.

As a republic smarting under Russia's use of energy as a weapon of war, our leaders must move to unite its people in the face of continuing and magnifying hardship. By not prioritising the poor this budget has sent the wrong message to the governed.

Social Justice Ireland does not accept aspects of the Budget that widen income gaps, fail to respect Ireland's most vulnerable people, and leave Ireland's poorest worse off in the long run. These should be changed in the Social Welfare Bill.

Regret on €12 Welfare Increase

Welfare payments target those most in need within Irish society. They also play a central role in alleviating poverty. According to the latest CSO Poverty figures, without the social welfare system four in every ten of the Irish population would be living on an income below the poverty line. However, welfare payments reduced the poverty rate by 27 percentage points to 11.6 per cent. Thus, when Budget resources are focused on the welfare system they assist those who need most help.

Social Justice Ireland

regrets that Budget 2023 only provided an increase of €12 per week to core welfare payments. In our pre-Budget document, *Budget Choices*, we called for an increase of €20 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. This would have re-

quired an increase totalling €34 over both years; it is regrettable that more progress was not made on achieving this objective. It is also a concern that as

the weakest in our society get left behind unless welfare increases keep track with increases in earnings 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 2023. Despite challenges, we believe that the resources were available to deliver this increase.

Other Budget measures, including increases to the qualified child payment and adjustments to the qualification criteria for fuel allowance, disability allowance, the blind pension and the working family payment are welcome. These assist low income vulnerable groups in our society.

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A lesson from past experiences is that

Temporary Measures Hide Regressive Shift

Budget 2023 includes a range of measures to address the cost of living and energy crises. Collectively they represent one of the largest and most complex budget packages in many years. Some of the announced measures arise during the remainder of 2022 and others during 2023. Given the challenges that so many households face in making ends meet, particularly those on the lowest incomes, much of that assistance is welcome and badly needed.

However, there is a marked difference in the way that the Budget measures are being delivered to households. The Budget includes **temporary measures**, such as electricity credits and one-off additional welfare and fuel allowance payments, alongside **permanent measures** such as changes to the value of core welfare payments and changes to tax credits and bands. In time, the temporary measures will disappear but

the permanent changes will remain.

Although all help to low income households is welcome at this time, it is of significant concern that the Budget has skewed its resources in this way. When you remove the effect of the various temporary measures planned for 2023, Budget 2023 represents a regressive shift with more resources going to those on higher incomes.

When you remove the effect of temporary measures, which will disappear at the end of next year, Budget 2023 has given more resources to those on higher incomes

For example among single people in 2023 the Budget's permanent changes to taxes and welfare deliver the following average weekly gains:

- An unemployed person: + €12.10
- An earner on €30,000: + €3.65

- An earner on €80,000: + €15.92
- An earner on €100,000: + €15.92

Among couples in 2023 the Budget's permanent changes to taxes and welfare deliver the following average weekly gains:

- A pensioner couple: + €22.98
- An unemployed couple: + €20.08
- With 1 earner on €30,000: + €0.78
- With 1 earner on €60,000: + €19.27
- With 2 earners on €100,000: + €31.84.

Budget 2023's legacy will be to widen further the gap between the better off and those on the lowest welfare and work incomes; outcomes we examine further throughout this document (see p6-9). In particular, the Budget has provided least for the large cohort of workers earning around €15 to €20 per hour.

Income Tax Cuts: Large & Regressive

The income tax measures announced in Budget 2023 represent one of the largest tax packages since the giveaways in Budget 2008; a budget delivered just before the economic crash and whose measures had to be rapidly reversed.

It is of concern that the decision to provide these changes has been made on the basis of two short-term reasons:

- the need to provide additional income support to households given the cost of living crisis; and
- the large Budget surplus being recorded by Government on foot of booming and temporary corporate tax revenues, full-employment and high levels of consumption.

As we have outlined on page 3, these represent permanent changes to income levels and will result in lower income taxation revenue being collected into the future. In the absence of other measures to broaden the tax base, measures we outline in detail in the taxation section of our annual *Social Economic Review Social Justice Matters*, it leaves Government with less ability to sustainably fund the public services and needs Irish society requires.

The approach of much of our political system to taxation measures remains problematic; it only seems to want to explore reductions to taxes collected and the further narrowing of the tax base and ignores the medium-term sustainability of revenue and the feasibility of continuing to fund infrastructure and public services as the population ages and corporate tax revenues are realigned internationally under the OECD BEPS reforms. The knee-jerk responses to the recently published report of the Commission on Taxation and Welfare further reflect this.

The Budget's income tax cuts have favoured those on higher income; they represent regressive policy decisions and further widen the income divides in our society.

Capital Investment Ambition?

Budget 2023 has demonstrated limited ambition by Government in addressing Ireland's poor performance on delivering basic infrastructure. At an international level, Ireland is ranked 41st out of 63 countries for basic infrastructure according to the latest (2022) IMD World Competitiveness Rankings. Although there have been some welcome Budget 2023 announcements (e.g. health facilities, school buildings, transport projects and energy efficiency) progress is still limited given the deficits that need to be addressed.

Long-term investment in basic, or social, infrastructure should be part of Government's response to improve living standards and reduce the cost of living issues that have been so central to Budget 2023. Indeed, many of the problems highlighted by initiatives in the Budget

(housing, childcare, public transport, primary healthcare) would be much smaller issues of concern if successive Governments had prioritised investment in core public services and basic infrastructure; priorities we have argued for for some time.

Both the Budget and the OECD have highlighted the uncertain social and economic outlook, with the latter once again signalling the probability of a Europe-wide economic slowdown later this year.

As this may result in capacity becoming available within the economy during 2023, we regret that Budget 2023 did not give greater focus to preparing for this. Given the context, we should have investment plans ready to address some of our basic infrastructure deficits, social housing being the most obvious.

Progress is limited given the deficits that need to be addressed

Managing Ireland's National Debt

Ireland, like all other European countries and most other developed world states, has relied on large scale borrowing to cope with the Covid-19 pandemic. The current windfall Corporate Tax revenues have assisted in funding many of the cost of living initiatives of Budget 2023, so that additional borrowing has been avoided. However, as noted in the Minister's speech, Ireland continues to have a large level of national debt and there are challenges associated with this in a period where interest rates are rising.

Figures from the documents accompanying Budget 2023 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 Ireland's general government debt climbing to €236 billion in 2021; it is expected to be around €225 billion over each of the years from 2022-25. Fortunately, interest costs remain low with these costs expected to be €3.75 billion in 2023. However, although debt costs are low, the scale of debt remains a strategic risk 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*

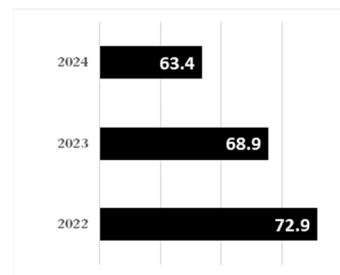
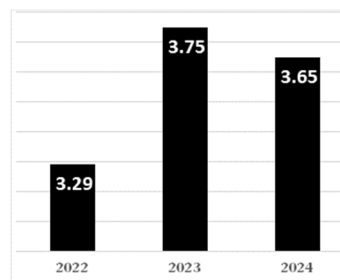


Chart 4.2 Debt Interest Cost € billion



Housing for Whom?

In our *Budget Choices 2023* submission, *Social Justice Ireland* called for an additional €1.4bn to be made available for social housing construction by Local Authorities and AHBs. This would have bridged the gap between the Housing for All target of 9,000 social homes per annum and the real need of 14,000 to account for households on the social housing waiting list and those in HAP and RAS tenancies. It would also have helped to free up over 60,000 homes in the private rented sector that could be made available for tenants at a more affordable price. Instead, the capital allocation in Budget 2023 increased from €2.56bn to €2.6bn, which is insufficient to meet the existing targets. The allocation of €544m to fund an additional 8,800 HAP tenancies indicates that, notwithstanding evidence that HAP does not provide sustainable tenancies, Government continue to rely on the private rented sector to bridge the gap in social housing provision.

In terms of overall construction, just 20,570 dwellings were completed in 2021, more than a third below the Government's Housing for All target of 33,000. Even if this target was met, it still would not be sufficient to meet the housing needs of the population while reducing the household occupancy rate to that of our European peers. The Construction Technology Centre, launched in July 2022, was a welcome development. Increasing productivity in the construction sector requires a shift towards modern methods of construction and a move away from concrete builds; it is therefore disappointing that Budget 2023 contained no specific allocation to support it.

The Help to Buy Scheme, introduced to support First Time Buyers has been used to buy increasingly more expensive properties (properties in the €226,000 to €450,000 range account for 83% of

Help to Buy purchases compared to 60.6% of all new dwelling purchases recorded on the Property Price Register), while almost 28% of Help to Buy purchasers had a deposit of 20% or more. Notwithstanding this intervention, the proportion of First Time Buyers purchasing new properties fell from 55% in 2010 to just 33% in 2021. Given that this scheme is being used by buyers on higher incomes to buy increasingly expensive properties, and is having little impact on the proportion of first time buyers purchasing new builds, it is disappointing that Budget 2023 extended it by two years despite several calls for its termination.

Since the routine publication of homelessness statistics in December 2014, the number of people accessing emergency accommodation has increased by 105%. In July 2022, 10,568 people accessed emergency accommodation, the highest number since December 2014. Of this, 3,137 were children (an increase of 256% on December 2014) in 1,423 families (which increased by 250%). Local Authorities spent €153.5m on emergency accommodation in 2021, while spending just €13.1m on homelessness prevention and tenancy sustainment.

Social Justice Ireland called on Government to introduce an Equity Scheme for Long Term Mortgage Arrears, at an initial cost of €100m to support mortgage holders in arrears of 10 years or more. We are disappointed that this has not been a priority for Government in Budget 2023.

Finally, while we welcome the increase of €67m for housing adaptation grants, we are disappointed to note that no commitments were made to support the outstanding actions arising from the Policy Statement on Housing Options for Older People.

Vacant Ambition

According to preliminary estimates from Census 2022, there were 166,752 vacant homes on Census night. While this amounts to a decrease of 9 per cent on 2016, it still accounts for 7.8 per cent of all housing stock. There were 59,247 households on the social housing waiting lists in 2021. There are almost three vacant homes for every household on the list and in every county, vacant properties exceed the number of households assessed.

35,380 properties are deemed vacant due to being 'Rental Properties' in 2022, which included short-term lets and properties between rentals which had not been advertised. Of the 166,752 vacant properties in 2022, 48,387 were also vacant in 2016, and half of those (23,483) were vacant in 2011. Counties in the North-west and South-west of the country had the highest proportion of properties that were vacant in both 2016 and 2022. Allowing vacancy for eleven years or more in the middle of a housing crisis cannot continue.

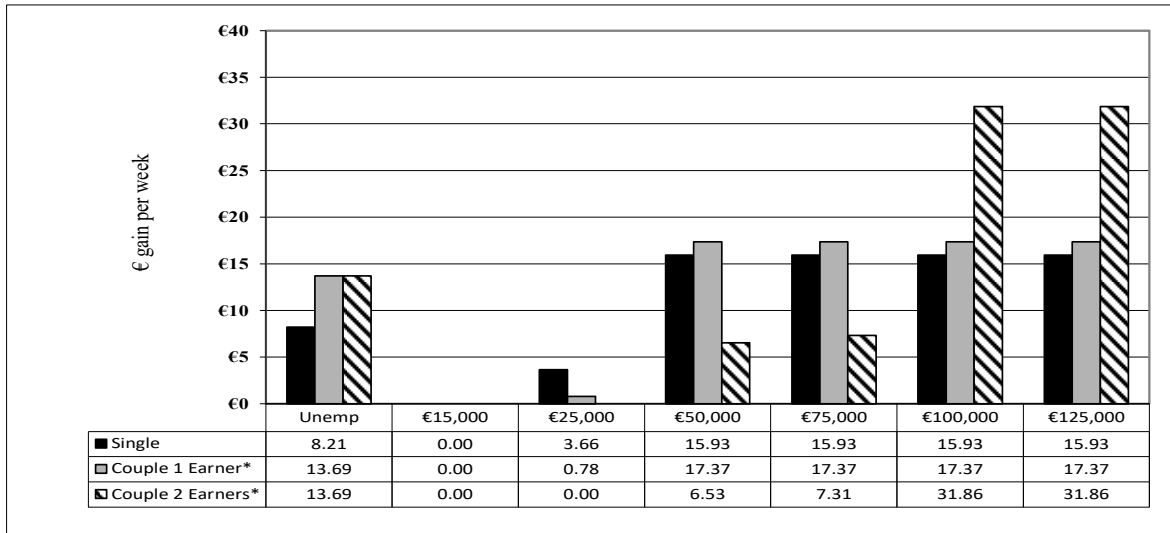
Social Justice Ireland welcomes the introduction of the Vacant Homes Tax at a rate of three times the Local Property Tax rate, but regrets that Government missed the opportunity to introduce a Site Value Tax, as proposed by *Social Justice Ireland* and recommended by the Commission on Taxation and Welfare.

Large Rents, Little Help

Budget 2023 introduced a €500 tax relief for renters for years 2022 and 2023. Standardised average rents in new tenancies in Q1 2022 were €1,460 per month nationally, and €2,015 in Dublin. A full-year tax relief of €500 equates to just 2.9% of the an average annual national rent (and just 2% of average rents in Dublin), while rents in new tenancies increased by 9.2% between Q1 2021 and Q1 2022. This is a token measure and will have little impact on renters struggling to make ends meet.

The fact that this credit is not available to renters in receipt of any other rental supports also leaves more than half of renters further behind, with the ESRI estimating that some 54% of renters (293,673 households) received supports for their housing costs in 2020. Recipients of the Housing Assistance Payment (HAP) can top up their payment provided the top up does not exceed 30% of their net income. A report by *Social Justice Ireland* indicated that households in receipt of rent subsidies are most likely to fall below the poverty line after rent payments are made, with a poverty rate of 59.1%, while a report by Threshold indicated that 45% of households making rent top ups were struggling to pay bills, buy groceries and cover childcare in 2019. Small measures have the largest impact on those on the lowest incomes. Not extending this modest relief to HAP tenants leaves them further behind.

Chart 6.1: Comparison of Final 2022 Income with Final 2023 Income, following Budget 2023



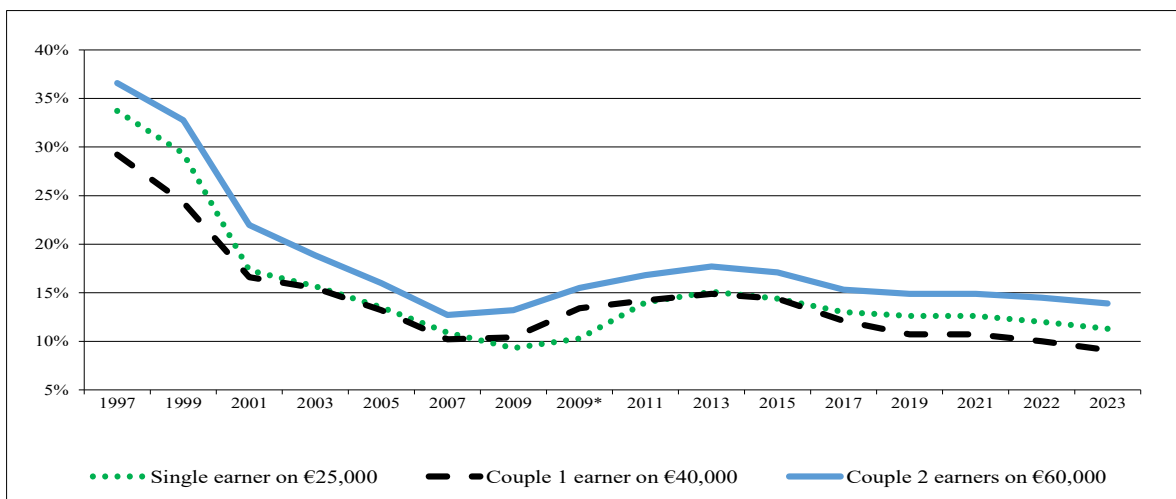
Notes: * Except in case of the unemployed where there is no earner. Unemployed aged 26 years plus. All other earners have PAYE income. Couple with 2 earners are assumed to have a 65%/35% income division. Lower income earners may also benefit from an increase in the minimum wage.

Table 6.1: Effective Tax Rates following Budgets 2014, 2022 and 2023

Income Level	Single Person			Couple 1 Earner			Couple 2 Earners		
	2014	2022	2023	2014	2022	2023	2014	2022	2023
€15,000	2.7%	0.8%	0.8%	2.7%	0.8%	0.8%	2.0%	0.0%	0.0%
€20,000	11.1%	6.4%	5.6%	7.6%	3.4%	3.4%	2.3%	0.0%	0.0%
€25,000	15.1%	12.0%	11.3%	8.3%	5.6%	5.5%	2.5%	0.6%	0.6%
€30,000	17.7%	14.8%	14.2%	9.5%	6.1%	6.0%	5.6%	1.9%	1.9%
€40,000	24.8%	19.8%	17.7%	14.9%	10.0%	9.1%	9.9%	7.0%	6.1%
€60,000	33.9%	29.4%	28.0%	26.6%	20.9%	19.2%	17.7%	14.5%	13.9%
€100,000	41.1%	38.1%	37.2%	36.8%	33.0%	32.0%	30.2%	25.6%	23.9%
€120,000	42.9%	40.4%	39.7%	39.3%	36.1%	35.3%	33.8%	29.6%	28.2%

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

Chart 6.2: Effective Income Tax Rates in Ireland, 1997-2023



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.

Distribution of Income Gains in 2023

Budget 2023 has included a combination of measures for both the current year (2022) and next year (2023). Throughout this document we track the impact of these changes on households and living standards and compare the scale of gains and income supports provided across the income distribution (see also p8 & 9).

Chart 6.1 considers the additional income that households will receive in 2023 compared to 2022. Therefore, we compare the final income in 2022, after receipt of all once off welfare and energy cost payments, with the income that

individuals/households are due to receive in 2023. The 2023 figure includes all planned changes to welfare, income taxes and one off welfare and energy support 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, property taxes, rental credits etc) as these are also experienced differently by households. Some lower income earners

may also benefit from the increase in the minimum wage.

Chart 6.1 (p6) sets out our results. It shows that it is those households with the highest income that will gain most in 2023. There have been welcome income gains for those who are unemployed; although these are less than we argued for in advance of the Budget. The chart also highlights how, once again, the Budget has provided limited gains for low income working households. Budget policy cannot continue to leave this group behind year after year.

Effective Tax Rates after Budget 2023

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%. Calculating income taxation in this way provides a more accurate reflection of the scale of income taxation faced by earners.

Following Budget 2023 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, the effective tax rates which existed for people with the same income levels in 2022 and 2014 is presented.

The measures adopted in Budget 2023 have seen the largest reductions in effective taxation rates for some time. This is despite a trend of decreases since 2014 (see chart 6.2 on p6). In 2023, for a single

person with an income of €25,000 the effective tax rate will be 11.3%, rising to 17.7% for an income of €40,000 and 39.7% for 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 6.1%, rising to 28.2% 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 and a half decades for all earners.

Ireland's Overall Tax Take Remains Inadequate

Data accompanying Budget 2023 outlines Government's plans for taxation and spending over the next 3 years (to 2025). Over that period, assuming the policies signalled by Government are followed, overall tax receipts will climb from €99.9bn in 2022 to €118.6bn in 2025.

While the impact of the cost-of-living and energy crises means that Budget 2023 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. The bumper and unexpected corporation tax gains of recent years highlight the

unsustainable nature of a large part of our tax revenue; money that has generally been spent over recent years and has allowed the political system to avoid engagement with the reality of how inadequate our sustainable recurring tax revenue base is.

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. Conse-

quently, 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.

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 2023 made limited progress on this issue.

Combined Impact of All Changes, 2022 & 2023

Budget 2023 has been presented in the context of a cost of living and energy crisis. As highlighted in our pre-Budget submission *Budget Choices*, these increased costs fall hardest on those with the lowest incomes who have the least capacity to absorb the large and unanticipated increases in living costs that have unfolded over the past year and are expected to persist well into 2023.

On this page we bring together the impact of all changes since April 2022. These capture the household energy credits and lump sum increases in fuel allowances announced earlier this year (2022 pre-Budget 2023 measures), the additional welfare payments and energy credit measures announced as part of Budget 2023 but for implementation before the end of this year (Budget 2023 for 2022), and all of the welfare, taxation and energy credit measures announced for 2023 (Budget 2023 for 2023).

The households we examine are those tracked annually in our income distribution model. They 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, and earners on incomes ranging from €30,000 to €200,000. In the case of working households, the analysis is focused on PAYE earners only. The analysis complements our assessments of the stand alone 2023 effect on p6-7.

Overall the weekly impact on the households exam-

ined is large, ranging from €59.58 to €31.44 a week for welfare dependent households and from €47.18 to €16.12 a week for households with jobs (see Table 8.1). However, there is a notable difference between the composition and distribution of these changes with permanent changes (tax and core benefits) favouring higher income working households and mainly arising in

2023. Temporary changes (one-off credits and payments) are more concentrated among those with low pay and individuals who are dependent on welfare.

While all help is welcome for households in these challenging times, the mode adopted by Budget 2023 leaves the potential for even wider divisions after 2023.

Table 8.1 Combined Weekly Impact of Energy Crisis Measures plus Tax and Benefit Changes, 2022 & 2023

Welfare Dependent Households	2022 pre-Budget 2023	Budget 2023 for 2022	Budget 2023 for 2023	Total
Couple pensioner	8.17	20.76	30.65	59.58
Couple, 2 children (both under 12yrs)	3.84	16.77	31.87	52.48
Couple, 2 children (both over 12yrs)	3.84	16.77	31.83	52.44
Lone parent, 1 child (over 12yrs)	8.17	19.13	21.83	49.12
Lone parent, 1 child (under 12yrs)	8.17	18.98	21.81	48.95
Single pensioner	8.17	20.66	19.77	48.60
Couple, no children	3.84	10.49	27.75	42.08
Single unemployed	3.84	7.83	19.77	31.44
Households with Jobs	2022 pre-Budget 2023	Budget 2023 for 2022	Budget 2023 for 2023	Total
Couple 2 earners at €200,000	3.84	3.84	39.51	47.18
Couple 2 earners at €150,000	3.84	3.84	39.51	47.18
Couple 2 earners at €100,000	3.84	3.84	39.51	47.18
Couple 2 earners at €80,000	3.84	3.84	39.51	47.18
Single, job at minimum wage	3.84	3.84	31.46	39.13
Couple 1 earner at €100,000	3.84	3.84	26.94	34.62
Couple 1 earner at €60,000	3.84	3.84	26.94	34.62
Single, job at €120,000	3.84	3.84	23.59	31.26
Single, job at €100,000	3.84	3.84	23.59	31.26
Single, job at €60,000	3.84	3.84	23.59	31.26
Single, job at €40,000	3.84	3.84	23.59	31.26
Couple 2 earners & 2 children, at €60,000	3.84	9.20	14.20	27.24
Couple 2 earners at €60,000	3.84	3.84	14.20	21.87
Couple 1 earner & 2 children, at €30,000	3.84	9.20	8.45	21.49
Single, job at living wage	3.84	3.84	11.32	19.00
Single, job at €30,000	3.84	3.84	11.32	19.00
Single, 1 child, job at €30,000	3.84	3.84	11.32	19.00
Couple 1 earner at €30,000	3.84	3.84	8.45	16.12

Notes: Table includes all measures since the first energy credit in April 2022. The analysis includes the increase to the minimum wage as a Budget measure. Low Income working households may also receive the Working Family Payment. Rounding may impact totals.

Ireland's Rich-Poor Gap & Middle-Poor Gap

As well as tracking the post-Budget income levels of different households (see p6-8), *Social Justice Ireland* is also focused on assessing how the income divides in Irish society change following the adoption of Budgetary policies.

There is merit in undertaking this analysis

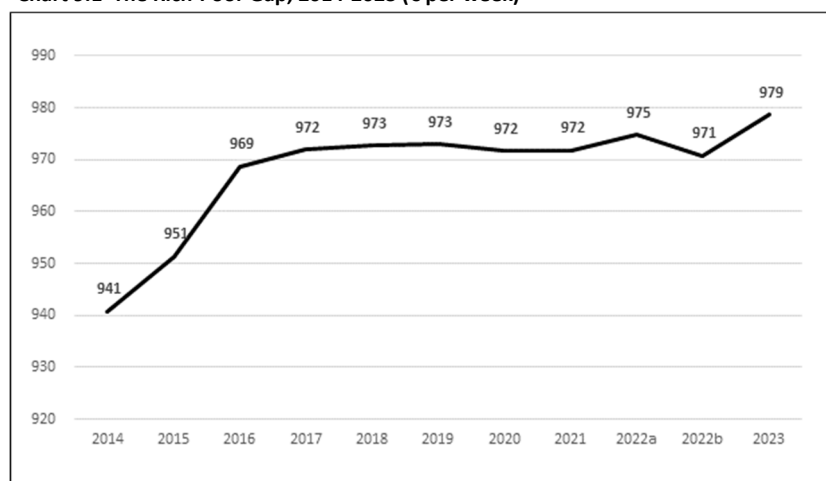
for each Budget and also over multiple years so that the cumulative effect of Budgetary policies is captured. To achieve this, we track two new measures this year, income gaps we plan to monitor and update annually. They provide a useful barometer of income divides in our society.

These measures provide a useful barometer of income divides in Irish Society - following Budget 2023 these have further widened

Table 9.1 The Rich-Poor and Middle-Poor Gap following Budget 2023

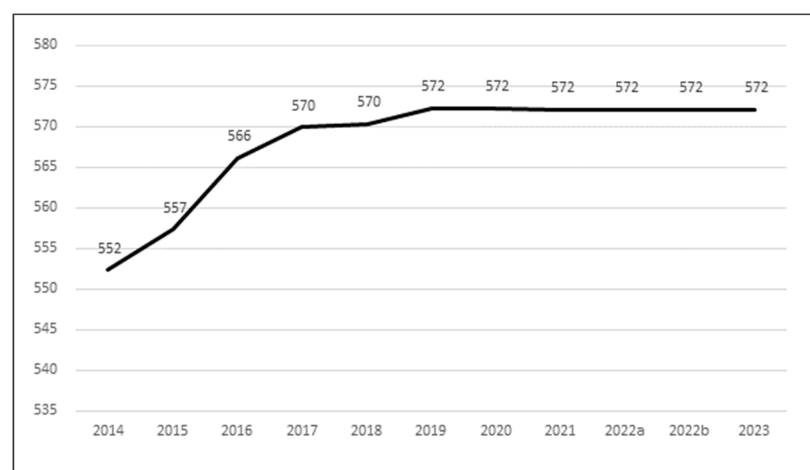
Rich: individual earner on €100,000 per annum		
Middle: individual earner on €40,000 per annum		
Poor: individual on jobseekers benefit		
	Rich-Poor Gap	Middle-Poor Gap
Annual gap	€51,066	€29,852
Gap per week	€979	€572
Budget 2023 change in weekly gap	+€3.82	no change
Budget 2023 change in annual gap	+€199	no change

Chart 9.1 The Rich-Poor Gap, 2014-2023 (€ per week)



Notes: This analysis tracks the annual disposable income change in the gap between single jobseekers and PAYE earners on €100,000 per annum. 2022a = outcome from Budget 2022, 2022b = outcome at end of 2022 (after cost of living measures)

Chart 9.2 The Middle-Poor Gap, 2014-2023 (€ per week)



Notes: This analysis tracks the annual disposable income change in the gap between single jobseekers and PAYE earners on €40,000 per annum. 2022a = outcome from Budget 2022, 2022b = outcome at end of 2022 (after cost of living measures)

The Rich-Poor gap

This gap monitors the income of single individuals on jobseekers' benefit ('poor') and the disposable income (after income taxation and employee social insurance) of a single PAYE worker earning €100,000 ('rich').

An annual income of €100,000 is chosen as representing very high income earners – it represents the top 6.5% of earners (180,000 earners) according to Revenue Commissioners data and is well over twice average earnings.

As a result of the taxation and welfare measures adopted in Budget 2023, the rich-poor gap will increase by €3.82 per week (€199 per annum) in 2023. The cumulative rich-poor gap will stand at €979 per week (€51,066 per annum) in 2023.

The gap has widened because the measures in Budget 2023 favoured those on the highest incomes.

It is of note that the combined effect of the emergency energy crisis measures in 2022 saw this gap fall for the first time over the last ten Budgets. However, these temporary measures are not currently scheduled to repeat in 2023.

The Middle-Poor gap

The middle-poor gap monitors the income of single individuals on jobseekers' benefit ('poor') and the disposable income (after income taxation and employee social insurance) of a single PAYE worker earning €40,000 ('middle'). This middle-income figure approximates the annual value of a worker working full-time and earning the median hourly level of earnings.

As a result of the taxation and welfare measures adopted in Budget 2023, the middle-poor gap remains unchanged. The cumulative middle-poor gap will be €572 per week (almost €30,000 per annum) next year. Overall, the middle-poor gap has grown by a total of €20 per week (€1,032 per annum) over the period 2014-2023.

Public Finances 2021 — 2023

Below we outline the government finances for 2023 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>	2021	2022	2023
	€m	€m	€m
CURRENT BUDGET			
Expenditure			
Gross Voted Current Expenditure	77,595	78,535	78,035
Non-Voted (Central Fund) Expenditure	7,615	7,970	8,310
Gross Current Expenditure	85,210	86,505	86,345
less Receipts and Balances	15,905	15,550	15,270
Net Current Expenditure	69,305	70,955	71,075
Receipts			
Tax Revenue	68,410	81,565	86,985
Non-Tax Revenue	2,530	2,485	2,115
Net Current Revenue	70,940	84,050	89,100
CURRENT BUDGET BALANCE	1,635	13,095	18,025
CAPITAL BUDGET			
Expenditure			
Gross Voted Capital Expenditure	9,945	11,570	12,380
Non-Voted Capital Expenditure	10,420	5,455	5,280
Gross Capital Expenditure	20,365	17,025	17,660
less Capital Receipts	60	45	50
Net Capital Expenditure	20,305	16,980	17,610
Capital Resources	11,300	4,830	1,905
CAPITAL BUDGET BALANCE	-9,005	-12,150	-15,705
EXCHEQUER BALANCE	-7,370	345	1,720
GENERAL GOVT BALANCE	-7,040	965	6,170
% of GNI*	-3.0	0.4	2.2

Rural Communities



Budget 2023 does not provide the necessary resources to reinvigorate the regions and build thriving and resilient rural communities. Although there was an additional funding allocation of €10m, Budget 2023 failed to deliver the necessary resources in areas such as regional development and support infrastructure for remote working hubs.

Social Justice Ireland proposed a regional investment package of €477m including €125m for regional development and transition aimed at sustainable agriculture, developing local cooperatives, supporting indigenous enterprises with a focus on the digital and green transitions, and promoting and supporting rural living. While recent expansion of the connected hubs voucher scheme is welcome, we regret that Government did not take the opportunity to invest in the supporting infrastructure required to build on the success of remote hubs and make rural Ireland a realistic and attractive option for workers and for businesses.

Budget 2023 failed to allocate sufficient resources to walking and cycling infrastructure and to rural transport to support the expansion and increased range of rural transport options. Overall the measures in Budget 2023 are insufficient to meet the challenges that rural areas face.

Public Healthcare



The COVID-19 pandemic highlighted shortcomings in our healthcare system across a range of areas and also demonstrated how vital an integrated public system of care is. It must be a starting point for major changes in our approach to healthcare. We cannot return to a two-tier healthcare system and access to healthcare based on need, not income, should remain an important aim for Ireland's healthcare system. Furthermore, investment in a reconfigured model of healthcare is overdue, one that emphasises primary and social care.

The period ahead is one where there is a unique opportunity to implement significant reform of Ireland's healthcare system. It is important to ensure that the approximately €4bn additional resources committed for the development of the healthcare system in 2021 are retained and sustained, and used throughout 2023 and beyond to fully implement Sláintecare. We regret that Budget 2023 failed to allocate the resources required to invest in public healthcare in order to deliver the modern, responsive, integrated public health system that the Sláintecare report envisages. In particular Budget 2023 did not make the necessary investment in Enhanced Community Care and expansion of GP and Practice Teams to support delivery of primary and community based care.

Minimum Wage

Social Justice Ireland regrets that Budget 2023 only increased the minimum wage by 80c 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 2023 the hourly minimum wage will be at least €1.60 below the living wage as calculated by the Living Wage Technical Group.

Chart 11.1 The Low Pay Gap



Older People

CSO projections, based on Census 2016 data, indicate that the number of people aged 65+ in Ireland will increase from 637,567 in 2016 to over 1 million people by 2031. People aged 65+ are experiencing higher living cost increases than the general population. 21.5% of people aged 65+ living alone are living at risk of poverty, with 12.1% of this group experiencing enforced deprivation. Homelessness among people aged 65+ has increased by 105% since 2014. The number of people aged 50-70+ on the social housing waiting lists has increased by 77% since 2008, and now stands at 15,754, of which 6,787 are aged 61+ (2021). It is therefore disappointing that the Implementation Group of the Housing Options for our Ageing Population Policy Statement was wound down with so much structural reform still required. While Budget 2023 has made welcome moves such as the increase to home adaptation grants and the pension, there are significant and unavoidable public policy challenges ahead and a comprehensive plan is long overdue.

ODA and Climate Finance

Under the Paris Agreement agreed at COP15, Ireland committed to contribute to an overall target of \$1 bn in Climate Finance. Ireland's current Climate Finance target is €225m by 2025. In a separate agreement in the same year, Ireland also agreed to the UN Target of 0.7% of national income to ODA by 2030. These are separate targets and commitments made under separate agreements, however, Ireland has conflated the two and included Climate Finance as part of our ODA allocations. Between 2017 and 2020, approximately 10% of our ODA allocation each year has been Climate Finance. *Social Justice Ireland* welcomes the increased allocation in the region of €1.2bn to ODA in Budget 2023. If this full allocation were for the purpose of ODA, this would equate to 0.44% of GNI*.

If, as in previous years, 10% is allocated to Climate Finance, we will need to make up a significant shortfall to reach our target.

Basic Income for All

Ireland's cost of living crisis disproportionately impacts people on low incomes. *Social Justice Ireland* welcomed the introduction of the Basic Income for the Arts Pilot and its commencement earlier this month. This will support 2,000 artists and arts workers with a payment of €325/week over three years. However, this was a distinct pilot programme introduced in response to the challenges experienced by the sector during the pandemic. The rate used would not be scalable in the long-term and we note that there is no guarantee that funding will continue after the pilot. It is not the Basic Income pilot referred to in the Programme for Government which is still awaited. In *Social Justice Ireland's* proposal to Government last year, we had set the level of payment at the standard social welfare rate. Once the pilot was proven effective, and we have no doubt that it would be, it can be scaled to more groups to provide real universal coverage. We therefore continue to call on Government to introduce a real Universal Basic Income for all.

Disability

Disability is strongly associated with poverty in Ireland. Among people who are unable to work due to long-standing health problems almost one in four (39.1%) live on an income below the poverty line. People with a disability are more than twice as likely to experience poverty and deprivation and have an employment rate of just 36 per cent, the fourth lowest in the EU. People with disabilities face significant challenges in finding employment and remaining in a job given the daily challenges many face.

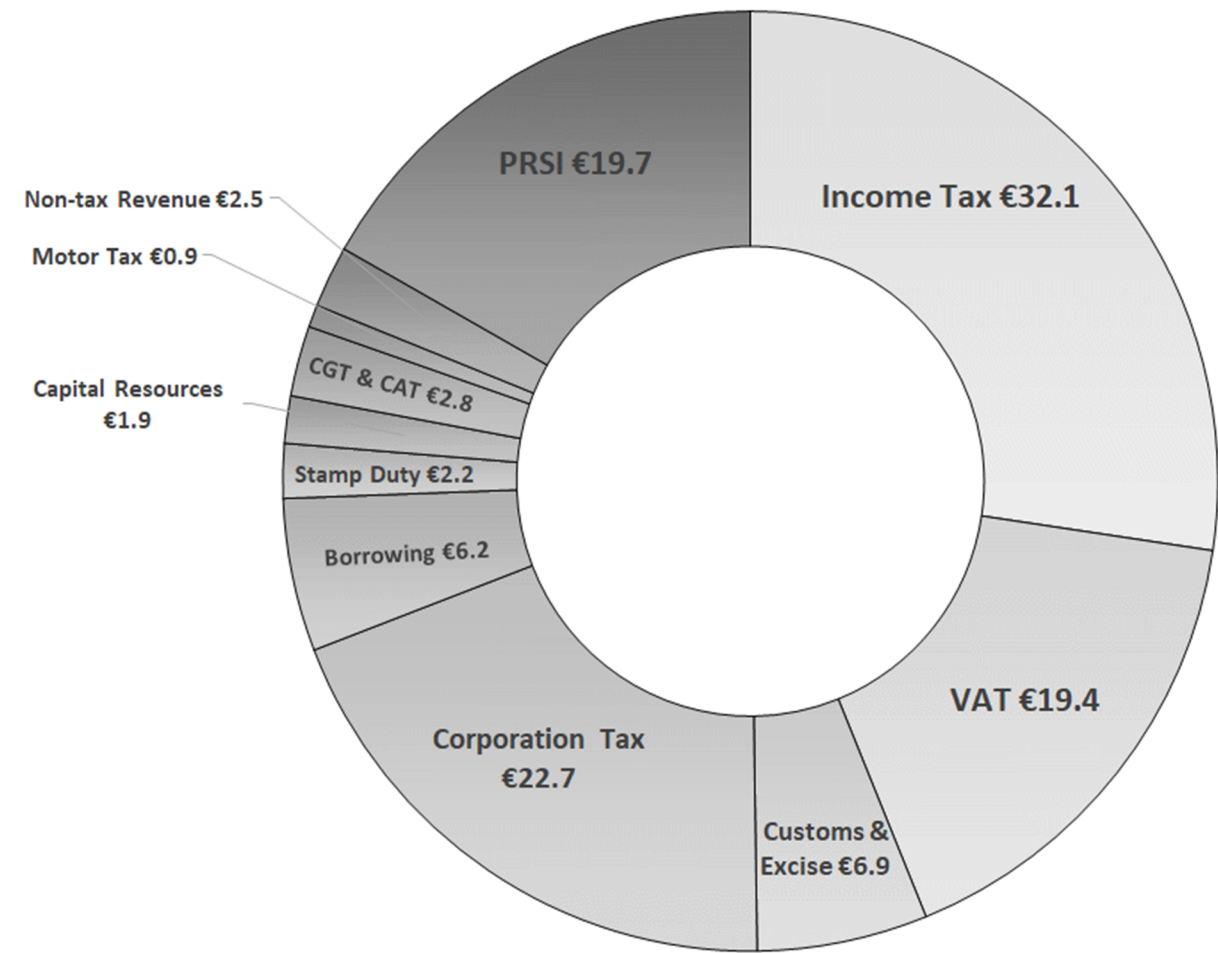
Budget 2023 did not take the necessary steps to improve services and funding for this area. We regret that the Budget did not move to introduce an ongoing cost of disability payment despite the findings of the Cost of Disability in Ireland report. If people with a disability are to be equal participants in society, the extra costs generated by their disability should not be borne by them alone. Progress on this issue is long overdue.

Childcare

Social Justice Ireland welcomes the increase in core funding for childcare providers in Budget 2023, and the expansion of the National Childcare Scheme subsidy levels in Budget 2023 to reduce childcare costs for families which are among the highest in the European Union. We note that for those families who use a different form of childcare (childminders or family members) Budget 2023 does not deliver the same benefits.

We regret that Government did not take this opportunity to explore how a National Childcare Fund could be established based on the operation of the National Training Fund to support investment in a publicly funded childcare sector to deliver substantial savings to families every month, and quality and accessible services in early years settings and also through after school provision.

Main Sources of Government Revenue - Budget 2023 €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

Income Tax	↑ €4.6bn
VAT	↑ €2.5bn
Corporation Tax	↑ €8.6bn
PRSI	↑ €3bn

Key Government Revenue Sources in 2023

Income tax = 27% of all revenue

VAT = 17% of all revenue

Corporation tax = 19% of all revenue

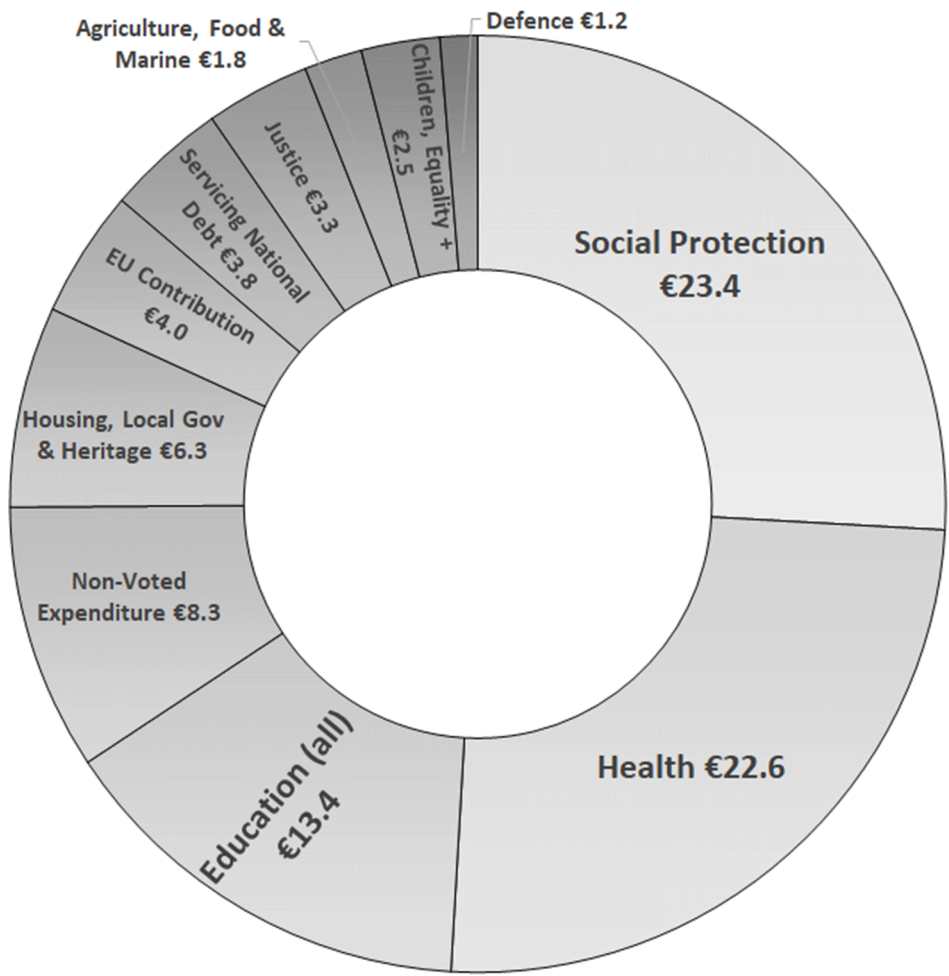
Social Insurance = 17% of all revenue

Main Revenue Changes for 2023

- Increased the income tax standard rate cut-off point by €3,200 for all earners.
- Introduced a new €500 tax credit for private tenants who are not in receipt of other State housing supports.
- A Vacant Homes Tax will be introduced in 2023.

See pages 14 and 15 for further details and our response

Main Sources of Government Expenditure - Budget 2023 €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 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

Social Protection	↑ €1.1bn
Health	↑ €1.2bn
Education	↑ €0.7bn
Debt Servicing	↑ €0.1bn

Notable Expenditure Developments for 2023

- The **Social Protection** budget includes an increase in core social welfare rates of €12 per week in 2023. It also includes expanded eligibility criteria for the fuel allowance.
- The **Health** budget in 2023 includes an extension of GP Visit cards to over 78,000 additional children and 640,000 additional adults.
- The **Education** budget in 2023 includes increased funding for posts at primary and post primary level and increased funding for special needs education. It also includes increased funding for Higher Education and apprenticeships.
- **Debt servicing** costs will amount to €3.8bn in 2023.

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

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.
- Recent steep increases in the cost of living have caused increased hardship for all, especially those on low incomes.
- Budget 2023 offered the opportunity to Government to alleviate this hardship and make real reforms to the tax system in the interest of fairness and sustainability.
- Ireland's overall tax take is lower than in most of our peer EU-15 countries. *Social Justice Ireland* holds 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 and reforming land, capital and environmental taxes.
- Among our headline taxation asks in Budget 2023 were:
 - ⇒ Standard-rate all discretionary tax expenditures.
 - ⇒ Increase Employers PRSI.
 - ⇒ Increase the Minimum Effective Tax Rate for Higher Earners and introduce a Minimum Effective Rate of Corporation Tax.
 - ⇒ Reform the taxation of under developed land, second homes and empty houses.
 - ⇒ Increase CGT /CAT from 33% to 35%.

The Budget

Income Tax

- Increased the Standard Rate Band by €3,200 to €40,000 (single) and €49,000 (married, one earner).
- Increased the Personal Tax Credit, the Employee Tax Credit and the Earned Income Tax Credit by €75.
- Increased the Home Carer Tax Credit by €100.

Full-year cost of the Income Tax changes: €1,226m.

USC

- Increased the 2% Rate Band Ceiling by €1,625 to €22,920.

Full-year cost of USC changes: €77m.

Support for SME/Enterprise/Agri sectors

- Extended the Foreign Earnings Deduction, the Key Employee Engagement Programme and the Special Assignee Relief Programme to 31 December 2025.

- Extended Section 481 Film Relief to 31 December 2028.
- Modified the Knowledge Development Box.
- Modified the Young Trained Farmer (Stamp Duty) Relief

Full-year cost of measures: €19m.

Housing

- Extended the Help to Buy Scheme to 2024.

Full-year cost: €83m.

- Introduced a new Tax Credit of €500 for renters.

Full-year cost: €200m.

- Introduce a Vacant Homes Tax.

Full-year revenue: €3m.

- Introduce a Defective Concrete products levy.

Full-year revenue: €80m.

Climate and Environment

- Confirmed increase in Carbon Tax to €48.50. per tonne of CO₂.

Full-year revenue: €151m.

Excise Duty

- Increased duty on 20 cigarettes.

Full-year revenue: €54m.

VAT

- Applied zero rate to newspapers etc..

Full-year cost: €39m.

- Reduced Flat rate compensation for farmers from 5.5% to 5%.

Full-year revenue €46m.

Bank levy

- Extended for 2023. Revenue €87m.

Temporary measures

- Extended Excise reduction on petrol/diesel and 9% VAT on gas and electricity. Cost €162m.

Our Response

Social Justice Ireland welcomes:

- Increases in the Personal/ Employee and Earned Income Tax Credits;
- The increase in the Home Carer Tax Credit;
- However, both of these increases in credits are too low.
- The adjustment in the 2% USC Rate Band Ceiling to accommodate the increase in the National Minimum Wage;
- Confirmation that the Carbon Tax increase will go ahead in 2023;
- The increase in the excise tax on cigarettes and tobacco products;
- The introduction of a Defective Concrete Products levy;

Taxation (continued)

Our Response

- | | | |
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| <ul style="list-style-type: none"> The extension of the Bank Levy to 2023; The introduction of a Vacant Homes Tax. However, the projected yield is very low. The use of the Revenue Commissioners to administer energy supports to business. <p><i>Social Justice Ireland</i> regrets that:</p> <ul style="list-style-type: none"> The focus of the Income Tax changes was to increase the Income Tax Standard Rate Cut-off Point. Given | <p>that</p> <p>⇒ Only 23% of Tax Units, mostly better-off taxpayers, face a marginal tax rate of 40%;</p> <p>⇒ Yet, some 67% of the resources devoted to Income Tax changes were applied to benefit these better-off taxpayers; and</p> <p>⇒ Other options were available.</p> <ul style="list-style-type: none"> The Help to Buy Scheme should not have been extended; The new Rent Tax Credit does not | <p>address the supply issue;</p> <ul style="list-style-type: none"> Many opportunities were missed: <p>⇒ Increasing substantially the Personal, PAYE and Earned Tax Credits;</p> <p>⇒ Standard rating discretionary expenditures;</p> <p>⇒ Increasing the Minimum Effective Tax Rate for Higher Earners;</p> <p>⇒ Introducing a Minimum Effective Rate of Corporation Tax;</p> <p>⇒ Introducing a Site Value Tax.</p> |
|--|--|--|



Education

The Context

- Our education system faces significant demographic pressures at all levels. It must address the pandemic fallout including the worsening of existing inequalities, meet the needs of pupils fleeing war in Ukraine, and begin to provide supports and places at all levels for students with special educational needs. This will require significant and sustainable capital and current expenditure on education.
- Ireland's class sizes have long been above the EU average, particularly at primary level.
- Despite progress, outcomes for students from disadvantaged backgrounds across all levels of education remain well below their peers.
- Lifelong learning and skills development are crucial to meet the challenges of climate transition and digitisation.

The Budget

- Additional 370 teachers to reduce PTR at primary level to 23:1.
- Additional 296 post-primary posts to meet demographic change.
- An additional 686 special education teachers across all school settings and 1,194 additional Special Needs Assistants.
- Free School Book Scheme to commence in Autumn 2023.
- €32m for demographic pressures in HEIs and €40m sustainable funding and €30m to increase apprenticeship capacity.
- Income threshold for Student Contribution support increased.
- A reduction of €500 in the contribution fee for applicants between €62,000 to €100,000.

Our Response

- | | | |
|---|---|--|
| <ul style="list-style-type: none"> <i>Social Justice Ireland</i> welcomes the reduction of the PTR at primary level. Ongoing support required as 23:1 is still one of highest in EU. We note the additional post-primary posts to meet demographic demand. We welcome the additional special education posts across all settings and the additional SNAs. We welcome the Free School Book Scheme at primary level and moves to offset fuel costs for school transport providers. <i>Social Justice Ireland</i> proposed a 10% | <p>increase in capitation grants at primary and post-primary, it is unclear from figures available what ongoing supports will be made available to schools beyond one off energy measures.</p> <ul style="list-style-type: none"> We regret that the Back to School Clothing and Footwear Allowance was not restored to 2011 levels and that the school meals programme was not expanded. We regret that the CLASS scheme was not expanded to incorporate the additional requirements for students arriving from Ukraine. | <ul style="list-style-type: none"> We welcome the demographic and sustainable funding for higher education, but regret that the allocation to address the core funding gap was not €100m. While changes to income thresholds for Student Contribution are welcome we regret that the maintenance grant was not increased by €1,000. We welcome the allocation to increase apprenticeship capacity. We regret the lack of progress in delivering the required €25m to rollout the Adult Literacy, Digital Literacy and Numeracy Strategy. |
|---|---|--|

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 shows that:
 - ⇒ 11.6% of the population, approximately 595,000 people, were 'at risk of poverty';
 - ⇒ Children are the age group most likely to be poor, with 164,000 children 'at risk of poverty' in 2021;
 - ⇒ 13.8% of the population was experiencing deprivation in 2021.
- Without Covid related income supports 19.9 per cent of the Irish population would have been living in poverty in 2021. This shows the power of adequate social welfare supports.
- *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.
- These 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 €34 a week over the next 2 years, beginning with €20 in Budget 2023.
- Targeted supports for vulnerable groups are required, not once off payments.
- The Roadmap for Social Inclusion target is to reduce consistent poverty rate to 2 per cent by 2025. This Budget moves us further away from that goal.

The Budget

- Increased weekly primary social welfare rates by €12. Proportional increases for qualified adults and those on reduced rates.
 - ⇒ Increase of €2 to all qualified child payments.
 - ⇒ A Cost of Living double week payment to all those in receipt of pensions, carers, disability and working age payments.
 - ⇒ Christmas bonus maintained for all social welfare recipients.
- Full €12 weekly increase to all pension payments and jobseekers aged 18-24.
 - ⇒ A one-off payment of €200 to those eligible for Living Alone Allowance.
- Increased the means threshold for the Fuel Allowance and a new means test disregard for those aged over 70.
 - ⇒ Included a one-off payment of €400 to all Fuel Allowance recipients.
- Increased the Working Family Payment thresholds by €40 per week.
 - ⇒ Included a one-off payment of €500 for recipients of Working Family Payment.
- Included a one-off payment of €500 to recipients of Disability Allowance, Blind Pension, Invalidity Pension and Carer's Support Grant.
 - ⇒ Increased the Domiciliary Care Allowance by €20.50 per month
 - ⇒ Increased the earnings disregards on both Disability Allowance and Blind Pension by €25 per week.
- A Cost of Living double week payment of Child Benefit.
- €400k to support a Food Poverty Pilot Scheme to support those experiencing food poverty.

Our Response

- *Social Justice Ireland* (SJI) welcomes the €12 increase to primary social welfare rates but regrets that rates were not increased by €20 to improve the proportional relationship with Gross Average Industrial Earnings (GAIE).
 - ⇒ We acknowledge the €12 increase for young jobseekers but regret that rates were not equalised.
- It is regrettable that SW rates will not be increased until January 2023, however SJI welcomes the one-off double payment in October and other lump sum payments in November.
- It is regrettable that no progress was made towards a single-rate Universal State Social Welfare Pension.
- SJI welcomes the one-off payment of €200 to recipients of the Living Alone Allowance to help address poverty and deprivation experienced by older people living alone.
- We regret no increases to the weekly rate of the Fuel Allowance and welcome the measures to ensure more qualify for the payment.
- We regret that yet again, a Cost of Disability payment was not introduced in Budget 2023 and acknowledge the one off payment of €500.
- SJI regrets that there was no increase to the Back to School Clothing and Footwear Allowance payments.
- One-off cost-of-living payments for working families, carers and elderly people living alone are welcomed. SJI regrets that these measures are temporary.
- SJI welcomes the targeted one-off payment of €400 to all Fuel Allowance recipients. This measure will help those at risk of energy poverty.

Work, Unemployment, Job Creation



The Context

- Ireland's unemployment rate was just 4.3% in August 2022.
- Youth unemployment remains a concern, with 11.6% of people aged 15-24 years unemployed in August 2022, compared to 3.1% of those aged 25-74.
- Notwithstanding Ireland's low level of unemployment, labour shortages persist.
- The sectors with the highest job vacancy rate in Q2 2022 were the Professional, Scientific & Technical Activities sector with a rate of 4.4%, followed by the Financial, Insurance & Real Estate Activities sector with a rate of 3.1%.
- Of the 544,100 part-time employees, more than one in five (21%) are underemployed, meaning they are working fewer hours than they would like.
- Average weekly earnings were €871.62 in Q2 2022, an increase of 2.4% from €850.81 in Q2 2021.
- The Minimum Wage is set to increase to €11.30, an increase of 7.6% but a decrease in real terms of 2.4% when adjusted for inflation. This equates to a loss of €48.75 per week in purchasing power.
- *Social Justice Ireland* called for the following in Budget 2023:
 - ⇒ Increase the National Minimum Wage to the Living Wage (€12.90 per hour in 2021/22 terms)
 - ⇒ Increase the PAYE and Earned Income tax credits by €5 per week.
 - ⇒ Introduce a system of Refundable Tax Credits for low income workers to allow them to receive a rebate of any unused portion of their tax credits.
 - ⇒ An additional €30m in Core Funding for the childcare sector.

The Budget

- Committed to increasing the National Minimum Wage by €0.80 per hour to €11.30.
- Created 4,800 additional craft apprenticeship spaces, along with 4,000 registrations.
- Providing over 11,000 upskilling and reskilling places and 2,000 Skillsnet places in climate change, green tech and sustainable finance.
- Allocated an additional €36 million to the Department of Enterprise, Trade and Employment, to support the green economy, digitalisation and other measures to modernise the workforce.
- Provided funding for JobsPlus subsidy at the higher rate for employers who hire candidates from minority and disadvantaged backgrounds.
- Created a refundable tax credit of €500 per annum to tax paying renters.
- Increased the USC rate band from €21,295 to €22,920, ensuring that full-time workers earning the updated minimum wage remain outside of the top USC rate.
- Introduced the Temporary Business Energy Support Scheme to assist businesses with the increased energy costs over the winter months.
- Increased the income tax Standard Rate Cut Off Point by €3,200, from €36,800 to €40,000, with proportionate increases for married couples and civil partners.
- Increased the main tax credits (Personal, Employee and Earned Income Credit) by €75.
- Increased the Home Carer Tax Credit by €100.

Our Response

- *Social Justice Ireland* welcomes the increase of the National Minimum wage however we regret that this increase does not reach the rate of Living Wage, now set at €12.90 per hour.
- We further welcome the creation of additional apprenticeship spaces and registrations in craft apprenticeships.
- The creation of reskilling and upskilling spaces for workers is welcomed, although we regret the lack of focus on reskilling those who are unemployed or at risk of unemployment.
- Increased funding for childcare, resulting in improved support for working parents, in particular women, returning to work. The allocation of €59 million to the Core Funding model is welcomed.
- While we welcome that a median worker on €40,000 a year will receive €16 more in their pockets per week under new tax measures, this does not properly account for the current rate of inflation.
- The Temporary Business Energy Support Scheme helping businesses with increased energy costs is welcomed.
- While we welcome the increase of main tax credits by €75, we regret that the increase is not more significant.
- We regret that the budget did not:
 - ⇒ Introduce a system of Refundable Tax Credits for low income workers.
 - ⇒ Adopt initiatives to tackle long-term unemployment, underemployment or precarious employment.
 - ⇒ Address the rising issue of youth unemployment in Ireland.
 - ⇒ Increase the PAYE and Earned Income tax credits by €5 per week.

The Context

- The limited access to care for people with health conditions not related to COVID-19 and unmet needs for medical care because of delayed or missed consultations are likely to lead to poorer health outcomes in the future.
- Ireland's rate of ageing continues to be higher than the EU average, especially among people aged 85+. Our longevity is a welcome success story, but it must be planned for using an appropriate model of healthcare.
- Ireland remains the only western European country without universal coverage for primary care.
- 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.
- 1 in 8 people were waiting for outpatient treatment in May 2022 with more than one in five waiting for 18+ months.
- Unmet need for prescribed medicines in Ireland is on average more than twice as high as the EU average and highest among people with lowest levels of education.
- IFAC estimate that, allowing for price and ageing pressures, at least an additional €900m is required in Health per year just to stand still.
- People on the lowest incomes report poorer health outcomes across the lifecycle, with a widening health and social gap evident by the time children are just 5 years old.
- Funding and delivery of mental health services, particularly services for children and adolescents remains a concern.

The Budget

- Allocated €23.4bn (current & capital) €22.6bn core and €0.8bn non core.
- Additional €1.15bn core funding, €0.7bn for COVID-19 with €88m contingency.
- **Current expenditure is €22.24bn incl.**
 - ⇒ €553m Carryover, Demographics and other ELS plus €343m Central Pay.
 - ⇒ €707m COVID 19 funding including €439m for PPE, testing & tracing & vaccination. €443m to reduce waiting lists for priority areas such as Obesity/Bariatrics, Spina Bifida/Scoliosis and Gynaecology and NTPF.
 - ⇒ €47m for GP diagnostic tests, €11.7m to address backlogs in disability services with €9m for orthodontics and €12.3m for HPV.
 - ⇒ €14m Mental Health incl. accommodation costs and emergency placements and €4.2m increased capacity for acute and critical care investment.
 - ⇒ €24.3m for workforce measures including expansion of Advanced Nurse Practitioners and Midwives.
 - ⇒ €29.3m for disabilities action plan / WHO and assisted technologies.
 - ⇒ €23.3 for national strategies & services including €13.3m for Primary Care new developments and continued roll out of Enhanced Community Care Programme.
- **€254m Additional Resources**
 - ⇒ €107m for cost of living measures including abolition of inpatient hospital charges, extension of GP visit cards to 340,000 people, expanding free GP care to children aged 6&7 and extension of free contraception scheme for women up to 30 years of age.
 - ⇒ €11.2m for older persons including healthy aged friendly homes, meals on wheels and introduction of safe guarding policy.

Our Response

- *Social Justice Ireland* welcomes many of these initiatives, including the continued commitment to Sláintecare.
- We welcome the cost of living measures in particular the expansion of GP Visit Cards, the extension of free GP visit cards to 6 & 7 Year olds as well as the commitment to significantly invest in supports for GP practices, which will be essential if the additional demand is to be met.
- We welcome the commitment to expanding the Health Service workforce.
- We welcome the €29.3m for Disability Service, however, we are concerned that this is insufficient to meet the current unmet needs for residential and day services as well as the significant waiting lists for children services.
- We also welcome the additional €14m for mental health measures. This area that has been persistently underfunded with over 2,000 on CAMHS waiting list.
- We acknowledge the continued commitment to Community Healthcare Networks, however, we are concerned whether sufficient funding has been provided to maintain progress.
- We welcome the emphasis on safety of staff and patients through a continued focus on COVID and provision of PPE and vaccination programme.
- Recognition of the needs of vulnerable Homeless people and those with addiction problems is welcomed.
- Recognising the additional resources, we highlight again the lack of transparency in information available which makes it difficult to establish if funds provided to maintain existing services and COVID expenditure are sufficient within the overall allocation.

Budget 2023: PPNs and Communities

Since their inception in 2014, the Public Participation Networks (PPNs) have grown year on year, in size and strength, bringing the community voice to the local authority decision making arena. *Social Justice Ireland* continues to work closely with them to build their capacity in areas such as policy engagement, strategy and advocacy.

Of interest to PPNs, their members, and to the wider communities in which they operate, are the additional allocations to programmes such as Community Services Programme (3.5m) and SICAP and similar (€2.2m), volunteering supports (€1m), social community supports through the European Social Fund (1m), the Public Participation Networks (0.4m), assisting the community response to Ukrainian arrivals (11m) and Water Safety Ireland (0.2m). These are 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. In a broader community context, the following Budget lines may also be of interest to those involved in their communities. 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.

Budget Line	Allocation 2023 (,000)	Change 2022/2023	Budget Line	Allocation 2023(,000)	Change 2022/2023
Health (Physical and Mental)			Participation, Democracy and Good Governance		
Healthy Ireland Fund	12,847	+3%	Local Government	383,392	+43%
Drugs Initiative	6,928	-	Standards in Public Office Commission	2,027	+20%
Primary Care Reimbursement Services and Community Demand led schemes	3,904,408	+6%	Charities Regulatory Authority	4,977	+8%
Economy and Resources			Gardaí (Working with Communities to Protect and Serve)	1,531,152	+3%
Jobs and Enterprise Development	589,159	+5%	Values, Culture and Meaning		
Innovation	240,966	+1%	Human Rights and Equality Commission	8,000	+5%
Skills Development	699,689	+4%	Arts and Culture	352,382	-5%
Higher Education	2,240,684	+7%	Heritage	202,772	+15%
Social and Community Development			Gaeltacht	94,199	+10%
Rural Development and Regional Affairs	201,227	-1%	Support System for International Protection Seekers	260,356	-5%
Community Development	187,020	+9%	Work on Poverty and Hunger Reduction (ODA)	704,943	17%
Sports and Recreation Services	178,817	-4%	Environment and Sustainability		
Children and Family Support Programmes	972,484	+4%	Circular Economy Development	110,085	+11%
Sectoral Programmes for Children and Young People	1,125,434	+38%	Climate Action and Environment Leadership	142,734	+6%

Sustainable Development Goals



The UN Agenda 2030 outlines 17 SDGs, underpinned by 169 interconnected targets to which world leaders committed. The SDGs provide a roadmap for a sustainable future for all through the eradication of poverty, reduction of inequality worldwide and tackling climate change.

In 2022, Ireland ranked 10th in the EU-14 on The Overall Sustainability Index, highlighting our position as a laggard on the SDGs. Political leadership must commit to tackling climate change, sustainability and inequality if we are to properly meet our targets on the SDGs.

In Budget 2023, Ireland's contribution to ODA sits at 0.44% of GNI*. An increase on the 2022 contribution and yet, given that Climate Finance is currently included in this figure, despite being a separate commitment under The Paris Agreement, Ireland is failing to achieve

necessary progress towards its UN ODA commitment of 0.7% of GNI* by 2030.

For us to properly meet our targets on the SDGs, ODA and Climate Finance must be separated in The Budget, recognising the two as separate and distinct commitments. Political leadership must commit to tackling climate change, sustainability and inequality.

Article 8 of the Paris Agreement enshrines Loss and Damage, a concept extending beyond economic loss and emergency relief, including long-term assistance and protecting cultures and communities. SJI calls for Loss and Damage to be included in The Budget separate to ODA, furthering the SDG commitment to Leave No One Behind, reaching the Last Person First through policy and action.

SOCIAL WELFARE: Social Insurance weekly rates in 2023

PERSONAL AND QUALIFIED ADULT RATES	Present Rate	New Rate	Change
	€	€	€
<u>Jobseekers Benefit</u>			
Personal rate	208.00	220.00	12.00
Person with qualified adult	346.00	366.00	20.00
<u>State Pension (Contributory)</u>			
Personal rate	253.30	265.30	12.00
Person with qualified adult (under 66)	422.00	442.00	20.00
Person with qualified adult (66 or over)	480.30	503.10	22.80
Personal rate (aged 80 or over)	263.30	275.30	12.00
Person (aged 80 or over) with qualified adult (under 66)	432.00	452.00	20.00
Person (aged 80 or over) with qualified adult (66 or over)	490.30	513.10	22.80
<u>Widow's/Widower's Contributory Pension</u>			
Personal rate (under 66)	213.50	225.20	12.00
Personal rate (66 - 79)	253.30	265.30	12.00
Personal rate (80 or over)	263.30	275.30	12.00
<u>Invalidity Pension:</u>			
Personal rate	213.50	225.50	12.00
Person with qualified adult	366.00	386.60	20.60
<u>Carer's Benefit</u>			
Personal rate (caring for one person)	225.00	237.00	12.00
<u>Maternity Benefit</u>			
Personal rate	250.00	262.00	12.00
<u>Occupational Injuries Benefit - Death Benefit Pension</u>			
Personal rate (under 66)	238.50	250.50	12.00
Personal rate (66 - 79)	257.70	269.70	12.00
Personal rate (80 or over)	267.70	279.70	12.00
<u>Occupational Injuries Benefit - Disablement Benefit</u>			
Personal rate (maximum)	239.00	251.00	12.00
<u>Illness Benefit</u>			
Personal rate	208.00	220.00	12.00
Person with qualified adult	346.00	366.00	20.00
<u>Injury Benefit/Health and Safety Benefit</u>			
Personal rate	208.00	220.00	12.00
Person with qualified adult	346.00	366.00	20.00
<u>Guardian's Payment (Contributory)</u>			
Personal rate	191.00	203.00	12.00
<u>Increases for a Qualified Child</u>			
All schemes in respect of children under 12	40.00	42.00	2.00
All schemes in respect of children over 12	48.00	50.00	2.00
<u>Child Benefit</u>			
Rate per child (all children)	140.00	140.00	0.00
<u>Living Alone Allowance (All Relevant Schemes)</u>	22.00	22.00	0.00

SOCIAL WELFARE: Social Assistance weekly rates in 2023

	Present Rate	New Rate	Change
	€	€	€
<u>Jobseeker's Allowance</u>			
Personal rate (18 to 24 years)	117.70	129.70	12.00
Person with qualified adult	235.40	259.40	24.00
Personal rate (25 years and over)	208.00	220.00	12.00
Person with qualified adult	346.00	366.00	20.00
<u>State Pension (Non-Contributory)</u>			
Personal rate	242.00	254.00	12.00
Person with qualified adult (under 66)	401.90	421.80	20.00
Personal rate (aged 80 or over)	252.00	264.00	12.00
Person (aged 80 or over) with qualified adult (under 66)	411.90	431.80	20.00
<u>Widow(er)'s Non-Contributory Pension</u>	208.00	220.00	12.00
<u>Carer's Allowance</u>			
Aged under 66 (caring for one person)	224.00	236.00	12.00
Aged 66 or over (caring for one person)	262.00	274.00	12.00
<u>Disability Allowance</u>			
Personal rate	208.00	220.00	12.00
Person with qualified adult	346.00	366.00	20.00
<u>Farm Assist</u>			
Personal rate	208.00	220.00	12.00
Person with qualified adult	346.00	366.00	20.00
<u>Guardian's Payment (Non-Contributory)</u>	191.00	203.00	12.00
<u>Living Alone Allowance (All Relevant Schemes)</u>	22.00	22.00	0.00
<u>One-Parent Family Payment</u>			
Personal rate with one qualified child (up to age 12)	248.00	262.00	14.00
<u>Increases for a Qualified Child</u>			
All schemes in respect of children under 12	40.00	42.00	2.00
All schemes in respect of children over 12	48.00	50.00	2.00

Budget 2023 and the 595,000 Living in Poverty

Life on a low income is the norm for a large proportion of our society. One in every nine people in Ireland lives with an income below the poverty line (11.6% of the population). Based on the most recent Census data, that corresponds to almost 595,000 people. The highest risks of poverty are found among people with long-term illness and disabilities, those who are aged under 65 and live alone, the unemployed and single pensioners. 1 in every 7 children live in a household below the poverty line.

Research from the Central Bank and ESRI over the past year has highlighted how the recent rapid increase in prices poses particular challenges for low-income households. Using data from the Household Budget Survey the Central Bank study found that the impact of inflation is greatest for those households in the bottom 20% of the income distribution. Given that these households spend a greater proportion of their income, compared to better off households,

they are more exposed to price increases and they also spend a greater proportion of their income on food and energy.

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 2020 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 2023 includes some welcome measures to address the immediate cost of living challenges faced by those living below the poverty line, it lacked any serious initiatives to begin to significantly reduce poverty.

The Socio-Economic Context of Budget 2023

Table 23.1: Ireland's Social and Economic Context - Budget 2023

Population		Housing and Homelessness	
Population (April 2012 / 2022)	4.58/ 5.1 million	Current Social Housing Waiting List	59,247 households
% of population older than 65 in 2016/2036	13.3% / 20.6%	Approximate number of households in need of sustainable housing	133,000
% of population older than 80 in 2016/2036	1.5% / 3.2%	Homeless adults (Dec 2014 / July 2022)	2,858 / 7,431
Net migration (year to April 2021/ year to April 2022)	11,200 / 61,100	Homeless children (Dec 2014 / July 2022)	880 / 3,137
Net migration (year to April 2021 / year to April 2022) of Irish nationals	7,300 / 1,300	Adult/child homelessness (% change since December 2014)	+160% / +256%
Income, Poverty and Inequality (SILC 2021)		Labour Market (all figures Q2 2022, unless otherwise stated)	
Average Equivalised Disposable Income in 2021	€28,753	Labour Force (Number / change in previous 12 months)	2.67mill / +141,300
Median Equivalised Disposable Income in 2021	€25,264	Employment (Number / % change in previous 12 months)	2.55mill / +205,500
Poverty line 2021, based on 60% of the Median Disposable Income, 1 adult (week/year)	€290.50 / €15,158	Unemployment (Number / %)	119,900 / 4.5%
Poverty line 2021, 2 Adults (week/year)	€482.22 / €25,162	Youth Unemployment Rate (2021 / 2022)	21.1% / 11.4%
Poverty line 2021, 1 Adult + 1 Child (week/year)	€386.36/ €20,160	Workers earning the Minimum Wage (or less) (Q1 2022) (Number / %)	167,400/ 8.1%
Poverty line 2021, 2 Adults + 2 Children (wk/yr)	€673.94/ €35,166	National Minimum Wage 2023 (per hour / 39 hr week)	€11.30/ €440.70
Living in poverty in 2021 (% / people)	11.6% / 595,000	Living Wage 21/22 (per hour / 39 hr week)	€12.90 / €503.10
Children in poverty in 2021 (% / people)	13.6% / 164,000	Average Weekly Earnings	€871.62
Experiencing enforced deprivation in 2021 (% / people)	13.8% / 691,500	Social Welfare	
Experiencing consistent poverty in 2021 (% / people)	4.0% / 200,460	Jobseekers Benefit: Personal rate / Increase for qualified adult	€220 / €146
Poverty rate in 2021 (Urban vs Rural)	10.5% vs 13.9%	Jobseekers Allowance: Maximum Personal Rate / Rate for those aged 18-24	€220 / €129.50
Deprivation rate in 2021 (Urban vs Rural)	15.8% vs 10.2%	State Pension: contributory / non-contrib	€265.30 / €254.00
Ratio of bottom 20% to top 20% in income share (2011/2021)	4.9 / 3.8	Child Benefit (flat rate for all children)	€140 per month
Gini coefficient 2007 / 2016 / 2021	31.7 / 30.6 / 27.0	Minimum Social Welfare Payment (1 adult)	€220.00
At risk of poverty rate (2021) Northern and Western / Southern / Eastern and Midland	18.0 / 14.0 / 8.0	Minimum Essential Standard of Living (MESL) — working age adult living alone (urban/rural)	€260.31 / €321.81 per week

Sources: CSO population projections; CSO SILC data; CSO Labour Force Survey; Department of Housing, Planning and Local Government; Housing Agency; NERI; Budget 2023 Comprehensive Expenditure Report; Central Bank; ESRI; Various other Government Departments and Agencies

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

Budget 2023 — Key Numbers, Data & Trends

To accompany Budget 2023, 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, and de-

tails 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 23.1: The Budget in Numbers - Key Data from Budget 2023			
National Income		Inflation and the Labour Market	
Nominal GDP/GNI* in 2021 (€ billion)	426.3 / 233.9	Core Inflation in 2022 / 2023 (%) (HICP)	5.3 / 4.6
Nominal GDP/GNI* in 2022 (€ billion)	499.2 / 261.0	Total Employment (millions) (2021/2022/2023)	2.140 / 2.531 /
Nominal GDP/GNI* in 2023 (€ billion)	544.8 / 274.9	Unemployment rate change (%) (2021/22/23)	15.9 / 5.2 / 2.1
Real GDP growth (%) 2021 / 2022 / 2023	13.6 / 10 / 4.7	Proj. employment growth (%) (2021/22/23)	11.0 / 18.3 / 1.2
Real GNI* growth (%) 2021 / 2022 / 2023	15.4 / 5.1 / 0.4	Taxation	
Exchequer Budgetary Position		Income Taxation - lower rate / higher rate	20% / 40%
Current Budget Balance, 2023 (€m)	18,025	Employer PRSI / Employee PRSI	11.05% / 4%
Capital Budget Balance, 2023 (€m)	-15,705	USC on incomes of €12,012 or less:	Exempt
Net Capital Expenditure, 2023 (€m)	17,610	USC, €0 - €12,012	0.5%
Government Expenditure Ceiling 2023 (€m)	90,415	USC, €12,012.01 - €22,920	2%
Government Expenditure Ceiling 2022 (€m)	90,105	USC, €22,920 - €70,044	4.5%
General Government Balance 2023 (€m)	6,170	USC, €70,045 +	8%
General Government Balance 2022 (€m)	965	USC, €100,000.01+ (Self employed)	3% surcharge
General Govt Balance 2022/23 (% GNI*)	0.4 / 2.2	Capital Gains Tax Rate	10%* / 33%
Change in personal consumption (2022/23)	5.5 / 1.8	Size of Budgetary Changes in 2023	
Change in modified domestic demand (2022/23)	7.7 / 1.2	Income Tax Changes (Full Year) (€m)	1,226
Gross Debt Ratio as % of GNI* in 2023	81.5	USC Changes (Full Year) (€m)	77
Interest on National Debt 2021 (€m / % GNI*)	3,595 / 1.5	Exchequer Balance (€bn)	1.72
Interest on National Debt 2022 (€m / % GNI*)	3,745 / 1.4	Gross Voted Expenditure (€m)	90,415
Interest on National Debt 2023 (€m / % GNI*)	3,755 / 1.4	Revenue from Carbon Tax Increases (Full Year) (€m)	151

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.

Just Transition and Energy Security

Budget 2023 was a missed opportunity to invest in and secure our energy infrastructure, progress the implementation of the Climate Action Plan and ensure a just transition to a green economy. While there are some welcome measures in Budget 2023, and a number of one-off measures for households and businesses to address increasing energy costs, Government failed to put social investment and just transition at the core of economic policy.

We welcome the €2.6m to support delivery of the Circular Economy Strategy including the introduction of a deposit and return scheme for aluminium cans and plastic bottles, the increased funding for the Environmental Protection Agency, retrofitting and solar panel installation but we regret the lack of progress on improving access to the RESS auction and enhancing our storage capacity.

Energy is one of the key drivers in the increased cost of living. While Government announced a further three universal, untar-geted energy credits as part of a cost of living package at a total cost of €1.2bn, the budget

itself contained limited measures to address the cost of energy in the long-term and ener-gy poverty. The expansion of the fuel allow-ance eligibility criteria is welcome, but we regret that the payment was not extended to 32 weeks as proposed.

An extension of the one-off energy credit will not solve the cost of living challenges many face, particularly those in energy poverty. A more appropriate use of this substantial level of resources would have been to implement the OECD recommendation to redesign the fuel allowance, delink it from heating fuels, update and expand the eligibility criteria and provide it to eligible households during the whole year. This would provide a tool for Government to target and support rural and low income households (those impacted most by rising energy costs) now and in the years ahead as policies to meet the targets set out in the carbon budgets are implement-ed.

In order to meet our own energy targets, to increase our renewable energy supply and to deliver long-term sustained reductions in

energy costs Government must invest in renewable energy. In terms of energy sup-ply, storage and security, *Social Justice Ire-land* is disappointed that Government did not divert existing fossil fuel subsidies to renewable energy. Such a move would have front-loaded the renewable sector's develop-ment while supporting the Government's aim to cut long-term energy costs for homes and businesses.

Virtually all businesses continue to contrib-ute to national climate targets through car-bon taxes and challenging sectoral emissions ceilings. The exception is the highly profit-able aviation industry. *Social Justice Ireland* is disappointed that Government did not take this opportunity to implement the recom-mendation of last December's Report on the Impact of Aviation Taxation to scrap the exemption of Jet Kerosene from excise and carbon tax.

One of the fundamental principles of a Just Transition is to leave no people, communi-ties, economic sectors or regions behind. This principle was absent from Budget 2023.

Some recent Publications from Social Justice Ireland

Social Justice Matters Policy Brief —
Public Services

Europe After Covid: Reversal or Renewal?

Budget Choices 2023

Housing Costs and Poverty 2022

Migrations in Our Common Home: Responding
with Care, Ireland's Response to the Ukrainian
Crisis

Tracking Distributive Effects of Budgetary Policy
2022

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

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An Roinn Forbartha
Tuaithe agus Pobail
Department of Rural and
Community Development



Rialtas na hÉireann
Government of Ireland



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.

Email: secretary@socialjustice.ie

Registered Charity Number: 20076481

CHY number 19486

www.socialjustice.ie